



2010

ANNUAL REPORT



 **PEIJNBURG**
Sinds 1883

ANNA'S



INDEX

Consolidated key figures	2
Key events in 2010	4
I. Message from the Chairman and the CEO	6
II. Lotus Bakeries' Strategy	8
III. Lotus Bakeries Group's Profile	10
IV. Corporate Governance Declaration	18
V. Report of the Board of Directors	32
1. Activities in 2010	33
2. Financial information	38
3. Prospects for 2011	42
4. Results and proposal for appropriation of result	43
VI. 'Care for today – Respect for tomorrow'	44
VII. Stock market information	50
VIII. Management Lotus Bakeries Group	54
IX. Financial statements	56
Consolidated financial statements	58
Five-year financial summary Lotus Bakeries Group	61
X. General information	62
In memoriam	64



CONSOLIDATED KEY FIGURES

in millions of EUR

	2010	2009	2008	2007	2006
INCOME STATEMENT					
Turnover	264.82	261.07	256.69	224.53	179.25
Raw materials, consumables and goods for resale	(82.38)	(87.32)	(93.50)	(75.31)	(60.35)
Services and other goods	(69.63)	(63.80)	(60.87)	(56.24)	(44.75)
Personnel costs	(65.53)	(65.00)	(61.20)	(56.34)	(47.50)
Depreciation and amounts written off ⁽¹⁾	(12.50)	(12.08)	(11.00)	(10.36)	(9.06)
Other operating income and charges (net)	0.17	1.71	3.93	2.42	2.36
Recurrent operating result (REBIT)	34.96	34.59	34.04	28.70	19.94
Recurrent operating cash flow (REBITDA) ⁽²⁾	48.71	48.20	45.69	38.75	28.46
Non-recurrent operating result	(0.87)	(0.29)	(0.78)	(0.94)	(1.12)
Operating result (EBIT) ⁽³⁾	34.09	34.30	33.26	27.76	18.82
Financial result	(2.96)	(2.83)	(6.94)	(3.97)	(3.19)
Result before taxes	31.13	31.47	26.32	23.79	15.63
Taxes	(8.06)	(8.20)	(6.41)	(3.44)	(4.52)
Result after taxes	23.07	23.27	19.91	20.35	11.11
Share in results of equity-consolidated enterprises	-	-	0.25	0.31	0.29
Result from discontinued operations	-	1.89	-	-	-
Net result	23.07	25.16	20.16	20.66	11.40
Net result : share of third parties	0.01	0.10	0.13	0.14	0.03
Net result : share of the Group	23.06	25.06	20.03	20.52	11.37
SELF-FINANCING AND INVESTMENTS					
Net cash flow ⁽⁴⁾	38.15	40.47	36.50	29.71	22.03
Investments ⁽⁵⁾	17.09	9.18	10.81	7.33	10.33
BALANCE SHEET					
Balance sheet total	224.73	226.11	227.91	195.33	199.50
Equity	109.80	101.20	85.86	68.92	54.68
Net financial debts ⁽⁶⁾	23.76	26.99	40.39	42.25	63.41
NUMBER OF PERSONS EMPLOYED⁽⁷⁾					
	1,198	1,224	1,245	1,152	1,159
CONSOLIDATED KEY FIGURES PER SHARE in EUR⁽⁸⁾					
	2010	2009	2008	2007	2006
Recurrent operating result (REBIT)	46,52	45,08	44,63	37,64	25,62
Recurrent operating cash flow (REBITDA) ⁽²⁾	64,83	62,81	59,91	50,82	36,56
Net result: share of the Group	30,68	32,67	26,28	26,90	14,61
Gross dividend ⁽⁹⁾	8,80	7,80	6,80	5,40	4,40
Net dividend	6,60	5,85	5,10	4,05	3,30
Weighted average number of shares	751,377	767,320	762,664	762,453	778,385
Total number of shares per 31 December	772,563	803,037	803,037	803,037	803,037

CONSOLIDATED KEY FIGURES OF THE LOTUS BAKERIES GROUP

(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 2010; proposed dividend to the General Meeting of 13 May 2011.

CONSOLIDATED KEY FIGURES

< One of our 'Star Products' is Lotus frangipane.

KEY EVENTS IN 2010



Koninklijke Peijenburg starts a new campaign under the slogan 'Van huis uit meegekregen!' ['Since we were kids!']

Poster campaign in France



Automation of the filled waffle production line (2-waffle pack)



Opening of a Biscoff coffee corner in the United States





Decision to enlarge production capacity at Lembeke and Oostakker



Introduction of Annas Lantkakor (caramelized biscuits) in Sweden and Finland

Automation of the individual madeleine production line



Sampling original caramelized biscuits at the World Expo China from 01/05/2010 until 31/10/2010



Announcement management succession:
 - Matthieu Boone becomes a non-executive member of the Board of Directors
 - Jan Boone CEO
 - Jan Vander Stichele COO

KEY EVENTS IN 2010



BAKERIES
SINCE 1932

CHAPTER

I MESSAGE FROM THE CHAIRMAN AND THE CEO



Jan Vander Stichele
Managing director

Karel Boone
Chairman

Matthieu Boone
CEO

Jan Boone
Managing director

For 2010 we set ourselves clear goals: we would focus more on our 'Star Products' and do better than the market. We then turned these challenging objectives into action plans for all regions and departments. This approach has paid off.

Although the total biscuit market, as broadly defined, remained unchanged in most countries - and even declined slightly in the Netherlands - we achieved growth of more than 2% in 2010 with our brands.

In this way Lotus Bakeries outperformed the market, while maintaining its margins. This success we owe to our clear strategy and to the commitment of all our employees.

Last year we paid special attention to the following aspects:

1. Additional and innovative advertising for the 'Star Products' in Belgium, Netherlands and France.
2. Continuous quality improvements and format innovation to meet the needs of today's consumers.
3. Completing the integration of Annas Pepparkakor Sweden into Lotus Bakeries and the organizational transformation of Lotus Bakeries North America.
4. The successful SAP integration of Annas Pepparkakor. Data accuracy, speed, uniformity and integration are highly valued by Lotus Bakeries. These were again given high priority. In 2011 Lotus Bakeries North America was also fully integrated into SAP.

Of course we do not lose sight of the long term. We continue to work to build a strong organization based on our key values of Team spirit, Open dialogue and Passion. These we fit into a broader context of Corporate Social Responsibility (CSR). CSR has been deeply anchored into Lotus Bakeries' way of thinking ever since the first generation. However, it is the first time that we systematically spotlight CSR in our annual report. In it we wish to show how CSR has a long history at Lotus Bakeries.

In 2011 new challenges present themselves. Since last autumn we have seen sharp increases in the cost of our raw materials and packaging. This has required Lotus Bakeries to adjust its prices.

Furthermore, in 2011 we shall be completing the transition from the second to the third generation of executive directors. Matthieu Boone reaches the age of 65 in May 2011. He will resign as CEO and from then on sit on the Board of Directors as a non-executive director. The new organization, which is described further on in the annual report, has been thoroughly prepared. The family directors and shareholders, the Board of Directors as a whole, along with the entire management and workforce, all have great confidence in the new Executive Committee and the distribution of responsibilities within it. Lotus Bakeries is proud that this phase has been completed to everyone's satisfaction. It ensures management continuity, while permitting the renewal and rejuvenation of general management.

Lotus Bakeries remains convinced that its strategy of continuing to invest significant sums in its brands and its products in the coming years should continue. On top of this it is crucial to continuously invest in order to maintain and even improve production performance and quality. Only in this way can products be produced with a distinctive taste and in a cost-efficient manner.

Together with everyone's commitment, which we can always count on, this will make 2011 another good year.



Matthieu Boone
CEO



Karel Boone
Chairman



CHAPTER II

LOTUS BAKERIES' STRATEGY

MISSION STATEMENT

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

Lotus Bakeries is built on three foundation stones:

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

LOTUS BAKERIES' STRATEGY

Lotus Bakeries operates in the field of authentic specialty biscuits and cakes.

Lotus Bakeries wants to strengthen its leadership in each of its specialty areas and is stimulating the internationalization of these products. The strong brand positions of the Lotus, Peijnenburg and Anna's labels confirm this leadership.

Lotus is the brand for caramelized biscuits (speculoos), caramelized biscuit spread, cakes, waffles & galettes and gingerbread in the various markets, except for two brands:

- Peijnenburg is the brand in the Netherlands for gingerbread and other specialties that fit the brand image 'Van huis uit meegekregen!' ['Since we were kids!'].
- Anna's is the brand for pepparkakor specialties.

Leadership is based on a clear brand policy that is recognizable to consumers and gives confidence in the products. Leadership is reinforced by the Lotus Bakeries 'beliefs' that lead to a number of strategic choices:

1. That the Lotus Bakeries specialties have growth potential. Lotus has increased its market share even in those areas where the specialties are traditional products in mature markets. For example, by focusing on strong products such as frangipane and madeleine in Belgium.
2. That continuing to invest in commercial efforts and growing Lotus' market share require adequate resources to be made available.

3. That Lotus Bakeries needs to choose which products to invest in to realize its growth potential. Product innovation is directed partly at 'format innovation' such as mini-Liège waffles.
4. That Lotus Bakeries should continue to invest in the most efficient possible production units. This is in order to continue to produce the best quality products at the most competitive cost price.
5. That the strategy must fit into a long-term vision. This is why Corporate Social Responsibility is of crucial importance for Lotus Bakeries. The following themes form the basis of Lotus Bakeries' CSR policy:
 - **Food & Health:**
Lotus Bakeries products meet the guidelines of current European food legislation. At the same time, Lotus Bakeries strives for a unique taste experience with specific attention to the health aspect.
 - **Use of raw materials:**
Lotus Bakeries will contribute to the use of sustainable raw materials out of a concern for today's and tomorrow's generations.
 - **Society:**
Lotus Bakeries takes its social responsibility seriously and wants to play an active role in society.
 - **Employees:**
Lotus Bakeries wants to be an employer that offers its employees a challenging career within its TOP (Team spirit, Open dialogue and Passion) culture. In so doing, Lotus Bakeries is keen to invest in the development and well-being of its employees.

CHAPTER **III** LOTUS BAKERIES GROUP'S PROFILE

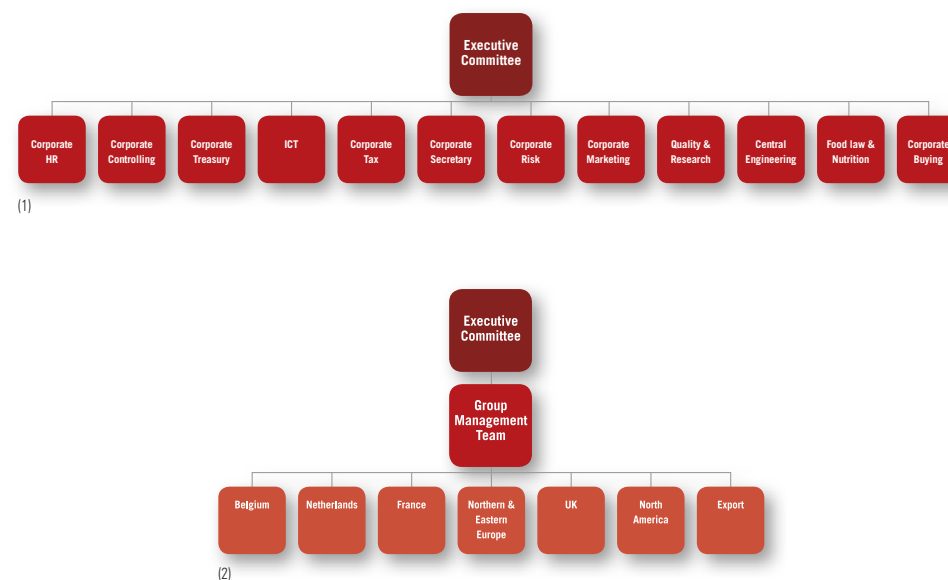


1. GROUP FUNCTIONS AND COUNTRY ORGANIZATION

In order to be able to realise its objectives and strategy in the most coherent and efficient manner possible, the Lotus Bakeries Group has opted for a group-wide management ⁽¹⁾ that is implemented by the Executive Committee (EXCO) and is cascaded to the various country and regional organizations (areas) ⁽²⁾. This whole (EXCO members and area management) comprises 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.

From May 2011 the Executive Committee will consist of the persons below with the following responsibilities:

Name	Function	Department
Jan Boone	CEO	
Jan Vander Stichele	COO	Corporate departments: Buying, Central Engineering, R&D, Quality, Food law & Nutrition
Marco de Leeuw (from 2012)	Corporate director international	Areas: North America, Export
Jos Destrooper	Corporate director finance & human resources	Corporate departments: Controlling, Treasury, HR
Ronald Drieduite	Corporate director home markets	Areas: Belgium, Netherlands, France, Northern & Eastern Europe, United Kingdom
Ignace Heyman	Corporate director marketing	Corporate department: Marketing
John Van de Par	Corporate director ICT, tax, legal & risk	Corporate departments: ICT, Tax, Corporate Secretary, Risk



ANNAS



2. PRODUCTS

Lotus Bakeries has opted for a brand policy based on authentic specialties from 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 GALETTES

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



PEPPARKAKOR BISCUITS

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



3. *PRODUCTION FACILITIES*

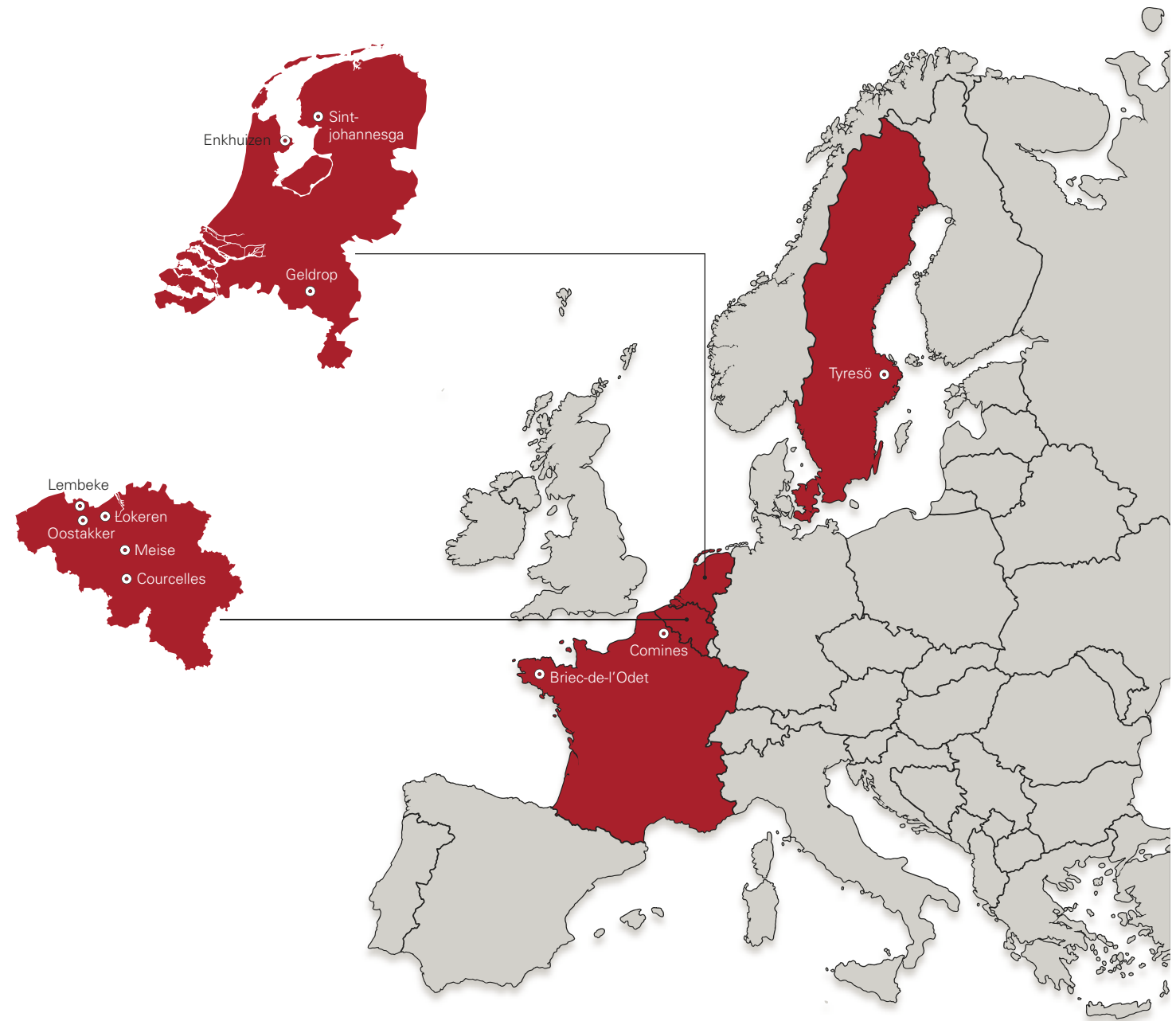
Lotus Bakeries' product range involves it in a wide range of different production technologies. Understanding, mastering and further developing these product technologies is a constant challenge. This makes it important to concentrate the products and production processes in specialized plants.

Our production sites from mid-2011 are:

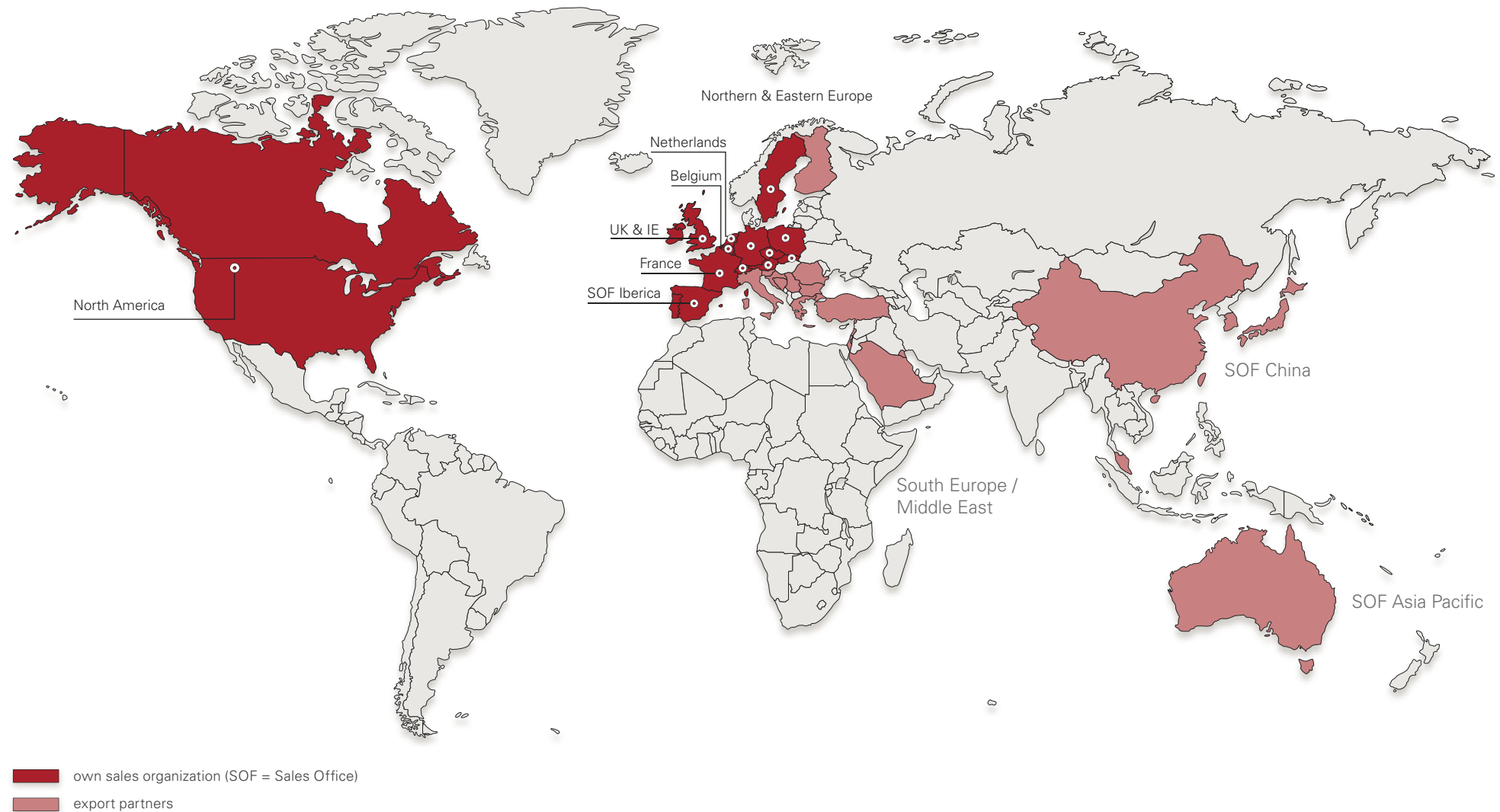
Belgium (*)		Netherlands		France		Sweden	
Lembeke	caramelized biscuits	Geldrop	gingerbread	Comines	cake specialties and filled waffles	Tyresö	pepparkakor biscuits
Oostakker	cake specialties	Sintjohannesga	gingerbread	Briec-de-l'Odé	Breton butter products		
Meise	waffles and galettes	Enkhuizen	Enkhuizer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

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

PRODUCTION FACILITIES



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





TV commercial Peijnenburg gingerbread –
'Van huis uit meegekregen!'
['Since we were kids!']

CHAPTER IV

CORPORATE GOVERNANCE DECLARATION



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

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

^{1.} CAPITAL AND SHARES

1.1 CAPITAL

At the Extraordinary General Meeting of Shareholders of Lotus Bakeries NV of 27 April 2010, following the merger of Lotus Bakeries NV and Bisinvest NV, the capital of the company was increased from EUR 1,500,000 to EUR 3,400,003.65. Since 27 April 2010, there have been no further changes in the capital of the company in the course of 2010.

1.2 SHARES

At the Extraordinary General Meeting of Shareholders of Lotus Bakeries NV of 27 April 2010, following the merger of Lotus Bakeries NV and Bisinvest NV, 470,175 Lotus Bakeries NV shares were destroyed and 439,701 new Lotus Bakeries shares were issued. In this way, following the merger, the total number of Lotus Bakeries shares reduces from 803,037 to 772,563.

On 31 December 2010 the number of shares in Lotus Bakeries NV totalled 772,563.

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 there were 3,400 share options issued in 2010. Per 31 December 2010 the total number of unexercised share options was 26,250.

Year of issue of the options	Number of allocated options	Number of options exercised	Total of available options
2006	9,950	7,750	2,200
2007	11,950	-	11,950
2008	-	-	-
2009	8,700	-	8,700
2010	3,400	-	3,400

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 2010, 4,180 treasury shares were purchased, representing a fractional value of EUR 18,392 or 0.54% of issued capital. The total number of shares purchased held in portfolio at the end of the financial year is 27,218, representing a fractional value of EUR 119,759,20 or 3.52% of issued capital.

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

2. SHAREHOLDERS AND SHAREHOLDING STRUCTURE

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

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

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

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

(3) The voting rights associated with the shares held by Lotus Bakeries Group Services NV have been suspended. The dividends have not been suspended and will be paid out to Lotus Bakeries Group Services NV.

Communication in the framework of 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%.

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 during 2010 is as follows:

Charlofin NV, represented by its permanent representative Baron Karel Boone

Non-executive Chairman

Karel Boone (69) holds a degree in Commercial Engineering (KUL). He began his career in 1966 as executive director of the Board of Directors of Lotus Bakeries (then named Lotus Biscuits). When Lotus Biscuits merged in 1974 with Corona, he became CEO. He was also Chairman of the Board of Directors from 1992 to 2006. Since October 2006 he has become the non-executive Chairman of the Board of Directors. He also holds other directorships with Bank Degroof, UCB (Chairman) and Vandemoortele (Chairman). He is also Honorary Chairman of the Association of Belgian Companies.

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

Beukenlaan NV, represented by its permanent representative Matthieu Boone

CEO

Matthieu Boone (64) holds a degree in Commercial Engineering (KUL). He is CEO of Lotus Bakeries. He has been a director of Lotus Bakeries since 1970. He is also a member of the Board of Directors of ACG Gent, HUB-KAHO (Hogeschool-Universiteit Brussel and Sint-Lieven Hogeschool) and Chairman of VKW Oost-Vlaanderen.

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

CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele

Executive director

Jan Vander Stichele (47) holds a degree in Civil Engineering (KUL) and has a Candidate degree in Applied Economics (KUL). His 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, and thereafter as general manager operations and current as managing director. He is a member of the Board of Directors since May 2005. 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 an executive director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2013.

Mercuur Consult NV, represented by its permanent representative Jan Boone

Executive director

Jan Boone (39) holds a licentiate degree in Applied Economics (KUL), as well as a Special Licentiate in Révisorat (UMH). He started his career in the Audit department of PricewaterhouseCoopers. In 2000 he started at Omega Pharma. Until May 2005 he was Head of Corporate Controlling and a member of the Executive Committee and Board of Directors. Since May 2005, he has been active at Lotus Bakeries as managing director. Since May 2005, he has also been a member of the Board of Directors of Lotus Bakeries. In addition he is an independent director of Omega Pharma and Durabrik.

The term of office of Mercuur Consult NV, represented by its permanent representative Jan Boone, as an executive 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 (59) 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 (34) holds a licentiate 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.

Jean-Luc Dehaene**Independent director**

Jean-Luc Dehaene (70) holds a doctorate in Law (KUL). He has held various ministerial posts, was Prime Minister of Belgium from 1992 to 1999 and was Deputy Chairman of the European Convention. Currently he is a member of the European Parliament. He has been a director of Lotus Bakeries since 2000. Since October 2008 he has been Chairman of the Board of Directors of Dexia. He is also a member of the Board of Directors of InBev, Umicore and Thrombogenics. The term of office of Jean-Luc Dehaene as an independent director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2011.

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

Herman Van de Velde (56) has a licentiate 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 het 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.

Wolferen BV, represented by its permanent representative Johan Lokhorst**Non-executive director**

Johan Lokhorst (58) holds degrees in Industrial Management, Market Management and Market Research (Landbouw Hogeschool Wageningen) and in Financing and Financial Analysis (Technische Hogeschool Enschede). He was general manager of Koninklijke Peijnenburg from 1999 till 2007. He is also Chairman of the Supervisory Boards of De Banket Groep BV, Hespri Holding BV and Bart's Retail Food Group BV, Rabobank Oost-Betuwe and Chairman of the Board of Salad Signature NV. He is a member of the Council of Animal Affairs and member of the Supervisory Board of Springpaarden Fonds Nederland BV. He has been a director of Lotus Bakeries NV since May 2007. The term of office of Wolferen BV, represented by its permanent representative Johan Lokhorst, as a non-executive director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2011.

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

Benoit Graulich (45) has Master's degrees in Law, Business and Finance from the Catholic University of Leuven (KUL). He began his professional career at PricewaterhouseCoopers and then Artesia Bank. In 2000 he became a partner at Ernst & Young and is currently a partner at Bencis Capital Partners. He is also a director of Wereldhave Belgium (Chairman), 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 (46) has a commercial engineering degree from Solvay Business School. She has a 23-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 is also member of the Unilever Benelux Board. 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.

The secretary of the Board of Directors is Filip Standaert, Corporate Secretary.

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

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

Jean-Luc Dehaene has reached the age limit and will therefore end his term of office as an independent director at the General Meeting of 13 May 2011. With his extensive experience and interest in the company, he has played an important role, over an 11-year period, in the good functioning and decision-making of the Board of Directors.

The term of office of Wolferen BV, represented by its permanent representative Johan Lokhorst, ends at the General Meeting of 2011.

With his experience at Koninklijke Peijnenburg, Johan Lokhorst has played a major role during his time as a director in the rapid and very smooth

integration of Koninklijke Peijnenburg into Lotus Bakeries. His extensive business knowledge has enabled him to make a significant contribution in the Board of Directors.

A proposal is made to appoint as a director for a 4-year term, in the category of independent director:

Sabine Sagaert BVBA, represented by its permanent representative Sabine Sagaert (44). Ms Sagaert has a degree in Commercial Engineering from the KUL, a Master's in Economic Legislation (UCL) and an MBA (KUL). She has spent most of her business career at AB InBev, most recently as Business Unit President Belux, and is currently CEO Dental Division at Arseus.

As from the Ordinary General Meeting of 13 May 2011, the Board of Directors will be composed of:

- Charlofin NV, represented by its permanent representative Karel Boone, non-executive Chairman
- Mercuur Consult NV, represented by its permanent representative Jan Boone, managing director and CEO
- CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele, managing director and COO

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

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

3.1.2 Activities of the Board of Directors

The Board of Directors met seven times in 2010. All directors were present at all meetings.

The subjects dealt with at the meetings were:

- recent sales and financial results
- results at 30/06 and 31/12 and proposed press releases
- strategy, long-term objectives and major action plans
- investment budget and global budget
- reports and recommendations from the Committees
- organization structure
- merger of Lotus Bakeries and Bisinvest
- new product introductions
- proposed subjects for the annual report
- risk management
- agendas for the General Meetings.

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

No situations occurred in the course of 2010 in which the procedure of Article 523 of the Companies' Code on conflicts of interest was applied in the Board of Directors.

In the course of 2010 no conflicts of interest occurred between Lotus Bakeries NV (including its associated companies) and its directors or members of the Executive Committee, falling under the conflict of interest rules of articles 523 and 524 ter of the Companies Code.

All transactions involving shares of Lotus Bakeries NV carried out in the course of 2010 by persons considered as insiders and by persons with executive responsibility were undertaken in accordance with the rules of Lotus Bakeries for the prevention of market abuse.

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

3.2 AUDIT COMMITTEE

The Audit Committee consists of three members: two independent directors, Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich (Chairman), and Dominique Leroy, and one non-executive director, Charlofin NV, represented by its permanent representative Karel Boone. All three members have accounting and audit experience. The Audit Committee met four times in 2010 and all members were present. The Auditor participated in part of all three meetings, at which he presented his findings to the Audit Committee.

The subjects examined were:

- proposal to draw up an inventory of risk areas
- systematic handling of some risk areas
- risk management
- Auditor's findings and recommendations
- IFRS accounting principles
- discussion of the external Auditor's reports in various fields
- group structures
- design of SAP authorization structure.

3.3 REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee consists of:

Jean-Luc Dehaene (Chairman), Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde, and Charlofin NV, represented by its permanent representative Karel Boone.

The Committee met twice in 2010, with all members present.

The subjects examined were:

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

As from the General Meeting of 13 May 2011, the Remuneration and Nomination Committee will consist of: two independent directors, Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde (Chairman) and Benoit Graulich BVBA represented by its permanent representative Benoit Graulich, and one non-executive director, Charlofin NV, represented by its permanent representative Karel Boone. All three members have both HR management and remuneration policy experience.

⁴ **EXECUTIVE COMMITTEE**

Until May 2011, the Executive Committee consists of:

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

The secretary of the Executive Committee is Filip Standaert, Corporate Secretary.

The Executive Committee met sixteen times in 2010. All members were present at all meetings. There were no transactions between Lotus Bakeries and the members of the Executive Committee that were in conflict with the interests of Lotus Bakeries.

In May 2011 the Executive Committee will be expanded to include:

- Ronald Drieduite: corporate director home markets
- Ignace Heyman: corporate director marketing
- Marco de Leeuw: corporate director international (from 2012).

The secretary of the Executive Committee is Axelle Heuvelmans, Corporate Secretary.

⁵ **REMUNERATION REPORT**

5.1 INTRODUCTION

The objective of the 2010 remuneration report is to provide specific data in a transparent manner concerning Lotus Bakeries' remuneration policy for its directors and executives. The remuneration report already fulfils the provisions of the Corporate Governance Act of 6 April 2010. The remuneration report below will be submitted to the General Meeting of 13 May 2011 for approval. The works council has been informed in accordance with the provisions of the Act. The report has also been reviewed by the Auditor.

5.2 PROCEDURE FOR DEFINING REMUNERATION POLICY AND REMUNERATION

5.2.1 Directors

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

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

5.2.2 Executive Managers

For the purpose of determining who falls into the category of 'Executive Managers' within the framework of 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 competent 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 2010

5.3.1 Non-executive and executive directors

POLICY CRITERIA

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

Neither the Company nor its subsidiaries provide any personal loans, guarantees or the like to other members of the Board of Directors.

Besides the fee, all reasonable expenses of members of the Board incurred with the consent of the Chairman of the Board are reimbursed.

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

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

Directors' remuneration is regularly benchmarked against a relevant sample of listed companies, to enable Lotus Bakeries to attract directors with relevant competences in the framework of its ambitions.

REMUNERATION

Board members each receive EUR 17,500 a year. The Chairman receives double this amount, i.e. EUR 35,000 a year. Each member of the Audit and Remuneration and Nomination Committee receives a fee of EUR 5,000 a year.

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

REMUNERATION POLICY IN COMING YEARS

In the General Meeting of 13 May 2011, a proposal will be made to increase the fixed fee to EUR 20,000 a year. The President will receive double.

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

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

5.3.2 Executive Managers

POLICY CRITERIA

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

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

In addition to their fixed remuneration, executive managers receive a variable compensation based on well-defined criteria, depending on the results of Lotus Bakeries.

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

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

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

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

REMUNERATION POLICY IN COMING YEARS

The evaluation criteria used to determine the variable compensation in 2010 are the main performance indicators based on the objectives for 2010. The evaluation period is 1 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.

RECOVERY PROVISIONS

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

5.4 DIRECTORS' REMUNERATION IN 2010

Board members each receive EUR 17,500 a year. The Chairman receives EUR 35,000 a year. Each member of the Audit and Remuneration and Nomination Committee receives a fee of EUR 5,000 a year. No options, shares or variable compensation are granted to non-executive directors.

The following table shows the remuneration awarded for 2010 to each member of the Board of Directors.

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

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

The objectives for 2010 were presented to the Remuneration and Nomination Committee. The evaluation criteria used to determine the variable compensation in 2010 are the main performance indicators based on the objectives for 2010. The evaluation period is 1 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.

5.6 CEO'S REMUNERATION IN 2010

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

The remuneration for 2010 is:

Remuneration CEO	2010
Fixed	439,125 EUR
Variable	174,245 EUR
Pension	58,612 EUR
Other	38,477 EUR

No other remuneration was granted in 2010.

In 2010 there was no long-term cash bonus plan in place.

Naam	Board of Directors	Audit Committee	Remuneration Committee	Total remuneration 2010
Charlofin NV, represented by its permanent representative Baron Karel Boone	Chairman	Member	Member	45,000 EUR
Beukenlaan NV, represented by its permanent representative Matthieu Boone	Managing director	-	-	17,500 EUR
CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele	Executive director	-	-	17,500 EUR
Mercur Consult NV, represented by its permanent representative Jan Boone	Executive director	-	-	17,500 EUR
PMF NV, represented by its permanent representative Johan Boone	Non-executive director	-	-	17,500 EUR
Anton Stevens	Non-executive director	-	-	17,500 EUR
Jean-Luc Dehaene	Independent director	-	Chairman	22,500 EUR
Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde	Independent director	-	Member	22,500 EUR
Wolferen BV, represented by its permanent representative Johan Lokhorst	Non-executive director	-	-	17,500 EUR
Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich	Independent director	Chairman	-	22,500 EUR
Dominique Leroy	Independent director	Member	-	22,500 EUR

5.7 REMUNERATION OF EXECUTIVE MANAGERS IN 2010 (EXCLUDING CEO)

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

The remuneration for all executive managers together for 2010 is:

EXCO (excl. CEO)	2010
Fixed	1,086,919 EUR
Variable	404,729 EUR
Pension	151,360 EUR
Other	98,555 EUR

In 2010 there was no long-term cash bonus plan in place.

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

Finally, there is a warrant plan that was implemented in 2007 and a stock option plan for those who were not yet eligible for the warrant plan. The grant of warrants in 2007 was for a period of 5 years, from 2007 to 2011 inclusive.

5.8 SHARE-BASED COMPENSATION

5.8.1 Allocations in 2010

In 2010, no shares or share options were granted to members of the Executive Committee.

5.8.2 Exercise of stock options in 2010

The share options exercised in 2010 by members of the Executive Committee are:

Name	Year of allocation	Number of options	Exercise price
Matthieu Boone	2005	1000	103.96 EUR
Jan Boone	2006	750	150.47 EUR
Matthieu Boone	2006	1000	150.47 EUR
Jan Vander Stichele	2006	750	150.47 EUR
Jos Destrooper	2006	500	150.47 EUR

In 2010 there are no lapsed unexercised options relating to members of the Executive Committee.

5.9 SEVERANCE PAY

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. For them, no specific departure arrangements have been agreed.

In 2010, 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.

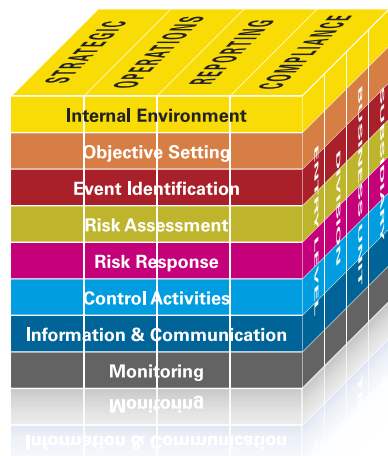
6.1 CONTROL ENVIRONMENT

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 Directives so that each area and corporate department clearly knows its 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, investments, insurance and the internal control environment.

Second, there is the 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 entirely in the same ERP package (SAP), which offers comprehensive capabilities for internal control and management. This facilitates the internal audits carried out by the Corporate Finance department.



6.2 RISK MANAGEMENT PROCESS

Lotus Bakeries has implemented an ongoing process of risk management, aimed at ensuring that this is 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, operating under the responsibility of the Board of Directors, has overall responsibility for the risk management process of Lotus Bakeries.

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

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

intended mainly to provide a complete review of the risks identified at that time, and the progress of actions taken. This progress is reported to the Audit Committee. In the second semester the main objective is to identify any new risks emerging in the already formulated annual plans for the following year. The outcome of this process is also reported to the Audit Committee. 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 discusses the results on a monthly basis at its meeting.

Lotus Bakeries has developed various dashboards and key performance indicators (KPIs) around its sales activities, factory operations, purchasing and logistics. These dashboards and reporting tools exist both for each area separately and in aggregate for the Group, and include both financial and non-financial KPIs.

Finally, internal audits are conducted by the various corporate departments in their areas of expertise such as Corporate Controlling regarding proper compliance with accounting principles and standards or the investment process, or Corporate Treasury management regarding the authorisation of payments, or 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 on a centralised basis.

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.

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 Banking, Finance and Insurance Commission.

7. ANNOUNCEMENTS IN THE FRAMEWORK OF ARTICLE 34 OF THE ROYAL DECREE OF 14 NOVEMBER 2007 – PROTECTIVE CONSTRUCTIONS

1. The Board of Directors of Lotus Bakeries NV is authorized by the General Meeting of Shareholders, in the event of a public takeover bid on the shares of the company, and by application of the authorized capital, to increase the capital of the company under the conditions of article 607 of the Companies Code. This authorisation was granted for a period of three years from 27 April 2010.
2. By resolution of the Extraordinary General Meeting of Shareholders of 8 May 2009 the Board of Directors is authorized, in accordance with the provisions of article 620 of the Companies Code, to acquire shares in the company for the account of the same, whenever such acquisition is necessary to prevent the company from suffering serious and imminent disadvantage. This authorization is granted for a period of three years from 2 June 2009 and is renewable.

8. EXTERNAL AUDIT

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

Audit fee for the Group audit 2010	in thousands of EUR
Lotus Bakeries NV	111
Lotus Bakeries Group	209
Total	320

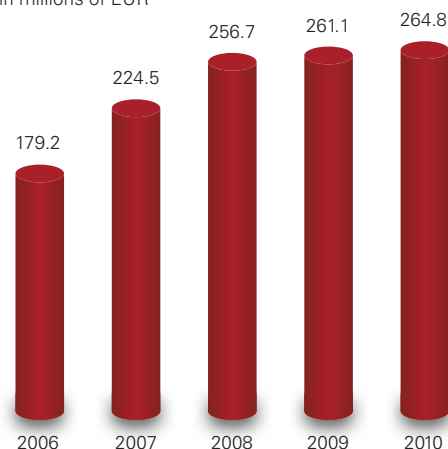


CHAPTER

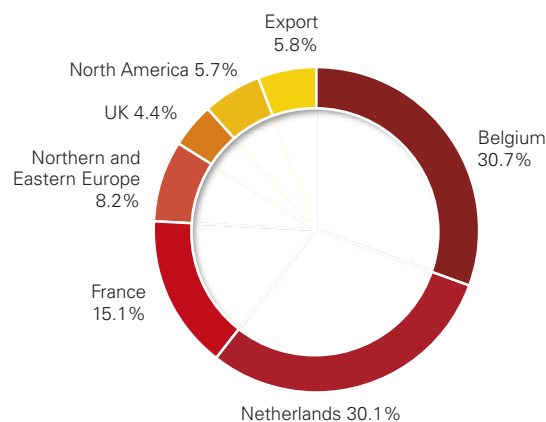
REPORT OF THE BOARD OF DIRECTORS

EVOLUTION OF TURNOVER

in millions of EUR



GEOGRAPHICAL TURNOVER DISTRIBUTION



V REPORT OF THE BOARD OF DIRECTORS

< Launch of new Anna's packaging in North America from mid-2011

1. ACTIVITIES IN 2010

1.1 MARKET SITUATION AND SALES RESULTS

GENERAL EVOLUTION OF TURNOVER

In 2010 the consolidated turnover of Lotus Bakeries grew by 1.4% to EUR 264.8 million. On a like-for-like basis, taking into account the ending of the Jaffa cake bars contract with Mc Vities, turnover was, thanks to the branded products, up by a large 2.5% in comparison with 2009.

The growth of the total biscuit market in Belgium in 2010 was slightly positive. Through constant focus on the quality of our products, and with increased media investments, the Lotus brand was able to significantly strengthen its market share in its specific segments of caramelized biscuits, cakes and waffles. In product innovation particular attention was paid to increasing consumer convenience and creating new consumption occasions. Although the hype that surrounded the launch of our caramelized biscuit spread is over, we see that Lotus caramelized biscuit spread has taken an important position in the 'bread spread' category.

The gingerbread market in the Netherlands experienced a slight downward trend through to September 2010. However, thanks to various initiatives by Koninklijke Peijnenburg, including a further improvement in quality and softness, new packaging and formats and large-scale media effort, the gingerbread market returned to growth in the last quarter, with a further strengthening of Koninklijke Peijnenburg's position. Sales of Lotus

caramelized biscuits and caramelized biscuit spread continued their sustained growth. Total sales of branded products in the Netherlands in 2010 were stable.

2010 was another excellent year for France. During the year, various additional commercial initiatives at the national level were rewarded with good growth in caramelized biscuits, caramelized biscuit spread and waffles.

A clear focus on caramelized biscuits in the United Kingdom, Northern and Eastern Europe, North America and Export areas is generating results. In all the above areas, sales of caramelized biscuits continued to grow.

SOME NOTABLE ACHIEVEMENTS IN DIFFERENT AREAS

Belgium

The Lotus brand continues to evolve positively in Belgium. An important factor here is our increasing focus on our top products. Two examples are the frangipane and the Liège waffle with chocolate.

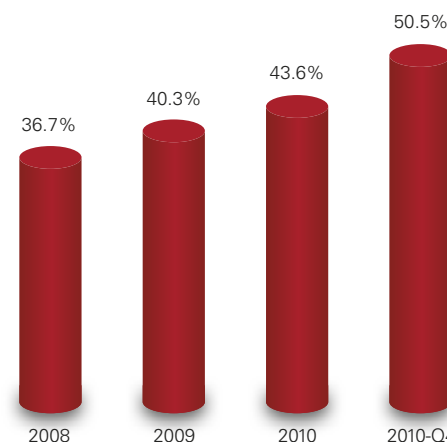
The Lotus frangipane is a true classic. Convinced that the Lotus frangipane still had growth potential, we picked out this product for extra support. In early 2009, an initial TV campaign for Lotus frangipane was broadcast. In both 2009 and 2010, there were three national TV campaigns. We also provided additional displays at POSs. On top of this we launched, in September 2010, the Lotus mini-frangipane. This smaller version of the traditional Lotus frangipane encourages its consumption as a snack.



Since the start of this global support plan in 2009, our frangipane sales have grown sharply, with Lotus' market share rising from 36.7% in 2008 to 40.3% in 2009 to 43.6% in 2010. During the last quarter of 2010 - i.e. since the launch of the mini-frangipane - our market share has risen as high as 50.5%. Moreover, the activation by Lotus has had the effect of significantly expanding the overall frangipane market.

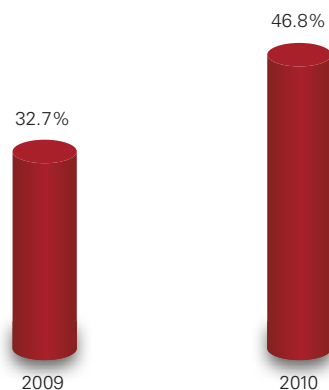
LOTUS MARKET SHARE

of the frangipane segment
(Nielsen - in value - total Belgium)



LOTUS MARKET SHARE

of the Liège waffle with chocolate segment
(Nielsen - in value - total Belgium)



The Lotus Liège waffle with chocolate is another classic with growth potential. The real Belgian chocolate, combined with strong production process control, enables the Lotus Liège waffle to deliver a superior taste experience. In order to continue to recruit even more new consumers, we launched a mini-version in April 2010. This was well received by the retail trade and consumers clearly appreciate this new variant.



The Lotus market share rose from 32.7% in 2009 to 46.8% in 2010. Again, we note that the Lotus momentum has produced a strong growth of the entire Liège waffle with chocolate segment.

Netherlands

The gingerbread market in the Netherlands experienced a slight downward trend through to September 2010. However, driven by various efforts by Koninklijke Peijnenburg, the gingerbread market started to grow again in the last quarter. Koninklijke Peijnenburg strengthened its position, gaining a full percentage point in volume share.

The recipe and the baking of Peijnenburg gingerbread were both optimized. Consumers state that it has become more tender and tastier. The packaging has been adapted to respond better to the varying household compositions in the Netherlands, and also updated and

smartened up. All this led in the second half of the year to a 17% growth in sales of Peijnenburg natural gingerbread.

The packaging of Snelle Jelle was also updated, with, since September 2010, 6 gingerbread slices instead of 4 in each package. A new radio campaign was started with the slogan Snelle Jelle – 'voor als je nog even door moet' ['for when you need to keep going that little bit longer']. In the on-the-go channel a distribution extension was undertaken with the existing version and the newly introduced individual 'Snelle Jelle Rozijn' and the 'Snelle Jelle kruidkoek' 3-pack. Snelle Jelle grew by 27% in volume in the second half of 2010.

Back to growth in the gingerbread market Koninklijke Peijnenburg market share +1%



France

In a context of strong structural competition on France's very dynamic caramelized biscuit market, Lotus Bakeries France began in 2009 a regional communication plan to accelerate the development in the north of the country of the 'Lotus' brand associated with its flagship product, 'l'Original Speculoos'.

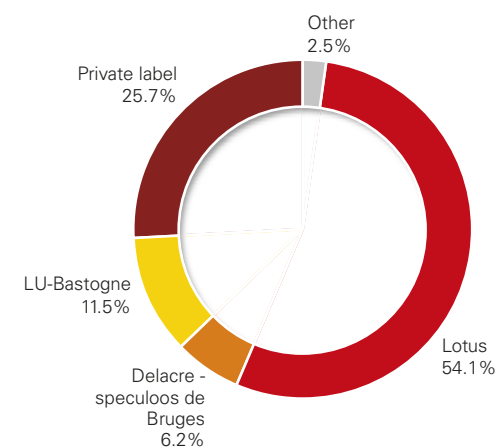
In 2010, this communication plan went national and was significantly boosted around a simple message and an awareness-building vector:

'Speculoos en 5 lettres...' = LOTUS !

The insinuation is that 'there are many different caramelized biscuits in French stores but only one is the true, Original one'.

The results were immediate. Lotus caramelized biscuits' market share rose by 4 points, bringing it back above 50% in late 2010. Over the same period, the penetration rate rose 1.4 percentage points. In this way, Lotus speculoos gained 442,000 new households in a single year, including 360,000 in just the last 6 months of 2010.

Market share, caramelized biscuits period 12 2010 (from 7 November 2010 to 12 December 2010) from 50.5% -> 54.1%





TV commercial Lotus caramelized biscuits – Israel

Export

Israel is an important export market and Lotus caramelized biscuits have a (weighted) distribution presence of 90%. To consolidate and further expand this, a national TV campaign was undertaken with significant operations in retail outlets (sampling, displays).

North America

Biscoff and Lotus (caramelized biscuits) grew significantly in the United States, achieving a 42% weighted distribution in retail channels.

14% growth of Lotus Biscoff (kg)



Northern and Eastern Europe

Early 2010: launch of Annas Lantkakor (caramelized biscuits) in Sweden and Finland. This produced a weighted distribution of 80% in Sweden and 50% in Finland. Contributing factors include intensive sampling and display operations in supermarkets.

Sweden: 80% distribution

Finland: 50% distribution



United Kingdom

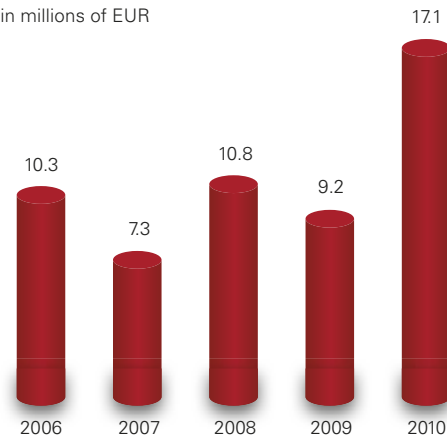
At the end of 2009 we launched our new international packaging, starting with the UK market. Following this our sales volume increased by 13% in 2010 vs. 2009.

Caramelised biscuits +13% (kg)



INVESTMENTS

in millions of EUR



1.2 INVESTMENTS AND INDUSTRIAL OPERATIONS

In 2010 investments in tangible and intangible assets amounted to EUR 17.1 million, compared with EUR 9.2 million in 2009.

The largest investment was the purchase of the land and the building at Tyresö (Sweden) for EUR 7.3 million. The former owners of Annas Pepparkakor had concluded a sale and leaseback operation in 2006.

The projects initiated in 2009 for the extensive automation of the packaging process for Snelle Jelle (Sintjohannesga), for the individually wrapped madeleines (Oostakker) and for filled waffles (Comines) were all successfully completed. In Comines, Lotus invested further in the dough preparation process for the Pommeline. The complete modernization of the dough room control system for the caramelized biscuit factory (Lembeke) was largely completed in 2010, as was the cooling capacity extension in Geldrop.

In 2011, attention will focus primarily on extending the Group's caramelized biscuit production capacity in Lembeke, and on expanding the Oostakker plant into a strategic cake production plant in which all of the Belgian cake production will be concentrated. Pepparkakor production will be concentrated in Tyresö.

Operational excellence and maximum employee involvement are key factors in the optimal functioning of the Lotus plants. Certain pilot projects have been completed with excellent results. This project approach is now being applied in other places and plants.

All plants operate to unambiguously defined and challenging standards in terms of return, quality (regularity, superior taste experience), hygiene and safety. A number of parameters are measured daily to ensure that every department has timely information with which to make any necessary adjustments. The plant teams remain highly motivated and focused on the proper operation of the departments and the continuous optimization and/or improvement of production processes.



1.3 PERSONNEL AND ORGANIZATION

Evolution of the workforce

The total number of employees decreased during the year by 26 to 1,198 at 31/12/2010.

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

Area /Organization	Number of employees	Change
Belgium	607	+8
Netherlands	308	-18
France	126	-4
Northern and Eastern Europe	50	-9
North America	36	-6
United Kingdom	6	+1
Export	15	-2
Corporate	50	+4
Total	1,198	-26

50.40% of employees are male, 49.60% female.

Lotus competencies and TOP culture

Lotus Bakeries has since 2007 used a proprietary competency model, Leadership@Lotus Bakeries, for its executives. This project sets out to clarify the role of our senior and middle management.

Following this, in 2010, a new proprietary competency model, entitled Working@Lotus Bakeries, was developed for all employees. In this model, our TOP values (Team spirit, Open dialogue and Passion) are once again central.

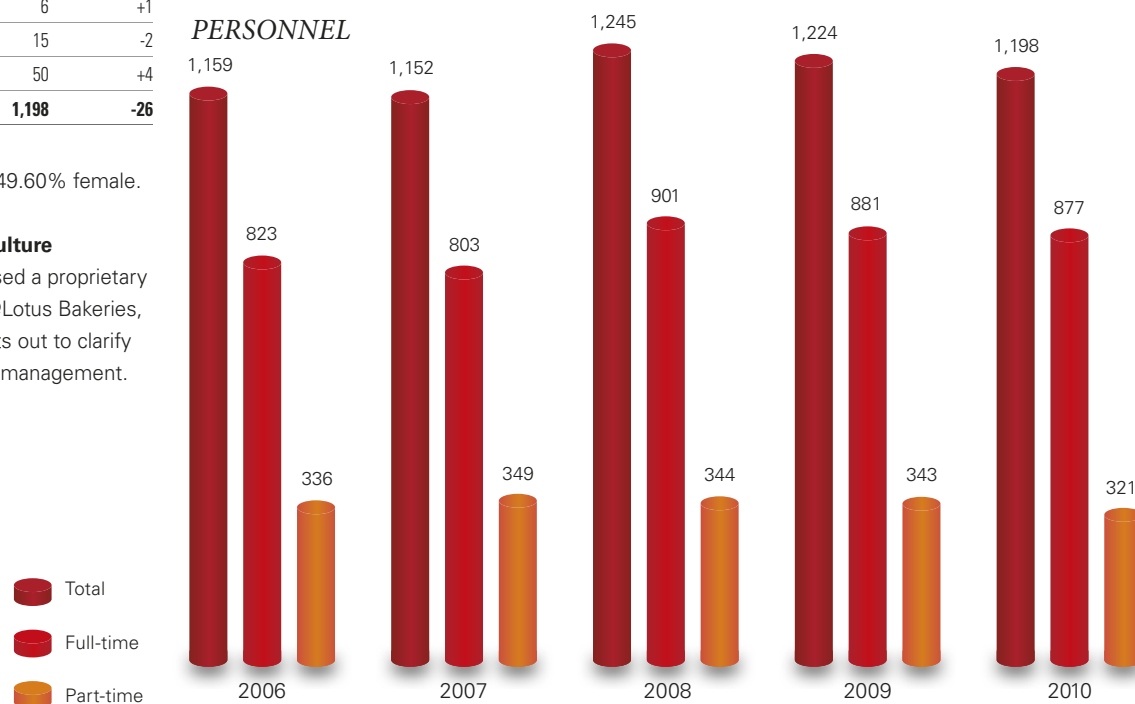
In addition, in cooperation with senior management, Lotus has selected and defined those competencies that it needs to support in order to continue to successfully realise its business goals.

This model helps to propagate the Lotus culture uniformly throughout the employee population. Additionally, Working@Lotus Bakeries forms an integrated model for all HR processes and tools, such as selection and development, at Lotus Bakeries.

In 2010, Working@Lotus Bakeries was implemented in Belgium and the Netherlands. In 2011 it will be rolled out in all other countries in which Lotus Bakeries operates.

The development of its employees on the basis of both competency models remains a priority for Lotus Bakeries.

PERSONNEL



² *FINANCIAL INFORMATION*

2.1 EVOLUTION OF COSTS

The increase in costs in 2010 is explained primarily 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.

2010 saw a significant decrease in the cost of raw materials, consumables and goods for resale. This is partly due to the cessation of production of Jaffa cake bars for Mc Vities.

2.2 PROFITABILITY

2010 confirmed the strong REBIT and REBITDA percentages of 2009. Recurrent operating result, at 13.2% of turnover, and recurrent operating cash flow at 18.4% are fully in line with 2009.

Recurrent operating result (REBIT) grew in absolute terms, from EUR 34.6 million to EUR 35 million. Recurrent operating cash flow (REBITDA) for 2010 amounted to EUR 48.7 million (+ EUR 0.5 million).

The non-recurrent operating result was kEUR -874. The non-recurring costs consist mainly of the amortization of amortizable brands from the 'purchase price allocation' related to the acquisition of Koninklijke Peijnenburg, of the cost of terminating the joint venture involving the Sweden merchandising team and of legal costs, including for the merger of Lotus Bakeries NV and NV Bisinvest.

The financial result, consisting primarily of interest on debt, amounted on an annual basis to a cost of EUR 3 million. This figure is in line with 2009.

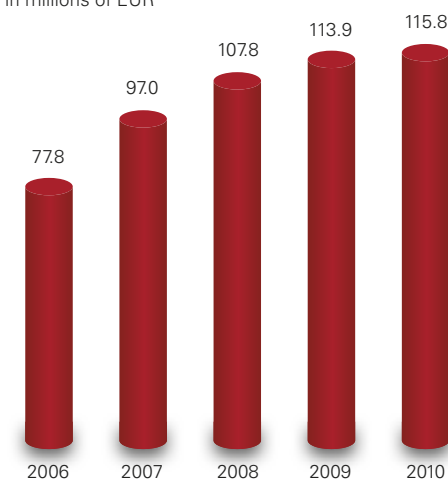
The tax charge for 2010 amounts to EUR 8.1 million, representing an effective tax rate of 26%.

The positive result from discontinued operations in 2009, amounting to EUR 1.9 million, is due entirely to the sale of the shares held in Harry's Benelux.

The net result amounts to EUR 23 million. The decrease of EUR 2 million versus 2009 is entirely attributable to the gain on the sale of the shares in Harry's Benelux in 2009.

Net financial debt in 2010 was significantly impacted by the merger of Lotus Bakeries and Bisinvest, leading to the acquisition of EUR 10.2 million of debt, also by the acquisition of land and buildings in Tyresö for EUR 7.3 million and, lastly, the acquisition of all the shares held by the joint venture partner of Margarinerie Hinnekens for approximately EUR 1 million. Given the strong cash flow in 2010, net financial debt fell from EUR 27 million to EUR 23.8 million.

*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 financial results is limited by the signing of contracts with a fixed price in euro for the 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, CAD, GBP, CZK and SEK. The net foreign exchange risk on these currencies is almost fully hedged by forward contracts and/or options contracts.

3. Interest rate risk

Long-term financial liabilities carry either fixed (kEUR 516) or variable (kEUR 29,159) interest rates, the latter based on Euribor rates for periods up to 1 year.

The variable interest rate risk on the outstanding 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 food services customers in various countries. For exports 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 (32 days

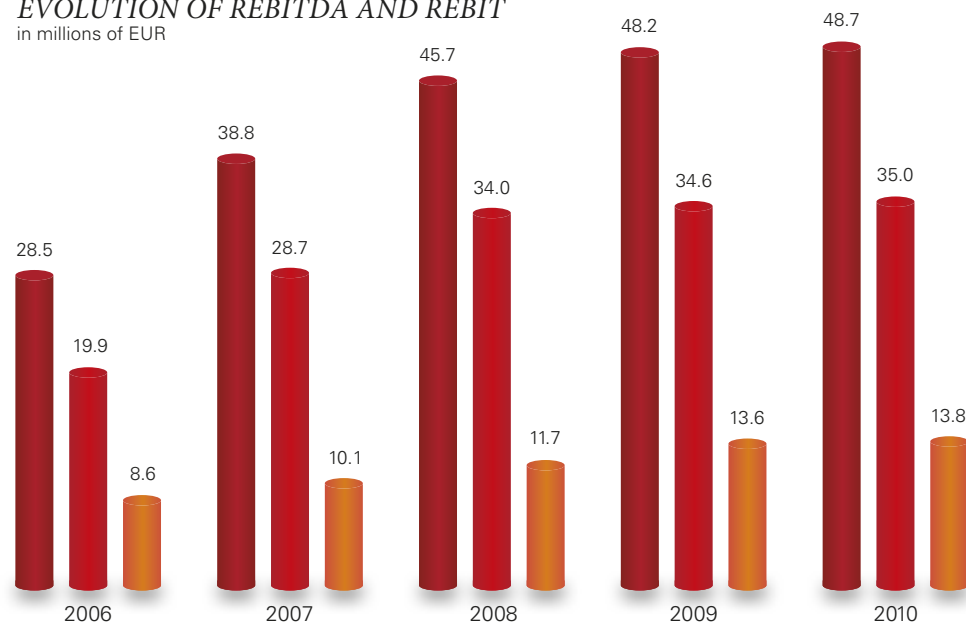
in 2010). Within the Lotus Bakeries Group, there are strict procedures to accurately follow up on customers and to handle possible risks as quickly and as efficiently as possible.

For financial operations, credit and hedging, the Lotus Bakeries Group works only with established financial institutions having credit ratings of A⁺ or higher.

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 2010 it easily met the financial covenants entered into in the 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 ISO, BRC and other audits take place at regular intervals.

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

8. Pension scheme risks

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

A major portion of these pension schemes are defined contribution schemes, including in Belgium, France, Sweden, Canada and the United States. These are funded by employer and employee contributions and charged to the income statement of the year in question.

Defined benefit pension schemes exist in the Dutch and German subsidiaries. In the Netherlands a defined pension plan has been concluded with BPF. Since the data for the defined pension calculation (cf. IAS 19) are not available, the plan is included under the defined contribution scheme.

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

FINANCIAL RATIOS

	2010	2009	2008	2007	2006
Days customer credit	32	30	30	27	34
Solvency ratio (%)	48.9	44.8	37.7	35.3	27.4
Liquidity ratio (Current ratio)	0.7	1.0	0.9	0.7	0.8
Gross sales margin (%)	17.9	17.9	17.5	17.4	15.6
Net cash flow/Net financial debts (%)	160.6	150.0	90.4	70.3	34.8
Net cost-effectiveness of equity (%)	21.0	24.9	23.5	30.0	20.9

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 SINCE 31 DECEMBER 2010

1. Production of pepparkakor

Lotus Bakeries' vision is to be the leader in the specialty market for pepparkakor biscuits with its Anna's brand. Central to this is the unique taste of the products. High and consistent product quality is of vital importance here.

In December 2010, Ikea, a major customer for our pepparkakor biscuits, announced that it would discontinue buying Anna's pepparkakor from June 2011. Ikea has recently opted for a new Food concept in its stores, with its Food section to be stocked entirely with Ikea's own brand products. In 2010 sales to Ikea amounted to nearly EUR 4 million, with a contribution margin of around EUR 1 million.

Right now the Ikea volume is produced at two manufacturing sites: Tyresö (Sweden) and High River (Canada).

In order to be able to continue to implement the strategic choices that have been made, Lotus Bakeries will produce all Anna's pepparkakor at Tyresö (Sweden) and close its High River (Canada) manufacturing location. Tyresö in this way becomes the specialized and efficient production location for pepparkakor biscuits.

The closure of the High River production facility is a well-considered choice, despite the measures that this will require. The closure will mean 11 permanent job losses in High River and this will create an additional seven jobs in Tyresö.

Centralizing production in Tyresö and increasing the output there offers the opportunity to better protect the unique taste experience and product quality of Anna's pepparkakor.

With the closure effectively completed, the North America organization can then concentrate fully on the major task of further expanding the Anna's (pepparkakor) and Lotus Biscoff (caramelized biscuits) brands. The North American market is one of the most important growth markets for Lotus Bakeries.

2. Court judgement with regard to the patenting of 'speculoospasta' (caramelized biscuit spread) in Belgium

On 20 January 2010 the Ghent Commercial Court, in the proceedings concerning the Belgian patent on caramelized biscuit spread held by Lotus Bakeries, declared the patent to be revoked. Lotus Bakeries decided not to lodge an appeal.

The unique taste experience of the Lotus caramelized biscuit spread reinforces Lotus Bakeries' assessment that the revoking of the patent will have little or no effect on the Lotus caramelized biscuit spread's market position.

FINANCIAL RATIOS

	2010	2009	2008	2007	2006
In % of operating income					
Added value	43.7	43.6	42.0	43.2	43.4
REBITDA	18.4	18.5	17.8	17.3	15.9
Net cash flow	14.4	15.5	14.2	13.2	12.3
REBIT	13.2	13.3	13.3	12.8	11.1
Net profit	8.7	9.6	7.9	9.2	6.4
In % of added value					
Personnel expenses	56.6	57.1	56.8	58.1	61.0
Depreciations ⁽¹⁾	9.8	9.7	9.4	10.0	10.9
Taxes	7.0	7.2	5.9	3.6	5.8
Net financial charges ⁽²⁾	2.6	2.5	6.4	4.1	4.1
Net profit	19.9	22.1	18.7	21.3	14.7

(1) Not included depreciations on consolidation differences.

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



TV commercial Lotus caramelized biscuits –
 'Bij koffie hoort Lotus.'/'A chaque café, son Lotus.'/'Every coffee needs a Lotus.'

3. *PROSPECTS FOR 2011*

In 2010, the Lotus Bakeries Group once again posted positive internal growth together with excellent profitability and cash flow. In Belgium, the Netherlands and France we saw a positive trend of the specialties under the Lotus and Peijnenburg brands through additional commercial investments and consumer communication. In 2010 especially our caramelized biscuits sales grew strongly, as in previous years, in all our sales areas.

In 2011 a number of major investment programs are starting up. First of all, production capacity will be increased to meet the growing demand for caramelized biscuits. Lotus Bakeries has decided to undertake a major investment at its Lembeke site, where already all its caramelized biscuits are produced. A clear focus on caramelized biscuits is a major pillar of the Group's long-term strategy.

In addition, preparations will start to extend the Oostakker plant into a strategic cake production plant where all cake production in Belgium will be centralized. Finally, in 2011, as indicated above, pepparkakor production will be centralized at Tyresö, to give us a single efficient, high-performance production plant focused on a single specialty.

Lotus Bakeries is convinced that the strategy of continuing to invest significantly in its brands and the associated products should be continued for the coming years. The clear focus on the main specialties will be continued. In addition to this, it is crucial to continuously invest in order to maintain and even improve the production performance, efficiency and quality of these specialties. Only in this way products can be produced with a distinctive taste and costprice.

In recent months, raw materials and packaging prices have increased significantly. Lotus Bakeries has therefore increased its selling prices in early 2011.

The Board of Directors and management are very confident that the fundamentals exist for further sales and profitability growth in the longer term.

4. RESULTS AND PROPOSAL FOR APPROPRIATION OF RESULT

CONSOLIDATED

The consolidated net profit of the year 2010 amounted to EUR 23.1 million as compared to EUR 25.2 million last year.

STATUTORY

The results of the year 2010 of the parent company Lotus Bakeries NV are as follows:

	in EUR
- Profit of the financial year	15,567,434.79
- Profit brought forward from previous financial period ⁽¹⁾	2,751,853.34
- Transfer from untaxed reserves	28,477.90
- Transfer to untaxed reserves	(202,022.20)
Profit for the year available for appropriation	18,145,743.83

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

- Allocation to other reserves	(11,107,189.43)
- Distribution of a gross dividend of 8.80 EUR per share to 772,563 shares ⁽²⁾	6,798,554.40
- Distribution of emoluments to directors	240,000.00
TOTAL	18,145,743.83

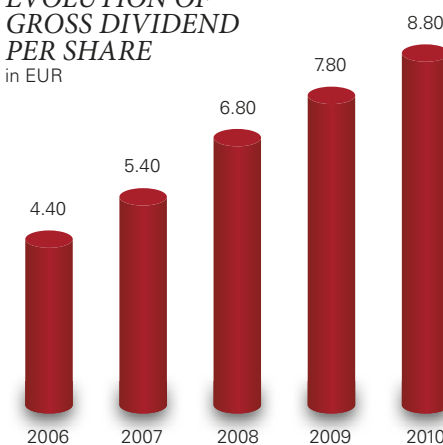
(1) As a result of the merger of Bisinvest

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

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

If the Ordinary General Meeting of shareholders of 13 May 2011 accepts the Board of Directors' proposal, the net dividend per share will amount to EUR 6.60, after deducting a withholding tax of 25%. This net dividend will be payable as from 20 May 2011 on surrender of coupon no. 23 at Bank Degroof, BNP Paribas Fortis, Dexia Bank, ING Bank, KBC Bank and Petercam.

**EVOLUTION OF
GROSS DIVIDEND
PER SHARE**
in EUR





CHAPTER

VI 'CARE FOR TODAY - RESPECT FOR TOMORROW' CORPORATE SOCIAL RESPONSIBILITY

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

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

1. FOOD & HEALTH

Lotus Bakeries' products fulfil all requirements of nutritional legislation. We seek to make our products as healthy as possible, while offering the consumer a unique taste perception and experience.

1.1 LEGISLATION

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

1.2 SALT

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

1.3 FAT

Lotus Bakeries has since 1999 used only vegetable oils to produce its products. In our quest for products with a unique taste sensation we of course also seek to include the lowest possible amount of fat and make minimum use of saturated fats. Gingerbread is a good example in our range of a low fat product with less than 2% fat. Since 2006 we have been aiming to remove trans fats from virtually all our products. In 2011 we shall be working on eliminating - if feasible - trans fat (present level < 5%) in the last products still containing them, that is our Carré Confiture, Glacé, Mergpijpjes (a form of battenberg) and Choco Jodekoek.

1.4 NATURAL COLOURANTS

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

1.5 NUTRITIONAL INFORMATION

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

Gebak
Pâtisserie

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde
Average nutrient value per 100g net weight

FRANGIPANE

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

Gemiddelde voedingswaarde per 100g netto gewicht
Average nutrient value per 100g net weight

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

% RDA = Reference Daily Amount
based on average diet of 2000 kcal

1.6 RESEARCH & DEVELOPMENT

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

1.7 FOOD SAFETY

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

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

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

2. SUSTAINABILITY

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

2.1 ENERGY

Lotus Bakeries is keen to contribute to the responsible use of energy. Initiatives are taken, for example, to reduce consumption and use green energy. Our target is to reduce our energy consumption at constant capacity - at both production locations and offices - by 2% a year.

In 2009/2010 the Lembeke facilities participated in the Flemish government's 'audit covenant' initiative. Analysis of all consumption patterns led to a number of energy-saving investments, including a condensing boiler and adapting the cooling installation. Similar initiatives are taking place at other locations. In 2010 a solar panel system (100 kW peak) came into operation at Lokeren and installation of solar panels has begun at Lembeke (450 kW peak).



2.2 PACKAGING

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



For example, since 2010 madeleines have been placed individually pre-wrapped in a cardboard box, which reduces by more than 30% the amount of plating/wrapping film in the total package.

2.3 RAW MATERIALS

Those Lotus Bakeries suppliers that source their products in less developed countries (primarily oil/fat, chocolate and ginger), are specifically asked for a commitment towards the local population. In future our aim will be to have our suppliers sign up to our sustainability charter.

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

In 2011, Lotus Bakeries joined the Round Table of Sustainable Palm. Before the end of the year Lotus Bakeries will be taking an important step towards the use of sustainable palm oil: all palm oil used by Lotus Bakeries after that date will be green palm oil. In 2012, Lotus Bakeries will cease using 'battery' eggs.

2.4 WATER

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



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

2.5 WASTE

All Lotus Bakeries plants make every effort to limit the production of waste. The small amount of final waste is currently less than 1% and is separated out and recycled as far as possible under the strict GMP standard. Cardboard and paper are collected separately and recycled.

3. SOCIETY

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

RESPONSIBILITY

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

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

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



Lotus Bakeries employees have already organized various activities to support this project, with Lotus Bakeries matching the funds raised by its personnel. This amount is doubled a second time by the food industry development fund. A great deal of local progress has already been made in this way. Our efforts to support this project will continue in 2011.



BAKERIES
SINCE 1932



4. EMPLOYEES

Lotus Bakeries wants to be an employer that offers its employees challenging work in a TOP (Team spirit, Open dialogue and Passion) culture. It is keen to invest in the further development and welfare of its employees.

4.1 TOP VALUES

Lotus Bakeries has since 2007 used a proprietary competency model, Leadership@Lotus Bakeries, for its executives. This project sets out to clarify the role of our senior and middle management.

Following this, in 2010, a new proprietary competency model, entitled Working@Lotus Bakeries, was developed for all employees. In this model, our TOP values (Team spirit, Open dialogue and Passion) are once again central. In addition, in cooperation with senior management, Lotus has selected and defined those competencies that it needs to support in order to continue to successfully realise its business goals.

This model helps to propagate the Lotus culture uniformly throughout the employee population. Additionally, Working@Lotus Bakeries forms an integrated model for all HR processes and tools, such as selection and development, at Lotus Bakeries.

In 2010, Working@Lotus Bakeries was implemented in Belgium and the Netherlands. In 2011 it will be rolled out in all other countries in which Lotus Bakeries operates.

4.2 CODE OF PRINCIPLES

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

4.3 COMMUNICATION

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

This communication takes place through the managers, regular departmental or team meetings and communication platforms (Plateau and Zoom). Lotus Bakeries will be working in 2011 on an intranet site. The objectives are to facilitate and accelerate the dissemination of internal information, making available and sharing knowledge, procedures and regulations and strengthening the Lotus identity across national borders.

4.4 PERSONAL DEVELOPMENT

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



CHAPTER VII

STOCK MARKET
INFORMATION

Koninklijke
PEIJNENBURG
- Sinds 1883 -



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, Dexia Bank, 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 2010, market capitalization of Lotus Bakeries amounted to EUR 312.8 million.

5. EVOLUTION OF THE LOTUS BAKERIES SHARE

The graph on page 53 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 51 of this annual report.

7. CORPORATE WEBSITE

A new corporate website was launched on 5 October 2009 (www.lotusbakeries.com).

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

STOCK DATA ABOUT THE LOTUS BAKERIES SHARE IN EUR

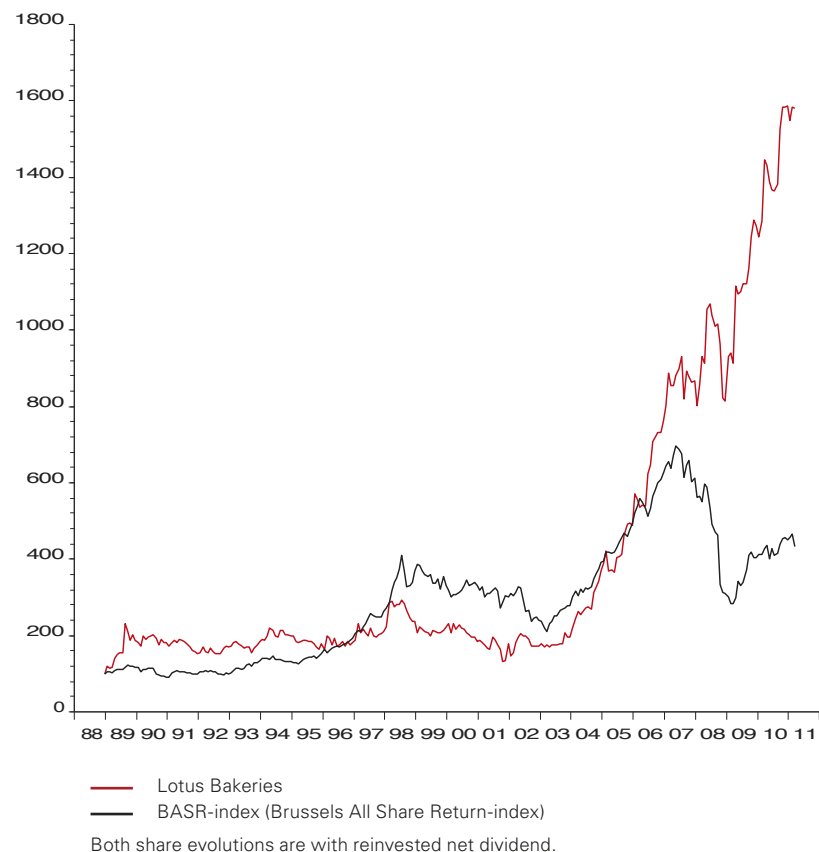
	2011	2010	2009	2008	2007	2006
Highest price till 31/03 in 2011	407.50	411.50	340.00	289.99	255.88	225.00
Lowest price till 31/03 in 2011	385.00	310.00	229.99	194.00	201.50	135.20
Price per 31/12 – per 31/03 in 2011	400.00	404.94	332.87	244.99	234.90	208.40
Market capitalization per 31/12 - per 31/03 in 2011 in millions of EUR	309.03	312.84	267.30	196.70	188.63	167.35
Number of shares per 31/12 – per 31/03 in 2011	772,563	772,563	803,037	803,037	803,037	803,037
Ratio price/earning (PER) ⁽¹⁾	13.39	13.56	10.62	9.76	9.13	14.68
Ratio price/cash flow (PCF) ⁽²⁾	8.10	8.20	6.60	5.39	6.35	7.60

(1) PER: Price Earnings Ratio: The price at the end of the year (per 31 March in 2011 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 2011 respectively) divided by net cash flow, per share at the end of the year.



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



VII STOCK MARKET INFORMATION

< 'Format innovation':
newly launched mini-frangipane

8. FINANCIAL CALENDAR

Friday 15 April 2011

Annual report 2010 available on
www.lotusbakeries.com

Friday 13 May 2011

Ordinary and Extraordinary General Meeting of
Shareholders at 4.30 p.m.
Announcement of the interim declaration
covering the period from 1 January 2011.

Friday 20 May 2011

Payment of dividend for the 2010 financial year

Monday 29 August 2011

Announcement of the half-year results for 2011

Monday 13 February 2012

Announcement of the year results for 2011

Friday 11 May 2012

Ordinary General Meeting of Shareholders.

9. PROPOSALS TO THE ORDINARY GENERAL MEETING OF 13 MAY 2011

1. Proposal to approve the statutory financial
statements dated 31 December 2010.
2. Proposal to approve the remuneration report
2010.
3. Proposal to approve the proposed distribution
of profits which is detailed on page 43.

4. Proposal to discharge by separate vote the
directors and the Auditor from their mandate
during the year 2010.

5. a. Proposal to appoint Sabine Sagaert BVBA,
represented by its permanent representative
Sabine Sagaert as an independent director of
Lotus Bakeries NV for a four-year term. Sabine
Sagaert BVBA, represented by its permanent
representative Sabine Sagaert fulfils the
criteria of independence established by
Article 526ter of the Companies Code.

b. Proposal to reduce the number of directors'
mandates from eleven to ten given the
termination of two directors' mandates and
the appointment as mentioned in item 5.a.
above.

6. Proposal to approve the proposed remuneration
of directors from 2011 onwards

- directors: EUR 20,000 per person per year
- Chairman of the Board of Directors:
EUR 40,000 per year
- members of the Audit Committee and the
Remuneration and Nomination Committee:
EUR 5,000 per person per year.

Situation from May 2011

EXECUTIVE COMMITTEE

Jan Boone	Chief Executive Officer (CEO)	
Jan Vander Stichele	Chief Operating Officer (COO)	Corporate departments: Buying, Central Engineering, R&D, Quality, Food law & Nutrition
Marco de Leeuw (from 2012)	Corporate director international	Areas: North America, Export
Jos Destrooper	Corporate director finance & human resources	Corporate departments: Controlling, Treasury, HR
Ronald Drieduite	Corporate director home markets	Areas: Belgium, Netherlands, France, Northern and Eastern Europe, United Kingdom
Ignace Heyman	Corporate director marketing	Corporate department: Marketing
John Van de Par	Corporate director ICT, tax, legal & risk	Corporate departments: ICT, Tax, Corporate Secretary, Risk

CORPORATE DEPARTMENTS

Corporate Marketing

Corporate Finance & HR

Joseph Bultynck	Corporate Treasury
Joeri Pergoot	Corporate Controlling
Denis Pieters	Consolidation
Katia Dobbelaere	Corporate HR

Corporate ICT, Tax, Legal & Risk

Tom De Corte	SAP
Axelle Heuvelmans	Corporate Secretary
Filip Standaert	Legal Counsel

Corporate Services Operations

Katrien De Vos	Quality & Research
Els Van Parijs	Research & Development
Etienne Geirnaert	Food law & Nutrition
Dirk Verstraeten	Central Engineering

COUNTRIES AND AREAS

LOTUS BAKERIES HOME MARKETS

Belgium

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

Netherlands

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

United Kingdom and Ireland

Paul Hunter	Director United Kingdom and Ireland
-------------	-------------------------------------

France

Martin Watrelot	General manager France
Patrick Alexandre	Finance and administration
Marc Berger	Plant Briec-de-l'Odét
Corentin Delsaut	Sales
Thierry Roose	Marketing
Ludovic Valente	Plant Comines

Northern and Eastern Europe

Joakim Inaeus	General manager Northern and Eastern Europe
Per Baumann	Finance and administration
Daniel Driving	Sales and Marketing Nordics
Seppo Koivumäki	Plant Tyresö
Fred Korfage	Germany/Austria/Switzerland
Marek Kowalewski	Poland
Tomáš Zbořilek	Czech Republic/Slovakia

LOTUS BAKERIES INTERNATIONAL

North America

Marco de Leeuw	Executive President North America
Michael Bannister	Executive Vice-President
Gary E. Payne	Executive Vice-President
Johan Wilms	Finance and administration

Export

Bart Bauwens	Director export
Ángel López	Iberica



BAKERIES
SINCE 1932

CHAPTER IX FINANCIAL STATEMENTS



In this section of the 2010 annual report, only the consolidated balance sheet, the consolidated income statement and the five-year financial summary for the Lotus Bakeries Group are presented. The financial supplement to this annual report contains all the financial data, including the consolidated external Auditor's report, and is available in Dutch and English.

The consolidated financial statements for 2010 shown hereafter have been prepared in accordance with IFRS rules as adopted by the EU with comparative IFRS figures for 2009.

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.

INDEX

Consolidated financial statements	58
Consolidated balance sheet	58
Consolidated income statement	59
Five-year financial summary Lotus Bakeries Group	61

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

in thousands of EUR

	31-12-10	31-12-09
ASSETS		
Non-current assets	178,257	170,301
Tangible assets	90,233	84,150
Goodwill	25,670	24,837
Intangible assets	61,576	60,822
Investment in other companies	32	38
Deferred tax assets	637	353
Other non-current assets including derivative financial instruments	109	101
Current assets	46,474	55,809
Stocks	12,998	12,947
Trade receivables	23,360	21,288
Tax receivables	2,967	3,083
Other amounts receivable	114	394
Derivative financial instruments	60	70
Cash and cash equivalents	6,302	16,249
Deferred charges and accrued income	673	1,778
TOTAL ASSETS	224,731	226,110
EQUITY AND LIABILITIES		
Equity	109,795	101,197
Issued capital	3,400	1,500
Share premium	2,298	2,298
Consolidated reserves	109,704	104,503
Translation differences	1,709	(32)
Treasury shares	(7,157)	(7,639)
Hedging reserves	(192)	(307)
Non-controlling interest	33	874
Non-current liabilities	50,571	69,313
Interest-bearing loans and borrowings	17,902	37,136
Deferred tax liabilities	28,700	28,619
Pensions	2,906	2,672
Provisions	948	738
Other non-current liabilities including derivative financial instruments	115	148
Current liabilities	64,365	55,600
Interest-bearing loans and borrowings	19,319	13,739
Provisions	79	216
Trade payables	23,509	22,138
Remuneration and social security	9,081	9,518
Tax payables	5,491	4,207
Derivative financial instruments	2,079	3,001
Other current liabilities	974	704
Accrued charges and deferred income	3,833	2,077
TOTAL EQUITY AND LIABILITIES	224,731	226,110

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in thousands of EUR

	2010	2009
Turnover	264,823	261,071
Raw materials, consumables and goods for resale	(82,378)	(87,315)
Services and other goods	(69,633)	(63,800)
Personnel costs	(65,533)	(64,996)
Depreciation and amortization	(11,318)	(11,084)
Decrease/(Increase) in amounts written off stocks, contracts in progress and trade debtors	(1,178)	(997)
Other operating income and charges (net)	172	1,714
Recurrent operating result (REBIT) ⁽¹⁾	34,955	34,593
Non-recurrent operating result	(874)	(294)
Operating result (EBIT) ⁽²⁾	34,081	34,299
Financial result	(2,960)	(2,826)
Financial income	2,730	3,531
Financial charges	(5,690)	(6,357)
Result before taxation	31,121	31,473
Income taxes	(8,055)	(8,202)
Result after taxation	23,066	23,271
Results from termination of activities	-	1,889
Net result	23,066	25,160
Net result: share of third parties	11	95
Net result: share of the Group	23,055	25,065
Other comprehensive income:		
Gains/(Losses) recognized directly in equity		
Currency translation differences	1,741	257
Financial instruments	115	(307)
Other comprehensive income for the year	1,856	(50)
Total comprehensive income for the year	24,922	25,110
Total comprehensive income for the year attributable to:		
Non-controlling interest	11	95
Equity holders of Lotus Bakeries	24,911	25,015
Earnings per share		
Basic earnings per share (EUR)	30.68	32.67
of discontinued operations	-	2.46
of continued operations	30.68	30.21
Diluted earnings per share (EUR)	29.72	31.93
of discontinued operations	-	2.41
of continued operations	29.72	29.52

(1) REBIT is defined as recurrent operating result.

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



FIVE-YEAR FINANCIAL SUMMARY LOTUS BAKERIES GROUP

CONSOLIDATED BALANCE SHEET

in thousands of EUR

	2010	2009	2008	2007	2006
Non-current assets	178,257	170,301	172,028	156,227	161,535
Tangible assets	90,233	84,150	86,408	83,441	85,986
Goodwill	25,670	24,837	24,147	17,151	17,151
Intangible assets	61,576	60,822	61,185	54,727	55,252
Deferred tax assets	637	353	170	163	1,954
Other non-current assets including derivative financial instruments	109	101	80	303	930
Current assets	46,474	55,809	55,884	39,100	37,967
Stocks	12,998	12,947	13,913	10,319	9,145
Trade receivables	23,360	21,288	20,985	16,489	16,903
Cash and cash equivalents	6,302	16,249	14,548	7,384	5,884
TOTAL ASSETS	224,731	226,110	227,912	195,327	199,502
Equity	109,795	101,197	85,855	68,924	54,678
Non-current liabilities	50,571	69,313	82,831	72,545	94,788
Interest-bearing loans and borrowings	17,902	37,136	50,159	43,603	59,640
Deferred tax liabilities	28,700	28,619	29,320	26,389	30,649
Current liabilities	64,365	55,600	59,226	53,858	50,036
Interest-bearing loans and borrowings	19,319	13,739	12,488	13,879	14,125
Trade payables	23,509	22,138	30,321	23,082	19,356
Remuneration and social security	9,081	9,518	8,480	6,717	7,433
TOTAL EQUITY AND LIABILITIES	224,731	226,110	227,912	195,327	199,502

CONSOLIDATED INCOME STATEMENT

in thousands of EUR

	2010	2009	2008	2007	2006
Turnover	264,823	261,071	256,687	224,528	179,245
Recurrent operating result (REBIT)	34,955	34,593	34,040	28,695	19,944
Non-recurrent operating result	(874)	(294)	(779)	(937)	(1,120)
Operating result (EBIT)	34,081	34,299	33,261	27,758	18,824
Financial result	(2,960)	(2,826)	(6,939)	(3,970)	(3,187)
Result before taxation	31,121	31,473	26,322	23,788	15,637
Income taxes	(8,055)	(8,202)	(6,405)	(3,440)	(4,523)
Result after taxation	23,066	23,271	19,917	20,348	11,114
Share in the result of the enterprises accounted for using the equity method	-	-	-	309	288
Result from assets held for sale	-	-	248	-	-
Results from termination of activities	-	1,889	-	-	-
Net result	23,066	25,160	20,165	20,657	11,402
Net result: share of third parties	11	95	125	144	27
Net result: share of the Group	23,055	25,065	20,040	20,513	11,375

EEN ECHTE FRIES HERKEN JE METEEN

DE NIEUWE VERPAKKING VAN SNELLE JELLE



Snelle Jelle zorgt dat de koek nooit op is

Registered Office

Lotus Bakeries NV
Gentstraat 52
B- 9971 Lembeke

Tel.: + 32 9 376 26 11
Fax: + 32 9 376 26 26
www.lotusbakeries.com

Register of legal persons of Ghent,
Enterprise number 0.401.030.860

Annual report

This annual report 2010 is also available on the
internetsite: www.lotusbakeries.com

Dit jaarverslag is eveneens verkrijgbaar in het
Nederlands.

De financiële bijlage bij het jaarverslag 2010 is
beschikbaar in het Nederlands en het Engels.
The financial supplement to the annual report
2010 is available in Dutch and in English.

Contact

For further information about the data of the
annual report or more information about the
Lotus Bakeries Group, please contact:
Axelle Heuvelmans
Corporate Secretary
Gentstraat 52
9971 Lembeke
Tel.: + 32 9 376 26 11
Fax: + 32 9 376 26 04
axelle.heuvelmans@lotusbakeries.com

Colophon

Concept and realization: ColorStudio
www.colorstudio.be

Translation

Lomax BVBA

Photos**Belgium**

ColorStudio - Duval Guillaume - FoodPhoto -
Koen Deprez - Michèle Francken - Quadri

France

JC. Decaux

Israel

Adler Chomsky & Warshavsky

Netherlands

Bureau David-raakt - Leukwerkt Worldwide -
The Communication Company -
Zero40-Rens van Mierlo

United States (San Francisco)

Turner Duckworth

Sweden

Falck & Co.



IN MEMORIAM

ANTOINE STEVENS

On 17 March 2011 we said farewell to Mr Antoine Stevens.

He was the founder of BVBA Corona and Chairman of the Board of Directors of Corona-Lotus from 1974 to 1992. After that he remained a Board member of Lotus Bakeries until 2002.

His merits in building up first Corona and later Corona-Lotus are hard to overestimate. Antoine was the man who placed Belgian cakes, and in particular Corona cakes, at a level of quality which was, and still is, unequalled.

As a major shareholder in Lotus Bakeries he always helped support the family anchoring. This is continued today by his son Anton as a member of the Lotus Bakeries Board of Directors.

We will always remember his strong personality, his human warmth and his exceptional good humour. Antoine was also a man of 'honour' and 'honesty'.

We express our condolences to his wife Gerda and his son Anton, and wish them every strength in their painful loss.



Gentstraat 52
B-9971 Lembeke



2010

ANNUAL REPORT
FINANCIAL SUPPLEMENT

ANNUAL REPORT



 **PEIJNENBURG**
Sinds 1883

ANNA'S



The consolidated financial statements for 2010 shown below have been prepared in accordance with IFRS rules as adopted by the EU with comparative IFRS figures for 2009.

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

The full statutory annual 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 corporate website of Lotus Bakeries, 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 statements of Lotus Bakeries NV.

INDEX

Consolidated financial statements	2	28. Investments in associated companies	30
Consolidated balance sheet	2	29. Acquisitions and disposal of subsidiaries	30
Consolidated income statement	3	30. Goodwill	31
Consolidated statement of changes in equity	4	31. Rights and commitments not reflected in the balance sheet	31
Consolidated cash flow statement	5	32. Post balance sheet events	32
		33. Related parties	32
Notes to the consolidated financial statements	6	34. Assets held for sale	33
1. Consolidated companies	6	35. Financial risk management	33
1.1 List of consolidated companies	6	36. Research and development	35
1.2 Changes in the group structure in 2010	7	37. Management responsibility statement	35
1.3 Legal structure	7	38. Information about the Statutory Auditor, its remuneration and additional services rendered	35
2. Accounting principles	8		
3. Segment reporting by geographical region	16	Statutory Auditor's report	36
4. Other operating income and charges	18		
5. Financial results	18	Five-year financial summary Lotus Bakeries Group	37
6. Personnel costs	19		
7. Depreciation and amounts written down on (in) tangible assets	19	Abridged statutory financial statements of Lotus Bakeries NV	39
8. Non-recurrent operating result	19	Balance sheet after appropriation of result	39
9. Income taxes on the results	20	Not-consolidated income statement	41
10. Earnings per share	20	Extract from the notes	42
11. Intangible assets	21	Accounting principles	43
12. Tangible assets	22		
13. Deferred taxes	23		
14. Dividends	23		
15. Other long-term receivables	23		
16. Stocks	23		
17. Trade receivables and other amounts receivable	24		
18. Net cash position	24		
19. Cash and cash equivalents	24		
20. Interest-bearing liabilities	25		
21. Issued capital	25		
22. Treasury shares	26		
23. Provisions	26		
24. Post-employment benefits	26		
25. Share-based payments	27		
26. Trade payables and other liabilities	29		
27. Financial derivatives	29		

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

in thousands of EUR	NOTES	31-12-10	31-12-09
ASSETS			
Non-current assets		178,257	170,301
Tangible assets	12	90,233	84,150
Goodwill	30	25,670	24,837
Intangible assets	11	61,576	60,822
Investment in other companies		32	38
Deferred tax assets	13	637	353
Other non-current assets including derivative financial instruments	15, 27	109	101
Current assets		46,474	55,809
Stocks	16	12,998	12,947
Trade receivables	17	23,360	21,288
Tax receivables	17	2,967	3,083
Other amounts receivable	17	114	394
Derivative financial instruments	27	60	70
Cash and cash equivalents	19	6,302	16,249
Deferred charges and accrued income		673	1,778
TOTAL ASSETS		224,731	226,110

in thousands of EUR	NOTES	31-12-10	31-12-09
EQUITY AND LIABILITIES			
Equity		109,795	101,197
Issued capital	21	3,400	1,500
Share premium		2,298	2,298
Consolidated reserves	14	109,704	104,503
Translation differences		1,709	(32)
Treasury shares	22, 25	(7,157)	(7,639)
Hedging reserves		(192)	(307)
Non-controlling interest		33	874
Non-current liabilities		50,571	69,313
Interest-bearing loans and borrowings	20	17,902	37,136
Deferred tax liabilities	13	28,700	28,619
Pensions	24	2,906	2,672
Provisions	23	948	738
Other non-current liabilities including derivative financial instruments	27	115	148
Current liabilities		64,365	55,600
Interest-bearing loans and borrowings	20	19,319	13,739
Provisions	23	79	216
Trade payables	26	23,509	22,138
Remuneration and social security	26	9,081	9,518
Tax payables	26	5,491	4,207
Derivative financial instruments	27	2,079	3,001
Other current liabilities	26	974	704
Accrued charges and deferred income	26	3,833	2,077
TOTAL EQUITY AND LIABILITIES		224,731	226,110

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in thousands of EUR	NOTES	2010	2009
Turnover		264,823	261,071
Raw materials, consumables and goods for resale		(82,378)	(87,315)
Services and other goods		(69,633)	(63,800)
Personnel costs	6	(65,533)	(64,996)
Depreciation and amortization	7	(11,318)	(11,084)
Decrease/(Increase) in amounts written off stocks, contracts in progress and trade debtors		(1,178)	(997)
Other operating income and charges (net)	4	172	1,714
Recurrent operating result (REBIT)⁽¹⁾		34,955	34,593
Non-recurrent operating result	8	(874)	(294)
Operating result (EBIT)⁽²⁾		34,081	34,299
Financial result	5	(2,960)	(2,826)
Financial income		2,730	3,531
Financial charges		(5,690)	(6,357)
Result before taxation		31,121	31,473
Income taxes	9, 13	(8,055)	(8,202)
Result after taxation		23,066	23,271
Results from termination of activities	28	-	1,889
Net result		23,066	25,160
Net result : share of third parties		11	95
Net result : share of the Group		23,055	25,065

(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.

in thousands of EUR	NOTES	2010	2009
Other comprehensive income:			
Gains/(Losses) recognized directly in equity			
Currency translation differences		1,741	257
Financial instruments		115	(307)
Other comprehensive income for the year		1,856	(50)
Total comprehensive income for the year		24,922	25,110
Total comprehensive income for the year attributable to:			
Non-controlling interest		11	95
Equity holders of Lotus Bakeries		24,911	25,015
Earnings per share	10		
Weighted average number of shares		751,377	767,320
Basic earnings per share (EUR)		30.68	32.67
of discontinued operations		-	2.46
of continued operations		30.68	30.21
Weighted average number of shares after effect of dilution		775,657	785,112
Diluted earnings per share (EUR)		29.72	31.93
of discontinued operations		-	2.41
of continued operations		29.72	29.52
Total number of shares ⁽³⁾		772,563	803,037
Diluted earnings per share (EUR)		29.84	31.21
of discontinued operations		-	2.35
of continued operations		29.84	28.86

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
EQUITY as on 1 January 2009	1,500	2,298	(7,706)	88,912	(302)	-	84,702	1,153	85,855
Profit of the Financial Year	-	-	-	25,065	-	-	25,065	95	25,160
Currency translation differences	-	-	-	-	257	-	257	-	257
Hedging reserves	-	-	-	-	-	(307)	(307)	-	(307)
Net income and expense for the period recognised directly in equity	-	-	-	-	257	(307)	(50)	-	(50)
Tot comprehensive income and expenses for the period	-	-	-	25,065	257	(307)	25,015	95	25,110
Dividend payments to shareholders	-	-	-	(5,384)	-	-	(5,384)	(29)	(5,413)
Acquisitions/sale treasury shares	-	-	67	-	-	-	67	-	67
Share-based payments	-	-	-	1,137	-	-	1,137	-	1,137
Purchase/sale of non-controlling interest	-	-	-	(5,366)	-	-	(5,366)	(345)	(5,711)
Other	-	-	-	139	13	-	152	-	152
EQUITY as on 31 December 2009	1,500	2,298	(7,639)	104,503	(32)	(307)	100,323	874	101,197
unavailable for distribution				3,797					
available for distribution				100,706					
EQUITY as on 1 January 2010	1,500	2,298	(7,639)	104,503	(32)	(307)	100,323	874	101,197
Profit of the Financial Year	-	-	-	23,055	-	-	23,055	11	23,066
Currency translation differences	-	-	-	-	1,741	-	1,741	-	1,741
Hedging reserves	-	-	-	-	-	115	115	-	115
Net income and expense for the period recognised directly in equity	-	-	-	-	1,741	115	1,856	-	1,856
Tot comprehensive income and expenses for the period	-	-	-	23,055	1,741	115	24,911	11	24,922
Merger	1,900		(16,563)	4,393	-	-	(10,270)	-	(10,270)
Dividend payments to shareholders	-	-	-	(6,061)	-	-	(6,061)	(32)	(6,093)
Acquisitions/sale treasury shares	-	-	482	-	-	-	482	-	482
Destruction of treasury shares	-	-	16,563	(16,563)	-	-	-	-	-
Share-based payments	-	-	-	939	-	-	939	-	939
Purchase/sale of non-controlling interest	-	-	-	(151)	-	-	(151)	(820)	(971)
Other	-	-	-	(411)	-	-	(411)	-	(411)
EQUITY as on 31 December 2010	3,400	2,298	(7,157)	109,704	1,709	(192)	109,762	33	109,795
unavailable for distribution				21,775					
available for distribution				87,929					

Reserves are unavailable for distribution because of legal restrictions.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of EUR	2010	2009
Operating activities		
Net profit	23,055	25,065
Amortization of (in)tangible assets	11,318	11,084
Valuation allowances against current assets	1,155	1,000
Provisions	769	500
Unrealized exchange rate losses (gains)	(171)	222
Capital loss on disposal of fixed assets	15	273
Income taxes	8,055	8,202
Decrease/(Increase) in derivative financial instruments	(897)	115
Interest expense	1,231	1,713
Other financial income and charges	2,822	871
Employee stock option plan	939	1,137
Result from discontinued operations	-	(1,889)
Non-controlling interest	11	95
Gross cash provided by operating activities	48,302	48,388
Decrease/(Increase) in inventories	(873)	(2)
Decrease/(Increase) in trade accounts receivable	(1,716)	(333)
Decrease/(Increase) in other assets	1,766	811
Increase/(Decrease) in trade accounts payable	1,171	(8,167)
Increase/(Decrease) in other liabilities	801	2,939
Change in operating working capital	1,149	(4,752)
Income tax paid	(8,558)	(9,016)
Interest paid	(1,231)	(1,713)
Other financial income and charges received/paid	(2,822)	(871)
Net cash provided by operating activities	36,840	32,036

in thousands of EUR	2010	2009
Net cash provided by operating activities	36,840	32,036
Investing activities		
(In)tangible assets - acquisitions	(17,090)	(9,184)
(In)tangible assets - other changes	45	83
Proceeds from sale/(acquisitions) of financial assets	6	-
Proceeds from sale of an associate	-	2,226
Cash flow from investing activities	(17,039)	(6,875)
Net cash flow before financing activities	19,801	25,161
Financing activities		
Dividends paid	(5,328)	(5,387)
Treasury shares	(101)	67
Acquisition of a subsidiary	(971)	(6,151)
Receivings (+)/Reimbursement (-) of long-term funding	(25,234)	(11,684)
Receivings (+)/Reimbursement (-) of short-term funding	1,335	(88)
Receivings (+)/Reimbursement (-) of long-term receivables	(7)	(217)
Cash flow from financing activities	(30,306)	(23,460)
Net change in cash and cash equivalents	(10,505)	1,701
Cash and cash equivalents on January 1st	16,249	14,548
Effect of exchange rate fluctuations	558	-
Cash and cash equivalents on December 31	6,302	16,249
Net change in cash and cash equivalents	(10,505)	1,701

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED COMPANIES

1.1 List of consolidated companies

	Address	VAT or national number	2010 %	2009 %
A. Full consolidation				
Cremers-Ribert NV	Gentstraat 52, B-9971 Lembeke	VAT BE 0427.808.008	100.00	100.00
Interwaffles SA	Rue de Liège 39, B-6180 Courcelles	VAT BE 0439.312.406	100.00	100.00
Lotus Bakeries Group Services NV	Gentstraat 52, B-9971 Lembeke	VAT BE 0443.714.127	100.00	100.00
Lotus Bakeries NV	Gentstraat 52, B-9971 Lembeke	VAT BE 0401.030.860	100.00	100.00
Lotus Lekkers NV	Gentstraat 52, B-9971 Lembeke	VAT BE 0881.664.870	100.00	100.00
Margarinerie Hinnekens NV	Kerkstraat 33 B, B-9971 Lembeke	VAT BE 0421.694.038	100.00	55.00
Lotus Bakeries Schweiz AG	Eisenbahnstrasse 11, CH-4900 Langenthal	VAT CH 482 828	100.00	100.00
Lotus Bakeries Invest AG	Eisenbahnstrasse 11, CH-4900 Langenthal	VAT CH 650 757	100.00	100.00
Lotus Bakeries CZ s.r.o.	Praag 3, Slezská 844/96, CZ-130 00 Praag	VAT CZ 271 447 55	100.00	100.00
Lotus Bakeries GmbH	Schumanstrasse 33, D-52146 Würselen	VAT DE 811 842 770	100.00	100.00
Biscuiterie Le Glazik SAS	Zone Industrielle 2, F-29510 Briec-de-l'Odét	VAT FR95 377 380 985	100.00	100.00
Biscuiterie Vander SAS	Place du Château BP 70091, F-59560 Comines	VAT FR28 472 500 941	100.00	100.00
Lotus Bakeries France SAS	Place du Château BP 50125, F-59560 Comines	VAT FR93 320 509 755	100.00	100.00
Lotus Bakeries UK Ltd.	3000 Manchester Business Park, Aviator Way, Manchester, M22 5TG UK	VAT GB 606 739 232	100.00	100.00
Lotus Bakeries Réassurances SA	Rue du Kiem 145, L-8030 Strassen	R.C.S. Luxembourg B53262	100.00	100.00
Koninklijke Peijnenburg BV	Nieuwendijk 45, NL-5664 HB Geldrop	VAT NL003897187B01	100.00	100.00
Peijnenburg's Koekfabrieken BV	Nieuwendijk 45, NL-5664 HB Geldrop	VAT NL001351576B01	100.00	100.00
WK Koek Beheer BV	Streek 71, NL-8464 NE Sintjohannesga	VAT NL006634199B01	100.00	100.00
WK Koek Bakkerij BV	Streek 71, NL-8464 NE Sintjohannesga	VAT NL006634151B01	100.00	100.00
Enkhuizer Koekfabriek BV	Oosterdijk 3e, NL-1601 DA Enkhuizen	VAT NL823011112B01	100.00	-
Lotus Bakeries Nederland BV	Nieuwendijk 45, NL-5664 HB Geldrop	VAT NL004458953B01	100.00	100.00
Lotus Bakeries Asia Pacific Pte. Ltd.	8 Wilkie Road, #03-01, Wilkie Edge, Singapore 228095	Registration no. 200308024H	100.00	100.00
Lotus Bakeries Asia Pacific Limited	Room 2302, 23 rd Floor, Caroline Centre, Lee Garden Two, 28 Yun Ping Road, Hong Kong	Inland Revenue Department file no. 22/51477387	100.00	-
Lotus Bakeries North America Inc.	50 Francisco Street, Suite 115, San Francisco CA 94133, California, USA	IRS 94-3124525	100.00	100.00
López Market S.L.	Andrés Alvarez Caballero, Polígono Industrial Valdonaire 22-24-26, 28970 Humanes (Madrid), Spain	VAT B80405137	95.00	95.00
Annas - Lotus Bakeries Holding AB	Radiovägen 23, Box 321, SE-135 29 Tyresö, Sweden	Registration no. 556757-7241	100.00	100.00
Annas Pepparkakor Holding AB	Radiovägen 23, Box 321, SE-135 29 Tyresö, Sweden	Registration no. 556675-9030	100.00	100.00
AB Annas Pepparkakor	Radiovägen 23, Box 321, SE-135 29 Tyresö, Sweden	VAT SE556149914501	100.00	100.00
Pepparkakshuset i Tyresö AB	Radiovägen 23, Box 321, SE-135 29 Tyresö, Sweden	VAT SE556736094501	100.00	100.00
Lotus Bakeries North America Calgary Ltd	P.O. Box 5880, High River, AB T1V 1P6, Canada	GST 131 644 205	100.00	100.00

B. Associated company accounted for using the equity method

Annas-Finax-Herrljunga Sälj AB	Radiovägen 23, Box 321, SE-135 29 Tyresö, Sweden	VAT SE556210900801	-	33.00
--------------------------------	--	--------------------	---	-------

In 2010 the following changes took place in the Group:

Through this merger, Lotus Bakeries NV acquired the entire assets and liabilities of Bisinvest NV. With the merger Lotus Bakeries acquired 470,175 of its treasury shares, (i.e. the shares in Lotus Bakeries owned by Bisinvest). These treasury shares were destroyed immediately after the merger. Following the merger, the net equity of Lotus Bakeries decreased by kEUR 10,242.

In July 2010 Lotus Bakeries acquired the remaining 45% of the shares of Margarinerie Hinnekens NV for a total compensation of kEUR 971.

In September 2010 Pepparkakor AB Annas sold its 33.33% stake in Annas-Finax-Herrljunga Sälj AB for kSEK 83 (kEUR 9). Annas-Finax-Herrljunga Sälj AB supported the sale of the pepparkakor biscuits at points of sale in Sweden.

In November 2010, Annas Pepparkakor Holding AB acquired the assets of Pepparkakshuset i Tyresö AB for the purchase price of kSEK 66,275 (kEUR 7,226). This asset deal was included in the consolidation on 1 December. Pepparkakshuset i Tyresö AB owns the land and building where Annas Pepparkakor AB produces and sells its pepparkakor biscuits. Previously the building was leased.

In 2010 two additional companies were founded within the Lotus Bakeries Group: Enkhuizer Koekfabriek BV in the Netherlands and Lotus Bakeries Asia Pacific Limited in Hong Kong.

Lotus Bakeries Group on 31 December 2010

```
graph TD
    LB_NV_BE[Lotus Bakeries NV  
(BE)]
    LBS_NV_BE[Lotus Bakeries Group Services NV  
(BE)  
99.8 %]
    CR_NV_BE[Cremers Ribert NV  
(BE)  
99.9 %]
    IW_NV_BE[Interwaffles NV  
(BE)  
99.9 %]
    MH_NV_BE[Margarinerie Hinnekens NV  
(BE)  
80 %]
    LL_NV_BE[Lotus Lekkers NV  
(BE)  
99.9 %]
    LBN_BV_NL[Lotus Bakeries Nederland BV  
(NL)  
100 %]
    LBG_GmbH_DE[Lotus Bakeries GmbH  
(DE)  
100 %]
    LBI_AG_CH[Lotus Bakeries Invest AG  
(CH)  
100 %]
    LBF_SAS_FR[Lotus Bakeries France SAS  
(FR)  
100 %]
    LBU_Ltd_UK[Lotus Bakeries UK Ltd  
(UK)  
100 %]
    LM_SL_ES[López Market S.L.  
(ES)  
95 %]
    LBCZ_sro_CZ[Lotus Bakeries CZ s.r.o.  
(CZ)  
100 %]
    ALH_AB_SE[Annas-Lotus Bakeries Holding AB  
(SE)  
100 %]
    LAB_Pte_SG[Lotus Bakeries Asia Pacific Pte. Ltd.  
(SG)  
100 %]
    LAB_Pte_HK[Lotus Bakeries Asia Pacific Ltd.  
(HK)  
100 %]
    LAB_Pte_CA[Lotus Bakeries North America Calgary Ltd.  
(CA)  
100 %]
    LBR_SA_LU[Lotus Bakeries Réassurance SA  
(LU)  
99.9 %]

    LBS_NV_BE -- 20 % --> CR_NV_BE
    LBS_NV_BE -- 20 % --> MH_NV_BE
    LBS_NV_BE -- 100 % --> LL_NV_BE
    LBS_NV_BE -- 100 % --> LBN_BV_NL
    LBS_NV_BE -- 100 % --> LBG_GmbH_DE
    LBS_NV_BE -- 100 % --> LBI_AG_CH
    LBS_NV_BE -- 100 % --> LBF_SAS_FR
    LBS_NV_BE -- 100 % --> LBU_Ltd_UK
    LBS_NV_BE -- 95 % --> LM_SL_ES
    LBS_NV_BE -- 100 % --> LBCZ_sro_CZ
    LBS_NV_BE -- 100 % --> ALH_AB_SE
    LBS_NV_BE -- 100 % --> LAB_Pte_SG
    LBS_NV_BE -- 100 % --> LAB_Pte_HK
    LBS_NV_BE -- 100 % --> LAB_Pte_CA
    LBS_NV_BE -- 99.9 % --> LBR_SA_LU

    LBN_BV_NL -- 100 % --> KP_BV_NL[Koninklijke Peijnenburg BV  
(NL)  
100 %]
    LBN_BV_NL -- 100 % --> LBS_AG_CH[Lotus Bakeries Schweiz AG  
(CH)  
100 %]
    LBN_BV_NL -- 100 % --> LBN_America_USA[Lotus Bakeries North America Inc.  
(USA)  
100 %]

    KP_BV_NL -- 100 % --> WKKB_BV_NL[WK Koek Beheer BV  
(NL)  
100 %]
    KP_BV_NL -- 100 % --> PBF_BV_NL[Peijnenburg's Koekfabrieken BV  
(NL)  
100 %]
    KP_BV_NL -- 100 % --> EKB_BV_NL[Enkhuizer Koekfabriek BV  
(NL)  
100 %]

    WKKB_BV_NL -- 100 % --> WKKB_BV_NL_2[WK Koek Bakkerij BV  
(NL)  
100 %]

    ALH_AB_SE -- 100 % --> ABP_AB_SE[AB Annas Pepparkakor  
(SE)  
100 %]
    ALH_AB_SE -- 100 % --> PH_Tyresö_AB_SE[Pepparkaks-huset i Tyresö AB  
(SE)  
100 %]
```

2. ACCOUNTING PRINCIPLES

2.1 Statement of compliance

The consolidated financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRS) as ratified for application within the European Union. Lotus Bakeries has used IFRS as its only accounting norm since 1 January 2005. The IFRS opening balance sheet is that dated 1 January 2004. The figures for the 2004 financial year were revised from BGAAP (Belgian accounting standards) to IFRS. The last consolidated financial statements under BGAAP were for the 2004 financial year that ended on 31 December 2004.

2.2 Basis of presentation

The consolidated financial statements are presented in thousands of euros and present the financial situation as of 31 December 2010.

The accounting principles were consistently applied.

The consolidated financial statements are presented on the basis of the historical cost price method, with the exception of the evaluation at fair value of financial derivatives and financial assets available for sale.

The consolidated financial statements are presented before allocation of the parent company's result, as proposed to the General Meeting of Shareholders and approved by the Board of Directors on 11 February 2011 for publication.

RECENT IFRS PRONOUNCEMENTS

The following new standards, amendments to standards and interpretations are mandatory for the first time for the Group's accounting period beginning 1 January 2010:

- **IFRS 3 (revised)**, 'Business combinations'. The new requirements are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009;
- **IAS 27 (revised)**, 'Consolidated and separate financial statements' (effective 1 July 2009).

The following new standards, amendments to standards and interpretations are mandatory for the first time for the Group's accounting period beginning 1 January 2010, but are not currently relevant to the Group:

- **Amendments to IAS 39**, 'Financial instruments: Recognition and measurement' on eligible hedged items (effective 1 July 2009);
- **Amendments to IFRS 2**, 'Group cash-settled share-based payment transactions' (effective 1 January 2010);
- **Amendments to IFRS 1**, 'Additional exemptions for first-time adopters' (effective 1 January 2010);
- **Amendments to IFRS 1**, 'First-time adoption of IFRSs';
- **IFRIC 12**, 'Service concession arrangements' (effective 30 March 2009);
- **IFRIC 15**, 'Agreements for the construction of real estates' (effective 1 January 2010);
- **IFRIC 16**, 'Hedges of a net investment in a foreign operation' (effective 1 July 2009);

- **IFRIC 17**, 'Distributions of non-cash assets to owners' (effective 1 July 2009);
- **IFRIC 18**, 'Transfers of assets from customers' (effective 31 October 2009);
- 'Improvements to IFRSs' (2009).

New Standards, amendments to existing standards and interpretations that have been issued by the IASB and endorsed by the EU and are mandatory for the Group's accounting periods beginning on or after 1 January 2011 or later periods and which the Group has not early adopted, are:

- **Amendment to IAS 32**, 'Classification of rights issues' (effective 1 February 2010);
- **IAS 24 (revised)**, 'Related party disclosures' (effective 1 January 2011);
- **Amendments to IFRIC 14**, 'Pre-payments of a minimum funding requirement' (effective 1 January 2011);
- **IFRIC 19**, 'Extinguishing financial liabilities with Equity Instruments' (effective 1 July 2010);
- **Amendments to IFRS 1** providing a limited exemption from comparative IFRS 7 disclosures for first-time adopters (effective 1 July 2010).

New standards, amendments to existing standards and interpretations that have been issued by the IASB but that are not yet endorsed by the EU, are:

- **IFRS 9**, 'Financial instruments' (effective 1 January 2013);
- **Amendments to IFRS 7**, 'Financial instruments: disclosures' (effective 1 July 2011);

- **Amendments to IAS 12**, 'Income taxes' on deferred tax (effective 1 January 2012);
- **Amendments to IFRS 1**, 'First-time adoption of IFRSs' related to severe hyperinflation and the removal of fixed dates for first-time adopters (effective 1 July 2011);
- 'Improvements to IFRSs' (2010).

2.3 Consolidation principles

The consolidated financial statements include the statutory financial statements of Lotus Bakeries NV and its subsidiaries (collectively referred to as the 'Group') and the Group's interests in associated companies. All material balances and transactions within the Group have been eliminated.

SUBSIDIARIES

Subsidiaries are companies in which the Group directly or indirectly holds more than half of the voting shares or over which the Group directly or indirectly has control in another manner. Control is understood as directly or indirectly defining the company's financial and operational policy. The financial statements of subsidiaries are included in the consolidation as from the date when the parent company gains control until the date on which the control ends.

Acquisition of subsidiaries is accounted for according to the acquisition method.

The financial statements of the subsidiaries follow the same financial year as that of the parent company and are prepared according to the same accounting principles.

ASSOCIATED COMPANIES

Associated companies are companies in which the Group has significant influence but no control. This is generally the case if the Group holds between 20% to 50% of the voting shares. Associated companies are consolidated using the equity method from the date on which the significant influence begins until the date on which the significant influence ends.

These associated companies are presented in the balance sheet in the section entitled 'investments in associated companies'. The Group's share in the results for the period is reported in the income statement as 'share in the result of the enterprises accounted for using the equity method'.

When the Group's share in the losses of companies using the equity method exceeds the carrying amount of these participations, this value is reduced to zero and future losses are no longer acknowledged, except to the extent of the Group's commitments to these associated companies.

A list of the Group's subsidiaries and associated companies is provided in the notes.

2.4 Use of estimates

In order to prepare the annual financial statements in accordance with IFRS, management has to make a number of estimates and assumptions which have an impact on the amounts declared in the financial statements and notes.

Valuations made on the date of reporting reflect existing conditions on that date (for example: market prices, interest rates and foreign exchange rates). Though these estimates are made by management based on maximum knowledge of ongoing business and actions that the Group may undertake, the real results may vary in relation to these estimates.

For 2009 no estimates have been made that could have a significant impact. The assumptions made for valuing the intangible fixed assets, post-employment benefits, financial derivatives and goodwill are given in notes 11, 24, 27 and 30.

2.5 Foreign currencies

The Group's reporting currency is the euro.

TRANSACTIONS IN FOREIGN CURRENCIES

In the Group's companies, transactions in foreign currencies are converted using the exchange rate applicable on the date of the transaction.

Monetary assets and liabilities in foreign currencies are converted to the closing rate on the balance sheet date.

FINANCIAL STATEMENTS OF FOREIGN ENTITIES

For foreign entities using a different functional currency than the euro,

- assets and liabilities are converted to the euro using the exchange rate on the closing date.
- income statements are converted at annual average exchange rate.
- equity items are converted at the historic exchange rate.

Translation differences resulting from conversion of equity into euro using the rate at the end of the year are reported as translation differences under equity. Translation differences are kept in equity up to the disposal of the company. In case of disposal, the deferred cumulative amount included in equity is included in the results for the foreign activity in question.

Goodwill from the acquisition of a foreign entity and possible real changes in carrying amount of the acquired assets and liabilities at the moment of acquisition, are considered as assets and liabilities of the foreign activity and are converted using the closing rate.

The Group has no entities in hyper-inflationary economies.

EXCHANGE RATES

The following exchange rates were used in preparing the annual accounts:

	Final rate		Average rate	
	2010	2009	2010	2009
EUR/USD	1.3362	1.4406	1.3207	1.3963
EUR/CZK	25.0610	26.4730	25.2631	26.4956
EUR/CHF	1.2504	1.4836	1.3700	1.5076
EUR/GBP	0.8608	0.8881	0.8560	0.8900
EUR/SGD	1.7136	2.0194	1.7946	2.0238
EUR/SEK	8.9655	10.2520	9.4926	10.5875
EUR/CAD	1.3322	1.5128	1.3660	1.5819

2.6 Intangible assets

Intangible assets which are acquired separately are valued at cost price less cumulative amortization and impairment. The residual value of intangible assets is assumed to be zero.

Intangible fixed assets acquired upon takeover of a subsidiary are expressed separately in the balance sheet at their estimated fair value at the time of acquisition.

Costs for internally generated goodwill are recorded as costs in the income statement at the time they occur.

AMORTIZATION

Intangible assets are amortized on a straight-line basis over the estimated useful life. Amortization begins as soon as the intangible asset is ready for its intended use. Capitalised costs for software and licences are amortized over a period of three to five years.

The value of brands acquired in takeovers is amortized on a straight-line basis over a maximum of ten years, except where the brand can be regarded as having an indefinite life. In the latter case annual amortization is not applied, but the asset is tested for impairment annually or whenever an indication of impairment exists.

GOODWILL

Goodwill arising from a business combination is valued at cost price at the time of the first record (i.e. the difference between the cost price of the business combination and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities). After the first recording, goodwill is valued at cost price after deduction of any cumulative impairment losses.

Goodwill is tested for impairment on a yearly basis or more often if events or changes in circumstances indicate that the carrying amount may have undergone impairment. For this impairment testing, the goodwill is attributed, from the date of take-over, to cash flow generating entities of the Group or to groups thereof that are expected to profit from the synergy of the business combination.

2.7 Tangible assets

Tangible assets are valued at historical cost price less cumulative depreciation and impairments, excluding land.

The historical cost price covers the initial purchase price increased by other direct allowable acquisition costs (such as unclaimable taxes and costs related to transport and installation) and less possible discounts. The manufacturing price of self-produced assets covers the cost price of the direct material cost and direct labour costs and a proportional part of the production overhead.

If the various parts of a tangible asset have different lifetimes, they are depreciated according to their respective lifetimes.

POST-ACQUISITION COSTS

Subsequent expenses are only recorded as assets and are thus added to the carrying amount of the asset, if they increase the future economical advantages of the individual asset item to which they are related.

Costs of maintenance and repair of tangible assets that do not increase the future economical advantages or do not extend the lifetime of the asset are reported as operating charges when they occur.

DEPRECIATION

Depreciation is spread out over the expected useful life using the straight-line method.

Depreciation of an asset begins once the asset is ready for its intended use.

Useful life is assigned as follows:

Buildings and warehouses	25-30 years
Plant and equipment	15 years
Basic machines	20-25 years
Common machines, tools	10-15 years
Furniture	15 years
Office equipment	5 years
Computer equipment	3-5 years
Passenger vehicles	4-5 years
Trucks	10 years

Land is not depreciated given that it has an undefined lifetime.

2.8 Government grants

Government grants are recorded at their fair value when it is practically certain that they will be received and when it is practically certain that the Group will fulfil the conditions related thereto. If the grant is connected with a cost item, the grant is systematically recorded as earnings over the periods required to attribute these grants to the costs for which they are intended to compensate. When the grant is connected with an asset, it is presented in the balance sheet deducted from the asset. Grants are taken into income net of the depreciation of the related asset.

2.9 Impairment of fixed assets

For the Group's fixed assets, other than deferred tax assets, the Group verifies at each closing date whether there are signs that an asset has undergone impairment. If there are such signs or if annual testing for impairment is required, an estimate of the realizable value of the asset is made. For an asset that by and of itself generates no cash flows from continued use that to a large extent are independent of those from other assets, the realizable value is defined from the cash flow generating unit to which the asset belongs. The realizable value is the greater of the fair value less sales costs and the value in use of the asset or cash flow generating unit in question. When defining the value in use, the estimated future cash flows are discounted using a pre-tax discount rate based on current market appraisal of the time value of money and the specific risks of the asset or cash flow generating unit.

When the carrying amount exceeds the estimated realizable value, an impairment loss is recorded as an operating charge to the income statement.

REVERSAL OF IMPAIRMENTS

Impairments for financial assets normally held by the Group until maturity or receivables are reversed if a subsequent increase in their net asset value can be objectively associated with an event arising after the recording of the loss.

A loss recorded earlier through an impairment for other assets is reversed where there has been a change in the estimates used to determine the net asset value. An increase in the carrying amount of an asset resulting from the reversal of an impairment can not be higher than the carrying amount (after depreciation) which would have been obtained if no impairment loss had been recorded during previous years.

2.10 Financial assets available for sale

Shares in companies in which the Group does not exercise control or significant influence are recorded in this section.

Financial assets are initially valued at cost price. This is composed of the fair value of the compensation provided including acquisition costs associated with the investment.

After the initial recording, the financial assets are recorded at their fair value and changes therein are directly recorded in a separate part of equity. For listed companies, the share price is the best valuation criterion. Participations for which no fair value can be defined, are recorded at their historical cost price.

An impairment is recorded if the carrying amount exceeds the expected recovery value.

If the financial asset is sold or an impairment loss is recorded, the cumulative profits or losses formerly recorded in equity are included in the financial results.

An impairment loss on a financial asset available for sale is not reversed through the income statement.

2.11 Other long-term receivables

Long-term receivables are valued at their actual net value based on an average market interest rate in accordance with the lifetime of the receivable.

2.12 Stocks

Raw materials, consumables and goods for resale are recorded at purchase price on a FIFO basis.

Finished products are recorded at the standard manufacturing cost price. This includes, in addition to direct production and material costs, a proportional part of the fixed and variable overhead costs based on the normal production capacity.

If the purchase price or the manufacturing price is greater than the net realisable value, the valuation is applied to the lower net realisable value.

The net realisable value is defined as the estimated selling price under normal market conditions less the estimated costs required for further finishing and sale of the product.

2.13 Trade receivables and other amounts receivable

Trade receivables and other amounts receivable are recorded at their nominal value less any potential valuation allowance.

Such valuation allowances are recorded at the expense of the operating results if the company will likely not be able to collect all outstanding amounts.

An estimate of valuation allowances to be recorded is made on the date of the balance sheet by evaluating all outstanding amounts individually.

The valuation allowance loss is recorded in the results in the period in which it was identified as such.

2.14 Cash and cash equivalents

Cash and cash equivalents include liquid assets and bank balances (current and deposit accounts). In general, investments are retained until the expiration date. Profits and losses are recorded in the results when the investment is realized or written down.

For the cash flow statement, cash and cash equivalents include cash and bank balances. Possible negative cash is recorded under short-term debt with credit institutions.

2.15 Provisions

Provisions are recorded in the balance sheet if the Group has obligations (legal or de facto) resulting from a past event and if it is likely that fulfilment of these commitments will incur expenses that can be reliably estimated on the balance date.

No provisions are recorded for future operating costs.

If the effect of the time value of money is material, the provisions will be discounted.

RESTRUCTURING

A provision for restructuring will be recorded when a formal, detailed restructuring plan is approved by the Group and if this restructuring is either begun or announced to the entities concerned.

2.16 Interest-bearing financial debts

All interest-bearing financial debts are initially recorded at the fair value of the received quid pro quo less the direct imputable transaction costs. After this first recording, the interest-bearing financial debts will be recorded at the amortized cost price based on the effective interest method.

2.17 Trade debts and other debts

Trade and other debts are recorded at their nominal value.

A financial obligation is no longer recorded in the balance once the performance according to the obligation is completed, settled or lapsed.

2.18 Share capital

For the purchase of treasury shares, the amount paid, including any directly imputable costs, is recorded as a change in this section. Treasury shares purchased are considered as a reduction of equity.

2.19 Financial derivatives

The Group uses financial derivatives to limit risks from adverse exchange rate and interest rate fluctuations. No derivatives are used for business purposes.

Financial derivatives are initially recorded at cost price. After the initial recording, these instruments are written in the balance at their fair value.

Changes in fair value of those of the Group's derivatives contracts that do not fulfil the criteria of IAS 39 to be viewed as hedges are recognized in the income statement.

Since 2009 Lotus Bakeries has also had derivative contracts that are economic hedges which meet the strict criteria of IAS 39 financial instruments. The effective portion of the change in fair value of derivative financial instruments that are identified as cash flow hedges is recognized in other comprehensive income. The gain or loss on the ineffective portion is immediately reported in the income statement. Amounts accumulated in equity are re-classified to the income statement in the periods in which the financial instrument in question impacts the income statement.

All regular purchases and sales of financial assets are recorded on the date of transaction.

2.20 Revenues

Revenues are included in the income statement once it is likely that the Group will reap economic advantages from the transaction and the revenues can be reliably defined.

SALE OF GOODS AND DELIVERY OF SERVICES

Turnover is deemed to have been earned when the advantages and risks of the sale are payable by the purchaser and any uncertainty has been removed in terms of the collection of the agreed amount, transaction costs and any return of the goods.

FINANCIAL INCOME

Financial income (interests, dividends, royalties, etc.) are considered to be realized once it is likely that the company will reap the economic advantages from the transaction and the revenues can be reliably defined.

2.21 Income tax

Income tax in the results of the book year includes current and deferred taxes. Both taxes are recorded in the income statement except in respect of items which have been directly recorded in equity. In such cases, the taxes are directly charged against equity.

Current tax includes the amount of taxation payable on the taxable earnings for the period calculated at the tax rate applicable on the reporting date. They also include adjustments of fiscal liabilities for previous years.

Deferred taxes are defined in accordance with the balance sheet method and result mainly from temporary differences between the carrying amount of both assets and liabilities in the consolidated balance sheet and their respective taxable base. Deferred tax is calculated using the tax rates and laws that are expected to be in effect at the time such deferred taxes are realized or the deferred tax liability is settled.

Deferred taxes are recorded at their nominal value and are not discounted.

Deferred tax assets from deductible temporary differences and unused tax loss carryforwards are only recorded if it is probable that sufficient taxable profits will be generated in the future and be compensated by the deductible temporary difference or unused tax losses.

Deferred tax assets are reduced when it is no longer probable that the related tax savings can be generated. Unrecorded deferred tax assets are re-assessed per balance sheet date and recorded insofar as it is probable that there will be fiscal profits in the future against which the deferred tax asset can be deducted.

2.22 Employee benefits

PENSION PLANS

There are a number of defined-contribution plans within the Group. These pension plans are funded by members of personnel and the employer and are recorded in the income statement of the year to which they refer.

In addition, there is also a defined benefit pension plan in the subsidiary in Germany and the Netherlands.

There are also provisions in some companies for early retirement (Belgium) and pension obligations arising from legal requirements (France). These are treated as employment benefits of the defined benefit pension plans.

For the defined benefit pension plans, provisions are established by calculating the present actuarial value of future amounts to the employees concerned.

The amounts recorded in the income statement include the increase in the present value of the defined pension rights, the interest cost, the expected profits from the pension funds, the actuarial profits or losses and past service costs. The corridor approach is applied to these defined benefit pension plans.

BENEFITS FROM SHARES

The stock option plan and the warrant plan allow employees to acquire shares in the company at relatively advantageous conditions. The exercise price of the option is equal to the average closing stock market price of the underlying share during the thirty stock market days prior to offering date. The exercise price of the warrant is equal to the average stock market closing price of the Lotus Bakeries share during the thirty calendar days preceding the date of offering. A personnel cost is recorded for options and warrants granted to employees as part of the stock option plan or warrant plan. The cost is calculated based on the fair value of the stock options and warrants on the allocation date and, together with a similar increase in equity, is spread out in the results over the vesting period, ending on the date when the employees concerned receive full right to the options. When the options or warrants are exercised, equity is increased by the amount of the revenues.

BONUSES

Bonuses for employees and management are calculated based on key financial objectives and individual objectives. The estimated amount of the bonuses is recorded as a charge for the financial year based on an estimate on the reporting date.

2.23 Dividends

Dividends payable to shareholders of the Group are included as a liability in the consolidated balance sheet in the period in which the dividends were approved by the shareholders of the Group.

2.24 Non-current assets (or disposal groups) held for sale and discontinued operations

A component of an entity is considered to be terminated if the criteria for classification as held for sale are fulfilled or if it is divested and if it

- represents a significantly different activity or geographical area; or
- is a subsidiary and has been acquired with the sole purpose of being resold.

An item is classified as held for sale if the book value will mainly be generated in a sales transaction and not by the continued use thereof.

Fixed assets that are no longer used and are held for sale are stated at the lower of their carrying amount and fair value less estimated selling costs.

An impairment test is performed on these assets at the end of each closing date of the book year.

2.25 Profit per share

The Group calculates the ordinary profit per share on the basis of the weighted average of the number of outstanding shares during the period. For the diluted profit per share, the dilutive effect of stock options during the period is also taken into account.

2.26 Segment reporting

Group turnover is centralised around a number of products that are all included in the biscuit sector. For these products, the Group is organised according to geographical regions for sales, production and internal reporting. As a result, segment reporting presents the geographical markets.

The Group's geographical segments are based on the location of the assets. The results of a segment include the income and charges directly generated by a segment. To this is added the portion of the income and charges to be allocated that can be reasonably attributed to the segment. Inter-segment price-fixing is defined based on the 'at arms length' principle.

Four segments have been defined:

1. Belgium + corporate companies
2. France
3. Netherlands
4. Other: Northern and Eastern Europe, North America, the United Kingdom & Export.

The assets and liabilities of a segment are reported excluding taxes and after deduction of depreciation, impairments and valuation allowances.

3. SEGMENT REPORTING BY GEOGRAPHICAL REGION

Segment reporting

by geographical region (2010)

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

The regions presented in the segment reporting 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, Spain and Northern and Eastern Europe plus production in Canada and Sweden.

Year ended 31 December 2010

in thousands of EUR

	Belgium + corporate companies	France	Netherlands	Other	Eliminations	Total
Revenue						
Sales to external customers	81,245	40,059	79,591	63,928		264,823
Inter-segment sales	51,476	12,430	2,014	1,608	(67,528)	-
Total revenue	132,721	52,489	81,605	65,536	(67,528)	264,823
Results						
Segment result REBIT	14,054	3,287	13,555	4,059	-	34,955
Non-recurrent operating result	(100)	(15)	(523)	(236)		(874)
Segment result EBIT	13,954	3,272	13,032	3,823	-	34,081
Result before tax, finance costs and finance revenue	13,954	3,272	13,032	3,823	-	34,081
Net finance costs						(2,960)
Result before income tax and minority interest						31,121
Income tax expense						(8,055)
Net profit for the year						23,066
Assets and liabilities						
Segment assets	63,453	15,648	96,205	39,420		214,726
Unallocated assets:						10,006
Tax receivables						3,604
Financial receivables						100
Cash and cash equivalents						6,302
Total assets						224,732
Segment liabilities	28,864	4,571	4,160	5,813		43,408
Unallocated liabilities:						71,528
Tax payables						34,191
Financial liabilities						37,337
Total liabilities						114,936
Other segment information						
Capital expenditure:						
Tangible fixed assets	4,061	2,075	2,275	7,931		16,342
Intangible fixed assets	748	-	-	-		748
Depreciation	6,701	993	2,706	918		11,318
Decrease/(increase) in amounts written off stocks, contracts in progress and trade debtors.	527	57	445	149		1,178

Segment reporting

by geographical region (2009)

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

The regions presented in the segment reporting 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, Spain and Northern and Eastern Europe plus production in Canada and Sweden.

Sales between the various segments are carried out at arms length.

NOTES

Year ended 31 December 2009

in thousands of EUR

Revenue

	Belgium + corporate companies	France	Netherlands	Other	Eliminations	Total	Discontinued operations	Total operations
Sales to external customers	79,702	36,578	81,018	63,773		261,071	-	261,071
Inter-segment sales	55,699	12,728	2,323	1,228	(71,978)	-	-	-
Total revenue	135,401	49,306	83,341	65,001	(71,978)	261,071	-	261,071

Results

Segment result REBIT	11,853	2,459	14,751	5,530	-	34,593	-	34,593
Non-recurrent operating result	-	92	(386)	-		(294)		(294)
Segment result EBIT	11,853	2,551	14,365	5,530	-	34,299	-	34,299
Result before tax, finance costs and finance revenue	11,853	2,551	14,365	5,530		34,299	-	34,299
Net finance costs	-	-	-	-	-	(2,826)	-	(2,826)
Result before income tax and minority interest						31,473	-	31,473
Income tax expense						(8,202)	-	(8,202)
Result from discontinued operations							1,889	1,889
Net profit for the year						23,271	1,889	25,160

Assets and liabilities

Segment assets	68,940	14,445	97,162	28,497		209,044	-	209,044
Investment in associated companies	-					-		-
Unallocated assets:						17,066		17,066
Tax receivables						683		683
Financial receivables						134		134
Cash and cash equivalents						16,249		16,249
Total assets						226,110	-	226,110
Segment liabilities	27,822	4,920	3,381	4,940		41,063	-	41,063
Unallocated liabilities:						83,850		83,850
Tax payables						32,826		32,826
Financial liabilities						51,024		51,024
Total liabilities						124,913	-	124,913

Other segment information

Capital expenditure:								
Tangible fixed assets	3,571	1,089	1,950	1,780		8,390		8,390
Intangible fixed assets	756	-	-	38		794		794
Depreciation	6,572	882	2,753	877		11,084		11,084
Decrease/(increase) in amounts written off stocks, contracts in progress and trade debtors.	401	80	495	21		997		997

4. OTHER OPERATING INCOME AND CHARGES

The other taxes are mainly local indirect taxes such as property taxes, municipal taxes, etc.

Other operating income consists primarily of changes in inventories of finished products, various costs recovered at the time of sale, contributions to the cost of training, and damage compensation payments.

in thousands of EUR	2010	2009
Other costs		
Other taxes	1,601	1,663
Other operating charges	1,448	728
Total	3,049	2,391
Other revenues		
Transport charges	(36)	(639)
Received refunds	20	(298)
Fixed assets - own construction	(474)	(362)
Other operating income	(2,731)	(2,806)
Total	(3,221)	(4,105)
Other operating income and charges (net)	(172)	(1,714)

5. FINANCIAL RESULTS

Notwithstanding the merger with the holding company Bisinvest NV and the acquisition of the remaining shares of Margarinerie Hinnekens in 2010, net financial debts, defined as financial debts less cash and cash equivalents and treasury shares, reduced, owing to the favourable cash flow development, from kEUR 26,986 at the end of 2009 to kEUR 23,763 at the end of 2010.

During the first half of 2010 the loan for the acquisition of Annas Pepparkakor was reimbursed.

The financial instruments relate to the hedging of the foreign exchange risk on foreign currencies (USD, CAD, GBP, SEK, CHF and CZK) and of the interest rate risk on the financing of the acquisition of Koninklijke Peijnenburg BV and the merger with Bisinvest NV (the loan for the financing of the acquisition of Annas Pepparkakor was reimbursed before due date), which is financed with floating rate investment credit facilities, with kEUR 29,159 outstanding at year-end.

The global market value of these interest-rate hedging instruments evolved from kEUR -2,741 to kEUR -1,751. The positive evolution of the value of the financial instruments used to hedge the interest rate risk on the financing of Koninklijke Peijnenburg BV was taken through the financial result.

The overall market value of the financial instruments used to hedge the foreign exchange risk evolved from kEUR -190 to kEUR -267.

in thousands of EUR	2010	2009
Financial charges		
Interest charges	1,231	1,713
Exchange rate losses	2,798	2,582
Valuation to the fair value of the financial instruments	(897)	115
Other	2,558	1,947
Total	5,690	6,357
Financial income		
Interest income	(98)	(83)
Exchange rate gains	(2,622)	(3,441)
Other	(10)	(7)
Total	(2,730)	(3,531)
Financial results	2,960	2,826

6. PERSONNEL COSTS

The other personnel costs include among other things the costs of temporary staff and compensation for directors.

The relatively limited increase in personnel costs in 2010 is explained by the relatively low inflation in 2009 which impacted wages in 2010 and by the fall in other personnel costs.

in thousands of EUR	2010	2009
Salaries and wages	43,277	42,476
Social security contributions	10,150	9,937
Contributions for company pension plans with fixed contribution	1,135	1,030
Other personnel costs	10,971	11,553
Total personnel costs	65,533	64,996
Average number of members of personnel	1,210	1,231
Number of members of personnel as at the end of the year	1,198	1,224

7. DEPRECIATION AND AMOUNTS WRITTEN DOWN ON (IN)TANGIBLE ASSETS

in thousands of EUR	2010	2009
Depreciation of intangible assets	515	471
Depreciation of property, plant & equipment	10,803	10,613
Total	11,318	11,084

See notes 11 and 12 concerning intangible and tangible assets.

8. NON-RECURRENT OPERATING RESULT

Grouped under non-recurrent operating result are those operating income items and charges that do not belong to or derive from the normal basic operating activities of the Group. This category includes the results from the sale or disposal of fixed assets, any goodwill impairment losses, write-downs or impairment losses on brands as a result of takeovers, provisions and costs for restructuring, etc.

The non-recurrent operating result for 2010 amounts to kEUR -874 and is mainly due to the amortization of the Wieger Ketellapper brand (see note 11), the costs of cancelling the joint venture relating to the merchandising team in Sweden and the legal costs of, inter alia, the merger between Lotus Bakeries NV and Bisinvest NV.

9. INCOME TAXES ON THE RESULTS

Nominal tax fell slightly by 1.8%. This is explained both by the somewhat lower nominal profit before taxation and a slightly reduced tax rate.

The average effective tax rate in 2010 was 25.9% versus 26.1% in 2009.

in thousands of EUR	2010	2009
Income taxes on the results		
Income taxes on the results of the current year	8,789	8,296
Tax adjustments for previous years	(226)	720
Deferred taxation on loss carry forward Annas	(619)	-
Deferred taxation	111	(814)
Total tax charge reported in the income statement	8,055	8,202
Accounting profit before tax	31,121	31,473
Effective tax rate of the year	25.9%	26.1%
Reconciliation between theoretical and effective tax rate		
Results before taxation	31,121	31,473
Theoretical tax rate	33.99%	33.99%
Theoretical income tax expense	10,578	10,698
Effect of different taxation rates in other countries + deduction notional interest	(2,713)	(3,253)
Tax adjustments for previous years	(226)	720
Deferred taxation on loss carry forward Annas	(619)	-
Disallowed items	1,519	974
Tax free income	(273)	(477)
Tax losses used for which no deferred tax asset has been recorded	(265)	(427)
Change tax rate	-	(135)
Other	54	102
Actual income tax expense	8,055	8,202
Effective tax rate	25.9%	26.1%

10. EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group's share in net profit by the weighted average number of outstanding shares over the year (total number of shares - treasury shares).

Diluted earnings per share is calculated by dividing the Group's share in net profit by the weighted average number of outstanding shares over the year, adjusted for the potential dilution of ordinary shares as a result of options and warrants granted under the stock option plan for management (see note 25 hereafter).

Year ended 31 December

in thousands of EUR	2010	2009
EARNINGS PER SHARE		
Net result attributable to equity holders of the Company	23,055	25,065
Weighted average number of ordinary shares	751,377	767,320
Basic earnings per share (EUR)	30.68	32.67
Weighted average number of shares under option	71,593	80,663
Weighted average number of shares which should be issued at average market rate	(47,313)	(62,871)
Dilutive effect	24,280	17,792
Weighted average number of shares after effect of dilution	775,657	785,112
Diluted earnings per share (EUR)	29.72	31.93
Total number of shares	772,563	803,037
Earnings per share (EUR)	29.84	31.21
EARNINGS PER SHARE FROM CONTINUED OPERATIONS		
Result from discontinued operations	-	1,889
Result from continued operations attributable to equity holders of the Company	23,055	23,176
Weighted average number of ordinary shares	751,377	767,320
Basic earnings per share (EUR) of discontinued operations	-	2.46
Basic earnings per share (EUR) of continued operations	30.68	30.21
Weighted average number of shares after effect of dilution	775,657	785,112
Diluted earnings per share (EUR) of discontinued operations	-	2.41
Diluted earnings per share (EUR) of continued operations	29.72	29.52
Total number of shares	772,563	803,037
Earnings per share (EUR) of discontinued operations	-	2.35
Earnings per share (EUR) of continued operations	29.84	28.86

NOTES

11. INTANGIBLE ASSETS

Intangible assets refer to brands and software.

The brands relate to:

- the brands Peijnenburg and Wieger Ketellapper of Koninklijke Peijnenburg BV
- the Anna's brand of Annas Pepparkakor Holding AB.
- The value of these brands was established as part of the valuation at fair value of the asset and liability components upon first consolidation. Brands have been valued using the DCF method.
- As the Peijnenburg brand serves as the base brand in the Netherlands, it is not amortized. In accordance with the valuation rules, its fair value is tested annually, using the DCF method. The Wieger Ketellapper brand, which serves as a second brand in the Netherlands, is being amortized over a 10-year period. The fair value of this brand is also tested annually. The 'Netherlands' segment is defined here as a cash generating unit.
- The Anna's brand is used as the base brand for the Nordic region and as the base brand for its ginger thins (pepparkakor) products outside the Nordic region. This brand is not being amortized. Here too, the fair value is tested annually using the DCF method. The activity in the Nordic region plus the ginger thins activity outside this region are defined here as a cash generating unit. This cash generating unit was part of the segment 'Other' in note 3.

Software relates to the capitalized external and internal costs connected with the further basic implementation of the ERP information system SAP.

Lotus Bakeries applies market-based parameters in the impairment analysis.

in thousands of EUR

on 31 December 2009	Indefinite life brands	Definite life brands	Software	Total
Acquisition cost				
At the end of the preceding year	56,437	4,627	4,868	65,932
Acquisition during the year	-	-	794	794
Sales and disposals	-	-	(354)	(354)
Translation differences	36	-	-	36
TOTAL ACQUISITION COST	56,473	4,627	5,308	66,408

Depreciation and amounts written down				
At the end of the preceding year	-	(1,157)	(3,590)	(4,747)
Depreciation during the year	-	(463)	(504)	(967)
Sales and disposals	-	-	128	128
Total depreciation and amounts written down	-	(1,620)	(3,966)	(5,586)
NET BOOK VALUE	56,473	3,007	1,342	60,822

on 31 December 2010	Indefinite life brands	Definite life brands	Software	Total
Acquisition cost				
At the end of the preceding year	56,473	4,627	5,308	66,408
Acquisition during the year	-	-	748	748
Translation differences	994	-	104	1,098
Total acquisition cost	57,467	4,627	6,160	68,254

Depreciation and amounts written down				
At the end of the preceding year	-	(1,620)	(3,966)	(5,586)
Depreciation during the year	-	(462)	(576)	(1,038)
Translation differences	-	-	(54)	(54)
Total depreciation and amounts written down	-	(2,082)	(4,596)	(6,678)
NET BOOK VALUE	57,467	2,545	1,564	61,576

12. TANGIBLE ASSETS

Tangible assets are purchased by and are the full property of Lotus Bakeries.

This includes land and buildings, machines and office equipment. The tangible assets are unencumbered. For cars, the Group switched at the end of 2006 mainly to operating leasing.

The main investments are production investments for further automation, capacity extension and quality improvement.

in thousands of EUR

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
on 31 December 2009					
Acquisition cost					
At the end of the preceding year	61,115	139,973	14,687	3,536	219,311
Acquisition during the year	1,496	5,861	996	37	8,390
Sales and disposals	-	(402)	(753)	-	(1,155)
Transfers from one heading to another	69	2,924	31	(3,024)	-
Translation differences	-	456	(2)	-	454
TOTAL ACQUISITION COST	62,680	148,812	14,959	549	227,000

Depreciation and amounts written down

At the end of the preceding year	(25,327)	(95,276)	(12,300)	-	(132,903)
Depreciation during the year	(1,814)	(8,039)	(649)	-	(10,502)
Sales and disposals	-	311	549	-	860
Translation differences	-	(307)	2	-	(305)
Total depreciation and amounts written down	(27,141)	(103,311)	(12,398)	-	(142,850)
NET BOOK VALUE	35,539	45,501	2,561	549	84,150

	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
on 31 December 2010					
Acquisition cost					
At the end of the preceding year	62,680	148,812	14,959	549	227,000
Acquisition during the year	7,995	7,548	824	47	16,414
Sales and disposals	-	(136)	(421)	-	(557)
Transfers from one heading to another	2	544	3	(549)	-
Translation differences	119	1,273	17	-	1,409
TOTAL ACQUISITION COST	70,796	158,041	15,382	47	244,266

Depreciation and amounts written down

At the end of the preceding year	(27,141)	(103,311)	(12,398)	-	(142,850)
Depreciation during the year	(1,724)	(8,602)	(545)	-	(10,871)
Sales and disposals	-	130	366	-	496
Translation differences	(2)	(793)	(13)	-	(808)
Total depreciation and amounts written down	(28,867)	(112,576)	(12,590)	-	(154,033)
NET BOOK VALUE	41,929	45,465	2,792	47	90,233

13. DEFERRED TAXES

No deferred tax assets are recorded for the fiscally transferable losses of Interwaffles SA given the remaining uncertainty as to whether sufficient taxable revenues will be generated in the future. At the end of 2010 these fiscally transferable losses amounted to kEUR 14,126 compared with kEUR 15,277 at the end of 2009.

With the exception of Interwaffles SA, the necessary deferred taxes for all temporary differences were recorded.

Net deferred taxes

in thousands of EUR	2010	2009	Mutation
Deferred tax assets	637	353	284
Deferred tax liabilities	(28,700)	(28,619)	(81)
Net deferred taxes	(28,063)	(28,266)	203

Cause of deferred taxation

in thousands of EUR	2010	2009	Mutation
(In)tangible assets	4,728	2,413	2,315
Stocks	81	81	-
Employee benefits	611	522	89
Tax effect of tax loss carry-forwards	1,087	221	866
Provisions	89	-	89
Deferred taxes on other assets	3,427	2,412	1,015
Netting by taxable entity	(9,386)	(5,296)	(4,090)
Gross deferred tax assets	637	353	284
(In)tangible assets	(32,598)	(30,304)	(2,294)
Stocks	(160)	(118)	(42)
Employee benefits	(34)	(8)	(26)
Provisions	(3,267)	(3,039)	(228)
Deferred taxes on other liabilities	(2,027)	(446)	(1,581)
Netting by taxable entity	9,386	5,296	4,090
Gross deferred tax liabilities	(28,700)	(28,619)	(81)
Net deferred taxes	(28,063)	(28,266)	203
to be recovered or settled within 12 months	(393)	(125)	
to be recovered or settled after more than 12 months	(27,670)	(28,144)	

Of the kEUR 203 change in net deferred taxes, kEUR 104 were recognized to the income statement, and kEUR 99 through equity.

14. DIVIDENDS

in thousands of EUR	2010	2009
Dividend payments in		
Gross dividend per ordinary share (EUR)	7.80	6.80
Gross dividend on ordinary shares	6,026	5,461
Proposed dividend per ordinary share (EUR)	8.80	7.80
Gross dividend on ordinary shares	6,799	6,026

This amount is not recognised as a debt on 31 December.

15. OTHER LONG-TERM RECEIVABLES

in thousands of EUR	2010	2009
Other receivables	52	50
Cash guarantees	57	51
Total	109	101

16. STOCKS

The value reductions recorded as costs amount to kEUR 1,178 and relate mainly to packaging materials (kEUR 159) and finished products (kEUR 814). In 2009, kEUR 997 of value reductions were recognized.

in thousands of EUR	2010	2009
Raw materials and consumables	7,838	7,119
Work in progress	202	242
Finished goods	4,755	5,477
Goods purchased	203	109
Total	12,998	12,947

17. TRADE RECEIVABLES AND OTHER AMOUNTS RECEIVABLE

The valuation allowances recorded against income in 2010 amount to kEUR 78.

In 2009, kEUR 17 of valuation allowances were charged against income. The trade receivables represent an average of 32 days of customer credit (2009: 30 days).

in thousands of EUR	2010	2009
Trade receivables	23,360	21,288
Tax receivables		
VAT recoverable	2,378	2,754
Income taxes	589	329
Total	2,967	3,083
Other amounts receivable	114	394

The other short-term receivables contain the current portion of the receivables payable after more than one year and empties.

Movements on the Group provision for impairment of trade receivables are as follows:

Provisions on 1 January	982	999
increase of provisions	89	(17)
provisions used during the year	(11)	-
Provisions on 31 December	1,060	982

18. NET CASH POSITION

The net cash position decreased by kEUR 15,527 compared with 2009. This fall reflects mainly the early repayment of the loan for the acquisition of Annas Pepparkakor and of Pepparkakshuset i Tyresö AB.

in thousands of EUR	2010	2009
Cash and cash equivalents	6,302	16,249
Short-term interest-bearing liabilities	(19,319)	(13,739)
Total	(13,017)	2,510

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were balances on current accounts remunerated at market conditions.

The market value of these cash and cash equivalents is therefore equal to the book value.

in thousands of EUR	2010	2009
Cash	6,302	16,249
Cash equivalents	-	-
Total	6,302	16,249

20. INTEREST-BEARING LIABILITIES

Long-term financial debts fell by kEUR 20,484 in 2010. Existing long-term loans were further reduced in accordance with the planned repayment schedule, except for the long-term loan for the acquisition of Annas Pepparkakor which was repaid early in full.

No new long-term borrowing was undertaken in 2010.

The value of all long-term and short-term liabilities is expressed in euro.

All interest-bearing liabilities were contracted at market conditions and the book value is therefore identical with the market value.

Interest-bearing liabilities repayment schedule

in thousands of EUR	Due within 1 year	Due between 1 to 5 years	Due after 5 years	Total
Non-current interest-bearing liabilities	13,023	34,443	2,693	50,159
Current interest-bearing liabilities	716	-	-	716
Total on 31 December 2009	13,739	34,443	2,693	50,875
Interests due on non-current interest-bearing liabilities	1,958	2,678	51	4,687
Non-current interest-bearing liabilities	11,773	17,902	-	29,675
Current interest-bearing liabilities	7,546	-	-	7,546
Total on 31 December 2010	19,319	17,902	-	37,221
Interests due on non-current interest-bearing liabilities	1,584	1,804	-	3,388

The interests due on the loans with variable interest rate are calculated at the actual interest rate.

The unused credit amounts came to 42,994 kEUR on 31 December 2010.

21. ISSUED CAPITAL

All the shares are treasury shares, registered, bearer or dematerialized. The treasury shares have been bought in within the context of the share option plans mentioned in note 25.

Ordinary shares, issued and fully paid		
in thousands of EUR	2010	2009
on 1 January	1,500	1,500
Merger	1,900	-
on 31 December	3,400	1,500
Number of ordinary shares		
on 1 January	803,037	803,037
Merger	(30,474)	-
on 31 December	772,563	803,037
Less: treasury shares held on 31 December	(27,218)	(33,613)
Shares outstanding on 31 December	745,345	769,424
Amounts of authorized capital, not issued		
in thousands of EUR	1,133	500

Structure of shareholdings

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

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

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

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

(3) The voting rights associated with the shares held by Lotus Bakeries Group Services NV have been suspended. The dividends have not been suspended and will be paid out to Lotus Bakeries Group Services NV.

22. TREASURY SHARES

Treasury shares purchased as part of the stock option plans and declared in note 25 were subtracted from equity.

in thousands of EUR	2010	2009
on 1 January	7,639	7,706
Purchased during the year	1,536	770
Sold during the year	(2,018)	(837)
on 31 December	7,157	7,639
Number of treasury shares		
on 1 January	33,613	39,607
Purchased during the year	4,180	2,992
Sold during the year	(10,575)	(8,986)
on 31 December	27,218	33,613

23. PROVISIONS

The provision for the environment relates mainly to the Netherlands.

The other provisions relate mainly to contractual or legal obligations towards personnel and for research.

in thousands of EUR	Integration and restructuring	Environment	Other	Total
Provisions on 1 January 2009	741	244	719	1,704
Increase of provisions	-	100	261	361
Reversal of unutilized provisions	(727)	(2)	(339)	(1,068)
Provisions used during the year	-	(44)	1	(43)
Provisions on 31 December 2009	14	298	642	954
Long-term	-	298	440	738
Short-term	14	-	202	216
Provisions on 1 January 2010	14	298	642	954
Increase of provisions	-	3	134	137
Reversal of unutilized provisions	(14)	-	-	(14)
Provisions used during the year	-	(39)	(11)	(50)
Provisions on 31 December 2010	-	262	765	1,027
Long-term	-	262	686	948
Short-term	-	-	79	79

24. POST-EMPLOYMENT BENEFITS

Defined contribution plan

As part of the defined contribution plan, the Group pays contributions to well-defined insurance institutions. These employer contributions are subtracted from the results for the year concerned. The Group has no further payment obligations in addition to these contributions.

The Group expects to pay around kEUR 2,584 of contributions to these defined contribution plans in respect of 2011.

Defined benefit pension plan

There is a defined benefit pension plan in the subsidiaries in Germany and the Netherlands. In the Netherlands a defined benefit pension plan has been concluded with BPF. Given that the data for the defined pension calculation (cf. IAS 19) are unavailable, the benefit is treated under the rules for defined contribution schemes.

For the Belgian companies, there are provisions for early retirement in accordance with the valid Collective Work Agreement. In France, there are pension requirements deriving from legal requirements.

For the defined benefit pension plan, provisions are formed by calculating the actuarial value of future interventions to the employees in question. No investments are held in respect of these pension plans.

The sums deducted from the income statement include the increase in cash value of the promised pension rights, the interest costs, the expected income, the actuarial profits or losses and expenses recorded over the period of service.

The provisions for early retirement pensions ('bridging pensions') at Belgian companies make up the largest part of the defined benefit pension liabilities.

The actuarial calculation of these is based on the following assumptions:

	Beginning of the year	End of the year
Discount rate:	5.00%	4.50%
Inflation:	2.00% p.a.	2.00% p.a.

Present value of defined benefit obligations against which no investments are held:

The portion of short-term liabilities in the global provision for pensions is not significant. No major adaptations were required in the past for pension liabilities.

The Group expects to pay out around kEUR 101 in 2011 under defined benefit pension schemes for Germany and France.

in thousands of EUR	2010	2009
Net periodic cost		
Adjustment of the opening balance	(3)	26
Retirement charges imputed to the period	178	97
Interest charges	89	85
Net periodic cost	264	208
Movement in the net liability		
Net debts as on 1 January	2,672	1,767
Adjustment of the opening balance	33	781
Retirement charges imputed to the period	178	97
Interest charges	89	85
Paid (received)	(66)	(58)
Net debts as on 31 December	2,906	2,672
Funding		
Present value of the obligation	2,846	2,608
Net actuarial gain or loss	60	64
Net debts as on 31 December	2,906	2,672

The five-year history of the net debts as on 31 December is as follows:

	in thousands of EUR
2006	1,776
2007	1,629
2008	1,767
2009	2,672
2010	2,906

25. SHARE-BASED PAYMENTS

Stock option plans

The stock option plans ratified by the Board of Directors of May and July 1999 and February 2005 stipulate that, starting in 1999 and until 2007 inclusively, options were granted each book year to management, until 2004 partially based on category and partially based on results and evaluation. Starting in 2005, a specific number of options is granted per category.

One option gives the holder the right to purchase 'one' normal Lotus Bakeries share at the fixed exercise price.

The exercise price is equal to the average closing stock market price of the underlying share during the thirty stock market days prior to offering date.

The standing options have a term of five years.

After the exercise period, the options are no longer valid. The exercise period of the options granted in 2007 has been extended by five years under the terms of the Economic Recovery Act (herstelwet).

To retain their exercise rights, option holders must remain attached to Lotus Bakeries or an Affiliated Company as an employee or executive director. These rights remain in their entirety in the event of pension retirement, early pension retirement, invalidity or death.

Options are exercised via equity.

In 2009, 9,000 share options were granted to Lotus Bakeries employees. In 2010, 3,400 share options were granted to Lotus Bakeries employees.

Warrant plan

To replace the option plans for the coming years, a warrant plan was issued in 2007 for executives and senior management, with a term of seven years. Each warrant entitles the warrant holder to subscribe one Lotus Bakeries share at the established exercise price. This exercise price is equal to the average stock market closing price of the Lotus Bakeries share during the thirty calendar days preceding the date of offering. After the expiry of the exercise period the warrants become worthless. Upon exercise the company will issue shares in favour of the warrant holder.

Warrants are definitively acquired only three years after the date of the offering, viz. 19 July 2010. All warrants that have been allocated become null and void if the employment contract or directorship is terminated before the end of this three-year period, except where the warrant holder takes retirement pension, early retirement pension, or in the event of definitive disability or death. Where the warrant holder's employment contract or directorship ends in the period between the third and fifth anniversaries of the date of offering, only half of the warrants that have been definitively acquired at that time may be exercised, and the other half of the definitively acquired warrants become null and void and lose all value.

No new warrants were allocated in 2009 and 2010. The warrants run for seven years, with the exercise period of the warrants granted in 2007 extended for five years by the Economic Recovery Act.

The share options and warrants outstanding at the end of the period have a weighted average term of seven years and two months.

The fair value of the options and warrants is estimated at the time of allotment, using the Monte Carlo valuation method. This valuation model is based on the following market data and assumptions: the share price at the time of allotment, the exercise price, the exercise arrangements, the estimated volatility, the dividend expectations and the interest rate. The fair value of the share options and warrants is charged to the vesting period.

For all options allocated on or after 7 November 2002 and for the warrants allocated in 2007, a charge of kEUR 939 was recorded in the income statement in 2010 (kEUR 1,137 in 2009).

Number of options and warrants

	2010	2009
Outstanding on 1 January	82,659	83,611
Options granted during the year	3,400	9,000
Options exercised during the year	(10,409)	(9,152)
Options and warrants expired during the year	(4,950)	(800)
Outstanding on 31 December	70,700	82,659
Exercisable on 31 December	58,600	2,659
Charge recorded in the income statement (kEUR)	939	1,137

Weighted average term of the share options and warrants outstanding at the end of the period:

number of years	7	7
and number of months	2	5

Allotted in		Number allotted	Number exercised	Available balance	Exercise price	Exercise period
2006	Options	9,950	7,750	2,200	150.47	01/01/2010 - 11/05/2011
2007	Options	11,950	-	11,950	232.82	01/01/2011 - 10/05/2017
2007	Warrants	44,450	-	44,450	246.02	15/09/2012 - 30/09/2012
						15/03/2013 - 31/03/2013
						15/09/2013 - 30/09/2013
						15/03/2014 - 31/03/2014
						16/06/2014 - 30/06/2014
						15/03/2015 - 31/03/2015
						15/09/2015 - 30/09/2015
						15/03/2016 - 31/03/2016
						15/09/2016 - 30/09/2016
						15/03/2017 - 31/03/2017
						15/09/2017 - 30/09/2017
						15/03/2018 - 31/03/2018
						15/09/2018 - 30/09/2018
						15/03/2019 - 31/03/2019
						16/06/2019 - 30/06/2019
2009	Options	8,100	-	8,100	284.39	01/01/2013 - 07/05/2014
2009	Options	600	-	600	306.36	18/05/2013 - 24/09/2014
2010	Options	3,400	-	3,400	367.72	01/01/2014 - 17/05/2015
	Total	78,450	7,750	70,700		

26. TRADE PAYABLES AND OTHER LIABILITIES

The increase in trade payables and other liabilities is mainly due to the increase in trade payables, tax debts and deferred charges in 2010 compared with 2009.

in thousands of EUR	2010	2009
Trade debts	23,509	22,138
Remuneration and social security payable	9,081	9,518
Tax payables		
VAT	279	875
Income taxes	5,212	3,332
Total	5,491	4,207
Derivative financial instruments	2,079	3,001
Other current liabilities	974	704
Accrued charges and deferred income	3,833	2,078
Total	44,967	41,646

27. FINANCIAL DERIVATIVES

The Lotus Bakeries Group uses financial derivatives to cover risks from adverse exchange rate and interest rate fluctuations. No derivatives are used for business purposes. Derivatives are initially valued at cost price and thereafter at fair value.

Interest rate hedges:

The interest rate contracts cover the interest rate risk of long-term and short-term interest-bearing loans and borrowings with variable interest rates over Euribor up to 1 year.

The fair value of the interest rate derivatives is calculated using a model that takes into account the available market information on current and expected interest and exchange rates.

Most current contracts do not meet the requirements for hedge accounting (cf. IAS 39). The changes in the fair value of these current contracts are recognized in the income statement for effective portions of the hedge.

One ongoing interest hedging contact at the company Bisinvest, which has been merged with Lotus Bakeries, is eligible for hedge accounting (cf. IAS 39). On this contract, the change in fair value is recognized through equity.

The interest rate risk on variable rate borrowings is 100% covered.

Exchange rate hedges:

Purchasing and selling takes place predominantly in euro. The main foreign currency transactions related to buying and selling take place in USD, CAD, GBP, CZK and SEK. The net foreign exchange risk of these currencies is almost fully hedged by forward and/or option contracts.

The fair value of the foreign currency derivatives is calculated using a valuation model based on the available market data on exchange rates and interest rates.

Fair value and result outcome

in thousands of EUR	2010	2009
Foreign currency derivatives		
Fair value	(267)	(190)
Cost/(Revenue) in results	77	539
Interest rate derivatives		
Fair value	(1,751)	(2,741)
Cost/(Revenue) in results	(974)	(423)
Decrease/(Increase) in equity	(115)	307

Financial instruments are valued on the basis of the quoted prices for similar assets and liabilities on liquid markets.

28. INVESTMENTS IN ASSOCIATED COMPANIES

In 2010 there were no longer any investments by Lotus Bakeries in associated companies.

In 2009 Lotus Bakeries sold its 40% shareholding in Harry's Benelux to the Harry's Group. The agreed takeover price, paid at the end of May 2009 to Lotus Bakeries, is based on a value of EUR 5.6 million for 100% of the shares of Harry's Benelux.

in thousands of EUR	2010	2009
The Group's share of the result of Harry's Benelux NV is as follows:		
Share of the result from discontinued operations		
Result	-	1,889

29. ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The following transactions took place in 2010:

Merger of Bisinvest NV

Through this merger, Lotus Bakeries NV acquired the entire assets and liabilities of Bisinvest NV. With the merger Lotus Bakeries acquired 470,175 of its treasury shares, (i.e. the shares in Lotus Bakeries owned by Bisinvest). These treasury shares were destroyed immediately after the merger. Following the merger, the net equity of Lotus Bakeries decreased by kEUR 10,242.

Transfers of assets or exchange of shares between entities under common control are not in the scope of IFRS 3 Business Combinations or other IFRS standards. Therefore, based on IAS 8 requiring management to use its judgement in developing and applying an accounting policy that provides relevant and reliable financial statements information, Lotus bakeries has decided to adopt a predecessor basis of accounting method. Under this method, Lotus bakeries, as acquiring party, recognises those assets and liabilities at their carrying amount as determined by the transferring entity at the date of the transfer. Consequently, no new goodwill (other than the existing goodwill relating to either of the combining entities) is recognised. Any difference between the consideration paid/transferred and the share capital acquired is presented as an adjustment in equity. This predecessor basis of accounting method for the business combinations under common control is applied prospectively from the date of the acquisition.

Margarinerie Hinnekens NV

In July 2010 Lotus Bakeries acquired the remaining 45% of the shares of Margarinerie Hinnekens NV for a total compensation of kEUR 971.

Annas-Finax-Herrljunga Sälj AB

In September 2010 Pepparkakor AB Annas sold its 33.33% stake in Annas-Finax-Herrljunga Sälj AB for kSEK 83 (kEUR 9). Annas-Finax-Herrljunga Sälj AB supported the sale of the pepparkakor biscuits at points of sale in Sweden.

Pepparkakshuset i Tyresö AB

In November 2010, Annas Pepparkakor Holding AB acquired the assets of Pepparkakshuset i Tyresö AB for the purchase price of kSEK 66,275 (kEUR 7,226). This asset deal was included in the consolidation on 1 December. Pepparkakshuset i Tyresö AB owns the land and building where Annas Pepparkakor AB produces and sells its pepparkakor biscuits. Previously the building was leased.

Enkhuizer Koekfabriek BV & Lotus Bakeries Asia Pacific Limited

In 2010 two additional companies were founded within the Lotus Bakeries Group: Enkhuizer Koekfabriek BV in the Netherlands and Lotus Bakeries Asia Pacific Limited in Hong Kong.

The merger with Bisinvest NV has following impact on the financial position of Lotus Bakeries:

	Acquiree carrying amount before combination	Merger adjustments	Fair value
Investments	16,563	(16,563)	-
Other amounts receivable	7	-	7
Cash and cash equivalents	1	-	1
Interest-bearing loans and borrowings	(10,235)	10,235	-
Trade payables	(12)	-	(12)
Derivative financial instruments	-	(437)	(437)
Other short-term liabilities	-	(10,235)	(10,235)
Accrued charges and deferred income	(3)	-	(3)
Fair value of net assets	6,321	(17,000)	(10,679)
Destruction of treasury shares			16,563
Equity			(5,884)
Total purchase consideration			-
Cash and cash equivalents in subsidiary acquired			(1)
Cash inflow on acquisition			(1)

The impact of the asset deal of Pepparkakshuset i Tyresö A.B. (Sweden) is disclosed in the following table:

	Acquiree carrying amount before combination	Allocation of the costs to the acquired asset	Fair value
Tangible assets	2,302	5,048	7,350
Other amounts receivable	17	-	17
Deferred tax liabilities	(5)	-	(5)
Tax payables	(110)	-	(110)
Other short-term liabilities	(1,911)	1,911	-
Accrued charges and deferred income	(26)	-	(26)
Fair value of net assets	268	6,959	7,226
Total purchase consideration			7,226
Purchase consideration settled in cash			7,226
Cash and cash equivalents in subsidiary acquired			-
Cash outflow on acquisition			7,226

30. GOODWILL

Goodwill amounted at the beginning of 2010 to kEUR 24,923. Additional goodwill of kEUR 431 was recorded with the completion of the acquisition of Annas Pepparkakor.

Goodwill contains kEUR 17,151 from the acquisition of Koninklijke Peijnenburg, kEUR 1,704 from the acquisition of López Market and kEUR 5,982 from the acquisition of Annas Pepparkakor Holding AB. This goodwill is tested annually for impairment using the DCF method. Here the segments 'Other' (for López Market, Annas Pepparkakor) and the 'Netherlands' (Koninklijke Peijnenburg) are defined as respective cash generating units. No impairment losses needed to be charged on this goodwill at the end of 2010.

Lotus Bakeries applies market-based parameters for the impairment analysis.

NOTES

in thousands of EUR	2010	2009
Acquisition cost		
Balance at end of previous year	24,923	24,233
Effect of movements in foreign exchange	833	259
Acquisitions of subsidiaries	-	431
Balance at end of year	25,756	24,923
Amortization and impairment losses		
Balance at end of previous year	(86)	(86)
Balance at end of year	(86)	(86)
Carrying amount		
on 31 December	25,670	24,837

31. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

1. Rent

The Group's commitments relate to the leasing of cars in Belgium, France, Germany and the Netherlands, of office space for Sales Offices other than in Belgium, the Netherlands and France and the leasing of buildings and equipment at Annas Pepparkakor in Sweden and Canada. The lease rental payments are charged to the income statement.

Future rental charges as of 31 December:

in thousands of EUR	2010	2009
Less than one year	972	1,458
Greater than one year and less than five years	1,843	3,770
More than 5 years	88	4,535

The annual rent costs of these commitments totalled kEUR 1,615 in 2010 (kEUR 1,462 in 2009). From December 2010 on, Pepparkakshuset i Tyresö AB, owner of the building in Tyresö is member of the Lotus Bakeries Group. Thus, the building is not hired anymore.

2. Commitments to acquire tangible fixed assets

As of 31 December 2010, the Group had kEUR 656 of commitments (2009: kEUR 3,552) for the purchase of fixed assets.

3. Raw materials contracts

Raw materials purchased but not yet delivered amounted to kEUR 7,167, as detailed below.

in thousands of EUR	2010	2009
Less than one year	7,167	13,392
Greater than one year and less than five years	-	2,828

See also note 35-Financial risk management.

4. Other rights and commitments

Bank guarantees as of 31/12/2010: kEUR 31 (as of 31/12/2009: kEUR 181).

in thousands of EUR	2010	2009
	31	181

32. POST BALANCE SHEET EVENTS

Production of pepparkakor

Lotus Bakeries' vision is to be the leader in the specialty market for pepparkakor biscuits with its Anna's brand. Central to this is the unique taste of the products. High and consistent product quality is of vital importance here.

In December 2010, Ikea, a major customer for our pepparkakor biscuits, announced that it would discontinue buying Anna's pepparkakor from June 2011. Ikea has recently opted for a new Food concept in its stores, with its Food section to be stocked entirely with Ikea's own brand products. In 2010 sales to Ikea amounted to nearly EUR 4 million, with a contribution margin of around EUR 1 million. Right now the Ikea volume is produced at two manufacturing sites: Tyresö (Sweden) and High River (Canada).

In order to be able to continue to implement the strategic choices that have been made, Lotus Bakeries will produce all Anna's pepparkakor at Tyresö (Sweden) and close its High River (Canada) manufacturing location. Tyresö in this way becomes the specialized and efficient production location for pepparkakor biscuits.

The closure of the High River production facility is a well-considered choice, despite the measures that this will require. The closure will mean 11 permanent job losses in High River and this will create an additional seven jobs in Tyresö.

Centralizing production in Tyresö and increasing the output there offers the opportunity to better protect the unique taste experience and product quality of Anna's pepparkakor.

With the closure effectively completed, the North America organization can then concentrate fully on the major task of further expanding the Anna's (pepparkakor) and Lotus Biscoff (caramelized biscuits)

brands. The North American market is one of the most important growth markets for Lotus Bakeries.

Court judgement with regard to the patenting of 'speculoospasta' (caramelized biscuit spread) in Belgium

On 20 January 2010 the Ghent Commercial Court, in the proceedings concerning the Belgian patent on caramelized biscuit spread held by Lotus Bakeries, declared the patent to be revoked. Lotus Bakeries decided not to lodge an appeal.

The unique taste experience of the Lotus caramelized biscuit spread reinforces Lotus Bakeries' assessment that the revoking of the patent will have little or no effect on the Lotus caramelized biscuit spread's market position.

33. RELATED PARTIES

A list of all Group companies is provided in note 1.

The biggest Lotus Bakeries Group shareholders are Stichting Administratiekantoor van aandelen Lotus Bakeries and Lotus Bakeries Group Services that, as of 31 December 2010, held an undiluted interest of 61.20%, and Christavest Comm. VA with an interest of 8.16% on 31 December 2010.

CEO's remuneration in 2010

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

The remuneration for 2010 is:

Remuneration CEO	2010
Fixed	439,125 EUR
Variable	174,245 EUR
Pension	58,612 EUR
Other	38,477 EUR

No other remuneration was granted in 2010.

In 2010 there was no long-term cash bonus plan in place.

Remuneration of executive managers in 2010 (excluding CEO)

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

The remuneration for all executive managers together for 2010 is:

EXCO (excl. CEO)	2010
Fixed	1,086,919 EUR
Variable	404,729 EUR
Pension	151,360 EUR
Other	98,555 EUR

In 2010 there was no long-term cash bonus plan in place.

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

Finally, there is a warrant plan that was implemented in 2007 and a stock option plan for those who were not yet eligible for the warrant plan. The grant of warrants in 2007 was for a period of 5 years, from 2007 to 2011 inclusive.

3,400 new share options were issued in 2010 under the Lotus Bakeries share option plan. No new warrants were issued in 2010.

The members of the Board of Directors each receive EUR 17,500 a year. The Chairman receives EUR 35,000 a year. Each member of the Audit and Remuneration and Nomination Committees also receives compensation of EUR 5,000. In 2010, these compensations totalled EUR 257,500 and were deducted from the 2010 income statement.

34. ASSETS HELD FOR SALE

There were no significant assets held for sale on 31 December 2010.

35. FINANCIAL RISK MANAGEMENT

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 financial results is limited by the signing of contracts with a fixed price in euro for the important volatile raw materials. For other raw materials and for packaging, yearly agreements are made when possible. See also note 31-Rights and commitments not reflected in the balance sheet.

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, CAD, GBP, CZK and SEK. The net foreign exchange risk on these currencies is almost fully hedged by forward contracts and/or options contracts.

3. Interest rate risk

Long-term financial liabilities carry either fixed (kEUR 516) or variable (kEUR 29,159) interest rates, the latter based on Euribor rates for periods up to 1 year.

The variable interest rate risk on the outstanding financial liabilities is 100% hedged.

4. Financial instruments

SENSITIVITY ANALYSIS:

Interest rate risk:

A ten basis points higher Euribor interest rate in 2010 would have positively impacted interest expense by approximately kEUR 2.

Exchange rate risk:

An average 5% lower USD, GBP, CAD, CZK and CHF exchange rate would have negatively affected net result by approximately kEUR 600 in all.

The outstanding financial instruments concluded in the framework of the interest and exchange rate risks are intended to limit the impact of a possible rise in the Euribor interest rate of up to one year or a weakening of the exchange rate.

A change of ten basis points in the Euribor interest rate or an exchange rate fluctuation of 5% compared with end-December 2010 do not significantly affect the fair value of these financial instruments.

The development of the interest and exchange rates and of the financial instruments is dynamically and systematically monitored in order to limit or avoid as far as possible the potential risks with regard to the interest rate effectively paid today or in the future or the negative impact of an unfavourable exchange rate development.

5. Credit risk

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

The Lotus Bakeries Group has a diversified international customer portfolio, consisting mainly of large retail, cash-and-carry and food services customers in various countries. For exports 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 (32 days in 2010). 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 having credit ratings of A- or higher.

6. 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.

The contractual maturity dates of non-derivative financial debts and the estimates of interest payments and derivative financial instruments are as follows:

Financial assets and liabilities

in thousands of EUR

	2009	
	Less than 1 year	More than 1 year
Non-derivative financial liabilities		
Unsecured bank loans	(14,981)	(39,865)
Bank overdraft	(716)	-
Trade & other payables	(38,644)	(148)
	(54,341)	(40,013)
Derivative financial assets and liabilities		
Foreign currency derivatives	(190)	-
Interest rate derivatives	(747)	(1,994)
	(937)	(1,994)

in thousands of EUR

	2010	
	Less than 1 year	More than 1 year
Non-derivative financial liabilities		
Unsecured bank loans	(13,357)	(19,706)
Bank overdraft	(7,546)	-
Trade & other payables	(42,888)	(116)
	(63,791)	(19,822)
Derivative financial assets and liabilities		
Foreign currency derivatives	(268)	-
Interest rate derivatives	(681)	(1,070)
	(949)	(1,070)

7. 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 cash flow (REBITDA) at what is considered as a normally healthy level in the financial market. In 2010 it easily met the financial covenants entered into in the context of the external financing.

8. 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 ISO, BRC and other audits take place at regular intervals.

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

9. Pension scheme risks

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

A major portion of these pension schemes are defined contribution schemes, including in Belgium, France, Sweden, Canada and the United States. These are funded by employer and employee contributions and charged to the income statement of the year in question.

Defined benefit pension schemes exist in the Dutch and German subsidiaries. In the Netherlands a defined benefit 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 benefits schemes the necessary provisions are set up based on the actuarial current value of the future obligations to the employees concerned.

36. RESEARCH AND DEVELOPMENT

External and internal costs of research and development are expensed to the income statement during the year in which they are incurred. For 2010 these costs amounted to KEUR 1,164.

37. MANAGEMENT RESPONSIBILITY STATEMENT

We hereby certify that, to the best of our knowledge, the condensed consolidated financial statements for the year ended 31 December 2010, which has been prepared in accordance with the IFRS (International Financial Reporting Standards), 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 consolidation as a whole, and that the annual report includes a fair review of the important events that have occurred during the year 2010 and of the major transactions with the related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties with which the company is confronted.

Lembeke, 11 April 2011

On behalf of the Board of Directors

Matthieu Boone Jan Boone
CEO Managing director

NOTES

38. INFORMATION ABOUT THE STATUTORY AUDITOR, ITS REMUNERATION AND ADDITIONAL SERVICES RENDERED

The company's Statutory Auditor is PricewaterhouseCoopers Bedrijfsrevisoren cvba, represented by Lieven Adams and Peter Opsomer.

Audit fee for the Group audit 2010	In thousands of EUR
Lotus Bakeries NV	111
Lotus Bakeries Group	209
Total	320
Fees for the mandates of PricewaterhouseCoopers Accountants	176
Fees for the mandates of persons related to PricewaterhouseCoopers Accountants	144

Group's Auditor fees for additional services rendered

Other audit-related fees	5
Tax fees	-
Other non-audit fees	-

Fees for additional services rendered of persons related to PricewaterhouseCoopers Accountants

Other audit-related fees	12
Tax fees	102
Other non-audit fees	25

Statutory Auditor's Report to the General Shareholders' Meeting on the consolidated accounts of the company Lotus Bakeries NV as of and for the year ended 31 December 2010

As required by law and the company's articles of association, we report to you in the context of our appointment as the company's statutory Auditor. This report includes our opinion on the consolidated accounts and the required additional disclosure.

Unqualified opinion on the consolidated accounts

We have audited the consolidated accounts of Lotus Bakeries NV and its subsidiaries (the 'Group') as of and for the year ended 31 December 2010, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The consolidated accounts of the Group are set forth in the financial supplement to and in Chapter IV and V of the annual report. These consolidated accounts comprise the consolidated balance sheet as of 31 December 2010 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated balance sheet amounts to EUR (000) 224,731 and the

consolidated statement of income shows a profit, share of the Group, for the year of EUR (000) 23,055.

The company's Board of Directors is responsible for the preparation of the consolidated accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated accounts based on our audit. We conducted our audit in accordance with the legal requirements applicable in Belgium and with Belgian auditing standards, as issued by the 'Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren'. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated accounts are free of material misstatement.

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the

consolidated accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the consolidated accounts taken as a whole.

Finally, we have obtained from the Board of Directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts set forth in the financial supplement to and in Chapter IV and V of the annual report give a true and fair view of the Group's net worth and financial position as of 31 December 2010 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional remark

The company's Board of Directors is responsible for the preparation and content of the management report on the consolidated accounts, set forth in Chapter IV and V of the annual report.

Our responsibility is to include in our report the following additional remark, which does not have any effect on our opinion on the consolidated accounts:

- The management report on the consolidated accounts deals with the information required by the law and is consistent with the consolidated accounts. However, we are not in a position to express an opinion on the description of the principal risks and uncertainties facing the companies included in the consolidation, the state of their affairs, their forecast development or the significant influence of certain events on their future development. Nevertheless, we can confirm that the information provided is not in obvious contradiction with the information we have acquired in the context of our appointment.

Ghent, 14 April 2011

The statutory Auditor
PwC Bedrijfsrevisoren cvba
Represented by

Lieven Adams Bedrijfsrevisor	Peter Opsomer Bedrijfsrevisor
---------------------------------	----------------------------------

*FIVE-YEAR
FINANCIAL SUMMARY
LOTUS BAKERIES GROUP*

CONSOLIDATED BALANCE SHEET

in thousands of EUR	2010	2009	2008	2007	2006
Non-current assets	178,257	170,301	172,028	156,227	161,535
Tangible assets	90,233	84,150	86,408	83,441	85,986
Goodwill	25,670	24,837	24,147	17,151	17,151
Intangible assets	61,576	60,822	61,185	54,727	55,252
Deferred tax assets	637	353	170	163	1,954
Other non-current assets including derivative financial instruments	109	101	80	303	930
Current assets	46,474	55,809	55,884	39,100	37,967
Stocks	12,998	12,947	13,913	10,319	9,145
Trade receivables	23,360	21,288	20,985	16,489	16,903
Cash and cash equivalents	6,302	16,249	14,548	7,384	5,884
TOTAL ASSETS	224,731	226,110	227,912	195,327	199,502
Equity	109,795	101,197	85,855	68,924	54,678
Non-current liabilities	50,571	69,313	82,831	72,545	94,788
Interest-bearing loans and borrowings	17,902	37,136	50,159	43,603	59,640
Deferred tax liabilities	28,700	28,619	29,320	26,389	30,649
Current liabilities	64,365	55,600	59,226	53,858	50,036
Interest-bearing loans and borrowings	19,319	13,739	12,488	13,879	14,125
Trade payables	23,509	22,138	30,321	23,082	19,356
Remuneration and social security	9,081	9,518	8,480	6,717	7,433
TOTAL EQUITY AND LIABILITIES	224,731	226,110	227,912	195,327	199,502

FIVE-YEAR FINANCIAL SUMMARY LOTUS BAKERIES GROUP

CONSOLIDATED INCOME STATEMENT

in thousands of EUR	2010	2009	2008	2007	2006
Turnover	264,823	261,071	256,687	224,528	179,245
Recurrent operating result (REBIT)	34,955	34,593	34,040	28,695	19,944
Non-recurrent operating result	(874)	(294)	(779)	(937)	(1,120)
Operating result (EBIT)	34,081	34,299	33,261	27,758	18,824
Financial result	(2,960)	(2,826)	(6,939)	(3,970)	(3,187)
Result before taxation	31,121	31,473	26,322	23,788	15,637
Income taxes	(8,055)	(8,202)	(6,405)	(3,440)	(4,523)
Result after taxation	23,066	23,271	19,917	20,348	11,114
Share in the result of the enterprises accounted for using the equity method	-	-	-	309	288
Result from assets held for sale	-	-	248	-	-
Results from termination of activities	-	1,889	-	-	-
Net result	23,066	25,160	20,165	20,657	11,402
Net result : share of third parties	11	95	125	144	27
Net result : share of the Group	23,055	25,065	20,040	20,513	11,375

ABRIDGED STATUTORY FINANCIAL STATEMENTS OF LOTUS BAKERIES NV

BALANCE SHEET AFTER APPROPRIATION OF RESULT

ASSETS in thousands of EUR	31-12-10	31-12-09
Fixed Assets	65,588	75,174
II. Intangible assets	326	222
III. Tangible assets	9,782	10,204
A. Land and buildings	4,292	4,600
B. Plant, machinery and equipment	5,117	4,812
C. Furniture and vehicles	326	379
F. Assets under construction and advance payments	47	413
IV. Financial assets	55,481	64,748
A. Affiliated enterprises	55,391	64,655
1. Participating interests	484	484
2. Amounts receivable	54,907	64,171
C. Other financial assets	89	93
1. Shares	33	33
2. Amounts receivable and cash guarantees	56	60
Current Assets	47,017	30,207
V. Amounts receivable after more than one year	50	43
B. Other amounts receivable	50	43
VI. Stocks and contracts in progress	3,515	4,173
A. Stocks	3,515	4,173
1. Raw materials and consumables	2,403	2,360
2. Work in progress	32	95
3. Finished goods	308	1,018
4. Goods purchased for resale	772	700
VII. Amounts receivable within one year	16,739	24,062
A. Trade debtors	15,916	14,215
B. Other amounts receivable	823	9,847
VIII. Investments	60	-
B. Other investments and deposits	60	-
IX. Cash at bank and in hand	26,519	964
X. Deferred charges and accrued income	134	965
TOTAL ASSETS	112,605	105,381

ABRIDGED STATUTORY FINANCIAL STATEMENTS OF LOTUS BAKERIES NV

BALANCE SHEET AFTER APPROPRIATION OF RESULT

LIABILITIES in thousands of EUR	31-12-10	31-12-09
Capital and reserves	39,425	41,139
I. Capital	3,400	1,500
A. Issued capital	3,400	1,500
II. Share premium account	2,298	2,298
IV. Reserves	33,727	37,341
A. Legal reserve	340	150
B. Reserves not available for distribution	72	72
2. Other	72	72
C. Untaxed reserves	1,223	1,050
D. Reserves available for distribution	32,092	36,069
Provisions and deferred taxation	1,712	1,740
VII. A. Provisions for liabilities and charges	1,610	1,631
1. Pensions and similar obligations	197	338
3. Major repairs and maintenance	1,212	1,212
4. Other liabilities and charges	201	81
B. Deferred taxation	102	109
Creditors	71,468	62,502
VIII. Amounts payable after more than one year	17,902	23,179
A. Financial debts	17,902	23,179
4. Credit institutions	17,895	23,159
5. Other loans	7	20
IX. Amounts payable within one year	52,082	38,715
A. Current portion of amounts payable after more than one year	11,277	9,277
B. Financial debts	-	407
1. Credit institutions	-	407
C. Trade debts	27,114	18,089
1. Suppliers	27,114	18,089
E. Taxes, remuneration and social security	5,582	4,583
1. Taxes	2,303	1,226
2. Remuneration and social security	3,279	3,357
F. Other amounts payable	8,109	6,359
X. Accrued charges and deferred income	1,484	608
TOTAL LIABILITIES	112,605	105,381

ABRIDGED STATUTORY FINANCIAL STATEMENTS OF LOTUS BAKERIES NV

NOT-CONSOLIDATED INCOME STATEMENT

in thousands of EUR	2010	2009
I. Operating income	140,376	146,573
A. Turnover	138,120	141,838
B. Increase; Decrease in stocks of finished goods, work and contracts in progress	(586)	(156)
C. Own construction capitalised	108	70
D. Other operating income	2,734	4,821
II. Operating charges	(130,423)	(139,656)
A. Raw materials, consumables and goods for resale	70,762	78,635
1. Purchases	71,178	78,560
2. Increase, decrease in stocks	(416)	75
B. Services and other goods	33,743	35,470
C. Remuneration, social security costs and pensions	20,418	20,604
D. Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	3,426	3,809
E. Increase; Decrease in amounts written off stocks, contracts in progress and trade debtors	495	355
F. Increase; Decrease in provisions for liabilities and charges	(21)	372
G. Other operating charges	1,600	411
III. Operating profit	9,953	6,917
IV. Financial income	11,897	11,713
A. Income from financial fixed assets	10,662	9,433
B. Income from current assets	165	150
C. Other financial income	1,070	2,130
V. Financial charges	(4,541)	(2,965)
A. Interest and other debt charges	699	1,182
C. Other financial charges	3,842	1,783
VI. Profit on ordinary activities before taxes	17,309	15,665

in thousands of EUR	2010	2009
VI. Profit on ordinary activities before taxes	17,309	15,665
VII. Extraordinary income	22	2,177
D. Gain on disposal of fixed assets	22	2,177
VIII. Extraordinary charges	-	9
D. Loss on disposal of fixed assets	-	9
IX. Profit for the year before taxes	17,331	17,833
IX. Bis		
A. Transfer from deferred taxation	15	18
B. Transfer to deferred taxation	(7)	(9)
X. Income taxes	(1,771)	(2,339)
A. Income taxes	1,983	2,339
B. Adjustment of income taxes and write-back of tax provisions	212	-
XI. Profit for the year	15,568	15,503
XII. Transfer from untaxed reserve	28	36
Transfer from untaxed reserve	(202)	(181)
XIII. Profit for the year available for appropriation	15,394	15,358

ABRIDGED STATUTORY FINANCIAL STATEMENTS OF LOTUS BAKERIES NV

APPROPRIATION ACCOUNT

in thousands of EUR	2010	2009
A. Profit to be appropriated	18,146	15,358
1. Profit for the year available for appropriation	15,394	15,358
Accumulated profits	2,752	-
C. Transfer to capital and reserves	(11,107)	(9,075)
3. To other reserves	11,107	9,075
F. Distribution of profit	(7,039)	(6,283)
1. Dividends	6,799	6,026
2. Directors' emoluments	240	257

EXTRACT FROM THE NOTES

VIII. STATEMENT OF CAPITAL

	Amounts in thousands of EUR	Number of shares
A. CAPITAL		
1. Issued capital		
At the end of the preceding year	1,500	
At the end of the year	3,400	
2. Structure of the capital		
2.1. Different categories of shares		
Ordinary shares	3,400	772,563
2.2. Registered shares and bearer shares		
Registered		289
Bearer		12,411
Dematerialized		759,863
C. TREASURY SHARES held by:		
- its subsidiaries	119,785	27,218
E. AMOUNTS OF AUTHORIZED CAPITAL, NOT ISSUED	1,133	

G. STRUCTURE OF SHAREHOLDINGS OF THE ENTERPRISE: situation on 31 December 2010

As applied by article 29 paragraph 1, 1 of the law of 2 May 2007 on disclosure of mayor holdings, the following notification of shareholding in Lotus Bakeries NV was received on 27 April 2010.

Announcer	Number of voting rights	% of voting rights
Stichting Administratiekantoor van Aandelen Lotus Bakeries Claude Debussylaan 24 NL-1082 MD Amsterdam	446,378	57.78%
Lotus Bakeries Group Services NV ⁽¹⁾⁽³⁾ Gentstraat 52 9971 Lembeke	26,457	3.42%
Christavest Comm. VA ⁽²⁾ Kerkstraat 33A 9971 Lembeke	63,046	8.16%
TOTAL	535,881	69.36%

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

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

(3) The voting rights associated with the shares held by Lotus Bakeries Group Services NV have been suspended. The dividends have not been suspended and will be paid out to Lotus Bakeries Group Services NV.

ACCOUNTING PRINCIPLES

1. Assets

1.1 FORMATION EXPENSES

Formation expenses have been recorded at cost and depreciated at 100%.

1.2 INTANGIBLE FIXED ASSETS

Intangible fixed assets are recorded at purchase or transfer price. The amortization percentages applied are:

- research and development	33%
- licensing	33%
- clientele	10%
- advances	0%

The amortization of clientele over ten years is justified by the stable client relationships that have been realised through the brands Lotus, Corona, Cremers and Suzy and which are now housed under the single Lotus brand.

1.3 TANGIBLE FIXED ASSETS

Tangible fixed assets are included at purchase price. Ancillary costs were separately booked till 2002 included. As from 2003, they have been booked within the principal investment.

Beginning in 1993 assets under construction and advance payments have been depreciated according to their final destination, except for those fixed assets that are depreciated over a maximum of three years. These last mentioned assets are depreciated as from the year of coming into operation.

Investments in office equipment have since 1994 been depreciated over three years, instead of over five years. Since 1980 the declining balance method has been used wherever permitted. As from 2003 depreciation has been recorded rata temporis.

The following depreciation rates apply:

- Buildings	5%
- Installations and equipment	10%
- Machines, tools and furniture	20%
- Office equipment	33%
- Equipment subject to rapid wear and tear	33%
- Software	33%
- Vehicles	20%
- Ancillary costs from 2003 onwards pari passu with the principal investment	100%
- Advances on tangible fixed assets: according to their final destination	
- Produced fixed assets: according to their final destination.	

1.4 FINANCIAL FIXED ASSETS

Financial fixed assets are valued at acquisition price or contribution value without supplementary costs.

Reductions in value are applied where the estimated value of the financial fixed assets is less than the accounting value and where the loss of value so determined is of a lasting nature in the opinion of the Board of Directors.

The estimated value of the financial fixed assets is determined at the end of the accounting period based on the most recent available balance sheet and on one or more criteria.

Reductions in value are reversed, up to the amount of the previously recorded reductions in value, where the valuation at the closing date of the accounting period concerned significantly exceeds the previous valuation.

1.5 STOCKS

Finished products are valued at direct production cost price.

Raw materials, consumables and goods for resale are booked at the cost of acquisition using the FIFO method.

For stocks, real reductions in value are applied where these have become worthless or their value in use or realisation value is lower than the cost price.

1.6 RECEIVABLES

The necessary reductions in value are applied to receivables the collection of which is in doubt.

Receivables are recorded at their nominal value, less any credit notes remaining to be drawn up.

Receivables in foreign currencies are converted at the exchange rate applying on the balance sheet date.

Negative exchange rate differences in non-euro currencies are included in the income statement as in the past.

1.7 INVESTMENTS AND CASH AT BANK AND IN HAND

Treasury shares are valued at purchase price.

Cash at bank and in hand in foreign currency is converted at the exchange rate applying on the balance sheet date.

Both the negative and the positive conversion differences are included in the profit and loss account.

2. Liabilities

2.1 PROVISIONS FOR LIABILITIES AND CHARGES

Provisions have been made for all normally foreseeable liabilities and charges.

2.2 AMOUNTS PAYABLE WITHIN ONE YEAR

- Suppliers: Debts to suppliers are booked at their nominal value. Debts in foreign currencies are valued at the rate of exchange on the balance date. Exchange rate differences are processed in the same way as for foreign currency receivables.
- Liabilities and provisions for taxes, remuneration and social security. The anticipated liabilities with regard to single and double holiday allowances, redistribution of social security charges and personnel insurances have been booked in full.

NOTES



Gentstraat 52
B-9971 Lembeke