

# LOTUS BAKERIES GROUP

## Half Year Financial Report per 30 June 2013

Regulated information



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## 1. Consolidated key-figures

Income statement <sup>(1)</sup> (in EUR thousands)	30/06/2013	30/06/2012	Evolution %	
<b>Turnover</b>	<b>159,767</b>	<b>139,349</b>	<b>+</b>	<b>14.7</b>
<b>Recurrent operating result (REBIT)</b>	<b>18,882</b>	<b>17,735</b>	<b>+</b>	<b>6.5</b>
<b>Recurrent operating cash flow (REBITDA) <sup>(2)</sup></b>	<b>25,651</b>	<b>24,118</b>	<b>+</b>	<b>6.4</b>
Non-recurrent operating result:	(1,512)	(725)	+	108.6
Operating result (EBIT) <sup>(3)</sup>	17,370	17,010	+	2.1
Financial result	(350)	(725)	-	51.7
Result before taxes	17,020	16,285	+	4.5
Taxes	(3,546)	(3,474)	+	2.1
<b>Net result</b>	<b>13,474</b>	<b>12,811</b>	<b>+</b>	<b>5.2</b>
Net result: minority interest	4	5	-	20.0
Net result: Group share	13,470	12,806	+	5.2
<b>Total number of shares at 30 June <sup>(4)</sup></b>	<b>768,765</b>	<b>741,715</b>	<b>+</b>	<b>3.6</b>
<b>Key figures per share (in EUR)</b>				
Recurrent operating result (REBIT)	24.56	23.91	+	2.7
Recurrent operating cash flow (REBITDA) <sup>(2)</sup>	33.37	32.52	+	2.6
Net result: Group share	17.52	17.27	+	1.4
<b>Balance sheet (in EUR thousands)</b>				
Balance sheet total	327,306	252,216	+	29.8
Equity	155,565	129,733	+	19.9
Investments <sup>(5)</sup>	17,304	13,599	+	27.2
Net financial debt <sup>(6)</sup>	62,484	20,055	+	211.6

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

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

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

(4) Total number of shares at 30 June, excluding treasury shares.

(5) Investments in intangible and tangible fixed assets.

(6) Net financial debt is defined as financial debts - cash equivalents - cash - treasury shares.

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

## 2. Management explanation

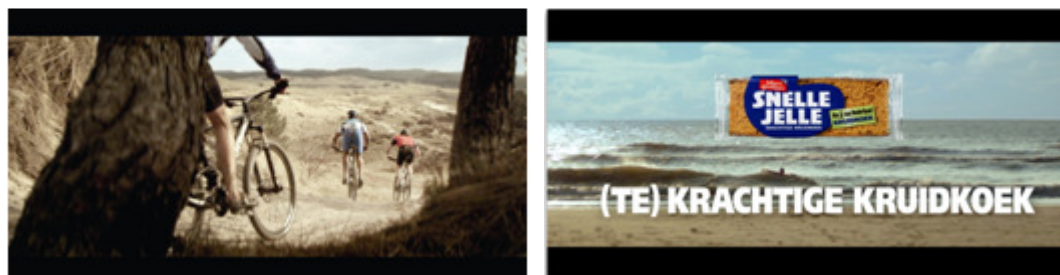
### 2.1 Turnover

During the first half of 2013, the consolidated turnover of the Lotus Bakeries Group grew by 14.7% to EUR 159.8 million. Almost 7% of this growth was internally generated. The growth is also realised by Biscuiterie Willems, which is included in the consolidated financial statement in 2013.

In Belgium, Lotus Bakeries ensured growth once again in the first half year. Following a good 2012, the Lotus brand further strengthened its market share in all segments. Significant investments in communication with consumers and further strengthening of the sales and marketing organisation are the basis of these results.



In the Netherlands, turnover grew slightly due to the success of Snelle Jelle and Lotus caramelized biscuits (speculoos), both strongly supported by TV campaigns. The success of Snelle Jelle further strengthens Koninklijke Peijnenburg's share of the gingerbread market in the Netherlands.



In the first semester Lotus caramelized biscuits (speculoos) recorded solid growth in France. This growth was supported by two national television campaigns aimed at strengthening the Lotus brand and at the same time the link between Lotus and coffee time. These campaigns are the continuation of the national billboard and television campaigns of 2011 and 2012 respectively.



The strategy of internationalizing caramelized biscuits on a sustainable basis was consistently continued. During the first half year various countries again had good growth figures including the United States, the United Kingdom, the Middle East and China.

## **2.2 Income statement**

Recurrent operating result and recurrent operating cash flow increased by more than 6% compared to the same period from last year.

The strong sales growth contributed positively to the first half year result.

Lotus Bakeries has opted to increase its commercial efforts for the various brands in different countries in 2013. During the first half of this year, investments in marketing were continued and POS activities were increased.

The additional depreciations related to the significant investments in the Belgian and Dutch plants also impact the group's total cost base in 2013.

The non-recurring operating result of kEUR -1,512 is mainly attributable to the restructuring costs at Geldrop and Sintjohannesga, the cost of the Dinosaurius and Biscuiterie Willems acquisition projects and the depreciation of the Wieger Ketellapper brand.

Interest expenses amounted during the first half of the year to nearly kEUR 700. This cost is offset by positive currency effects and the positive evolution of the market value of interest rate hedges. Consequently, the total financial result is a net cost of kEUR 350.

The tax expense is EUR 3.5 million or 20.8% of pre-tax profit.

The net result for the first half is up 5.2% compared with 2012.

## **2.3 Investments**

Investments during the first half of 2013 amounted to EUR 17.3 million. The main investments were in the plants at Geldrop and Sintjohannesga. These have been successfully completed. The optimization of the Geldrop production plant together with the capacity expansion in Sintjohannesga will permit a better and more flexible response to the increasing and changing demand for gingerbread in the Netherlands.

Major investments were also completed in Belgium with the successful relocation of the frangipane line from Lembeke to Oostakker.

## 2.4 Net financial debt

Net financial debt increased over the past 12 months by EUR 42 million. During this period, significant investments were made in the plants, and Biscuiterie Willems and the Dinosaurus brand were acquired. These investments amounted to EUR 75 million. The increase in net financial debt is significantly lower, at EUR 42 million, as a result of the strong operating cash flow over the past 12 months.

## 2.5 Dinosaurus

Lotus Bakeries has successfully completed the necessary preparations for the commercialization of the Dinosaurus biscuits. To date consumers can find their familiar biscuits again on the Belgian and French markets.

From mid-2014, the Dinosaurus biscuits will be produced in the Lembeke plant. The corresponding investment program has been launched.



## 2.6 Conclusion

For the first half of 2013, Lotus Bakeries can once again present an attractive growth of 15%, or 7% on a like-for-like basis. This growth was achieved by significant commercial efforts in the different countries, centred on clear and consistent communication with the consumer. Lotus Bakeries is convinced that it needs in the long term to continue to invest significantly in marketing & sales in order to support and further develop its brands and associated specialties. The strategy of determined focus on the main specialties will be continued.

In recent years, several major investment programs were successfully completed. Between 2010 and 2013, over EUR 100 million will have been invested in the group's plants. First, in 2012 the expansion of the caramelized biscuit factory in Lembeke to meet the growing demand for Lotus caramelized biscuits was completed. A clear focus on continuing the internationalisation of the caramelized biscuit business is a major pillar in the Group's long-term strategy.

Further, in 2012 and in the first half of this year, major investments were completed for the expansion at Oostakker, where all cake production in Belgium is now housed. Finally, a more flexible response to the growing and changing demand for gingerbread in the Netherlands will be possible with the optimization of the production plant in Geldrop combined with the capacity expansion in Sintjohannesga. These investments were successfully finished this year.

Thus, Lotus Bakeries is continuing to work on increasing production efficiencies in the different sites and achieving a consistently high quality level in its various specialties.

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

CEO Jan Boone is pleased with the results and trends of the past half year: "We can report an excellent internal growth rate of 7% during the first half year. Furthermore, we have been able to strengthen our business with two targeted acquisitions, the Dinosaur brand and Biscuiterie Willems, both strategically important for us. The major investment programs of recent years in Belgium and the Netherlands, in a total amount of EUR 100 million, made possible by our operating cash flows, have been successfully finished. In this way we have been able to strengthen our productivity and production capacity for the future."



### 3. Consolidated financial statements

#### 3.1 Consolidated income statement

in thousands of EUR	Jan-Jun 2013	Jan-Jun 2012
<b>Turnover</b>	<b>159.767</b>	<b>139.349</b>
Raw materials, consumables and goods for resale (4)	(52.655)	(42.982)
Services and other goods	(42.328)	(37.741)
Personnel costs	(39.663)	(35.014)
Depreciation and amortization	(6.358)	(5.670)
Decrease/(Increase) in amounts written off stocks, contracts in progress and trade debtors	(337)	(535)
Other operating income and charges (net) (4)	456	328
<b>Recurrent operating result (REBIT) (1)</b>	<b>18.882</b>	<b>17.735</b>
Non-recurrent operating result	(1.512)	(725)
<b>Operating result (EBIT) (2)</b>	<b>17.370</b>	<b>17.010</b>
Financial result	(350)	(725)
Financial income	1.503	1.281
Financial charges	(1.853)	(2.006)
<b>Result before taxation</b>	<b>17.020</b>	<b>16.285</b>
Income taxes	(3.546)	(3.474)
<b>Result after taxation</b>	<b>13.474</b>	<b>12.811</b>
<b>Net result</b>	<b>13.474</b>	<b>12.811</b>
Net result: minority interest	4	5
Net result: Group share	13.470	12.806
<b>Other comprehensive income:</b>		
<b>Gains/(Losses) recognized directly in equity</b>		
Currency translation differences	(751)	150
Financial instruments	29	39
<b>Other comprehensive income for the year</b>	<b>(722)</b>	<b>189</b>
<b>Total comprehensive income for the year</b>	<b>12.752</b>	<b>13.000</b>
<b>Total comprehensive income for the year attributable to:</b>		
Non-controlling interest	4	5
Equity holders of Lotus Bakeries	12.748	12.995



<b>Earnings per share</b>		
Weighted average number of shares	760.107	745.569
<b>Basic earnings per share (EUR)</b>	<b>17,72</b>	<b>17,18</b>
of continued operations	17,72	17,18
Weighted average number of shares after effect of dilution	782.044	772.379
<b>Diluted earnings per share (EUR)</b>	<b>17,22</b>	<b>16,58</b>
of continued operations	17,22	16,58
Total number of shares (3)	794.513	772.563
<b>Diluted earnings per share (EUR)</b>	<b>16,95</b>	<b>16,58</b>
of continued operations	16,95	16,58
<p>(1) REBIT is defined as recurrent operating result</p> <p>(2) EBIT is defined as recurrent operating result + non-recurrent operating result</p> <p>(3) Total number of shares including treasury shares</p> <p>(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 (-3.963 kEUR).</p>		

### 3.2 Consolidated balance sheet

in thousands of EUR	30/06/2013	31/12/2012
<b>ASSETS</b>		
<b>Non current assets</b>	<b>254,643</b>	<b>214,154</b>
Tangible assets	128,809	109,064
Goodwill	46,580	25,960
Intangible assets	75,928	76,248
Investment in other companies	27	32
Deferred tax assets	3,105	2,691
Other non current assets including derivative financial instruments	194	159
<b>Current assets</b>	<b>72,663</b>	<b>56,461</b>
Stocks	19,690	14,917
Trade receivables	37,352	29,751
Tax receivables	5,214	4,248
Other amounts receivable	176	-
Cash and cash equivalents	8,595	6,452
Deferred charges and accrued income	1,636	1,093
<b>TOTAL ASSETS</b>	<b>327,306</b>	<b>270,615</b>

<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>	<b>155,565</b>	<b>145,206</b>
Issued capital	3,497	3,431
Share premium	7,602	4,009
Consolidated reserves	152,370	146,183
Translation differences	1,864	2,615
Treasury shares	(9,830)	(11,061)
Hedging reserves	-	(29)
Non-controlling interest	62	58
<b>Non-current liabilities</b>	<b>51,901</b>	<b>34,041</b>
Interest-bearing loans and borrowings	16,317	-
Deferred tax liabilities	31,674	30,323
Pensions	3,282	3,215
Provisions	613	498
Other non-current liabilities including derivative financial instruments	15	5
<b>Current liabilities</b>	<b>119,840</b>	<b>91,368</b>
Interest-bearing loans and borrowings	64,603	41,675
Provisions	1,268	1,405
Trade payables	33,155	30,886
Remuneration and social security	12,383	10,792
Tax payables	5,826	3,736
Derivative financial instruments	181	495
Other current liabilities	493	200
Accrued charges and deferred income	1,931	2,179
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>327,306</b>	<b>270,615</b>

### 3.3 Consolidated cash flow statement

in thousands of EUR	HY 2013	HY 2012
<b>Operating activities</b>		
Net profit	13,470	12,806
Amortization of (in)tangible assets	6,358	5,670
Valuation allowances against current assets	337	546
Provisions	443	220
Unrealized exchange rate losses (gains)	(214)	81
Capital loss on disposal of fixed assets	24	-
Income taxes	3,546	3,473
Decrease/(Increase) in derivative financial instruments	(282)	(193)
Interest expense	376	274
Other financial income and charges	465	559
Other non-cash (income)/expenses	-	(192)
Employee stock option plan	117	322
Non-controlling interest	4	5
<b>Gross cash provided by operating activities</b>	<b>24,644</b>	<b>23,571</b>
Decrease/(Increase) in inventories	(3,713)	(3,808)
Decrease/(Increase) in trade accounts receivable	(2,233)	211
Decrease/(Increase) in other assets	(1,245)	(3,510)
Increase/(Decrease) in trade accounts payable	(2,668)	(866)
Increase/(Decrease) in other liabilities	1,427	273
<b>Change in operating working capital</b>	<b>(8,432)</b>	<b>(7,700)</b>
Income tax paid	(2,331)	(3,576)
Interest paid	(376)	(274)
Other financial income and charges received/paid	(465)	(559)
<b>Net cash provided by operating activities</b>	<b>13,040</b>	<b>11,462</b>
<b>Investing activities</b>		
(In)tangible assets - acquisitions	(14,598)	(13,599)
(In)tangible assets - other changes	53	(4)
Acquisition of a subsidiary	(31,270)	-
Financial assets - other changes	4	-
<b>Cash flow from investing activities</b>	<b>(45,811)</b>	<b>(13,603)</b>

<b>Net cash flow before financing activities</b>	<b>(32,771)</b>	<b>(2,141)</b>
<b>Financing activities</b>		
Dividends paid	(7,547)	(7,042)
Treasury shares	1,382	(3,272)
Increase (+)/Reimbursement (-) of Capital	3,658	-
Receivings (+)/Reimbursement (-) of long-term funding	14,858	(6,632)
Receivings (+)/Reimbursement (-) of short-term funding	22,628	19,731
Receivings (+)/Reimbursement (-) of long-term receivables	(32)	(1)
<b>Cash flow from financing activities</b>	<b>34,947</b>	<b>2,784</b>
<b>Net change in cash and cash equivalents</b>	<b>2,176</b>	<b>643</b>
Cash and cash equivalents on January 1st	6,452	7,369
Effect of exchange rate fluctuations	(33)	39
Cash and cash equivalents on June 30	8,595	8,051
<b>Net change in cash and cash equivalents</b>	<b>2,176</b>	<b>643</b>

### 3.4 Consolidated statement of changes in equity

in thousands of EUR

	Issued capital	Share premium	Treasury shares	Consolidated Reserves	Translation differences	Hedging reserves	Equity - part of the group	Non-controlling interest	Total Equity
<b>EQUITY as on 1 January 2012</b>	<b>3,400</b>	<b>2,298</b>	<b>(7,855)</b>	<b>127,291</b>	<b>1,674</b>	<b>(93)</b>	<b>126,715</b>	<b>45</b>	<b>126,760</b>
Profit of the Financial Year	-	-	-	12,806	-	-	12,806	5	12,811
Currency translation differences	-	-	-	-	150	-	150	-	150
Hedging reserves	-	-	-	-	-	39	39	-	39
Net income and expense for the period recognised directly in equity	-	-	-	-	150	39	189	-	189
<b>Total comprehensive income and expenses for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,806</b>	<b>150</b>	<b>39</b>	<b>12,995</b>	<b>5</b>	<b>13,000</b>
Dividend payments to shareholders	-	-	-	(7,262)	-	-	(7,262)	-	(7,262)
Acquisitions/sale own shares	-	-	(3,243)	-	-	-	(3,243)	-	(3,243)
Share-based payments	-	-	-	322	-	-	322	-	322
Other	-	-	-	156	-	-	156	-	156
<b>EQUITY as on 30 June 2012</b>	<b>3,400</b>	<b>2,298</b>	<b>(11,098)</b>	<b>133,313</b>	<b>1,824</b>	<b>(54)</b>	<b>129,683</b>	<b>50</b>	<b>129,733</b>
Unavailable for distribution				22,293					
Available for distribution				111,020					

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

Reserves are unavailable for distribution because of legal restrictions.

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

### **4.1 Declaration of conformity**

These consolidated half year financial statements have been prepared in accordance with the International Financial Accounting Standards (IFRS), as approved by the European Commission, and with IAS 34. In preparing the financial statements the same IFRS principles for inclusion and valuation have been applied as for the consolidated annual financial statements at 31 December 2012. These half year financial statements also meet the requirements imposed by the FSMA (Financial Services and Markets Authority).



## 4.2 Segment information by geographical zone

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

The zones presented in the segment information are composed as follows:

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

### Segment information as per 30 June 2013

in thousands of EUR

	Continuing operations					
	Belgium + Corporate companies	France	The Netherlands	Other	Eliminations	Total
<b>Revenue</b>						
Sales to external customers	58,673	24,836	41,892	34,366		159,767
Inter-segment sales	32,942	6,640	831	1,568	(41,981)	-
<b>Total revenue</b>	<b>91,615</b>	<b>31,476</b>	<b>42,723</b>	<b>35,934</b>	<b>(41,981)</b>	<b>159,767</b>
<b>Results</b>						
Segment result REBIT	12,556	152	5,549	625	-	18,882
Non-recurrent operating result	(986)	-	(526)	-		(1,512)
Segment result EBIT	11,570	152	5,023	625	-	17,370
Result before tax, finance costs and finance revenue	11,570	152	5,023	625	-	17,370
Net finance costs						(350)
Result before income tax and minority interest						17,020
Income tax expense						(3,546)
<b>Net profit for the year</b>						<b>13,474</b>
<b>Assets and liabilities</b>						
Segment assets	137,916	17,199	115,091	40,091		310,297
Unallocated assets:						17,009
Tax receivables						8,319
Financial receivables						95
Cash and cash equivalents						8,595
<b>Total assets</b>						<b>327,306</b>
Segment liabilities	27,573	6,782	9,746	9,205		53,306
Unallocated liabilities:						118,435
Tax payables						37,500
Financial liabilities						80,935
<b>Total liabilities</b>						<b>171,741</b>
<b>Other segment information</b>						
Capital expenditure:						
Tangible fixed assets	7,635	186	8,949	125		16,895
Intangible fixed assets	409					409
Depreciation	4,158	584	1,054	561		6,357
Decrease/(increase) in amounts written off stocks, contracts in progress and trade debtors.	163	8	68	98		337

(1) 'Other' segment: there are no areas representing a relative interest of more than 10% of total sales.

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

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

**Segment information as per 30 June 2012**

in thousands of EUR

	Continuing operations					
	Belgium + Corporate companies	France	The Netherlands	Other	Eliminations	Total
Destruction of treasury shares						
<b>Revenue</b>						
Sales to external customers	45,092	21,956	40,799	31,502		139,349
Inter-segment sales	30,380	6,676	984	1,475	(39,515)	-
<b>Total revenue</b>	<b>75,472</b>	<b>28,632</b>	<b>41,783</b>	<b>32,977</b>	<b>(39,515)</b>	<b>139,349</b>
<b>Results</b>						
Segment result REBIT	9,935	294	6,110	1,396	-	17,735
Non-recurrent operating result	(494)	-	(231)	-		(725)
Segment result EBIT	9,441	294	5,879	1,396	-	17,010
Result before tax, finance costs and finance revenue	9,441	294	5,879	1,396	-	17,010
Net finance costs						(725)
Result before income tax and minority interest						16,285
Income tax expense						(3,474)
<b>Net profit for the year</b>						<b>12,811</b>
<b>Assets and liabilities</b>						
Segment assets	83,426	15,567	96,762	41,048		236,803
Unallocated assets:						15,413
Tax receivables						7,262
Financial receivables						100
Cash and cash equivalents						8,051
<b>Total assets</b>						<b>252,216</b>
Segment liabilities	24,126	5,617	9,724	8,251		47,718
Unallocated liabilities:						74,765
Tax payables						35,551
Financial liabilities						39,214
<b>Total liabilities</b>						<b>122,483</b>
<b>Other segment information</b>						
Capital expenditure:						
Tangible fixed assets	12,359	133	854	176		13,522
Intangible fixed assets	77	-	-	-		77
Depreciation	3,306	569	1,256	539		5,670
Decrease/(increase) in amounts written off stocks, contracts in progress and trade debtors.	250	7	139	139		535

(1) 'Other' segment: there are no areas representing a relative interest of more than 10% of total sales.

#### **4.3 Treasury shares**

At 31 December 2012, Lotus Bakeries owned 30,698 out of the 779,643 total issued shares. At 30 June 2013, Lotus Bakeries owned 25,748 out of the 794,513 total issued shares. Such treasury shares, which have been purchased under the option plans program for senior staff members and group management, have been deducted from equity.

#### **4.4 Dividends**

On 21 May 2013, EUR 7,786,227.40 of gross dividends in respect of the financial year 2012 were paid out.

On 21 May 2012, EUR 7,262,092.20 of gross dividends in respect of the financial year 2011 were paid out.

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

Net financial debt increased over the past 12 months by EUR 42 million. During this period, significant investments were made in the plants, and Biscuiterie Willems and the Dinosaurus brand were acquired. These investments amounted to EUR 75 million. The increase in net financial debt is significantly lower, at EUR 42 million, as a result of the strong operating cash flow over the past 12 months.

#### **4.6 Commitments to acquire tangible fixed assets**

At 30 June 2013 the group had kEUR 1,777 of commitments (kEUR 4,098 at 31 December 2012) to acquire tangible fixed assets. The main commitments relate to the expansion of the plants in Lembeke and Geldrop.

#### **4.7 Purchase Price Allocation Biscuiterie Willems**

In early 2013 Lotus Bakeries NV acquired 100% of the shares of Biscuiterie Willems BVBA and of BWI BVBA.

As of 30 June 2013, the fair value of the acquired assets and liabilities was determined in order to calculate provisionally the goodwill arising from this acquisition. Within twelve months of the date of acquisition, the final value of the acquired assets and liabilities will be determined and the necessary additional adjustments to the fair value will be made.

The purchase price of Biscuiterie Willems BVBA and BWI BVBA is composed as follows:

KEUR	Biscuiterie Willems BVBA + BWI BVBA		
	Belgian GAAP 31/12/2012	Fair value adjustments	Provisional fair value
<b>PURCHASE PRICE</b>			<b>35,000</b>
Property, plant and equipment	5,827	2,060	7,887
Intangible assets	11	0	11
Financial assets	1,000	-1,000	0
Inventories	1,519	-100	1,419
Trade and other receivables	5,699	-7	5,692
Cash and cash equivalents	3,730	0	3,730
Deferred tax assets	0	313	313
Bank loans and overdrafts	-2,758	1,000	-1,758
Trade and other payables	-2,398	-72	-2,470
Deferred tax liabilities	0	-901	-901
Other liabilities	0	-486	-486
<b>TOTAL NET ASSETS</b>	<b>12,630</b>	<b>807</b>	<b>13,437</b>
<b>Net value of revaluation of land</b>			<b>790</b>
<b>GOODWILL</b>			<b>20,773</b>

The goodwill of kEUR 20,773 arising from the acquisition can be attributed to the following components. First of all, at Lotus Bakeries, caramelized biscuits are currently produced at a single site. The goodwill can therefore be allocated in part to securing the business continuity for caramelized biscuits, given the opportunity value for the Group of aiming a second caramelized biscuit plant. Secondly, the acquisition of Biscuiterie Willems enables Lotus Bakeries to grow in the catering and food service segment, in which Biscuiterie Willems has a strong base, both inside and outside Europe. Third, Lotus has a strategy to market caramelized biscuits 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. The goodwill is not tax deductible. There are no other future obligations related to the sale.

The fair value of the assets and liabilities acquired in the above transaction is determined on a provisional basis. Any adjustment to the provisional amounts will be recorded within twelve months of acquisition date.

## 5. Auditor's report



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

### FREE TRANSLATION

### STATUTORY AUDITOR'S REPORT ON REVIEW OF CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED 30 JUNE 2013

#### Introduction

We have reviewed the accompanying consolidated balance sheet of Lotus Bakeries NV and its subsidiaries as of 30 June 2013 and the related consolidated statements of income, the consolidated statement of changes in equity and consolidated cash flows for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

#### Scope of Review

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

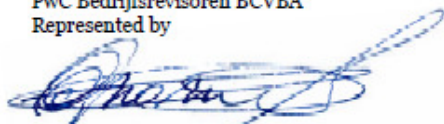
#### Conclusion

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

We have also read the financial accounting data presented in tabular form under point 1 of the press release concerning the half-year ended 30 June 2013 and confirm that such data are consistent with the half-yearly consolidated financial statements from which they are derived and which were the subject of our review as described above.

Ghent, 23 August 2013

PwC Bedrijfsrevisoren BCVBA  
Represented by



Peter Opsomer\*  
Partner

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

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RBS BE89 7205 4043 3185 - BIC ABNABEBR

## **6. Declaration by the persons responsible for the Half Year Financial Report**

We hereby certify that, to the best of our knowledge, the condensed consolidated financial statements for the six-months period ended 30 June 2013, which has been prepared in accordance with the IAS 34 “Interim Financial Reporting” as adopted by the European Union, gives us a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the scope of consolidation, and that the Half Year Financial Report includes a fair review of the important events that have occurred during the first 6 months of the financial year and of the major transactions with related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining 6 months of the financial year.

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

Jan Boone  
CEO

Jan Vander Stichele  
Executive Director

Lembeke, 26 August 2013