LOTUS BAKERIES: 2011 ANNUAL RESULTS

- Strong 4% organic growth
- Profit margins maintained
- Higher recurrent EBIT
- Caramelized biscuits and Cakes investment programmes on schedule

1. 2011 results

<table>
<thead>
<tr>
<th>Income statement (1) (in EUR thousands)</th>
<th>2011</th>
<th>2010</th>
<th>Evolution %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>275,598</td>
<td>264,823</td>
<td>+ 4.1</td>
</tr>
<tr>
<td>Recurrent operating result (REBIT)</td>
<td>36,363</td>
<td>34,955</td>
<td>+ 4.0</td>
</tr>
<tr>
<td>Recurrent operating cash flow (REBITDA) (2)</td>
<td>49,362</td>
<td>48,713</td>
<td>+ 1.3</td>
</tr>
<tr>
<td>Non-recurrent operating result:</td>
<td>(2,695)</td>
<td>(874)</td>
<td>+ 208.4</td>
</tr>
<tr>
<td>Operating result (EBIT) (3)</td>
<td>33,668</td>
<td>34,081</td>
<td>- 1.2</td>
</tr>
<tr>
<td>Financial result</td>
<td>(688)</td>
<td>(2,960)</td>
<td>- 76.8</td>
</tr>
<tr>
<td>Result before taxes</td>
<td>32,980</td>
<td>31,121</td>
<td>+ 6.0</td>
</tr>
<tr>
<td>Taxes</td>
<td>(9,165)</td>
<td>(8,055)</td>
<td>+ 13.8</td>
</tr>
<tr>
<td>Net result</td>
<td>23,815</td>
<td>23,066</td>
<td>+ 3.2</td>
</tr>
<tr>
<td>Net result: minority interest</td>
<td>13</td>
<td>11</td>
<td>+ 18.2</td>
</tr>
<tr>
<td>Net result: Group share</td>
<td>23,802</td>
<td>23,055</td>
<td>+ 3.2</td>
</tr>
</tbody>
</table>

| Total number of shares at 31 December (4) | 747,015 | 745,345 | + 0.2 |

<table>
<thead>
<tr>
<th>Key figures per share (in EUR)</th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurrent operating result (REBIT)</td>
<td>48.68</td>
<td>46.90</td>
<td>+ 3.8</td>
</tr>
<tr>
<td>Recurrent operating cash flow (REBITDA) (2)</td>
<td>66.08</td>
<td>65.36</td>
<td>+ 1.1</td>
</tr>
<tr>
<td>Net result: Group share</td>
<td>31.86</td>
<td>30.93</td>
<td>+ 3.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance sheet (in EUR thousands)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance sheet total</td>
<td>237,886</td>
<td>224,731</td>
<td>+ 5.9</td>
</tr>
<tr>
<td>Equity</td>
<td>126,760</td>
<td>109,795</td>
<td>+ 15.5</td>
</tr>
<tr>
<td>Investments (5)</td>
<td>16,982</td>
<td>17,090</td>
<td>- 0.6</td>
</tr>
<tr>
<td>Net financial debt (6)</td>
<td>10,882</td>
<td>23,763</td>
<td>- 54.2</td>
</tr>
</tbody>
</table>

Gros dividend (7) (in EUR per share)     | 9.40    | 8.80    | + 6.8   |

(1) Further information about the income statement and balance sheet can be found on the website: 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 31 December, excluding own shares
(5) Investments in intangible and tangible fixed assets
(6) Net financial debt is defined as financial debts - cash investments - liquid assets - own shares
(7) For 2011: dividend proposed to the Ordinary General Shareholders’ Meeting of 11 May 2012

The statutory auditor, PwC Bedrijfsrevisoren, represented by Lieven Adams, has confirmed that its audit work on the consolidated balance sheet and consolidated income statement, which has been substantially completed, has not revealed the need for any material deviations to the accounting information contained in this press release.
2. Explanations

2.1 Turnover

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

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

The gingerbread market turnover in the Netherlands 2011 grew by 5% in 2011. Koninklijke Peijnenburg’s many marketing activities have further stimulated the added value of the gingerbread market, taking total turnover on this market to above EUR 100 million. Within the gingerbread market, individually wrapped products are doing particularly well. A positive feature is that this turnover increase has been achieved with significantly lower promotional pressure. Turnover on the spreads market grew by 5%, bringing Lotus' market share to 19%.

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

An even stronger focus on Lotus caramelized biscuits in the UK & Ireland, Northern and Eastern Europe and North America areas and in our export markets produced further turnover growth and a stronger market position. In Poland, we have set up our own sales office and commenced distribution.
2.2 Operating result

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

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

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

2.3 Financial result

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

2.4 Taxes

The tax charge for 2011 amounts to EUR 9.2 million, representing an effective tax rate of 27.8 %.

2.5 Net result

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

2.6 Net financial debt

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

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

Investments in tangible and intangible assets amounted in 2011 to EUR 17.0 million. This compares with EUR 17.1 million in 2010.

In 2011, attention focused primarily on extending the Group’s caramelized biscuit production capacity at Lembeke and on expanding the Oostakker plant into a strategic cake production plant in which all of the Belgian cake production will be concentrated. Both projects are on schedule and within budget.

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

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

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

3. Further explanations in respect of 2011

Investments in gingerbread production Netherlands

On 23 November 2011 it was announced that Koninklijke Peijnenburg, a part of Lotus Bakeries, was planning to optimize its gingerbread bakeries in Geldrop and Sintjohannesga, ready for the future. Management intends to close the now out-of-date bakery in Geldrop in mid-2013 and to relocate production to the second bakery in Geldrop and to the bakery at Sintjohannesga in Friesland. For this, Koninklijke Peijnenburg will invest substantial amounts in both bakeries to be able react better and more flexibly to the growing and changing demand for gingerbread.

Management informed personnel of this decision and submitted an advice and voting application to the Koninklijke Peijnenburg Works Council. As a result of this decision, a net 8 jobs will be lost in mid-2013. 25 jobs will go in Geldrop, while 17 additional jobs will be created in Sintjohannesga. Forced redundancies in Geldrop cannot be excluded. Koninklijke Peijnenburg has successfully discussed the social plan with the Works Council and the trade unions.
Koninklijke Peijnenburg plans to invest around EUR 18 million in Geldrop and Sintjohannesga in order to continue to produce the most tasty gingerbread in the most up-to-date gingerbread bakeries. The one-off costs associated with these production optimizations amount to around EUR 1.7 million and have already been expensed in 2011.

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

**Acquisition of Out-of-Home customers Spain**

Since early 2008, Lotus Bakeries Iberica (the former Lopez Market), has been part of the Lotus Bakeries Group. Lotus Bakeries Iberica has been fully focused on the commercialization of products to Spanish supermarkets (retail), with sales to the out-of-home channel, mainly hotel and catering customers, undertaken in Spain by a specialist importer, Disnerga.

However, the strategy in Spain is to serve both the retail and the out-of-home channels from within the Lotus organization, so as to maximize growth. Lotus Bakeries and Disnerga therefore reached agreement for all out-of-home customers to be taken over by Lotus Bakeries Iberica. This transfer took place in early October of 2011. This gives an ideal platform from which to start the further expansion of the out-of-home channel in Spain by Lotus Bakeries Iberica.

**New headquarters in former presbytery of Lembeke**

The Lembeke site today houses the headquarters of the Lotus Bakeries Group, the Belgium Area organization including its caramelized biscuit factory, the sales and marketing organization and other support departments, as well as the Export Area.

With the international expansion and internal growth of the business, Lotus Bakeries needs to acquire more office space in the very near future. Lotus Bakeries now has the unique opportunity to buy the former presbytery of Lembeke from the municipality. This location has the advantage of lying just a few hundred metres from the caramelized biscuit factory.
On 15 September 2011 the municipal council unanimously approved the proposed sale to Lotus Bakeries. Lotus Bakeries is now in the phase of acquiring the necessary permits. It is expected that Lotus Bakeries will be able to start work on the initial renovation and the new ancillary building for the new headquarters at the earliest at the end of 2012.

4. Conclusion and prospects

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

During 2011 the group was able to maintain the strong profitability ratios of 13% recurrent operating result and 18% recurrent cash flow achieved in 2010. The cash flow will continue to serve the aforementioned investment programs.

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

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

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

The Board of Directors will propose to the Ordinary General Meeting of Shareholders of 11 May 2012 that the company declare for 2011 a net dividend of EUR 7.05 per share (gross dividend of EUR 9.40), compared with EUR 6.60 (EUR 8.80 gross) in 2010.

6. **Financial calendar**

- Financial analysts’ meeting: 14 February 2012
- Publication of the interim declaration covering the period from 01 January 2012: 11 May 2012
- Ordinary and Extraordinary General Meeting of shareholders: 11 May 2012
- Dividend payable from: 18 May 2012
- Announcement of 2012 half-year results: 27 August 2012

*Lotus Bakeries in a nutshell*

Lotus Bakeries focuses on authentic specialties from the biscuit and cake world: caramelized biscuits (speculoos), gingerbread, cake specialties, waffles and pepparkakor biscuits. Lotus Bakeries, with headquarters in Belgium, is a dynamic, internationally oriented company with production facilities in Belgium, the Netherlands, France and Sweden, own sales organizations in 9 European countries and in the United States/Canada, and an export department for the other countries. With around 1200 employees, Lotus Bakeries produces and sells high-quality, tasty products under the Lotus, Peijnenburg and Anna’s brand names. By maintaining a healthy balance between tradition and innovation, Lotus Bakeries indulges consumers with a unique range of products. In 2011 the Group achieved a turnover of EUR 275.6 million. The shares of Lotus Bakeries are listed on Euronext Brussels.

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Further information on Lotus Bakeries can be found on [www.lotusbakeries.com](http://www.lotusbakeries.com).