



Annual Review 2012



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CONSOLIDATED KEY FIGURES



CONSOLIDATED KEY FIGURES OF THE LOTUS BAKERIES GROUP

in millions of EUR

INCOME STATEMENT

	2012	2011	2010	2009	2008
Turnover	288.46	275.60	264.82	261.07	256.69
Raw materials, consumables and goods for resale ⁽¹⁰⁾	(91.15)	(85.74)	(81.06)	(86.93)	(91.81)
Services and other goods	(78.39)	(73.25)	(69.63)	(63.80)	(60.87)
Personnel costs	(69.97)	(68.72)	(65.53)	(65.00)	(61.20)
Depreciation and amounts written off ⁽¹⁾	(12.84)	(12.07)	(12.50)	(12.08)	(11.00)
Other operating income and charges (net) ⁽¹⁰⁾	0.57	0.55	(1.15)	1.32	2.24
Recurrent operating result (REBIT)	36.68	36.37	34.96	34.59	34.04
Recurrent operating cash flow (REBITDA) ⁽²⁾	49.85	49.36	48.71	48.20	45.69
Non-recurrent operating result	(1.95)	(2.70)	(0.87)	(0.29)	(0.78)
Operating result (EBIT) ⁽³⁾	34.73	33.67	34.09	34.30	33.26
Financial result	(1.57)	(0.69)	(2.96)	(2.83)	(6.94)
Result before taxation	33.16	32.98	31.13	31.47	26.32
Income taxes	(7.41)	(9.17)	(8.06)	(8.20)	(6.41)
Result after taxation	25.75	23.81	23.07	23.27	19.91
Share in results of equity-consolidated enterprises	-	-	-	-	0.25
Result from discontinued operations	-	-	-	1.89	-
Net result	25.75	23.81	23.07	25.16	20.16
Net result: minority interest	0.01	0.01	0.01	0.10	0.13
Net result: Group share	25.74	23.80	23.06	25.06	20.03

SELF-FINANCING AND INVESTMENTS

Net cash flow ⁽⁴⁾	42.99	36.41	38.15	40.47	36.50
Investments ⁽⁵⁾	40.54	16.98	17.09	9.18	10.81

BALANCE SHEET

Balance sheet total	270.62	237.89	224.73	226.11	227.91
Equity	145.21	126.76	109.80	101.20	85.86
Net financial debts ⁽⁶⁾	24.16	10.88	23.76	26.99	40.39

NUMBER OF PERSONS EMPLOYED⁽⁷⁾

2012	2011	2010	2009	2008
1,218	1,198	1,198	1,224	1,245

CONSOLIDATED KEY FIGURES PER SHARE in EUR⁽⁸⁾

Recurrent operating result (REBIT)	49.17	48.54	46.52	45.08	44.63
Recurrent operating cash flow (REBITDA) ⁽²⁾	66.82	65.90	64.83	62.81	59.91
Net result: share of the Group	34.50	31.77	30.68	32.67	26.28
Gross dividend ⁽⁹⁾	9.80	9.40	8.80	7.80	6.80
Net dividend	7.35	7.05	6.60	5.85	5.10
Weighted average number of shares	746,052	749,088	751,377	767,320	762,664

Total number of shares per 31 December

2012	2011	2010	2009	2008
779,643	772,563	772,563	803,037	803,037

- (1) Depreciation and amounts written off consist of depreciation and amortization of tangible and intangible fixed assets, and amounts written off on inventories, orders in progress and trade receivables.
- (2) Recurrent operating cash flow is defined as recurrent operating result + depreciation + provisions and amounts written off + non-cash costs valuation option- and 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 2012: proposed dividend to the General Meeting of 14 May 2013.
- (10) In the context of comparison with 2012, the 'Raw materials, consumables and goods for resale' and the 'Other operating income and charges (net)' have been adapted in terms of presentation (2011: +2,334 kEUR, 2010: -1,321 kEUR, 2009: -390 kEUR, 2008: -1,687 kEUR).



Launch of the 'Care for today - Respect for tomorrow' charter



Redesign of ANNAS packaging



Acquisition of the Dinosaur brand



Commissioning of the new production hall in Lembeke

KEY EVENTS IN 2012



Peijnenburg: new campaign 'Heel Holland Hapt naar Peijnenburg... behalve Leo Veensma' ('All of Holland snacks with Peijnenburg ... except Leo Veensma')



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



Topspot Award for highest likeability



Chili - Santiago

Sales Office Chile operational since April 2012
Carmen Gana



Appointment of Bene Invest BVBA, represented by its permanent representative Benedikte Boone, as a non-executive director on the Board of Directors of Lotus Bakeries



Change in Board of Directors (Matthieu Boone succeeds Karel Boone as Chairman)



Snelle Jelle: new campaign based on '(TE) Krachtige Kruidkoek' ('(TOO) Powerful Gingerbread')

KEY EVENTS IN 2012

1

MESSAGE FROM THE CHAIRMAN AND THE CEO



Jan Vander Stichele
Executive director

Karel Boone
Chairman
(until 11 May 2012)

Matthieu Boone
Chairman
(from 11 May 2012)

Jan Boone
CEO

2012 was a special year for our company. Not only because Lotus Bakeries celebrated its 80th birthday, but also and in particular because of the many projects, overall dynamics and excellent initiatives.

In 2012 we commissioned two lines in our new caramelized biscuit factory. And we erected a new building and two production lines on time and on budget. And all this we did, very importantly, without for one moment losing sight of quality. On top of this, the Oostakker plant was expanded in preparation for the arrival of the frangipane line.

What else did 2012 bring? In commercial terms, we can proudly say that last year we achieved our highest market share ever in the overall biscuits and cakes category in Belgium.

And we introduced lots of new products, including Wickie the Vicking, a caramelized biscuit spread with a hint of chocolate, our XL Liège waffle, our 500g 'pure nature' gingerbread, Multipack with fresh packs, caramelized biscuit Crumble and a vanilla waffle.

In the Netherlands we succeeded once again growing the gingerbread category, and simultaneously growing our market share.

Internationally, too, we can look back on a successful year, in which we did especially well in America, the Middle East and Asia.

2013 promises to be another interesting, but also challenging year.

First, there is no way round the current macro-economic situation. In 2012 we faced a combination of rising commodity prices and a poor economic climate. This is why our Lotus

products now cost more in the store. This means we must work even harder to achieve the intended volume growth. Nor will things be different in 2013. To continue our success, we must continue to focus on our quality. Communication with the consumer, and especially with the shopper, will be more central than ever. Good cooperation with our retail and out-of-home customers is indispensable for this. Furthermore, 'acting cost consciously' is important in everything we do. In this way we give our company the opportunities it needs in order to develop.

Another challenge in 2013 will be installing the frangipane line in Oostakker. It will be a huge feat to transfer the line from Lembeke to Oostakker and to have it up and running in just three weeks. And without just one consumer missing his or her favourite biscuit for a single day.

In summer 2013 we shall be bringing the new Lotus Dinosaur biscuit onto the market. With it we are convinced that we can further strengthen our position in Belgium and France. Our new Dinosaur biscuit has additionally great potential in two directions: first, internationalizing the concept and second, creating a Dinosaur caramelized biscuit concept, our own Lotus kids concept.

We extend a warm welcome to all Biscuiterie Willems employees. The team in Eeklo has done sterling work in recent years. Without any doubt this company strengthens Lotus Bakeries as we look to further internationalize our caramelized biscuits business.

In Geldrop we shall be organizing the plant in a long-term timeframe, while at Sintjohannesga we shall be expanding the existing facilities. All these investments demonstrate just how crucial we believe it to be to continue to further professionalize, automate, specialize and expand our production facilities. It is also important to improve the competitiveness of our business on the market, and for this to be able to produce our products at the lowest possible cost.

Besides Europe, the United States market is becoming more important. There too we achieved significant growth in 2012, with strong sales of caramelized biscuits and caramelized biscuit spread.

Europe is Lotus Bakeries' single largest market. At the same time, however, we also want to continue to focus on growth markets like the Middle East and Asia. In the coming years we wish to explore opportunities for our company in Latin America. We have already taken a first step here by opening a Sales Office in Chile. Given the strategic importance of the Chinese market, we are pleased to be able to start a joint venture in Shanghai.

Despite the difficult economic conditions, our company continues to do well. We bring a strong momentum and come with positive initiatives. We need to continue doing so. More than ever. And this is also what we expect from all Lotus employees. We must avoid complacency of any kind and at any time.

We also want to operate in a sustainable manner. We have expressed this ambition in our 'Care for today - Respect for tomorrow' programme. Care for our products, our environment, our partners, our employees and our consumers. This is part of our Lotus DNA. It's our way of ensuring that Lotus Bakeries can thrive today and enjoy a successful future too.

'It's all about people.' This was again evident in 2012. We can be proud of our employees and their achievements, but must also be ready for the challenges ahead.



Jan Boone
CEO



Matthieu Boone
Chairman

2

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, environment, 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 Annas 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 Annas 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.

Annas 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) people, (2) environment, (3) society and (4) employees.

3

LOTUS BAKERIES
GROUP'S PROFILE

**LEO, DEZE ZIJN
LEKKER VOOR BIJ
DE KOFFIE.
OF THEE ALS JE DAT
LIEVER DRINKT.**



HEEL HOLLAND HAPT NAAR

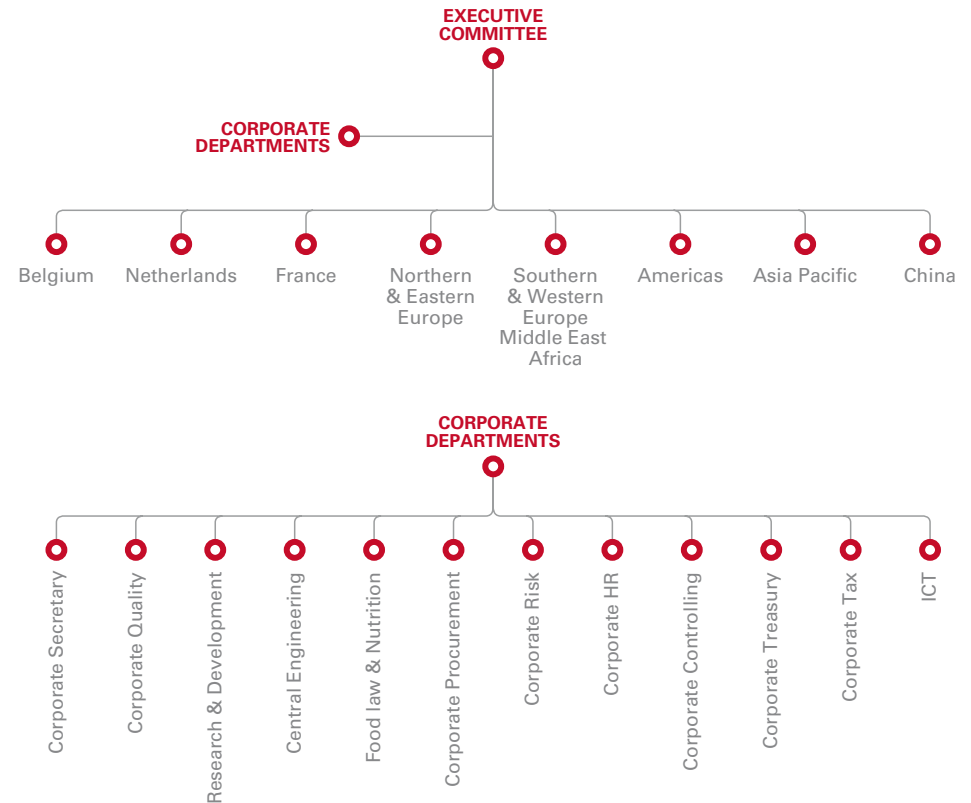

PEIJNENBURG

behalve Leo Veensma

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 crucially important that the commercial policy of each country and/or region reflect its own particular market and that production facilities also think in a market-directed way. This is part of the Lotus Bakeries group policy, and is integrated into the policy lines that are set at group level.

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



Name	Function	Department
Jan Boone	CEO	
Jan Vander Stichele	Executive director	Corporate departments: Procurement, Central Engineering, R&D, Quality, Food law & Nutrition, Risk Management
Jos Destrooper	Corporate director finance & human resources	Corporate departments: Controlling, Treasury, Tax, HR
John Van de Par	Corporate director EMEA & ICT	Areas: Belgium, Netherlands, France, Northern and Eastern Europe, Southern and Western Europe/Middle East/Africa Corporate department: ICT



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.



DINOSAURUS BISCUITS

At the end of 2102, Lotus succeeded in acquiring the Dinosaurus brand from Galletas Artiach, giving it an entry into the children's biscuits market. Dinosaurus biscuits have for years been the favourite children's biscuit in Belgium and France. The main growth plans are to internationalize the brand and develop a children's concept for caramelized biscuits.



3 | PRODUCTION FACILITIES

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

Our production sites and logistics centre are:

Belgium

Courcelles	waffles and galettes
Eeklo	caramelized biscuits
Lembeke	caramelized biscuits
Lokeren	logistics centre
Meise	waffles and galettes
Oostakker	cake specialties

Netherlands

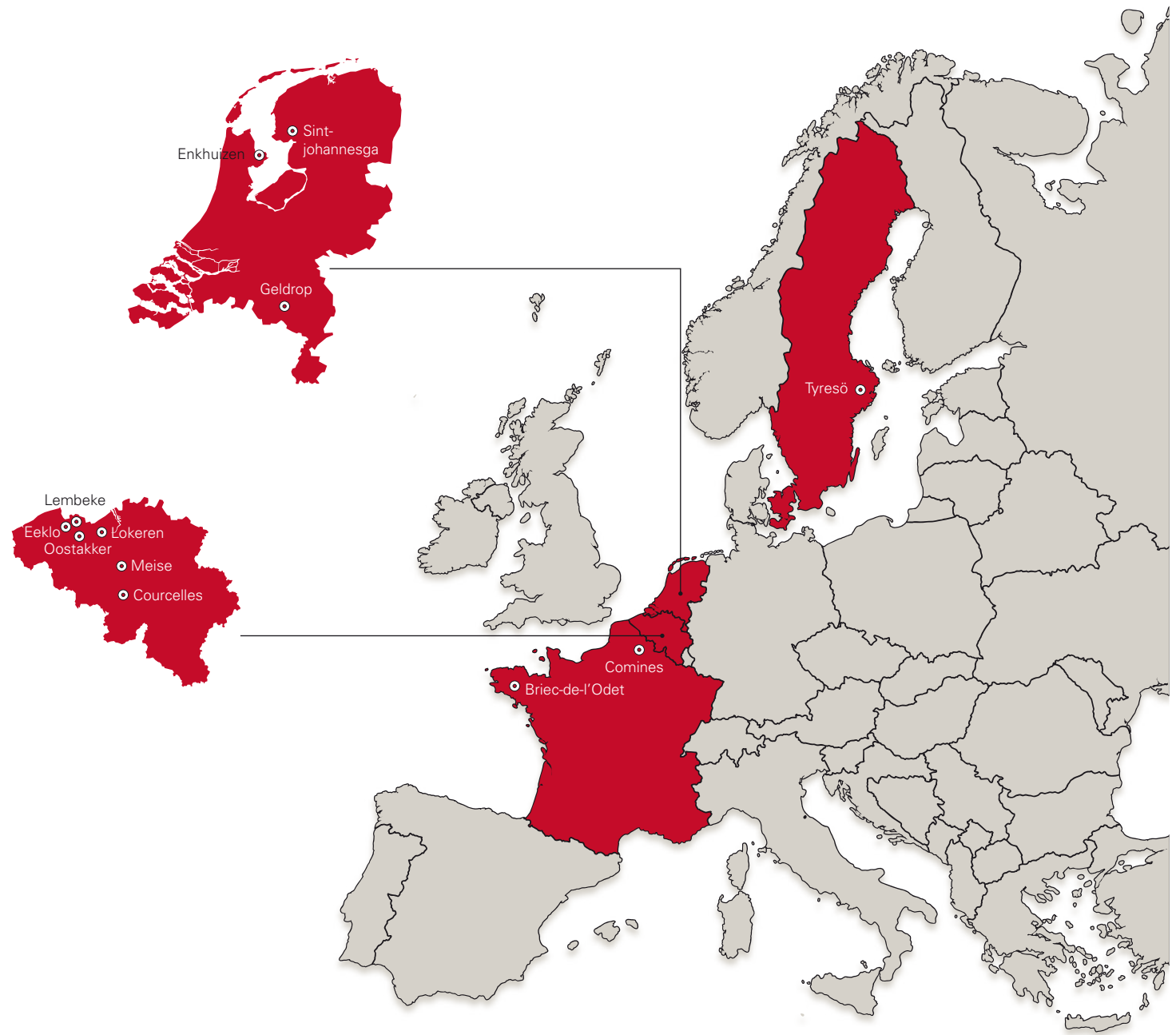
Enkhuizen	Enkhuizer cookies and cake specialties
Geldrop	gingerbread
Sintjohannesga	gingerbread

France

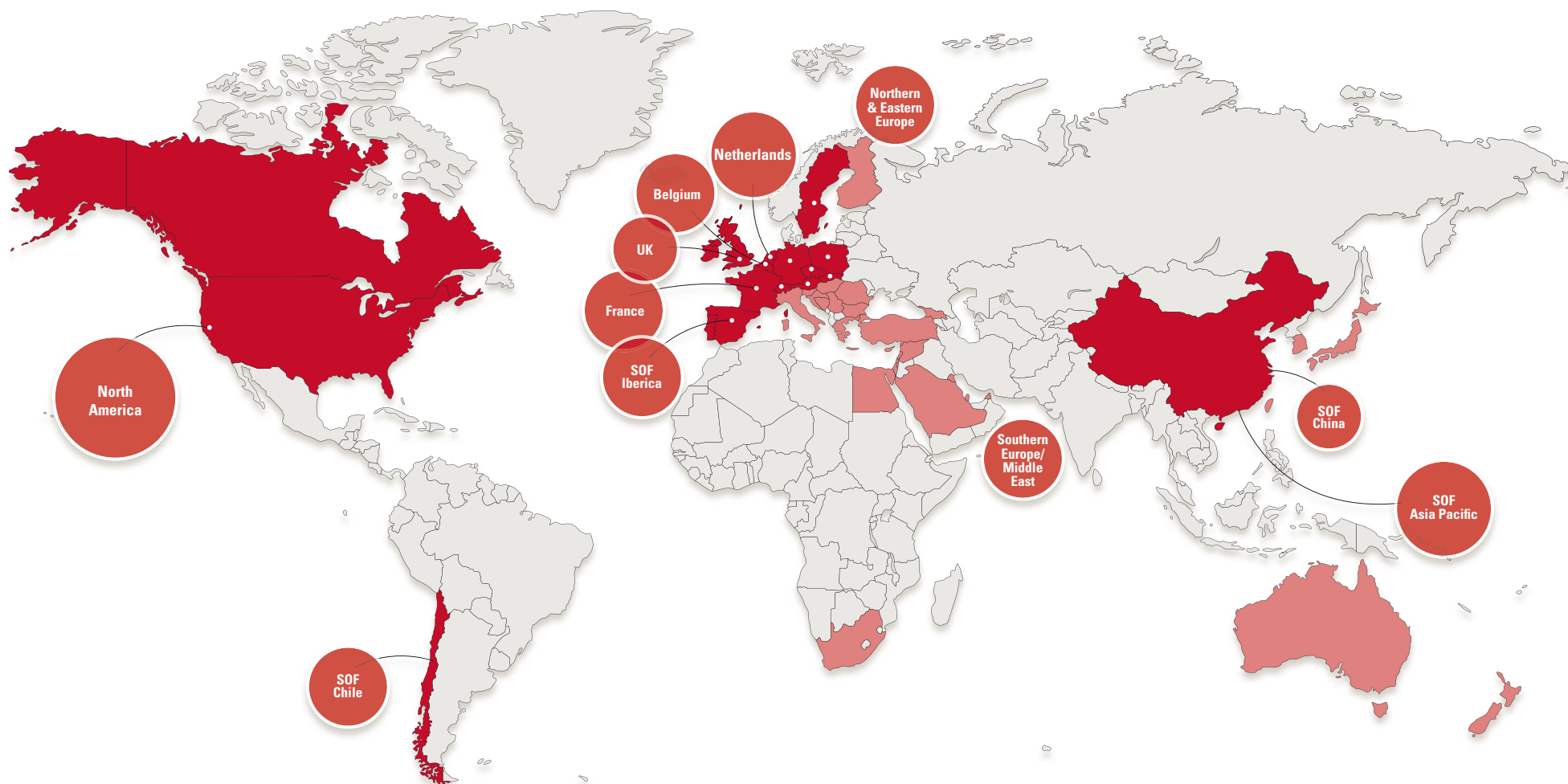
Briec-de-l'Odet	Breton butter products
Comines	cake specialties and filled waffles

Sweden

Tyresö	pepparkakor biscuits
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4 | COUNTRY AND REGIONAL ORGANIZATIONS WITH OWN SALES ORGANIZATION (SOF) & EXPORT PARTNERS



own sales organization (SOF = Sales Office)

export partners

3 LOTUS BAKERIES GROUP'S PROFILE



^ TV spot Lotus frangipane & mini-frangipane



^ TV spot Lotus caramelized biscuit spread



^ TV spot Snelle Jelle gingerbread

4

CORPORATE GOVERNANCE DECLARATION



Lotus Bakeries has adopted a Corporate Governance Charter and published it on its website (www.lotusbakeries.com). This charter has been adjusted in line with the evolution of Corporate Governance policy and the changes in applicable legislation. This charter commits to apply the principles of the Corporate Governance Code of 12 March 2009, the Corporate Governance Law of 6 April 2010, the Law of 20 December 2010 on the exercise of certain rights of shareholders in listed companies and the Law of 28 July 2011 amending the Companies' Act to ensure that women have seats on the Boards of Directors of listed companies. It describes the main aspects of Lotus Bakeries' Corporate Governance and the internal rules of procedure of the Board of Directors, the Committees and the Executive Committee.

This annual review 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

Following the exercise of warrants on October 5, 2012 the share capital was increased from EUR 3,400,003.65 to EUR 3,431,155.65. Since then there were no further changes in the share capital in the course of 2012.

1.2 SHARES

Following the exercise of warrants on 5 October 2012, 7,080 new Lotus Bakeries shares were issued, bringing the total number of Lotus Bakeries shares from 772,563 to 779,643. On 31 December 2012, the total number of Lotus Bakeries NV shares was 779,643.

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 6,243 share options were issued in 2012. Per 31 December 2012 the total number of unexercised share options was 21,243.

Year of issue of the options	Number of allocated options ⁽¹⁾	Number of options exercised ⁽²⁾	Total of available options
2007	11,950	8,650	3,300
2008	-	-	-
2009	7,650	-	7,650
2010	2,800	-	2,800
2011	1,300	-	1,300
2012	6,193	-	6,193

(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 and of its direct subsidiaries, 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 2012, 7,500 treasury shares were purchased, representing a fractional value of EUR 33,000 or 0.96% of issued capital. The total number of shares purchased held in portfolio at the end of the financial year is 30,698, representing a fractional value of EUR 135,071,20 or 3.94% 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

The shareholding structure of Lotus Bakeries NV as of 31 December 2012 is as follows:

	No. of voting rights	% of voting rights
Stichting Administratiekantoor van Aandelen Lotus Bakeries ⁽¹⁾	446,378	57.25%
Lotus Bakeries NV ⁽²⁾	30,698	3.94%
Total held by Stichting Administratiekantoor van Aandelen Lotus Bakeries and Lotus Bakeries	477,076	61.19%
Christavest Comm.VA ⁽³⁾	63,046	8.09%
Publicly held	239,521	30.72%
Total	779,643	100.00%

(1) Stichting Administratiekantoor van Aandelen Lotus Bakeries is not controlled. The interest of Stichting Administratiekantoor van Aandelen Lotus Bakeries in Lotus Bakeries NV appears in the transparency notification that Lotus Bakeries NV received on 30 April 2010*. Lotus Bakeries NV has no knowledge of any change in the above-mentioned interest.

(2) Previously 26,457 voting rights were held by Lotus Bakeries Group Services NV. Following a resolution of 20 July 2012 to proceed with a transaction assimilated to a merger by acquisition, Lotus Bakeries Group Services NV ceased to exist and its assets passed under general title to Lotus Bakeries NV. The voting rights attached to the shares held by Lotus Bakeries NV have been suspended. The dividends have not been suspended and will be distributed to Lotus Bakeries NV.

(3) Christavest Comm.VA is 82.82% controlled by Holding Biloba BVBA, which in turn has no controlling shareholder. Mr. Stanislas Boone and Mrs. Christiane De Nie are the statutory business managers of Christavest Comm.VA. The interest of Christavest Comm.VA in Lotus Bakeries NV appears in the transparency notification that Lotus Bakeries NV received on 30 April 2010*.

(*) As applied by article 29 paragraph 1, 1 of the Law of 2 May 2007 on disclosure of mayor holdings.

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%.

Since then no updates of this communication have been received pursuant to article 74§7 of the Law of 1 April 2007.

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 11 May 2012 is as follows:

Beukenlaan NV, represented by its permanent representative Matthieu Boone

Chairman

Matthieu Boone (66) 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, Crop's NV, 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.

Mercuur Consult NV, represented by its permanent representative Jan Boone

CEO

Jan Boone (41) holds a Master in Applied Economics (KUL), as well as a Master in Audit (UMH). He started his career in the Audit department of PwC. 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 a director of Omega Pharma (Chairman), 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.

CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele

Managing director

Jan Vander Stichele (49) 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 Executive director. 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.

PMF NV, represented by its permanent representative Johan Boone

Non-executive director

Johan Boone (61) 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.

Anton Stevens**Non-executive director**

Anton Stevens (36) 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.

Bene Invest BVBA, represented by its permanent representative Benedikte Boone**Non-executive director**

Benedikte Boone (41) 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. The term of office of Bene Invest BVBA, represented by its permanent representative Benedikte Boone as a non-executive director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2016.

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

Herman Van de Velde (58) 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.

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

Benoit Graulich (47) has Master's degrees in Law, Business and Finance from the Catholic University of Leuven (KUL). He began his professional career at PwC 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.

Dominique Leroy**Independent director**

Dominique Leroy (48) 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. In June 2012, she was responsible as Executive Vice President for the Consumer Business Unit and was also a member of the Management Committee of Belgacom Group. 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.

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

Sabine Sagaert (46) has a degree in Commercial Engineering from the KUL, a Master's in Economic Legislation (UCL) and an MBA (KUL). She started her career at CBR cement companies, where she held various logistics and commercial positions in the Benelux. 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 also a director of Spullenhulp. 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 is Sofie Dumarey, Corporate Secretary.

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

A proposal will be made at the Ordinary General Meeting of 14 May 2013 to extend the terms of the following directors for a four-year period:

- Beukenlaan NV, represented by its permanent representative Matthieu Boone, Chairman
- Mercuur Consult NV, represented by its permanent representative Jan Boone, managing director
- CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele, managing 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
- Anton Stevens, non-executive director
- Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde, independent director.

3.1.2 Activities of the Board of Directors

The Board of Directors met seven times in 2012. All directors were present at all meetings, except Beukenlaan NV, represented by its permanent representative Matthieu Boone, Dominique Leroy and Sabine Sagaert BVBA, represented by its

permanent representative Sabine Sagaert, each of whom was absent one time.

The subjects dealt with at the meetings were:

- recent sales and financial results
- results at 30/06 and 31/12 and proposed press releases
- updating the Corporate Governance Charter
- investment budget and global budget
- reports and recommendations from the Committees
- pricing developments
- stock option programme 2012
- advertising campaigns
- corporate M&A projects
- organization structure
- product developments and new product introductions
- proposed subjects for the annual review
- agendas for the General Meetings.

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

In the course of 2012 a single situation occurred requiring the Board of Directors to apply the procedure of Article 523 of the Companies Code' on the conflict of interests. This was in relation to the 2012 stock option plan. Under this plan, Mercuur Consult NV, represented by its permanent representative Jan Boone, receives 500 options and CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele, receives 500 options. The following is an extract from the minutes of the Board of Directors' meeting of 30 March 2012:

"The Board of Directors, with the exception of Jan Boone and Jan Vander Stichele, deliberates on this conflict of interest and resolves as follows:

1. Nature of the resolution

The Board of Directors is required to decide on a new stock option plan whereby a certain number of options are granted to the executive directors, the Executive Committee, the Group Management Team and the D and M levels. Being directors and senior management, and this according to job category.

2. Justification

The entire remuneration policy of Lotus Bakeries is based on actual work performed, regardless of whether a person is a director or shareholder. Since the share option plan as proposed is an essential part of the overall compensation policy, this option therefore completely independent of whether the person in question is a director or shareholder.

3. Pecuniary consequences

Given the fixed number of options to be granted annually, the financial consequences for the company are sufficiently known by the Board of Directors.

Conclusion

The Board of Directors, in the absence of Jan Boone and Jan Vander Stichele, therefore approves the new stock option plan."

All transactions involving shares of Lotus Bakeries NV carried out in the course of 2012 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.

Early 2012 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 30 March 2012.

3.2 AUDIT COMMITTEE

Until 11 May 2012 the Audit Committee consisted 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.

As from the General Meeting of 11 May 2012, the Audit Committee consists 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. All three members have accounting and audit experience.

The Audit Committee met four times in 2012 and all members were present at all meetings, with the exception of Beukenlaan NV, represented by its permanent representative Matthieu Boone, absent on one occasion.

The Auditor participated in 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.

3.3 REMUNERATION AND NOMINATION COMMITTEE

Until 11 May 2012 the Remuneration and Nomination Committee consisted of:

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.

As from the General Meeting of 11 May 2012, the Remuneration and Nomination Committee consists 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.

The Committee met twice in 2012, 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.

4 | EXECUTIVE COMMITTEE

Since January 2012, the Executive Committee consists of:

- Mercuur Consult NV, represented by its permanent representative Jan Boone, CEO
- CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele, Executive director
- Jos Destrooper, corporate director finance & human resources
- Ronald Drieduite: corporate director EMEA
- Ignace Heyman: corporate director marketing.
- John Van de Par, corporate director ICT, tax, legal & risk.

In May 2012 Ignace Heyman left the Executive Committee to become General manager France.

The Executive Committee met eighteen times in 2012. All members were present at all Meetings.

5 | REMUNERATION REPORT

5.1 INTRODUCTION

The objective of the 2012 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 below will be submitted to the General Meeting of 14 May 2013 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 of Directors, 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 2012

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 of Directors incurred with the consent of the Chairman of the Board of Directors 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

Members of the Board of Directors 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.

The following table shows the remuneration awarded for 2012 to each member of the Board of Directors.

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

Name	Board of Directors	Audit Committee	Remuneration and Nomination Committee	Total remuneration 2012
Beukenlaan NV, represented by its permanent representative Matthieu Boone	Non-executive director	Member	Member	EUR 50,000
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
Bene Invest BVBA, represented by its permanent representative Benedikte Boone	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

5.3.2 Executive managers

POLICY CRITERIA

The Remuneration and Nomination Committee makes specific recommendations to the Board of Directors 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 2012 are the main performance indicators based on the objectives for 2012. 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 plan with a fixed number of options 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.

The Board of Directors does not plan any changes in the existing remuneration policy in the coming years.

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 EVALUATION CRITERIA FOR THE PERFORMANCE-BASED REMUNERATION OF EXECUTIVE MANAGERS

The objectives for 2012 were presented to the Remuneration and Nomination Committee. The evaluation criteria used to determine the variable compensation in 2012 are the main performance indicators based on the objectives for 2012. 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.

In 2012, bonuses were paid for the first time as part of the long-term remuneration policy.

5.5 CEO'S REMUNERATION IN 2012

The remuneration of the CEO Jan Boone is paid through a management company and a number of directorships.

The total remuneration in 2012 charged to the company amounts to:

Remuneration CEO	2012
Fixed	EUR 488,455
Variable (short term)	EUR 108,836
Variable (long term)	EUR 156,546
Pension	EUR 73,255
Other	EUR 31,684

5.6 REMUNERATION OF EXECUTIVE MANAGERS IN 2012 (EXCLUDING CEO)

Of the other Executive Committee members, one is paid through a management company and directorships. Four members are reimbursed through employment contracts. The amounts shown above are total costs. 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 2012:

EXCO (excl. CEO)	2012
Fixed	EUR 1,260,598
Variable (short term)	EUR 241,370
Variable (long term)	EUR 335,018
Pension	EUR 197,021
Other	EUR 106,674

5.7 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. A share option plan also exists.



^ TV spot Peijnenburg gingerbread



^ TV spot Peijnenburg gingerbread Overheerlijk



^ TV spot Peijnenburg gingerbread Tussendoor



5.8 SHARE-BASED COMPENSATION

5.8.1 Allocations in 2012

In 2012, share options were granted to members of the Executive Committee.

Name	Year of allocation	Number of options	Exercise price
Jan Boone	2012	500	EUR 496.77
Jan Vander Stichele	2012	500	EUR 496.77
Jos Destrooper	2012	250	EUR 496.77
Ronald Drieduite	2012	250	EUR 496.77
John Van de Par	2012	250	EUR 496.77

5.8.2 Exercise of stock options in 2012

Executive Committee members did not exercise any share options or warrants in 2012.

In 2012 there are no lapsed unexercised options relating to members of the Executive Committee.

5.9 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.

First, 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.

Second, 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

LotusLotus Bakeries has implemented an ongoing process of risk management, aimed at ensuring that this is organised 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 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 Executive director 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 Executive director.

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 2012, 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 centralised 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 11 May 2012.
2. By resolution of the Extraordinary General Meeting of Shareholders of 11 May 2012 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 5 June 2012 and is renewable.

8 | EXTERNAL AUDIT

PwC Bedrijfsrevisoren BCVBA, represented by Mr. Lieven Adams, companies auditor, 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 2012 for auditing and non-auditing services by PwC Bedrijfsrevisoren BCVBA and by people connected to PwC Bedrijfsrevisoren BCVBA, is described in note 38 of the financial supplement.

Audit fee for the Group audit 2012	in thousands of EUR
Lotus Bakeries NV	61
Lotus Bakeries Group	274
Total	335

REAPPOINTMENT

The Board of Directors proposes to the Ordinary General Meeting of Shareholders of 14 May 2013 that it reappoint PwC Bedrijfsrevisoren BCVBA, represented by Mr. Peter Opsomer, companies auditor, as Auditor of Lotus Bakeries NV for a three-year period expiring immediately after the Ordinary General Meeting of Shareholders of 2016.

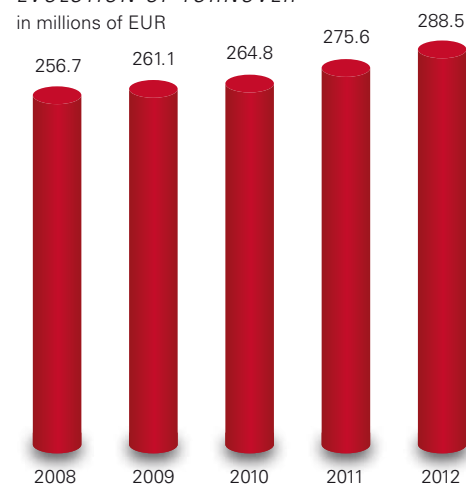
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REPORT OF THE BOARD OF DIRECTORS

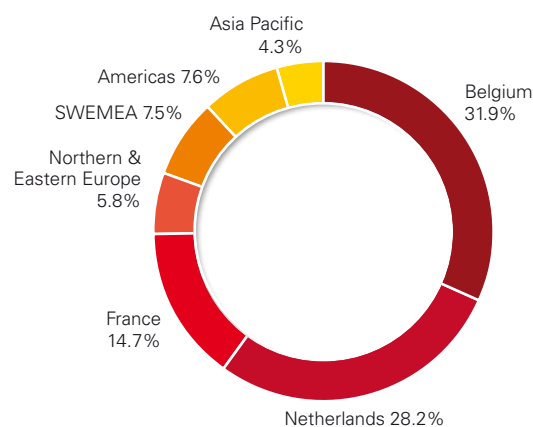


EVOLUTION OF TURNOVER

in millions of EUR



GEOGRAPHICAL TURNOVER DISTRIBUTION



1 | ACTIVITIES IN 2012

1.1 MARKET SITUATION AND SALES RESULTS

GENERAL EVOLUTION OF TURNOVER

In 2012 the consolidated turnover of Lotus Bakeries amounted to EUR 288.5 million. This is an increase of 4.7% on 2011. On a like-for-like basis, factoring out the termination of the contract for Annas pepparkakor biscuits with IKEA, sales grew organically by 5.0%, under the impetus of the brand products.

The total biscuit market in Belgium experienced a slight decrease in volume and a slight increase in value in 2012. Thanks to the consistent continuation of the strategic choices, the Lotus brand has been able to significantly increase its market share. This growth was achieved by a continuing focus on product quality, significant marketing support for our top products in both traditional and new media, and consumer-driven product innovations that are aimed at new consumption occasions.

The gingerbread market increased in volume and value in the Netherlands. The new brand campaigns for Peijenburg 'Heel Holland Hapt' ('All of Holland Eats It') and Snelle Jelle '(TE) Krachtige Kruidkoek' ('(TOO) Powerful Gingerbread'), as well as the focus on product quality and consumer-driven innovations, have contributed to the strengthening of the market share of Koninklijke Peijenburg. Within the biscuits segment in September, Peijenburg Koffieleutjes was converted into Lotus Koffieleutjes from the positioning that 'Every

coffee needs a Lotus.'. This yielded positive sales in the fourth quarter of 2012.

In France, a national TV campaign for Lotus caramelized biscuits (speculoos) was aired for the first time, with the central message 'Every coffee needs a Lotus.' This campaign resulted in an increase in sales rotations at the points of sale, as well as the brand recognition.

An even stronger focus on Lotus caramelized biscuits in the areas Northern and Eastern Europe, Southern and Western Europe/Middle East/Africa led to continued growth of our turnover and strengthening of our market position. In these areas, good growth was achieved in the United Kingdom, Spain, the Middle East, and Germany.

SOME NOTABLE ACHIEVEMENTS IN THE DIFFERENT AREAS

Belgium



Lotus caramelized biscuits (speculoos) are a permanent feature in the Belgian family kitchen. To increase convenience even further and to recruit new consumers, we repackaged this year our Lotus Original speculoos 700 grams in 8 separate freshness packs. Media support was also continued for Lotus caramelized biscuits. Our 'Western' TV spot with the central theme 'Bij koffie hoort Lotus speculoos.' ('Every coffee needs a Lotus.') was enthusiastically received by viewers and took the Topspot Award 2012.



Lotus caramelized biscuit spread has acquired a permanent place in the 'spreads' category. We work hard every day to provide our consumers with even higher quality products. For this we have again improved our recipes. We have also expanded the range with the variant Lotus caramelized biscuit spread with a hint of chocolate. We supported this introduction with a powerful communication plan: a new spot on television, a tasting event, and a sneak preview for our 'Lotus Friends' digital community. At points of sale we provided a strong, focused promotional approach and additional displays.

Strong growth of Lotus madeleine and Lotus frangipane along with innovations in the kids segment increased our market share in the cakes category. This year we further optimized the recipe and baking process for the Lotus Liège waffle, already perceived as superior in blind taste testing sessions. The communication plan was again strengthened, with 3 national television campaigns, each combined with additional in-store displays. With this support, Lotus Liège waffles sales grew significantly, with rising market share.



^ TV spot Lotus caramelized biscuit



Netherlands

Koninklijke Peijnenburg worked hard in 2012 to grow the gingerbread category in both value and volume. In 2012, we invested more than ever in our three strategic brands (Peijnenburg, Snelle Jelle and Lotus).



In May 2012 the new Peijnenburg campaign 'Heel Holland Hapt naar Peijnenburg ... behalve Leo Veensma' ('All of Holland snacks with Peijnenburg ... except Leo Veensma'). In this campaign the Peijnenburg team goes looking for Leo Veensma to convince him of the taste of Peijnenburg gingerbread.

Peijnenburg Overheerlijk ('Super-delicious') was introduced in May 2012. Three richly filled, craft-baked gingerbread aim to win over the younger generation for luxury gingerbread. Dutch retailers voted Peijnenburg Overheerlijk the 2012 product of the year (in 2011 they had voted for Peijnenburg Tussendoor).



In June, Snelle Jelle hit TV screens for the first time in its brand history with a striking commercial and a positioning based on '(TE) Krachtige Kruidkoek' ('(TOO) Powerful Gingerbread').

The new TV campaign and sponsoring of cycling events produced a 38% increase in purchasing households and increased market share.

In September 2012, our Peijnenburg Koffieleutjes became Lotus Koffieleutjes. TV support was



provided from October 2012 onwards to smooth the transition without loss of consumers. Lotus caramelized biscuit spread with a hint of chocolate was also introduced in the Netherlands.



France

In France 'speculoos mania' continues, with further newcomers in 2012 to the market having caramelized biscuit as a base or an ingredient. It is and remains therefore important for us to establish an even stronger link between caramelized biscuits and our Lotus brand.



Following the billboard campaign in 2010 and 2011, we ran in 2012 for the first time a national TV campaign for Lotus speculoos with the central message 'Every coffee needs a Lotus.'. This campaign resulted in higher sales rotation and brand awareness.

Lotus caramelized biscuit Crumble was introduced in the retail channel in response to new consumption opportunities. In France, caramelized biscuits had another year of excellent growth, especially in the out-of-home channel. Specially for this channel, Lotus caramelized biscuit spread was introduced in a 1.6 kg jar.

Northern and Eastern Europe



In Germany and Austria, Lotus caramelized biscuits continued their growth with steady expansion in the retail channel, while maintaining their relatively strong position in out-of-home.

In the Czech Republic we said goodbye at the end of 2012 to our distributor and started our own Sales Office. With this move, we expect to strengthen our current market position with even more customer-centric activation and innovation.

In Poland we further expanded our distribution. Here too the focus was on activating Lotus caramelized biscuits at the point of sale.

The Annas packaging underwent a makeover in 2012. In Sweden and Finland the new format was brought in at the start of the pepparkakor season. This and a focus on the core products have increased Annas market share in Sweden in both volume and value.



Southern and Western Europe/Middle East/ Africa (SWEMEA)

To bring greater focus to our export activities, we began on 1 September reorganizing our export markets. This has resulted in a new SWEMEA area, consisting of the United Kingdom, Spain, Switzerland, Italy, the Balkans, the Middle East and Africa.

The strategy adjustment in the United Kingdom with greater focus on the Lotus brand led in 2012 to a further growth of this brand. Late in 2012 we began introducing Original and Crunchy Lotus caramelized biscuit spread in the retail channel.

In Spain and Italy, our Lotus products saw healthy growth, despite the much worse economic situation.

In Switzerland, total biscuit sales are under pressure. Here Lotus strengthened its position through strong in-store support in the retail channel.

Lotus caramelized biscuits sales in the Middle East are scoring above average, thanks to expanded distribution and television campaigns in Israel and Lebanon.

Americas

Active in-store marketing, using displays combined with continued distribution growth in retail and out-of-home, were the key factors for a double-digit growth of Lotus caramelized biscuits in the United States. Besides our Lotus caramelized biscuits, there was also strong growth in turnover and distribution of Lotus Biscoff spread. In addition, after several years of decline, the sale of Annas pepparkakor biscuits stabilised in the last

months of 2012 and plans were made for a repositioning.

Asia Pacific

Asia Pacific again achieved strong growth, mainly boosted by the increasing sales in China. The signing of the MoU (Memorandum of Understanding) between Lotus Bakeries Asia Pacific (Hong Kong) and its Chinese distributor Goodwell Marketing was an important milestone. Together they are setting up a joint venture in Shanghai to further develop the Lotus business in China.

This demonstrates Lotus Bakeries' ambition to develop its biscuit business in Asia. By continuing to invest in these markets, we want to become a major player in the three Asian home markets: Korea, Japan and China.



▲ TV spots Lotus caramelized biscuit in Israel



▲ TV spot Lotus caramelized biscuit in Lebanon

1.2 INVESTMENTS AND INDUSTRIAL OPERATIONS

In 2012, investments in tangible (property, plant and equipment) and intangible assets including the acquisition of the Dinosaur brand, amounted to EUR 40.5 million. This compares to EUR 17.0 million realised in 2011.

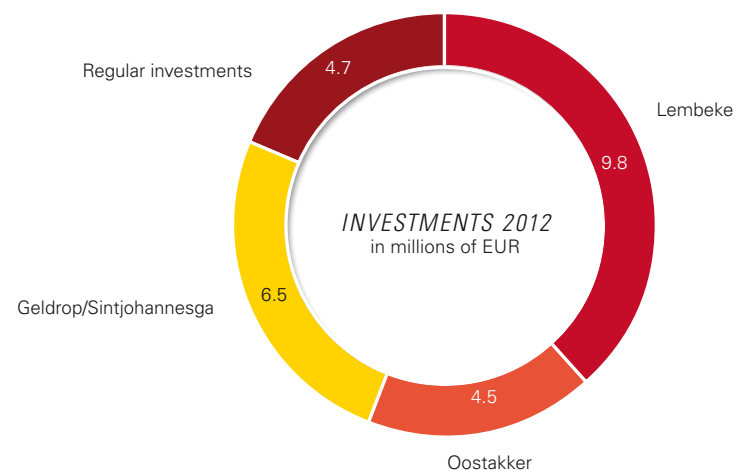
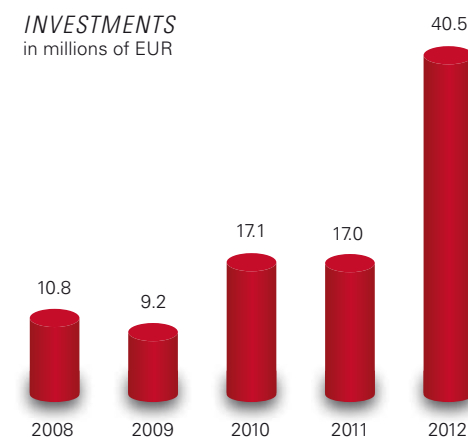
In 2012, a major investment in increasing the capacity of the factory in Lembeke was completed. In the spring, the new production building with two new caramelized biscuit lines was put into operation. This expansion provides the factory with the additional capacity needed to meet the increasing demand for caramelized biscuits.

The production building of the factory in Oostakker has been extended in preparation for the relocation of the frangipane production from Lembeke to Oostakker. This move, which is scheduled for the spring of 2013, is progressing fully on schedule and on budget.

To provide additional support for the performance of the factories, and to create greater involvement of all the employees, the 'operational excellence' approach was continued in 2012. This places great emphasis on teamwork, in which operators and support services are closely involved in the daily management of the production lines. A lot of attention is also paid to streamlining the induction and training of new employees.

In the Netherlands in 2012, there was a lot of work in Sintjohannesga to expand and modernise the bakery. The project is progressing within budget and on schedule. The expansion of the building in Sintjohannesga is ready, the new oven and dough refrigeration units have been installed, and the relocation of the 'Dubbel Op' ('Double Up') and 'Tussendoor' ('In between') line from Geldrop to Sintjohannesga is scheduled to take place in the first quarter of 2013.

INVESTMENTS
in millions of EUR



1.3 PERSONNEL AND ORGANIZATION

Evolution of the workforce

The total number of employees was 1,218 at 31.12.2012, compared with 1,198 at the end of 2011.

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	643	+31
Netherlands	305	-8
France	119	-3
Northern & Eastern Europe	49	+5
Americas	25	-8
Asia Pacific	4	-
SWEMEA	18	+2
Corporate	55	+1
Total	1,218	+20

The increase in headcount in Belgium is explained by the expansion of production in Lembeke and Oostakker. The fall in the United States is caused by the outsourcing of the 'catalogue sales' business.

50.95% of employees are male, 49.05% female.

Lotus competencies and TOP culture

Since 2010 Lotus Bakeries has had two 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.

In 2012, the 'Leadership@Lotus Bakeries' competence model for executives was revised and simplified. The 3 Lotus TOP values, which form the DNA of the organization, were maintained in their entirety. Furthermore, 6 new Lotus competencies were defined for executives. These new competencies are intended to help support the organization in achieving its strategic objectives.



They are:

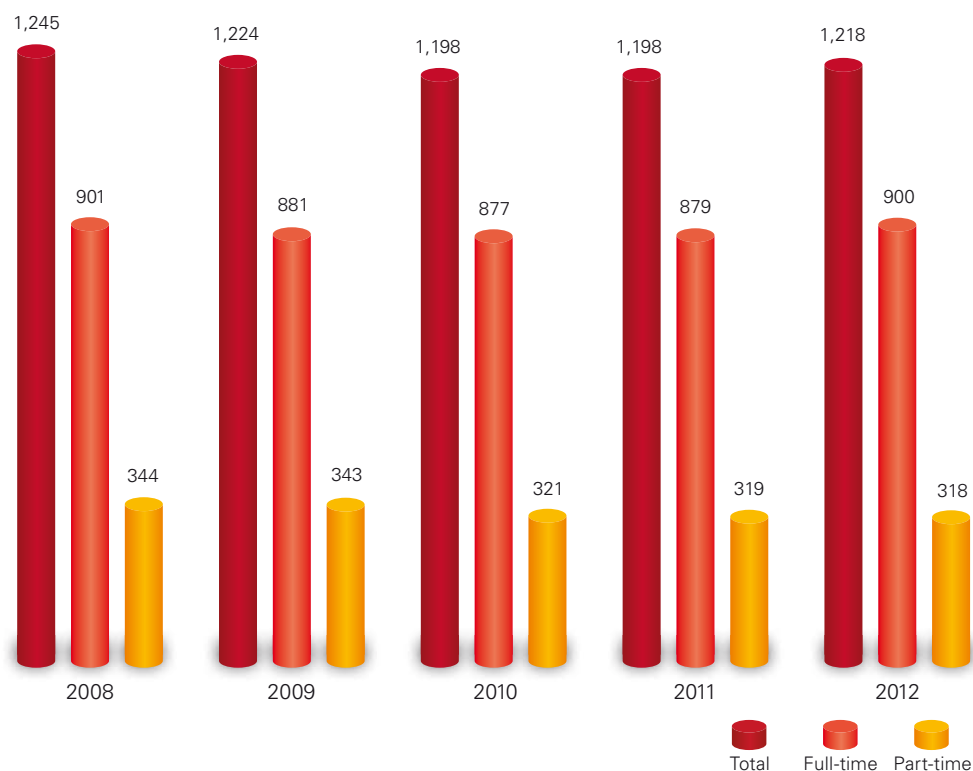
- Excellent execution
- Driving results
- Improving continuously
- Strategic thinking
- Embracing & leading change
- Making people better.

The complete model is summarized in the diagram.

The new competence model was introduced last year in all Lotus Bakeries Group countries.

In 2013 Lotus will continue to work to deploy its TOP values and to develop the Lotus competences of its entire workforce.

PERSONNEL



2 | FINANCIAL INFORMATION

2.1 EVOLUTION OF COSTS

The increase in costs in 2012 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

In 2012, the strong REBIT and REBITDA of last year were confirmed.

The recurrent operating result (REBIT) realised a slight increase in absolute value from EUR 36.4 million to EUR 36.7 million. The recurrent cash flow (REBITDA) for the year 2012 amounted to EUR 49.9 million compared to EUR 49.4 million in 2011.

The non-recurrent operating result amounted to minus EUR 1.9 million. These costs can mainly be attributed to (1) the amortisation on the amortisable brands from the 'purchase price allocation' related to the acquisition of Koninklijke Peijnenburg, (2) the implemented restructuring of business operations in the Group's Belgian companies, and (3) consultancy fees in connection with acquisition projects.

The annualised financial result amounted to a cost of EUR 1,569,000 and mainly consists of interest expenses. Furthermore, the financial result has been influenced by the positive development of the market value of the hedging instruments for interest rate and foreign exchange risks in 2012, but offset by negative unrealised exchange rate differences on outstanding loans within the Lotus Bakeries Group.

The annual tax burden for 2012 amounted to EUR 7.4 million, which represents a tax rate of 22.3%.

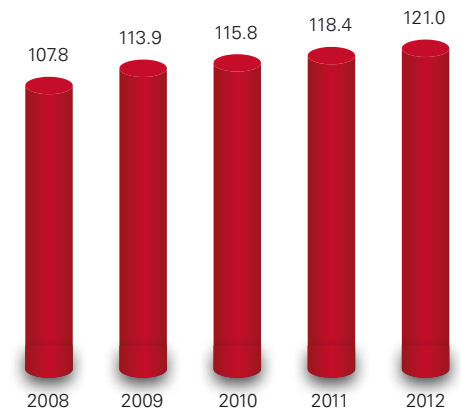
The net profit amounted to EUR 25.8 million and is thus 8.1% higher than last year. The lower non-recurrent costs in 2012 compensate the higher financial costs of 2012.

Thanks to the confirmation of the strong operating cash flow in 2012, the net financial debt totalled EUR 24.2 million at year-end. This is an increase of EUR 13.3 million compared to last year.

The increase in net financial debt is explained by significant investments, specifically

(1) the expansion of the caramelized biscuit factory in Lembeke and the cakes factory in Oostakker, (2) for the production optimisation of gingerbread in the Netherlands, mainly in Sintjohannesga, and finally (3) the acquisition of the Dinosaur brand.

*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

Financial liabilities are hedged with variable (kEUR 6,632) interest rates, based on Euribor rates for periods up to 1 year. The variable interest rate risk on outstanding long-term financial liabilities is 100% hedged.

 REBITDA ⁽¹⁾

 REBIT ⁽²⁾

 Depreciations + provisions and amounts written off + non-cash costs valuations option- and warrantplan

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 foodservice 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

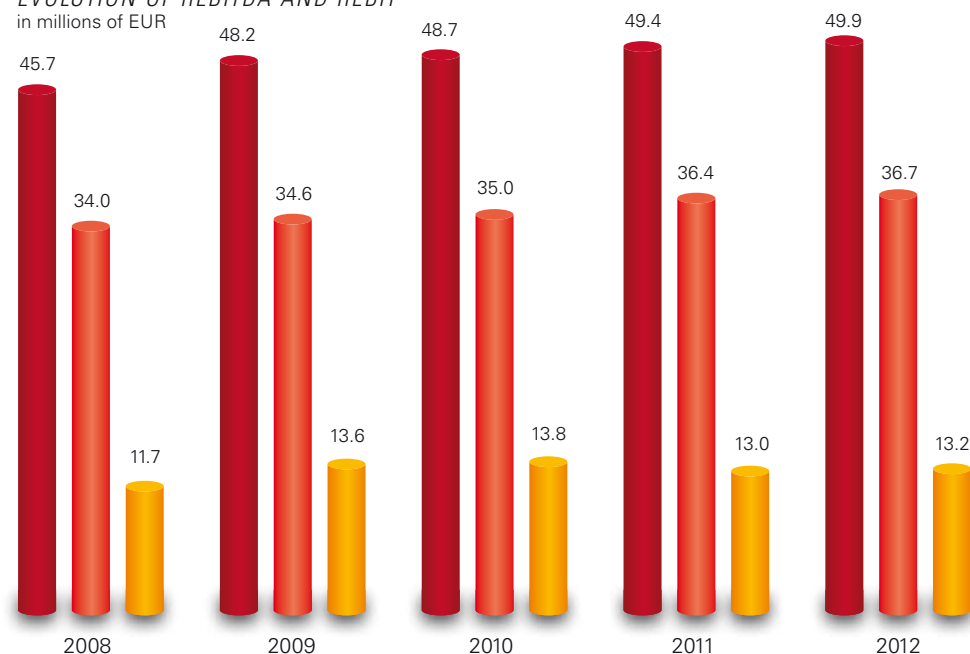
Lotus Bakeries Group, there are strict procedures to accurately follow up on customers and to handle possible risks as quickly and as efficiently as possible.

For financial operations, credit and hedging, the Lotus Bakeries Group works only 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 2012 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 conditions and customs in the countries involved.

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

In certain companies provisions also exist for early retirement ('bridge') pensions (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

	2012	2011	2010	2009	2008
Days customer credit	38	35	32	30	30
Solvency ratio (%)	53.7	53.3	48.9	44.8	37.7
Liquidity ratio (Current ratio)	0.6	0.8	0.7	1.0	0.9
Gross sales margin (%)	17.1	17.6	17.9	17.9	17.5
Net cash flow/Net financial debts (%)	177.9	334.6	160.6	150.0	90.4
Net cost-effectiveness of equity (%)	17.7	18.8	21.0	24.9	23.5

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 2012

2.5.1 Acquisition Biscuiterie Willems

At the beginning of 2013 Lotus Bakeries acquired Biscuiterie Willems. Biscuiterie Willems is a professionally organized operation, producing quality caramelized biscuits (speculoos) in a modern and highly automated factory in Eeklo. Biscuiterie Willems has a turnover of over EUR 23 million and a recurring EBITDA of around 21%.

Speculoos is Lotus Bakeries' largest and most important product group, and has driven the group's growth in recent years, especially outside Belgium. Given the strategic importance of speculoos, major sales and marketing efforts have been made in recent years to stimulate the product's further development and growth. Recently, significant investments were made in extending capacity and increasing production at the Lembeke plant.

Currently Lotus Bakeries produces speculoos at a single site. The acquisition fits well into securing business continuity for speculoos. It is a great opportunity to own another speculoos plant, alongside Lembeke, inside the Group, the more so as the two plants lie just five kilometres apart.



For Lotus Bakeries it is important to further stimulate the 'Every coffee needs a Lotus.' concept through various channels. Acquiring Biscuiterie Willems enables Lotus Bakeries to grow in the catering and foodservice segments, in which Biscuiterie Willems has a strong base, both inside and outside Europe.

Lotus Bakeries' strategy is to market speculoos also outside Europe and in the long term to build it into a world product. This acquisition strengthens Lotus Bakeries' position in key growth markets like Asia, the Middle East and America, where Lotus Bakeries is already successful. On 19 February 2013, all final agreements have therefore been signed, as a result the deal is completed.

FINANCIAL RATIOS

	2012	2011	2010	2009	2008
In % of operating income					
Added value	42.0	43.0	43.7	43.6	42.0
REBITDA	17.3	17.9	18.4	18.5	17.8
Net cash flow	14.9	13.2	14.4	15.5	14.2
REBIT	12.7	13.2	13.2	13.3	13.3
Net profit	8.9	8.6	8.7	9.6	7.9
In % of added value					
Personnel expenses	57.8	58.1	56.6	57.1	56.8
Depreciations	9.7	9.4	9.8	9.7	9.4
Taxes	6.1	7.7	7.0	7.2	5.9
Net financial charges	1.3	0.6	2.6	2.5	6.4
Net profit	21.3	20.1	19.9	22.1	18.7



&

大昌三和 (上海) 商贸有限公司
Goodwell China Marketing Service CO., Ltd

2.5.2 Foundation joint venture Lotus Bakeries China

Lotus Bakeries and Goodwell China, part of Dah Chong Hong (DCH), today announced that they have set up a joint venture. The new company called Lotus Bakeries China will exclusively focus on the further commercialisation, growth and development of Lotus Bakeries in China. The joint venture will be based in Shanghai.

Currently Goodwell China already imports Lotus among others in China, realising significant growth with Lotus caramelized biscuits (speculoos). Following the establishment of the new company Lotus Bakeries China Lotus Bakeries and Goodwell China have now firmly opted in favour of a team which will exclusively focus on the further development of Lotus. The management and the Board of Directors of Lotus Bakeries expressed their satisfaction about this important strategic move in China. The aim is to start selling Lotus from July 2013 through the new company.

3 | PROSPECTS FOR 2013

In 2012, Lotus Bakeries was able to present good internal growth of almost 5%. This growth was achieved under the impetus of major commercial efforts in the various countries, which focuses on a clear and consistent communication with the consumer. Lotus Bakeries is convinced that it must continue to invest significantly in marketing and sales to support and continue developing its brands and the related specialties. The strategy of an intensive focus on the most important specialties will be continued.

During 2012, strong profitability ratios were achieved of 12.7% recurrent operating result and 17.3% recurrent operating cash flow. The cash flow will also continue to be used for the previously identified investment programmes, the acquisition of Dinosaurius, and the acquisition of Biscuiterie Willems.

In 2013, all cake production in Belgium will be located in Oostakker. The expansion of Oostakker is progressing entirely according to schedule. The announced investments in Geldrop and Sintjohannesga will be completed in 2013. A start will be made in Lembeke with the necessary investments to be able to commence producing the Dinosaurius biscuits.

The policy of Lotus Bakeries to offset the changes in prices of raw materials, packaging materials, and other cost elements, in combination with manufacturing efficiencies in its sales prices, 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 are present to continue growing in a profitable manner in the long term.



^ TV spot Lotus frangipane

4 | RESULTS AND PROPOSAL FOR APPROPRIATION OF RESULTS

CONSOLIDATED

The consolidated net profit of the year 2012 amounted to EUR 25.7 million as compared to EUR 23.8 million last year.

STATUTORY

The results of the year 2012 of the parent company Lotus Bakeries NV are as follows:

	in EUR
- Profit of the financial year	25,551,762.33
- Transfer from untaxed reserves	-
- Transfer to untaxed reserves	-
Profit for the year available for appropriation	25,551,762.33

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

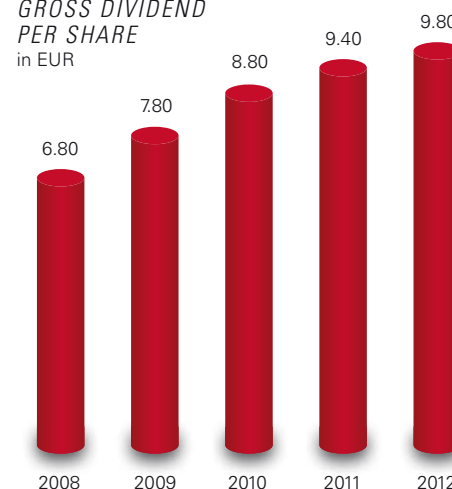
- Allocation to legal reserves	3,078.57
- Allocation to other reserves	17,658,182.36
- Distribution of a gross dividend of 9.80 EUR per share to 779,643 shares ⁽¹⁾	7,640,501.40
- Distribution of emoluments to directors	250,000.00
TOTAL	25,551,762.33

⁽¹⁾ The dividends on the purchased Lotus Bakeries shares will be paid to Lotus Bakeries 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 14 May 2013 accepts the Board of Directors' proposal, the net dividend per share will amount to EUR 7.35, after deducting a withholding tax of 25%. This net dividend will be payable as from 21 May 2013 on surrender of coupon no. 25 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 and published it on its website (www.lotusbakeries.com). This charter has been adjusted in line with the evolution of Corporate Governance policy and the changes in applicable legislation. This charter commits to apply the principles of the Corporate Governance Code of 12 March 2009, the Corporate Governance Law of 6 April 2010, the Law of 20 December 2010 on the exercise of certain rights of shareholders in listed companies and the Law of 28 July 2011 amending the Companies' Act to ensure that women have seats on the Boards of Directors of listed companies. It describes the main aspects of Lotus Bakeries' Corporate Governance and the internal rules of procedure of the Board of Directors, the Committees and the Executive Committee.

Further information related to the Corporate Governance Declaration of Lotus Bakeries can be found in chapter 4 'Corporate Governance Declaration'.

ANNAS

6

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 2012, market capitalization of Lotus Bakeries amounted to EUR 432.7 million.

5 | EVOLUTION OF THE LOTUS BAKERIES SHARE

The graph on page 48 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 47 of this annual review.

7 | CORPORATE WEBSITE

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

STOCK DATA ABOUT THE LOTUS BAKERIES SHARE IN EUR

	2013	2012	2011	2010	2009	2008
Highest price till 31/03 in 2013	694.00	615.00	423.00	411.50	340.00	289.99
Lowest price till 31/03 in 2013	555.00	407.00	325.00	310.00	229.99	194.00
Price per 31/12 - per 31/03 in 2013	677.90	555.00	416.00	404.94	332.87	244.99
Market capitalization per 31/12 - per 31/03 in 2013 in millions of EUR	528.52	432.70	321.40	312.84	267.30	196.70
Number of shares per 31/12 - per 31/03 in 2013	779,643	779,643	772,563	772,563	803,037	803,037
Ratio price/earning (PER) ⁽¹⁾	20.54	16.81	13.50	13.56	10.62	9.76
Ratio price/cash flow (PCF) ⁽²⁾	12.29	10.07	8.83	8.20	6.60	5.39

(1) PER: Price Earnings Ratio: The price at the end of the year (per 31 March in 2013 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 2013 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



8 | FINANCIAL CALENDAR

Friday 12 April 2013

Annual review 2012 available on
www.lotusbakeries.com

Tuesday 14 May 2013

Ordinary General Meeting of Shareholders at
4.30 p.m

Announcement of the interim declaration
covering the period from 1 January 2013.

Tuesday 21 May 2013

Payment of dividend for the 2012 financial year

Monday 26 August 2013

Announcement of the half-year results for 2013

Thursday 13 February 2014

Announcement of the year results for 2013

Friday 9 May 2014

Ordinary General Meeting of Shareholders.

9 | PROPOSALS TO THE ORDINARY GENERAL MEETING OF 14 MAY 2013

1. Proposal to approve the statutory financial statements dated 31 December 2012.
2. Proposal to approve the remuneration report 2012.
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 2012.
5. a) Proposal to reappoint as directors of Lotus Bakeries NV:
 - Beukenlaan NV, represented by its permanent representative Matthieu Boone, for a four-year term.
 - Mercuur Consult NV, represented by its permanent representative Jan Boone, for a four-year term.
 - CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele, for a four-year term.
 - PMF NV, represented by its permanent representative Johan Boone, for a four-year term.
 - Mr. Anton Stevens, for a four-year term.

- b) Proposal to reappoint as independent directors of Lotus Bakeries NV:
 - Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde, for a four-year term.
 - Mrs. Dominique Leroy, for a four-year term.
 - Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich, for a four-year term.

All persons and companies proposed for (re) appointment as independent directors fulfil the criteria of independence of article 526 ter of the Companies' Code.

6. Proposal to reappoint PwC Bedrijfsrevisoren BCBVA represented by Mr. Peter Opsomer, companies auditor, as Auditor of Lotus Bakeries NV for a three-year term. In this way the mandate will expire immediately after the Ordinary General Meeting of Shareholders of 2016 taking resolutions in respect of the 2015 financial year.

Situation from May 2013

EXECUTIVE COMMITTEE

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

CORPORATE DEPARTMENTS

Corporate Finance & HR

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

Corporate ICT

Tom De Corte	ICT & SAP
Patrick Van Cleemput	SAP administrative solutions

Corporate Secretary

Sofie Dumarey	Corporate Secretary
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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



MANAGEMENT
LOTUS BAKERIES
GROUP

COUNTRIES AND AREAS

Belgium

William Du Pré General manager Belgium

Pascal Deckers Category management
 Sabien Dejonckheere Marketing
 Gil Dumarey Sales
 Joeri Pergoot Finance and administration
 Charlotte Castele Head of accounting
 Katja Maerschack Controlling
 Ivo Vermeiren Operations
 Yves Boisdenghien Plant Courcelles
 Johan Claerhout Logistics
 Erik Claeysens Plant Oostakker
 Mia Desmet Human Resources
 Toon Hubrechts Plant Meise
 Xavier Speeleveld Purchase
 Jean-Paul Van Hoydonck Plant Lembeke
 Eddy Thijs Technical services
 Marc Willems Biscuiterie Willems

Netherlands

René Groen General manager Netherlands

Leon Broer Marketing & NPD
 Norbert Haans Human Resources
 Bastiaan Haks Finance and administration
 Dick Pouwels Supply chain
 Frank van Harten Plant Sintjohannesga
 Will Kuppens Plant Geldrop
 Ronald Visser Plant Enkhuizen
 Kamiel Steendijk Sales

France

Ignace Heyman General manager France

Patrick Alexandre Finance and administration
 Virginie Catteau Human Resources
 Jean-Philippe Kloutz Sales
 Thierry Roose Marketing
 Ludovic Valente Operations
 Marc Berger Plant Briec-de-l'Odet

Northern and Eastern Europe

Ton Kooi General manager
 Northern and Eastern Europe

Mattias Andersson Operations
 Anna Bjur Marketing Nordics
 Michael Müller Finance and administration
 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 Birrer Switzerland
 Martin-Frederic Eeckhout Southern Europe/Middle East/
 Africa
 Paul Hunter United Kingdom and Ireland
 Ann Lambrechts Iberica

Americas

Marco de Leeuw General manager Americas

Sal Alvarez Operations
 Michael Bannister Sales
 Steffany Lee Marketing
 Angel López Latin America
 Carmen Gana Chile
 Johan Wilms Finance and administration

Asia Pacific

Bart Bauwens General manager Asia Pacific

China

Ronald Drieduite General manager China
 Martin de Beco Supply chain operations

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FINANCIAL STATEMENTS



In this section of the 2012 annual review, 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 review contains all the financial data, including the consolidated external Auditor's report, and is available in Dutch and English.

The consolidated financial statements for 2012 shown hereafter have been prepared in accordance with IFRS rules as adopted by the EU with comparative IFRS figures for 2011.

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 (Investor Relations) or can be obtained for free from the Corporate Secretary of Lotus Bakeries on simple request.

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

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

in thousands of EUR

	31-12-12	31-12-11
ASSETS		
Non current assets	214,154	184,861
Tangible assets	109,064	95,052
Goodwill	25,960	25,710
Intangible assets	76,248	61,859
Investment in other companies	32	32
Deferred tax assets	2,691	2,045
Other non current assets including derivative financial instruments	159	163
Current assets	56,461	53,025
Stocks	14,917	14,285
Trade receivables	29,751	26,305
Tax receivables	4,248	4,158
Other amounts receivable	-	78
Derivative financial instruments	-	28
Cash and cash equivalents	6,452	7,369
Deferred charges and accrued income	1,093	802
TOTAL ASSETS	270,615	237,886
EQUITY AND LIABILITIES		
Equity	145,206	126,760
Issued capital	3,431	3,400
Share premium	4,009	2,298
Consolidated reserves	146,183	127,291
Translation differences	2,615	1,674
Treasury shares	(11,061)	(7,855)
Hedging reserves	(29)	(93)
Non-controlling interest	58	45
Non-current liabilities	34,041	41,312
Interest-bearing loans and borrowings	-	6,632
Deferred tax liabilities	30,323	29,187
Pensions	3,215	2,950
Provisions	498	2,534
Other non-current liabilities including derivative financial instruments	5	9
Current liabilities	91,368	69,814
Interest-bearing loans and borrowings	41,675	19,474
Provisions	1,405	79
Trade payables	30,886	29,430
Remuneration and social security	10,792	10,690
Tax payables	3,736	6,351
Derivative financial instruments	495	1,147
Other current liabilities	200	205
Accrued charges and deferred income	2,179	2,438
TOTAL EQUITY AND LIABILITIES	270,615	237,886

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in thousands of EUR

	2012	2011
Turnover	288,455	275,598
Raw materials, consumables and goods for resale ⁽⁴⁾	(91,149)	(85,742)
Services and other goods	(78,390)	(73,251)
Personnel costs	(69,972)	(68,724)
Depreciation and amortization	(11,708)	(11,102)
Decrease/(Increase) in amounts written off stocks, contracts in progress and trade debtors	(1,130)	(966)
Other operating income and charges (net) ⁽⁴⁾	574	550
Recurrent operating result (REBIT) ⁽¹⁾	36,680	36,363
Non-recurrent operating result	(1,953)	(2,695)
Operating result (EBIT) ⁽²⁾	34,727	33,668
Financial result	(1,569)	(688)
Financial income	1,395	2,805
Financial charges	(2,964)	(3,493)
Result before taxation	33,158	32,980
Income taxes	(7,408)	(9,165)
Result after taxation	25,750	23,815
Net result	25,750	23,815
Net result: minority interest	13	13
Net result: Group share	25,737	23,802
Other comprehensive income:		
Gains/(Losses) recognized directly in equity		
Currency translation differences	941	(35)
Financial instruments	64	99
Other comprehensive income for the year	1,005	64
Total comprehensive income for the year	26,755	23,879
Total comprehensive income for the year attributable to:		
Non-controlling interest	13	13
Equity holders of Lotus Bakeries	26,742	23,866
Earnings per share		
Weighted average number of shares	746,052	749,088
Basic earnings per share (EUR)	34.50	31.77
of continued operations	34.50	31.77
Weighted average number of shares after effect of dilution	773,576	771,319
Diluted earnings per share (EUR)	33.27	30.86
of continued operations	33.27	30.86
Total number of shares ⁽³⁾	779,643	772,563
Diluted earnings per share (EUR)	33.01	30.81
of continued operations	33.01	30.81

(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.

(4) In the context of comparison with 2012, the 'Raw materials, consumables and goods for resale' and the 'Other operating income and charges (net)' have been adapted in terms of presentation (2,334 kEUR).



FIVE-YEAR FINANCIAL SUMMARY LOTUS BAKERIES GROUP

CONSOLIDATED BALANCE SHEET

in thousands of EUR

	2012	2011	2010	2009	2008
Non current assets	214,154	184,861	178,257	170,301	172,028
Tangible assets	109,064	95,052	90,233	84,150	86,408
Goodwill	25,960	25,710	25,670	24,837	24,147
Intangible assets	76,248	61,859	61,576	60,822	61,185
Deferred tax assets	2,691	2,045	637	353	170
Other non current assets including derivative financial instruments	159	163	109	101	80
Current assets	56,461	53,025	46,474	55,809	55,884
Stocks	14,917	14,285	12,998	12,947	13,913
Trade receivables	29,751	26,305	23,360	21,288	20,985
Cash and cash equivalents	6,452	7,369	6,302	16,249	14,548
TOTAL ASSETS	270,615	237,886	224,731	226,110	227,912
Equity	145,206	126,760	109,795	101,197	85,855
Non-current liabilities	34,041	41,312	50,571	69,313	82,831
Interest-bearing loans and borrowings	-	6,632	17,902	37,136	50,159
Deferred tax liabilities	30,323	29,187	28,700	28,619	29,320
Current liabilities	91,368	69,814	64,365	55,600	59,226
Interest-bearing loans and borrowings	41,675	19,474	19,319	13,739	12,488
Trade payables	30,886	29,430	23,509	22,138	30,321
Remuneration and social security	10,792	10,690	9,081	9,518	8,480
TOTAL EQUITY AND LIABILITIES	270,615	237,886	224,731	226,110	227,912

CONSOLIDATED INCOME STATEMENT

in thousands of EUR

	2012	2011	2010	2009	2008
Turnover	288,455	275,598	264,823	261,071	256,687
Recurrent operating result (REBIT)	36,680	36,363	34,955	34,593	34,040
Non-recurrent operating result	(1,953)	(2,695)	(874)	(294)	(779)
Operating result (EBIT)	34,727	33,668	34,081	34,299	33,261
Financial result	(1,569)	(688)	(2,960)	(2,826)	(6,939)
Result before taxation	33,158	32,980	31,121	31,473	26,322
Income taxes	(7,408)	(9,165)	(8,055)	(8,202)	(6,405)
Result after taxation	25,750	23,815	23,066	23,271	19,917
Result from assets held for sale	-	-	-	-	248
Results from termination of activities	-	-	-	1,889	-
Net result	25,750	23,815	23,066	25,160	20,165
Net result: minority interest	13	13	11	95	125
Net result: Group share	25,737	23,802	23,055	25,065	20,040

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GENERAL INFORMATION



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Register of legal persons of Ghent,
Enterprise number 0.401.030.860

Annual review

This annual review is also available on the
internetsite:
www.lotusbakeries.com

Het eerste gedeelte van dit jaaroverzicht is
eveneens beschikbaar in het Nederlands.
La première partie du rapport annuel est
également disponible en français.

De financiële bijlage (het tweede gedeelte) van
het jaaroverzicht is beschikbaar in het Nederlands
en het Engels.

L'annexe financière (la deuxième partie) du
rapport annuel est disponible en néerlandais
et en anglais.

The financial supplement (the second part) of the
annual review is available in Dutch and in English.

Contact

For further information about the data of the
annual review or more information
about the Lotus Bakeries Group, please contact:
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- N=5

United Kingdom

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Sweden

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CARE FOR TODAY

Respect for
tomorrow





Koninklijke
PEIJNENBURG
- Sinds 1883 -

ANNAS 



PREFACE

the vision of the future

'Care for today - Respect for tomorrow', at Lotus Bakeries we firmly believe in entrepreneurship that cares for today but also has full respect for tomorrow. This has been the case since 1932, which is the year in which our flourishing family business first came into being.

Caring for our products, our environment, our partners, our employees as well as for our consumers; that is our DNA. It is also our way of ensuring that our company can thrive today and enjoy a successful future too, and to enable our consumers to continue to enjoy our delicious products both now and in the future.

Our aim is to take this strong conviction into the future. Care and respect are most definitely crucial, now more than ever. Every single day, we continue to strive for a better future.

We are making significant efforts in the following four areas; people, environment, society and employees. This brochure will tell you more about our principles.

In this way, we hope to make a contribution. To make a difference. And we are convinced that we will succeed in this together.

Thanking you,
Jan Boone,
CEO at Lotus Bakeries



sustainability, the main ingredient

our constant aim is to produce all Lotus Bakeries products in a more sustainable way. what's more, this sustainable approach extends far beyond our production process. we treat people, the environment, society and every member of our workforce with care and respect.

'CARE FOR TODAY - RESPECT FOR TOMORROW'



PEOPLE



We also leave no stone unturned to ensure that our sustainably produced products are also produced as responsibly as possible for our consumers to enjoy.

ENVIRONMENT



Nature provides us with all that we need to make our products. And we like to give nature something back in return.

SOCIETY



Lotus Bakeries must fulfil its role in society. We are only too happy to assume our responsibilities, time and time again.

EMPLOYEES



With the help of our motivated and deeply committed people, we are able to make that difference. This is why every member of staff deserves our respect.

PEOPLE



To ensure that every consumer can really enjoy our responsibly produced products, now and in the future. This is what we are striving for at Lotus Bakeries every single day. How do we achieve that? By complying with the most stringent nutrition and health guidelines, of course. **We keep the salt content of our products to a minimum, and our fats are completely free from transfats.** The large majority of our raw materials are of natural origin.





enjoyment & health

In addition, to continue to ensure that our products are of the highest quality:

- We invest on average twice as much in **R&D** compared to other European food manufacturers.
- We implement **extremely stringent procedures** in the field of food safety, traceability, quality control, hygiene, transport, etc.
- We constantly carry out **internal audits**.

Consumers also know exactly what they are putting into their shopping trolley, because our **clear nutrition labelling** complies with both national and European legislation. In Europe our packaging even gives extensive information about the GDA values (Guideline Daily Amounts), which we have implemented voluntarily.

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 %

kcal
145
7%

Per/Par/Pro
Frangipane

with respect for nature

100%

CO₂ neutral electricity in all
factories

2%

less energy usage, year
upon year

When it comes to respect for the environment, Lotus Bakeries leaves nothing to chance. For example, the electricity used in all of our factories is CO₂ neutral.

Every year, we also reduce this energy usage by 2% per kg produced. We also apply this sustainable approach to our entire production process. We only use non-genetically modified raw materials which **have been grown and produced in a sustainably way**, such as palm oil, barn eggs and chocolate.

Another way in which we care for the environment is by limiting our water consumption. For our production process we use **as much rain and well water as possible**. All our waste water also goes through a high performance water treatment plant.

As far as waste is concerned, we only effectively end up with less than 1%. This is then **sorted and recycled as much as possible**.



ENVIRONMENT



DID YOU KNOW?

Lotus Bakeries signs a 'sustainability agreement' with its suppliers in order to encourage them to take environmental protection measures and to commit to fair and ethical trading.

<1%

final waste

SOCIETY



To Lotus Bakeries, sustainability means much more than just environmental protection. For us it is inextricably linked with the social aspect. In other words, we are **very aware of our role in society**.

serious about our responsibilities, now and in the future

For many years now, **we have been supporting wide-ranging social and cultural (development) projects, activities and organisations.**

And this both locally and internationally.

Through 'ondernemers voor ondernemers/entrepreneurs pour entrepreneurs' we are providing support to, for example, 'The Boat to Kinshasa' project. The aim of this is to develop a central organisation for transporting and marketing the agricultural products from along Lake Mai-Ndombe and the Congo River to Kinshasa.

Sports events

We consider sports and exercise to be of vital importance. This is why we regularly support local initiatives and give participants the opportunity to enjoy our products.

In the future too, we will continue to invest in:

- Miscellaneous social, sporting and cultural projects
- Numerous development projects
- 'The Boat to Kinshasa'.



OUR PEOPLE show FULL commitment, and so do we

Lotus Bakeries aims to be a committed employer and to offer its employees challenging work in a pleasant work environment. We realise this promise in four different ways:

1 TOP CULTURE

We set high store by **T**eam Spirit, **O**pen Dialogue and **P**assion and we also constantly invest in self-development and the wellbeing of our people.

2 SAFETY

Working safely means working well. **'Safety First'** is therefore a topic that is given top priority.



3 COMMUNICATION

Involving our people as much as possible in our activities requires clear communication. Information quickly reaches our people through the managers, different meetings and internal communication platforms.

4 DEVELOPMENT

Investing in every employee benefits the whole company. This is something we experience every day, because our people work with passion and commitment. We want to keep it that way in the future, by continuing to offer **courses, coaching and 'on the job' training.**

EMPLOYEES



DID YOU KNOW?

Lotus Bakeries operates a 'code of principles', the aim of which is to achieve a fair and ethically responsible work environment. These principles apply to everyone, in every country, at every level and at every place of work.

our sustainable approach in Practice

PEOPLE, Environment, Society and EMPLOYEES. That is what the Lotus Bakeries' sustainable approach is focused upon. However, what does that mean in real terms? How does this policy work in practice? We asked Jean-Paul Van Hoydonck, Production manager at the Lotus Bakeries' site in Lembeke. Mr. Van Hoydonck is in charge of the general management of the Production Department, and outlines the strategy in terms of volumes, investments and long-term approach.

Speaking long-term, are you mindful of sustainability?

JP "Absolutely. We always try to protect the environment in everything we do. We allow the authorities – and this is completely voluntary – to come and see just what an energy-saving operation we are. We also call upon the services of an energy consultant and we are making constant improvements. A few examples: we have installed roof insulation and solar panels and we have replaced our previous heating systems with more powerful and efficient ones, thus reducing our energy usage. Our machines are usage controlled, which means that they only run on the power that is required, and not always at full power. In our new production hall, we can even check and switch each production line separately to the most economical


setting in order to save energy. We have also implemented an innovative waste reduction programme. And for the future we are aiming for CO₂ neutral production. All our electricity is already CO₂ neutral now."

For Lotus Bakeries sustainability also means respect for people, the employees and society.

JP "And you can really feel that. We carefully monitor all developments in terms of production and packaging in order to enable consumers to fully enjoy our products as responsibly as possible. In order to meet that promise, we need motivated employees. To further increase that motivation and commitment, we strive for 'independent team work'. This briefly means that all the employees, jointly with their team, are responsible for their production

line and they therefore monitor the production. He or she is also responsible for the results and can consult with other teams. Our people thus gain a deeper insight into the production process and also have a greater say. We are already noticing that this approach is generating great enthusiasm. We also realise that our factory plays a role in society within the area. This is why we have been working with a local sheltered workplace for many years now. And if there are any sports events being organised, we are happy to contribute to the organisation by offering some of our products. Finally, it is not our intention to rest on our laurels. Sustainability will always remain a top priority for us, now and in the future."

Thank you for your explanation.

A portrait of Jean-Paul Van Hoydonck, a middle-aged man with a receding hairline, smiling. He is wearing a blue and white checkered shirt and a dark blue shawl draped over his shoulders. He has his arms crossed. The background is a blurred green hedge.

"TO FURTHER INCREASE
THAT MOTIVATION AND
COMMITMENT, WE STRIVE
FOR 'INDEPENDENT
TEAM WORK'."

Jean-Paul Van Hoydonck
Production manager Lembeke

Colophon

Design and implementation
ColorStudio - Blue Matters BVBA
in collaboration with Studio Lotus Bakeries
www.colorstudio.be

Photos
ColorStudio - Blue Matters BVBA
Foto davidplas.be





NOTES

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