



BAKERIES  
SINCE 1932

ANNUAL REPORT  
**2011**



Koninklijke  
**PEIJNENBURG**  
• Since 1883 •

**ANNA'S**



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## CONSOLIDATED KEY FIGURES



in millions of EUR

## CONSOLIDATED KEY FIGURES OF THE LOTUS BAKERIES GROUP

	2011	2010	2009	2008	2007
<b>INCOME STATEMENT</b>					
Turnover	275.60	264.82	261.07	256.69	224.53
Raw materials, consumables and goods for resale	(83.41)	(82.38)	(87.32)	(93.50)	(75.31)
Services and other goods	(73.25)	(69.63)	(63.80)	(60.87)	(56.24)
Personnel costs	(68.72)	(65.53)	(65.00)	(61.20)	(56.34)
Depreciation and amounts written off <sup>(1)</sup>	(12.07)	(12.50)	(12.08)	(11.00)	(10.36)
Other operating income and charges (net)	(1.78)	0.17	1.71	3.93	2.42
Recurrent operating result (REBIT)	36.37	34.96	34.59	34.04	28.70
Recurrent operating cash flow (REBITDA) <sup>(2)</sup>	49.36	48.71	48.20	45.69	38.75
Non-recurrent operating result	(2.70)	(0.87)	(0.29)	(0.78)	(0.94)
Operating result (EBIT) <sup>(3)</sup>	33.67	34.09	34.30	33.26	27.76
Financial result	(0.69)	(2.96)	(2.83)	(6.94)	(3.97)
Result before taxes	32.98	31.13	31.47	26.32	23.79
Taxes	(9.17)	(8.06)	(8.20)	(6.41)	(3.44)
Result after taxes	23.81	23.07	23.27	19.91	20.35
Share in results of equity-consolidated enterprises	-	-	-	0.25	0.31
Result from discontinued operations	-	-	1.89	-	-
Net result	23.81	23.07	25.16	20.16	20.66
Net result: share of third parties	0.01	0.01	0.10	0.13	0.14
Net result: share of the Group	23.80	23.06	25.06	20.03	20.52
<b>SELF-FINANCING AND INVESTMENTS</b>					
Netto cash flow <sup>(4)</sup>	36.41	38.15	40.47	36.50	29.71
Investments <sup>(5)</sup>	16.98	17.09	9.18	10.81	7.33
<b>BALANCE SHEET</b>					
Balance sheet total	237.89	224.73	226.11	227.91	195.33
Equity	126.76	109.80	101.20	85.86	68.92
Net financial debts <sup>(6)</sup>	10.88	23.76	26.99	40.39	42.25
<b>NUMBER OF PERSONS EMPLOYED<sup>(7)</sup></b>					
	<b>1,198</b>	<b>1,198</b>	<b>1,224</b>	<b>1,245</b>	<b>1,152</b>
<b>GCONSOLIDATED KEY FIGURES PER SHARE in EUR<sup>(8)</sup></b>					
Recurrent operating result (REBIT)	48.54	46.52	45.08	44.63	37.64
Recurrent operating cash flow (REBITDA) <sup>(2)</sup>	65.90	64.83	62.81	59.91	50.82
Net result: share of the Group	31.77	30.68	32.67	26.28	26.90
Gross dividend <sup>(9)</sup>	9.40	8.80	7.80	6.80	5.40
Net dividend	7.05	6.60	5.85	5.10	4.05
Weighted average number of shares	749,088	751,377	767,320	762,664	762,453
<b>Total number of shares per 31 December</b>	<b>772,563</b>	<b>772,563</b>	<b>803,037</b>	<b>803,037</b>	<b>803,037</b>

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

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

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

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

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

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

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

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

(9) For 2011: proposed dividend to the General Meeting of 11 May 2012.

CONSOLIDATED KEY FIGURES

< Enjoying a little Lotus caramelized biscuit with a cup of coffee - 'Every coffee needs a Lotus.'





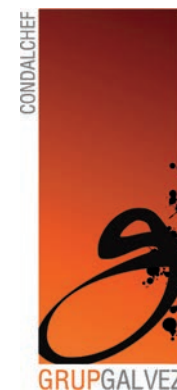
Construction of new production building  
in Lembeke and Oostakker

Lembeke

Koninklijke Peijnenburg  
announces investment of EUR 18 million



Purchase of Lembeke presbytery - new headquarters



Takeover of Disnerga's out-of-home  
customers by Lotus Bakeries Iberica

## KEY EVENTS IN 2011

KEY EVENTS IN 2011



Centralization of Procurement



**ANNAS  
ANNA'S**

Centralization of Annas/Anna's production in Sweden

Topspot Award for highest likeability & the Bronze Brand Impact Award



A chaque café,  
son Lotus.

All time high market share  
in Belgium for caramelized biscuits,  
cake specialties and waffles



Poland - Warsaw

Foundation of Sales Office Poland (operational  
since January 2011) - Marek Kowalewski



Matthieu Boone  
says farewell as CEO



Start of new EXCO team:

Fitr.

Ignace Heyman  
John Van de Par

Corporate director marketing  
Corporate director ICT, tax,  
legal & risk

Jan Vander Stichele  
Jan Boone  
Jos Destrooper

COO  
CEO  
Corporate director finance  
& human resources

Ronald Drieduite

Corporate director  
home markets

KEY EVENTS IN 2011



MESSAGE FROM  
THE CHAIRMAN AND  
THE CEO

Jan Vander Stichele  
COO

Karel Boone  
Chairman

Matthieu Boone  
Chairman  
(from 11 May 2012)

Jan Boone  
CEO

As a company we can look back on a successful 2011. In 2011 Lotus Bakeries was able to post an attractive internal growth of 4%, and of 6% on a like-for-like basis.

Strategically we are more than ever convinced of the 'expandability' or potential growth of our categories. In particular we believe that, providing we communicate the right Lotus specialties in a catchy way with consumers, we will grow. In recent years we have shown that it is precisely with our top products that we can achieve significant growth. As long as we stay focused, from product innovation through to communications.

Of our ability to do so, we can be proud as a company. It is fantastic to see how we are succeeding in making these authentic and yet contemporary Lotus specialties increasingly popular. How have we done this?

First of all everything starts with a quality product with a distinctive taste. The product is the basis of everything. If the product lacks distinctive quality and taste, there is no point in advertising it. This distinctive product we have. Nonetheless, each year we must set out to reach an even higher level. We must retain our lead. This is an ongoing challenge that we must pick up together on a daily basis.

Our heart lies in making tasty products. Therein lies also the success of our mini-variants. We give people the delicious flavour of the original Lotus Liège waffle or frangipane in a smaller format. There is a real demand for this.

Finally, we have released more resources to communicate with the consumer: first and foremost on TV and radio, also online via our

'Lotus Friends' site and of course through the shop.

What do 2012 and the further future have in store for us? Lotus Bakeries is convinced that it needs to continue to invest significantly in marketing & sales in order to support and further develop its brands and its associated specialties. The clear focus on the main specialties will also be continued.

In this way, production capacity in Lembeke will be ramped up to meet the growing demand for caramelized biscuits. A clear focus on continuing to build up the international caramelized biscuit business is a major pillar in the Group's long-term strategy. Furthermore, in the first half of this year, 'pepparkakor' production was centralized in Sweden. In the longer term, all cake production in Belgium will be located in Oostakker.

The announced investments in Geldrop and Sintjohannesga will be launched in 2012. In this way, the total investment between 2011 and 2013 will amount to approximately EUR 65 million. These expenditures serve to further increase production efficiencies at the different Lotus Bakeries sites and achieve a consistently high quality of the various specialties.

The Lotus Bakeries policy of passing on changes in raw materials and packaging prices and other cost elements, in combination with production efficiencies, will be consistently applied. Both the Management and the Board of Directors of Lotus Bakeries are convinced that the right strategy and foundations exist for continuing profitable growth in the long term.

In our view, people make the difference. This is true in any business. Our motto is therefore 'It's all about people.' For this reason we would like to thank all employees for their efforts in the past year. We have greatly appreciated this, even if perhaps we do not say it often enough. Of course, we must ensure that we as the Lotus family always do everything better and are never afraid to innovate. Because standing still is moving backwards.

We are all highly ambitious and we commit ourselves every day 100 percent plus to the further growth and prosperity of our company Lotus Bakeries. We hope to be able to achieve a good and strong year in 2012.



**Jan Boone**  
CEO



**Karel Boone**  
Chairman





## LOTUS BAKERIES' STRATEGY



## MISSION STATEMENT

Lotus Bakeries wishes to base its sustainable growth and profitability on meeting the needs of the present generations, without compromising the opportunities of succeeding ones. In this way the company will contribute on a daily basis to a better world in terms of food & health, use of resources, society and the well-being of its employees.

Lotus Bakeries is built on three foundation stones:

- A focus on authentic products from the biscuit and cake world. Products that are distinctive in terms of both quality and consumer satisfaction. Consumers are entitled to expect the very best from Lotus Bakeries.
- A targeted brand policy: building brands with real content. Lotus, Peijnenburg and Anna's are strong brands that radiate pride and in which consumers rightly trust and feel good when consuming.
- Strengthening its clear leadership with its specialty products.

## LOTUS BAKERIES' STRATEGY

Lotus Bakeries operates in the field of authentic specialties in the biscuits, gingerbread, waffles and cake specialties markets. Lotus Bakeries wants to continuously strengthen its leadership in each of its specialty areas and is working to stimulate both its more traditional markets as well as to internationalize these products. The strong positions of the Lotus, Peijnenburg and Anna's brands confirm this leadership.

The three brands each stand for their own specific products:

Lotus is the brand for caramelized biscuits (speculoos), caramelized biscuit spread and caramelized biscuit ice cream, cake specialties, waffles & galettes and gingerbread in the various worldwide markets.

Peijnenburg is the brand in the Netherlands for gingerbread and other specialties.

Anna's is the brand for pepparkakor specialties. A strong brand, particularly in Scandinavia and North America.

This leadership is continuously reinforced by applying a number of consistently implemented strategic choices:

1. Lotus Bakeries specialties have major growth potential. With a strong focus on the best performing products, these products can continue to grow strongly in both traditional markets and in new growth markets.
2. Giving priority to clear and consistent communication with the consumer and freeing up adequate resources for this.
3. Focused product innovations, aimed partly at format innovation, and partly at introducing products for new consumption moments.
4. A clear focus on continuously improving our manufacturing efficiency. This is in order to continue to produce the best quality products at the most competitive cost.
5. Sustainability is crucial for Lotus Bakeries. The major theme of Corporate Social Responsibility is implemented in the organization as 'Care for Today, Respect for Tomorrow'. The implementation and continuous improvement of this is directed primarily at four general areas (1) nutrition and health, (2) sustainable use of raw materials, (3) society and (4) employees.



### II LOTUS BAKERIES' STRATEGY

< Lotus Midi becomes Lotus Zebra Black - a chocolate-coated cake, filled with jam.

# ANNA'S



LOTUS BAKERIES  
GROUP'S PROFILE





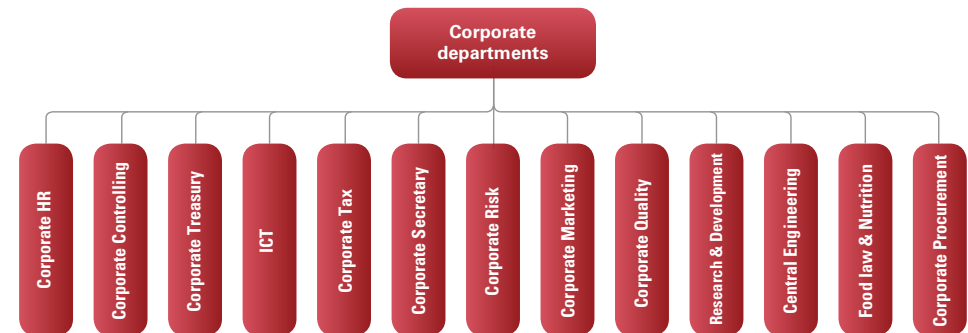
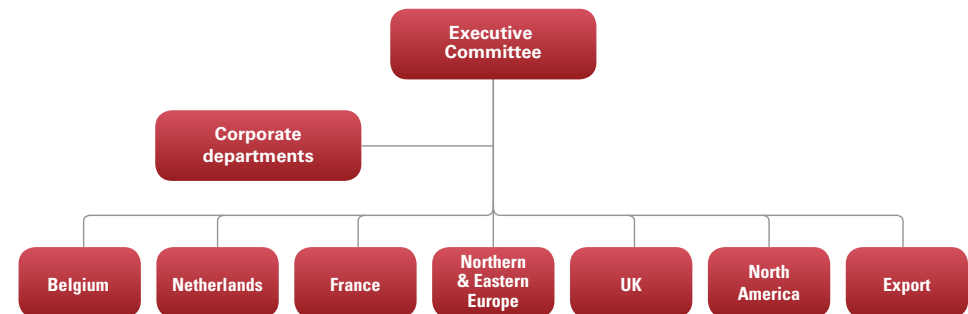
## 1. GROUP FUNCTIONS AND COUNTRY ORGANIZATION

To implement the Lotus Bakeries Group strategy and meet the challenging objectives deriving from it, the Group has opted for a group policy that is carried out under the direction of the Executive Committee (EXCO) and is passed on to the various corporate departments, country and regional organizations ('areas'). The EXCO members and the General Managers of each area together form the Group Management Team.

The country and regional organizations play a very important role of adapting to the commercial specificities of each market and the culture of each country. It is very important that the commercial policy of each country and/or region reflect its own particular market and that production facilities also work in a market-directed way. This is part of the Lotus Bakeries group policy, and is integrated into the policy lines that are set at group level.

The Executive Committee consists of the persons below with the following responsibilities:

Name	Function	Department
Jan Boone	CEO	
Jan Vander Stichele	COO	Corporate departments: Procurement, Central Engineering, R&D, Quality, Food law & Nutrition
Ignace Heyman	Corporate director marketing	Corporate department: Marketing
Jos Destrooper	Corporate director finance & human resources	Corporate departments: Controlling, Treasury, HR
Ronald Drieduite	Corporate director home markets	Areas: Belgium, Netherlands, France, Northern & Eastern Europe, United Kingdom
John Van de Par	Corporate director ICT, tax, legal & risk	Corporate departments: ICT, Tax, Corporate Secretary, Risk Management







## 2. PRODUCTS

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

### CARAMELIZED BISCUITS

Caramelized biscuits are an original Belgian specialty. They owe their typical taste to the caramelization of the sugar during the baking process. In Belgium, Lotus caramelized biscuits are a top product across the biscuit market. Lotus caramelized biscuits are proving increasingly popular internationally, so that today 75% of sales are realized outside Belgium. Consumers also want to experience the unique Lotus caramelized biscuit taste in other products that are strongly anchored in their consumption patterns. For this reason Lotus caramelized biscuit spread and Lotus caramelized biscuit ice cream have been developed on the basis of Lotus caramelized biscuits, enabling consumers to find again the familiar and unique Lotus caramelized biscuit taste in these products.



### GINGERBREAD

This authentic product from the Low Countries (modern-day Belgium and Holland) has developed very strongly in the Netherlands, where gingerbread is very popular. Strong brands like Peijnenburg and Wieger Ketellapper have been turned into modern, contemporary concepts that match the consumption patterns of today's conscious consumers. Koninklijke Peijnenburg has more than 60% of the Dutch gingerbread market. Lotus wants to market these products more strongly, first of all in Belgium. This product will be redynamized, with product development and innovative packaging, under the Lotus brand.



### CAKE SPECIALTIES

This group of authentic products is difficult to bring under a common denominator. In almost every case these are specialties that are very popular in their region and country of origin. These specialties have an outstanding quality and strong branding. These products, like frangipane, madeleine, carré confiture and Zebra in Belgium, Glacés and Enkhuizer cookies in the Netherlands

and Breton butter specialties are mainstays for the popularity of the Lotus brand.



### WAFFLES AND GAULETTES

Belgium has long been famed for its waffles. Lotus Bakeries has a very wide range here consisting primarily of Liège waffles, soft waffles, filled waffles, galettes (thin, crispy waffles) and vanilla waffles.



### PEPPARKAKOR BISCUITS

Pepparkakor biscuits are traditional Swedish biscuits. It is a thin and crispy biscuit enriched with cinnamon and ginger spices. Annas Pepparkakor introduced the pepparkakor biscuits as a specialty in Sweden, Finland, the United States, Canada and many other countries.



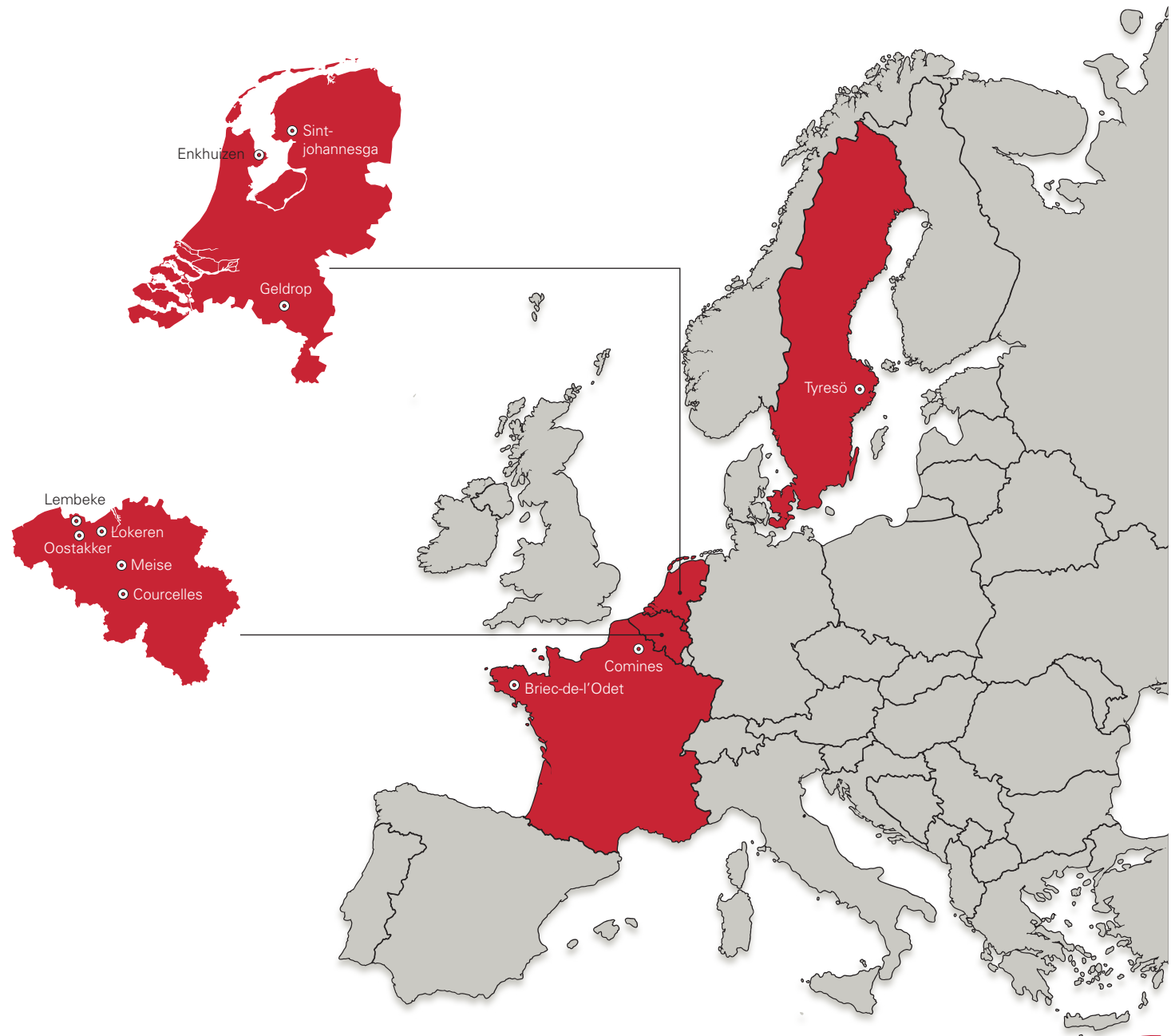
### 3. PRODUCTION FACILITIES

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

Our production sites are:

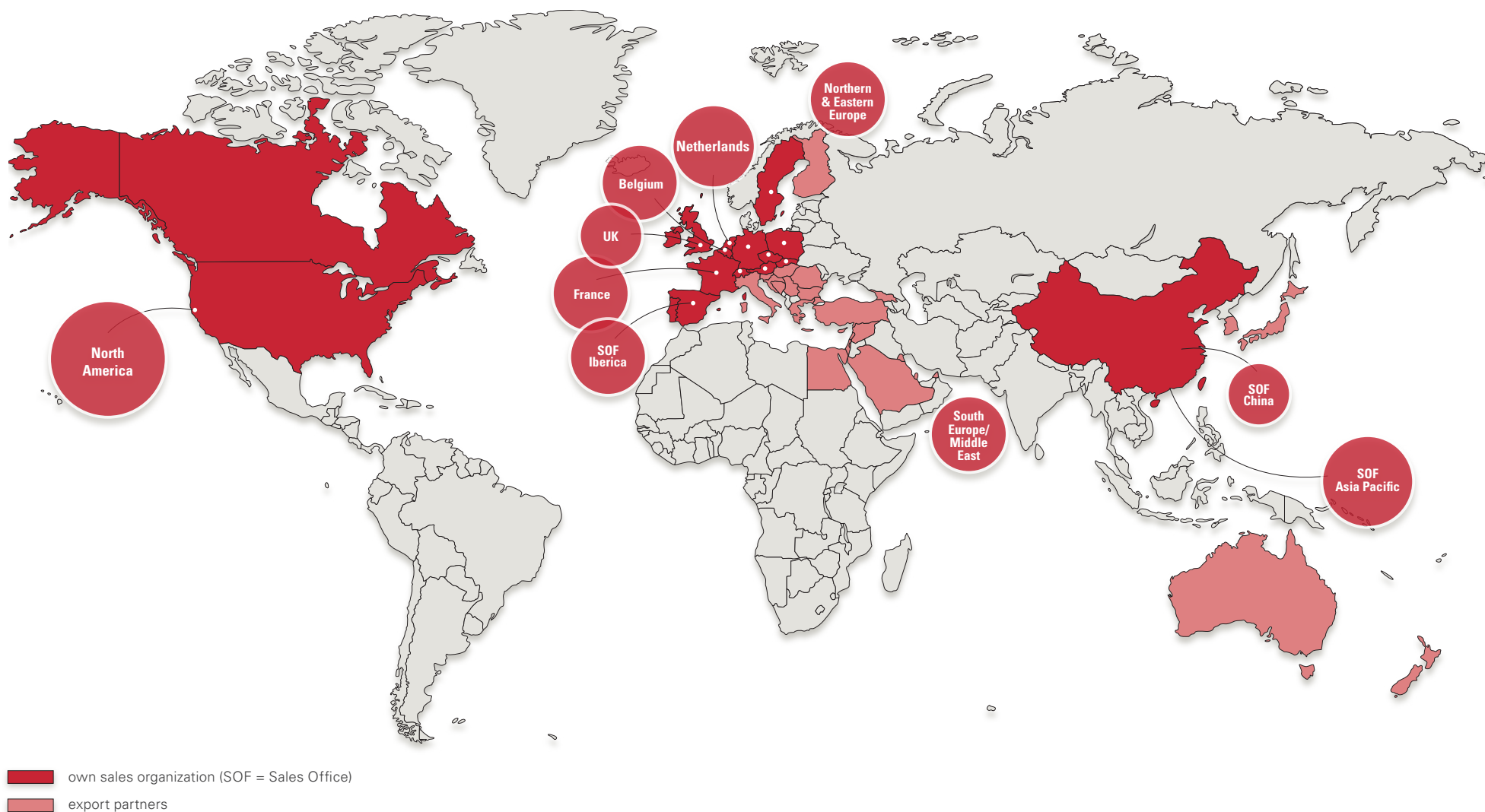
Belgium (*)		Netherlands		France		Sweden	
Lembeke	caramelized biscuits	Geldrop	gingerbread	Comines	cake specialties and filled waffles	Tyresö	pepparkakor biscuits
Oostakker	cake specialties	Sintjohannesga	gingerbread	Briec-de-l'Odé	Breton butter products		
Meise	waffles and galettes	Enkhuizen	Enkhuizer cookies and cake specialties				
Courcelles	waffles and galettes						

(\*) Lotus Bakeries has a logistics centre in Lokeren.





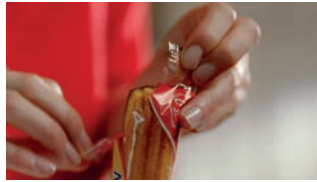
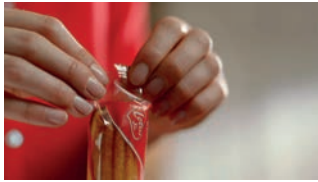
#### 4. COUNTRY AND REGIONAL ORGANIZATIONS WITH OWN SALES ORGANIZATION (SOF) & EXPORT PARTNERS



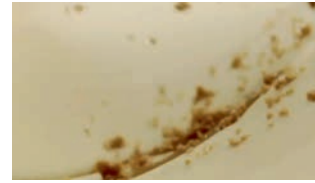
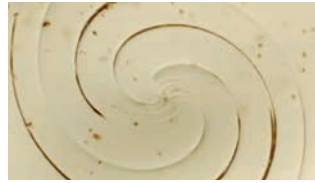
own sales organization (SOF = Sales Office)

export partners

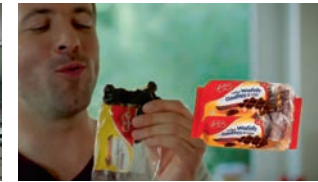
LOTUS BAKERIES GROUP'S PROFILE



^ TV spot Lotus madeleine - 'Lotus. Daar zit liefde in.'/'Lotus. Riche en amour.' ('Lotus. There's real love in it'.)



^ TV spot Lotus speculoos - 'Lotus. Daar zit liefde in.'/'Lotus. Riche en amour.' ('Lotus. There's real love in it'.)



^ TV spot for Lotus Liège waffles - Lotus wenst je een lekker en gezellig tv-moment.' ('Lotus wishes you a tasty and enjoyable TV moment.')



# IV

CORPORATE  
GOVERNANCE  
DECLARATION



Lotus Bakeries has adopted a Corporate Governance Charter. This document, the text of which is published on its website (www.lotusbakeries.com), is a commitment to apply the principles of the Corporate Governance Code dated 12 March 2009 and the Corporate Governance Act of 6 April 2010. This charter is adapted when necessary to reflect changes in the company's business. The Charter describes the most important aspects of Corporate Governance at Lotus Bakeries and the internal regulations of the Board of Directors, Committees and the Executive Committee.

This annual report gives details of the application of Lotus Bakeries Corporate Governance Charter. This document does not diverge from the provisions of the Corporate Governance Code.

## 1. CAPITAL AND SHARES

### 1.1 CAPITAL

The capital of the company amounts to EUR 3,400,003.65. There have been no changes in the capital of the company in the course of 2011.

### 1.2 SHARES

On 31 December 2011 the number of shares in Lotus Bakeries NV totalled 772,563. There have been no changes in the course of 2011 in the number of Lotus Bakeries shares.

Shares are nominal, bearer in denominations of 1-10-50 or dematerialized. For the conversion of shares into nominal or dematerialized shares, the Corporate Secretary should be contacted.

### 1.3 SHARE OPTIONS

In the context of the Lotus Bakeries share option scheme 1,400 share options were issued in 2011. Per 31 December 2011 the total number of unexercised share options was 17,600.

Year of issue of the options	Number of allocated options <sup>(1)</sup>	Number of options exercised <sup>(2)</sup>	Total of available options
2007	11,950	6,300	5,650
2008	-	-	-
2009	7,650	-	7,650
2010	3,000	-	3,000
2011	1,300	-	1,300

(1) Cumulative number allocated minus cumulative number lapsed.

(2) Cumulative number exercised.

### 1.4 WARRANTS

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

### 1.5 PURCHASE OF OWN SHARES

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



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

In the course of 2011, 6,830 treasury shares were purchased, representing a fractional value of EUR 30,052 or 0.88% of issued capital. The total number of shares purchased held in portfolio at the end of the financial year is 25,548, representing a fractional value of EUR 112,411.20 or 3.31% of issued capital.

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

## 2. SHAREHOLDERS AND SHAREHOLDING STRUCTURE

Based on the transparency notice received by Lotus Bakeries on 30 April 2010, the shareholding structure of Lotus Bakeries NV as of 27 April 2010 is as follows:

	No. of voting rights	% of voting rights
Stichting Administratiekantoor van Aandelen Lotus Bakeries	446,378	57.78%
Lotus Bakeries Group Services NV <sup>(1)(3)</sup>	26,457	3.42%
<b>Total held by Stichting Administratiekantoor van Aandelen Lotus Bakeries and Lotus Bakeries Group Services</b>	<b>472,835</b>	<b>61.20%</b>
Christavest Comm. VA <sup>(2)</sup>	63,046	8.16%
Publicly held	236,682	30.64%
<b>Total</b>	<b>772,563</b>	<b>100.00%</b>

(1) Lotus Bakeries Group Services NV is 99.8% controlled by Lotus Bakeries NV and 100% by the Lotus Bakeries Group. Lotus Bakeries NV is 57.78% controlled by Stichting Administratiekantoor van Aandelen Lotus Bakeries. Stichting Administratiekantoor van Aandelen Lotus Bakeries is not controlled.

(2) Christavest Comm. VA is 82.82% controlled by Holding Biloba BVBA. Mr. Stanislas Boone is the statutory general manager ('statutair zaakvoerder') of Christavest Comm. VA.

(3) 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.

### Communication according to article 74§7 of the Law of 1 April 2007 on public takeover bids

On 31 August 2010 Lotus Bakeries NV has received a communication in the context of article 74§7 of the Law of 1 April 2007 on public takeover bids.

This communication shows that on 31 August 2010 Stichting Administratiekantoor van Aandelen Lotus Bakeries held 446,378 voting shares in Lotus Bakeries, corresponding to a participation of 57.78%.

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### *3. BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD OF DIRECTORS*

#### 3.1 BOARD OF DIRECTORS

##### **3.1.1 Composition**

The composition of the Board of Directors, from 13 May 2011 is as follows:

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

##### **Non-executive Chairman**

Karel Boone (70) holds a degree in Commercial Engineering (KUL). He began his career in 1966 as executive director of the Board of Directors of Lotus Bakeries (then named Lotus Biscuits). When Lotus Biscuits merged in 1974 with Corona, he became CEO. He was also Chairman of the Board of Directors from 1992 to 2006. Since October 2006 he has become the non-executive Chairman of the Board of Directors. He also holds other directorships with Bank Degroof (until 27/02/2012), UCB (Chairman) (until 26/04/2012) and Vandemoortele (Chairman) (until 08/05/2012). He is also Honorary Chairman of the Federation of Enterprises in Belgium.

The term of office of Charlofin NV, represented by its permanent representative Karel Boone, as non-executive Chairman of Lotus Bakeries NV ends at the Ordinary General Meeting of 2012.

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##### **Beukenlaan NV, represented by its permanent representative Matthieu Boone**

##### **Non-executive director**

Matthieu Boone (65) holds a degree in Commercial Engineering (KUL). He has been an executive director of Lotus Bakeries since 1970. He became a managing director in 1989, succeeding Karel Boone as CEO in 2006 until May 2011. Since May 2011 he is a non-executive director of Lotus Bakeries. He is also a member of the Board of Directors of ACG Gent, HUB-KAHO (Hogeschool-Universiteit Brussel and Sint-Lieven Hogeschool) and Chairman of VKW Oost-Vlaanderen. The term of office of Beukenlaan NV, represented by its permanent representative Matthieu Boone, as a director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2013.

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

##### **CEO**

Jan Boone (40) holds a Master in Applied Economics (KUL), as well as a Master in Audit (UMH). He started his career in the Audit department of PricewaterhouseCoopers. In 2000 he started at Omega Pharma. Until May 2005 he was Head of Corporate Controlling and a member of the Executive Committee and Board of Directors. Since May 2005, he has been active at Lotus Bakeries as managing director and, currently, as CEO. Since May 2005, he has also been a member of the Board of Directors of Lotus Bakeries and, since May 2011, a managing director. In addition he is an independent director of Omega Pharma, Durabrik and Club Brugge.

The term of office of Mercuur Consult NV, represented by its permanent representative Jan Boone, as a managing director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2013.

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

##### **COO**

Jan Vander Stichele (48) holds a degree in Civil Engineering (KUL) and has a Candidate degree in Applied Economics (KUL). His previous most important function was as technical director of the Verlipack Group. Since the end of 1996 he has been active in the Lotus Bakeries Group, initially as general manager Lotus Bakeries France, thereafter as general manager operations and currently as COO. He has been a member of the Board of Directors since May 2005 and a managing director since May 2010. In addition he holds a directorship of Team Industries (Chairman) and Fevia Vlaanderen (Chairman).

The term of office of CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele, as a managing director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2013.

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**PMF NV, represented by its permanent representative Johan Boone****Non-executive director**

Johan Boone (60) graduated in dentistry (KUL) and is a practising dentist. He has been a member of the Board of Directors of Lotus Bakeries since 1996. The term of office of PMF NV, represented by its permanent representative Johan Boone, as a non-executive director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2013.

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**Anton Stevens****Non-executive director**

Anton Stevens (35) holds a Master's degree in Law (RUG) and in Notarial Law (RUG). He has been a director of Lotus Bakeries since 2002. The term of office of Anton Stevens as a non-executive director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2013.

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

Herman Van de Velde (57) has a Master's degree in Economics (KUL) and a post-graduate degree in Business Management (UFSIA). Since 1989 he has been managing director of the stock-exchange listed lingerie Group Van de Velde. He is also a director of Top Form International (Hong Kong). He has been a director of Lotus Bakeries since May 2005. He is also Chairman of Ondernemersplatform VKW. The term of office of Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde, as an independent director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2013.

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

Benoit Graulich (46) has Master's degrees in Law, Business and Finance from the Catholic University of Leuven (KUL). He began his professional career at PricewaterhouseCoopers and then Artesia Bank. In 2000 he became a partner at Ernst & Young and is currently a partner at Bencis Capital Partners. He is also a director of Van de Velde and Omega Pharma. He has been a director of Lotus Bakeries since 2009. The term of office of Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich, as an independent director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2013.

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**Dominique Leroy****Independent director**

Dominique Leroy (47) has a commercial engineering degree from Solvay Business School. She has a 24-year career with Unilever, beginning in finance and followed by various sales and marketing functions. She was nominated as country manager of Unilever Belgium in 2007 and was also member of the Unilever Benelux Board. In October 2011 she began working at Belgacom as Vice President Sales for the consumer division. She has been a director of Lotus Bakeries since 2009. The term of office of Dominique Leroy as an independent director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2013.

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**Sabine Sagaert BVBA, represented by its permanent representative Sabine Sagaert****Independent director**

Sabine Sagaert (45) has a degree in Commercial Engineering from the KUL, a Master's in Economic Legislation (UCL) and an MBA (KUL). She has spent most of her business career at AB InBev, most recently as Business Unit President Belux, and is currently CEO Dental Division at Arseus. She is currently General Manager Europe for Cargill's malting activities. She has been a director of Lotus Bakeries since 2011. The term of office of Sabine Sagaert BVBA, represented by its permanent representative Sabine Sagaert, as an independent director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2015.

The secretary of the Board of Directors was Axelle Heuvelmans, Corporate Secretary.

This gives us a balanced Board of Directors in which the majority shareholder, the independent directors and executive management are adequately represented.

Until the end of October 2006 Karel Boone was executive Chairman of the Board of Directors. Charlofin NV, represented by its permanent representative Karel Boone, has been Chairman of the Board of Directors since 1 November 2006. The intention is to continue to avail of the knowledge and experience in another function.

Karel Boone has reached the age limit and will therefore end his term of office as a non-executive Chairman at the General Meeting of 11 May 2012.

Karel Boone bids farewell to the Board of Directors of Lotus Bakeries after 46 years, including 20 years as its Chairman. He began his professional career in 1966 at Lotus Bakeries. He held the position of CEO from 1974 to 2006.

The Board thanks Karel Boone. He has always sought to maintain the family anchoring of the business with full respect for Corporate Governance. Due to his total commitment to the family business and with the support of a number of family shareholders, he has enabled Lotus Bakeries to develop its full potential.

His vision, but also courage, perseverance and sheer hard work, have enabled Lotus Bakeries to evolve from a small caramelized biscuit factory with 90-odd employees and a turnover of EUR 1.5 million to a renowned international Group with 1,198 employees and a turnover of EUR 275.6 million.

This vision and the associated objectives he has realized by starting from a well-developed strategy within the established corporate culture. A stimulating business environment in which he has established values like cooperation, quality focus, innovation and respect for employees as a foundation, defines the corporate culture. Today's strategic objectives and corporate culture form the basis for the future of Lotus Bakeries. All this, together with his deep human qualities, which are enormously appreciated not only within but also outside of Lotus Bakeries, ensures that the name and in particular the personality of Karel Boone will forever remain linked with the company.

A proposal is made to appoint as a director for a 4-year term, in the category of non-executive director: Bene Invest BVBA, represented by its permanent representative Benedikte Boone (41). She has a degree in Applied Economic Sciences (KUL). She has held positions at Creyf's Interim and Avasco Industries. She is a director in various family companies, including Bene Invest BVBA, Holve NV and Harpis NV.

As from the Ordinary General Meeting of 11 May 2012, the Board of Directors will be composed of:

- Beukenlaan NV, represented by its permanent representative Matthieu Boone, non-executive Chairman
- Mercur Consult NV, represented by its permanent representative Jan Boone, managing director and CEO
- CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele, managing director and COO
- Bene Invest BVBA, represented by its permanent representative Benedikte Boone,

non-executive director

- PMF NV, represented by its permanent representative Johan Boone, non-executive director
- Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich, independent director
- Dominique Leroy, independent director
- Sabine Sagaert, BVBA, represented by its permanent representative Sabine Sagaert, independent director
- Anton Stevens, non-executive director
- Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde, independent director.

The secretary of the Board of Directors is Sofie Dumarey, Corporate Secretary.



### 3.1.2 Activities of the Board of Directors

The Board of Directors met seven times in 2011. All directors were present at all meetings, except Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich and Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde, each of whom was absent one time. There was also one written Board Meeting.

The subjects dealt with at the meetings were:

- recent sales and financial results
- results on 30/06 and 31/12 and proposed press releases
- strategy, long-term objectives and major action plans
- major investment plans
- investment budget and global budget
- reports and recommendations from the Committees
- restructuring production at Annas Pepparkakor
- restructuring gingerbread production in the Netherlands
- organization structure and structure of the companies
- product developments and new product introductions
- proposed subjects for the annual report
- risk management
- agendas for the General Meetings
- buying in of own shares.

An induction training programme is provided for new directors and for the Committees.

No situations occurred in the course of 2011 in which the procedure of Article 523 of the Companies' Code on conflicts of interest was applied in the Board of Directors.

In the course of 2011 no conflicts of interest occurred between Lotus Bakeries NV (including its associated companies) and its directors or members of the Executive Committee, falling under the conflict of interest rules of articles 523 and 524 ter of the Companies Code.

All transactions involving shares of Lotus Bakeries NV carried out in the course of 2011 by persons considered as insiders and by persons with executive responsibility were undertaken in accordance with the rules of Lotus Bakeries for the prevention of market abuse.

In late 2008-early 2009 an evaluation was undertaken of the composition and operation of the Board of Directors and the Committees. The Chairman interviewed each member separately on the basis of a questionnaire and reported on this to the Board of Directors' meeting of 4 May 2009. Another such evaluation was organized at the beginning of 2012.

### 3.2 AUDIT COMMITTEE

The Audit Committee consists of three members: two independent directors, Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich (Chairman), and Dominique Leroy, and one non-executive director, Charlofin NV, represented by its permanent representative Karel Boone. All three members have accounting and audit experience. The Audit Committee met four times in 2011 and all members were present. The Auditor participated in part of all three meetings, at which he presented his findings to the Audit Committee.

The subjects examined were:

- systematic handling of some risk areas
- risk management

- Auditor's findings and recommendations
- IFRS accounting principles
- discussion of the external Auditor's reports in various fields
- group structures.

As from the General Meeting of 11 May 2012, the Audit Committee will consist of: two independent directors, Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich (Chairman) and Dominique Leroy, and one non-executive director, Beukenlaan NV, represented by its permanent representative Matthieu Boone.

### 3.3 REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee consists of:

Jean-Luc Dehaene (Chairman until May 2011), Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde (Chairman since May 2011), Charlofin NV, represented by its permanent representative Karel Boone and Benoit Graulich BVBA represented by its permanent representative Benoit Graulich.

The Committee met twice in 2011, with all members present.

The subjects examined were:

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

As from the General Meeting of 11 May 2012, the Remuneration and Nomination Committee will consist of: two independent directors, Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde (Chairman) and Benoit Graulich BVBA represented by its permanent representative Benoit Graulich, and one non-executive director, Beukenlaan NV, represented by its permanent representative Matthieu Boone. All three members have both HR management and remuneration policy experience.

#### 4. EXECUTIVE COMMITTEE

Since January 2011, the Executive Committee consists of:

- Beukenlaan NV, represented by its permanent representative Matthieu Boone, CEO until May 2011
- Mercuur Consult NV, represented by its permanent representative Jan Boone, managing director and CEO since May 2011
- CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele, managing director and COO since May 2011
- Jos Destrooper, corporate director finance & human resources
- John Van de Par, corporate director ICT, tax, legal & risk.

In May 2011 the Executive Committee was expanded to include:

- Ronald Drieduite: corporate director home markets
- Ignace Heyman: corporate director marketing.

The Executive Committee met seventeen times in 2011. All members were present at all meetings, except for one member who was absent once. There were no transactions between Lotus Bakeries and the members of the Executive Committee that were in conflict with the interests of Lotus Bakeries.

#### 5. REMUNERATION REPORT

##### 5.1 INTRODUCTION

The objective of the 2011 remuneration report is to provide you specific data in a transparent manner concerning Lotus Bakeries' remuneration policy for its directors and executives. The remuneration report fulfils the provisions of the Corporate Governance Act of 6 April 2010 and was already published, in advance of the effective date of his act, in our 2010 annual report. The remuneration report below will be submitted to the General Meeting of 11 May 2012 for approval. The works council has been informed in accordance with the provisions of the Act. The report has also been reviewed by the Auditor.

##### 5.2 PROCEDURE FOR DEFINING REMUNERATION POLICY AND REMUNERATION

###### 5.2.1 Directors

The Remuneration and Nomination Committee set up by the Board of Directors makes specific recommendations to the Board of Directors with regard to remuneration policy and its application to executive and non-executive directors.

The current remuneration policy for directors was set by the General Meeting of 9 May 2008, based on a proposal by the Board, on the advice of the Remuneration and Nomination Committee. Directors' remuneration is benchmarked every two years against a relevant sample of listed companies to enable Lotus Bakeries to attract directors with relevant competences according to its ambitions.

### 5.2.2 Executive Managers

For the purpose of determining who falls into the category of 'Executive Managers' according to the Act of 6 April 2010 to strengthen corporate governance, Lotus Bakeries considers the Members of its Executive Committee as falling into this category. The Executive Committee is responsible for the management of the company. Remuneration policy for members of the Executive Committee is set every two years based on a proposal by the Remuneration and Nomination Committee. Individual remuneration is reviewed annually.

For this Lotus Bakeries uses the services of an international HR consultancy firm, that assesses the functions and presents the corresponding salary package as commonly awarded in the relevant market. For members of the Executive Committee, the consultant reports directly to the Remuneration and Nomination Committee and elucidates its report at its meeting.

### 5.2.3 Senior managers

Remuneration policy for senior managers ('kaderleden') is set by the Executive Committee. This is then approved by the Remuneration and Nomination Committee.

## 5.3 STATEMENT ON REMUNERATION POLICY APPLIED IN 2011

### 5.3.1 Non-executive and executive directors

#### POLICY CRITERIA

The non-executive director receives a fixed fee, with no performance-based remuneration such as bonuses, stock-related long-term incentive schemes, fringe benefits or pension plan-related benefits.

Neither the Company nor its subsidiaries provide any personal loans, guarantees or the like to other members of the Board of Directors. Besides the fee, all reasonable expenses of members of the Board incurred with the consent of the Chairman of the Board are reimbursed.

The provisions concerning the remuneration of non-executive directors apply equally to executive directors in their capacity as directors.

In this way Lotus Bakeries wishes to pay a market remuneration, based on a comparison of directors' remuneration in companies that are comparable in terms of size, complexity and international activity.

Directors' remuneration is benchmarked every two years against a relevant sample of listed companies, to enable Lotus Bakeries to attract directors with relevant competences according to its ambitions.

## REMUNERATION

Board members each receive EUR 20,000 a year. The Chairman receives double this amount, i.e. EUR 40,000 a year. Each member of the Audit and Remuneration and Nomination Committee receives a fee of EUR 5,000 a year. No options, shares or variable compensation are granted to non-executive directors. No other compensation is provided, such as performance bonuses in cash, shares or options.

### REMUNERATION POLICY IN COMING YEARS

In the General Meeting of 13 May 2011, a proposal was made to increase the fixed fee to EUR 20,000 a year for the next two years. The President receives double.

Members of the Audit Committee and the Remuneration and Nomination Committee receive a fee of EUR 5,000 a year.

The other policy provisions remain in effect. No options, shares or variable compensation are granted to non-executive directors. No other remuneration is provided, such as performance bonuses in cash, shares or options.

Directors' remuneration will be re-benchmarked in 2013.

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### 5.3.2 Executive Managers

#### POLICY CRITERIA

The Remuneration and Nomination Committee makes specific recommendations to the Board on the remuneration of the members of the Executive Committee.

The level and structure of the remuneration of the Executive Committee must be such as to attract, retain and continually motivate qualified and skilled managers, taking into account the nature and scope of their individual responsibilities. To this end, a survey is carried out every two years of remuneration in Belgium in order to facilitate an external comparison of key functions. In defining the concrete remuneration level for each function, account is taken of the actual job content and the way the function is filled at Lotus Bakeries, in order to ensure an internal logic between remuneration levels.

In addition to their fixed remuneration, executive managers receive a variable compensation based on well-defined criteria, depending on the results of Lotus Bakeries with a one year evaluation period but also evaluation periods of two and three years.

The evaluation criteria used to determine the variable compensation in 2011 are the main performance indicators based on the objectives for 2011. The evaluation period for this is one year.

From 2011 onwards a long-term incentive plan is in place for executive managers with objectives set over 2 and 3-year periods. The criteria used are the objectives of the strategic plan of the Lotus Bakeries Group.

There is an additional pension plan, on the basis of a predetermined contribution. The plan is placed with an insurance company.

There also exists a stock option and/or warrant plan with a fixed number of options or warrants per function category, which is submitted for approval at the annual General Meeting.

In principle shares which have been allotted or other forms of deferred compensation are not deemed to be acquired, and options may not be exercised during the first three years after being allocated.

Where a member of the Executive Committee is also an executive director, his remuneration includes the fees he receives in this latter capacity.

#### REMUNERATION POLICY IN COMING YEARS

In 2012 the Board of Directors will propose to the General Meeting that a new share option plan be introduced in 2012 for a part of the Group's employees.

#### RECOVERY PROVISIONS

The bonus plan for executive management provides that the bonus is earned only after approval of the consolidated figures by the Auditor and after approval by the Remuneration and Nomination Committee.



#### 5.4 DIRECTORS' REMUNERATION IN 2011

Board members each receive EUR 20,000 a year. The Chairman receives EUR 40,000 a year. Each member of the Audit and Remuneration and Nomination Committee receives a fee of EUR 5,000 a year. No options, shares or variable compensation are granted to non-executive directors.

The following table shows the remuneration awarded for 2011 to each member of the Board of Directors.

The Chairman of the Board shall be provided with the necessary material resources to perform his task properly.

#### 5.5 EVALUATION CRITERIA FOR THE PERFORMANCE-BASED REMUNERATION OF EXECUTIVE MANAGERS

The objectives for 2011 were presented to the Remuneration and Nomination Committee. The evaluation criteria used to determine the variable compensation in 2011 are the main performance indicators based on the objectives for 2011. The evaluation period is one year. The bonus plan for executive management provides that the bonus is earned only after approval of the consolidated figures by the Auditor and after its approval by the Remuneration and Nomination Committee.

In 2011, objectives for 2012 and 2013 were presented to the Remuneration and Nomination Committee for determining the long-term remuneration. The main performance indicators are taken from the Group Strategic Plan. The evaluation period is two and three years.

#### 5.6 CEO'S REMUNERATION IN 2011

The remuneration of the CEO Jan Boone is paid through a management company. There are no social security contributions payable by the company. All costs are borne by the management company.

The remuneration, on a full year's basis, is as follows for 2011:

Remuneration CEO	2011
Fixed	EUR 449,660
Variable	EUR 114,375
Pension	EUR 66,933
Other	EUR 31,684

No other remuneration was granted in 2011.

In 2011, a long-term cash bonus plan was in place for the years 2011-2013, but no remuneration has yet been paid out under it. Such payments can be made for the first time in 2012.

Name	Board of Directors	Audit Committee	Remuneration and Nomination Committee	Total remuneration 2011
Charlofin NV, represented by its permanent representative Baron Karel Boone	Chairman	Member	Member	EUR 50,000
Beukenlaan NV, represented by its permanent representative Matthieu Boone	Non-executive director	-	-	EUR 20,000
Mercuur Consult NV, represented by its permanent representative Jan Boone	Managing director	-	-	EUR 20,000
CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele	Managing director	-	-	EUR 20,000
PMF NV, represented by its permanent representative Johan Boone	Non-executive director	-	-	EUR 20,000
Anton Stevens	Non-executive director	-	-	EUR 20,000
Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde	Independent director	-	Chairman	EUR 25,000
Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich	Independent director	Chairman	Member	EUR 30,000
Dominique Leroy	Independent director	Member	-	EUR 25,000
Sabine Sagaert BVBA, represented by its permanent representative Sabine Sagaert	Independent director	-	-	EUR 20,000

## 5.7 REMUNERATION OF EXECUTIVE MANAGERS IN 2011 (EXCLUDING CEO)

The remuneration of the other members of the Executive Committee was paid, for one member, through a management company, and for the other four members under an employment contract. For the member paid through a management company there are no social security contributions incumbent on the company and all costs are borne by the management company. For the four members under employment contracts the amounts given are before social security contributions.

The remuneration for all executive managers together on a full year's basis, are the following for 2011:

EXCO (excl. CEO)	2011
Fixed	EUR 1,150,109
Variable	EUR 251,752
Pension	EUR 168,300
Other	EUR 106,674

In 2011, a long-term cash bonus plan was in place for the years 2011-2013, but no remuneration has yet been paid out under it. Such payments can be made for the first time in 2012.

## 5.8 ARRANGEMENTS FOR THE EXECUTIVE COMMITTEE AS A WHOLE

The pension plan is based on defined contributions as a function of the annual base salary. The other compensation relates primarily to insured benefits such as guaranteed income and the cost of a company car.

Finally, there is a warrant plan that was implemented in 2007 and a stock option plan for those who were not yet eligible for the warrant plan. The grant of warrants in 2007 was for a period of five years, from 2007 to 2011 inclusive.

## 5.9 SHARE-BASED COMPENSATION

### 5.9.1 Allocations in 2011

In 2011, no shares or share options were granted to members of the Executive Committee.

### 5.9.2 Exercise of stock options in 2011

The share options exercised in 2011 by members of the Executive Committee are:

Name	Year of allocation	Number of options	Exercise price
Matthieu Boone	2007	1,000	EUR 232.82
Jan Vander Stichele	2007	750	EUR 232.82

In 2011 there are no lapsed unexercised options relating to members of the Executive Committee.

## 5.10 SEVERANCE PAY

No special severance arrangements have been agreed with members of the Executive Committee. Members of the Executive Committee acting through a management company are entitled to severance pay equal to 12 months' fixed and variable remuneration. The other members of the Executive Committee are bound by salaried employee contracts.

In 2011, no severance pay was paid to members of the Executive Committee.

## 6. INTERNAL CONTROL AND RISK MANAGEMENT

In running its business, Lotus Bakeries seeks to implement a sustainable policy regarding internal control and risk management.

### 6.1 CONTROL ENVIRONMENT

The organization of the finance function is based on three pillars.

Firstly, the responsibilities of the various financial departments in the Group are set out in general corporate guidelines ('General Directives') at Group level so that each employee clearly knows his or her role and responsibility. These are set out for all operational finance-related fields such as accounting and consolidation, management reporting, costing, planning, budgeting and forecasting processes, the central master data management, the treasury function, approval of investments, insurance and the internal control environment.

Secondly, there is a Lotus Bakeries Accounting Manual which establishes the accounting policies and procedures. There are also financial management reporting standards to ensure that the financial information can be interpreted unambiguously in the whole organization.

Thirdly, Lotus Bakeries has opted to implement the financial function 100% in the same ERP package (SAP), which offers comprehensive capabilities for internal control and management. This facilitates the internal audits carried out by the Corporate Finance department.



## 6.2 RISK MANAGEMENT PROCESS

Lotus Bakeries has implemented an ongoing process of risk management, aimed at ensuring that this is organized so that the risks of possible events are identified, assessed, controlled and monitored in such a way that they can be kept at an acceptable level. The risk management process fits very closely with the implementation of the strategic, operational and financial objectives of the company. The entire risk management process is based on the COSO Internal Control Framework.

The Executive Committee, operating under the responsibility of the Board of Directors, has overall responsibility for the risk management process of Lotus Bakeries.

Operationally, it carries out this responsibility through the Group Risk Committee, with responsibility for coordinating the risk management process lying with the corporate director ICT, tax, legal & risk, who is part of the Executive Committee.

All individual areas and corporate departments of Lotus Bakeries are responsible for having a risk management process in operation. Identification, assessment, management and monitoring of risks is an ongoing process, which is fully embedded into the regular management processes. Significant alterations of individual identified risks will be directly communicated, by means of written reports in prescribed formats, to the corporate director ICT, tax, legal & risk. In addition there are at least two formal occasions a year when the entire risk management process is gone through by the members of the local area managements and the corporate departments. In the first semester, this is

intended mainly to provide a complete review of the risks identified at that time, and the progress of actions taken. This progress is reported to the Audit Committee. In the second semester the main objective is to identify any new risks emerging in the already formulated annual plans for the following year. The outcome of this process is also reported to the Audit Committee. In 2011, important measures were again undertaken to ensure the optimal management of risks. In addition, further steps were taken to improve the Business Continuity Management and Disaster Recovery processes. In the coming years these will be implemented in all parts of the Lotus Bakeries organization. The entire corpus of policies and procedures related to the risk management process is also set down in the 'General Directives' of Lotus Bakeries.

## 6.3 CONTROL ACTIVITIES

Each month the results of each area are discussed and explained by the area manager. The Executive Committee also discusses the results on a monthly basis at its meeting. The Corporate Finance department directs this process.

For this Lotus Bakeries has developed various scorecards and critical performance indicators for its sales operations, for the financial reporting of each area and for the consolidated results, and other scorecards for personnel, for factory operations, and for purchasing and logistics. These scorecards and reporting exist for each area separately and are aggregated for the Group. The Corporate Treasury department monitors the cash position closely on a daily basis. Finally, various internal audits are organized by

the corporate departments in their areas of expertise, such as Corporate Finance for proper compliance with accounting principles and standards or the investment procedure, Corporate Treasury for the authorisation of payments, and the Corporate Quality department for quality standards.

## 6.4 INFORMATION AND COMMUNICATION

Lotus Bakeries has chosen to manage all key business processes through a single ERP package (SAP) which offers extensive opportunities for internal reporting and communication. It also offers the ability to manage and audit access rights and authorisation management in general on a centralized basis.

Each month the results of each area are reported in writing and discussed and explained verbally by the area manager. The Executive Committee also discusses the results on a monthly basis at its meeting. The Corporate Finance department directs the information and communication process.

For both internal and external information reporting and communication there exists an annual financial calendar which is communicated to all parties involved and in which all reporting dates are set out.

For the provision of information Lotus Bakeries has developed various scorecards and critical performance indicators for its sales operations, for the financial reporting, as well as scorecards for personnel, factory operations, purchasing and logistics. This reporting is available on a detailed basis, but also aggregated at area or group level.

## 6.5 CONTROL

Lotus Bakeries evaluates every internal audit and takes appropriate steps to avoid any deficiencies in the future by means of concrete action points. Employees from within the Lotus competencies are asked to constantly question existing procedures and practices and continually suggest improvements.

First and foremost both the Audit Committee and the Auditor play an important role in internal control and risk management. Any remarks by the Auditor are discussed in the Audit Committee and monitored for improvement.

Finally, the shareholders have a right to ask questions during the General Meeting, and the company falls under the supervision of the Financial Services and Markets Authority (FSMA).

## 7. ANNOUNCEMENTS ACCORDING TO ARTICLE 34 OF THE ROYAL DECREE OF 14 NOVEMBER 2007 - PROTECTIVE CONSTRUCTIONS

1. The Board of Directors of Lotus Bakeries NV is authorized by the General Meeting of Shareholders, in the event of a public takeover bid on the shares of the company, and by application of the authorized capital, to increase the capital of the company under the conditions of article 607 of the Companies Code. This authorisation was granted for a period of three years from 27 April 2010.

2. By resolution of the Extraordinary General Meeting of Shareholders of 8 May 2009 the Board of Directors is authorized, in accordance with the provisions of article 620 of the Companies Code, to acquire shares in the company for the account of the same, whenever such acquisition is necessary to prevent the company from suffering serious and imminent disadvantage. This authorization is granted for a period of three years from 2 June 2009 and is renewable.

## 8. EXTERNAL AUDIT

PricewaterhouseCoopers Bedrijfsrevisoren cvba, represented by Mr. Lieven Adams, 'bedrijfsrevisor', was appointed as Auditor of Lotus Bakeries NV on 18 May 2010 by the Ordinary General Meeting for a term of three years. Its mandate expires immediately after the Ordinary General Meeting of 2013. The compensation received in 2011 for auditing and non-auditing services by PricewaterhouseCoopers Bedrijfsrevisoren cvba and by people connected to PricewaterhouseCoopers Bedrijfsrevisoren cvba, is described in note 38 of the financial supplement.

Audit fee for the Group audit 2011	in thousands of EUR
Lotus Bakeries NV	113
Lotus Bakeries Group	212
<b>Total</b>	<b>325</b>



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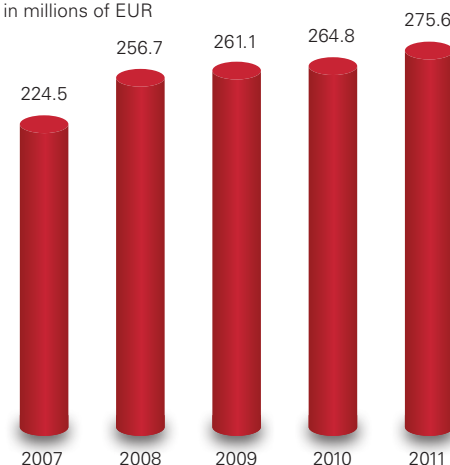
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## REPORT OF THE BOARD OF DIRECTORS

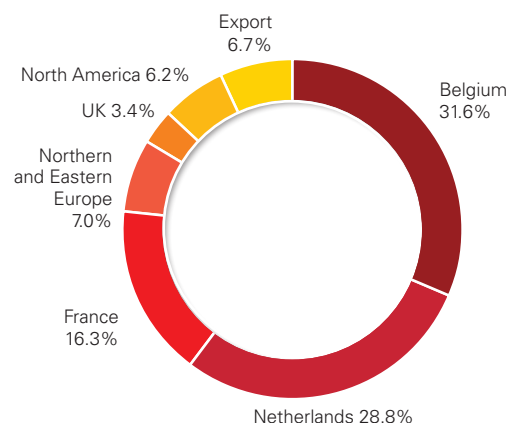


## EVOLUTION OF TURNOVER

in millions of EUR



## GEOGRAPHICAL TURNOVER DISTRIBUTION



## 1. ACTIVITIES IN 2011

### 1.1 MARKET SITUATION AND SALES RESULTS

#### GENERAL EVOLUTION OF TURNOVER

In 2011 the consolidated turnover of Lotus Bakeries grew by 4.1% to EUR 275.6 million. On a like-for-like basis, i.e. factoring out the ending of the Jaffa cake bars contract with Mc Vities and the Pepparkakor cookies contract with IKEA, turnover grew organically by 6% compared with 2010, thanks to increased sales of brand products.

The overall biscuits market grew well in Belgium in 2011. Through the consistent continuation of its strategic choices, the Lotus brand significantly strengthened its shares of the caramelized biscuits (speculoos), cakes and waffles markets. This growth was achieved through continued focus on product quality, increased marketing investment and product innovation aimed at new consumption occasions. Despite its short existence, caramelized biscuit spread is now an established product in the market for sweet spreads.

The gingerbread market turnover in the Netherlands 2011 grew by 5% in 2011. Koninklijke Peijnenburg's many marketing activities have further stimulated the added value of the gingerbread market, taking total turnover on this market to above EUR 100 million. Within the gingerbread market, individually wrapped products are doing particularly well. A positive feature is that this turnover increase has been achieved with significantly lower promotional

pressure. Turnover on the spreads market grew by 5%, bringing Lotus' market share to 19%.

2011 was another excellent year for Lotus Bakeries in France. Both Lotus' market share and its penetration of the caramelized biscuits and waffles segments continued to evolve positively. This was stimulated by two national billboard campaigns for Lotus caramelized biscuits, with a clear message linking Lotus and coffee time.

An even stronger focus on Lotus caramelized biscuits in the United Kingdom, Northern and Eastern Europe and North America areas and in our export markets produced further turnover growth and a stronger market position. In Poland, we have set up our own Sales Office and commenced distribution.

## SOME NOTABLE ACHIEVEMENTS IN THE DIFFERENT AREAS

### Belgium

A strong brand and high product quality, coupled with consumer-centred initiatives, are at the heart of everything we do.

Lotus caramelized biscuits (speculoos) are deeply rooted in Belgian culture. And yet we are confident of their further growth potential. Consumer research tells us that a Lotus caramelized biscuit makes a coffee moment a moment to really enjoy. In 2011, the campaign 'Every coffee needs a Lotus' continued. This media campaign was also supported by an activation campaign with our 'Lotus Friends' and with in-store displays. The market share of Lotus caramelized biscuits increased further in 2011.

The Lotus brand achieved in 2011 even stronger consumer bonding. The paper magazine 'Lotus Lekkers' has been transformed into the [www.lesamislotus.be/www.lotusvrienden.be](http://www.lesamislotus.be/www.lotusvrienden.be) online community. Here consumers can find the latest product news, delicious recipes and monthly newsletters. This allows us to quickly



▲ TV spot Lotus caramelized biscuit - 'Every coffee needs a Lotus.'

share information, make special offers and undertake co-creation with our 'Lotus Friends' (e.g. the new naming of our Lotus Zebra Black product).

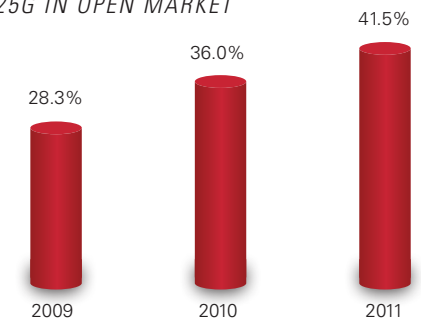
With the continued focus on our top products we have also revised our Lotus ranges. The content of our regular '28 Moments' box has been slightly adjusted and the other ranges have also been optimized in terms of composition and focused even more on specific consumption occasions. The 'Pleasure Moments' range is a wonderful way of enjoying an in-between moment. The 'Break Moments' range is ideal for calming a small hunger between meals.



The Lotus madeleine is a classic, beloved of young and old. Since 2010, Lotus madeleines have been individually packaged. In 2011 the Lotus madeleine was supported for the first time in the media, with 3 national television campaigns, each combined with in-store displays. With this strong support, the Lotus madeleine has grown significantly, with its market share rising from 36.1% to 41.5% in 2011.



### LOTUS MARKET SHARE OF MADELEINE 25G IN OPEN MARKET



Source: Nielsen Open Market: Market share in Sales Value against Nature (dry biscuits)  
- 52W 04/12/11



## Netherlands

Koninklijke Peijnenburg was very active in 2011 in again successfully growing the value of the gingerbread market and making the category once again relevant for specific target groups and particular times in the day.

In September 2010 work began on optimizing the recipe and the baking process of the Peijnenburg 'nature' gingerbread, aimed at a softer and more delicious product. In 2011, the experience gained here was also applied to the Peijnenburg Whole Wheat and to the Low Sugar gingerbread.



With the introduction of Peijnenburg Complete Start we target 'on the go' breakfasting. This successful launch in the spring of 2011 still offers plenty of opportunities for further growth.



For the in-between moment there were two major introductions in 2011. The 'Peijnenburg Happers' concepts was withdrawn from the market and replaced by 'Peijnenburg Tussendoor' (= in-between) in fruit and nut variants. Consumers voted the product 'Product of the Year'.



## Consumer assessment

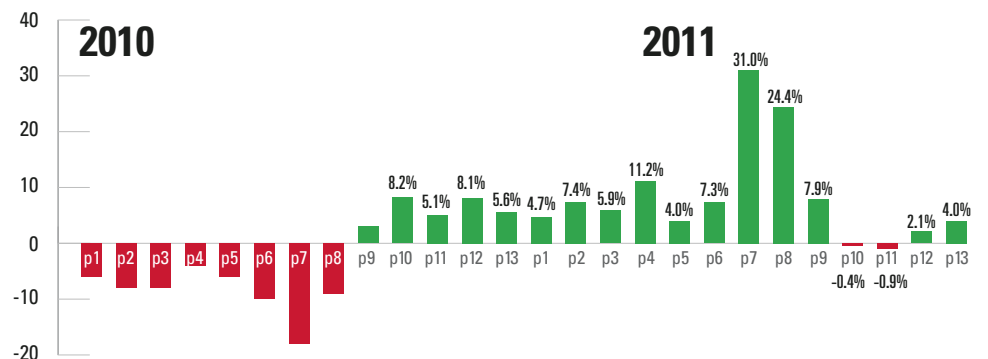
Market reference	Current Peijnenburg gingerbread	Improved Peijnenburg gingerbread
score: <b>6.76</b>	score: <b>7.07</b>	score: <b>7.33</b>



*softer*  
**50.67% 65.33% 82.67%**  
 % soft/very soft (source: Opinion)

'Snelle Jelle' in nut and chocolate variants and in a slightly smaller format were introduced in order to meet the need for an end of the day snack, with slightly more 'bite'.

## DEVELOPMENT OF THE GINGERBREAD CATEGORY IN BASELINE SALES





## France

In France, we can now speak of a genuine 'caramelized biscuits mania'. Different products with caramelized biscuit as a base or an ingredient have since appeared in this market. This makes it important for us to establish an even stronger link between caramelized biscuits and our Lotus brand.

In 2011 two national billboard campaigns took place with a clear message directed at the link between caramelized biscuit and Lotus ('Speculoos en 5 lettres.... = LOTUS') and linking Lotus with coffee time. More than 3,000 billboards across France reached over 19 million people around 12 times each with our message, giving 228 million contact opportunities. The overall biscuits market grew slightly in France in 2011. In the caramelized biscuits segment, Lotus again achieved a market share above 50% despite an increasing number of private label products. The penetration rate also continued to develop positively in 2011 and was 1.9 percent points higher at 12.5%.



Lotus caramelized biscuit spread in France grew more than 17% thanks to the new packaging and the cross sampling activities.

## Export

Since early 2008, Lotus Bakeries Iberica, the former Lopez Market, has been part of the Lotus Bakeries Group. Lotus Bakeries Iberica is fully focused on marketing products to Spanish supermarkets (retail). Sales to the out-of-home



channel, mainly hotel and catering customers, used to be undertaken in Spain by a specialist importer, Disnerga. However, the strategy in Spain was to serve both the retail and the out-of-home channels from within the Lotus organization, so as to achieve maximum growth.

In mid-2011, Lotus Bakeries and Disnerga agreed that Lotus Bakeries Iberica would take over all out-of-home customers. This transfer took place in early October 2011. This gives an ideal starting

platform for Lotus Bakeries Iberica to expand the out-of-home channel in Spain.

In the retail channel Lotus caramelized biscuits achieved a major breakthrough in Spain with a listing by Mercadona. Lotus caramelized biscuits is now nationally available at this store chain.

Sales of Lotus caramelized biscuits in China tripled in 2011. This is partly due to the sampling activities during the Shanghai World Expo in 2010. Sales Offices were opened in Hong Kong and China to achieve further growth in China and other export markets.





### North America

In 2010 it was decided to concentrate the entire production of Annas Pepparkakor at Tyresö (Sweden) and to close the manufacturing location at High River (Canada). In 2011 this double closure and relocation operation was successfully completed.

Unfortunately, this change delayed the repositioning of Annas Pepparkakor with the new packaging design in North America. Lotus Biscoff had strong double digit sales growth in 2011. In 2011 Lotus Biscoff Spread was launched in North America. The weekly sales per store are above the category average and the weighted distribution will be further expanded now that the product has been listed by Walmart, the largest retailer in North America.



### Northern and Eastern Europe

In Poland, a company-owned Sales Office was started in 2011. The focus is initially on structuring and obtaining distribution. So far, Lotus caramelized biscuits and Anna's pepparkakor are available at Kaufland, some LeClerc Hypermarkets and have been accepted for sale by Tesco.

### Every coffee needs a Lotus



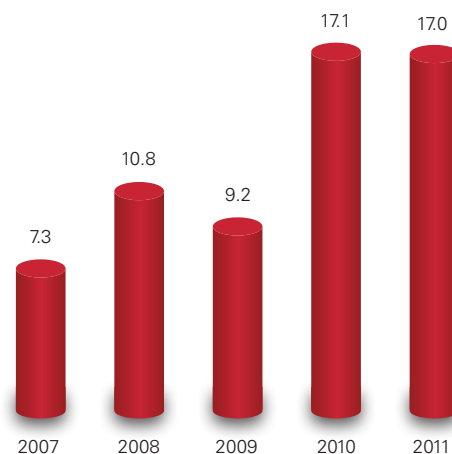
### United Kingdom

The United Kingdom biscuits market has many suppliers and is very much promotion-driven. In 2011, we opted there for an even stronger focus on developing Lotus caramelized biscuits in both the retail and out-of-home channels. Lotus caramelized biscuits had positive growth in both channels.



## INVESTMENTS

in millions of EUR



## 1.2 INVESTMENTS AND INDUSTRIAL OPERATIONS

Investments in tangible and intangible assets amounted in 2011 to EUR 17.0 million. This compares with EUR 17.1 million in 2010. In 2011, attention focused primarily on extending the Group's caramelized biscuit production capacity at Lembeke and on expanding the Oostakker plant into a strategic cake production plant in which all of the Belgian cake production will be concentrated. Both projects are on schedule and within budget.

The transfer of production of Anna's pepparkakor to Tyresö (Sweden) and the closure of the manufacturing activity at High River (Canada) was completed in 2011, within budget.

At the end of 2011, the implementation of SAP in North America was successfully completed including the full integration of the U.S. and Canada back office.

Finally, Lotus Bakeries took over all the out-of-home customers in Spain of its importer Disnerga, integrating these into Lotus Bakeries Iberica for the further expansion of the out-of-home channel in Spain.

On 23 November 2011 it was announced that Koninklijke Peijnenburg, a part of Lotus Bakeries, was planning to optimize its gingerbread bakeries in Geldrop and Sintjohannesga, ready for the future. Management intends to close the now out-of-date bakery in Geldrop in mid-2013 and to relocate production to the second bakery in Geldrop and to the bakery at Sintjohannesga in Friesland. For this, Koninklijke Peijnenburg will

invest substantial amounts in both bakeries to be able to react better and more flexible to the growing and changing demand for gingerbread.

Management informed personnel of this decision and submitted an advice and voting application to the Koninklijke Peijnenburg Works Council. As a result of this decision, a net 8 jobs will be lost in mid-2013. 25 jobs will go in Geldrop, while 17 additional jobs will be created in Sintjohannesga. Forced redundancies in Geldrop cannot be excluded. Koninklijke Peijnenburg has successfully discussed the social plan with the Works Council and the trade unions.

Koninklijke Peijnenburg plans to invest around EUR 18 million in Geldrop and Sintjohannesga in order to continue to produce the most tasty gingerbread in the most up-to-date gingerbread bakeries. The one-off costs associated with these production optimizations amount to around EUR 1.7 million and have already been expensed in 2011.

The Geldrop bakery will continue to specialize in the large and well-known Peijnenburg gingerbread loaves. The bakery at Sintjohannesga in Friesland will focus mainly on luxury gingerbread, in individually wrapped gingerbread slices for out-of-home eating, including Snelle Jelle, and in Ware Wieger spiced gingerbread. By specializing both bakeries, Koninklijke Peijnenburg expects to be better able to react to the growing and changing demand for gingerbread.





### 1.3 PERSONNEL AND ORGANIZATION

#### Evolution of the workforce

The total number of employees remained unchanged at 1,198 compared with the situation at the end of 2010.

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

Area /Organization	Number of employees	Change
Belgium	612	+5
Netherlands	313	+5
France	122	-4
Northern and Eastern Europe	44	-6
North America	33	-3
United Kingdom	5	-1
Export	15	0
Corporate	54	+4
<b>Total</b>	<b>1,198</b>	<b>0</b>

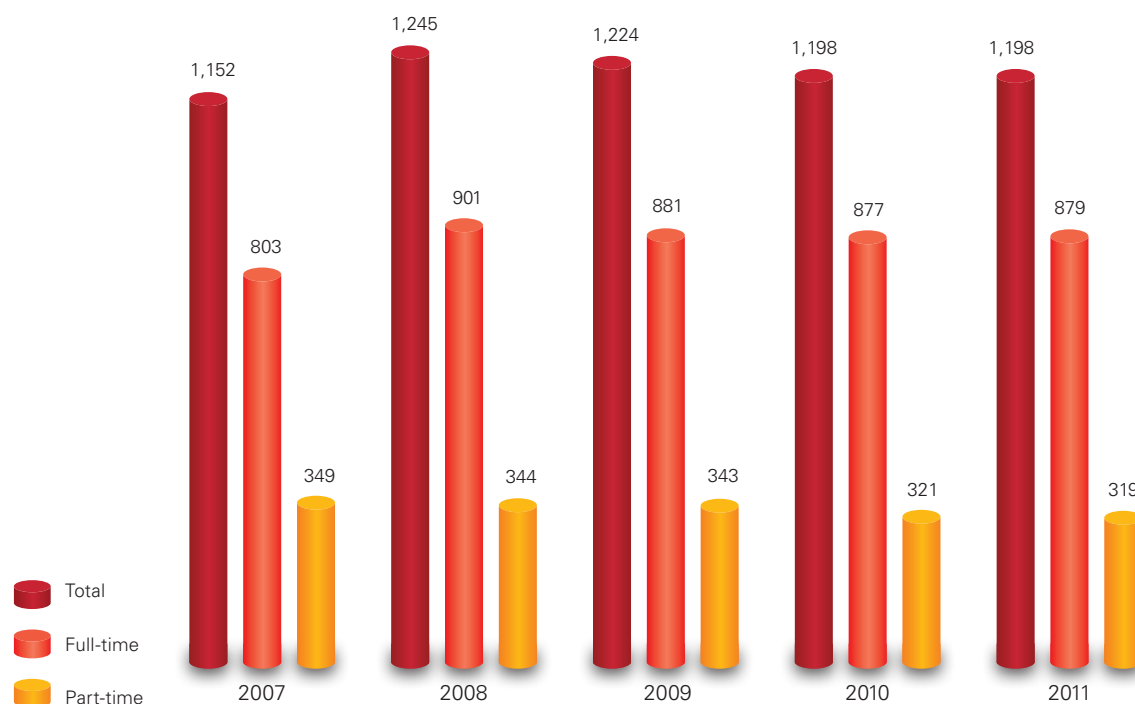
50.58% of employees are male, 49.42% female.

#### Lotus Competencies and TOP culture

Since 2010 Lotus Bakeries has had 2 proprietary competency models for all its employees. The 'Leadership@Lotus Bakeries' model is used for the management population. The 'Working@Lotus Bakeries' model applies to all employees and workers.

Rolled out in 2010 in Belgium, the Netherlands and the corporate departments, 'Working@Lotus Bakeries' was extended in 2011 to all other countries of the Group.

#### PERSONNEL



## 2. FINANCIAL INFORMATION

### 2.1 EVOLUTION OF COSTS

The increase in costs in 2011 is explained by the evolution of raw materials prices and by the increased sales efforts in all areas. This is consistent with the brand policy that Lotus Bakeries pursues and will continue to pursue in the future.

The Lotus Bakeries policy of passing on changes in raw materials and packaging prices and other cost elements, in combination with production efficiencies, will be consistently continued.

### 2.2 PROFITABILITY

2011 confirmed the strong REBIT and REBITDA figures of the year before.

Recurrent operating result (REBIT) grew in absolute terms, from EUR 34.9 million to EUR 36.4 million. Recurrent operating cash flow (REBITDA) for 2011 amounted to EUR 49.3 million, in line with the 2010 figure.

The non-recurrent operating result was EUR -2.7 million. These costs consist mainly of (1) the amortization of amortizable brands from the 'purchase price allocation' related to the acquisition of Koninklijke Peijnenburg, (2) the estimated one-off costs associated with production optimization and further investment at the Koninklijke Peijnenburg plants in an amount of EUR 1.7 million and (3) one-off restructuring costs incurred with the closure of the production facility at High River (Canada).

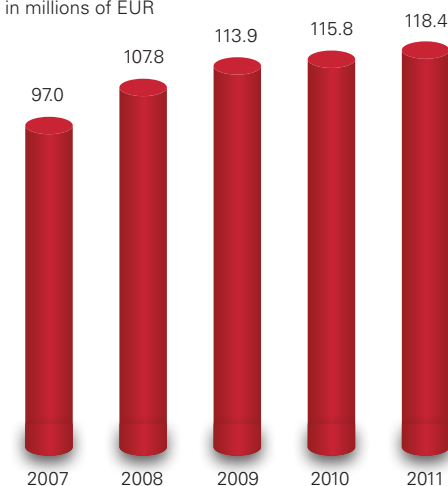
The financial result amounted in 2011 to a net cost of kEUR 688, compared with a net cost of EUR 3 million in 2010. The financial result was evolved positively thanks to (1) the considerably lower interest expense, (2) a positive evolution of the market value of the instruments used to hedge interest rate and exchange risks in 2011 and (3) positive exchange rate differences. The tax charge for 2011 amounts to EUR 9.2 million, representing an effective tax rate of 27.8 %.

Net profit amounts to EUR 23.8 million, this is a growth of 3.2% compared to 2010. The favourable financial result in 2011 offset the higher non-recurring costs and higher taxes in 2011 compared with 2010.

Given the strong cash flow in 2011, net financial debt fell from EUR 23.8 million to EUR 10.9 million.

The decrease in net financial debt was, however, significantly affected by the investments to expand the caramelized biscuit factory in Lembeke and the cake factory in Oostakker.

EVOLUTION OF ADDED VALUE  
in millions of EUR





## 2.3 PRINCIPAL RISKS AND UNCERTAINTIES

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

### 1. Raw material and packaging costs

The risk of negative consequences of fluctuations in raw material prices on the results is limited by the signing of contracts with a fixed price for the most important volatile raw materials. For other raw materials and for packaging, yearly agreements are made when possible.

### 2. Exchange rate risk

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, GBP, CHF, 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 risk

Long-term financial liabilities carry either fixed (kEUR 7) or variable (kEUR 17,895) interest rates, the latter based on Euribor rates for periods up to 1 year. The variable interest rate risk on outstanding long-term financial liabilities is 100% hedged.

### 4. Credit risk

The Lotus Bakeries Group opts to conclude contracts as far as possible or to work with creditworthy parties or to limit the credit risk by means of securities.

The Lotus Bakeries Group has a diversified international customer portfolio, consisting mainly of large retail, cash-and-carry and food service customers in various countries. For export 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. Within the

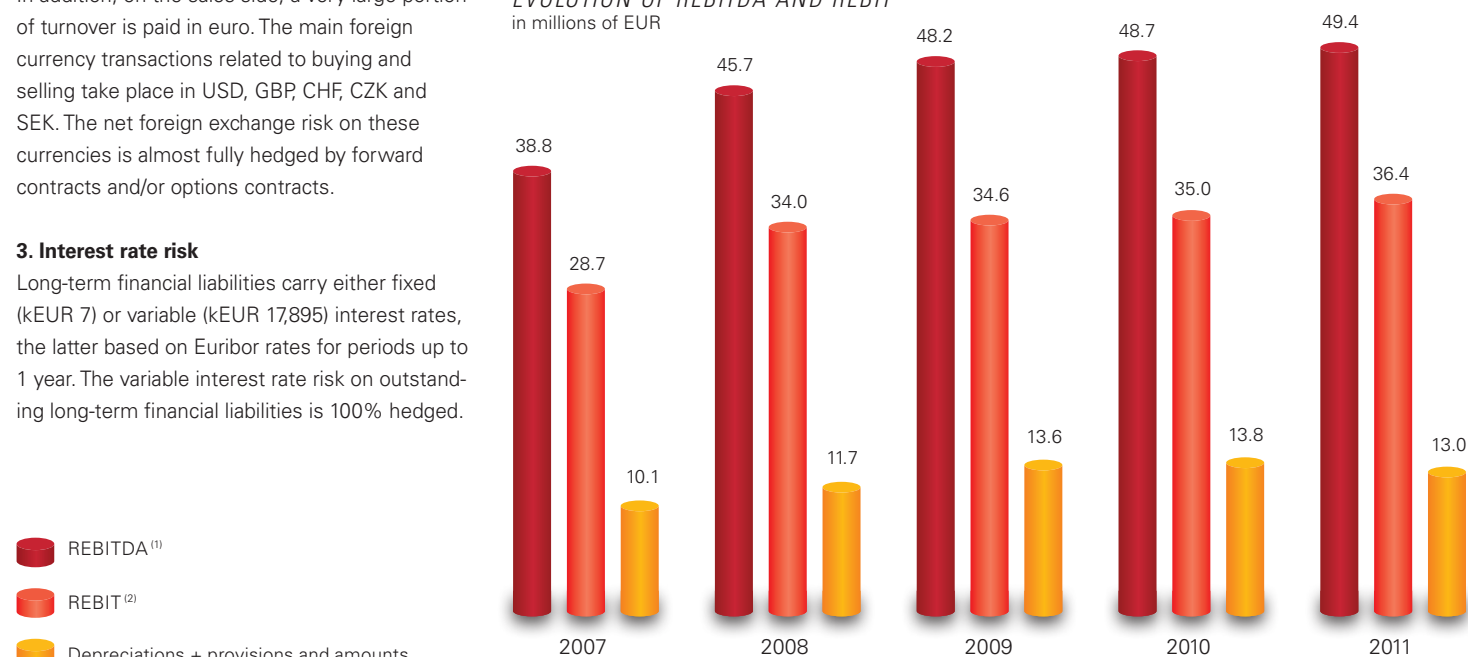
Lotus Bakeries Group, there are strict procedures to accurately follow up on customers and to handle possible risks as quickly and as efficiently as possible.

For financial operations, credit and hedging, the Lotus Bakeries Group works with established financial institutions.

### 5. Liquidity risk

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.

*EVOLUTION OF REBITDA AND REBIT*  
in millions of EUR



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

(2) REBIT is defined as recurrent operating result.

## 6. Balance sheet structure

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

It strives to maintain a ratio of net financial debt (defined as financial debts – treasury investments – liquid assets – treasury shares) to recurrent operating cash flow (REBITDA) at what is considered as a normally healthy level in the financial market. In 2011 it easily met the financial covenants committed to in context of the external financing.

## 7. Product liability risks

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

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

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

## 8. Pension scheme risks

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

A major portion of these pension schemes are defined contribution schemes, including in Belgium, France, Sweden, Canada and the United States. These are funded by employer and employee contributions and charged to the income statement of the year in question. Defined benefit pension schemes exist in the Dutch and German subsidiaries. In the Netherlands a defined pension plan has been concluded with BPF. Since the data for the defined pension calculation (cf. IAS 19) are not available, the plan is included under the defined contribution scheme.

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

## FINANCIAL RATIOS

	2011	2010	2009	2008	2007
Days customer credit	35	32	30	30	27
Solvency ratio (%)	53.3	48.9	44.8	37.7	35.3
Liquidity ratio (Current ratio)	0.8	0.7	1.0	0.9	0.7
Gross sales margin (%)	17.6	17.9	17.9	17.5	17.4
Net cash flow/Net financial debts (%)	334.6	160.6	150.0	90.4	70.3
Net cost-effectiveness of equity (%)	18.8	21.0	24.9	23.5	30.0

## 2.4 FINANCIAL INSTRUMENTS

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

Most current contracts do not fulfil the conditions for hedge accounting (cf. IAS 39). Changes in the fair value of these outstanding contracts are recognized in the income statement. One outstanding interest rate hedging contract at the merged company Bisinvest does meet the conditions for hedge accounting (cf. IAS 39). For this contract the change in fair value is recognized through equity.

## 2.5 SIGNIFICANT EVENTS AFTER 31 DECEMBER 2011

No significant events have occurred after 31 December 2011.

## FINANCIAL RATIOS

	2011	2010	2009	2008	2007
<b>In % of operating income</b>					
Added value	43.0	43.7	43.6	42.0	43.2
REBITDA	17.9	18.4	18.5	17.8	17.3
Netto cash flow	13.2	14.4	15.5	14.2	13.2
REBIT	13.2	13.2	13.3	13.3	12.8
Net profit	8.6	8.7	9.6	7.9	9.2
<b>In % of added value</b>					
Personnel expenses	58.1	56.6	57.1	56.8	58.1
Depreciations <sup>(1)</sup>	9.4	9.8	9.7	9.4	10.0
Taxes	7.7	7.0	7.2	5.9	3.6
Net financial charges <sup>(2)</sup>	0.6	2.6	2.5	6.4	4.1
Net profit	20.1	19.9	22.1	18.7	21.3

(1) Not included depreciations on consolidation differences.

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



^ TV spot Lotus caramelized biscuits – ‘Do you dunk your Lotus caramelized biscuits or not?’ – Special action via our [www.lotusvrienden.be](http://www.lotusvrienden.be)/[www.lesamislots.be](http://www.lesamislots.be) website

### 3. PROSPECTS FOR 2012

In 2011 Lotus Bakeries could present an attractive internally generated growth of 4% (6% on a like-for-like basis). This growth was achieved by significant commercial efforts in the different countries, centred on clear and consistent communication with the consumer. Lotus Bakeries is convinced that it needs to continue to invest significantly in marketing & sales in order to support and further develop its brands and its associated specialties. The clear focus on the main specialties will also be continued.

During 2011 the Group was able to maintain the strong profitability ratios of 13% recurrent operating result and 18% recurrent cash flow achieved in 2010. The cash flow will continue to serve the aforementioned investment programs. In this way, production capacity in Lembeke will be increased to meet the growing demand for caramelized biscuits.

A clear focus on continuing to build the international caramelized biscuit business is a major pillar in the Group's long-term strategy. Furthermore, in the first half of the year under review, 'pepparkakor' production was centralized in Sweden. In the longer term, all cake production in Belgium will be located in Oostakker. The announced investments in Geldrop and Sintjohannesga will be launched in 2012. In this way, total investment for the years 2011 until 2013 will amount to approximately EUR 65 million. This expenditure serves to further increase production efficiencies at the different sites Lotus Bakeries and achieve a consistently high quality of the various specialties.

The Lotus Bakeries policy of consistently passing on changes in raw materials and packaging prices and other cost elements, in combination with production efficiencies, will be consistently continued.

Both the Management and the Board of Directors of Lotus Bakeries are convinced that the right strategy and a good basis exist for continuing, profitable growth.

#### 4. RESULTS AND PROPOSAL FOR APPROPRIATION OF RESULTS

##### CONSOLIDATED

The consolidated net profit of the year 2011 amounted to EUR 23.8 million as compared to EUR 23.1 million last year.

##### STATUTORY

The results of the year 2011 of the parent company Lotus Bakeries NV are as follows:

	in EUR
- Profit of the financial year	8,652,864.61
- Transfer from untaxed reserves	26,458.54
- Transfer to untaxed reserves	(171,981.38)

**Profit for the year available for appropriation 8,507,341.77**

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

- Allocation to other reserves	995,249.60
- Distribution of a gross dividend of 9.40 EUR per share to 772,563 shares (1)	7,262,092.20
- Distribution of emoluments to directors	250,000.00

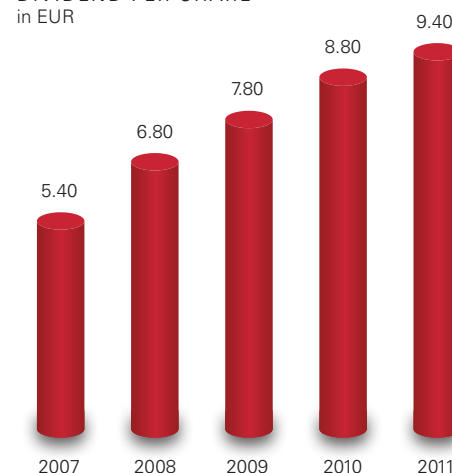
**TOTAL 8,507,341.77**

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

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

If the Ordinary General Meeting of shareholders of 11 May 2012 accepts the Board of Directors' proposal, the net dividend per share will amount to EUR 7.05, after deducting a withholding tax of 25%. This net dividend will be payable as from 18 May 2012 on surrender of coupon no. 24 at Bank Degroof, BNP Paribas Fortis, Belfius, ING Bank, KBC Bank and Petercam.

EVOLUTION OF GROSS DIVIDEND PER SHARE in EUR



#### 5. CORPORATE GOVERNANCE DECLARATION

Lotus Bakeries has adopted a Corporate Governance Charter. This document, the text of which is published on its website ([www.lotusbakeries.com](http://www.lotusbakeries.com)), is a commitment to apply the principles of the Corporate Governance Code dated 12 March 2009 and the Corporate Governance Act of 6 April 2010. This charter is adapted when necessary to reflect changes in the company's business. The Charter describes the most important aspects of Corporate Governance at Lotus Bakeries and the internal regulations of the Board of Directors, Committees and the Executive Committee.

Further information related to the Corporate Governance Declaration of Lotus Bakeries can be found in chapter IV 'Corporate Governance Declaration'.



# WORDT HET NIET EENS TIJD VOOR EEN FATSOENLIJK ONTBIJT

van nature rijk  
aan vezels

energie voor hersenen  
en lichaam



## VI

'CARE FOR TODAY -  
RESPECT FOR  
TOMORROW'

CORPORATE SOCIAL  
RESPONSIBILITY



Lotus Bakeries wishes to base its sustainable growth and profitability on meeting the needs of the present generations, without compromising the opportunities of succeeding ones. In this way the company will contribute on a daily basis to a better world in terms of food & health, use of resources, society and the well-being of its employees.

This social responsibility policy has been deeply embedded in Lotus Bakeries since the first generation.

## 1. FOOD & HEALTH

Lotus Bakeries' products fulfil all requirements of nutritional legislation. We seek to make our products as healthy as possible, while offering

Per/Par/Pro  
Frangipane  
kcal  
145  
7%

Gemiddelde voedingswaarde per/Valeur nutritionnelle moyenne par Durchschnittlicher Nährwert pro/Average nutrition value per	100 g	1 Frangipane 32,5 g	% GDA
Energie/Brennwert/Energy	447 kcal/1868 kJ	145 kcal/607 kJ	7 %
Eiwitten/Protéines/Eiweiß/Proteins	4.5 g	1.5 g	3 %
Koolhydraten/Glucides/Kohlenhydrate/Carbohydrate	54.5 g	17.7 g	7 %
waarvan Suikers/dont Sucres/davon Zucker/of which Sugars	31.9 g	10.4 g	12 %
Vetten/Lipides/Fett/Fat	23.6 g	7.7 g	11 %
waarvan verzadigd/dont saturés/davon gesättigt/of which saturates	13.0 g	4.2 g	21 %
Voedingsvezels/Fibres alimentaires/Ballaststoffe/Fibre	0.8 g	0.3 g	1 %
Natrium/Sodium	0.23 g	0.08 g	3 %

the consumer a unique taste perception and experience.

## 1.1 LEGISLATION

The importance of legislation on the composition and labelling of foods is increasing. Lotus Bakeries actively applies all applicable nutritional and health legislation. The Group takes part in working groups of the various professional associations at local and international level. This gives Lotus Bakeries a good view of the legislation 'in the pipeline' what enables us to prepare for this in a timely fashion.

## 1.2 SALT

Lotus Bakeries is actively cooperating in the salt reduction strategies of governments in different countries (among others Belgium, Netherlands, United Kingdom). In general terms, also to make things understandable for the consumer, we talk about salt reduction. From a health perspective, however, what is really at stake is lowering consumers' sodium intake. Biscuits, cakes and gingerbread are not among the most important food categories in terms of the sodium intake of the population. In Belgium, biscuits and cakes represent just 4% of the consumers' salt intake.

## 1.3 FAT

Lotus Bakeries has since 1999 used only vegetable oils to produce its products. In our quest for products with a unique taste sensation we of course also seek to include the lowest possible amount of fat and make minimum use of saturated fats. Gingerbread is a good example in our range of a low fat product with less than 2% fat. Since 2006 we have worked hard to eliminate

all trans fatty acids from our products. In 2011 we succeeded in removing the trans fatty acids (currently < 5%) in our 'Carré Confiture' and 'Glacé' products. In 2012 we will continue working on eliminating the < 5% of trans fatty acids from our last two products, the coating of our marzipan iced cakes ('mergpijpjes') and our 'Choco Jodekoek' biscuits.

## 1.4 NATURAL COLOURANTS

Lotus Bakeries aims to use to minimize the use of colourants, and where really necessary, to use only natural dyes and natural colouring ingredients. Already more than 95% of Lotus Bakeries products are totally dye-free.

## 1.5 NUTRITIONAL INFORMATION

Lotus Bakeries complies with national and international (EU) legislation on nutritional labelling. We want to provide consumers with optimal information on the nutritional composition of our products. Where package size permits, we mention the energy value and the 7 key nutrients. In EU markets we mention the GDA values (GDA - Guided Daily Amount) on a voluntary basis. The Koninklijke Peijnenburg website includes additional information about healthy food and snacks.

### 1.6 RESEARCH & DEVELOPMENT

Lotus Bakeries' strategy is based on the superior quality of its products. To maintain this superiority over the long term, Lotus Bakeries deliberately invests in research and development into existing and new products and packaging. Lotus Bakeries' R&D investment is more than twice the average for the European food industry.

### 1.7 FOOD SAFETY

As a producer of brand products, Lotus Bakeries seeks to make the difference in each of its products through better quality. Superior taste experience and strong customer satisfaction are objectives shared throughout the Group, and are the order of the day for each plant and every employee.

Lotus Bakeries has the necessary food safety, traceability, quality control, hygiene and similar procedures in place. All production sites are audited internally to the Group's quality standards, in addition to being IFS and/or BRC certified. Our philosophy is that prevention is better than subsequent cure, with internal audits ensuring the proper functioning of the quality and product safety system. This applies equally to the entire supply chain. For this reason all our suppliers must also meet the required specifications and provide the necessary quality guarantees.

Each year several traceability exercises are held to ensure that every step in the entire supply chain is continuously and actively under (quality) control.

## 2. SUSTAINABILITY

Lotus Bakeries wishes to contribute actively to the sustainable use of resources and the sustainability of production processes.

### 2.1 ENERGY

Lotus Bakeries' primary concern in this field is to reduce its CO<sub>2</sub> footprint. The energy used in all our plants will be CO<sub>2</sub> neutral in 2012. We are working with a specialized external agency to reduce the CO<sub>2</sub> impact at other levels also.

We can also mention the switch to the 'Lotus Friends' website for direct marketing efforts, in place of the traditional postal mailings. As well as saving 35 tons of paper, the fact that these mailings do not have to be driven around helps contribute to reducing CO<sub>2</sub> emissions.

All this of course runs parallel with the initiatives already taken to reduce energy consumption. A plan of attack is being developed for the Group (with a specific recruitment for this position) to give teeth to the objective of 'reducing annual energy consumption by 2% a year at constant capacity'.

The investments at Lembeke and Oostakker will provide additional roof space, on which solar panels will be placed. This will give additional 160 kW peak at Lembeke and a 100 kW peak at Oostakker (alongside the existing 450 kW peak at Lembeke and 100 kW peak at Lokeren).

### 2.2 PACKAGING

Lotus Bakeries has started an active policy to further reduce and optimize primary and secondary packaging, but without compromising the goal of increased consumer convenience. Offering the correct portion sizes enables customers to consume our products in an ideal fashion.

An eloquent example is madeleines, which are individually wrapped in little cardboard trays, which reduces by more than 30% the amount of plasting/wrapping film in the total package.

### 2.3 RAW MATERIALS

Those Lotus Bakeries suppliers that source their products in less developed countries (primarily oil/fat, chocolate and ginger), are specifically asked for a commitment towards the local population.





In future our aim will be to have our suppliers sign up to our sustainability charter.

Lotus Bakeries does not use, either directly or indirectly, genetically modified raw materials.

The food manufacturers' federations in the Netherlands and Belgium have committed to using only sustainably produced palm oil by the end of 2015. Lotus Bakeries already in 2011 joined the Round Table of Sustainable Palm and since September 2011 has used only sustainable palm oil. In the most recent WWF ranking, Lotus Bakeries received a score of 6.5 out of 9, the highest for any Belgium food company (which produces no consumer margarine).

For the fresh eggs it uses, Lotus Bakeries had already switched fully by the end of 2011 to free range eggs, for which it received the 'Good Egg' Award from the CIWF (Compassion in World Farming, the European umbrella organization of which Gaia is a part).

The Snelle Jelle Choco, one of the new Snelle Jelle variants, is made with 100% UTZ chocolate. UTZ is one of the major organizations pursuing sustainability in coffee and cocoa.



## 2.4 WATER

Lotus Bakeries policy is to systematically limit water consumption, to encourage use of rain and well water, and to purify its waste water as well as possible. We aim here to meet at least all legal requirements.

In all Belgian plants and at Comines (France), the wastewater is collected and either passed through grease traps and sedimentation tanks and completely purified (Oostakker), or led off directly to the nearest wastewater treatment plant (Lembeke), or taken by special tanker to a water treatment plant. All the rainwater at the margarine production plant is collected and used, among other things, as an alternative for cooling the production process.

## 2.5 WASTE

All Lotus Bakeries plants make every effort to limit the production of waste. The small amount of final waste is currently less than 1% and is separated out and recycled as far as possible under the strict GMP standard (Good Manufacturing Practice standard: animal feedstuffs industry standard for total traceability of component parts). Cardboard and paper are collected separately and recycled.

## 3. SOCIETY

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

## RESPONSIBILITY

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

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

Lotus Bakeries also supports the Corporate Funding Programme (CFP). More specifically it is helping the 'Boat to Kinshasa' project, also supported by the Belgian government, which aims to create a central organization for transporting and marketing agricultural products along Lake Mai-Ndombe and the River Congo to Kinshasa. In the opposite direction, basic consumption goods from Kinshasa can be sold in the local region.

Lotus Bakeries employees have already organized various activities to support this project, with Lotus Bakeries matching the funds raised by its personnel. This amount is doubled a second time by the food industry development fund. A great deal of local progress has already been made in this way. Our efforts to support this project will continue in 2012.





VI 'CARE FOR TODAY - RESPECT FOR TOMORROW'





#### 4. EMPLOYEES

Lotus Bakeries wants to be an employer that offers its employees challenging work in a TOP (Team spirit, Open dialogue and Passion) culture. It is keen to invest in the further development and welfare of its employees. Lotus Bakeries also wants to do this in the safest possible environment for its employees and has therefore made 'Safety First' into a key theme.

##### 4.1 TOP VALUES

Since 2010 Lotus Bakeries has had 2 proprietary competency models for all its employees. The 'Leadership@Lotus Bakeries' model is used for the management population. The 'Working@Lotus Bakeries' model applies to all employees and workers.

Rollout in 2010 in Belgium, the Netherlands and the corporate departments, 'Working@Lotus Bakeries' was extended in 2011 to all other countries of the Group.

##### 4.2 CODE OF PRINCIPLES

Lotus Bakeries has a code of principles that focuses on working in an honest and ethically responsible environment, within which everyone applies the same ethical principles and conceptual framework vis-à-vis both internal and external stakeholders.

##### 4.3 COMMUNICATION

Communication is an important aspect at Lotus Bakeries. Considerable attention is paid to keeping employees well informed, first of all on general matters such as the vision, mission, strategy and TOP values of Lotus Bakeries and, second, on the implementation of annual plans, news and other relevant information.

This communication takes place through the managers, regular departmental or team meetings and communication platforms ('De Peijnenburger' and 'Zoom'). Lotus Bakeries will be working in 2012 on an intranet site. The objectives are to facilitate and accelerate the dissemination of internal information, making available and sharing knowledge, procedures and regulations and strengthening the Lotus identity across national borders.

##### 4.4 PERSONAL DEVELOPMENT

We want committed employees who are involved in what we do, identify with our mission, vision and culture, are loyal to the company and act as ambassadors of Lotus Bakeries. Committed employees are keen to develop themselves, making them passionate and energetic in their professional activities. Training, coaching and on-the-job training play an important role here. Lotus Bakeries believes that professional self-fulfilment contributes to employee retention and commitment. In this way our employees perform strongly and make that extra effort that ensures the success of our organization in both the short and long term.

# VII

STOCK MARKET  
INFORMATION



## 1. STOCK MARKET LISTING

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

## 2. FINANCIAL SERVICE

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

## 3. LIQUIDITY AND VISIBILITY OF THE SHARE

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

## 4. MARKET CAPITALIZATION

On 31 December 2011, market capitalization of Lotus Bakeries amounted to EUR 321.4 million.

## 5. EVOLUTION OF THE LOTUS BAKERIES SHARE

The graph on page 55 shows the evolution of the share price with reinvested net dividend as from 31 December 1988 of the Lotus Bakeries share in comparison to the BASR (Brussels All Share Return) index. The BASR-index reflects the price of the total Belgian market.

## 6. STOCK DATA ON THE LOTUS BAKERIES SHARE

Charts with the consolidated key figures per share and the stock market performance of the Lotus Bakeries share can be found on pages 3 and 53 of this annual report.

## 7. CORPORATE WEBSITE

A new corporate website was launched on 5 October 2009 ([www.lotusbakeries.com](http://www.lotusbakeries.com)).

A substantial portion of the corporate website is reserved for investor relations. The website thus plays an increasingly important role in the Lotus Bakeries Group's financial communication.

## STOCK DATA ABOUT THE LOTUS BAKERIES SHARE IN EUR

	2012	2011	2010	2009	2008	2007
<b>Highest price</b> till 31/03 in 2012	508.00	423.00	411.50	340.00	289.99	255.88
<b>Lowest price</b> till 31/03 in 2012	407.00	325.00	310.00	229.99	194.00	201.50
<b>Price</b> per 31/12 - per 31/03 in 2012	502.00	416.00	404.94	332.87	244.99	234.90
<b>Market capitalization</b> per 31/12 - per 31/03 in 2012 in millions of EUR	387.83	321.40	312.84	267.30	196.70	188.63
<b>Number of shares</b> per 31/12 - per 31/03 in 2012	772,563	772,563	772,563	803,037	803,037	803,037
<b>Ratio price/earning</b> (PER) <sup>(1)</sup>	16.28	13.50	13.56	10.62	9.76	9.13
<b>Ratio price/cash flow</b> (PCF) <sup>(2)</sup>	10.65	8.83	8.20	6.60	5.39	6.35

(1) PER: Price Earnings Ratio: The price at the end of the year (per 31 March in 2012 respectively) divided by net result, per share at the end of the year.

(2) PCF: Price Cash Flow Ratio: The price at the end of the year (per 31 March in 2012 respectively) divided by net cash flow, per share at the end of the year.





## EVOLUTION OF THE LOTUS BAKERIES SHARE IN COMPARISON TO THE BASR-INDEX



### VII STOCK MARKET INFORMATION

< Lotus Liège waffles, both plain and chocolate, are also available in mini-format.

## 8. FINANCIAL CALENDAR

### Wednesday 11 April 2012

Annual report 2011 available on  
[www.lotusbakeries.com](http://www.lotusbakeries.com)

### Friday 11 May 2012

Ordinary and Extraordinary General Meeting of Shareholders at 4.30 p.m  
Announcement of the interim declaration covering the period from 1 January 2012.

### Friday 18 May 2012

Payment of dividend for the 2011 financial year

### Monday 27 August 2012

Announcement of the half-year results for 2012

### Wednesday 13 February 2013

Announcement of the year results for 2012

### Tuesday 14 May 2013

Ordinary General Meeting of Shareholders.

## 9. PROPOSALS TO THE ORDINARY GENERAL MEETING OF 11 MAY 2012

1. Proposal to approve the statutory financial statements dated 31 December 2011.
2. Proposal to approve the remuneration report 2011.
3. Proposal to approve the proposed distribution of profits which is detailed on page 45.
4. Proposal to discharge by separate vote the directors and the Auditor from their mandate during the year 2011.
5. Proposal to appoint Bene Invest BVBA, represented by its permanent representative Benedikte Boone as a non-executive director of Lotus Bakeries NV for a four-year term.
6. Proposal to approve the stock option plan 2012.



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## Situation from May 2012

### *EXECUTIVE COMMITTEE*

Jan Boone	Chief Executive Officer (CEO)	
Jan Vander Stichele	Chief Operating Officer (COO)	Corporate departments: Procurement, Central Engineering, R&D, Quality, Food law & Nutrition
Ronald Drieduite	Corporate director EMEA	Areas: Belgium, Netherlands, France, Northern and Eastern Europe, Southern and Western Europe/ Middle East/Africa
Ignace Heyman	Corporate director marketing	Corporate department: Marketing
Jos Destrooper	Corporate director finance & human resources	Corporate departments: Controlling, Treasury, HR
John Van de Par	Corporate director ICT, tax, legal & risk	Corporate departments: ICT, Tax, Corporate Secretary, Risk Management

### *CORPORATE DEPARTMENTS*

#### **Corporate Marketing**

#### **Corporate Finance & HR**

Joseph Bultynck	Corporate Treasury
Annelies Santens	Corporate Controlling & Reporting
Denis Pieters	Consolidation
Katia Dobbelaere	Corporate HR

#### **Corporate ICT, Tax, Legal & Risk**

Tom De Corte	SAP
Bram De Meyer	IT
Sofie Dumarey	Corporate Secretary
Filip Standaert	Legal

#### **Corporate Services Operations**

Roel de Jong	Corporate Procurement
Katrien De Vos	Quality
Etienne Geirnaert	Food law & Nutrition
Els Van Parys	Research & Development
Dirk Verstraeten	Central Engineering

VIII

MANAGEMENT  
LOTUS BAKERIES  
GROUP

## COUNTRIES AND AREAS

## Belgium

William Du Pré	General manager Belgium
Sabien Dejonckheere	Marketing
Gil Dumarey	Sales
Joeri Pergoot	Finance and administration
Ivo Vermeiren	Operations
Yves Boisdenghien	Plant Courcelles
Johan Claerhout	Logistics
Erik Claeyskens	Plant Oostakker
Mia Desmet	Human Resources
Toon Hubrechts	Plant Meise
Xavier Speeleveld	Purchase
Jean-Paul Van Hoydonck	Plant Lembeke
Eddy Thijs	Technical services

## Netherlands

René Groen	General manager Netherlands
Leon Broer	Marketing & NPd
Norbert Haans	Human Resources
Dick Pouwels	Supply chain
Brigitte ten Voorde	Quality, working conditions and environment
Frank van Harten	Plant Sintjohannesga
Eric van Nunen	Plant Geldrop
Ronald Visser	Plant Enkhuizen
Kamiel Steendijk	Finance and administration
Han van Welie	Sales

## France

<b>Martin Watrelot</b>	General manager France
<b>Patrick Alexandre</b>	Finance and administration
<b>Marc Berger</b>	Plant Briec-de-l'Odet
<b>Jean-Philippe Kloutz</b>	Sales
<b>Thierry Roose</b>	Marketing
<b>Ludovic Valente</b>	Plant Comines

## Northern and Eastern Europe

Ton Kooi	General manager Northern and Eastern Europe
Mattias Andersson	Operations
Anna Bjur	Marketing Nordics
Johan Gummesson	Sales Nordics
Michael Müller	Finance and administration
Fred Korfage	Germany/Austria
Marek Kowalewski	Poland
Tomáš Zbořilek	Czech Republic/Slovakia

### Southern and Western Europe/Middle East/Africa

Han van Welie	General manager Southern and Western Europe/Middle East/Africa
Martin-Frédéric Eeckhout	South Europe/Middle East/Africa
Paul Hunter	United Kingdom and Ireland
Ángel López	Iberica

## Americas

Marco de Leeuw	General manager Americas
Sal Alvarez	Operations
Michael Bannister	Sales
Johan Wilms	Finance and administration

## Asia Pacific

Bart Bauwens	General manager Asia Pacific
Martin de Beco	China



# IX

## FINANCIAL STATEMENTS

In this section of the 2011 annual report, only the consolidated balance sheet, the consolidated income statement and the five-year financial summary for the Lotus Bakeries Group are presented. The financial supplement to this annual report contains all the financial data, including the consolidated external Auditor's report, and is available in Dutch and English.

The consolidated financial statements for 2011 shown hereafter have been prepared in accordance with IFRS rules as adopted by the EU with comparative IFRS figures for 2010.

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 Group, the Board of Directors considers it appropriate to only present an abridged version of the statutory annual financial statements of Lotus Bakeries NV, in accordance with Article 105 of the Belgian Companies Code.

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

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

## INDEX

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<b>Five-year financial summary Lotus Bakeries Group</b>	<b>63</b>
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## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED BALANCE SHEET

in thousands of EUR

	31-12-11	31-12-10
<b>ASSETS</b>		
<b>Non current assets</b>	<b>184,861</b>	<b>178,257</b>
Tangible assets	95,052	90,233
Goodwill	25,710	25,670
Intangible assets	61,859	61,576
Investment in other companies	32	32
Deferred tax assets	2,045	637
Other non current assets including derivative financial instruments	163	109
<b>Current assets</b>	<b>53,025</b>	<b>46,474</b>
Stocks	14,285	12,998
Trade receivables	26,305	23,360
Tax receivables	4,158	2,967
Other amounts receivable	78	114
Derivative financial instruments	28	60
Cash and cash equivalents	7,369	6,302
Deferred charges and accrued income	802	673
<b>TOTAL ASSETS</b>	<b>237,886</b>	<b>224,731</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>126,760</b>	<b>109,795</b>
Issued capital	3,400	3,400
Share premium	2,298	2,298
Consolidated reserves	127,291	109,704
Translation differences	1,674	1,709
Treasury shares	(7,855)	(7,157)
Hedging reserves	(93)	(192)
Non-controlling interest	45	33
<b>Non-current liabilities</b>	<b>41,312</b>	<b>50,571</b>
Interest-bearing loans and borrowings	6,632	17,902
Deferred tax liabilities	29,187	28,700
Pensions	2,950	2,906
Provisions	2,534	948
Other non-current liabilities including derivative financial instruments	9	115
<b>Current liabilities</b>	<b>69,814</b>	<b>64,365</b>
Interest-bearing loans and borrowings	19,474	19,319
Provisions	79	79
Trade payables	29,430	23,509
Remuneration and social security	10,690	9,081
Tax payables	6,351	5,491
Derivative financial instruments	1,147	2,079
Other current liabilities	205	974
Accrued charges and deferred income	2,438	3,833
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>237,886</b>	<b>224,731</b>



## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT

in thousands of EUR

	2011	2010
<b>Turnover</b>	<b>275,598</b>	<b>264,823</b>
Raw materials, consumables and goods for resale	(83,408)	(82,378)
Services and other goods	(73,251)	(69,633)
Personnel costs	(68,724)	(65,533)
Depreciation and amortization	(11,102)	(11,318)
Decrease/(Increase) in amounts written off stocks, contracts in progress and trade debtors	(966)	(1,178)
Other operating income and charges (net)	(1,784)	172
<b>Recurrent operating result (REBIT) <sup>(1)</sup></b>	<b>36,363</b>	<b>34,955</b>
Non-recurrent operating result	(2,695)	(874)
<b>Operating result (EBIT) <sup>(2)</sup></b>	<b>33,668</b>	<b>34,081</b>
Financial result	(688)	(2,960)
Financial income	2,805	2,730
Financial charges	(3,493)	(5,690)
<b>Result before taxation</b>	<b>32,980</b>	<b>31,121</b>
Taxes	(9,165)	(8,055)
<b>Result after taxation</b>	<b>23,815</b>	<b>23,066</b>
<b>Net result</b>	<b>23,815</b>	<b>23,066</b>
Net result: share of third parties	13	11
Net result: share of the Group	23,802	23,055
<b>Other comprehensive income:</b>		
<b>Gains/(Losses) recognized directly in equity</b>		
Currency translation differences	(35)	1,741
Financial instruments	99	115
<b>Other comprehensive income for the year</b>	<b>64</b>	<b>1,856</b>
<b>Total comprehensive income for the year</b>	<b>23,879</b>	<b>24,922</b>
<b>Total comprehensive income for the year attributable to:</b>		
Non-controlling interest	13	11
Equity holders of Lotus Bakeries	23,866	24,911
<b>Earnings per share</b>		
Weighted average number of shares	749,088	751,377
<b>Basic earnings per share (EUR)</b>	<b>31.77</b>	<b>30.68</b>
of continued operations	31.77	30.68
Weighted average number of shares after effect of dilution	771,319	775,657
<b>Diluted earnings per share (EUR)</b>	<b>30.86</b>	<b>29.72</b>
of continued operations	30.86	29.72
Total number of shares <sup>(3)</sup>	772,563	772,563
<b>Diluted earnings per share (EUR)</b>	<b>30.81</b>	<b>29.84</b>
of continued operations	30.81	29.84

(1) REBIT is defined as recurrent operating result.

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

(3) Total number of shares including treasury shares.



**FIVE-YEAR  
FINANCIAL SUMMARY  
LOTUS BAKERIES GROUP**

**CONSOLIDATED BALANCE SHEET**

in thousands of EUR

	2011	2010	2009	2008	2007
<b>Non current assets</b>	<b>184,861</b>	<b>178,257</b>	<b>170,301</b>	<b>172,028</b>	<b>156,227</b>
Tangible assets	95,052	90,233	84,150	86,408	83,441
Goodwill	25,710	25,670	24,837	24,147	17,151
Intangible assets	61,859	61,576	60,822	61,185	54,727
Deferred tax assets	2,045	637	353	170	163
Other non current assets including derivative financial instruments	163	109	101	80	303
<b>Current assets</b>	<b>53,025</b>	<b>46,474</b>	<b>55,809</b>	<b>55,884</b>	<b>39,100</b>
Stocks	14,285	12,998	12,947	13,913	10,319
Trade receivables	26,305	23,360	21,288	20,985	16,489
Cash and cash equivalents	7,369	6,302	16,249	14,548	7,384
<b>TOTAL ASSETS</b>	<b>237,886</b>	<b>224,731</b>	<b>226,110</b>	<b>227,912</b>	<b>195,327</b>
<b>Equity</b>	<b>126,760</b>	<b>109,795</b>	<b>101,197</b>	<b>85,855</b>	<b>68,924</b>
<b>Non-current liabilities</b>	<b>41,312</b>	<b>50,571</b>	<b>69,313</b>	<b>82,831</b>	<b>72,545</b>
Interest-bearing loans and borrowings	6,632	17,902	37,136	50,159	43,603
Deferred tax liabilities	29,187	28,700	28,619	29,320	26,389
<b>Current liabilities</b>	<b>69,814</b>	<b>64,365</b>	<b>55,600</b>	<b>59,226</b>	<b>53,858</b>
Interest-bearing loans and borrowings	19,474	19,319	13,739	12,488	13,879
Trade payables	29,430	23,509	22,138	30,321	23,082
Remuneration and social security	10,690	9,081	9,518	8,480	6,717
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>237,886</b>	<b>224,731</b>	<b>226,110</b>	<b>227,912</b>	<b>195,327</b>

**CONSOLIDATED INCOME STATEMENT**

in thousands of EUR

	2011	2010	2009	2008	2007
Turnover	275,598	264,823	261,071	256,687	224,528
<b>Recurrent operating result (REBIT)</b>	<b>36,363</b>	<b>34,955</b>	<b>34,593</b>	<b>34,040</b>	<b>28,695</b>
Non-recurrent operating result	(2,695)	(874)	(294)	(779)	(937)
<b>Operating result (EBIT)</b>	<b>33,668</b>	<b>34,081</b>	<b>34,299</b>	<b>33,261</b>	<b>27,758</b>
Financial result	(688)	(2,960)	(2,826)	(6,939)	(3,970)
<b>Result before taxation</b>	<b>32,980</b>	<b>31,121</b>	<b>31,473</b>	<b>26,322</b>	<b>23,788</b>
Taxes	(9,165)	(8,055)	(8,202)	(6,405)	(3,440)
<b>Result after taxation</b>	<b>23,815</b>	<b>23,066</b>	<b>23,271</b>	<b>19,917</b>	<b>20,348</b>
Share in the result of the enterprises accounted for using the equity method	-	-	-	-	309
Result from assets held for sale	-	-	-	248	-
Results from termination of activities	-	-	1,889	-	-
<b>Net result</b>	<b>23,815</b>	<b>23,066</b>	<b>25,160</b>	<b>20,165</b>	<b>20,657</b>
Net result: share of third parties	13	11	95	125	144
Net result: share of the Group	23,802	23,055	25,065	20,040	20,513





## GENERAL INFORMATION



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### Registered Office

Lotus Bakeries NV  
Gentstraat 52  
B- 9971 Lembeke

Tel.: + 32 9 376 26 11  
Fax: + 32 9 376 26 26  
[www.lotusbakeries.com](http://www.lotusbakeries.com)

Register of legal persons of Ghent,  
Enterprise number 0.401.030.860

### Annual report

This annual report 2011 is also available on the  
internetsite:  
[www.lotusbakeries.com](http://www.lotusbakeries.com)

Dit jaarverslag is eveneens verkrijgbaar in het  
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Ce rapport annuel est également disponible en  
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De financiële bijlage bij het jaarverslag 2011 is  
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L'annexe financière du rapport annuel 2011 est  
disponible en néerlandais et en anglais.  
The financial supplement to the annual report  
2011 is available in Dutch and in English.

### Contact

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### Colophon

Concept and realization: ColorStudio  
[www.colorstudio.be](http://www.colorstudio.be)

### Translation

Lomax BVBA

### Photos

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Michèle Francken & Daan Moreels - Quadri -  
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NOTES





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