ANNUAL REVIEW 2013

INDEX

CONSOLIDATED KEY FIGURES

CONSOLIDATED KEY FIGURES OF THE LOTUS BAKERIES GROUP

in millions of EUR	2013	2012	2011	2010	2009
INCOME STATEMENT					
Turnover	332.32	288.46	275.60	264.82	261.07
Raw materials, consumables and goods for resale	(111.43)	(91.15)	(85.74)	(81.06)	(86.93)
Services and other goods	(87.26)	(78.39)	(73.25)	(69.63)	(63.80)
Personnel costs	(78.90)	(69.97)	(68.72)	(65.53)	(65.00)
Depreciation and amounts written off [1]	(14.16)	(12.84)	(12.07)	(12.50)	(12.08)
Other operating income and charges (net)	0.80	0.57	0.55	(1.15)	1.32
Recurrent operating result (REBIT)	41.37	36.68	36.37	34.96	34.59
Recurrent operating cash flow (REBITDA) [2]	55.62	49.85	49.36	48.71	48.20
Non-recurrent operating result	(3.65)	(1.95)	(2.70)	(0.87)	(0.29)
Operating result (EBIT) [3]	37.72	34.73	33.67	34.09	34.30
Financial result	(1.74)	(1.57)	(0.69)	(2.96)	(2.83)
Result before taxation	35.98	33.16	32.98	31.13	31.47
Income taxes	(8.06)	(7.41)	(9.17)	(8.06)	(8.20)
Result after taxation	27.92	25.75	23.81	23.07	23.27
Result from discontinued operations	-	-	-	-	1.89
NET RESULT	27.92	25.75	23.81	23.07	25.16
Net result: minority interest	-	0.01	0.01	0.01	0.10
Net result: Group share	27.92	25.74	23.80	23.06	25.06
SELF-FINANCING AND INVESTMENTS					
Net cash flow [4]	45.41	42.99	36.41	38.15	40.47
Investments [5]	33.16	40.54	16.98	17.09	9.18
BALANCE SHEET					
Balance sheet total	334.10	270.62	237.89	224.73	226.11
Equity	171.38	145.21	126.76	109.80	101.20
Net financial debts [6]	48.89	24.16	10.88	23.76	26.99
NUMBER OF PERSONS EMPLOYED	**1,244**	**1,218**	**1,198**	**1,198**	**1,224**

	2013	2012	2011	2010	2009
CONSOLIDATED KEY FIGURES PER SHARE in EUR [7]					
Recurrent operating result (REBIT)	54.09	49.17	48.54	46.52	45.08
Recurrent operating cash flow (REBITDA) [2]	72.72	66.82	65.90	64.83	62.81
Net result: share of the Group	36.50	34.50	31.77	30.68	32.67
Gross dividend [8]	10.80	9.80	9.40	8.80	7.80
Net dividend	8.10	7.35	7.05	6.60	5.85
Weighted average number of shares	764,828	746,052	749,088	751,377	767,320
Total number of shares per 31 December	**795,113**	**779,643**	**772,563**	**772,563**	**803,037**

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

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

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

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

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

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

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

(8) For 2013: proposed dividend to the General Meeting of 9 May 2014.

REMARKABLE FACTS

Move of frangipane to Oostakker

JANUARY | FEBRUARY | MARCH | APRIL | MAY | JUNE

Acquisition of Biscuiterie Willems

Expansion of Sintjohannesga

LOTUS, for the first time key brand in 'Bakery and sweet biscuits' in Belgium in 2013

18.5%

Market share in volume - Source: Nielsen

Go live of Lotus Link

Publication of the Lotus Cookbook

JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER

Launch of Dinosaurus biscuits in Belgium and France

New LOTUS logo and restyling of packaging

Lotus Bakeries 25 years on the stock market

REMARKABLE FACTS

1 MESSAGE OF THE PRESIDENT AND THE CEO

Jan Vander Stichele
Executive Director

Matthieu Boone
Chairman

Jan Boone
CEO

What should we remember from the past year and take with us to 2014?

We think the key message is: 'Lotus Bakeries invests!'.

We are a healthy company. A healthy and ambitious company. And we can be ambitious, because we have a strong strategy and the people to make this strategy into a reality. That is why Lotus Bakeries dares to invest in the future. It demonstrates our firm conviction that we have a durable and healthy future ahead of us.

I would like to put a number of last year's projects in the spotlight.

First, we have completed our renovation works in the Netherlands at our gingerbread factories in Geldrop and Sintjohannesga. By optimising the production plant in Geldrop and expanding the capacity of Sintjohannesga, we are now in a position to respond better and with more flexibility to the increasing and evolving demand for gingerbread in the Netherlands.

We also moved the frangipane line from Lembeke to Oostakker, for which we needed to expand the capacity of the buildings in Oostakker. The entire moving project was a spectacular feat. Our plant in Oostakker now takes care of the entire pastry production in Belgium.

At the beginning of last year we acquired Biscuiterie Willems in Eeklo. Before the takeover we produced caramelized biscuits at just one site. The acquisition of Biscuiterie Willems responds to the required business continuity for the production of caramelized biscuits. It is a brilliant opportunity for the Group to possess a second caramelized biscuits factory besides Lembeke. Although we would like to make it clear that we will only produce the unique Lotus caramelized biscuits in Lembeke.

We have also decided to centralise all commercial activities for the Customer Brands (house brands). This way, we will create two strong teams in Belgium, each with its own focus. In Eeklo a Customer Brand Business team and in Lembeke a commercial team to support the Lotus brand.

With regard to ICT we have taken some important steps in 2013, including the 'go live' of the employee portal 'Lotus Link'. This tool will substantially improve database management. Lotus Link will furthermore provide an up-to-date and clear communication channel within the Lotus Group. This applies to all our employees, anywhere in the world. Another important ICT project is the SAP implementation at the Eeklo plant. Less than one year after the takeover, Biscuiterie Willems is now fully integrated in the SAP environment of the Lotus Bakeries Group.

Another notable project is the purchase and installation of the Dinosaurus production line in Lembeke. We have chosen a highly automated line with a high output. This way we will be able to produce the Dinosaurus biscuits at a competitive cost price. This will give the Dinosaurus concept all the necessary trumps to strongly contribute to the future growth of Lotus Bakeries.

As a company, we are also continuously investing in focused marketing activities in various countries. In our Belgian domestic market, we have again been able to realise significant marketing and sales activities, which have led to further commercial success. As the cherry on the cake, we have achieved the greatest market share ever for the Lotus brand in 'Bakery and sweet biscuits' in Belgium.

As you can read, our company has some important and inspiring investment projects going. We would like to continue these dynamics. We want to continue to grow in our domestic markets, we want to support the countries in which we have been able to build strong positions and we want to invest in new markets such as China and South America. Growing step by step. But to be able to invest well, we need a clear strategy. This is why we have further accentuated our basic strategy in the past year by dedicating a separate chapter to the internationalisation of Lotus caramelized biscuits. We strongly believe in the unique flavour of our biscuit. Better than anyone else we know that once you taste Lotus caramelized biscuits, you are immediately hooked.

This is why we want everyone to taste our biscuit. The best time to generate such a 'trial' is when people are away from home. We want people to be offered our biscuit with their cup of coffee in restaurants, bars, hotels, planes, schools, at the hairdresser, etc. etc. This way, people will easily encounter the unique flavour of our biscuit, after which they will also start to buy Lotus caramelized biscuits for their home.

'Household penetration' is one of the key indicators used by us to measure the advance of Lotus caramelized biscuits in the various countries. Household penetration refers to the percentage of families who buy our Lotus caramelized biscuits at least once a year. This indicator is a direct guideline for the company. Each country will have its own target suited to the phase which this country currently is in. We hope to increase our household penetration in all countries where Lotus caramelized biscuits is sold this year. This means that all employees, from Belgium to China and from Sweden to Chile, are working to achieve the same goal.

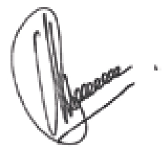
To invest, start new projects and achieve good results is important. However, as a company we should also consider our public and social responsibility. For this reason we have created a framework, called 'Care for today - Respect for tomorrow'. From the start in 2003 until today, our company has supported the project 'The boat to Kinshasa' in Congo through 'Ondernemers voor Ondernemers'. Investment into basic infrastructure, such as boats, roads and bridges, has meant that families around the Mai-Ndombe lake are able to bring their products to Kinshasa to sell them. We are proud to have contributed to this project. In the future our company will support a number of specific projects in order to provide a contribution to our society.

We would like to finish with a quote from Debbi Fields, founder of the Mrs. Fields biscuit shops in the United States:

"I've never felt like I was in the cookie business. I've always been in a feel-good business. My job is to sell joy. My job is to sell happiness. My job is to sell an experience."

Let's keep this in mind in 2014. Each Lotus product must be an experience for our customers, a unique experience!

Jan Boone
CEO



Matthieu Boone
Chairman

2 LOTUS BAKERIES' STRATEGY

MISSION STATEMENT

Lotus Bakeries wishes to base its sustainable growth and profitability on meeting the needs of the present generations, without compromising the opportunities of the next generations.

LOTUS BAKERIES' STRATEGY

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

The strength of our brands is determined by the value they provide to our consumers. The brands are supported by quality, price and innovative power. We endeavour to make our products increasingly attractive and are committed to make our brands increasingly competitive through a long term vision with suitable investments in marketing, production, research and product development.

- Lotus is the brand for caramelized biscuits (speculoos), caramelized biscuit spread and ice cream, cake specialties, waffles & galettes and gingerbread in the various worldwide markets.
    - Internationally we use the name Biscoff as a product name for caramelized biscuits.
    - With the brand Dinosaurus, acquired by Lotus Bakeries in 2013, we aim to develop a strong position in the biscuit segment.
- Peijnenburg and Snelle Jelle are the brands in the Netherlands for gingerbread and other specialties.
- Annas is the brand for pepparkakor specialties. A strong brand, particularly in Scandinavia with a strong distribution in North America.

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

1. A strong focus on the best performing products. This way the specialities of Lotus Bakeries are able to continue to grow in their home markets and in growth markets.

2. Giving priority to clear and consistent communication with the consumer and allocate sufficient resources to this.

3. Focused product innovations, aimed partly at format innovation, and partly at introducing products for new consumption moments.

4. A clear focus on continuously improving our manufacturing efficiency. This is in order to continue to produce the best quality products at the most competitive cost.

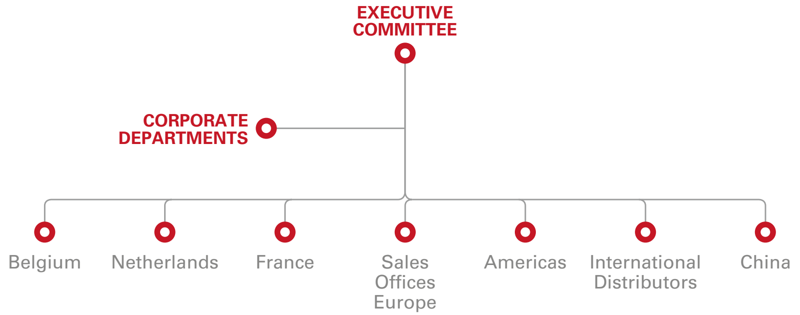
5. Sustainability is crucial for Lotus Bakeries. The theme Corporate Social Responsibility is implemented in the organization as 'Care for today - Respect for tomorrow'. The implementation and continuous improvement of this is directed primarily at four general areas: people, environment, society and employees.

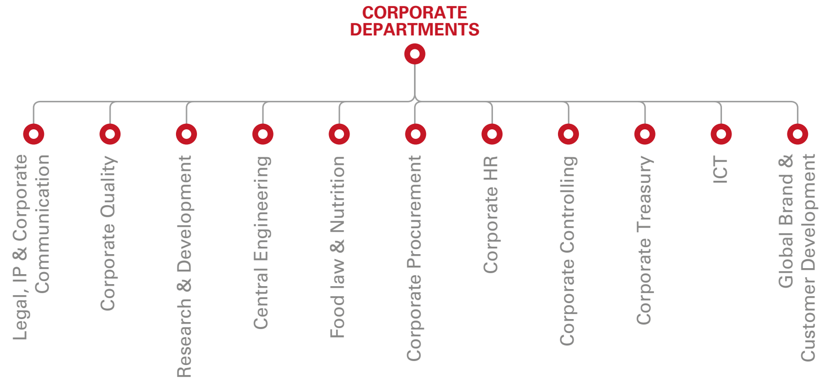
3 LOTUS BAKERIES GROUP'S PROFILE

1 | GROUP FUNCTIONS AND COUNTRY ORGANIZATION

To implement the Lotus Bakeries Group strategy and meet the challenging objectives deriving from it, the Group has opted for a group policy that is carried out under the direction of the Executive Committee (EXCO) and is passed on to the various corporate departments, country and regional organizations ('areas'). Up to the end of 2013, our area structure was as follows: Belgium, Netherlands, France, Northern & Eastern Europe, Southern & Western Europe/Middle East/Africa (SWEMEA), Americas, Asia Pacific and China. The organogram on this page shows the current area structure which is operational as from 1 January 2014. We changed the area structure of the three multi-country areas, being Northern and Eastern Europe, SWEMEA and Asia Pacific. All countries in which we are active with our own Sales Office are grouped into one area: Sales Offices Europe. Countries in which we cooperate with distributors are also grouped together in one area: International Distributors.

The EXCO members and the General managers of each area together form the Group Management Team. The country and regional organizations play a very important role in responding 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 reflects its own particular market and that production facilities also think in a marketdirected way. This is part of the Lotus Bakeries group policy, and is integrated into the policy lines that are set at group level.





In 2013, the Executive Committee consisted of the following members:

Name	Function
Jan Boone	CEO
Jan Vander Stichele	Executive Director
Jos Destrooper	Corporate director finance & human resources
John Van de Par	Corporate director EMEA & ICT

As from May 2014, the Executive Committee will have the following members:

Name	Function
Jan Boone	CEO
Jan Vander Stichele	Executive Director
Isabelle Maes	CFO
John Van de Par	COO

< Executive Committee

PEIJNENBURG
Sinds 1883
rozijnen
PEIJNENBURG
Sinds 1883
ontbijtkoek
NO. 1 VAN NEDERLAND
PEIJNENBURG
parelkandij
PEIJNENBURG
minder suiker
PEIJNENBURG
Overheerlijk
PEIJNENBURG
Tussendoor
6x
Noten
PEIJNENBURG
Complete Start
Vezels
PEIJNENBURG
Dubbel OP
Naturel
PEIJNENBURG
minder suiker
PEIJNENBURG
Overheerlijk
Noten
PEIJNENBURG
Tussendoor

2 | PRODUCTS

Lotus Bakeries has opted for a brand policy based on authentic specialties in the biscuit and cake world: caramelized biscuits, gingerbread, waffles and galettes, cake specialties, pepparkakor biscuits and Dinosaurus 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 more than 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 (modernday Belgium and the Netherlands) has developed very strongly in the Netherlands, where gingerbread is very popular. Strong brands like Peijnenburg and Snelle Jelle have been turned into modern, contemporary concepts that match the consumption patterns of today's conscious consumers. Koninklijke Peijnenburg has almost 60% of the Dutch gingerbread market.

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.

DINOSAURUS BISCUITS

At the end of 2012, Lotus succeeded in acquiring the Dinosaurus brand from Galletas Artiach. With this Dinosaurus brand Lotus will be able to build its position in the children's biscuit segment. Dinosaurus biscuits have for years been the favourite children's biscuit in Belgium and France. Our focus will be on further internationalisation of our brand.

3 | PRODUCTION FACILITIES

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

Our production sites and logistics centre are:

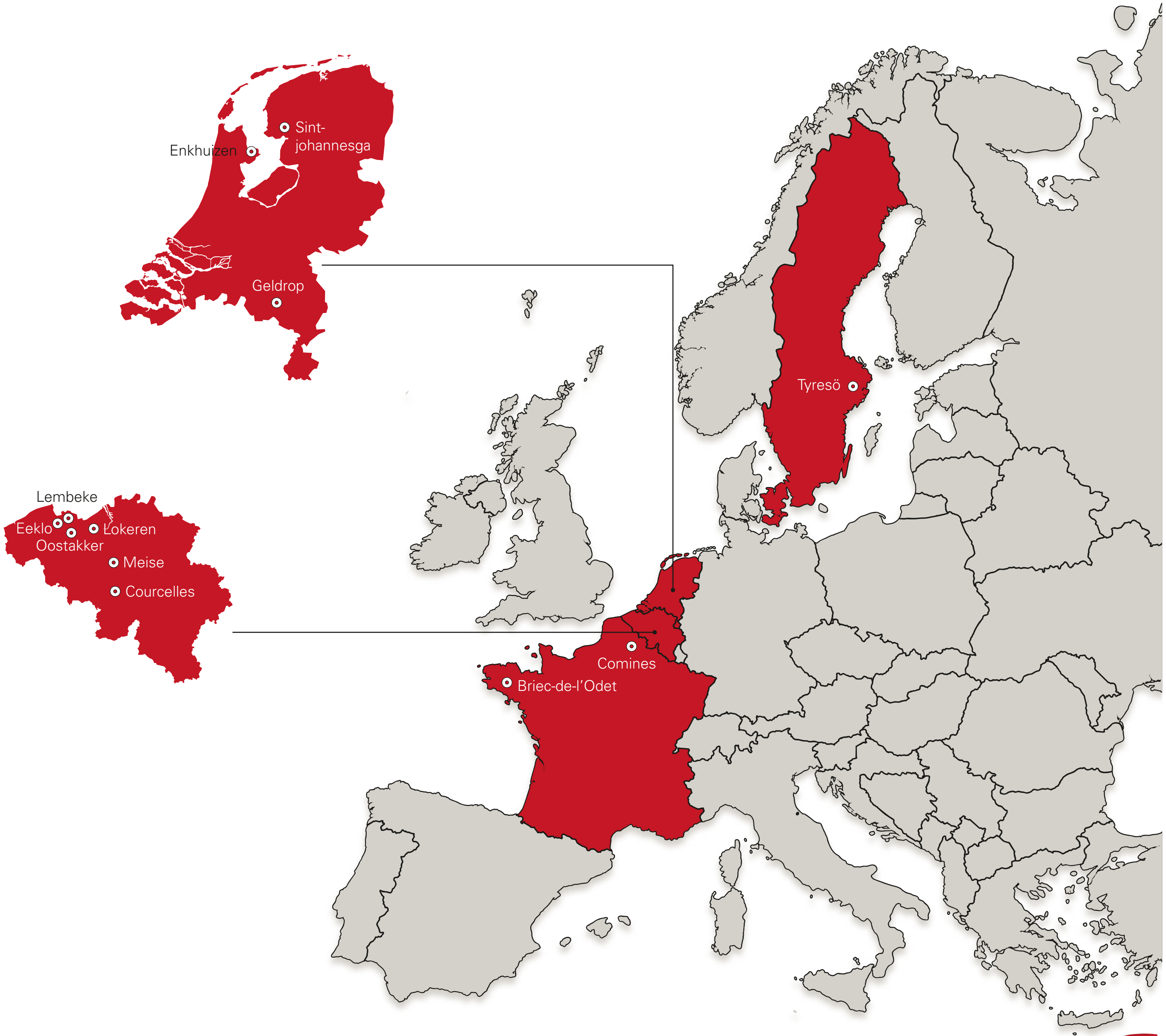
Belgium	
Courcelles	waffles and galettes
Eeklo	caramelized biscuits
Lembeke	caramelized biscuits and Dinosaurus biscuits*
Lokeren	logistics centre
Meise	waffles
Oostakker	cake specialties

Netherlands	
Enkhuizen	Enkhuizer cookies and cake specialties
Geldrop	gingerbread
Sintjohannesga	gingerbread

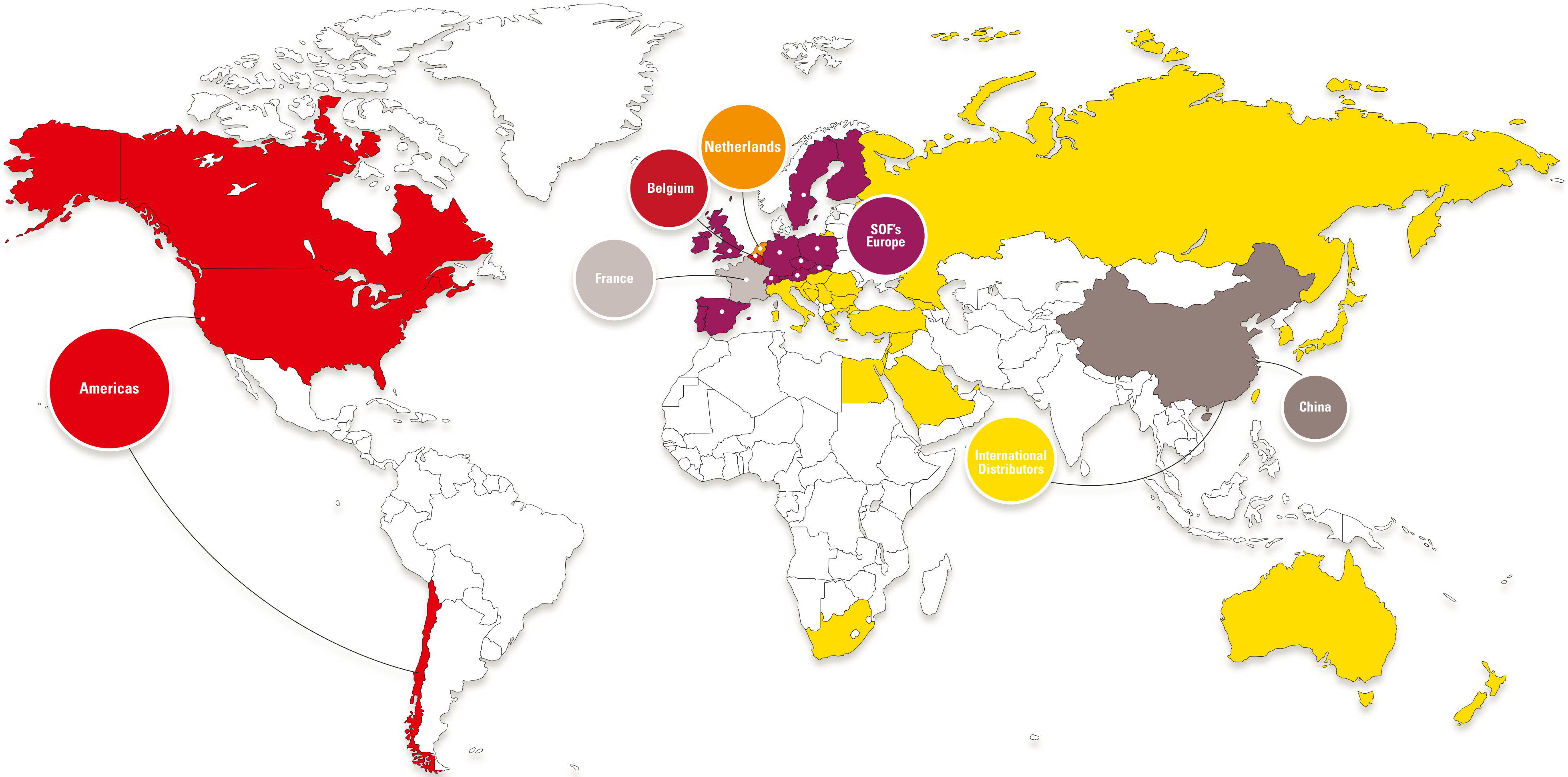
France	
Briec-de-l'Odet	Breton butter products
Comines	cake specialties and filled waffles

Sweden	
Tyresö	pepparkakor biscuits

(*) As from the second half of 2014


Sint-
johannesga
Enkhuizen
Geldrop
Tyresö
Lembeke
Eeklo
Lokeren
Oostakker
Meise
Courcelles
Comines
Briec-de-l'Odet

4 | COUNTRY AND REGIONAL ORGANIZATIONS WITH OWN SALES ORGANIZATION (SOF) & DISTRIBUTORS



Sales Offices Europe: Central Europe (Germany/Austria, Czech Republic/Slovakia, Poland), Iberica (Spain/Portugal), Nordics (Sweden/Finland), Switzerland, United Kingdom and Ireland

^ TV spot Dinosaurus

^ TV spot Lotus Original Caramelized Biscuits Rolls

4 REPORT OF THE BOARD OF DIRECTORS

1 | ACTIVITIES IN 2013

1.1 MARKET SITUATION AND SALES RESULTS

GENERAL EVOLUTION OF TURNOVER

In 2013, the consolidated turnover of the Lotus Bakeries Group grew by 15.2% to EUR 332.3 million. The total revenue growth without Biscuiterie Willems amounts to more than 7% and can be entirely attributed to branded growth. This branded growth is primarily connected to the international growth of caramelized biscuits and waffles and the introduction of Dinosaurus.

Consistent implementation of strategic choices enabled the Lotus brand to greatly reinforce its market share in Belgium. This growth was realised through a persistent focus on product quality, consumer driven product innovations directed at new consumption opportunities and considerable marketing support for the best-selling products. This support was present in both traditional and new media. The introduction of Lotus Dinosaurus has also played an important role in Lotus Bakeries' successful year in Belgium. The distribution of Lotus Dinosaurus is strongly established in Belgium and the product has also seen good rotation.

The market in the Netherlands was under pressure in 2013 due to low levels of consumer trust and the recession. Nevertheless Lotus Bakeries managed to hold on to Koninklijke Peijnenburg's strong market share in the gingerbread segment. The brand campaigns for Peijnenburg and Snelle Jelle made a clear contribution to this. Snelle Jelle and the introduction of Peijnenburg Overheerlijk made a positive contribution to the sales figures. The brand Lotus experienced good growth in the Netherlands with caramelized biscuits and caramelized biscuit spread.

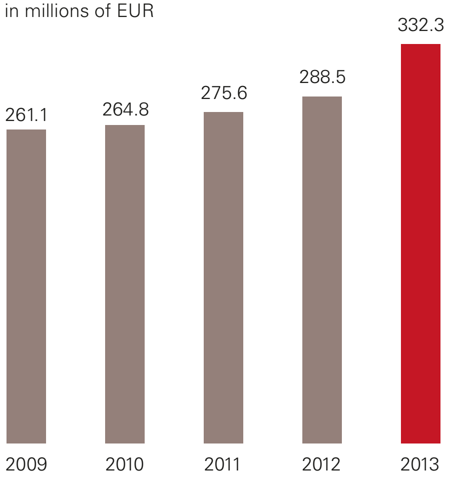
In France, a major TV campaign was run in 2013 for Lotus caramelized biscuits. Its central message was "Every coffee needs a Lotus". The campaign resulted in a strong rise in sales rotations in the sales point and increased brand awareness. There was a big increase in the market share within the caramelized biscuit category. Lotus Bakeries achieved good results within the waffles segment as well, here again our market share has increased. Good distribution and rotation figures bear out the successful introduction of Lotus Dinosaurus in France.

In the United States, Lotus caramelized biscuits experienced further double digit growth through active in-store confrontation with the aid of displays and additional distribution growth in retail and out-of-home. We also achieved further growth with the Lotus caramelized biscuit spread.

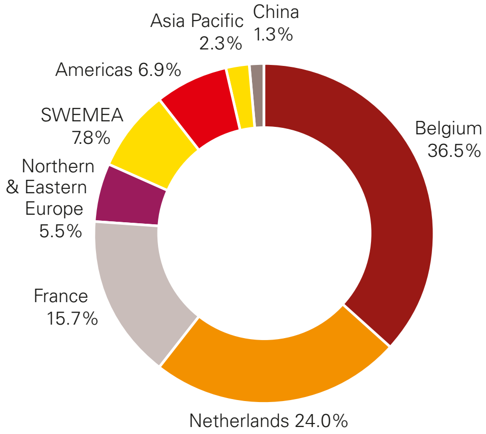
Asia Pacific again realised strong growth, notably spurred on by growing sales in China. The ambition is to get a devoted team working in China to place more focus on the expansion of the Lotus brand and the continued growth of Lotus caramelized biscuits in both out-of-home and retail.

An accentuated focus on Lotus caramelized biscuits ensures further revenue growth and reinforcement of our market position in Europe, in particular in the United Kingdom, and in the Middle East. Sales of the Annas brand in Sweden and Finland have been very good this season, resulting in a strengthening of the market share.

EVOLUTION OF TURNOVER
in millions of EUR



GEOGRAPHIC ALLOCATION OF TURNOVER




Lotus
Since 1932
Dinosaurus

SOME NOTABLE ACHIEVEMENTS IN THE DIFFERENT AREAS

Belgium

The entire sweet biscuit category is an important category in Belgium. It has a penetration of 99%, which means that practically every household is a potential purchaser. Over the past five years, this category experienced an average growth of more than 2% per year.

The brand Lotus continues to evolve in a positive manner thanks to refocused strategy. Lotus Bakeries continues to focus on superior product quality, strong communication support for top products and consumer driven innovations.

Lotus caramelized biscuits is anchored into Belgian culture. Recently, Lotus Bakeries has added much dynamism and value to the biscuit sector with the launch of the Lotus Original Caramelized Biscuit Minis (mini-sized Lotus caramelized biscuit) and Lotus Original Caramelized Biscuit Rolls (crispy caramelized biscuit balls covered in Belgian chocolate). These innovations were launched in a modern packaging inviting the consumer to also consume caramelized biscuits as a snack in between meals, tapping into a new consumption moment for the caramelized biscuit category.

Besides these innovations, Lotus wants to continue to insert dynamism by stimulating the use of caramelized biscuits by consumers in a creative way. For example, this autumn saw the publication of a unique 'Lotus Cookbook'. This is a recipe collection by and for our consumers, so that anyone can discover that Lotus caramelized biscuits, is not only delicious in desserts but also in savoury starters and main courses.

In the past year, Lotus was very active in the biscuit sector with the launch of the Lotus Dinosaurus. To emphasise this launch we designed a sympathetic Dinosaur character which will become the face of attractive point-of-sales material with a great impact.

Lotus Dinosaurus is furthermore supported by a TV campaign. This combination of media presence and strong in-store confrontation will be the key to the further expansion of the Dinosaurus concept. At the same time we regularly activate our online community 'Lotus Friends'. This way, we are able to generate traffic to the supermarket and the biscuit category through the online channel.

Lotus will, of course, continue to focus on its top products Lotus Frangipane, Lotus Madeleine and Lotus Liege Waffle. Extensive attention to product quality, combined with strong media and in-store support remain the key drivers for further growth.

The Netherlands

As a result of low consumer confidence and a third recession within 5 years, volumes were under pressure. In 2013, this also applied to the gingerbread, cake and biscuit market.

In 2013, Peijnenburg continued to invest in the product range 'Overheerlijk' introduced in 2012. The volumes of this concept have grown substantially. At the beginning of the year, a very successful cooperation with De Telegraaf and Albert Heijn even led to temporarily empty shelves. The market share in value of Koninklijke Peijnenburg has remained stable.

For Snelle Jelle we continued to invest in the very effective advertising campaign in 2013 and the commercial with the swimmer has been joined by a new film with a rower. The volumes increased well in 2013 and the market share for individually packaged biscuits has risen to more than 50%.

Lotus Koffieleutjes has continued its spectacular growth in 2013 due to a mix of TV support, store activities and a growing presence in the out-of-home sector. This means that Lotus Koffieleutjes is on its way to fulfil the ambition of becoming the largest brand biscuit in the Netherlands in the future. The Dutch market share of Lotus has increased in 2013 in the cake and biscuit market as well as in the sandwich spread market.

France
In France, strong growth occurred driven by distribution growth and increased brand support.

Media support for Lotus caramelized biscuits continued in 2013 with two national TV campaigns, with as their central message ‘Every coffee needs a Lotus’. In the stores, we ensured a strong promotional approach, additional displays and an expansion of the average number of product references in each store. In this framework the range was expanded with the launch of the Minis. This global approach led to a growth of 25% in the number of households purchasing the product and a further increase in the market share. Our Lotus caramelized biscuits furthermore remained prominently present in the out-of-home sector.

The Lotus waffles also showed good progress, the flag ship being the Liege waffle, which the French consumer considers to be of a superior flavour. But the other waffles were also further activated and the end of 2013 saw the product launch of the Lotus ‘Tendre Gaufre’, a soft classic waffle.

Lotus Dinosaurus has also started well in France. The inflow into stores occurred smoothly and good rotation confirms the confidence of consumers in the Lotus Dinosaurus product.

The brand Le Glazik, which is mainly sold in Brittany with a large assortment of butter cakes and butter biscuits, was given a complete packaging redesign in 2013. This made the brand gain power in the stores, on the shelves as well as in the displays.

Southern and Western Europe/Middle East/ Africa (SWEMEA)
Penetration of caramelized biscuits in the UK made good progress and increased to more than 5%. This was mainly achieved through expansion of the assortment in the key supermarket chains, meaning that it has become easier for consumers to find our products. We also achieved good results in the distribution expansion of Lotus Spread.

The results in Spain and Portugal have stagnated a little, mainly because of the lagging development of the Spanish economy and relatively high unemployment rate.

In the Middle East, good results were achieved with Lotus caramelized biscuits but also with the Lotus caramelized biscuit spread. Because of the good cooperation with our distributors focused marketing activities are used in TV campaigns, displays and samplings. The Lotus Coffee Corner in Kuwait has created a positive spin-off in the social media/PR, which has improved the Lotus brand awareness and therefore the sales figures. Our distributor in Kuwait started up the Lotus Coffee Corner in 2013. This way, the consumer is brought into contact with Lotus caramelized biscuits, which increases brand familiarity.

As from 1 January 2014, all Sales Offices in Europe have been united in a new area. This provides the opportunity to exchange knowledge and experience in a better way, and to give greater focus to market strategy, fully aimed at the continued internationalisation of Lotus caramelized biscuits.

Northern and Eastern Europe
At the beginning of 2013, we launched the Lotus caramelized biscuit spread in Germany and Austria as an addition to the existing Lotus assortment. As a result of great shop floor support and online activity the first steps have been taken to approach consumers, which has resulted in extra turnover in these countries.

In the Czech Republic too, we successfully launched the Lotus caramelized biscuit spread. In Poland, we managed to strongly improve the quality of our distribution points.

In Sweden, Annas has again increased its market share and further strengthened its position as a market leader among the pepparkakor biscuits. Annas also had a great year in Finland where it hit a new record high.

Americas

In North America, household penetration and availability of Lotus Biscoff caramelized biscuits increased strongly in 2013. Active in-store activity with the aid of displays, combined with further distribution growth at various national retailers were the key factors for double digit growth. We also achieved an important success in the out-of-home sector.

Lotus Biscoff spread also saw a strong growth in turnover and awareness.
Furthermore in the last quarter we launched the new packaging design of Annas pepparkakor biscuits.

In South America, Lotus Bakeries will be looking for professional distributors in a number of specific countries, including Chile and Mexico. In Chile we started our business by increasing awareness under the local population step by step, through the out-of-home sector and a number of retail stores.

Asia Pacific

A general decrease of consumer confidence in Asia combined with new internal retail rules in Korea and a weak Japanese Yen meant that volumes in these countries, which are important to Lotus in Asia, came under pressure.

At the end of the year Lotus Bakeries concluded an agreement for the distribution of caramelized biscuits and Annas pepparkakor biscuits in Japan with the Itochu Corporation. As a result, cooperation with the existing distributor was terminated.

Important steps in the increase of penetration of caramelized biscuits in Australian retail were taken with the introduction of Original Caramelized Biscuits in the stores of Coles, one of the two key retailers in Australia.

China

We aim to increase Lotus brand awareness and growth of Lotus caramelized biscuits in China further with a dedicated team in the out-of-home and retail sectors.

1.2 INVESTMENTS AND INDUSTRIAL OPERATIONS

In 2013 a total amount of EUR 66.1 million was invested in material and immaterial fixed assets and the takeover of Biscuiterie Willems. Investments in material and immaterial fixed assets amount to EUR 33.1 million.

In 2012, the production building of the factory in Oostakker was expanded in preparation for the transfer of the frangipane production from Lembeke to Oostakker. This transfer was completed on schedule and within budget in the first half of 2013. This means that all cake production in Belgium is now united in the specialised factory in Oostakker.

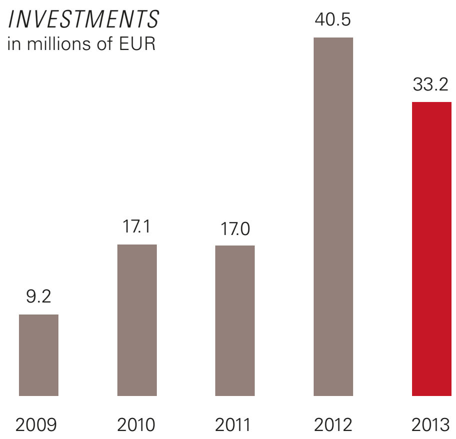
In Lembeke, a large portion of the investment in the new production line for Dinosaurus has already been realised. This highly automated production line will become operational mid-2014.

To further optimise the cost efficiency of the production branches, automated palletisers were introduced at the production lines of Oostakker and Courcelles.

The operational excellence programme remains the focal point for optimising the production branches with regard to safety, quality, continuity of deliveries and cost. An extensive strategy to increase safety awareness of all employees has led to a drastic reduction of the number of occupational accidents with more than 50%. Through teamwork, visual management, internal training and the 5 S's all production employees are closely involved in the daily control of the production lines. An internal questionnaire has also shown that the engagement and satisfaction of production employees has further increased as a result of this strategy.

The training policy was further streamlined with introductory days for new employees, training checklists, visual work instructions and educating employees to provide training ('train-the-trainer').

In the Netherlands, the expansion and modernisation of the factories in Sintjohannesga and Geldrop were successfully completed in 2013. In Geldrop, one of the two factories was closed and production was transferred to Sintjohannesga and the new factory in Geldrop. The project was delivered on time and within budget. These optimisations enable us to respond to the increasing and evolving demand for gingerbread in the Netherlands in a better, more flexible and cost efficient manner. The connected reorganisations have been successfully completed and the workforce in Geldrop has substantially decreased.



1.3 PERSONNEL AND ORGANISATION

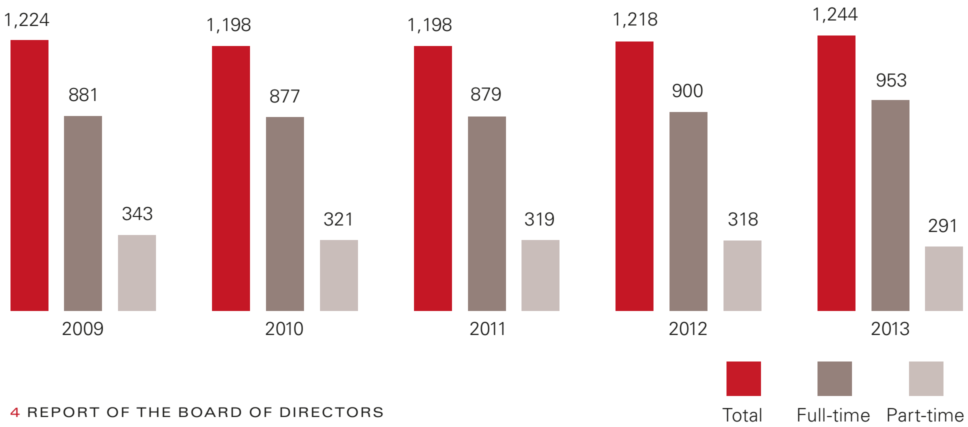
Evolution of personnel

The number of employees on 31 December 2013 has risen to 1,244 in comparison to 1,218 at the end of last year.

The table below shows the number of employees per area and the evolution in comparison to last year.

Area /Organisation	Number of employees	Evolution
Belgium	701	+58
Netherlands	270	-35
France	118	-1
Northern and Eastern Europe	46	-3
Americas	24	-1
Asia Pacific	4	0
SWEMEA	19	+1
China	3	+3
Corporate	59	+4
Total	**1,244**	**+26**

PERSONNEL



The increase of the headcount in Belgium is mainly due to the integration of Biscuiterie Willems, whilst the decline in the Netherlands is the result of the optimisation of the production in Geldrop.

The proportion of men and women of the total is 50.32% and 49.68% respectively.

Lotus Link

In 2013, our own Lotus Bakeries Employee Portal was implemented which can be consulted by all employees of the various areas of the Lotus Bakeries Group.

The purpose of the intranet is, on the one hand, to make the up-to-date policies, tools and information available online to the employees and management of Lotus Bakeries by way of a high tech platform.

Lotus Bakeries aims to increase internal communication and cooperation between the employees of the various countries in the coming year by way of this Lotus Link.

2 | FINANCIAL INFORMATION

2.1 EVOLUTION OF COSTS

The increase in costs in 2013 is explained by the evolution of raw materials prices and by the increased sales efforts in all areas. This is consistent with the brand policy that Lotus Bakeries pursues and will continue to pursue in the future.

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

2.2 PROFITABILITY

The recurrent trading result (REBIT) increased by EUR 4.7 million (from EUR 36.7 million to EUR 41.4 million) in absolute value. The recurrent operating cash flow (REBITDA) for the year 2013 amounted to EUR 55.6 million as compared to EUR 49.9 million in 2012.

The high revenue growth makes a positive contribution to the result. Lotus Bakeries has decided to further increase its commercial efforts in marketing and in the sales points in the different countries and for the different brands.

The non-recurrent trading result amounted to EUR -3.7 million. These costs can notably be attributed to (1) the restructuring costs in the gingerbread factories in Geldrop and Sintjohannesga, (2) costs for the takeover of Biscuiterie Willems and the brand Dinosaurus and (3) the depreciation on the brand Wieger Ketellapper relating to the takeover of Koninklijke Peijnenburg.

On an annual basis, the financial result amounts to a cost of EUR 1.7 million and primarily consist of interest fees. The financial result is influenced by the positive evolution of the market value of the hedging instruments for interest and exchange rate risks in 2013, but offset by negative unrealised differences in exchange rate on outstanding loans within the Lotus Bakeries Group.

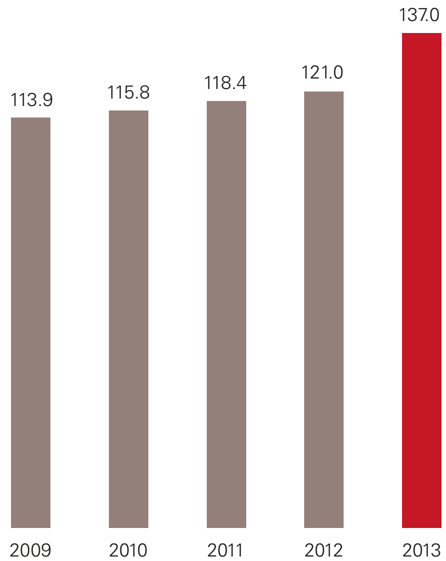
The tax burden for 2013 amounts to EUR 8.1 million which represents a tax rate of 22.4%.

The net profit amounts to EUR 27.9 million and is 8.4% higher than last year.

In 2013 a total amount of EUR 66.1 million was invested in material and immaterial fixed assets and the takeover of Biscuiterie Willems. Investments in material and immaterial fixed assets amount to EUR 33.1 million.

The strong operational cash flow in 2013 meant that the net financial debts only increased by EUR 24.7 million in relation to the previous year. The net financial debt on December 31st, 2013 amounted to EUR 48.9 million which is lower than the annual REBITDA.

EVOLUTION OF ADDED VALUE [1]
in millions of EUR



(1) Added value is defined as operating income (class 70/74) minus commercial goods, raw materials (class 60), services and miscellaneous goods (class 61).

2.3 PRINCIPAL RISKS AND UNCERTAINTIES

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

1. Raw material and packaging costs

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

2. Exchange rate risk

The large majority of purchases are made in euro. In addition, on the sales side, a very large portion of turnover is paid in euro. The main foreign currency transactions related to buying and selling take place in USD, GBP, CHF, CZK and SEK. The net foreign exchange risk on these currencies is almost fully hedged by forward contracts and/or option contracts.

3. Interest rate risk

Part of our financial obligations (13 million EUR) with a variable interest rate is hedged based on the Euribor for a maximum of one year.

4. Credit risk

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

The Lotus Bakeries Group has a diversified international customer portfolio, consisting mainly of large retail, cash-and-carry and food service customers. For export outside Western and Northern Europe, the United States and Canada the Lotus Bakeries Group works on a documentary credit basis or uses credit insurance. The average number of days' customer credit is relatively limited. Within the Lotus Bakeries Group, there are strict procedures to accurately follow up on customers and to handle possible risks as quickly and as efficiently as possible.

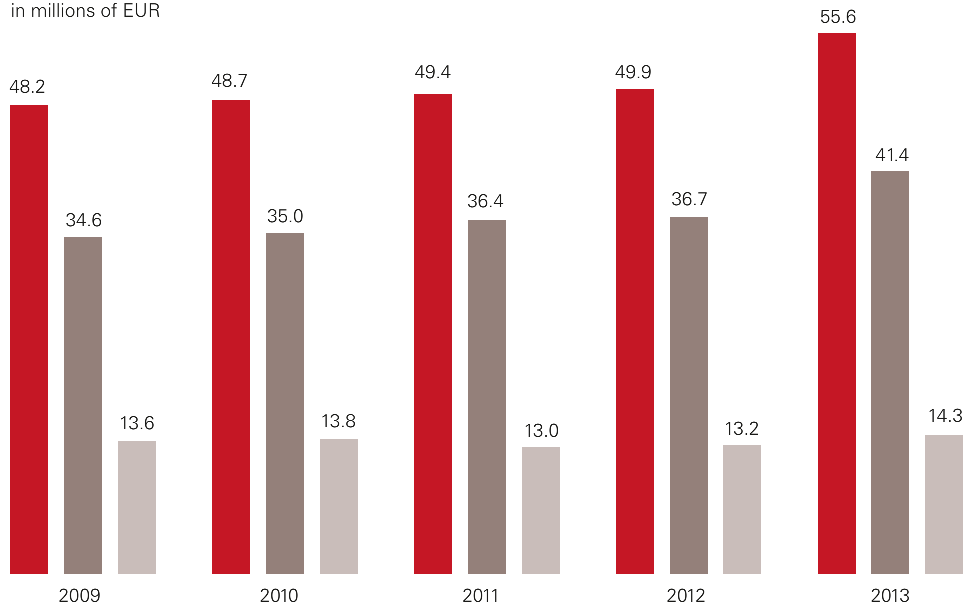
For financial operations, credit and hedging, the Lotus Bakeries Group works only with established financial institutions.

5. Liquidity risk

Given the significant size of operating and net cash flow in relation to the net financial debt position, the Lotus Bakeries Group's liquidity risk is limited.

EVOLUTION OF REBITDA (1) AND REBIT (2)

in millions of EUR



■ REBITDA (1)

■ REBIT (2)

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

(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, consisting of all the proceeds and costs relating to normal business.

6. Balance sheet structure

Lotus Bakeries aims for a capital structure (the balance between debt and capital) which will give it the required financial flexibility to implement its growth strategy.

We strive to keep the proportion of net financial debt, defined as financial debt - monetary investments - liquid assets - own shares and the recurrent company cash flow (REBITDA), at what is considered to be a normal healthy level in the financial market.

In 2013, we amply fulfilled our financial covenants agreed within the framework of 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 the purchase of raw materials through to the distribution of the final product, supported and guaranteed by structured procedures and systematic internal quality audits. External audits take place at regular intervals. The necessary product liability insurance has been subscribed within reasonable limits.

8. Pension scheme risks

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

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

Because of the Belgian legislation applicable to 2nd pillar pension plans (so-called 'Law Vandenbroucke'), all Belgian Defined Contribution plans have to be considered under IFRS as Defined Benefit plans.

In the Netherlands a defined benefit pension plan has been concluded with BPF. Because employers pay a fixed contribution, the scheme falls under the defined contribution scheme.

Defined benefit pension schemes exist in the Dutch and German subsidiaries.

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

Through its defined benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- Changes in bond yields: a decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.
- Salary risk: the majority of the plans' benefit obligations are calculated by reference to the future salaries of plan members. As such, a salary increase of plan members higher than expected will lead to higher liabilities.
- Longevity risk: pension plans provide for benefits for the life of the plan members, so increases in life expectancy will result in an increase in the plan's liabilities.

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.

The current contracts do not fulfil the conditions of hedge accounting in accordance with IAS 39. The changes in the real value of the current contracts will be included in the profit and loss account.

FINANCIAL RATIOS

	2013	2012	2011	2010	2009
Days customer credit	40	38	35	32	30
Solvency ratio (%)	51.3	53.7	53.3	48.9	44.8
Liquidity ratio (Current ratio)	0.6	0.6	0.8	0.7	1.0
Gross sales margin (%)	16.1	17.1	17.6	17.9	17.9
Net cash flow/Net financial debts (%)	92.9	177.9	334.6	160.6	150.0
Net cost-effectiveness of equity (%)	16.3	17.7	18.8	21.0	24.9

A contract for interest hedging with merged company Bisinvest did however fulfil the conditions of hedge accounting in accordance with IAS 39. For this contract, the change in fair value was included in equity. This contract terminated mid-2013.

2.5 RESEARCH AND DEVELOPMENT, INNOVATION AND SUSTAINABILITY

Innovation and production development
The quality of all Lotus Bakeries products is an absolute priority and all employees are intensely involved in the continuous drive for high quality products and processes, which are audited internally as well as externally.

The R&D department hopes to contribute to better products with new insights into processes and the interactions between various ingredients. In this, we do not only employ our own expertise but also call on the expertise of well-known university knowledge centres. According to the calculation method of the IWT, Lotus Bakeries invests more than twice the average of the food sector into R&D.

Consumers also ask for an assortment aimed at certain consumption moments. These questions are plotted into the innovation funnel, and lead to interesting new developments.

Sustainability
The 'Care for today - Respect for tomorrow' programme represents in a clear way how Lotus Bakeries is handling sustainability; this programme has been widely communicated to all employees and the Board of Directors. We are now preparing the next step: asking the opinion of all our stakeholders about this programme in accordance with the 'Global Reporting Initiative' (GRI), version GRI-G4.

2.6 SIGNIFICANT FACTS AFTER 31 DECEMBER 2013

No significant events have occurred after 31 December 2013.

FINANCIAL RATIOS

	2013	2012	2011	2010	2009
In % of operating income					
Added value	41.2	42.0	43.0	43.7	43.6
REBITDA	16.7	17.3	17.9	18.4	18.5
Net cash flow	13.7	14.9	13.2	14.4	15.5
REBIT	12.5	12.7	13.2	13.2	13.3
Net profit	8.4	8.9	8.6	8.7	9.6
In % of added value					
Personnel expenses	57.6	57.8	58.1	56.6	57.1
Depreciations (1)	9.7	9.7	9.4	9.8	9.7
Taxes	5.9	6.1	7.7	7.0	7.2
Net financial charges (2)	1.3	1.3	0.6	2.6	2.5
Net profit	20.4	21.3	20.1	19.9	22.1

(1) Not included depreciations on consolidation differences.
(2) Net financial charges is defined as financial result excluding depreciations on consolidation differences.

3 | PROSPECTS FOR 2014

In 2013, Lotus Bakeries achieved a nice branded growth of over 7%. An intensive focus on major commercial and marketing efforts in the different countries was responsible for this growth. Good collaboration with our clients in all categories and clear and consistent communication with the consumer are central to this. Lotus Bakeries' growth has been consolidated by the successful integration of Biscuiterie Willems.

In 2013, impressive profitability ratios of 12.4% recurrent trading result and 16.7% recurrent operating cash flow were realised. The cash flow was partly used for the above-mentioned investment programmes and for the takeover of Biscuiterie Willems.

Lotus Bakeries will emphatically continue to invest in marketing and sales in order to support and further expand its brands and related specialities. The strategy of placing an intensive focus on the major specialities will be continued.

The investments needed to manufacture the Lotus Dinosaurus biscuits in Lembeke will be continued in 2014.

Lotus Bakeries' policy of balancing price evolutions on raw materials, packaging materials and other cost price elements in combination with production-efficiencies in the tariff rates will be consistently implemented.

The Management and Board of Directors of Lotus Bakeries are convinced that we now have the right strategy and a good basis for continued long-term growth in a profitable manner.

4 | RESULTS AND PROPOSAL FOR APPROPRIATION OF RESULTS

CONSOLIDATED

The consolidated net profit of the year 2013 amounted to EUR 27.9 million as compared to EUR 25.7 million last year.

STATUTORY

The results of the year 2013 of the parent company Lotus Bakeries NV are as follows:

	in EUR
- Profit of the financial year	8,801,464.37
- Transfer from untaxed reserves	-
- Transfer to untaxed reserves	-
Profit for the year available for appropriation	**8,801,464.37**

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

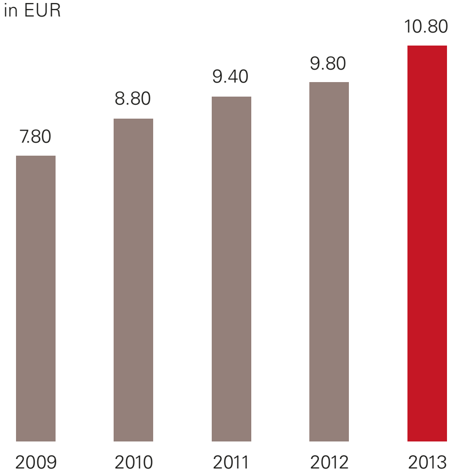
- Allocation to legal reserves	6,806.79
- Withdrawal from the reserves	- 42,562.82
- Distribution of a gross dividend of EUR 10.80 per share to 795,113 shares [(1)]	8,587,220.40
- Distribution of emoluments to directors	250,000.00
TOTAL	**8,801,464.37**

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

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

If the Ordinary General Meeting of shareholders of 9 May 2014 accepts the Board of Directors' proposal, the net dividend per share will amount to EUR 8.10, after deducting a withholding tax of 25%. This net dividend will be payable as from 15 May 2014 on surrender of coupon no. 26 at Bank Degroof, BNP Paribas Fortis, Belfius, ING Bank, KBC Bank and Petercam.

EVOLUTION OF GROSS DIVIDEND PER SHARE
in EUR



5 | CORPORATE GOVERNANCE DECLARATION

Lotus Bakeries has adopted a Corporate Governance Charter which can be consulted on the website (www.lotusbakeries.com). This charter is adapted whenever this is deemed suitable or necessary in relation to the development of the policy regarding corporate governance and the changes in applicable regulations.

By way of this charter Lotus Bakeries commits to apply the principles of the Corporate Governance Code of 12 March 2009, the Corporate Governance legislation of 6 April 2010, the Act of 20 December 2010 on the exercise of certain rights of shareholders of listed companies and the Act of 28 July 2011 amending the Company Code in order to guarantee that women have a seat in the Board of Directors of listed companies.

The charter describes the key aspects of the Lotus Bakeries Corporate Governance policy and the internal rules of the Board of Directors, of the Committees and of the Executive Committee.

This annual review includes a report on the actual data on the application of the Lotus Bakeries Corporate Governance policy. There are no deviations with regard to the provisions of the Corporate Governance Code.

5.1 CAPITAL AND SHARES

5.1.1 Capital

As a result of the execution of warrants, the authorised capital of Lotus Bakeries NV was increased for the first time on 5 April 2013 by EUR 65,428.00 to bring it from EUR 3,431,155.65 to EUR 3,496,583.65.

Also as a result of the execution of warrants of Lotus Bakeries NV the capital was increased a second time on 7 October 2013. This increase was by an amount of EUR 2,640.00 due to which the capital increased from EUR 3,496,583.65 to EUR 3,499,223.65.

5.1.2 Shares

As a result of the execution of warrants and subsequent capital increases, new shares in Lotus Bakeries NV were issued: 14,870 shares on 5 April 2013 and 600 shares on 7 October 2013. This means that the total number of shares in Lotus Bakeries rose from 779,643 to 794,513 the first time and the second time from 794,513 to 795,113.

On 31 December 2013 the number of shares in Lotus Bakeries NV amounts to 795,113.

The shares are registered or dematerialised.

5.1.3 Share options

In the context of the Lotus Bakeries share option scheme, 5,133 share options were issued in 2013. Per 31 December 2013 the total number of unexercised share options was 18,769.

Year of issue of the options	Number of allocated options (1)	Number of options exercised (2)	Total of available options
2007	11,950	9,150	2,800
2008	-	-	-
2009	7,650	5,650	2,000
2010	2,400	-	2,400
2011	1,200	-	1,200
2012	5,498	-	5,498
2013	4,871	-	4,871

(1) Cumulative number allocated minus cumulative number lapsed.

(2) Cumulative number exercised.

5.1.4 Warrants

The key conditions of the warrant plan set out in 2007, the exercise conditions and the key consequences of the abolition of the pre-emptive right for shareholders are set out in note no. 25 of the financial appendix.

5.1.5 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 2013 no own shares were purchased. The total number of purchased own shares in the portfolio at the end of the financial year is 24,548, which represents an accounting par value of EUR 108,033.6 or 3.09% of the 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.

5.2 SHAREHOLDERS AND SHAREHOLDING STRUCTURE

The shareholding structure of Lotus Bakeries NV as of 31 December 2013 is as follows:

	No. of voting rights	% of voting rights
Stichting Administratiekantoor van Aandelen Lotus Bakeries (1)	446,378	56.14%
Lotus Bakeries NV (2)	24,548	3.09%
Total held by Stichting Administratiekantoor van Aandelen Lotus Bakeries and Lotus Bakeries	**470,926**	**59.23%**
Christavest Comm.VA (3)	63,046	7.93%
Publicly held	261,141	32.84%
Total	**759,113**	**100.00%**

(1) Stichting Administratiekantoor van Aandelen Lotus Bakeries is not controlled. The interest of Stichting Administratiekantoor van Aandelen Lotus Bakeries in Lotus Bakeries NV appears in the transparency notification that Lotus Bakeries NV received on 5 April 2013*. Lotus Bakeries NV has no knowledge of any change in the above-mentioned interest.

(2) The voting rights attached to the shares held by Lotus Bakeries NV have been suspended. The dividends have not been suspended and will be distributed to Lotus Bakeries NV.

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

(*) As applied by article 6 of the Law of 2 May 2007 on disclosure of mayor holdings.

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

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

This communication shows that on 31 August 2010 Stichting Administratiekantoor van Aandelen Lotus Bakeries held 446,378 voting shares in Lotus Bakeries, corresponding to a participation of 56.14% on 31 December 2013.

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

5.3 BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD OF DIRECTORS

5.3.1 Board of Directors

5.3.1.1 COMPOSITION

The composition of the Board of Directors, from 1 January 2013 is as follows:

Beukenlaan NV, represented by its permanent representative Matthieu Boone — **Chairman**

Matthieu Boone (67) holds a degree in Commercial Engineering (KUL). He has been an executive director of Lotus Bakeries since 1970. He became a managing director in 1989, succeeding Karel Boone as CEO in 2006 until May 2011. Since May 2011 he is a non-executive director of Lotus Bakeries. He is also a member of the Board of Directors of ACG Gent, Crop's NV, HUB-KAHO (Hogeschool-Universiteit Brussel and Sint-Lieven Hogeschool) and Chairman of VKW Oost-Vlaanderen.

The term of office of Beukenlaan NV, represented by its permanent representative Matthieu Boone, as a director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2017.

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

Jan Boone (42) holds a Master in Applied Economics (KUL), as well as a Master in Audit (UMH). He started his career in the Audit department of PwC. In 2000 he started at Omega Pharma. Until May 2005 he was Head of Corporate Controlling and a member of the Executive Committee and Board of Directors. Since May 2005, he has been active at Lotus Bakeries as managing director and, currently, as CEO. Since May 2005, he has also been a member of the Board of Directors of Lotus Bakeries and, since May 2011, a managing director. In addition he is a director of Omega Pharma (Chairman), Durabrik and Club Brugge.

The term of office of Mercuur Consult NV, represented by its permanent representative Jan Boone, as a managing director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2017.

CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele — **Managing director**

Jan Vander Stichele (50) holds a degree in Civil Engineering (KUL) and has a Candidate degree in Applied Economics (KUL). His previous most important function was as technical director of the Verlipack Group. Since the end of 1996 he has been active in the Lotus Bakeries Group, initially as General manager Lotus Bakeries France, thereafter as General manager Operations and currently as Executive director. He has been a member of the Board of Directors since May 2005 and a managing director since May 2010. In addition he holds a directorship of Team Industries (Chairman) and Fevia Vlaanderen (Chairman).

The term of office of CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele, as a managing director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2017.

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

Johan Boone (62) 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 2017.

Anton Stevens — **Non-executive director**

Anton Stevens (37) holds a Master's degree in Law (RUG) and in Notarial Law (RUG). He has been a director of Lotus Bakeries since 2002.

The term of office of Anton Stevens as a non-executive director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2017.

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

Benedikte Boone (42) has a degree in Applied Economic Sciences (KUL). She has held positions at Creyf's Interim and Avasco Industries. She is a director in various family companies, including Bene Invest BVBA, Holve NV and Harpis NV.

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

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

Herman Van de Velde (59) has a Master's degree in Economics (KUL) and a post-graduate degree in Business Management (UFSIA). Since 1989 he has been managing director of the stock-exchange listed lingerie Group Van de Velde. He is also a director of Top Form International (Hong Kong). He has been a director of Lotus Bakeries since May 2005. He is also Chairman of Ondernemersplatform VKW.

The term of office of Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde, as an independent director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2017.

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

Benoit Graulich (48) has Master's degrees in Law, Business and Finance from the Catholic University of Leuven (KUL). He began his professional career at PwC and then Artesia Bank. In 2000 he became a partner at Ernst & Young and is currently a managing partner at Bencis Capital Partners. He is also a director of a.o. Van de Velde, Omega Pharma and Xeikon. 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 2017.

Dominique Leroy — **Independent director**

Dominique Leroy (49) has a commercial engineering degree from Solvay Business School. She has a 24-year career with Unilever, beginning in finance and followed by various sales and marketing functions. She was nominated as Country manager of Unilever Belgium in 2007 and was also member of the Unilever Benelux Board. In October 2011 she began working at Belgacom as Vice President Sales for the consumer division. In June 2012, she was responsible as Executive Vice President for the Consumer Business Unit and was also a member of the Management Committee of Belgacom Group. In January 2014, she became delegated director of Belgacom NV and president of the Executive Committee. 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 2017.

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

Sabine Sagaert (47) has a degree in Commercial Engineering from the KUL, a Master's in Economic Legislation (UCL) and an MBA (KUL).

She started her career at CBR cement companies, where she held various logistics and commercial positions in the Benelux. She has spent most of her business career at AB InBev, most recently as Business Unit President Belux, and CEO Dental Division at Arseus.

She is currently General manager Europe and Global commercial manager for Cargill's malting activities. She is also a director of Miko and Spullenhulp.

She has been a director of Lotus Bakeries since 2011.

The term of office of Sabine Sagaert BVBA, represented by its permanent representative Sabine Sagaert, as an independent director of Lotus Bakeries NV ends at the Ordinary General Meeting of 2015.

During the entire financial year 2013 the Board of Directors was composed of the aforementioned directors.

The aforementioned independent directors fulfil the independence criteria of Article 526-ter of the Company Code.

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

This means we have a balanced Board of Directors in which the majority shareholder, the independent directors and the executive board are sufficiently represented.

5.3.1.2 ACTIVITIES OF THE BOARD OF DIRECTORS

The Board of Directors met seven times in 2013. All directors were present at all meetings, except Dominique Leroy and Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich, each of whom was absent one time.

The subjects dealt with at the meetings were:

- recent turnover and financial results
- results on 30/06 and 31/12 and draft press release
- investment budget and global budget
- reports and recommendations of the Committees
- price evolutions
- strategy, long term objectives and important action plans
- M&A projects
- organisational structure and structure of the companies
- product developments and new product introductions
- Lotus packaging design
- proposition subjects annual review
- motion to reappoint directors
- agendas of General Meetings.

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

In 2013, there were no incidences within the Board of Directors which would require to the application of the conflict of interest procedure as set out in Article 523 of the Company Code.

All transactions involving shares of Lotus Bakeries NV carried out in the course of 2013 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.

5.3.2 Audit Committee

The Audit Committee consists of two independent directors, Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich (Chairman) and Dominique Leroy, and one non-executive director, Beukenlaan NV, represented by its permanent representative Matthieu Boone. All three members have accounting and audit experience.

The Audit Committee met four times in 2013 and all members were present at all meetings.
The Auditor participated in all three meetings, at which he presented his findings to the Audit Committee.

The subjects examined were:

- systematic handling of some risk areas
- risk management
- Auditor's findings and recommendations
- IFRS accounting principles
- discussion of the external Auditor's reports in various fields.

5.3.3 Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of two independent directors, Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde (Chairman) and Benoit Graulich BVBA represented by its permanent representative Benoit Graulich, and one non-executive director, Beukenlaan NV, represented by its permanent representative Matthieu Boone. All three members have both HR management and remuneration policy experience.

The Committee met twice in 2013, with all members present.

The subjects examined were:

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

5.4 EXECUTIVE COMMITTEE

Since 1 January 2013, the Executive Committee consists of:

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

(*) As from 1 April 2013, Ronald Drieduite is no longer a member of the Executive Committee. As from the aforementioned date, Ronald Drieduite has become General manager of the area China and has therefore moved to Shanghai.

The Executive Committee met nineteen times in 2013. All members were present at all Meetings.

5.5 REMUNERATION REPORT

5.5.1 Introduction

The objective of the 2013 remuneration report is to provide specific data in a transparent manner concerning Lotus Bakeries' remuneration policy for its directors and executives. The remuneration report below will be submitted to the General Meeting of 9 May 2014 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.

5.5.2 Procedure for defining remuneration policy and remuneration

5.5.2.1 DIRECTORS

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

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

5.5.2.2 EXECUTIVE MANAGERS

For the purpose of determining who falls into the category of 'executive managers' according to the Act of 6 April 2010 to strengthen corporate governance, Lotus Bakeries considers the members of its Executive Committee as falling into this category. The Executive Committee is responsible for the management of the company. Remuneration policy for members of the Executive Committee is set every two years based on a proposal by the Remuneration and Nomination Committee. Individual remuneration is reviewed annually.
For this Lotus Bakeries uses the services of an international HR consultancy firm, that assesses the functions and presents the corresponding salary package as commonly awarded in the relevant market. For members of the Executive Committee, the consultant reports directly to the Remuneration and Nomination Committee and elucidates its report at its meeting.

5.5.2.3 SENIOR MANAGERS

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

5.5.3 Statement on remuneration policy applied in 2013

5.5.3.1 NON-EXECUTIVE AND EXECUTIVE DIRECTORS

Policy Criteria

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

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

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

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

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

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

Remuneration

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

The following table shows the remuneration awarded for 2013 to each member of the Board of Directors.

Name	Board of Directors	Audit Committee	Remuneration and Nomination Committee	Total remuneration 2013
Beukenlaan NV, represented by its permanent representative Matthieu Boone	Non-executive director	Member	Member	EUR 50,000
Mercuur Consult NV, represented by its permanent representative Jan Boone	Managing director	-	-	EUR 20,000
CofigoMM BVBA, represented by its permanent representative Jan Vander Stichele	Managing director	-	-	EUR 20,000
PMF NV, represented by its permanent representative Johan Boone	Non-executive director	-	-	EUR 20,000
Anton Stevens	Non-executive director	-	-	EUR 20,000
Bene Invest BVBA, represented by its permanent representative Benedikte Boone	Non-executive director	-	-	EUR 20,000
Herman Van de Velde NV, represented by its permanent representative Herman Van de Velde	Independent director	-	Chairman	EUR 25,000
Benoit Graulich BVBA, represented by its permanent representative Benoit Graulich	Independent director	Chairman	Member	EUR 30,000
Dominique Leroy	Independent director	Member	-	EUR 25,000
Sabine Sagaert BVBA, represented by its permanent representative Sabine Sagaert	Independent director	-	-	EUR 20,000

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

5.5.3.2 EXECUTIVE MANAGERS

Policy Criteria

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

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

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

The evaluation criteria used to determine the variable compensation in 2013 are the main performance indicators based on the objectives for 2013. The evaluation period for this is one year.

Already since the financial year 2011, a long-term incentive plan is in place for Executive Managers with objectives set over 2 and 3-year periods. The criteria used are the objectives of the strategic plan of the Lotus Bakeries Group.

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

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

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

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

Recovery Provisions

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

5.5.4 Evaluation criteria for the performance-based remuneration of executive managers

The objectives for 2013 were presented to the Remuneration and Nomination Committee. The evaluation criteria used to determine the variable compensation in 2013 are the main performance indicators based on the objectives for 2013. The evaluation period is one year. The bonus plan for executive management provides that the bonus is earned only after approval of the consolidated figures by the Auditor and after its approval by the Remuneration and Nomination Committee.

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

In 2013, bonuses were paid as part of the long-term remuneration policy.

5.5.5 CEO's remuneration in 2013

The remuneration of the CEO Jan Boone is paid through a management company and a number of directorships. The remunerations mentioned are expressed as cost for the company.

The fixed annual salary in 2013 amounts to EUR 561,723. The variable portion based on the 2013 targets amounts to EUR 142,879 and will be paid in 2014. The partially deferred variable fees based on the realisation of the long term plan for 2011-2013 amount to EUR 334,337 and will be paid in 2014. The contributions to the pension scheme amount to EUR 85,282. Other components of the remuneration amount to EUR 32,268. There is no recovery provision. Evaluation of the performance is based on the audited results.

5.5.6 Remuneration of executive managers in 2013 (excluding CEO)

The remuneration of the other members of the Executive Committee is, for one of the members, paid through a management company and several director mandates. The amounts mentioned herein are the total cost. The other three members are paid through employment contracts.

The fixed annual salary in 2013 amounts to EUR 970,705. The variable portion based on the 2013 targets amounts to EUR 217,746 and will be paid in 2014. The partially deferred variable fees based on the realisation of the long term plan for 2011-2013 amount to EUR 493,433 and will be paid in 2014. The contributions to the pension scheme amount to EUR 153,063. Other components of the remuneration amount to EUR 71,021. There is no recovery provision. Evaluation of the performance is based on the audited results.

5.5.7 Arrangements for the Executive Committee as a whole

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

5.5.8 Share-based compensation

5.5.8.1 ALLOCATIONS IN 2013

In 2013, share options were granted to members of the Executive Committee.

Name	Year of allocation	Number of options	Exercise price
Jan Boone	2013	500	EUR 650.31
Jan Vander Stichele	2013	500	EUR 650.31
Jos Destrooper	2013	250	EUR 650.31
Ronald Drieduite	2013	250	EUR 650.31
John Van de Par	2013	250	EUR 650.31

5.5.8.2 EXERCISE OF STOCK OPTIONS IN 2013

The members of the Executive Committee have exercised the following share options or warrants in 2013.

Date	Name	Transaction	Amount	Price	Tot. value
16/05/2013	John Van de Par	Sale of shares	1,000	EUR 653.00	EUR 653,000
16/05/2013	Jos Destrooper	Sale of shares	940	EUR 653.00	EUR 613,820
02/04/2013	Jos Destrooper	Exercise of warrants	2,500	EUR 246.02	EUR 615,050
02/04/2013	John Van de Par	Exercise of warrants	1,000	EUR 246.02	EUR 246,020
02/04/2013	Jan Vander Stichele	Exercise of warrants	1,500	EUR 246.02	EUR 369,030
05/03/2013	Jos Destrooper	Sale of shares	185	EUR 637.04	EUR 117,853
05/03/2013	Jos Destrooper	Exercise of options	500	EUR 232.82	EUR 116,410
18/02/2013	John Van de Par	Sale of shares	900	EUR 625.00	EUR 562,500
18/02/2013	John Van de Par	Exercise of options	900	EUR 284.39	EUR 255,951
15/02/2013	Ronald Drieduite	Sale of shares	1,500	EUR 618.70	EUR 928,042
15/02/2013	Ronald Drieduite	Exercise of options	1,500	EUR 284.39	EUR 426,585

In 2013 there are no lapsed unexercised options relating to members of the Executive Committee.

5.5.9 Severance pay

No special severance arrangements have been agreed with members of the Executive Committee. Members of the Executive Committee acting through a management company are entitled to severance pay equal to 12 months' fixed and variable remuneration. The other members of the Executive Committee are bound by salaried employee contracts.
In 2013, no severance pay was paid to members of the Executive Committee.

5.6 INTERNAL CONTROL AND RISK MANAGEMENT

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

5.6.1 Control environment

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

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

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

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

5.6.2 Risk Management Process

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

The Executive Committee has overall responsibility for the risk management process of Lotus Bakeries.

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

All individual areas and corporate departments of Lotus Bakeries are responsible for having a risk management process in operation. Identification, assessment, management and monitoring of risks is an ongoing process, which is fully embedded into the regular management processes. Significant alterations of individual identified risks will be directly communicated, by means of written reports in prescribed formats, to the Executive director.

In addition there are two formal occasions a year when the entire risk management process is gone through by the members of the local area managements and the corporate departments. In the first semester, this is intended mainly to provide a complete review of the risks identified at that time, and the progress of actions taken. This progress is reported to the Audit Committee. In the second semester the main objective is to identify any new risks emerging in the already formulated annual plans for the following year. The outcome of this process is also reported to the Audit Committee.

In 2013, important measures were again undertaken to ensure the optimal management of risks. In addition, further steps were taken to improve the Business Continuity Management and Disaster Recovery processes. In the coming years these will be implemented in all parts of the Lotus Bakeries organization.

The entire corpus of policies and procedures related to the risk management process is also set down in the 'General Directives' of Lotus Bakeries.

5.6.3 Control activities
Each month the results of each area are discussed and explained by the area manager. The Executive Committee also discusses the results on a monthly basis at its meeting.

The Corporate Finance department directs this process.

For this Lotus Bakeries has developed various scorecards and critical performance indicators for its sales operations, for the financial reporting of each area and for the consolidated results, and other scorecards for personnel, for factory operations, and for purchasing and logistics. These scorecards and reporting exist for each area separately and are aggregated for the Group.

The Corporate Treasury department monitors the cash position closely on a daily basis.

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

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

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

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

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

5.6.5 Control
Lotus Bakeries evaluates every internal audit and takes appropriate steps to avoid any deficiencies in the future by means of concrete action points.

Employees from within the Lotus competencies are asked to constantly question existing procedures and practices and continually suggest improvements.

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

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

5.7 ANNOUNCEMENTS ACCORDING TO ARTICLE 34 OF THE ROYAL DECREE OF 14 NOVEMBER 2007 - PROTECTIVE CONSTRUCTIONS

1. The Board of Directors of Lotus Bakeries NV is authorized by the General Meeting of Shareholders, in the event of a public takeover bid on the shares of the company, and by application of the authorized capital, to increase the capital of the company under the conditions of article 607 of the Companies Code. This authorisation was granted for a period of three years from 11 May 2012.

2. By resolution of the Extraordinary General Meeting of Shareholders of 11 May 2012 the Board of Directors is authorized, in accordance with the provisions of article 620 of the Companies Code, to acquire shares in the company for the account of the same, whenever such acquisition is necessary to prevent the company from suffering serious and imminent disadvantage. This authorization is granted for a period of three years from 5 June 2012 and is renewable.

5.8 EXTERNAL AUDIT

PwC Bedrijfsrevisoren BCVBA, represented by Mr. Peter Opsomer, 'bedrijfsrevisor', was appointed as Auditor of Lotus Bakeries NV on 14 May 2013 by the Ordinary General Meeting for a term of three years. Its mandate expires immediately after the Ordinary General Meeting of 2016. The compensation received in 2013 for auditing and non-auditing services by PwC Bedrijfsrevisoren BCVBA and by people connected to PwC Bedrijfsrevisoren BCVBA, is described in note 38 of the financial supplement.

Audit fee for the Group audit 2013	**in thousands of EUR**
Lotus Bakeries NV	64
Lotus Bakeries Group	290
Total	**354**

^ TV spot Snelle Jelle gingerbread

^ TV spot Snelle Jelle gingerbread

5 STOCK MARKET- AND SHAREHOLDERS INFORMATION

1 | STOCK MARKET LISTING

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

2 | FINANCIAL SERVICE

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

3 | LIQUIDITY AND VISIBILITY OF THE SHARE

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

4 | MARKET CAPITALIZATION

On 31 December 2013, market capitalization of Lotus Bakeries amounted to EUR 567.42 million.

5 | EVOLUTION OF THE LOTUS BAKERIES SHARE

The graph on page 48 shows the evolution of the share price with reinvested net dividend as from 31 December 1988 of the Lotus Bakeries share in comparison to the BASR (Brussels All Share Return) index. The BASR-index reflects the price of the total Belgian market.

6 | STOCK DATA ON THE LOTUS BAKERIES SHARE

Charts with the consolidated key figures per share and the stock market performance of the Lotus Bakeries share can be found on pages 3 and 47 of this annual review.

7 | CORPORATE WEBSITE

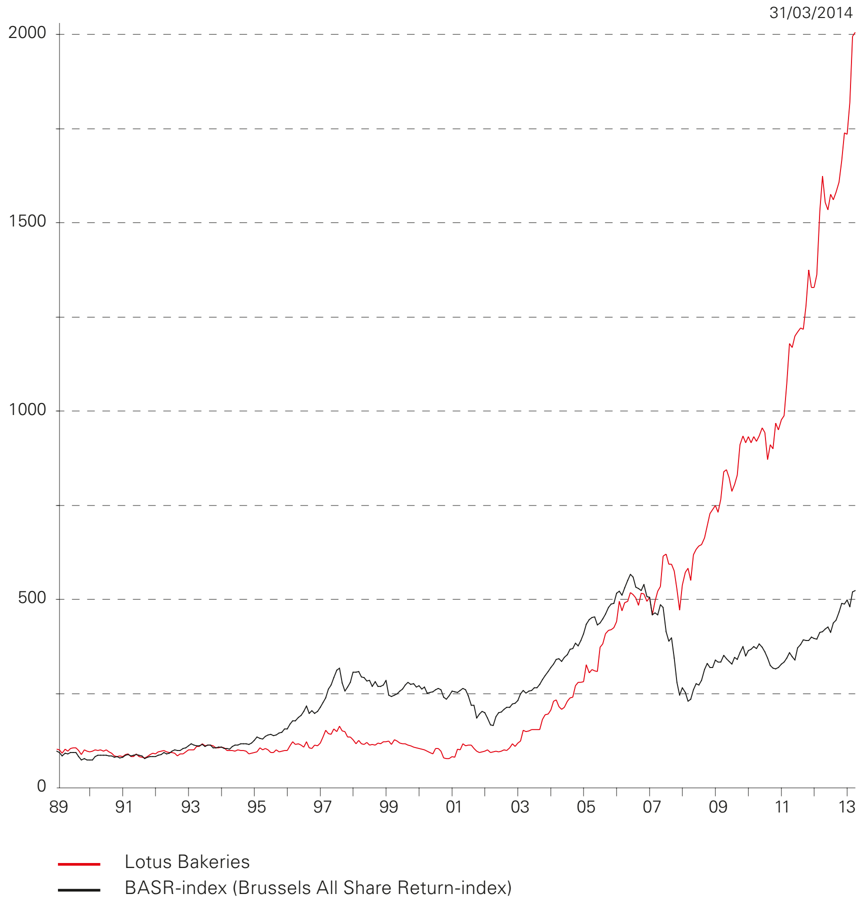
A substantial portion of the corporate website is reserved for investor relations. The website (www.lotusbakeries.com) thus plays an increasingly important role in the Lotus Bakeries Group's financial communication.

STOCK DATA ABOUT THE LOTUS BAKERIES SHARE

in EUR	2014	2013	2012	2011	2010	2009
Highest price till 31/03 in 2014	875.00	725.00	615.00	423.00	411.50	340.00
Lowest price till 31/03 in 2014	711.00	555.00	407.00	325.00	310.00	229.99
Price per 31/12 - per 31/03 in 2014	824.99	713.63	555.00	416.00	404.94	332.87
Market capitalization per 31/12 - per 31/03 in 2014 in millions of EUR	655.96	567.42	432.70	321.40	312.84	267.30
Number of shares per 31/12 - per 31/03 in 2014	795,113	795,113	779,643	772,563	772,563	803,037
Ratio price/earning (PER) (1)	23.49	20.32	16.81	13.50	13.56	10.62
Ratio price/cash flow (PCF) (2)	14.45	12.50	10.07	8.83	8.20	6.60

(1) PER: Price Earnings Ratio: The price at the end of the year (per 31 March in 2014 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 2014 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



Both share evolutions are with reinvested net dividend.

8 | FINANCIAL CALENDAR

Wednesday 9 April 2014
Annual review 2013 available on www.lotusbakeries.com

Friday 9 May 2014
Ordinary and Extraordinary General Meeting of Shareholders at 4.30 p.m.
Announcement of the interim declaration covering the period from 1 January 2014.

Thursday 15 May 2014
Payment of dividend for the 2013 financial year

Monday 25 August 2014
Announcement of the half-year results for 2014

Friday 13 February 2015
Announcement of the year results for 2014

Friday 8 May 2015
Ordinary General Meeting of Shareholders.

9 | AGENDA OF THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF 9 MAY 2014

1. Reading and discussion of the statutory and consolidated annual report of the Board of Directors with regard to the financial statements of the company for the financial year ended on December 31st, 2013.

2. Reading and discussion of the statutory and consolidated audit report of the Auditor with regard to the statutory and consolidated annual report of the company for the financial year ended on December 31st, 2013.

3. Adoption of the remuneration report with regard to the financial year of the company for the financial year ended on December 31st, 2013.

4. Adoption of the annual report of the company ending on December 31st, 2013 and appropriation of the result detailed on page 31. Inspection of the consolidated annual report ending on the same date.

5. Discharge of the directors and the Auditor.

6. Resignation of CofigoMM BVBA and appointment of Vasticom BVBA *(in formation)* as a director.

7. Renewal of the powers of the Board of Directors in connection with the purchase and sale of own shares - amendment of the transitional provisions A, B and C - renumbering of the transitional provision D - revocation of the transitional provision E.

8. Amendment of Article 9 and Article 25 of the Articles of Association with regard to the nature of shares and access to the general meeting as a result of the Act of 14 December 2005 regarding the cancellation of bearer securities.

9. Authority to the Board of Directors to implement the decisions made.

10. Authority to coordinate the Articles of Association.

The agenda, including any proposed resolutions, can be consulted at www.lotusbakeries.com/corporate/investor-relations/doclist/shareholder-meetings.

Situation from May 2014

EXECUTIVE COMMITTEE

Jan Boone	Chief Executive Officer
Jan Vander Stichele	Executive Director
Isabelle Maes	Chief Financial Officer
John Van de Par	Chief Operating Officer

CORPORATE DEPARTMENTS

Corporate Finance

Joseph Bultynck	Corporate Treasury
Annelies Santens	Corporate Controlling & Reporting
Caroline Pannier	Corporate Controlling
Denis Pieters	Consolidation

Global Brand & Customer Development

Twan Thorn	Global Brand & Customer Development

Corporate HR

Katia Dobbelaere	HR International Sales Offices & Corporate Departments

Corporate ICT

Tom De Corte	ICT
Monique Huijsmans	Enterprise Content Management
Thierry Polfliet	IT Service Delivery
Patrick Van Cleemput	SAP administrative solutions

Legal, IP & Corporate Communication

Sofie Dumarey	General Counsel
Stephanie De Wilde	Legal Counsel

Corporate Services Operations

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

COUNTRIES AND AREAS

Belgium

William Du Pré	General manager Belgium
Pascal Deckers	Category management
Sabien Dejonckheere	Marketing
Els De Smet	Sales
Jos Destrooper	Finance and Group HR
Charlotte Casteele	Head of accounting
Mia Desmet	HR Belgium
Katja Maerschalck	Controlling
Filip Vanthienen	Customer brand business
Ivo Vermeiren	Operations
Yves Boisdenghien	Plant Courcelles
Johan Claerhout	Logistics
Christophe Laureys	Plant Oostakker
Dries Mermuys	Plant Eeklo
Xavier Speeleveld	Purchase
Jean-Paul Van Hoydonck	Plant Lembeke
Eddy Thijs	Technical services
Bart Vanterwyngen	Plant Meise (as from July 2014)
Toon Hubrechts	Plant Meise (until July 2014)

Netherlands

René Groen	General manager Netherlands
Leon Broer	Marketing
Bastiaan Haks	HR, Finance and administration
Dick Pouwels	Supply chain & NPD
Frank van Harten	Plant Sintjohannesga
Will Kuppens	Plant Geldrop
Rik Houtman	Plant Enkhuizen
Kamiel Steendijk	Sales

France

Ignace Heyman	General manager France
Virginie Catteau	Human Resources
Christine Franssen	Marketing
Jean-Philippe Kloutz	Sales
Lucie La Folie	Finance and administration
Ludovic Valente	Operations
Marc Berger	Plant Briec-de-l'Odet

Sales Offices Europe

Han van Welie	General manager Sales Offices Europe
Martin Birrer	Switzerland
Serge Defaix	Iberica
Paul Hunter	United Kingdom and Ireland
Pelle Karlson	Nordics
Ton Kooi	Central Europe / Germany and Austria
Marek Kowalewski	Poland
Tomáš Zbořílek	Czech Republic/Slovakia

Americas

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

International Distributors

Bart Bauwens	General manager International Distributors
Martin-Frederic Eeckhout	South Europe/Middle East/ Africa

China

Ronald Drieduite	General manager China

7 FINANCIAL STATEMENTS

In this section of the 2013 annual review, only the consolidated balance sheet, the consolidated income statement and the five-year financial summary for the Lotus Bakeries Group are presented. The financial supplement to this annual review contains all the financial data, including the consolidated external Auditor's report, and is available in Dutch and English.

The consolidated financial statements for 2013 shown hereafter have been prepared in accordance with IFRS rules as adopted by the EU with comparative IFRS figures for 2012.

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 BALANCE SHEET

in thousands of EUR	31-12-13	31-12-12
ASSETS		
Non current assets	**262,729**	**214,154**
Tangible assets	136,489	109,064
Goodwill	46,517	25,960
Intangible assets	75,744	76,248
Investment in other companies	27	32
Deferred tax assets	3,859	2,691
Other non current assets	93	159
Current assets	**71,375**	**56,461**
Stocks	16,665	14,917
Trade receivables	36,036	29,751
Tax receivables	5,428	4,248
Other amounts receivable	402	-
Cash and cash equivalents	11,933	6,452
Deferred charges and accrued income	911	1,093
TOTAL ASSETS	**334,104**	**270,615**
EQUITY AND LIABILITIES		
Equity	**171,375**	**145,206**
Share Capital	11,246	7,440
Retained earnings	167,099	146,183
Treasury shares	(9,442)	(11,061)
Other reserves	2,414	2,586
Non-controlling interest	58	58
Non-current liabilities	**43,984**	**34,041**
Interest-bearing loans and borrowings	7,925	-
Deferred tax liabilities	32,687	30,323
Pensions	2,793	3,215
Provisions	574	498
Other non-current liabilities	5	5
Current liabilities	**118,745**	**91,368**
Interest-bearing loans and borrowings	62,337	41,675
Provisions	1,265	1,405
Trade payables	34,249	30,886
Remuneration and social security	12,525	10,792
Tax payables	5,126	3,736
Derivative financial instruments	70	495
Other current liabilities	279	200
Accrued charges and deferred income	2,894	2,179
TOTAL EQUITY AND LIABILITIES	**334,104**	**270,615**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in thousands of EUR	2013	2012
Turnover	**332,319**	**288,455**
Raw materials, consumables and goods for resale	(111,425)	(91,149)
Services and other goods	(87,259)	(78,390)
Personnel costs	(78,900)	(69,972)
Depreciation and amortization	(13,290)	(11,708)
Decrease/(Increase) in amounts written off stocks, contracts in progress and trade debtors	(869)	(1,130)
Other operating income and charges (net)	795	574
Recurrent operating result (REBIT) (1)	**41,371**	**36,680**
Non-recurrent operating result	(3,655)	(1,953)
Operating result (EBIT) (2)	**37,716**	**34,727**
Financial result	(1,740)	(1,569)
Financial income	2,576	1,395
Financial charges	(4,316)	(2,964)
Result before taxation	**35,976**	**33,158**
Income taxes	(8,057)	(7,408)
Result after taxation	**27,919**	**25,750**
NET RESULT	**27,919**	**25,750**
Net result: minority interest	(1)	13
Net result: Group share	27,920	25,737
Other comprehensive income:		
items that may be subsequently reclassified to profit and loss	**(581)**	**1,005**
Currency translation differences	(610)	941
Financial instruments	29	64
items that will not be reclassified to profit and loss	**409**	-
Defined benefit plans	409	-
Other comprehensive income for the year	**(172)**	**1,005**
Total comprehensive income for the year	**27,747**	**26,755**
Total comprehensive income for the year attibutable to:		
Non-controlling interest	(1)	13
Equity holders of Lotus Bakeries	27,748	26,742
Earnings per share		
Weighted average number of shares	764,828	746,052
Basic earnings per share (EUR)	**36.50**	**34.50**
of continued operations	36.50	34.50
Weighted average number of shares after effect of dilution	787,170	773,576
Diluted earnings per share (EUR)	**35.47**	**33.27**
of continued operations	35.47	33.27
Total number of shares (3)	795,113	779,643
Diluted earnings per share (EUR)	**35.11**	**33.01**
of continued operations	35.11	33.01

(1) REBIT is defined as recurrent operating result, consisting of all the proceeds and costs relating to normal business.

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

(3) Total number of shares including treasury shares.


Lotus
Biscoff

FIVE YEAR FINANCIAL SUMMARY LOTUS BAKERIES GROUP

CONSOLIDATED BALANCE SHEET

in thousands of EUR	2013	2012	2011	2010	2009
Non current assets	**262,729**	**214,154**	**184,861**	**178,257**	**170,301**
Tangible assets	136,489	109,064	95,052	90,233	84,150
Goodwill	46,517	25,960	25,710	25,670	24,837
Intangible assets	75,744	76,248	61,859	61,576	60,822
Deferred tax assets	3,859	2,691	2,045	637	353
Other non current assets including derivative financial instruments	93	159	163	109	101
Current assets	**71,375**	**56,461**	**53,025**	**46,474**	**55,809**
Stocks	16,665	14,917	14,285	12,998	12,947
Trade receivables	36,036	29,751	26,305	23,360	21,288
Cash and cash equivalents	11,933	6,452	7,369	6,302	16,249
TOTAL ASSETS	**334,104**	**270,615**	**237,886**	**224,731**	**226,110**
Equity	**171,375**	**145,206**	**126,760**	**109,795**	**101,197**
Non-current liabilities	**43,984**	**34,041**	**41,312**	**50,571**	**69,313**
Interest-bearing loans and borrowings	7,925	-	6,632	17,902	37,136
Deferred tax liabilities	32,687	30,323	29,187	28,700	28,619
Current liabilities	**118,745**	**91,368**	**69,814**	**64,365**	**55,600**
Interest-bearing loans and borrowings	62,337	41,675	19,474	19,319	13,739
Trade payables	34,249	30,886	29,430	23,509	22,138
Remuneration and social security	12,525	10,792	10,690	9,081	9,518
TOTAL EQUITY AND LIABILITIES	**334,104**	**270,615**	**237,886**	**224,731**	**226,110**

CONSOLIDATED INCOME STATEMENT

in thousands of EUR	2013	2012	2011	2010	2009
Turnover	332,319	288,455	275,598	264,823	261,071
Recurrent operating result (REBIT)	**41,371**	**36,680**	**36,363**	**34,955**	**34,593**
Non-recurrent operating result	(3,655)	(1,953)	(2,695)	(874)	(294)
Operating result (EBIT)	**37,716**	**34,727**	**33,668**	**34,081**	**34,299**
Financial result	(1,740)	(1,569)	(688)	(2,960)	(2,826)
Result before taxation	**35,976**	**33,158**	**32,980**	**31,121**	**31,473**
Income taxes	(8,057)	(7,408)	(9,165)	(8,055)	(8,202)
Result after taxation	**27,919**	**25,750**	**23,815**	**23,066**	**23,271**
Results from termination of activities	-	-	-	-	1,889
NET RESULT	**27,919**	**25,750**	**23,815**	**23,066**	**25,160**
Net result: minority interest	(1)	13	13	11	95
Net result: Group share	27,920	25,737	23,802	23,055	25,065

8 GENERAL INFORMATION

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 review

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

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

De financiële bijlage (het tweede gedeelte) van het jaaroverzicht is beschikbaar in het Nederlands en het Engels.
L'annexe financière (la deuxième partie) du rapport annuel est disponible en néerlandais et en anglais.
The financial supplement (the second part) of the annual review is available in Dutch and in English.

The original Dutch version of this annual review is available. In matters of any misinterpretation, the Dutch annual review will prevail.

Contact

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

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Translation
NCI Translation Center

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- Design Board - Duval Guillaume - Magelaan CVBA
- Michèle Francken & Daan Moreels - Quadri
- employees Lotus Bakeries
Netherlands
Peek fotografie - N=5 - employees Lotus Bakeries
United States
Heather Hryciw Photography
Sweden
Fabian Björnstjerna




Lotus Since 1932

CARE FOR TODAY

respect for tomorrow

CARE FOR TODAY

Respect for tomorrow its genesis

As we show in our brochure 'Care for today - Respect for tomorrow', corporate social responsibility is part of our DNA. It has been important ever since the founding of Lotus Bakeries in 1932, and it remains important.

We believe it is essential to measure progress and report on it and have found the necessary themes and principles within the Global Reporting Initiative (GRI). Additionally, the new G4 standard is very well structured and the recently published 'G4 Sector Disclosure for Food Processing' (March 2014) ensures that all elements of the entire supply chain are on the agenda. We needed to frame all our initiatives within one of the 4 focus areas (mankind, environment, society and personnel) to give our corporate social responsibility a face and a name. The policy statements, which are extensively described in our brochure, 'Care for today - Respect for tomorrow', form the basis for a journey towards this carefully chosen destination.

The next step will lead first of all to an important exercise, called the 'materiality exercise' in the GRI. For this purpose, we will ask our stakeholders which CSR themes they find relevant to our company. Combined with the potential impact on our company, this will provide a clear base for prioritisation. This will be planned in greater detail in the course of 2014.

We have taken the first steps in 2010 and 2011, when we investigated various topics within the company, which led to our 'Care for today - Respect for tomorrow' programme. This genesis is an important corner stone of the GRI story and that is why we repeat it here.

Around the middle of 2010, a working group started a survey to question the various areas as to which CSR themes they considered important and, after consultation with the Executive Committee, drew up a clear action plan.

This way, 4 focal themes have been identified:

PEOPLE

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

ENVIRONMENT

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

SOCIETY

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

EMPLOYEES

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

This programme, which has been broadly communicated to all employees and the Board of Directors, has become the Lotus Bakeries 'Care for today - Respect for tomorrow'-programme. As you can see, the journey started a long time ago, when the company was founded, and it was first formalised in 2010-2011. Based on the answers to our survey we are now drawing up an update of the 'internal' version adding the extra dimension 'external'. We therefore consciously choose the new and engaged GRI G4 principles. We also hope to align our governance structure with these new and innovative insights and of course remain open to all suggestions on this subject.

PREFACE

the vision of the future

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

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

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

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

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

Thanking you,
Jan Boone,
CEO at Lotus Bakeries

sustainability, the main ingredient

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

PEOPLE

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

ENVIRONMENT

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SOCIETY

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

EMPLOYEES

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

PEOPLE

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

enjoyment & health

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

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

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

Gemiddelde voedingswaarde per/Valeur nutritionnelle moyenne par Durchschnittlicher Nährwert pro/Average nutrition value per	100 g	1 Frangipane 32,5 g	%GDA
Energie/Brennwert/Energy	447 kcal/1868 kJ	145 kcal/607 kJ	7 %
Eiwitten/Protéines/Eiweiß/Proteins	4,5 g	1,5 g	3 %
Koolhydraten/Glucides/Kohlenhydrate/Carbohydrate	54,5 g	17,7 g	7 %
waarvan Suikers/dont Sucres/davon Zucker/of which Sugars	31,9 g	10,4 g	12 %
Vetten/Lipides/Fett/Fat	23,6 g	7,7 g	11 %
waarvan verzadigd/dont saturés/davon gesättigt/of which saturates	13,0 g	4,2 g	21 %
Voedingsvezels/Fibres alimentaires/Ballaststoffe/Fibre	0,8 g	0,3 g	1 %
Natrium/Sodium	0,23 g	0,08 g	3 %

kcal
145
7%*

Per/Par/Pro Frangipane

with respect for nature

100%

CO_2 neutral electricity in all factories

<1%

final waste

PALM OIL DECLARATION

Lotus Bakeries is a member of the RSPO (Round Table of Sustainable Palm Oil) and, in support of the production of sustainable palm oil, has bought GreenPalm certificates for all palm oil used since September 2011. All this palm oil is considered sustainable in accordance with the Book&Claim principle.

As from May 1st, 2014, all palm oil purchased directly by Lotus Bakeries for its own margarine factory will be 100% RSPO certified; the highest sustainability level of the RSPO certificates. Towards the end of 2014, all other sustainable palm oil (present in the few margarines and products bought externally) will be at least of mass balance level and during the year 2015 this oil should also become 100% RSPO certified.

Lotus Bakeries fully endorses the principles for using traceable palm oil which cannot be connected with deforestation, the reclamation of peat moors and exploitation.

For this reason Lotus Bakeries, in close cooperation with its suppliers, aims to achieve full traceability up to the plantations for all palm oil used by the end of 2015. This way Lotus Bakeries wishes to ensure that all suppliers involved are able to guarantee that the palm oil being purchased is not connected to deforestation, the reclamation of peat moors and exploitation.

When it comes to respect for the environment, Lotus Bakeries leaves nothing to chance. For example, the electricity used in all of our factories is CO_2 neutral.

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

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

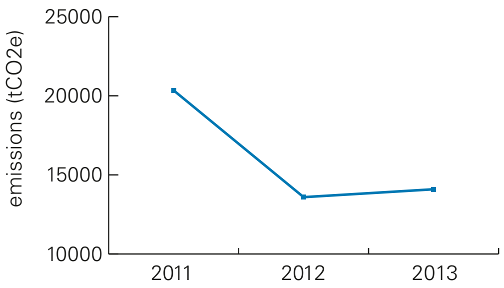
As far as waste is concerned, we only effectively end up with less than 1%. This is then **sorted and recycled as much as possible.**

ENVIRONMENT

DID YOU KNOW?

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

CO_2-emission -32%*



(*) Comparison scope 1 & 2 (CO_2-logic)

SOCIETY

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

serious about our responsibilities, now and in the future

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

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

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

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

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

our people show full commitment, and so do we

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

1 TOP CULTURE

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

2 SAFETY

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

3 COMMUNICATION

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

4 DEVELOPMENT

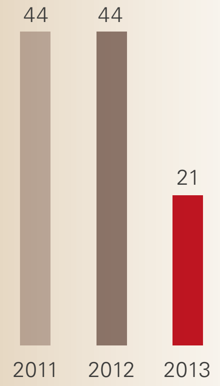
Investing in every employee benefits the whole company. This is something we experience every day, because our people work with passion and commitment. We want to keep it that way in the future, by continuing to offer **courses, coaching and 'on the job' training.**

EMPLOYEES

DID YOU KNOW?

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

Number of industrial accidents per year



This result is mainly due to the increased attention given to all aspects of safety at work. All managers and team members in the entire organisation are involved in this policy. The safety aspect plays a prominent role in everything we do. The 'safety reflex' was born.

our sustainable approach in practice

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

Speaking long-term, are you mindful of sustainability?

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

In our new production hall, we can even check and switch each production line separately to the most economical setting in order to save energy. We have also implemented an innovative waste reduction programme. And for the future we are aiming for CO_2 neutral production. All our electricity is already CO_2 neutral now."

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

JP "And you can really feel that. We carefully monitor all developments in terms of production and packaging in order to enable consumers to fully enjoy our products as responsibly as possible. In order to meet that promise, we need motivated employees. To further increase that motivation and commitment, we strive for 'independent team work'. This briefly means that all the employees, jointly with their team, are responsible for their production line and they therefore monitor the production. He or she is also responsible for the results and can consult with other teams. Our people thus gain a deeper insight into the production process and also have a greater say. We are already noticing that this approach is generating great enthusiasm.

We also realise that our factory plays a role in society within the area. This is why we have been working with a local sheltered workplace for many years now. And if there are any sports events being organised, we are happy to contribute to the organisation by offering some of our products.

Finally, it is not our intention to rest on our laurels. Sustainability will always remain a top priority for us, now and in the future."

Thank you for your explanation.

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

Jean-Paul Van Hoydonck
Production manager Lembeke

Colophon

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

Photos
ColorStudio - Blue Matters BVBA
Foto davidplas.be

FSC
www.fsc.org
MIX
Papier van verantwoorde herkomst
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Lotus
Since 1932
The Original
SPECULOOS
KOOKBOEK
KALFSFRICASSÉE
MET SPECULOOS
TIP
SERVEER DEZE HARTIGE STOOFSCHOTEL MET AARDAPPELPUREE OF KROKETTEN.

ANNUAL REVIEW 2013

FINANCIAL SUPPLEMENT

FINANCIAL SUPPLEMENT

The consolidated financial statements for 2013 shown below have been prepared in accordance with IFRS rules as adopted by the EU with comparative IFRS figures for 2012.

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.

This financial supplement is a part of the 2013 annual review of Lotus Bakeries NV. This annual review is in two parts which are available on the Lotus Bakeries corporate website and also on simple request, separately and free of charge, from the Lotus Bakeries Corporate Secretary.

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

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

in thousands of EUR	NOTES	31-12-13	31-12-12
ASSETS			
Non current assets		**262,729**	**214,154**
Tangible assets	12	136,489	109,064
Goodwill	30	46,517	25,960
Intangible assets	11	75,744	76,248
Investment in other companies		27	32
Deferred tax assets	13	3,859	2,691
Other non current assets	15	93	159
Current assets		**71,375**	**56,461**
Stocks	16	16,665	14,917
Trade receivables	17	36,036	29,751
Tax receivables	17	5,428	4,248
Other amounts receivable	17	402	-
Cash and cash equivalents	19	11,933	6,452
Deferred charges and accrued income		911	1,093
TOTAL ASSETS		**334,104**	**270,615**

in thousands of EUR	NOTES	31-12-13	31-12-12
EQUITY AND LIABILITIES			
Equity		**171,375**	**145,206**
Share Capital	21	11,246	7,440
Retained earnings	14	167,099	146,183
Treasury shares	22, 25	(9,442)	(11,061)
Other reserves	14	2,414	2,586
Non-controlling interest		58	58
Non-current liabilities		**43,984**	**34,041**
Interest-bearing loans and borrowings	20	7,925	-
Deferred tax liabilities	13	32,687	30,323
Pensions	24	2,793	3,215
Provisions	23	574	498
Other non-current liabilities		5	5
Current liabilities		**118,745**	**91,368**
Interest-bearing loans and borrowings	20	62,337	41,675
Provisions	23	1,265	1,405
Trade payables	26	34,249	30,886
Remuneration and social security	26	12,525	10,792
Tax payables	26	5,126	3,736
Derivative financial instruments	27	70	495
Other current liabilities	26	279	200
Accrued charges and deferred income	26	2,894	2,179
TOTAL EQUITY AND LIABILITIES		**334,104**	**270,615**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in thousands of EUR	NOTES	2013	2012
Turnover		**332,319**	**288,455**
Raw materials, consumables and goods for resale		(111,425)	(91,149)
Services and other goods		(87,259)	(78,390)
Personnel costs	6	(78,900)	(69,972)
Depreciation and amortization	7	(13,290)	(11,708)
Decrease/(Increase) in amounts written off stocks, contracts in progress and trade debtors		(869)	(1,130)
Other operating income and charges (net)	4	795	574
Recurrent operating result (REBIT) (1)		**41,371**	**36,680**
Non-recurrent operating result	8	(3,655)	(1,953)
Operating result (EBIT) (2)		**37,716**	**34,727**
Financial result	5	(1,740)	(1,569)
Financial income		2,576	1,395
Financial charges		(4,316)	(2,964)
Result before taxation		**35,976**	**33,158**
Income taxes	9, 13	(8,057)	(7,408)
Result after taxation		**27,919**	**25,750**
NET RESULT		**27,919**	**25,750**
Net result: minority interest		(1)	13
Net result: Group share		27,920	25,737

in thousands of EUR	NOTES	2013	2012
Other comprehensive income:			
items that may be subsequently reclassified to profit and loss		**(581)**	**1,005**
Currency translation differences		(610)	941
Financial instruments		29	64
items that will not be reclassified to profit and loss		**409**	-
Defined benefit plans		409	-
Other comprehensive income for the year		**(172)**	**1,005**
Total comprehensive income for the year		**27,747**	**26,755**
Total comprehensive income for the year attibutable to:			
Non-controlling interest		(1)	13
Equity holders of Lotus Bakeries		27,748	26,742
Earnings per share	**10**		
Weighted average number of shares		764,828	746,052
Basic earnings per share (EUR)		**36.50**	**34.50**
of continued operations		36.50	34.50
Weighted average number of shares after effect of dilution		787,170	773,576
Diluted earnings per share (EUR)		**35.47**	**33.27**
of continued operations		35.47	33.27
Total number of shares (3)		795,113	779,643
Diluted earnings per share (EUR)		**35.11**	**33.01**
of continued operations		35.11	33.01

(1) REBIT is defined as recurrent operating result, consisting of all the proceeds and costs relating to normal business.

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

(3) Total number of shares including treasury shares.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands of EUR	Issued capital	Share premium	Share Capital	Retained earnings	Treasury shares	Translation differences	Remeasurements of post employment benefit obligations	Hedging reserves	Other reserves	Equity - part of the group	Non-controlling interest	Total Equity
EQUITY as on 1 January 2012	**3,400**	**2,298**	**5,698**	**127,291**	**(7,855)**	**1,674**	-	**(93)**	**1,581**	**126,715**	**45**	**126,760**
Profit of the Financial Year	-	-	-	25,737	-	-	-	-	-	25,737	13	25,750
Currency translation differences	-	-	-	-	-	941	-	-	941	941	-	941
Hedging reserves	-	-	-	-	-	-	-	97	97	97	-	97
Taxes on items taken directly to or transferred from equity	-	-	-	-	-	-	-	(33)	(33)	(33)	-	(33)
Net income and expense for the period recognised directly in equity	-	-	-	-	-	941	-	64	1,005	1,005	-	1,005
Total comprehensive income and expenses for the period	-	-	-	**25,737**	-	**941**	-	**64**	**1,005**	**26,742**	**13**	**26,755**
Dividend to shareholders	-	-	-	(7,262)	-	-	-	-	-	(7,262)	-	(7,262)
Increase in capital	31	1,711	1,742	-	-	-	-	-	-	1,742	-	1,742
Acquisitions/sale own shares	-	-	-	-	(3,206)	-	-	-	-	(3,206)	-	(3,206)
Share-based payments	-	-	-	459	-	-	-	-	-	459	-	459
Other	-	-	-	(42)	-	-	-	-	-	(42)	-	(42)
EQUITY as on 30 June 2012	**3,431**	**4,009**	**7,440**	**146,183**	**(11,061)**	**2,615**	-	**(29)**	**2,586**	**145,148**	**58**	**145,206**
Unavailable for distribution				33,882								
Available for distribution				112,301								
EQUITY as on 1 January 2013	**3,431**	**4,009**	**7,440**	**146,183**	**(11,061)**	**2,615**	**-**	**(29)**	**2,586**	**145,148**	**58**	**145,206**
Profit of the Financial Year	-	-	-	27,920	-	-	-	-	-	27,920	(1)	27,919
Currency translation differences	-	-	-	-	-	(610)	-	-	(610)	(610)	-	(610)
Remeasurements of post employment benefit obligations			-	-			448		448	448	-	448
Hedging reserves	-	-	-	-	-	-	-	44	44	44	-	44
Taxes on items taken directly to or transferred from equity	-	-	-	-	-	-	(39)	(15)	(54)	(54)	-	(54)
Net income and expense for the period recognised directly in equity	-	-	-	-	-	(610)	409	29	(172)	(172)	-	(172)
Total comprehensive income and expenses for the period	-	-	-	**27,920**	-	**(610)**	**409**	**29**	**(172)**	**27,748**	**(1)**	**27,747**
Dividend to shareholders	-	-	-	(7,641)	-	-	-	-	-	(7,641)	-	(7,641)
Increase in capital	68	3,738	3,806	-	-	-	-	-	-	3,806	-	3,806
Acquisitions/sale own shares	-	-	-	-	1,619	-	-	-	-	1,619	-	1,619
Share-based payments	-	-	-	296	-	-	-	-	-	296	-	296
Other	-	-	-	341	-	-	-	-	-	341	1	342
EQUITY as on 30 June 2013	**3,499**	**7,747**	**11,246**	**167,099**	**(9,442)**	**2,005**	**409**	**-**	**2,414**	**171,317**	**58**	**171,375**
Unavailable for distribution				31,791								
Available for distribution				135,308								

Reserves are unavailable because of legal restrictions.

CONSOLIDATED
CASH FLOW STATEMENT

in thousands of EUR	2013	2012
Operating activities		
Net profit	27,920	25,737
Amortization of (in)tangible assets	13,290	11,708
Valuation allowances against current assets	869	1,193
Provisions	791	673
Unrealized exchange rate losses (gains)	331	680
Capital loss on disposal of fixed assets	45	43
Income taxes	8,057	7,408
Decrease/(Increase) in derivative financial instruments	(393)	(526)
Interest expense	888	522
Other financial income and charges	906	876
Other non-cash (income)/expenses	-	(198)
Employee stock option plan	296	459
Non-controlling interest	(1)	13
Gross cash provided by operating activities	**52,999**	**48,588**
Decrease/(Increase) in inventories	(1,324)	(2,005)
Decrease/(Increase) in trade accounts receivable	(289)	(3,335)
Decrease/(Increase) in other assets	(1,301)	(926)
Increase/(Decrease) in trade accounts payable	(1,907)	1,392
Increase/(Decrease) in other liabilities	2,723	(1,367)
Change in operating working capital	**(2,098)**	**(6,241)**
Income tax paid	(7,470)	(8,210)
Interest paid	(888)	(522)
Other financial income and charges received/paid	(906)	(876)
Net cash provided by operating activities	**41,637**	**32,739**

	2013	2012
Net cash provided by operating activities	**41,637**	**32,739**
Investing activities		
(In)tangible assets - acquisitions	(30,106)	(40,541)
(In)tangible assets - other changes	505	(186)
Acquisition of a subsidiary	(33,028)	-
Financial assets - other changes	5	-
Cash flow from investing activities	**(62,624)**	**(40,727)**
Net cash flow before financing activities	**(20,987)**	**(7,988)**
Financing activities		
Dividends paid	(7,562)	(7,043)
Treasury shares	1,723	(3,207)
Increase (+)/Reimbursement (-) of Capital	3,806	1,742
Receivings (+)/Reimbursement (-) of long-term funding	8,025	(6,632)
Receivings (+)/Reimbursement (-) of short-term funding	20,561	22,202
Receivings (+)/Reimbursement (-) of long-term receivables	79	(2)
Cash flow from financing activities	**26,632**	**7,060**
Net change in cash and cash equivalents	**5,645**	**(928)**
Cash and cash equivalents on January 1st	6,452	7,369
Effect of exchange rate fluctuations	(164)	11
Cash and cash equivalents on December 31	11,933	6,452
Net change in cash and cash equivalents	**5,645**	**(928)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 | CONSOLIDATED COMPANIES

1.1 LIST OF CONSOLIDATED COMPANIES

	Address	VAT or national number	2013	2012
			%	%
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 NV	Gentstraat 52, B-9971 Lembeke	VAT BE 0401.030.860	100.00	100.00
Lotus Bakeries Corporate NV	Gentstraat 52, B-9971 Lembeke	VAT BE 0881.664.870	100.00	100.00
Lotus Bakeries België NV	Gentstraat 52, B-9971 Lembeke	VAT BE 0421.694.038	100.00	100.00
Biscuiterie Willems BVBA	Nieuwendorpe 33 Bus C, B-9900 Eeklo	VAT BE 0401.006.413	100.00	-
B.W.I. BVBA	Ambachtenstraat 5, B-9900 Eeklo	VAT BE 0898.518.522	100.00	-
Lotus Bakeries Schweiz AG	Baarerstrasse 135, 6301 Zug	VAT CH 482 828	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'Odet	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	74, Rue de Merl, L-2146 Luxembourg	R.C.S. Luxembourg B53262	100.00	100.00
Koninklijke Peijnenburg BV	Nieuwendijk 45, 5664 HB Geldrop	VAT NL003897187B01	100.00	100.00
Peijnenburg's Koekfabrieken BV	Nieuwendijk 45, 5664 HB Geldrop	VAT NL001351576B01	100.00	100.00
WK Koek Beheer BV	Streek 71, 8464 NE Sintjohannesga	VAT NL006634199B01	100.00	100.00
WK Koek Bakkerij BV	Streek 71, 8464 NE Sintjohannesga	VAT NL006634151B01	100.00	100.00
Enkhuizer Koekfabriek BV	Oosterdijk 3e, NL-1601 DA Enkhuizen	VAT NL823011112B01	100.00	100.00
Lotus Bakeries Nederland BV	Nieuwendijk 45, 5664 HB Geldrop	VAT NL004458953B01	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	100.00
Lotus Bakeries North America Inc.	50 Francisco Street, Suite 115, San Francisco, CA, 94133 USA	IRS 94-3124525	100.00	100.00
López Market S.L.	Andrés Alvarez Caballero Poligono Industrial Valdonaire 22-24-26 28970 Humanes (Madrid), Spain	VAT ESB80405137	95.00	95.00
Annas - Lotus Bakeries Holding AB	Radiovägen 23, SE 135 48 Tyresö, Sweden	Registration no. 556757-7241	100.00	100.00
Annas Pepparkakor Holding AB	Radiovägen 23, SE 135 48 Tyresö, Sweden	Registration no. 556675-9030	100.00	100.00
AB Annas Pepparkakor	Radiovägen 23, SE 135 48 Tyresö, Sweden	VAT SE556149914501	100.00	100.00
Pepparkakshuset i Tyresö AB	Radiovägen 23, SE 135 48 Tyresö, Sweden	VAT SE556736094501	100.00	100.00
Lotus Bakeries North America Calgary Inc.	L.M. Gordon LAW Office, 2213 - 20th Street P.O. Box 586, Nanton, Alberta, Canada, T0L 1R0	GST 131 644 205	100.00	100.00
Lotus Bakeries Poland Sp z.o.o.	ul.Fordonska 199/304, 85-739 Bydgoszcz, Poland	VAT PL5542918754	100.00	100.00
Lotus Bakeries Chile SpA	La Capellania 1121 casa 2, CL 7690000 Lo Barnechea, Santiago	VAT (RUT) 76.215.081-6	100.00	100.00
Lotus Bakeries China Ltd	Unit 510,5th Floor, Block 3, 1000 Yanan Middle Road Shanghai Exhibition Center, Jingan District, Shanghai	Registration no. 310000400722746 (Jingan)	100.00	-
B. Foreign branches				
Lotus Bakeries Asia Pacific Limited Shanghai	Units 401-404 Level 5 - 159 MadangRoad, 200021 Shanghai, China		100.00	100.00

1.2 CHANGES IN THE GROUP STRUCTURE IN 2013

In 2013 the following changes took place in the group structure:

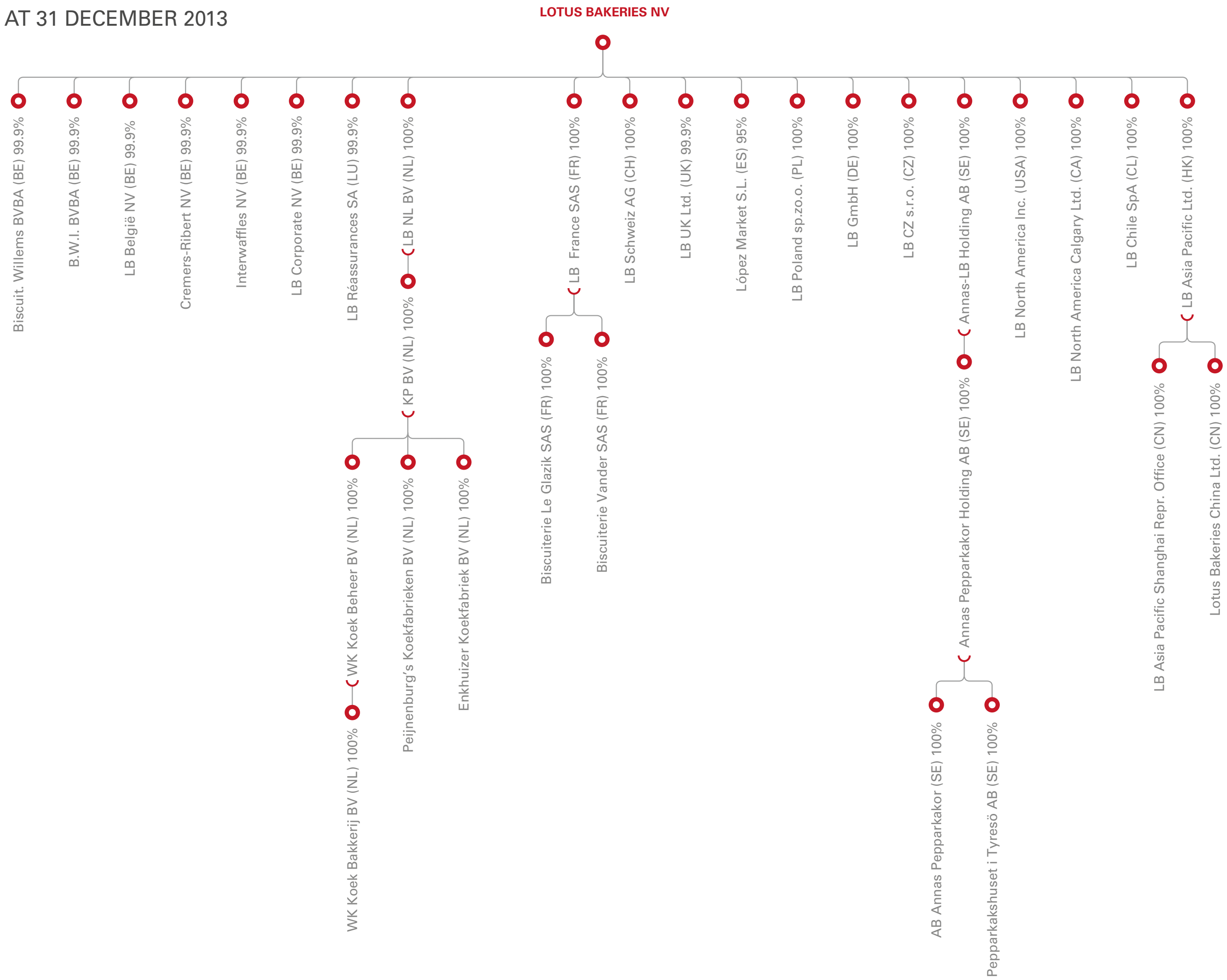
Biscuiterie Willems BVBA and B.W.I. BVBA

At the beginning of 2013, Lotus Bakeries NV purchased all shares in Biscuiterie Willems BVBA and B.W.I. BVBA. A further clarification can be found under Note 29.

Lotus Bakeries China

Lotus Bakeries China was founded in September 2013.

1.3 LEGAL STRUCTURE OF THE LOTUS BAKERIES GROUP AT 31 DECEMBER 2013



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 2013.

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 12 February 2014 for publication.

Recent IFRS pronouncements
Endorsement status of the new standards as at 31 December 2013

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2013:

- **Amendments to IAS 1** 'Presentation of financial statements', effective for annual periods beginning on or after 1 July 2012. The amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income.
- **IAS 19** Revised 'Employee benefits', effective for annual periods beginning on or after 1 January 2013. Through these amendments significant changes are made to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.
- **Amendments to IFRS 7** 'Disclosures – Offsetting financial assets and financial liabilities', effective for annual periods beginning on or after 1 January 2013. The amendment reflects the joint requirements with the FASB to enhance current offsetting disclosures. The new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.
- **IFRS 13** 'Fair value measurement', effective for annual periods beginning on or after 1 January 2013. The new standard explains how to measure fair value for financial reporting.
- **'Annual improvements'** with minor amendments to five standards for 2013 year ends including IFRS 1, 'First time adoption of IFRS', IAS 1, 'Presentation of financial statements', IAS 16, 'Property, plant and equipment', IAS 32, 'Financial instruments: Presentation' and IAS 34, 'Interim financial reporting'.

The following new standards and amendments to standards have been issued and have been endorsed by the European Union, but are not mandatory for the first time for the financial year beginning 1 January 2013, but these were applied early:

- **Amendments to IAS 36** 'Impairment of assets', effective for periods beginning on or after 1 January 2014. The IASB made consequential amendments to the disclosure requirements of IAS 36 when it issued IFRS 13. One of the amendments was drafted more widely than intended. This limited scope amendment corrects this and introduces additional disclosures about fair value measurements when there has been impairment or a reversal of impairment.

The following new standards and amendments to standards have been issued and have been endorsed by the European Union, but are not mandatory for the first time for the financial year beginning 1 January 2013:

- **IAS 27** Revised 'Separate financial statements', effective for annual periods beginning on or after 1 January 2014. The revised standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.
- **IFRS 10** 'Consolidated financial statements', effective for annual periods beginning on or

after 1 January 2014. The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements.
- **Amendments to IFRS 10** 'Consolidated financial statements', IFRS 11 'Joint arrangements' and IFRS 12 'Disclosure of interests in other entities'. The amendments clarify the transition guidance in IFRS 10, and provide additional transition relief (for example by limiting the requirement to provide adjusted comparative information to only the preceding comparative period or, for disclosures related to unconsolidated structured entities, removing the requirement to present comparative information for periods before IFRS 12 is first applied). These amendments will be effective for annual periods beginning on or after 1 January 2014 which is aligned with the effective date of IFRS 10, 11 and 12.
- **Amendments to IAS 32** 'Offsetting financial assets and financial liabilities', effective for annual periods beginning on or after 1 January 2014. The amendments clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position.
- **Amendments to IAS 39** 'Financial instruments: Recognition and measurement', effective for annual periods beginning on or after 1 January 2014. These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. Similar relief will be included in IFRS 9 'Financial instruments'.
- **IFRS 12** 'Disclosure of interests in other entities', effective for annual periods beginning on or after 1 January 2014. This is a new standard on disclosure requirements for all forms of interests in other entities.

The following new standard, amendments to standards and interpretation have been issued, but are not mandatory for the first time for the financial year beginning 1 January 2013 and have not been endorsed by the European Union:

- **IFRS 9** 'Financial instruments', effective for periods beginning on or after 1 January 2015. The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities.
- **'Annual improvements' with minor amendments** to eight standards and is effective for periods beginning on or after 1 July 2014. The amendments relate to IFRS 2 'Definition of vesting condition, IFRS 3 'Accounting for contingent consideration in a business combination', IFRS 8 'Aggregation of operating segments', 'IFRS 8 'Reconciliation of the total of the reportable segments' assets to the entity's assets', IFRS 13 'Short-term receivables and payables', IAS 7 'Interest paid that is capitalised', IAS 16/IAS 38 'Revaluation method-proportionate restatement of accumulated depreciation', IAS 24 'Key management personnel'.
- **'Annual improvements' in response to four issues** addressed during the 2011-2013 cycle and is effective for periods beginning on or after 1 July 2014. The amendments include IFRS 1 'Meaning of effective IFRSs', IFRS 3 'Scope exceptions for joint ventures', IFRS 13 'Scope of paragraph 52 (portfolio exception)' and IAS 40 'Clarifying the interrelationship of IFRS 3 Business Combinations and IAS 40 Investment Property when classifying property as investment property or owner-occupied property'.
- **Amendment to IAS 19** 'Defined benefit plans', effective for periods beginning on or after 1 July 2014. The amendment seeks clarification for the accounting of employee contributions set out in the formal terms of a defined benefit plan.
- **Amendment to IFRS 9** 'financial instruments' on general hedge accounting, effective date to be determined. The amendment incorporates the new general hedge accounting model which will allow reporters to reflect risk management activities in the financial statements more closely as it provides more opportunities to apply hedge accounting.
- **IFRIC 21** 'Levies', effective for periods beginning on or after 1 January 2014. IFRIC 21 sets out the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain.

Lotus Bakeries expects that the application of the above new standards, the amendments to the standards and the interpretation will not have a material impact on the consolidated financial statements.

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.

Foreign branches

A foreign branch is not a separate legal entity, but an integral part of the parent company. This means that all transactions, assets, debts, income and costs etc. are recorded in the accounts of the parent company. The accounts of the foreign branch are maintained in the currency of the country itself.

The financial accounts of branches are included in the consolidation scope from the date on which the parent company gains control until the date on which such control ends.

The financial accounts of the branches have the same financial year as the parent company and are prepared using the accounting principles applicable to 'Subsidiaries' (see this page), taken into account that the 'translation differences' are recorded in other comprehensive income.

A list of subsidiaries, associated companies and foreign branches of the Group is given 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.
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:

	Closing rate		Average rate	
	2013	2012	2013	2012
EUR/USD	1.3791	1.3194	1.3308	1.2933
EUR/CZK	27.4270	25.1510	26.0270	25.1398
EUR/CHF	1.2276	1.2072	1.2290	1.2044
EUR/GBP	0.8337	0.8161	0.8501	0.8121
EUR/SGD	1.7414	1.6111	1.6676	1.6084
EUR/SEK	8.8591	8.5820	8.6692	8.6826
EUR/CAD	1.4671	1.3137	1.3771	1.2907
EUR/PLN	4.1543	4.0740	4.2134	4.1684
EUR/CNY	8.3491	8.2207	8.1733	8.1470
EUR/CLP	722.909	632.0640	662.7489	626.5808

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 or as a result of the acquisition of a customer portfolio, 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. The investments in software and licences are amortized over a period of three to five years.

The value of brands acquired in takeovers or the value of the customer portfolio obtained through acquisition 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. In the latter case, an annual analysis is carried out in order to determine whether events and situations are still supporting the assumption that the brand has an indefinite life. These assets will be examined for special amortization on an annual basis or whenever there seems to be a valid reason to do so.

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 takeover, 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.

The residual value and lifetime of tangible fixed assets are annually verified against reality.

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 useful life 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 useful life.

2.8 LEASING

Financial leases

A financial lease is a lease that transfers substantially all risks and rewards incident to ownership of an asset to the lessee. When a fixed asset is held under a financial lease, its value is recorded as an asset at the present value, at the beginning of the lease term, of the future minimum lease payments during the lease term. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability in order to obtain a constant rate of interest on the debt over the lease term.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2.9 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.

2.10 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.

An impairment loss recognised on goodwill shall not be reversed in a subsequent period.

2.11 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, unless it concerns a debt instrument.

2.12 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 useful life of the receivable.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 INTEREST-BEARING FINANCIAL DEBTS

All interest-bearing financial debts are initially recorded at the fair value less the direct attributable 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.

2.18 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 sheet once the performance according to the obligation is completed, settled or lapsed.

2.19 SHARE CAPITAL

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

2.20 FINANCIAL DERIVATIVES

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

2.21 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.

2.22 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 place 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 for.

Deferred tax assets from deductible temporary differences and unused tax loss carry forwards 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.
Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

2.23 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.

Defined benefit costs are split into 2 categories:
- Service cost, past-service cost, gains and losses on curtailments and settlements;
- Net-interest expense or income.

The total service cost, the net interest expense, the remeasurement of other long term benefits, administrative expenses and taxes for the year are included in the employee benefit expense in the consolidated financial statement. The remeasurement on the net defined benefit liability is included in the statement of comprehensive income as part of other comprehensive income.

For these defined benefit plans, the corridor approach was applied including 2012. In 2013, this was aligned with the amended IAS 19.

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.

2.24 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.

2.25 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.

2.26 EARNINGS 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.

2.27 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 organized 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. Intersegment price-fixing is defined based on the 'at arms length' principle.

Four segments have been defined:

1. Belgium
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 (2013)

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

The regions presented in the segment reporting, which are based on the internal reporting system are composed as follows:

- Belgium: sales by Sales Office Belgium and intra-group sales by factories in Belgium
- France: sales by Sales Office France and intra-group sales by factories in France
- The Netherlands: sales by Sales Office Netherlands and intra-group sales by factories in the Netherlands
- Other: sales 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 and Chile, Spain and Northern and Eastern Europe plus production in Sweden.

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

(1) 'Other' segment: there are no geographical regions representing more than 10% of total sales

Year ended 31 December 2013

	Continuing operations					
in thousands of EUR	Belgium	France	Netherlands	Other (1)	Eliminations + Corporate companies	Total
Revenue						
Sales to external customers	121,289	52,116	79,723	79,191	-	332,319
Inter-segment sales	67,940	13,329	1,876	2,939	(86,084)	-
Total revenue	**189,229**	**65,445**	**81,599**	**82,130**	**(86,084)**	**332,319**
Results						
Segment result REBIT	22,993	583	11,368	2,590	3,837	41,371
Non-recurrent operating result	(476)	2	(2,494)	(178)	(509)	(3,655)
Segment result EBIT	22,517	585	8,874	2,412	3,328	37,716
Result before tax, finance costs and finance revenue	22,517	585	8,874	2,412	3,328	37,716
Net finance costs						(1,740)
Result before income tax and minority interest						35,976
Income tax expense						(8,057)
Net profit for the year						**27,919**
Assets and liabilities						
Non-current assets	103,172	7,421	107,527	26,937	13,798	262,729
Segment assets	103,172	7,421	107,527	26,937	13,798	258,855
Unallocated assets:						3,874
Tax receivables						3,859
Financial receivables						15
Current assets	22,259	10,151	6,379	11,763	3,458	71,375
Segment assets	22,259	10,151	6,379	11,763	3,458	54,010
Unallocated assets:						17,365
Tax receivables						5,428
Financial receivables						4
Cash and cash equivalents						11,933
Total assets						**334,104**
Non-current liabilities	20,505	747	385	368	473	43,984
Segment liabilities	1,399	747	385	368	473	3,372
Unallocated liabilities:						40,612
Tax payables						32,687
Financial liabilities						7,925
Current liabilities	19,106	6,589	7,995	11,454	6,138	118,745
Segment liabilities	19,106	6,589	7,995	11,454	6,138	51,282
Unallocated liabilities:						67,463
Tax payables						5,126
Financial liabilities						62,337
Total liabilities						**162,729**
Other segment information						
Capital expenditure:						
Tangible fixed assets	17,162	945	11,966	229	1,970	32,272
Intangible fixed assets	-	-	-	-	883	883
Depreciation	7,334	1,197	2,492	924	1,343	13,290
Decrease/(increase) in amounts written off stocks, contracts in progress and trade debtors.	452	41	179	186	11	869

SEGMENT REPORTING BY GEOGRAPHICAL REGION (2012)

For the purpose of sales, production and internal reporting, the Group is classified according to geographical regions.
The regions presented in the segment reporting, which are based on the internal reporting system are composed as follows:

- Belgium: sales by Sales Office Belgium and intra-group sales by factories in Belgium
- France: sales by Sales Office France and intra-group sales by factories in France
- The Netherlands: sales by Sales Office Netherlands and intra-group sales by factories in the Netherlands
- Other: sales 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 and Chile, Spain and Northern and Eastern Europe plus production in Sweden.

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

Year ended 31 December 2012

in thousands of EUR	Continuing operations					
	Belgium	**France**	**Netherlands**	**Other (1)**	**Eliminations + Corporate companies**	**Total**
Revenue						
Sales to external customers	91,859	42,413	81,379	72,804	-	288,455
Inter-segment sales	57,174	13,203	2,016	3,305	(75,698)	-
Total revenue	**149,033**	**55,616**	**83,395**	**76,109**	**(75,698)**	**288,455**
Results						
Segment result REBIT	9,188	778	13,602	4,436	8,676	36,680
Non-recurrent operating result	-	31	(718)	(86)	(1,180)	(1,953)
Segment result EBIT	9,188	809	12,884	4,350	7,496	34,727
Result before tax, finance costs and finance revenue	9,188	809	12,884	4,350	7,496	34,727
Net finance costs						(1,569)
Result before income tax and minority interest						33,158
Income tax expense						(7,408)
Net profit for the year						**25,750**
Assets and liabilities						
Non-current assets	64,068	7,675	99,067	28,609	11,944	214,154
Segment assets	64,068	7,675	99,067	28,609	11,944	211,363
Unallocated assets:						2,791
Tax receivables						2,691
Financial receivables						100
Current assets	15,813	8,459	6,526	11,382	3,580	56,461
Segment assets	15,813	8,459	6,526	11,382	3,580	45,760
Unallocated assets:						10,701
Tax receivables						4,248
Financial receivables						1
Cash and cash equivalents						6,452
Total assets						**270,615**
Non-current liabilities	17,584	730	853	281	643	34,041
Segment liabilities	1,211	730	853	281	643	3,718
Unallocated liabilities:						30,323
Tax payables						30,323
Financial liabilities						-
Current liabilities	16,373	6,662	7,300	8,942	6,680	91,368
Segment liabilities	16,373	6,662	7,300	8,942	6,680	45,957
Unallocated liabilities:						45,411
Tax payables						3,736
Financial liabilities						41,675
Total liabilities						**125,409**
Other segment information						
Capital expenditure:						
Tangible fixed assets	16,160	785	7,101	306	1,015	25,367
Intangible fixed assets	-	-	-	1	15,173	15,174
Depreciation	6,161	1,149	2,215	940	1,243	11,708
Decrease/(increase) in amounts written off stocks, contracts in progress and trade debtors.	577	49	284	193	27	1,130

(1) Other' segment: there are no geographical regions representing more than 10% of total sales

4 | OTHER OPERATING INCOME AND CHARGES

in thousands of EUR	2013	2012
Other costs		
Other taxes	1,782	1,616
Other operating charges	854	103
Total	**2,636**	**1,719**
Other revenues		
Transport charges	(52)	(97)
Received refunds	0	(1)
Fixed assets - own construction	(1,082)	(345)
Other operating income	(2,297)	(1,850)
Total	**(3,431)**	**(2,293)**
Other operating income and charges (net)	**(795)**	**(574)**

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.

5 | FINANCIAL RESULTS

in thousands of EUR	2013	2012
Financial charges		
Interest charges	1,288	1,336
Exchange rate losses	3,153	1,943
Valuation to the fair value of the financial instruments	(393)	(526)
Other	268	211
Total	**4,316**	**2,964**
Financial income		
Interest income	(75)	(28)
Exchange rate gains	(2,497)	(1,358)
Other	(4)	(9)
Total	**(2,576)**	**(1,395)**
Financial results	**1,740**	**1,569**

The financial result of the year was a net cost of kEUR 1,740 compared with a cost of kEUR 1,569 in 2012. The financial result of 2013 consists primarily of interest expense and negative unrealized exchange rate differences on outstanding loans within Lotus Bakeries. The financial result is also impacted by the positive evolution of the market value of the hedging instruments for interest rate risks in 2013 and therefore has a positive impact on the result of kEUR 265.

The financial instruments relate first of all to the hedging of the foreign exchange risk on foreign currencies (USD, GBP, SEK, CHF and CZK). End-December 2013, there were no financial instruments hedging the currency risk.

Secondly, the financial instruments relate to the hedging of the interest rate risk on the financing of the acquisition of Koninklijke Peijnenburg BV, which is financed with floating rate investment credit facilities.

The last repayment for this financing arrangement was made in June 2013. In the first 6 months of the year these financial instruments for interest rate risk hedging finished with a positive effect on the result of EUR 173,000.

The investments in production capacity are being financed out of operating cash flows. For the temporary short-term credits at variable interest rates, a 2-year IRS has been concluded in 2012. The global market value of this hedging instrument evolved from kEUR -322 to kEUR -57.

6 | PERSONNEL COSTS

in thousands of EUR	2013	2012
Salaries and wages	51,418	46,571
Social security contributions	11,990	10,915
Contributions for company pension plans with fixed contribution	1,570	1,090
Other personnel costs	13,922	11,396
Total personnel costs	**78,900**	**69,972**
Average number of members of personnel	1,210	1,217
Number of members of personnel as at the end of the year	**1,244**	**1,218**

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

The rise in personnel costs in 2013 is explained by the inflation in 2012, which affected wages and salaries in 2013, due to additional employees and by higher production volumes in Belgium.

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

in thousands of EUR	2013	2012
Depreciation of intangible assets	670	634
Depreciation of property, plant & equipment	12,620	11,074
Total	**13,290**	**11,708**

See notes 8, 11 and 12 concerning non-recurrent operating result, 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 recurrent operating activities of the Group. This category includes the results from the sale or disposal of fixed assets, any goodwill impairment losses, write-offs or impairment losses on brands as a result of takeovers, provisions and costs for restructuring and takeovers.

The non-recurrent operating result amounted to EUR -3.7 million These costs can notably be attributed to (1) the restructuring costs in the gingerbread factories in Geldrop and Sintjohannesga, (2) costs for the takeover of Biscuiterie Willems BVBA and the brand Dinosaurus and (3) the depreciation on the brand Wieger Ketellapper relating to the takeover of Koninklijke Peijnenburg.

The non-recurrent operating result for 2012 was EUR -1.9 million. These costs consist mainly of (1) the amortization of amortizable brands from the 'purchase price allocation' related to the acquisition of Koninklijke Peijnenburg, (2) the restructuring of operations in the Belgian companies of the Group and (3) advisory fees in the context of acquisition projects.

9 | INCOME TAXES ON THE RESULTS

Nominal tax rose by 8.8%. This is explained by a higher nominal profit before taxation.

in thousands of EUR	2013	2012
Income taxes on the results		
Income taxes on the results of the current year	7,958	7,109
Tax adjustments for previous years	(219)	(191)
Deferred taxation	318	490
Total tax charge reported in the income statement	8,057	7,408
Accounting profit before tax	**35,976**	**33,158**
Effective tax rate of the year	22.4%	22.3%
Reconciliation between theoretical and effective tax rate		
Results before taxation	35,976	33,158
Theoretical tax rate	33.99%	33.99%
Theoretical income tax expense	12,228	11,270
Effect of different taxation rates in other countries + deduction notional interest	(3,354)	(3,487)
Tax adjustments for previous years	(219)	(191)
Disallowed items	301	162
Tax free income	(769)	58
Tax losses used for which no deferred tax asset has been recorded	(101)	(318)
Change tax rate	-	(130)
Other	(29)	44
Actual income tax expense	8,057	7,408
Effective tax rate	22.4%	22.3%

The average effective tax rate in 2013 was 22.4% versus 22.3% in 2012. The slight increase of the effective tax percentage is mainly related to the inclusion of Biscuiterie Willems BVBA and B.W.I. BVBA in the scope of consolidation.

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	2013	2012
EARNINGS PER SHARE		
Net result attributable to equity holders of the Company	27,920	25,737
Weighted average number of shares	764,828	746,052
Basic earnings per share (EUR)	**36.50**	**34.50**
Weighted average number of shares under option	43,512	60,426
Weighted average number of shares which should be issued at average market rate	(21,170)	(32,902)
Dilutive effect	**22,342**	**27,524**
Weighted average number of shares after effect of dilution	787,170	773,576
Diluted earnings per share (EUR)	**35.47**	**33.27**
Total number of shares	795,113	779,643
Earnings per share (EUR)	**35.11**	**33.01**
Total number of shares less treasury shares	770,565	748,945
Earnings per share (EUR)	**36.23**	**34.36**
EARNINGS PER SHARE FROM CONTINUED OPERATIONS		
Result from continued operations attributable to equity holders of the Company	27,920	25,737
Weighted average number of shares	764,828	746,052
Basic earnings per share (in euro) of continued operations	**36.50**	**34.50**
Weighted average number of shares after effect of dilution	787,170	773,576
Diluted earnings per share (in euro) of continued operations	**35.47**	**33.27**
Total number of shares	795,113	779,643
Earnings per share (in euro) of continued operations	**35.11**	**33.01**

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 Annas brand of Annas Pepparkakor Holding AB
- the intellectual property rights in the Dinosaurus brand.

The value of these brands was established as part of the valuation at fair value of the asset and liability components upon first consolidation.

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 Annas brand is used as the base brand for the Nordic region and as the base brand for its 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 pepparkakor 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.

The key purchase in 2012 was the acquisition of the intellectual property rights in the Dinosaurus brand. Based on an analysis of all relevant factors, there is no foreseeable limit to the period of time over which this brand is expected to generate cash flows. The Dinosaurus brand has been assigned indefinite useful live and therefore is not depreciated.

At year-end 2013, the Group tested the value of these brands for possible impairment. Taking into account the assumptions used, the value in use of the unit exceeds its carrying amount and no impairment loss was recognized.

The main judgements, assumptions and estimates are:
- Revenue and gross profit margin: revenue and gross margin reflect management's expectations based on past experience and taking into account the risks specific to the reportable business unit.
- The first year of the model is based on the budget for the year and is management's best estimate, taking account also of historical results, of the free cash flow outlook for the current year.
- In years two to five of the model, free cash flows are based on Lotus Bakeries' long-term plan. The long-term plan of Lotus Bakeries is prepared country specific, based on realistic internal plans that take into account the specific market situation and the past.
- Cash flows beyond the first five years are extrapolated by applying a growth rate of 2% to free cash flows.
- Projections are discounted at the weighted average pre-tax cost of capital, which lies between 9 and 11%. The pre-tax discount rate is calculated by dividing the discount rate after tax by one minus the applicable tax rate. This result is not materially different from an iterative calculation method as described in IAS36.

As a part of the valuation test, Lotus Bakeries carried out a sensitivity analysis for important assumptions used, including the weighted average capital costs, free cash flow and long term growth percentage.
For each of the brands a long term growth percentage varying between 1.0% and 2.0%, weighted average capital costs before taxes varying up to 13% and free cash flow between 95% and 100% of the long term plan were applied in order to take into account possible fluctuations in volumes and margins.
A change in the used estimates, as included above, will not lead to a possible exceptional downward value adjustment.
Although Lotus Bakeries believes that its assessments, assumptions and estimates are suitable, actual results may differ from these estimates in the event of changed assumptions and conditions.

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

In 2011 a portfolio of out-of-home customers was purchased in Spain.

in thousands of EUR

on 31 December 2012	Indefinite life brands	Definite life brands	Software	Customer portfolio	Total
Acquisition cost					
At the end of the preceding year	57,515	4,627	6,445	1,030	69,617
Acquisition during the year	14,968	-	205	-	15,173
Translation differences	306	-	48	-	354
TOTAL ACQUISITION COST	**72,789**	**4,627**	**6,698**	**1,030**	**85,144**
Depreciation and amounts written down					
At the end of the preceding year	-	(2,544)	(5,187)	(26)	(7,757)
Depreciation during the year	-	(464)	(524)	(103)	(1,091)
Translation differences	-	-	(48)	-	(48)
Total depreciation and amounts written down	-	**(3,008)**	**(5,759)**	**(129)**	**(8,896)**
NET BOOK VALUE	**72,789**	**1,619**	**939**	**901**	**76,248**

on 31 December 2013	Indefinite life brands	Definite life brands	Software	Customer portfolio	Total
Acquisition cost					
At the end of the preceding year	72,789	4,627	6,698	1,030	85,144
Acquisition during the year	-	-	883	-	883
Translation differences	(259)	-	(6)	-	(265)
Acquisition through business combinations	-	-	24	-	24
TOTAL ACQUISITION COST	**72,530**	**4,627**	**7,599**	**1,030**	**85,786**
Depreciation and amounts written down					
At the end of the preceding year	-	(3,008)	(5,759)	(129)	(8,896)
Depreciation during the year	-	(462)	(576)	(103)	(1,141)
Translation differences	-	-	8	-	8
Acquisition through business combinations	-	-	(13)	-	(13)
Total depreciation and amounts written down	-	**(3,470)**	**(6,340)**	**(232)**	**(10,042)**
NET BOOK VALUE	**72,530**	**1,157**	**1,259**	**798**	**75,744**

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 with the exception of the notes included in 31.4. 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

on 31 December 2012	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Acquisition cost					
At the end of the preceding year	69,613	166,810	12,303	10,255	258,981
Acquisition during the year	7,702	21,487	623	(4,444)	25,368
Sales and disposals	-	(292)	(225)	-	(517)
Transfers from one heading to another	(147)	(155)	413	(111)	-
Translation differences	280	542	(6)	14	830
TOTAL ACQUISITION COST	**77,448**	**188,392**	**13,108**	**5,714**	**284,662**
Depreciation and amounts written down					
At the end of the preceding year	(29,348)	(124,470)	(10,110)	-	(163,928)
Depreciation during the year	(2,249)	(8,567)	(754)	(191)	(11,761)
Sales and disposals	-	94	265	-	359
Transfers from one heading to another	67	308	(375)	-	-
Translation differences	(14)	(440)	-	-	(454)
Other	-	186	-	-	186
Total depreciation and amounts written down	**(31,544)**	**(132,889)**	**(10,974)**	**(191)**	**(175,598)**
NET BOOK VALUE	**45,904**	**55,503**	**2,134**	**5,523**	**109,064**

on 31 December 2013	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	Total
Acquisition cost					
At the end of the preceding year	77,448	188,392	13,108	5,714	284,662
Acquisition during the year	4,465	16,520	535	10,752	32,272
Sales and disposals	(2,854)	(682)	(340)	-	(3,876)
Transfers from one heading to another	2,630	3,079	109	(5,818)	-
Translation differences	(281)	(297)	(27)	(9)	(614)
Acquisition through business combinations	5,567	10,896	496	450	17,409
TOTAL ACQUISITION COST	**86,975**	**217,908**	**13,881**	**11,089**	**329,853**
Depreciation and amounts written down					
At the end of the preceding year	(31,544)	(132,889)	(10,974)	(191)	(175,598)
Depreciation during the year	(1,912)	(9,393)	(815)	(4)	(12,124)
Sales and disposals	1,929	460	211	-	2,600
Translation differences	23	234	20	6	283
Acquisition through business combinations	(1,765)	(6,477)	(283)	-	(8,525)
Total depreciation and amounts written down	**(33,269)**	**(148,065)**	**(11,841)**	**(189)**	**(193,364)**
NET BOOK VALUE	**53,706**	**69,843**	**2,040**	**10,900**	**136,489**

Capital subsidies have increased from kEUR 639 in 2012 to kEUR 813 in 2013, mainly due to the inclusion of B.W.I. BVBA in the scope of consolidation (kEUR 369), compensated by the inclusion into the result of the capital subsidy (kEUR 194).

Investment grants

on 31 December	2013	2012
At the end of the preceding year	(639)	(790)
Taken into the income statement	194	112
Taken back from the income statement	-	(147)
Acquisition through business combinations	(369)	-
Reimbursement	-	186
At the end of the year	**(813)**	**(639)**

Capital subsidies were deducted from the net book value, as included in the above movement tables.

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 2013 these fiscally transferable losses amounted to kEUR 9,889 compared with kEUR 10,771 at the end of 2012.

in thousands of EUR	on 31 December 2011	Charged/ credited to the income statement	Charged/ credited to equity	Charged/ credited acquisition	Exchange differences	on 31 December 2012
(In)tangible assets	(27,535)	(924)	-	-	(87)	(28,546)
Stocks	(99)	29	-	-	-	(70)
Employee benefits	602	140	-	-	-	742
Tax effect of tax loss carry-forwards	2,454	261	-	-	32	2,747
Provisions	(3,277)	63	-	-	-	(3,214)
Financial instruments	380	(179)	(33)	-	-	168
Other	333	227	-	-	(19)	541
Total deferred tax	**(27,142)**	**(383)**	**(33)**	-	**(74)**	**(27,632)**
to be recovered or settled within 12 months	(475)					(785)
to be recovered or settled after more than 12 months	(26,667)					(26,847)

in thousands of EUR	on 31 December 2012	Charged/ credited to the income statement	Charged/ credited to equity	Charged/ credited acquisition	Exchange differences	on 31 December 2013
(In)tangible assets	(28,546)	(550)	-	(1,227)	61	(30,262)
Stocks	(70)	(79)	-	34	(4)	(119)
Employee benefits	742	(48)	(39)	-	-	655
Tax effect of tax loss carry-forwards	2,747	996	-	-	(143)	3,600
Provisions	(3,214)	(332)	-	59	-	(3,487)
Financial instruments	168	(136)	(15)	4	-	21
Other	541	88	-	134	1	764
Total deferred tax	**(27,632)**	**(61)**	**(54)**	**(996)**	**(85)**	**(28,828)**
to be recovered or settled within 12 months	(785)					(1,123)
to be recovered or settled after more than 12 months	(26,847)					(27,705)

Deferred tax assets are included for the companies which have a loss at the end of the year, except for Interwaffles SA. The recognition of the deferred tax assets is supported by profit expectations in the future foreseeable future.

At the balance sheet date the aggregate amount of deferred taxes associated with the investments in subsidiaries amounts to EUR 1.4 million. No deferred tax liability has been recognized in respect of these differences because the group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. It should also be noted that the reversal of these differences, for example by way of distribution of dividends by the subsidiaries to the Parent, would generate no (or a marginal) current tax effect.

14 | DIVIDENDS

in thousands of EUR		
Dividend payments in	**2013**	**2012**
Gross dividend per ordinary share (EUR)	9.80	9.40
Gross dividend on ordinary shares	7,641	7,262
Proposed dividend per ordinary share (EUR)	**10.80**	**9.80**
Gross dividend on ordinary shares	8,587	7,641

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

15 | OTHER LONG-TERM RECEIVABLES

in thousands of EUR	2013	2012
Other receivables	16	82
Cash guarantees	77	77
Total	**93**	**159**

16 | STOCKS

in thousands of EUR	2013	2012
Raw materials and consumables	8,572	7,894
Work in progress	193	248
Finished goods	7,369	6,691
Goods purchased	531	84
Total	**16,665**	**14,917**

The value reductions recorded as costs amount to kEUR 869 and relate mainly to packaging (kEUR 231) and finished products (kEUR 428). In 2012, kEUR 1,130 of value reductions were recognized.

17 | TRADE RECEIVABLES AND OTHER AMOUNTS RECEIVABLE

The amount of the downward value adjustments entered as costs in 2013 is kEUR 15.
In 2012, kEUR 71 was entered as proceeds for downward value adjustment.
The trade receivables represent an average of 40 days of customer credit (2012: 38 days).

in thousands of EUR	2013	2012
Trade receivables	**36,036**	**29,751**
Tax receivables		
VAT receivable	3,721	3,135
Income taxes	1,707	1,113
Total	**5,428**	**4,248**
Other amounts receivable	**402**	**-**

The other current amounts receivables item includes among others the proportion of long-term receivables that are due within one year, empties in custody and capital subsidies to be received.

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

Provisions on 1 January	**933**	**1,004**
increase of provisions	23	92
changes in consolidation scope	25	-
reversal of unutilized provisions	(3)	(143)
provisions used during the year	(5)	(20)
Provisions on 31 December	**973**	**933**

With regard to trade debts there are no indications that debtors will not meet their payment obligations. More information regarding the credit risk is included in Note 35.

18 | NET CASH POSITION

The net cash position decreased by kEUR 15,181 compared with 2012. This decrease is mainly due to the short-term loans for the financing of investments.

in thousands of EUR	2013	2012
Cash and cash equivalents	11,933	6,452
Short term interest-bearing liabilities	(62,337)	(41,675)
Total	**(50,404)**	**(35,223)**

19 | CASH AND CASH EQUIVALENTS

Cash and cash equivalents relate to 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	2013	2012
Cash	11,933	6,452
Cash equivalents	-	-
Total	**11,933**	**6,452**

20 | INTEREST-BEARING LIABILITIES

Long-term financial debts increased by kEUR 7,925.
The value of all long-term and short-term liabilities is expressed in euro.
All interest-bearing liabilities were contracted at market conditions and therefore approximates the fair value.

in thousands of EUR	Due within 1 year	Due between 1 to 5 years	Due after 5 years	Total
Non current interest-bearing liabilities	6,632	-	-	6,632
Current interest-bearing liabilities	35,043	-	-	35,043
Total on 31 December 2012	**41,675**	-	-	**41,675**
Interests due on non current interest-bearing liabilities	26	-	-	26
Non current interest-bearing liabilities	15,100	7,900	25	23,025
Current interest-bearing liabilities	47,237	-	-	47,237
Total on 31 December 2013	**62,337**	**7,900**	**25**	**70,262**
Interests due on non current interest-bearing liabilities	233	51	-	284

The interests due on the loans with variable interest rate are calculated at the actual interest rate.
The unused credit amounts came to kEUR 39,577 on 31 December 2013.

21 | ISSUED CAPITAL

All shares are ordinary 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	2013	2012
on 1 January	3,431	3,400
Increase	68	31
on 31 December	3,499	3,431
Number of ordinary shares		
on 1 January	779,643	772,563
Increase	15,470	7,080
on 31 December	795,113	779,643
Less: treasury shares held at 31 December	(24,548)	(30,698)
Shares outstanding at 31 December	770,565	748,945
Amounts of authorized capital, not issued		
in thousands of EUR	1,034	1,133

STRUCTURE OF SHAREHOLDINGS

The shareholding structure of Lotus Bakeries NV as of 31 December 2013 is as follows:

	No. of voting rights	% of voting rights
Stichting Administratiekantoor van Aandelen Lotus Bakeries (1)	446,378	56.14%
Lotus Bakeries NV (2)	24,548	3.09%
Total held by Stichting Administratiekantoor van Aandelen Lotus Bakeries and Lotus Bakeries	**470,926**	**59.23%**
Christavest Comm.VA (3)	63,046	7.93%
Publicly held	261,141	32.84%
Total	**759,113**	**100.00%**

(1) Stichting Administratiekantoor van Aandelen Lotus Bakeries is not controlled.
The interest of Stichting Administratiekantoor van Aandelen Lotus Bakeries in Lotus Bakeries NV appears in the transparency notification that Lotus Bakeries NV received on 5 April 2013*. Lotus Bakeries NV has no knowledge of any change in the above-mentioned interest.

(2) The voting rights attached to the shares held by Lotus Bakeries NV have been suspended. The dividends have not been suspended and will be distributed to Lotus Bakeries NV.

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

(*) As applied by article 6 of the Law of 2 May 2007 on disclosure of mayor holdings.

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	2013	2012
on 1 January	11,061	7,855
Purchased during the year	-	3,784
Sold during the year	(1,619)	(578)
on 31 December	9,442	11,061
Number of treasury shares		
on 1 January	30,698	25,548
Purchased during the year	-	7,500
Sold during the year	(6,150)	(2,350)
on 31 December	24,548	30,698

23 | PROVISIONS

The provision for integration and restructuring in 2013 relates to the costs associated with production optimization and further investments in the Koninklijke Peijnenburg plants. The use of this provision in 2013 also relates to the above.
The provision for the environment mainly relates to the Netherlands.
The other provisions mainly relate to contractual or legal obligations towards personnel and for research.

in thousands of EUR	Integration and restructuring	Environment	Other	Total
Provisions on 1 January 2012	**1,476**	**271**	**866**	**2,613**
Increase of provisions	-	-	53	53
Reversal of unutilized provisions	-	-	(148)	(148)
Provisions used during the year	(470)	(34)	(166)	(670)
Provisions on 31 December 2012	**1,006**	**237**	**605**	**1,848**
Long term	-	-	499	499
Short term	1,006	237	106	1,349
Provisions on 1 January 2013	**1,006**	**237**	**605**	**1,848**
Increase of provisions	1,375	-	3	1,378
Changes in consolidation scope	-	-	173	173
Reversal of unutilized provisions	(34)	(115)	(97)	(246)
Provisions used during the year	(1,277)	(47)	(45)	(1,369)
Provisions on 31 December 2013	**1,070**	**75**	**639**	**1,784**
Long term	-	-	574	574
Short term	1,070	75	65	1,210

As the timing of the outflows is being largely uncertain, most of the provisions are considered as current provisions. Current provisions are expected to be settled within 12 months.

24 | POST-EMPLOYMENT BENEFITS

DEFINED CONTRIBUTION PLAN

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

Because of the Belgian legislation applicable to 2nd pillar pension plans (so-called 'Law Vandenbroucke'), all Belgian Defined Contribution plans have to be considered under IFRS as Defined Benefit plans. 'Law Vandenbroucke' states that in the context of defined contribution plans, the employer must guarantee a minimum return of 3.75% on employee contributions and 3.25% on employer contributions.
Because of this minimum guaranteed return for Defined Contributions plans in Belgium, the employer is exposed to a financial risk (there is a legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods). These plans should therefore be classified and accounted for as a Defined Benefit plans under IAS 19.
In the past the Company did not apply the Defined Benefit accounting for these plans because higher discount rates were applicable and the return on plan assets provided by insurance companies was sufficient to cover the minimum guaranteed return. As a result of continuous low interest rates offered by the European financial markets, the employers in Belgium effectively assumed a higher financial risk related to the pension plans with a minimum fixed guaranteed return than in the past, requiring them to measure the potential impact of Defined Benefit accounting for these plans.
We made an estimate of the potential additional liabilities as at 31/12/2013 and these are assessed as not significant. For information the employer's contribution related to the plans is given below: 2013: kEUR 976.

In the Netherlands a defined benefit pension plan has been concluded with BPF ('Stichting Bedrijfstakpensioenfonds voor de Zoetwarenindustrie' (collective schemes of several employers in the sector)). The employer pays an annual fixed percentage of a part of the salary (pension base) of the year for which pension is accrued. Because employers pay a fixed contribution, the scheme falls under the defined contribution scheme.

The Group expects to pay around kEUR 3,164 of contributions to these defined contribution plans in respect of 2014.

DEFINED BENEFIT PENSION PLAN

There is a defined benefit pension plan in the subsidiaries in Germany and the Netherlands.

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.

Defined benefit costs are split into 2 categories:
- Service cost, past-service cost, gains and losses on curtailments and settlements;
- Net-interest expense or income.

The total service cost, the net interest expense, the remeasurement of other long term benefits, administrative expenses and taxes for the year are included in the employee benefit expense in the consolidated financial statement. The remeasurement on the net defined benefit liability is included in the statement of comprehensive income as part of other comprehensive income.

The provisions for early retirement pensions ('bridging pensions') at Belgian companies make up the largest part of the defined benefit pension liabilities. 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 actuarial calculation of these is based on the following assumptions:

	2012	2013
Discount rate:	2.70%	2.50%
Inflation rate:	2.00% p.a.	2.00% p.a.

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 64 in 2014 under defined benefit pension schemes for Germany and France.

in thousands of EUR	2013	2012
Net periodic cost		
Retirement charges imputed to the period	209	(47)
Interest charges	70	80
Benefits paid/Transfers	(82)	(74)
Actuarial (losses)/gains	(171)	362
Net periodic cost	**26**	**321**
Remeasurements (to be recognised in OCI)		
Remeasurements on the defined benefit obligation	(448)	-
Remeasurements	**(448)**	-
Movement in the net liability		
Net debts as at 1 January	3,271	2,950
Retirement charges imputed to the period	209	(47)
Interest charges	70	80
Benefits paid/Transfers	(82)	(74)
Actuarial (losses)/gains	(171)	362
Remeasurements	(448)	-
Net debts as at 31 December	**2,849**	**3,271**
Funding		
Present value of the obligation	2,849	3,268
Net actuarial gain or loss	-	3
Net debts as at 31 December	**2,849**	**3,271**

Through its defined-benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- Changes in bond yields: a decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.
- Salary risk: the majority of the plans' benefit obligations are calculated by reference to the future salaries of plan members. As such, a salary increase of plan members higher than expected will lead to higher liabilities.
- Longevity risk: pension plans provide for benefits for the life of the plan members, so increases in life expectancy will result in an increase in the plan's liabilities.

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 2012, 6,243 share options were granted to Lotus Bakeries employees. In 2013, 5,133 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 2012 and 2013. 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 four years and five months.

The fair value of the options and warrants is estimated at the time of allotment, using the binomial 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 296 was recorded in the income statement in 2013 (kEUR 459 in 2012).
For share options exercised during 2013, the weighted average share price at exercise date was EUR 641.06 (2012: EUR 488.32). For the exercised warrants, the weighted average share price at the exercise date was 662.64 euros.

Number of options and warrants

	2013	2012
Outstanding at January, 1	**57,613**	**61,050**
Options granted during the year	5,133	6,243
Options exercised during the year	(6,150)	(2,350)
Options expired during the year	(1,457)	(250)
Warrants exercised during the year	(15,470)	(7,080)
Outstanding at 31 December	**39,669**	**57,613**
Exercisable at 31 December	25,700	39,670
Charge recorded in the income statement (kEUR)	296	459

The weighted average exercise price of options and warrants is as follows:

Amounts in EUR	2013	2012
Outstanding at January, 1	**286.89**	**259.04**
Options granted during the year	650.31	496.77
Options exercised during the year	280.20	232.82
Options expired during the year	482.66	393.53
Warrants exercised during the year	246.02	246.02
Outstanding at 31 December	**343.70**	**286.89**
Exercisable at 31 December	248.08	244.92

Weighted average term of the share options and warrants outstanding at the end of the period.	2013	2012
number of years	4	5
and number of months	5	3

Alloted in		Number alloted (1)	Number exercised (2)	Available balance	Exercise price	Exercise period
2007	Options	11,950	9,150	2,800	232.82	01/01/2011 - 10/05/2017
2007	Warrants	43,450	22,550	20,900	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
						15/09/2014 - 30/09/2014
						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	7,050	5,650	1,400	284.39	01/01/2013 - 07/05/2014
2009	Options	600	-	600	306.36	18/05/2013 - 24/09/2014
2010	Options	2,400	-	2,400	367.72	01/01/2014 - 17/05/2015
2011	Options	700	-	700	405.12	01/01/2015 - 12/05/2016
2011	Options	500	-	500	387.12	18/03/2015 - 29/07/2016
2012	Options	5,498	-	5,498	496.77	01/01/2016 - 10/05/2017
2013	Options	4,871	-	4,871	650.31	01/01/2017 - 13/05/2018
	Total	**77,019**	**37,350**	**39,669**		

(1) Cumulative number allocated minus cumulative number lapsed. (2) Cumulative number exercised.

The weighted fair value of the options and assumptions used in applying the option pricing model are as follows:

	2013	2012
Fair value of options granted	81.17	65.19
Share price	661.50	495.00
Exercise price	650.31	496.77
Expected volatility	17.56%	20.82%
Expected dividends	2.37%	2.37%
Risk-free interest rate	2.40%	2.00%

The volatility measured at the standard deviation is based on daily share prices of Lotus Bakeries over the last three years.

26 | TRADE PAYABLES AND OTHER LIABILITIES

The increase in trade and other payables is mainly due to an increase in trade payables, remunerations, social security contributions and tax debts in 2013 compared with 2012.

in thousands of EUR	2013	2012
Trade debts	34,249	30,886
Remuneration and social security payable	12,525	10,792
Tax payables		
VAT	750	525
Income taxes	4,376	3,211
Total	**5,126**	**3,736**
Derivative financial instruments	70	495
Other current liabilities	279	200
Accrued charges and deferred income	2,894	2,179
Total	**55,143**	**48,288**

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 the financial liabilities (EUR 13 mio) 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 contract 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. This contract ended in mid-2013.

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, 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	2013	2012
Foreign currency derivatives		
Fair value	-	-
Cost/(revenue) in results	-	(69)
Interest rate derivatives		
Fair value	(70)	(495)
Cost/(revenue) in results	(393)	(457)
Decrease/(increase) in equity	(31)	(64)

The financial instruments are level 2 instruments. The real value was calculated by the financial institution based on the market interest (marked-to-market report).

Realisation of the above financial instruments will occur during the first 5 months of 2014.

28 | INVESTMENTS IN ASSOCIATED COMPANIES

In 2013 and in 2012 there were no longer any investments by Lotus Bakeries in associated companies.

29 | ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The following transactions took place in 2013:

Biscuiterie Willems BVBA and B.W.I. BVBA

At the beginning of 2013, Lotus Bakeries NV purchased all shares in Biscuiterie Willems BVBA and B.W.I. BVBA.

Both companies are included in the consolidation as from January 1st, 2013, since Lotus Bakeries NV gained control from this date.

The limited costs related to the acquisition of Biscuiterie Willems BVBA and B.W.I. BVBA have been included in the non-recurrent operating result.

The final value of the assets and liabilities acquired has been determined within the period of 12 months following the date of acquisition. The required adjustments to the real value have been included in the consolidated annual financial statements for the year ending on December 31st, 2013.

The purchase price of Biscuiterie Willems BVBA and B.W.I. BVBA is composed as follows:

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

The goodwill of kEUR 20,773 generated by the acquisition can be contributed to the following components. Firstly, at Lotus Bakeries, speculoos is produced at only one site. The goodwill can therefore be partially apportioned to guaranteeing the continuity for speculoos. It is, after all, an opportunity for the Group to have another speculoos factory, besides Lembeke. Secondly, due to the acquisition of Biscuiterie Willems BVBA, Lotus Bakeries will be able to continue to grow in the catering and food service sector, where Biscuiterie Willems BVBA has a strong position, within as well as outside Europe. Thirdly, Lotus Bakeries has a strategy to also commercialise speculoos outside Europe and to expand it into a worldwide product in the long term. In important growth markets, such as Asia, the Middle East and America, where Lotus Bakeries has already booked successes, this acquisition offers a strengthening of the position. Goodwill is not eligible for tax relief. There are no further liabilities associated with the sale.

The results of Biscuiterie Willems BVBA and B.W.I. BVBA have been included in the consolidation as from January 1st, 2013. During the financial year Biscuiterie Willems BVBA contributed kEUR 25,119 to the revenue and kEUR 2,742 to the profit of the consolidated net result of the group. During the financial year B.W.I. BVBA contributed kEUR 348 to the profit of the consolidated net result of the group.

Lotus Bakeries China

Lotus Bakeries China was founded in September 2013.

30 | GOODWILL

The carrying value of goodwill at the end of 2013 was kEUR 46,517.

For sales, production and internal reporting, the Group is organized into geographic regions (see also geographic segment information). The segments consist of underlying business units. These business units represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.These business units are the cash-generating units to which goodwill is allocated. The net carrying value of goodwill has been allocated to the various and independent cash flow-generating units as follows:

Cash flow-generating unit	Amount kEUR
Netherlands (Koninklijke Peijnenburg)	17,151
Spain (López Market)	1,704
Sweden (Annas Pepparkakor Holding AB).	6,889
Customer Brand Business (Biscuiterie Willems BVBA en B.W.I. BVBA)	20,773

in thousands of EUR	2013	2012
Acquisition cost		
Balance at end of previous year	25,960	25,710
Effect of movements in foreign exchange	(216)	250
Acquisitions of subsidiaries	20,773	-
Balance at end of year	**46,517**	**25,960**
Carrying amount		
at 31 December	46,517	25,960

Goodwill, representing approximately 13.92% of the total assets of Lotus Bakeries at 31 December 2013, is tested for impairment by comparing the carrying value of each cash generating unit (CGU) with its recoverable amount. The recoverable amount of a cash generating unit is determined on the basis of the calculated value in use.

The value in use is determined as the present value of expected future cash flows based on the current long-term planning of the Group. The discount rate used in determining the present value of expected future cash flows is based on a weighted average cost of capital (WACC).

Lotus Bakeries has undertaken its annual impairment test for goodwill. No impairment charge is required. Lotus Bakeries believes that its estimates are very reasonable: they are consistent with the internal reporting and reflect the best estimates by management.

The impairment test for goodwill is based on a number of critical judgements, estimates and assumptions. The assumptions are consistent and realistic for the four cash generating units, each of which, moreover, is in Europe.

CGU 'Netherlands'

At 31 December 2013, the carrying amount of the goodwill of the CGU Netherlands amounted to kEUR 17,151.

At year-end 2013, the Group tested the goodwill belonging to the CGU Netherlands for possible impairment. Taking into account the assumptions used, the value in use of the unit exceeds its carrying amount and no impairment loss was recognized.

The main judgements, assumptions and estimates are:

- Revenue and gross profit margin: revenue and gross margin reflect management's expectations based on past experience and taking into account the risks specific to the reportable business unit.
- The first year of the model is based on the budget for the year and is management's best estimate, taking account also of historical results, of the free cash flow outlook for the current year;
- In years two to five of the model, free cash flows are based on Lotus Bakeries' long-term plan. The long-term plan of Lotus Bakeries is prepared country by country, based on realistic internal plans that take into account the specific market situation and the past.
- Cash flows beyond the first five years are extrapolated by applying a growth rate of 2% to free cash flows.

- Projections are discounted at the weighted average pre-tax cost of capital, which lies between 9 and 11%. The pre-tax discount rate is calculated by dividing the discount rate after tax by one minus the applicable tax rate. This result is not materially different from an iterative calculation method as described in IAS36.

As a part of the valuation test, Lotus Bakeries carried out a sensitivity analysis for important assumptions used, including the weighted average capital costs, free cash flow and long term growth percentage.
For each of the brands a long term growth percentage varying between 1.0% and 2.0%, weighted average capital costs before taxes varying up to 13% and free cash flow between 95% and 100% of the long term plan were applied in order to take into account possible fluctuations in volumes and margins.
A change in the used estimates, as included above, will not lead to a possible exceptional downward value adjustment.
Although Lotus Bakeries believes that its assessments, assumptions and estimates are suitable, actual results may differ from these estimates in the event of changed assumptions and conditions.

CGU 'Spain'
At 31 December 2013, the carrying amount of the goodwill of the CGU Spain amounted to kEUR 1,704.

At year-end 2013, the Group tested the goodwill belonging to the CGU Spain for possible impairment. Taking into account the assumptions used, the value in use of the unit exceeds its carrying amount and no impairment loss was recognized.

The main judgements, assumptions and estimates are:

- Revenue and gross profit margin: revenue and gross margin reflect management's expectations based on past experience and taking into account the risks specific to the reportable business unit.
- The first year of the model is based on the budget for the year; this is management's best estimate of the free cash flow outlook for the current year;
- In years two to five of the model, free cash flows are based on Lotus Bakeries' long-term plan. The long-term plan of Lotus Bakeries is prepared country by country, based on realistic internal plans that take into account the specific market situation and the past.
- Cash flows beyond the first five years are extrapolated by applying a growth rate of 2% to free cash flows.
- Projections are discounted at the weighted average pre-tax cost of capital, which lies between 9 and 11%. The pre-tax discount rate is calculated by dividing the discount rate after tax by one minus the applicable tax rate. This result is not materially different from an iterative calculation method as described in IAS36.

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For each of the brands a long term growth percentage varying between 1.0% and 2.0%, weighted average capital costs before taxes varying up to 13% and free cash flow between 95% and 100% of the long term plan were applied in order to take into account possible fluctuations in volumes and margins.
A change in the used estimates, as included above, will not lead to a possible exceptional downward value adjustment.
Although Lotus Bakeries believes that its assessments, assumptions and estimates are suitable, actual results may differ from these estimates in the event of changed assumptions and conditions.

CGU 'Sweden'
On 31 December 2013, the carrying amount of the goodwill of the CGU Sweden amounted to kEUR 6,889.
At year-end 2013, the Group tested the goodwill belonging to the CGU Sweden for possible impairment. Taking into account the assumptions used, the value in use of the unit exceeds its carrying amount and no impairment loss was recognized.

The main judgements, assumptions and estimates are:

- Revenue and gross profit margin: revenue and gross margin reflect management's expectations based on past experience and taking into account the risks specific to the reportable business unit.
- The first year of the model is based on the budget for the year; this is management's best estimate of the free cash flow outlook for the current year;
- In years two to five of the model, free cash flows are based on Lotus Bakeries' long-term plan. The long-term plan of Lotus Bakeries is prepared country by country, based on realistic internal plans that take into account the specific market situation and the past.
- Cash flows beyond the first five years are extrapolated by applying a growth rate of 2% to free cash flows.
- Projections are discounted at the weighted average pre-tax cost of capital, which lies between 9% and 11%. The pre-tax discount rate is calculated by dividing the discount rate after tax by one minus the applicable tax rate. This result is not materially different from an iterative calculation method as described in IAS36.

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For each of the brands a long term growth percentage varying between 1.0% and 2.0%, weighted average capital costs before taxes varying up to 13% and free cash flow between 95% and 100% of the long term plan were applied in order to take into account possible fluctuations in volumes and margins.
A change in the used estimates, as included above, will not lead to a possible exceptional downward value adjustment.
Although Lotus Bakeries believes that its assessments, assumptions and estimates are suitable, actual results may differ from these estimates in the event of changed assumptions and conditions.

CGU 'Customer Brand Business'
On 31 December 2013, the carrying amount of the goodwill of the CGU Customer Brand Business amounted to kEUR 20,773.

At year-end 2013, the Group tested the goodwill belonging to the CGU Customer Brand Business for possible impairment. Taking into account the assumptions used, the value in use of the unit exceeds its carrying amount and no impairment loss was recognized.

The main judgements, assumptions and estimates are:

- Revenue and gross profit margin: revenue and gross margin reflect management's expectations based on past experience and taking into account the risks specific to the reportable business unit.
- The first year of the model is based on the budget for the year; this is management's best estimate of the free cash flow outlook for the current year;
- In years two to five of the model, free cash flows are based on Lotus Bakeries' long-term plan. The long-term plan of Lotus Bakeries is prepared country by country, based on realistic internal plans that take into account the specific market situation and the past.
- Cash flows beyond the first five years are extrapolated by applying a growth rate of 2% to free cash flows.
- Projections are discounted at the weighted average pre-tax cost of capital, which lies between 9% and 11%. The pre-tax discount rate is calculated by dividing the discount rate after tax by one minus the applicable tax rate. This result is not materially different from an iterative calculation method as described in IAS36.

As a part of the valuation test, Lotus Bakeries carried out a sensitivity analysis for important assumptions used, including the weighted average capital costs, free cash flow and long term growth percentage.
For each of the brands a long term growth percentage varying between 1.0% and 2.0%, weighted average capital costs before taxes varying up to 13% and free cash flow between 95% and 100% of the long term plan were applied in order to take into account possible fluctuations in volumes and margins.
A change in the used estimates, as included above, will not lead to a possible exceptional downward value adjustment.
Although Lotus Bakeries believes that its assessments, assumptions and estimates are suitable, actual results may differ from these estimates in the event of changed assumptions and conditions.

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, the Netherlands, the United States, the Czech Republic, Sweden, Poland and Switzerland, of office space for Sales Offices other than in Belgium, the Netherlands and France and the leasing of warehouse space in the United States. The lease rental payments are charged to the income statement.

Future rental charges as of 31 December:

in thousands of EUR	2013	2012
Less than one year	1,680	1,575
Greater than one year and less than five years	1,984	2,047

The annual rent costs of these commitments totalled kEUR 1,776 in 2013 (kEUR 1,718 in 2012).

Lease agreements in which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating lease agreements. Payments made under operating lease agreements are charged to the income statement on a straight-line basis over the life of the lease agreement.

2. COMMITMENTS TO ACQUIRE TANGIBLE FIXED ASSETS

As of 31 December 2013, the Group had kEUR 4,497 of commitments (2012: kEUR 4,098) for the purchase of fixed assets.
The main commitments relate to the extensions of the production plant at Lembeke.

3. RAW MATERIALS CONTRACTS

Raw materials purchased but not yet delivered in 2014 and 2015 amounted to kEUR 29,057, as detailed below.

in thousands of EUR	2013	2012
Less than one year	28,460	44,489
Greater than one year and less than five years	598	1,122

See also note 35-Financial risk management.

4. OTHER RIGHTS AND COMMITMENTS

Bank guarantees as of 31/12/2013: kEUR 261 (as of 31/12/2012: kEUR 267).

in thousands of EUR	2013	2012
	261	267

Lotus Bakeries commits itself not to dispose of, mortgage or pledge any fixed assets without prior consultation with the credit-granting institutions. These assets serve as guarantee for the loans ('full negative pledge').

A credit institution has a notarial mandate of EUR 1.5 million on the assets of Biscuiterie Willems BVBA.

32 | POST BALANCE SHEET EVENTS

No significant events have occurred after 31 December 2013.

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 NV that, as of 31 December 2013, held an undiluted interest of 59.23%, and Christavest Comm.VA with an interest of 7.93% on 31 December 2013.

For information on the remuneration of the CEO and the remuneration of the executive managers (excluding the CEO) in 2013, we refer to the remuneration report included in Part 1 of the 2013 annual review.

34 | ASSETS HELD FOR SALE

There were no significant assets held for sale on 31 December 2013.

35 | FINANCIAL RISK MANAGEMENT

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

1. RAW MATERIAL AND PACKAGING COSTS

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

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

3. INTEREST RATE RISK

Part of our financial obligations (EUR 13 million) with a variable interest rate is hedged based on the Euribor for a maximum of one year.

4. FINANCIAL INSTRUMENTS

Sensitivity analysis:

Interest rate risk:
A 10 basis points higher Euribor interest rate in 2013 would have negatively impacted interest expense by approximately kEUR 30.

Exchange rate risk:
An average 5% lower USD, GBP, CZK, CHF and SEK exchange rate would have negatively affected net result by approximately kEUR 706 in all. An average 5% higher USD, GBP, CZK, CHF and SEK exchange rate would have positively affected net result by approximately kEUR 750.

Currency	Effect on the net result of the lower average rate of 5% (amount in thousands of EUR)	Effect on the net result of the higher average rate of 5% (amount in thousands of EUR)
USD	-298	329
GBP	-105	116
SEK	-138	125
CHF	-102	113
Other	-63	67
Total	-706	750

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 2012 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 RISKS

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

The Lotus Bakeries Group has a diversified international customer portfolio, consisting mainly of large retail, cash-and-carry and food service customers in various countries. For export outside Western and Northern Europe, the United States and Canada the Lotus Bakeries Group works on a documentary credit basis or uses credit insurance. The average number of days' customer credit is relatively limited. Within the Lotus Bakeries Group, there are strict procedures to accurately follow up on customers and to handle possible risks as quickly and as efficiently as possible.

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

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 following are the contractual maturities of non-derivative financial liabilities including interest payments and derivative financial assets and liabilities:

Financial assets and liabilities

in thousands of EUR

2012	Less than 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities			
Unsecured bank loans	(6,658)	-	-
Bank overdraft	(35,044)	-	-
Trade and other payables	(47,798)	-	-
	(89,500)	-	-
Derivative financial assets and liabilities			
Foreign currency derivatives	-	-	-
Interest rate derivatives	(495)	-	-
	(495)	-	-

in thousands of EUR

2013	Less than 1 year	Between 1 and 2 years	Over 2 years
Non-derivative financial liabilities			
Unsecured bank loans	(15,333)	(7,749)	(227)
Bank overdraft	(47,237)	-	-
Trade and other payables	(55,079)	-	-
	(117,649)	**(7,749)**	**(227)**
Derivative financial assets and liabilities			
Foreign currency derivatives	-	-	-
Interest rate derivatives	(39)	(22)	(3)
	(39)	**(22)**	**(3)**

7. BALANCE SHEET STRUCTURE

Lotus Bakeries aims for a capital structure (the balance between debt and capital) which will give it the required financial flexibility to implement its growth strategy.
We strive to keep the proportion of net financial debt, defined as financial debt - monetary investments - liquid assets - own shares and the recurrent company cash flow (REBITDA) at what is considered to be a normal healthy level in the financial market.
In 2013, we amply fulfilled our financial covenants agreed within the framework of 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 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 conditions and customs in the countries involved.
A major portion of these pension schemes are defined contribution schemes, including in Belgium, France, Sweden, Canada and the United States. These are funded by employer and employee contributions and charged to the income statement of the year in question.

Because of the Belgian legislation applicable to 2nd pillar pension plans (so-called 'Law Vandenbroucke'), all Belgian Defined Contribution plans have to be considered under IFRS as Defined Benefit plans.

In the Netherlands a defined benefit pension plan has been concluded with BPF. Because employers pay a fixed contribution, the scheme falls under the defined contribution scheme.

Defined benefit pension schemes exist in the Dutch and German subsidiaries.

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

Through its defined-benefit plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- Changes in bond yields: a decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.
- Salary risk: the majority of the plans' benefit obligations are calculated by reference to the future salaries of plan members. As such, a salary increase of plan members higher than expected will lead to higher liabilities.
- Longevity risk: pension plans provide for benefits for the life of the plan members, so increases in life expectancy will result in an increase in the plan's liabilities.

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 2013 these costs amounted to kEUR 1,128.

Year	Internal and external costs of research and development (in thousands of EUR)
2013	1,128
2012	974
2011	1,120
2010	1,164
2009	843

37 | MANAGEMENT RESPONSIBILITY STATEMENT

We hereby certify that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2013, 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 2013 and of the major transactions with the related parties, and their impact on the consolidated financial statements, together with a description of the principal risks and uncertainties with which the company is confronted.

Lembeke, 3 April 2014

On behalf of the Board of Directors

Jan Boone
CEO

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

The company's Statutory Auditor is PwC Bedrijfsrevisoren BCVBA, represented by Peter Opsomer.

Audit fee for the Group audit 2013	in thousands of EUR
Lotus Bakeries NV	64
Lotus Bakeries Group	290
Total	**354**
Fees for the mandates of PwC Bedrijfsrevisoren	208
Fees for the mandates of persons related to PwC Bedrijfsrevisoren	146

Group's Auditor fees for additional services rendered	
Other audit-related fees	5
Tax fees	-
Other non-audit fees	-

Fees for additonal services rendered of persons related to PwC Bedrijfsrevisoren	
Other audit-related fees	-
Tax fees	365
Other non-audit fees	151

The one to one rule has been approved by the Audit Committee of Lotus Bakeries NV.

STATUTORY AUDITOR'S REPORT

Statutory auditor's report to the general shareholders' meeting on the consolidated accounts for the year ended 31 December 2013.

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements, as well as the required additional statements. The consolidated financial statements comprise the consolidated balance as at 31 December 2013 and the consolidated statements of income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Report on the consolidated financial statements - Unqualified opinion

We have audited the consolidated financial statements of Lotus Bakeries NV ("the Company") and its subsidiaries (jointly "the Group"), 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 of the annual report. The total of the consolidated balance amounts to KEUR 334.104 and the consolidated statement of income shows a profit for the year, Group share, of KEUR 27.920.

Board of directors' responsibility for the preparation of the consolidated financial statements
The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determine, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified Opinion
In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and consolidated financial position as at 31 December 2013 and of its consolidated financial performance and its consolidated 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.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing (ISAs) as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not impact our opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Ghent, 8 April 2014

PwC Bedrijfsrevisoren BCVBA
Represented by

Peter Opsomer*
Bedrijfsrevisor

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

CONSOLIDATED BALANCE SHEET

in thousands of EUR	2013	2012	2011	2010	2009
Non current assets	**262,729**	**214,154**	**184,861**	**178,257**	**170,301**
Tangible assets	136,489	109,064	95,052	90,233	84,150
Goodwill	46,517	25,960	25,710	25,670	24,837
Intangible assets	75,744	76,248	61,859	61,576	60,822
Deferred tax assets	3,859	2,691	2,045	637	353
Other non current assets including derivative financial instruments	93	159	163	109	101
Current assets	**71,375**	**56,461**	**53,025**	**46,474**	**55,809**
Stocks	16,665	14,917	14,285	12,998	12,947
Trade receivables	36,036	29,751	26,305	23,360	21,288
Cash and cash equivalents	11,933	6,452	7,369	6,302	16,249
TOTAL ASSETS	**334,104**	**270,615**	**237,886**	**224,731**	**226,110**
Equity	**171,375**	**145,206**	**126,760**	**109,795**	**101,197**
Non-current liabilities	**43,984**	**34,041**	**41,312**	**50,571**	**69,313**
Interest-bearing loans and borrowings	7,925	-	6,632	17,902	37,136
Deferred tax liabilities	32,687	30,323	29,187	28,700	28,619
Current liabilities	**118,745**	**91,368**	**69,814**	**64,365**	**55,600**
Interest-bearing loans and borrowings	62,337	41,675	19,474	19,319	13,739
Trade payables	34,249	30,886	29,430	23,509	22,138
Remuneration and social security	12,525	10,792	10,690	9,081	9,518
TOTAL EQUITY AND LIABILITIES	**334,104**	**270,615**	**237,886**	**224,731**	**226,110**

FIVE YEAR FINANCIAL SUMMARY LOTUS BAKERIES GROUP

FIVE YEAR FINANCIAL SUMMARY LOTUS BAKERIES GROUP

CONSOLIDATED INCOME STATEMENT

in thousands of EUR	2013	2012	2011	2010	2009
Turnover	332,319	288,455	275,598	264,823	261,071
Recurrent operating result (REBIT)	**41,371**	**36,680**	**36,363**	**34,955**	**34,593**
Non-recurrent operating result	(3,655)	(1,953)	(2,695)	(874)	(294)
Operating result (EBIT)	**37,716**	**34,727**	**33,668**	**34,081**	**34,299**
Financial result	(1,740)	(1,569)	(688)	(2,960)	(2,826)
Result before taxation	**35,976**	**33,158**	**32,980**	**31,121**	**31,473**
Income taxes	(8,057)	(7,408)	(9,165)	(8,055)	(8,202)
Result after taxation	**27,919**	**25,750**	**23,815**	**23,066**	**23,271**
Results from termination of activities	-	-	-	-	1,889
NET RESULT	**27,919**	**25,750**	**23,815**	**23,066**	**25,160**
Net result: minority interest	(1)	13	13	11	95
Net result: Group share	27,920	25,737	23,802	23,055	25,065

BALANCE SHEET AFTER APPROPRIATION OF PROFIT

ASSETS in thousands of EUR	31-12-13	31-12-12
Fixed Assets	**248,879**	**215,342**
II. Intangible assets	**13,471**	**14,968**
IV. Financial assets	**235,408**	**200,374**
A. Affiliated enterprises	235,408	200,374
1. Participating interests	235,408	200,374
Current Assets	**17,974**	**19,812**
V. Amounts receivable after more than one year	**80**	**80**
B. Other amounts receivable	80	80
VII. Amounts receivable within one year	**8,142**	**7,340**
A. Trade debtors	7,426	7,229
B. Other amounts receivable	716	111
VIII. Current investments	**9,562**	**11,181**
A. Own shares	9,442	11,061
B. Other investments and deposits	120	120
IX. Cash at bank and in hand	**190**	**1,200**
X. Deferred charges and accrued income	-	**11**
TOTAL ASSETS	**266,853**	**235,154**

ABRIDGED STATUTORY FINANCIAL STATEMENTS OF LOTUS BAKERIES NV

BALANCE SHEET AFTER APPROPRIATION OF PROFIT

LIABILITIES in thousands of EUR	31-12-13	31-12-12
Capital and reserves	**63,771**	**60,001**
I. Capital	**3,499**	**3,431**
A. Issued capital	3,499	3,431
II. Share premium account	**7,747**	**4,009**
IV. Reserves	**52,525**	**52,561**
A. Legal reserve	350	343
B. Reserves not available for distribution	9,514	11,133
1. Own shares	9,442	11,061
2. Other	72	72
C. Untaxed reserves	545	545
D. Reserves available for distribution	42,116	40,540
Amounts payable	**203,082**	**175,153**
VIII. Amounts payable after more than one year	**115,859**	**14,309**
A. Financial debts	107,218	5,668
4. Credit institutions	5,000	-
5.Other loans	102,218	5,668
D. Other debts	8,641	8,641
IX. Amounts payable within one year	**87,209**	**160,844**
A. Current portion of amounts payable after more than one year	43,450	8,832
B. Financial debts	28,289	139,036
1. Credit institutions	0	1,251
2. Other loans	28,289	137,785
C. Trade debts	6,541	3,479
1. Suppliers	6,541	3,479
E. Taxes, remuneration and social security	53	1,445
1. Taxes	53	1,445
F. Other amounts payable	8,876	8,052
X. Accrued charges and deferred income	**14**	**-**
TOTAL LIABILITIES	**266,853**	**235,154**

NOT-CONSOLIDATED INCOME STATEMENT

in thousands of EUR	2013	2012
I. Operating income	**7,512**	**7,004**
A. Turnover	-	154
D. Other operating income	7,512	6,850
II. Operating charges	**(4,226)**	**(3,243)**
A. Raw materials, consumables and goods for resale	-	86
1. Purchases	-	86
B. Services and other goods	2,716	3,038
C. Remuneration, social security costs and pensions	-	71
D. Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	1,497	-
E. Increase; Decrease in amounts written off stocks, contracts in progress and trade debtors	-	21
G. Other operating charges	13	27
III. Operating profit	**3,286**	**3,761**
IV. Financial income	**10,474**	**136**
A. Income from financial fixed assets	10,097	-
B. Income from current assets	183	-
C. Other financial income	194	136
V. Financial charges	**(4,727)**	**(1,871)**
A. Interest and other debt charges	4,464	1,099
C. Other financial charges	263	772
VI. Profit on ordinary activities before taxes	**9,033**	**2,026**
VII. Extraordinary income	-	**24,259**
D. Gain on disposal of fixed assets	-	24,259
VIII. Extraordinary charges	(391)	(6)
E. Other extraordinary charges	391	6
IX. Profit for the year before taxes	**8,642**	**26,279**
X. Income taxes	**159**	**(727)**
A. Income taxes	137	727
B. Adjustment of income taxes and write-back of tax provisions	(296)	-
XIII. Profit for the year available for appropriation	**8,801**	**25,552**

ABRIDGED STATUTORY FINANCIAL STATEMENTS OF LOTUS BAKERIES NV

APPROPRIATION ACCOUNT

in thousands of EUR	2013	2012
A. Profit to be appropriated	8,801	25,552
1. Profit for the year available for appropriation	8,801	25,552
B. Transfers from capital and reserves	43	-
2. From reserves	43	-
C. Transfer to capital and reserves	(6,807)	(17,661)
2. To legal reserve	6,807	3
3. To other reserves	-	17,658
F. Distribution of profit	(8,837)	(7,891)
1. Dividends	8,587	7,641
2. Directors' emoluments	250	250

EXTRACT FROM THE NOTES

VIII. STATEMENT OF CAPITAL	2013	2012	
	Amounts in thousands of EUR	Amounts in thousands of EUR	Number of shares
A. CAPITAL			
1. Issued capital			
At the end of the preceding year	3,431	3,400	
At the end of the year	3,499	3,431	
2. Structure of the capital			
2.1. Different categories of shares			
Ordinary shares	3,499	3,431	795,113
2.2. Registered shares and bearer shares			
Registered			1,019
Bearer			-
Dematerialized			794,094
C. TREASURY SHARES held by:			
- its subsidiaries	-	135	-
E. AMOUNTS OF AUTHORIZED CAPITAL, NOT ISSUED	**1,034**	**1,133**	

ABRIDGED STATUTORY FINANCIAL STATEMENTS OF LOTUS BAKERIES NV

G. STRUCTURE OF SHAREHOLDINGS OF THE ENTERPRISE: Situation at December 31, 2013

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 at 27 April 2010.

	2013	2012	
Announcer	**Number of voting rights**	**Number of voting rights**	**% of voting rights**
Stichting Administratiekantoor van Aandelen Lotus Bakeries [1] Claude Debussylaan 24 NL-1082 MD Amsterdam	446,378	446,378	56.14%
Lotus Bakeries NV [2] Gentstraat 52 9971 Lembeke	24,548	30,698	3.09%
Christavest Comm.VA [3] Kerkstraat 33A 9971 Lembeke	63,046	63,046	7.93%
TOTAL	**533,972**	**540,122**	**67.16%**

(1) Stichting Administratiekantoor van Aandelen Lotus Bakeries is not controlled.
The interest of Stichting Administratiekantoor van Aandelen Lotus Bakeries in Lotus Bakeries NV appears in the transparency notification that Lotus Bakeries NV received on 5 April 2013*. Lotus Bakeries NV has no knowledge of any change in the above-mentioned interest.

(2) The voting rights attached to the shares held by Lotus Bakeries NV have been suspended. The dividends have not been suspended and will be distributed to Lotus Bakeries NV.

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

(*) As applied by article 6 of the Law of 2 May 2007 on disclosure of mayor holdings.

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:
- brand: 10%
- software: 33%

1.3 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.

1.4. 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.

1.5. 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.

3. ADDITIONAL INFORMATION
The company is part of a VAT unit which was formed within the Group and to which the following companies belong:
- Lotus Bakeries NV
- Lotus Bakeries België NV
- Cremers-Ribert NV
- Interwaffles SA
- Lotus Bakeries Corporate NV

Consequently, the company is jointly and severally liable for the tax debts of all the above companies.

NOTES

lotus
Since 1932

Gentstraat 52
B-9971 Lembeke