GROUP LOTUS BAKERIES

Interim Condensed Financial Reporting
Per 30 June 2008
Regulated information

FREE TRANSLATION

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1. Consolidated key-figures

Income statement (in EUR thousands)	**30/06/2008**	**30/06/2007**	**Change** (%)
Turnover	**123,707**	**106,475**	**+ 16.2**
Depreciation	(4,978)	(4,798)	- 3.8
Recurrent operating result (REBIT)	**16,857**	**12,782**	**+ 31.9**
Recurrent operating cash flow (REBITDA) *(1)*	**22,574**	**17,674**	**+ 27.7**
Non-current operating result	(222)	(627)	+ 64.6
Operating result (EBIT) *(2)*	**16,635**	**12,155**	**+ 36.9**
Financial result	(3,166)	(2,247)	- 40.9
Result before taxes	13,469	9,908	+ 35.9
Taxes	(3,594)	(167)	-2052.1
Result after taxes	9,875	9,741	+ 1.4
Share in results of equity-consolidated enterprises	122	154	- 20.8
Net result	**9,997**	**9,895**	**+ 1.0**
Net result: minority interest	74	22	+ 236.4
Net result: Group share	9,923	9,873	+ 0.5
Self-financing (in EUR thousands)			
Net cash flow *(3)*	**17,943**	**13,139**	**+ 36.6**
Investments *(4)*	5,196	2,354	+ 120.7
Balance sheet (in EUR thousands)			
Balance sheet total	207,304	195,336	+ 6.1
Equity	75,602	59,042	+ 28.0
Net financial debts *(5)*	43,098	56,579	- 23.8
Key figures per share (in EUR)			
Recurrent operating result (REBIT)	22.16	16.62	+ 33.3
Recurrent operating cash flow (REBITDA) *(1)*	29.67	22.98	+ 29.1
Net result: Group share	13.04	12.84	+ 1.6
Weighted average number of shares	**760,843**	**769,166**	**- 1.1**

(1) Recurrent operating cash flow is defined as recurrent operating result + depreciation + provisions and amounts written off + non-cash costs valuation option- and warrantplan
(2) EBIT is defined as recurrent operating result + non-current operating result
(3) Net cash flow is defined as net result + all non-cash costs + all non-cash income items
(4) Investments in intangible and tangible fixed assets
(5) Net financial debts are defined as financial debts - cash investments - liquid assets - own shares

2. Management Explanation

2.1 General

Our new Spanish subsidiary López Market, representing almost EUR 3 million of annual turnover, is consolidated from 1 February 2008.

2.2 Turnover

Turnover rose by more than 16% in the first half of 2008. Internal growth, in other words excluding López Market, amounts to 15%. There are several reasons for this significant growth. First of all, sales in all our markets grew strongly in the first half, combined with the successful introduction of caramelized biscuit spread in Belgium. Second, we increased our sales prices at the end of last year, in response to rising raw materials prices.

2.3 Operating result

Recurrent operating result (REBIT) rose by 31.9% compared with H1 2007 and amounts to EUR 16.9 million. REBIT as a percentage of turnover was 13.6% as against 12.0% in H1 2007.

Recurrent operating cash flow (REBITDA) reached 18.2% of turnover, up from 16.6% in H1 2007.

2.4 Financial result

Net financial debts amounts to EUR 43.1 million. This means that they have reduced by EUR 13.5 million over a one-year period.

Despite the high cash flow, debts have fallen less significantly. The significant operating cash flow in the first half was compensated by a number of major aspects. First of all investment activity remained at a high level, mainly as a result of the capacity extensions at the Lembeke caramelized biscuit factory. Secondly, López Market was acquired in the first half of 2008. In addition a one-off cash-out was recorded in rehedging the financial hedging instruments relating to the financing structure for the acquisition of Koninklijke Peijnenburg with an interest rate swap instrument (IRS). This IRS, concluded at the end of the first half, guarantees a fixed interest rate until the end of this financing structure.

The **financial result of** –EUR 3.2 million represents an increase of nearly EUR 1 million in net financial charges compared with H1 2007. This increase is primarily due to the writing down of market prices of the interest hedges on the external financing of Koninklijke Peijnenburg in line with IFRS rules. A part of this increase is also due to the general rise in interest rates.

2.5 Taxes

The tax burden for the first half of 2008 amounts to EUR 3.6 million or around 27% of the pre-tax profit. In H1 2007 this tax burden exceptionally amounted to only EUR 167,000. This is because the reduction of the general tax rate in the Netherlands resulted in a fall of over EUR 2.3 million in the deferred tax liabilities relating to the “purchase price allocation”. Recognizing this reduction into income explains the low tax burden for the first half of 2007.

2.6 Global result

Net profit for the first half is EUR 10.0 million. The net profit for H1 2007 of EUR 9.9 million does not bear comparison with the present year because of the EUR 2.3 million deferred tax effect as described above.

Net cash flow rose by 36.6% from EUR 13.1 million in H1 2007 to EUR 17.9 million in H1 2008.

2.7 Cooperation with McVities

It was previously announced that McVities Cake Company, a part of United Biscuits, had decided to manufacture its Jaffa Cake Bars itself in future. In the meanwhile, it has been agreed that the contract between Lotus Bakeries and McVities Cake Company for Lotus Bakeries to produce these cake bars initially until at least March 2008 will be extended until at least the end of 2008.

2.8 Prospects

The Group expects further growth in turnover during the second half. This expectation is based on further growth in our primary markets, the good sales of caramelized biscuit spread and on the price increase carried out at the end of last year. This expected growth in turnover in the second half will not, however, be as strong as in the first half. It is important to point out in this context that an exceptionally strong sales growth was realized in H2 2007, and also that rising consumer prices could slow sales volumes.

Despite higher marketing costs in the second half than in H2 2007, profit margins for 2008 as a whole are expected to be in line with 2007.

3. Interim Financial Reporting

3.1 CONSOLIDATED INCOME STATEMENT

in thousands of EUR	Jan-Jun 2008 IFRS	Jan-Jun 2007 IFRS
Turnover	123.707	106.475
Raw materials, consumables and goods for resale	(45.595)	(35.827)
Services and other goods	(27.725)	(26.341)
Personnel costs	(30.131)	(27.345)
Depreciation and amortization	(4.978)	(4.798)
Decrease/(Increase) in amounts written off stocks, contracts in progress and trade debtors	(350)	(337)
Other operating income and operating charges	1.929	955
Current operating result (REBIT) (1)	**16.857**	**12.782**
Non-current operating result	(222)	(627)
Operating result (EBIT) (2)	**16.635**	**12.155**
Financial result	(3.166)	(2.247)
Financial income	930	505
Financial charges	(4.096)	(2.752)
Result before taxation	**13.469**	**9.908**
Income taxes	(3.594)	(167)
Result after taxation	**9.875**	**9.741**
Share in the result of the enterprises accounted for using the equity method	122	154
Net result	**9.997**	**9.895**
Net result : share of third parties	74	22
Net result : share of the Group	9.923	9.873
Earnings per share		
Basic earnings per share (EUR)	13,04	12,84
Diluted earnings per share (EUR)	12,54	12,67

(1) REBIT is defined as current operating result
(2) EBIT is defined as current operating result + non-current operating result

3.2 CONSOLIDATED BALANCE SHEET

in thousands of EUR	30-06-08 IFRS	31-12-07 IFRS
ASSETS		
Non current assets	**157.412**	**156.227**
Tangible assets	83.586	83.441
Goodwill	18.854	17.151
Intangible assets	54.548	54.727
Investment in associated companies	210	410
Investment in other companies	32	32
Deferred tax assets	87	163
Other non current assets including derivative financial instruments	95	303
Current assets	**49.892**	**39.100**
Stocks	12.488	10.319
Trade receivables	25.289	16.489
Other amounts receivable	4.083	3.534
Derivative financial instruments	103	218
Cash and cash equivalents	6.674	7.384
Deferred charges and accrued income	1.255	1.156
TOTAL ASSETS	**207.304**	**195.327**
EQUITY AND LIABILITIES		
Equity	**75.602**	**68.924**
Issued capital	1.500	1.500
Share premium	2.298	2.298
Consolidated reserves	78.219	71.973
Translation differences	(85)	(135)
Own shares	(7.454)	(7.848)
Minority interests	1.124	1.136
Non-current liabilities	**68.358**	**72.545**
Interest-bearing loans and borrowings	38.922	43.603
Deferred tax liabilities	27.063	26.389
Pensions	1.671	1.629
Provisions	621	828
Other non-current liabilities including derivative financial instruments	81	96
Current liabilities	**63.344**	**53.858**
Interest-bearing loans and borrowings	18.304	13.879
Provisions	1.208	1.208
Trade payables	30.542	23.082
Remuneration and social security	7.906	6.717
Tax payables	2.846	3.191
Derivative financial instruments	673	2.626
Other current liabilities	808	2.313
Accrued charges and deferred income	1.057	842
TOTAL EQUITY AND LIABILITIES	**207.304**	**195.327**

3.3 CONSOLIDATED CASH FLOW STATEMENT

in thousands of EUR	Jan-Jun 2008	Jan-Jun 2007
Operating activities		
Net profit	9.923	9.873
Amortization of (in)tangible assets	4.979	4.798
Valuation allowances against current assets	352	336
Provisions	65	(93)
Unrealized exchange rate gains (losses)	(99)	(1)
Capital loss on disposal of fixed assets	45	53
Income taxes	3.594	168
Decrease/(Increase) in derivative financial instruments	(1.841)	763
Interest expense	1.356	1.654
Other financial income and charges	3.749	(170)
Employee stock option plan	539	81
Share in the result of the enterprises accounted for using the equity method	(122)	(154)
Minority interests	74	22
Gross cash provided by operating activities	**22.614**	**17.330**
Decrease/(Increase) in inventories	(2.375)	(1.290)
Decrease/(Increase) in trade accounts receivable	(7.983)	(2.552)
Decrease/(Increase) in other assets	(332)	(48)
Increase/(Decrease) in trade accounts payable	6.436	4.907
Increase/(Decrease) in other liabilities	(1.097)	(2.222)
Change in operating working capital	**(5.351)**	**(1.205)**
Income tax paid	(2.845)	(2.706)
Interest paid	(1.356)	(1.654)
Other financial income and charges	(3.749)	170
Net cash provided by operating activities	**9.313**	**11.935**
Investing activities		
(In)tangible assets - acquisitions	(5.196)	(2.354)
(In)tangible assets - other changes	99	102
Acquisition of a subsidiary	(1.041)	0
Financial assets - other changes	322	128
Cash flow from investing activities	**(5.816)**	**(2.124)**
Net cash flow for financing activities	**3.497**	**9.811**
Financing activities		
Dividends paid	(3.806)	(3.414)
Own shares	395	(1.942)
Other changes in equity	126	(39)
Receivings (+)/reimbursement (-) of long-term funding	(4.681)	(9.393)
Receivings (+)/reimbursement (-) of short-term funding	3.807	1.910
Receivings (+)/reimbursement (-) of long-term receivables	(47)	372
Cash flow from financing activities	**(4.206)**	**(12.506)**
Total change in cash and cash equivalents	**(709)**	**(2.695)**
Cash and cash equivalents at 1 January	7.383	5.884
Cash and cash equivalents at 30 June	6.674	3.189
Net change in cash and cash equivalents	**(709)**	**(2.695)**

3.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands of EUR

	Issued capital & share premium	Consolidated reserves	Translation differences	Own shares	Equity - part of the group	Minority interest	Total equity
EQUITY as at 1 January 2007	**3.798**	**54.302**	**(18)**	**(4.459)**	**53.623**	**1.055**	**54.678**
Currency translation differences	0	0	(70)	0	(70)	(3)	(73)
Net income recognised directly in equity	**0**	**0**	**(70)**	**0**	**(70)**	**(3)**	**(73)**
Profit for the financial period	0	9.873	0	0	9.873	22	9.895
Total recognised income and expenses for the period	**0**	**9.873**	**(70)**	**0**	**9.803**	**19**	**9.822**
Dividend payments to shareholders	0	(3.568)	0	0	(3.568)	(28)	(3.596)
Acquisition/sale own shares	0	0	0	(2.043)	(2.043)	0	(2.043)
Share-based payments	0	81	0	0	81	0	81
Other	0	0	0	101	101	0	101
EQUITY as at 30 June 2007	**3.798**	**60.688**	**(88)**	**(6.401)**	**57.997**	**1.046**	**59.043**
unavailable for distribution		**3.323**					
available for distribution		**57.365**					

EQUITY as at 1 January 2008	**3.798**	**71.973**	**(135)**	**(7.848)**	**67.788**	**1.136**	**68.924**
Currency translation differences	0	0	50	0	50	(24)	26
Net income recognised directly in equity	**0**	**0**	**50**	**0**	**50**	**(24)**	**26**
Profit for the financial period	0	9.923	0	0	9.923	74	9.997
Total recognised income and expenses for the period	**0**	**9.923**	**50**	**0**	**9.973**	**50**	**10.023**
Dividend payments to shareholders	0	(4.336)	0	0	(4.336)	(28)	(4.364)
Acquisition/sale own shares	0	0	0	394	394	0	394
Share-based payments	0	539	0	0	539	0	539
Change in consolidation scope	0	0	0	0	0	(34)	(34)
Other	0	120	0	0	120	0	120
EQUITY as at 30 June 2008	**3.798**	**78.219**	**(85)**	**(7.454)**	**74.478**	**1.124**	**75.602**
unavailable for distribution		**3.404**					
available for distribution		**74.815**					

4. Clarification on the interim financial statements

4.1. Change in Group structure

At the end of January 2008 Lotus Bakeries acquired 95% of the shares of its Spanish importer López Market S.L. This acquisition has been consolidated since 1 February 2008

4.2 Declaration of conformity

These consolidated interim financial statements have been prepared in accordance with the International Financial Accounting Standards (IFRS), as approved by the European Commission, and with IAS 34. In preparing the interim financial statements the same IFRS principles for inclusion and valuation have been applied as for the consolidated annual financial statements at 31 December 2007. The present interim financial statements also meet the requirements imposed by the CBFA (Banking, Finance and Insurance Commission).

4.3 Segment reporting by geographical region

in thousands of EUR

Period ended 30 June 2007	*Belux + export*	*France*	*The Netherlands + export*	*Other countries with own sales office*	*Eliminations*	*Total*
Revenue						
Sales to external customers	46.057	16.399	36.695	7.324		106.475
Inter-segment sales	13.056	6.640	741	167	(20.604)	0
Total revenue	59.113	23.039	37.436	7.491	(20.604)	106.475
Results						
Segment result REBIT	4.481	525	6.774	1.002	0	12.782
Non-current operational result	(38)	1	(590)	0		(627)
Segment result EBIT	4.443	526	6.184	1.002	0	12.155
Result before tax, finance costs and finance revenue	4.443	526	6.184	1.002	0	12.155
Net finance costs						(2.247)
Share of profit of associated companies	154					154
Result before income tax and minority interest						10.062
Income tax expense						(167)
Net profit for the year						9.895
Assets and liabilities						
Segment assets	70.445	14.376	98.873	4.384		188.078
Investment in an associate	256					256
Unallocated assets:						7.002
Tax receivables						3.652
Financial receivables						181
Cash and cash equivalents						3.169
Total assets						195.336
Segment liabilities	22.115	7.560	10.011	1.287		40.973
Unallocated liabilities:						95.321
Tax payables						28.929
Financial liabilities						66.392
Total liabilities						136.294
Other segment information						
Capital expenditure:						
Tangible fixed assets	977	310	1.064	3		2.354
Intangible fixed assets	0	0	0	0		0
Depreciation	3.083	412	1.238	65		4.798
Amortization	228	29	80	0		337

For the purpose of sales, production and internal reporting, the Group is classified according to geographical regions.
The regions presented in the segment reporting are composed as follows:
- Belux + export: production in Belgium plus sales by Sales Office Belgium and Sales Office Export (Export from Belgium to countries without own Sales Offices such as South Korea, Japan, Spain, etc.).
- France: production in France plus sales by Sales Office France.
- The Netherlands + export: production in the Netherlands plus sales by Sales Office Netherlands (incl. sales to Germany and UK).
- Other countries with their own Sales Office: sales by own Sales Offices in Germany/Austria, Switzerland, Czech Republic, UK and by the joint venture in the USA.

Period ended 30 June 2008	*Belux + export*	*France*	*The Netherlands*	*Other countries with own sales office*	*Eliminations*	*Total*
Revenue						
Sales to external customers	47.201	17.946	41.621	16.939		123.707
Inter-segment sales	22.179	7.450	1.256	477	(31.362)	0
Total revenue	69.380	25.396	42.877	17.416	(31.362)	123.707
Results						
Segment result REBIT	5.767	909	7.809	2.372	0	16.857
Non-current operational result	(43)	34	(231)	18		(222)
Segment result EBIT	5.724	943	7.578	2.390	0	16.635
Result before tax, finance costs and finance revenue	5.724	943	7.578	2.390	0	16.635
Net finance costs						(3.166)
Share of profit of associated companies	122					122
Result before income tax and minority interest						13.591
Income tax expense						(3.594)
Net profit for the year						9.997
Assets and liabilities						
Segment assets	66.832	14.936	101.688	13.488		196.944
Investment in an associate	210					210
Unallocated assets:						10.150
Tax receivables						3.372
Financial receivables						104
Cash and cash equivalents						6.674
Total assets						207.304
Segment liabilities	26.237	6.711	9.327	2.541		44.816
Unallocated liabilities:						86.886
Tax payables						29.571
Financial liabilities						57.315
Total liabilities						131.702
Other segment information						
Capital expenditure:						
Tangible fixed assets	4.131	315	411	19		4.876
Intangible fixed assets	320	0	0	0		320
Depreciation	3.122	433	1.304	119		4.978
Amortization	286	2	62	0		350

For the purpose of sales, production and internal reporting, the Group is classified according to geographical regions.
The regions presented in the segment reporting are composed as follows:
- Belux + export: production in Belgium plus sales by Sales Office Belgium and Sales Office Export (Export from Belgium to countries without own Sales Offices such as South Korea, Japan, Spain (till January 2008), etc.).
- France: production in France plus sales by Sales Office France.
- The Netherlands: production in the Netherlands plus sales by Sales Office Netherlands.
- Other countries with their own Sales Office: sales by own Sales Offices in Germany/Austria, Switzerland, Czech Republic, UK, Spain (from February 2008) and by the joint venture in the USA.

4.4 Own shares

At 31 December 2007 Lotus Bakeries owned 44,411 out the 803,037 shares issued by itself. At 30 June 2008 Lotus Bakeries owned 38,517 of its own shares. These shares, which have been purchased in the market to cover option plans for group management and senior executives, have been deducted from equity.

4.5 Dividends

On 19 May 2008, EUR 4,336,399.80 of gross dividends in respect of the 2007 financial year were released for payment.
On 21 May 2007, EUR 3,533,362.80 of gross dividends in respect of the 2006 financial year were released for payment.

4.6 Goodwill

The increase in goodwill relates to the acquisition of 95% of the shares of López Market in Spain for kEUR 1,704.

4.7 Trade receivables

Trade receivables at 30 June 2008 were EUR 8.8 million higher than at 31 December 2007. This is due mainly to the sharp rise in turnover in June and the greater percentage of export sales.

4.8 Interest-bearing loans and borrowings

The financial debts also include the borrowings made in the framework of the acquisition of Koninklijke Peijnenburg as at 30 June 2006. This acquisition was financed with a 7-year, EUR 65 million bank loan.
Interest-bearing liabilities (short + long-term) have fallen by just kEUR 256 since 31 December 2007. The main reasons are the higher investments in the first half of 2008, the acquisition of López Market and the one-off cost of converting the existing financial instruments for the above-mentioned financing of the acquisition of Koninklijke Peijnenburg into an IRS (Interest Rate Swap) structure with a fixed interest rate.

4.9 Deferred taxes

The reduction of the tax rate in the Netherlands from 29.6% to 25.5% from 1 January 2007 required more than EUR 2.3 million of deferred tax liabilities to be reversed via the income statement in the first half of 2007. These deferred taxes relate to the positive balance of the acquisition price for Koninklijke Peijnenburg BV. As a result the tax burden for the first half of 2007 was exceptionally low.

4.10 Financial derivatives

In the first half of 2008 the existing financial instruments relating to the financing of the acquisition of Koninklijke Peijnenburg were terminated and/or replaced by an IRS financial instrument with a fixed interest rate. This explains the significant fall in the negative market value of these instruments.

4.11 Commitments to acquire tangible fixed assets

At 30 June 2008 the group had kEUR 2,653 of commitments (kEUR 2,846 at 31 December 2007) to acquire tangible fixed assets.

5. Auditor's report

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To the Board of Directors
LOTUS BAKERIES NV
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9971 LEMBEKE

Statutory auditor's report on review of consolidated condensed financial information for the period ended 30 June 2008

Introduction
We have reviewed the accompanying consolidated condensed balance sheet of Lotus Bakeries NV and its subsidiaries as of 30 June 2008 and the related consolidated condensed statements of income, changes in equity and cash flows for the six-month period then ended, as well as the explanatory notes. The board of directors is responsible for the preparation and presentation of this consolidated condensed financial information in accordance with IAS 34, as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated condensed financial information based on our review.

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

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

We have also read the financial accounting data presented in tabular form under point 1 of the press release concerning the half-year ended 30 June 2008 and confirm that such data are consistent with the half-yearly condensed consolidated financial statements from which they are derived and which were the subject of our review as described above.

Brussels, 26 August 2008

PricewaterhouseCoopers
Represented by

Lieven Adams
Bedrijfsrevisor

Peter Opsomer
Bedrijfsrevisor

6. Management responsibility statement

We hereby certify that, to the best of our knowledge, the condensed consolidated financial statements for the six-months period ended 30 June 2008, which has been prepared in accordance with the IAS 34 "Interim Financial Reporting" as adopted by the European Union, gives 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 interim management report includes a fair review of the important events that have occurred during the first six months of the financial year and of the major transactions with the related parties, and their impact on the condensed consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year.

Lembeke, 27 August 2008

On behalf of the Board of Directors

Boone Matthieu
C.E.O.

Boone Jan
Managing Director