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CONSOLIDATED KEY FIGURES OF THE LOTUS BAKERIES GROUP

in millions of EUR

	2008	2007	2006	2005	2004
INCOME STATEMENT					
Turnover	256.69	224.53	179.25	152.34	153.17
Depreciation	(10.13)	(9.69)	(8.46)	(7.93)	(7.73)
Current operating result (REBIT)	34.04	28.70	19.94	15.05	13.99
Current operating cash flow (REBITDA) ⁽¹⁾	45.69	38.75	28.46	23.08	21.10
Non-current operating result	(0.78)	(0.94)	(1.12)	0.18	(0.09)
Operating result (EBIT) ⁽²⁾	33.26	27.76	18.82	15.23	13.90
Financial result	(6.94)	(3.97)	(3.19)	(1.25)	(1.35)
Result before taxation	26.32	23.79	15.63	13.98	12.55
Income taxes	(6.41)	(3.44)	(4.52)	(4.52)	(4.29)
Result after taxation	19.91	20.35	11.11	9.46	8.26
Share in the result of the enterprises accounted for using the equity method	-	0.31	0.29	0.13	0.12
Result from assets held for sale	0.25	-	-	-	-
Net result	20.16	20.66	11.40	9.59	8.38
Net result : share of third parties	0.13	0.14	0.03	0.08	0.08
Net result : share of the Group	20.03	20.52	11.37	9.51	8.30
OWN FINANCING AND INVESTMENTS					
Net cash flow	36.50	29.71	22.03	18.43	16.36
Investments ⁽³⁾	10.81	7.33	10.33	9.71	7.91
BALANCE					
Balance total	227.91	195.33	199.50	105.18	104.94
Equity	85.86	68.92	54.68	48.43	40.33
Net financial debts ⁽⁴⁾	40.39	42.25	63.41	9.01	19.43
NUMBER OF PERSONS EMPLOYED ⁽⁵⁾					
	1,245	1,152	1,159	959	970
CONSOLIDATED KEY FIGURES					
	2008	2007	2006	2005	2004
PER SHARE in EUR ⁽⁶⁾					
Current operating result (REBIT)	44.63	37.64	25.62	19.30	18.06
Current operating cash flow (REBITDA)	59.91	50.82	36.56	29.60	27.24
Net result: share of the Group	26.28	26.90	14.61	12.19	10.72
Net dividend ⁽⁷⁾	5.10	4.05	3.30	2.25	1.80
Weighted average number of shares	762,664	762,453	778,385	779,689	774,672
TOTAL NUMBER OF SHARES					
PER 31 DECEMBER	803,037	803,037	803,037	803,037	803,037

(1) REBITDA is defined as current operating result + depreciations + provisions and amounts written off + non-cash costs valuation option- and warrantplan.

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

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

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

(5) For the joint ventures all members of personnel are taken into account for one hundred percent.

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

(7) For 2008: proposed dividend to the Ordinary General Meeting of 8 May 2009.

KEY EVENTS IN 2008

New product: Bumba madeleine



Acquisition of López Market



New products:
Mega Mindy waffle
and Mega Mindy gingerbread

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
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Launch of Lotus caramelized biscuit spread in Belgium

New packaging for cakes and galettes



'Hapklaar' range in the Netherlands



New caramelized biscuit line in Lembeke



New international packaging for caramelized biscuits



Acquisition of Swedish company Annas Pepparkakor

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER



Production record at the Lembeke plant, with over 25 million kg of caramelized biscuits produced.



Netherlands: transfer from ERP platform BAAN to SAP



Agreement in principle: Corona-Lotus Inc. (USA) becomes a 100% subsidiary of Lotus Bakeries



Jan Boone
Managing director

Matthieu Boone
CEO

Karel Boone
Chairman

Jan Vander Stichele
Managing director



MESSAGE FROM THE CHAIRMAN AND THE CEO

2008 was a good and busy year for Lotus Bakeries.

Busy, because we made many investments, took over two companies and introduced further organizational changes. Busy, and fortunately so, because of the good sales of most of our products on all our markets.

Our sales rose significantly, with internal growth of 12% in 2008 demonstrating consumers' continuing and growing confidence in our Lotus and Peijnenburg brands. On top of this we were able to build further on our excellent cooperation with all our customers, for which we thank them sincerely.

Consumers give their trust to authentic products, which they have known and valued for many years. They are rightly convinced that the tasty and honest products, which we learned to eat as young children in our parents' and grandparents' homes, still exist.

We have supported this fundamental trend more strongly than ever during the past year with TV advertising in both Belgium and the Netherlands.

Then there was the marketing bull's eye that we scored with our caramelized biscuit spread, on shop shelves in Belgium from late February 2008 onwards. This was an unparalleled success. In late 2008 we continued this success with an introduction onto the Dutch and French market. Sales of caramelized biscuits also grew strongly in most countries, as did the sale of waffles in France and elsewhere.

In 2008 our prices rose considerably. Despite this, volume grew by 8.2%.

Organizationally we took a number of major steps in 2008 that are hugely important for the future of Lotus Bakeries. The country organization with corporate departments and corporate services was further defined and adapted. Koninklijke Peijnenburg, that until recently had its own IT platform, switched to the Lotus Bakeries SAP system. Within Lotus Bakeries we can now talk of a country-based organization with an integrated Finance, ICT, Quality and Research, HR policy and strategy.

2009 again confronts us with major challenges. We will have to withstand the very difficult economic context and its effects on purchasing behaviour. We will also have to make necessary changes within Lotus Bakeries.

We will need to absorb the consequences of two major decisions. First we have stopped marketing Harry's products in Belgium, in order to better focus on our own products and brands. Second we have lost the production of Jaffa cake bars. It will require energy and time to compensate this major volume with new and/or existing products. We are, however, convinced that these decisions strengthen the enterprise. We are well advised to have our fate in our own hands and market our products ourselves, rather than depend on third parties.

The third big challenge is integrating Annas in the United States and Canada with the existing Corona-Lotus Inc. organization. We are also confident in our ability to meet this challenge.

Fortunately we have a good hand of cards to make Lotus Bakeries even stronger in 2009. These include a very strong program of innovative products which we will be launching over the coming months, and the boosting of our commercial activities in various countries with the acquisition of López Market in Spain and Annas Pepparkakor in the Nordic countries and the United States. On top of this, in 2008 we will be considerably expanding our marketing activities in the Benelux with increased budgets for targeted TV campaigns.

Lotus Bakeries' management and employees have shown in the past their ability to make solid plans and carry these out with success. All have demonstrated their enthusiasm and their ambition to succeed.

For all these reasons we can look to the future with confidence. The solid foundations are there for long-term sales and profit growth.

Matthieu Boone
CEO

Karel Boone
Chairman





MISSION STATEMENT AND CORPORATE STRATEGY

MISSION STATEMENT

Lotus Bakeries will base its **sustainable growth and profitability** on:

- a focus on **authentic products** from the biscuit and cake world: caramelized biscuits, gingerbread, waffles and galettes, bakery specialties and pepparkakor biscuits. Products that are distinctive in terms of both quality and customer satisfaction. Customers are entitled to expect the very best from Lotus Bakeries in these specialty areas.
- a targeted **brand policy**: building brands with real content. Lotus, Peijnenburg and Annas are strong brands, which radiate pride and in which consumers have constant trust and feel good when consuming.
- clear **leadership** in its specialties.

The **size and organization** of Lotus Bakeries must be adapted to the volume and foreseeable evolution of **its market**.

CORPORATE STRATEGY

Lotus Bakeries' **business** is producing and selling authentic specialty biscuits and cakes.

Lotus Bakeries seeks to strengthen (or consolidate) each product's leadership in its local region and create an international market for it. This leadership is expressed in **the strong market positions of the Lotus, Peijnenburg and Annas brands**.

To achieve this, Lotus Bakeries has the following **essential resources**:

- **Brand positions**: Lotus Bakeries has three very strong brands, each with strong content in its home markets (Lotus in Belgium, Peijnenburg in the Netherlands and Annas in Sweden), a very strong market position and highly regarded as specialist by consumers in other countries.

- Lotus is the brand name in Belgium, France and all other countries for caramelized biscuits, waffles, galettes and cake specialties.
- Peijnenburg is the brand name in the Netherlands for gingerbread and other specialties which fit within the brand image 'Happen naar Peijnenburg (mag elke dag)' ['Bite into a Peijnenburg (you can do so every day)'].
- Annas is the brand name in Sweden, the United States and all export countries for the pepparkakor biscuits specialties.

Leadership is expressed in a brand policy that is recognizable for consumers and gives confidence in the products. To achieve this leadership, the company has opted for the following strategic accents:

■ Brand policy:

- The brands are the cornerstone of Group policy. 84% of sales in 2008 were under Lotus Bakeries' own brands.
- The Group continues to invest systematically in the market to increase brand awareness and provide continuous, solid growth. These investments have recently been increased. The Group has opted strategically to further increase these investments in 2009.

■ Brand content:

Lotus Bakeries has three strong brands, Lotus in Belgium, Peijnenburg in the Netherlands and Annas in Sweden, each with spontaneous brand recognition of 70% or more in its home country.

The brand content for Lotus is: working with passion to produce the best product, respect for tradition, and enthusiasm for the profession. Lotus positions itself as a brand that wishes to offer consumers a special taste experience, so that consumers can enjoy even more every Lotus moment. Lotus wishes to profile itself as a dynamic, sharp and playful brand, but also one that is warm and social. This is expressed in the new brand slogan 'Lotus. Daar zit liefde in.'/'Lotus. Riche en amour.' ['Lotus. There's real love in it.'].]



The Peijnenburg brand content is directed at tastiness and responsibility. From this comes the slogan 'Happen naar Peijnenburg (mag elke dag)' ['Bite into a Peijnenburg (you can do so every day)'].

Annas is a major Swedish tradition. Annas pepparkakor biscuits are part of the Swedish heritage and represent tasty biscuits with an aura of warmth and tradition.

In other countries, Lotus Bakeries products are prized for their quality and specificity.

The Group is working systematically to transfer the brand content of its specialties from their home countries into other regions or countries.

• **Production centres:**

Production departments are very specialized and highly productive. To bring products to market at competitive prices, each product line needs to achieve maximum productivity. For this the necessary investments are planned and a well-structured organization is in place.

- An expanding **commercial organization** targeted at specific market segments and consumer groups in different countries. Retail is the primary sales channel in most markets, but out-of-home consumption (wholesale and catering) is of growing importance. In the Group's key markets (Belgium, the Netherlands, France, Sweden), sales are stimulated by active advertising and promotional activities. In other countries an active commercial policy is applied, adapted to Lotus's specialist position in the country in question.

- **New product developments** and changing consumer **nutritional requirements** (low trans margarine, low sat margarine, fibre-rich products, less fat, etc.) call for a strong team in areas like product improvement and product development. For this Lotus Bakeries has a specialist team that supports plants in implementing well-targeted market and marketing changes and in developing new products.

- Lotus Bakeries uses a highly efficient integrated **MIS** (Management Information System), enabling strategic control and daily management of the company's activities to be based on concrete data. The greatest importance is attached here to the rapid availability of data, along with accuracy.

In this way Lotus Bakeries will achieve further **growth** and **profitability** by strengthening its market and brand position and through the further internationalization of its products.



Employees Lotus Bakeries Iberica

III

GROUP PROFILE

1. PRODUCTS AND MARKETS

Lotus Bakeries has opted for a **brand policy** based on authentic **specialties from the biscuit and cake world**: caramelized biscuits, gingerbread, waffles and galettes, cake specialties and pepparkakor biscuits. This policy is implemented by strengthening Lotus Bakeries' leadership in these products in their regions of origin, and stimulating their internationalization.

CARAMELIZED BISCUITS

Caramelized biscuits are an original Belgian specialty. They owe their typical taste to the caramelization of the sugar during the baking process. In Belgium, Lotus caramelized biscuits are a top product across the biscuit market. Lotus caramelized biscuits are proving increasingly popular internationally, so that today 70% of sales are realized outside Belgium. The main foreign markets are France, the United States, the Netherlands, the United Kingdom and Germany.

Other countries in which Lotus caramelized biscuits are proving a growing success are South Korea, Japan, the Czech Republic, Switzerland, Austria, Israel, Spain and Italy. The other export markets are developing very positively.

Caramelized biscuit spread was launched in Belgium in early 2008 and later in the year in the Netherlands and France. This derivative of caramelized biscuits is providing a real success and is conquering a permanent place in Belgian and Dutch (breakfast) spread markets.

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. By clearly distinguishing its brand features, Lotus Bakeries is able to persuade consumers to opt for quality and specificity when purchasing these products. Lotus waffles are primarily sold in France, Belgium, the United Kingdom, Germany, Spain and the Netherlands.

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, and which outstanding quality and strong branding have deeply anchored in consumer behaviour and consumption patterns. These products, like frangipane, madeleine, carré confiture and Zebra in Belgium, Glacés and Enkhuizer cookies in the Netherlands and Breton butter specialties are therefore mainstays for the popularity of the Lotus brand.

GINGERBREAD

This authentic product from the Low Countries (modern-day Belgium and Holland) has developed very strongly in the Netherlands. Strong brands like Peijnenburg and Wieger Ketellapper have been turned into modern, contemporary concepts that match the consumption patterns of today's conscious consumers. Gingerbread is very popular in the Netherlands, thanks to the quality of the product itself and the sense of dynamism inherent in the brands, with over 35 million kg consumed every year. Koninklijke Peijnenburg has more than 60% of the Dutch gingerbread market. The current dynamism on the Dutch market will obviously be carried forward by the 'Peijnenburg' flagship.

In Belgium just 5 million kilos a year are consumed. Lotus wants to market these products more strongly, first of all in Belgium and France. This product will be redynamized, with product development and innovative packaging, under the Lotus brand.

Thanks to our activities on the Belgian market, gingerbread has evolved from a stagnating to a growing market.

PEPPARKAKOR BISCUITS

Pepparkakor biscuits are a traditional Swedish biscuit. It is a thin and crispy biscuit enriched with cinnamon and ginger spices. The products of Annas Pepparkakor come in different flavours but always based on the same dough

and traditional recipe. Annas Pepparkakor is the market leader in pepparkakor biscuits with a spontaneous brand recognition in Sweden of 70%.

Annas Pepparkakor introduced the pepparkakor biscuits as a speciality in the United States, Canada, Sweden and many other countries.

2. SALES ORGANIZATIONS

Lotus products are consumed both at home and away from home. Lotus has specialist sales teams working intensively in each market: retail, catering (schools and clinics) and food service (hotels, restaurants, cafés and petrol stations).

Lotus has its own sales organizations for **Belgium, the Netherlands, France, Germany/Austria/Switzerland, the Czech Republic/Slovakia, the United Kingdom, Spain and Sweden.**

In the **United States** Lotus Bakeries has a sales organization organizing both mail order (catalogue) and retail sales. A specialist US company also sells Lotus products to airline companies.

The Group looks after European and Middle East **export countries** from Belgium, and Asian and Australasian export countries from **Singapore**. In each country we work closely with specialist importers who sell our products in a professional way.

The main export countries are **South Korea, Japan, Israel, Italy, the Balkans, Cyprus, Taiwan, Lebanon, Greece, China and Kuwait.**

Harry's Benelux is a joint venture with Harry's, market leader in France in prepacked bakery products. In Belgium the company markets a range of bread products with a shelf life of four to six weeks.

3. PRODUCTION FACILITIES

Lotus Bakeries' product range involves it in a wide range of different production technologies. Understanding, mastering and further developing these product technologies is a constant challenge. The additional need to limit the number of products and technologies per production unit requires us to concentrate the products and production processes in specialist plants.

Our production sites are:

Belgium

- At **Kaprijke** (Lembeke) in East Flanders we produce the full range of caramelized biscuits, as well as frangipane.
- In **Ghent** (Oostakker) in East Flanders, we produce madeleine, Amico, Zebra and Midi. This production plant also specializes in snack cakes (Marshmallow, Bimbo) and carré confiture.
- The production of waffles and galettes is split between **Meise** in Flemish Brabant and **Courcelles** in Hainault.

France

- Our plant at **Comines**, Le Nord, specializes in filled waffles, coconut products and frangipane under the Cremers brand and for distribution labels.
- In **Briec-de-l'Odet**, Brittany, Le Glazik produces the Breton butter products: 4/4 bars, demi lunes, mini 4/4s, madeleine, gâteaux bretons, galettes bretonnes, palets and luxury butter biscuits (almond biscuits, hearts).

Netherlands

- **Geldrop**, North Brabant, where the famous Peijnenburg gingerbread is produced.
- **Sintjohannesga**, Friesland. The Sintjohannesga site produces Frisian cookies under the Wieger Ketellapper brand and gingerbread under the Peijnenburg brand.
- **Enkhuizen**, North Holland, produces Glacés, battenbergs and Enkhuizer cookies.

Sweden

- **Tyresö**, close to Stockholm, produces the Annas fine pepparkakor biscuits for the Swedish and export markets.

Canada

- **High River**, Alberta, produces Annas fine pepparkakor biscuits for the United States and Canadian markets.

4. LOGISTICS CENTRE

The logistics centre at **Lokeren** (East Flanders, Belgium) delivers products produced in the Belgian and French plants. Products from other plants (the Netherlands, Sweden and Canada) are delivered by outside logistics partners.

5. GROUP FUNCTIONS AND COUNTRY ORGANIZATION

In recent years the Group's organization has been reworked to achieve the Group's objectives as coherently and efficiently as possible.

The organization will continue on the path of internationalization in 2009. Lotus Bakeries will also further expand the group structure.

The Corporate Executive Committee consists of the CEO, two managing directors, the corporate director finance & human resources and the corporate director ICT, tax & legal.

In this way we now have a series of group level departments providing general management, bringing expertise or delivering services to the entire Group or to the country and regional organizations (corporate HR, corporate controlling, corporate treasury, ICT, corporate tax, corporate secretary, quality & research, central engineering, food law & nutrition, buying coordination).

The Group Management Team will consist of the members of the Executive Committee plus seven country or regional managers (Belgium, the Netherlands, France, North America, Northern & Eastern Europa, the United Kingdom and Export). Country and regional organizations play a vital role in adapting to the commercial specificities of each market and the culture of each country. It is crucially important that each country and/or region come out ahead in the concrete translation and implementation of the policy lines set at Group level.





CORPORATE GOVERNANCE

Lotus Bakeries has adopted a **Corporate Governance Charter**. This document, the text of which is published on its website (www.lotusbakeries.com), is a commitment to apply the principles of the Corporate Governance Code dated 9 December 2004. This charter is adapted when necessary to reflect changes in the company's business. The Charter describes the most important aspects of Corporate Governance at Lotus Bakeries and the internal regulations of the Board of Directors, Committees and the Executive Committee.

This annual report gives details of the application of Lotus Bakeries Corporate Governance Charter. It also provides explanations for any deviations from the provisions of the Corporate Governance Code.

1. BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD OF DIRECTORS

1.1 BOARD OF DIRECTORS

1.1.1 Composition

- From **01/01/2008 to 31/12/2008**, the board consisted of:
 - Charlofin NV, represented by its permanent representative, Karel Boone, non-executive Chairman, represents the majority shareholder, Bisinvest NV.
 - Beukenlaan NV, represented by its permanent representative, Matthieu Boone, managing director and CEO, represents the majority shareholder, Bisinvest NV.
 - CofigoMM BVBA, represented by its permanent representative, Jan Vander Stichele, executive director.
 - Mercur Consult NV, represented by its permanent representative, Jan Boone, executive director.
 - Christavest Comm. VA, represented by its permanent representative, Stanislas Boone, non-executive director, represents the majority shareholder, Bisinvest NV.

- PMF NV, represented by its permanent representative, Johan Boone, non-executive director, represents the majority shareholder, Bisinvest NV.
- Anton Stevens, non-executive director, represents the majority shareholder, Bisinvest NV.
- Michaël Boone & Co BVBA, represented by its permanent representative, Michaël Boone, non-executive director, represents the majority shareholder, Bisinvest NV.
- Count Paul Lippens, independent director.
- Christulf BVBA, represented by its permanent representative, Chris Dewulf, independent director.
- Jean-Luc Dehaene, independent director.
- Herman Van de Velde NV, represented by its permanent representative, Herman Van de Velde, independent director.
- Wolferen BV, represented by its permanent representative, Johan Lokhorst, non-executive director.

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

Paul Lippens has been a non-executive, independent director since 1988. He is also Chairman of the Board of Directors of Iscal Sugar NV, a sugar manufacturer and a Lotus Bakeries supplier. The Board of Directors believes that the independence of Paul Lippens is not jeopardized by this fact, as there is no interference between the purchase of sugar and the position as director at Lotus Bakeries. In addition, the fact that Paul Lippens was appointed for a fourth mandate in May 2005, is in this case not considered by the Board of Directors as adversely affecting his independence.

All directors' mandates expire immediately after the Annual General Meeting of 2009, except for that of Wolferen BV, that expires directly after the Annual General Meeting of 2011.

< Extract from TV commercial Peijnenburg - 'Hapklaar' - 'Happen naar Peijnenburg (mag elke dag)' ['Bite into a Peijnenburg (you can do so every day)']

- Proposal to the **Ordinary General Meeting of 8 May 2009:**
 - Michaël Boone & Co BVBA represented by its permanent representative, Michaël Boone will not be presenting itself for reappointment at the General Meeting of 8 May 2009. With his experience and involvement, Michaël Boone has positively contributed to the good operation of the Board of Directors. The majority shareholder will not be proposing any other candidate, and in so doing will be limiting its representation in the board to five members.
 - Paul Lippens and Christulf BVBA, represented by its permanent representative, Chris Dewulf have exercised their functions of independent directors for 21 and 13 years respectively. The new legal definition of independent director makes them unable to continue to exercise the function of independent directors. They will not therefore be proposed for reappointment. They have each made a very important contribution to the good management of Lotus Bakeries.
 - The other directors whose mandates expire are proposed for re-election: Charlofin NV, represented by its permanent representative, Karel Boone for a three-year term (at which time he will reach the age limit of 70); Jean-Luc Dehaene for a two-year term (after which time he will reach the age limit of 70). Beukenlaan NV, represented by its permanent representative, Matthieu Boone, CofigoMM BVBA, represented by its permanent representative, Jan Vander Stichele, Mercuur Consult NV, represented by its permanent representative, Jan Boone, Christavest Comm. VA, represented by its permanent representative, Stanislas Boone, PMF NV, represented by its permanent representative, Johan Boone, Anton Stevens and Herman Van de Velde NV, represented by its permanent representative, Herman Van de Velde; all for four-year terms.
 - Are proposed for appointment as independent directors for four-year terms
 - Benoit Graulich BVBA, represented by its permanent representative, Benoit Graulich (age 43). He has masters' degrees in Law, Business and Finance from the Catholic University of Leuven. He began his professional career at PricewaterhouseCoopers and then Artesia Bank. In 2000 he became a partner at Ernst & Young and is currently a partner in Bencis Capital Partners. He fulfils the criteria for being an independent director.
 - Mrs Dominique Leroy (age 44). She has a degree in commercial engineering from Solvay Business School. She has a 22-year career with Unilever, beginning in finance and followed by various sales and marketing functions. She was nominated as country manager of Unilever Belgium in 2007 and is also member of the Unilever Benelux Board. She fulfils the criteria for being an independent director.
- The CVs of the directors are available on p. 45-46 of this annual report and on the corporate website of Lotus Bakeries.
- The secretary of the Board of Directors is Filip Standaert, Secretary-General.
- From the General Meeting of 8 May 2009, the Board of Directors will consist of the following members:
 - Charlofin NV, represented by its permanent representative, Karel Boone, non-executive Chairman, represents the majority shareholder, Bisinvest NV.
 - Beukenlaan NV, represented by its permanent representative, Matthieu Boone, managing director and CEO, represents the majority shareholder, Bisinvest NV.
 - CofigoMM BVBA, represented by its permanent representative, Jan Vander Stichele, executive director.
 - Mercuur Consult NV, represented by its permanent representative, Jan Boone, executive director.
 - Christavest Comm. VA, represented by its permanent representative, Stanislas Boone, non-executive director, represents the majority shareholder Bisinvest NV.
 - PMF NV, represented by its permanent representative, Johan Boone, non-executive director, represents the majority shareholder, Bisinvest NV.
 - Anton Stevens, non-executive director, represents the majority shareholder, Bisinvest NV.
 - Jean-Luc Dehaene, independent director.
 - Herman Van de Velde NV, represented by its permanent representative, Herman Van de Velde, independent director.
 - Wolferen BV, represented by its permanent representative, Johan Lokhorst, non-executive director.
 - Benoit Graulich BVBA, represented by its permanent representative, Benoit Graulich, independent director.
 - Dominique Leroy, independent director.

1.1.2 Activities of the Board of Directors

- The Board of Directors met six times in 2008. All directors were present at all meetings, except for two directors on one occasion.
- The subjects dealt with at the meetings were:
 - recent sales and financial results
 - results at 30/06 and 31/12 and proposed press releases
 - investment budget and global budget
 - reports and recommendations from the Committees
 - acquisition projects
 - divestments
 - evolution of raw materials prices and hedging
 - interest rate hedging
 - major organizational changes
 - new product introductions
 - shareholder structure
 - proposed subjects for the annual report
 - agendas for the General Meetings.
- No situations occurred in the course of 2008 in which the procedure of article 523 of the Companies' Code on conflicts of interest was applied in the Board of Directors.
- In the course of 2008 no conflicts of interest occurred between Lotus Bakeries NV (including its associated companies) and its directors or members of the Executive Committee, falling under the conflict of interest rules of articles 523 and 524 ter of the Companies Code.

All transactions involving shares of Lotus Bakeries NV carried out in the course of 2008 by persons considered as insiders and by persons with executive responsibility were undertaken in accordance with the rules of Lotus Bakeries for the prevention of market abuse.

In late 2008-early 2009 an evaluation was undertaken of the composition and operation of the Board of Directors and the Committees. The Chairman reported on this to the Board of Directors' meeting of May 2009.

1.2 AUDIT COMMITTEE

The Audit Committee includes two independent directors: Paul Lippens (Chairman) and Christulf BVBA, represented by its permanent representative, Chris Dewulf. Michaël Boone & Co BVBA, represented by its permanent representative, Michaël Boone and Charlofin NV, represented by its permanent representative, Karel Boone, both non-executive directors, are the two other members of the Audit Committee. In the case of a tied vote the Chairman has the casting vote. This ensures that the independent

directors have sufficient influence. The Audit Committee met three times in 2008 and all members were present. The Auditor participated in part of all three meetings, at which he presented his findings to the Audit Committee.

The subjects examined were:

- systematic handling of a risk area as part of a global audit approach
- Auditor's findings and recommendations
- IFRS accounting principles
- discussion of the external Auditor's reports in various fields.

From 8 May 2009 the Audit Committee will consist of: Benoit Graulich BVBA, represented by its permanent representative, Benoit Graulich (Chairman), Dominique Leroy and Charlofin NV, represented by its permanent representative, Karel Boone.

1.3 REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee has four members who are all non-executive directors: Christulf BVBA (Chairman), represented by its permanent representative, Chris Dewulf, Jean-Luc Dehaene and Paul Lippens are independent directors. Charlofin NV, represented by its permanent representative, Karel Boone is a non-executive, not independent member. The Committee met twice in 2008, with all members present.

The subjects examined were:

- organization of external salaries measurement
- changes in the composition and appointment of new members of the Executive Committee.

From 8 May 2009 the Remuneration and Nomination Committee will consist of:

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

1.4 DIRECTOR COMPENSATION

The members of the Board of Directors each receive EUR 17,500 a year. The Chairman receives EUR 35,000 a year. Each member of the Audit and Remuneration and Nomination Committees receives compensation of EUR 5,000 a year.



Managementteam France

2. EXECUTIVE COMMITTEE

- The Executive Committee consists of the following members:
 - Beukenlaan NV, represented by its permanent representative, Matthieu Boone, CEO and Chairman
 - CofigoMM BVBA, represented by its permanent representative, Jan Vander Stichele, managing director
 - Mercuur Consult NV, represented by its permanent representative, Jan Boone, managing director
 - Wilfried Deleye, corporate director finance
 - William Du Pré, general manager Belgium
 - Jos Destrooper, corporate director human resources
 - Marco de Leeuw, general manager Netherlands.
- The secretary of the Executive Committee is Filip Standaert, Secretary-General.
- The Executive Committee met fifteen times in 2008. All members were present at all meetings. There were no transactions between Lotus Bakeries and the members of the Executive Committee that were in conflict with the interests of Lotus Bakeries.
- Remuneration policy is set every two years by the Board of Directors based on a proposal by the Remuneration and Nomination Committee. In so doing Lotus Bakeries seeks to provide a remuneration package that corresponds to that of companies that are comparable to it in terms of size, complexity and international activity. For this the group consults with an international company that proposes functional appraisals and corresponding salary packages.
- As result of the nature of their positions, the members of the Executive Committee have different employment statuses, in Belgium as well as in other countries. Therefore, where necessary, the remuneration is transposed into a gross salary before social charges assumed by the employer.

In 2008 the CEO received the following remuneration:

- fixed compensation:	293,014 EUR
- variable compensation:	131,857 EUR
- other:	64,506 EUR

In 2008 the members of the Executive Committee, not including the CEO, together received the following remuneration:

- fixed compensation:	994,251 EUR
- variable compensation:	378,391 EUR
- other:	197,160 EUR

- No special recruitment or departure regulations have been agreed with the members of the Executive Committee.

3. EXTERNAL AUDIT

PricewaterhouseCoopers Bedrijfsrevisoren BCVBA, represented by Mr Lieven Adams, 'bedrijfsrevisor', and Mr Peter Opsomer, 'bedrijfsrevisor', was appointed as Auditor of Lotus Bakeries NV on 11 May 2007 by the General Meeting for a term of three years. Its mandate expires immediately after the Annual General Meeting of 2010. The compensation received in 2008 for auditing and non-auditing services by PricewaterhouseCoopers Bedrijfsrevisoren BCVBA and by people connected to PricewaterhouseCoopers Bedrijfsrevisoren BCVBA, is described in note 38 of the financial supplement.





REPORT OF THE BOARD OF DIRECTORS

1. ACTIVITIES IN 2008

1. MARKET SITUATION AND SALES RESULTS

GENERAL EVOLUTION OF TURNOVER

Consolidated turnover at Lotus Bakeries rose by 14% in 2008 compared with the year before. In the first half, sales were up by an outstanding 16%. Growth during the second half was also a very good 13%. Internal turnover growth in 2008 was 12%.

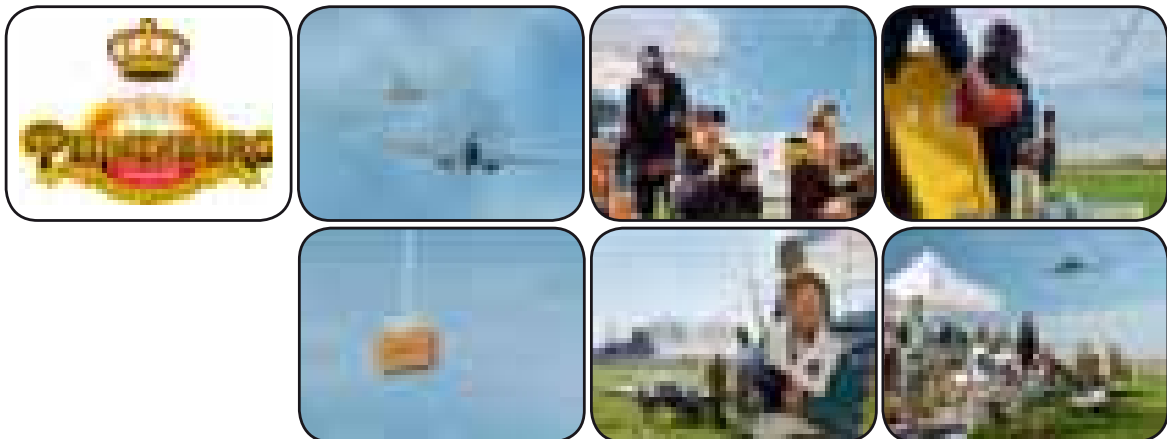
Despite the sharp price increase in late 2007, the sales volume of Lotus Bakeries products rose by 8.2% in 2008.

GENERAL MARKET SITUATION

The overall biscuits and cakes market in the broad definition of the term developed unfavourably in volume terms in 2008. In general, volumes per market experienced a negative growth of between 0% and -1%.

In turnover terms, a positive evolution of 3% to 4% was visible in most subsegments and countries.

Price increases and the economic situation, however, led to major shifts from one product to another, with consumers changing their options in many cases. Here Lotus Bakeries outperformed the market in both volume and turnover.

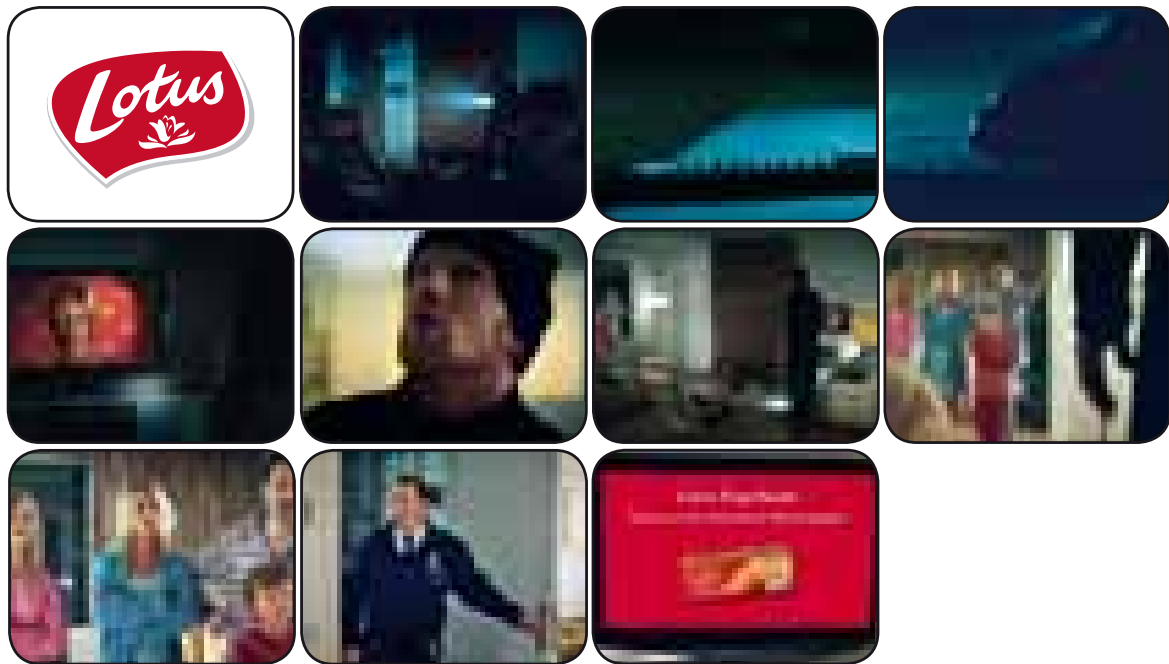


TV commercial Peijnenburg - 'Koffieleutjes' (caramelized biscuits) - 'Happen naar Peijnenburg (mag elke dag)' ['Bite into a Peijnenburg (you can do so every day)']



TV commercial Peijnenburg - 'Hapklaar' (gingerbread) - 'Happen naar Peijnenburg (mag elke dag)' ['Bite into a Peijnenburg (you can do so every day)']

< Launch of caramelized biscuit ice cream under the Lotus brand in March 2009



TV commercial Lotus - gingerbread - 'Want een zwak moment komt altijd ongelegen.'
 'Un petit coup de mou tombe toujours mal.' ['Because weak moments always come when you don't expect them.']

Broadly speaking this is due to:

- 1) The acquisitions of Annas Pepparkakor and López Market;
- 2) The successful introduction of caramelized biscuit spread in Belgium and, later in 2008, in the Netherlands and France;
- 3) Steady growth of Lotus caramelized biscuits on most markets;
- 4) Strong growth of waffles in various countries, including France;
- 5) Strong growth of B2B activities in the United Kingdom.

Dampening this growth were:

- 1) Falling sales of Breton butter products;
- 2) Falling sales of Harry's products.

The following results were posted in 2008:

Belgium

In Belgium, Lotus Bakeries increased its turnover by 14.2% to EUR 86.7 million.

The foremost reason was the successful launch of Lotus caramelized biscuit spread in February 2008. This has proved an incredible success, in terms of sales, volumes and consumer satisfaction. Repeat purchases are particularly high.

The launch received strong PR support after the idea of caramelized biscuit spread first came up in the 'De Bedenkers' programme on Flemish TV Channel One. On top of this, in 2008 Lotus promoted caramelized bis-

cuit spread with a TV spot having 'Lotus. Daar zit liefde in.'/'Lotus. Riche en amour.' ['Lotus. There's real love in it.'] as its baseline. This TV spot strengthens the general positioning of the Lotus brand.

Another reason for the turnover increase in 2008 was the sharp price increases carried out in late 2007. Consumers have stayed loyal to Lotus despite these price rises. In no single market segment have we lost market share.

As in other years, we again supported the sale of Lotus products in 2008 with:

- TV advertising for Lotus gingerbread in the first half of the year;
- Three editions of the Lotus Lekkers magazine, distributed to more than 300,000 families. Lotus Lekkers offers interesting new product news, attractive promotions and information about Lotus and Lotus products.
- Five action waves with promotions and special POS displays (Cosy Time, Breakfast, Enjoy the Summer, Back to School, Santa Claus).
- Updating of the range with three new Lotus products, each with carefully chosen and balanced nutritional values and coupled with two strong 'characters', Mega Mindy and Bumba.
- Redesigned cake packaging, giving the total range even more brand presence and a better and more attractive shelf presentation at points of sale.

Netherlands

On the Dutch market, Lotus Bakeries again achieved strong 9.9% growth.

The main causes were:

- 1) Further growth of the snack concept in gingerbread with the 'Snelle Jelle' products and the launch of the 'Hapklaar' range in the course of 2008.
- 2) Further growth of the 'Koffieleutje' biscuit.
- 3) Successful launch of Lotus caramelized biscuit spread on the Dutch market, supported by the Lotus TV spot.
- 4) Continued TV support of the Peijnenburg brand.
- 5) Powerful promotional activities at points of sale, aided by excellent cooperation with our customers.

France

Total turnover of Lotus Bakeries in France rose by 8.7%. In France, two contradictory trends were visible in 2008, on the one hand a fall in butter specialities, and on the other a very strong rise in Lotus caramelized biscuits and in Lotus waffles. Our professional sales and marketing team is boosting the success of our products, which are becoming increasingly popular with French consumers. This includes Lotus caramelized biscuits increasing both volume and market share in a market they share with two major international competitors.

Northern and Eastern Europe

In Northern and Eastern Europe turnover increased in 2008 by 22.1% to EUR 13.2 million. This rise is due primarily to:

- 1) The consolidation of Annas Pepparkakor (in particular sales in Sweden and Finland) from December 2008.
- 2) Strong growth in Germany, Austria and Switzerland for Lotus caramelized biscuits and Lotus waffles.

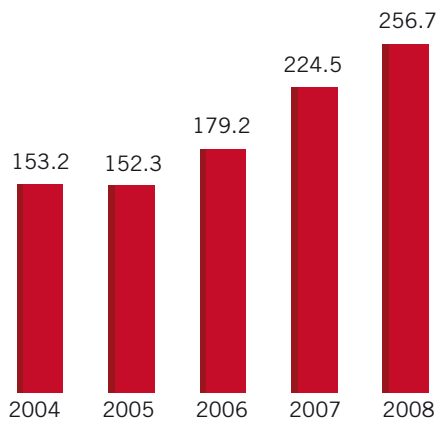
United Kingdom

In the United Kingdom Lotus Bakeries has two customer profiles: first the usual Lotus retail and OOH customers, and second Mc Vities which, despite earlier announcements of termination, continued to buy our products right through 2008, and indeed in increasing quantities. Turnover has risen significantly despite the weakening pound sterling. Lotus caramelized biscuits remain a growing success in the United Kingdom. Consumer loyalty is very strong. At the end of 2008 the new international packaging for Lotus caramelized biscuits came onto the market.

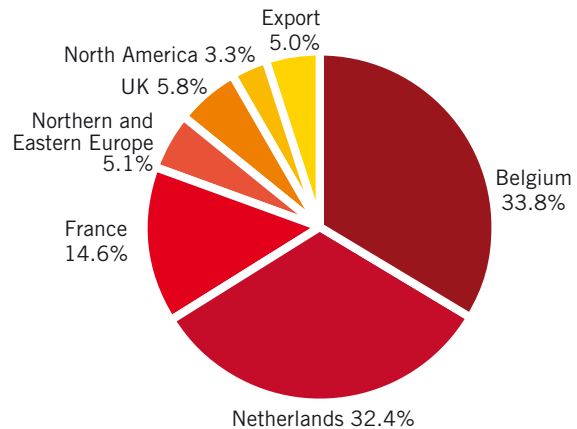
North America

Despite the weak United States dollar, sales in the United States developed favourably. Caramelized biscuits, under the name 'Biscoff', are proving increasingly popular in the United States. Supermarket sales evolved very favourably. Sales through our proprietary catalog sales organization, however, trended downwards, in particular from September 2008 onwards. Retail and catalog sales are undertaken through a joint venture with The Gourmet

Evolution of turnover
in millions of EUR



Geographical turnover distribution



Centre Inc. The Gourmet Centre Inc. is a major specialist in airline catering and also sells Lotus products in the airline sector.

Export

Export sales evolved particularly favourably to EUR 12.9 million, thanks among other things to the acquisition of López Market, which is consolidated from February 2008 onwards. The other export markets also developed very well. Japan, South Korea, Israel, the Balkan countries and Italy are important markets for Lotus Bakeries and grew strongly in 2008.

2. INVESTMENTS AND INDUSTRIAL OPERATIONS

Investments in tangible and intangible fixed assets amounted in 2008 to EUR 10.8 million.

This is significantly higher than last year (2007: EUR 7.3 million) and slightly above the figure for 2006, but less than the EUR 13 million originally budgeted for 2008.

This is explained, among other things, by the conscious choice to stagger the expansion investments at Geldrop and Sintjohannesga over 2008 and 2009 and to schedule the start-up of the extended single pack line in Lembeke for end-February 2009.

2008 saw in particular a further increase in demand for caramelized biscuits, for which the already planned capacity extension (new line and building in Lembeke) came right on time. The start and, in particular, the success of caramelized biscuit spread have required investments in the margarine plant to enable production to keep up with rising demand.

The success of the single packs, which are produced at Sintjohannesga, can be met with the newly installed packaging line.

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

In order to extend operational excellence and to involve our workforce as far as possible, an exchange platform has been created to enable the various plants to share best-of-class practices.

In the meantime we can state that plant safety has increased, and at Courcelles too we have seen a significant improvement in practically all criteria.

In 2009 we shall be investing further in capacity increases at Lembeke, Geldrop and Tyresö, in the automation projects at Sintjohannesga and a number of other efficiency-increasing investments. The budget for 2009 amounts to around EUR 9.5 million.

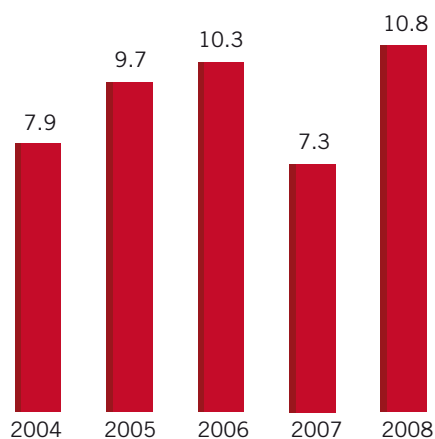
3. QUALITY AND RESEARCH

Quality and Research (Q&R) now function as a single department. This is further improving the interaction between quality management and product improvement.

QUALITY MANAGEMENT

As a branded products company it is essential for Lotus Bakeries that its products be distinctive in terms of quality and customer satisfaction. Effective quality management is therefore a permanent task for every plant and Q&R department group-wide. Inspection and maintenance are two important aspects in ensuring that established quality levels are constantly achieved.

Investments
in millions of EUR



Lotus Bakeries has therefore established a **quality management system** that is applied in all production centres. Clear guidelines are defined in a number of areas:

- **selection criteria for suppliers:** suppliers are approved on the basis of structured supplier audits and of annual performance assessments.
- **specifications and control systems for raw materials and packaging:** in addition to the established specifications, all incoming raw materials and packaging are controlled for product safety on the basis of detailed product safety. Every site has a traceability system linking finished products to the original raw materials.
- **production process descriptions:** complete descriptions of all production processes have been prepared in order to be able to ensure constant quality.
- **finished product quality:** systematic quality control is integrated into various parts of the production process. A central assessment process also exists, with products given quality ratings.
- **quality and customer relations:** customer complaints are systematically followed up. Scenarios have been developed for any serious complaints or crisis situations.
- **hygiene approach:** HACCP plans exist for every product line and production process. Systematic audits are carried out on the basis of hygiene checklists.

The combining of the Lotus and Koninklijke Peijnenburg quality systems continued in 2008 with clear agreements on responsibilities. This remains a major focus of attention in 2009. A clear quality philosophy also exists at Annas Pepparkakor which will be applied in the context of the common quality policy.

In addition to internal auditing of these various aspects, all plants are externally certified to ISO-9001:2000 and/or BRC higher level certificate. We continue to see external certification as very valuable support for the continuous improvement of products and processes.

RESEARCH AND DEVELOPMENT

Lotus Bakeries' corporate strategy is based on the fundamental choice to pursue a **brand policy**. A direct consequence is that consumers need to attach positive value to products for their **specific and distinctive characteristics**.

To achieve this, Lotus works permanently to improve and update all its products and maintain their positive distinction from other products on the market. As part of this policy products are at times fundamentally changed, or totally new products are developed to accommodate changing consumer tastes.

The Group now has **eleven production plants**, with detailed on-site knowledge of the technologies used there. With this know-how and the attendant experience, all factories make a significant contribution to the process of constant improvement and innovation.

The **Research & Development department** is systematically building a knowledge base covering all products, enabling individual factories' know-how and experience to be used throughout the Lotus Bakeries Group. This is already improving process management in each plant. This process and - in particular - product knowledge is being extended by internal research, with external research and training institutions brought in to help where possible. In this way the R&D department plays a key role in all research and improvement projects in the factories.

In both Belgium and the Netherlands we have specialist capacity for developing new products (NPD). A fundamental priority is adapting existing products and developing new products in response to growing market demand for responsible nutrition products (health aspects, nutritional claims).

A similar approach is applied in the technical field. Every factory has employees on site with the necessary knowledge to manage the entire production apparatus.

The **Engineering Services** department is familiar with all the equipment and production processes in the various factories. This broad technical knowledge and experience, supplemented with specific research for particular projects, forms the basis for the major investments and automation projects undertaken in cooperation with the factories concerned and the know-how remains specific to the company.

4. FOOD LAW & NUTRITION

Lotus Bakeries defines its nutritional policies by proactively monitoring food legislation, including active participation in target project groups set up by our professional organizations (in Belgium, the Netherlands, France and at European level). In this way topics like 'food and health', 'labelling' and 'sustainability' go towards defining the output of the Food Law & Nutrition department and maintaining an active concern for these matters in all departments involved.

5. ENVIRONMENT

The activities of Lotus Bakeries impact the environment in two main areas: packaging and factory production processes. In both fields Lotus Bakeries is working continuously to improve its environmental performance.

ENVIRONMENT AND PACKAGING

Lotus Bakeries is constantly looking for ways to limit the quantity of packaging material per product unit, and for materials that meet all safety, reliability and consumer requirements and are at the same time more environmentally friendly.

Responsibility for packaging lies with marketing. In this way environmental objectives play an important role in developing new products and renewing existing ones.

Lotus Bakeries has always been a proponent of practicable solutions – in cooperation between the various players concerned - that integrate packaging waste management into good environmental management. Lotus Bakeries has always played an active role here. In Germany, Belgium, France and the Netherlands companies are required to take back waste packaging. This is undertaken by means of structured cooperation between consumer goods manufacturers, distribution companies and the packaging industry: Duales-System in Germany, Fost Plus in Belgium, Eco-Emballages in France and Eco-verpakking in the Netherlands.

ENVIRONMENT AND PRODUCTION PROCESSES

This field involves very diverse environmental aspects. The environmental effects of our production processes are systematically investigated and, based on the outcomes, appropriate measures taken to reduce or put an end to negative effects.

The basic ideas in this area are societal ones and deeply anchored in Lotus Bakeries' corporate values and objectives. These special measures are, however, to a large extent tied to local regulations. Overall, however, Lotus Bakeries strives to encourage a broad awareness within the Group of the environmental effects of its operating activities. It seeks maximum results in areas like prevention (e.g. waste water), recycling (including paper and cardboard) or responsible destruction (for example incineration of packaging film waste in specialist centres).

6. PERSONNEL AND ORGANIZATION

EVOLUTION OF THE WORKFORCE

The total number of employees increased by 93 during the year to 1,245 at 31/12/2008. The number of full-time employees rose by 98, that of part-time workers fell by 5.

There are 662 employees in Belgium (= +23), 128 in France (= +2), 339 in the Netherlands (= -2), 27 in the United States (unchanged), 10 in Germany (unchanged), 5 in the United Kingdom (= +2), 1 in Switzerland (unchanged), 4 in the Czech Republic (unchanged) and 1 in Singapore (unchanged). 68 new employees have come onto the payroll with the acquisitions of López Market in Spain (= +12) and Annas Pepparkakor (= +39 in Sweden and +17 in Canada).

Joint venture employees are counted 100%.

50% of employees are female, 50% male.

344 employees work part-time, equal to 225 full-time equivalents.

LEADERSHIP @ LOTUS BAKERIES

In 2007 a 'Leadership @ Lotus Bakeries' project was launched in order to meet future challenges with all employees.

The project sets out to clarify the role of our senior and middle management. It is contributing to achieving a single Lotus culture and provides a central model for the various HR areas like talent and performance management.

This leadership model will be extended in 2009 to the new Lotus Bakeries countries in order to integrate HR processes. Developing a common culture remains an HR priority for the coming years.

7. SOCIAL RESPONSIBILITY

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

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

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

Alongside existing projects Lotus Bakeries also supports the **CFP (Corporate Funding Programme)**. More specifically it is helping the 'Boat to Kinshasa' project, also supported by the Belgian government, which aims to create a central organization for transporting and marketing agricultural and other basic products along Lake Mai-Ndombe and the River Congo to and from Kinshasa. Lotus Bakeries employees have already organized various activities to support this project, with Lotus Bakeries matching the funds raised by its personnel. This amount is doubled a second time by the food industry development fund. A great deal of local progress has already been made in this way. Efforts to support this magnificent project will continue in 2009.

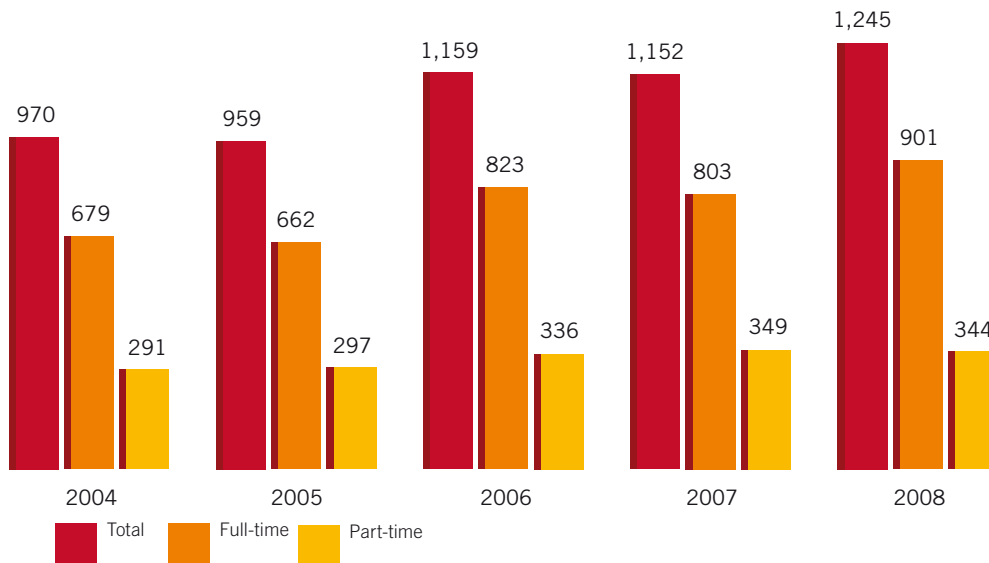
Lotus Bakeries has drawn up a **company code** for all employees. This code outlines the corporate values that make for a positive enterprise culture and describes Lotus Bakeries' responsibilities towards its various stakeholders.

8. EVOLUTION OF COSTS

The sharp rise in raw materials prices seen in the course of 2007 continued at the start of 2008. Only in summer 2008 did we observe a slight fall in butter, flour and sugar prices. After rising considerably in the first half, margarine and energy prices started falling only later in the year. The prices of most packaging materials were on average higher than in 2007.

The rise in personnel costs in 2008 is explained in part by the inclusion in the consolidation scope of the two companies acquired in 2008, López Market S.L. from February 2008 and Annas Pepparkakor Holding AB from December 2008. Thanks to the strong rise in sales, personnel costs fell as a percentage of sales compared with 2007.

Personnel



9. PROFITABILITY

Current operating result (REBIT) grew significantly in absolute terms from EUR 28.7 million to EUR 34.0 million (+ 18.6%). Current operating cash flow (REBITDA) also grew significantly by 17.9% to EUR 45.7 million.

Profitability ratios and sales were slightly higher than the year before. REBIT/sales increased from 12.8% to 13.3%. REBITDA/sales rose from 17.3% to 17.8%.

This increase is due to the strong internal sales growth of 12%, attributable largely to the introduction of caramelized biscuit spread in Belgium, the Netherlands and France, the continuing powerful international growth of caramelized biscuits, of waffles in France and of gingerbread in the Netherlands and Belgium.

The **non-current operating result** of EUR -0.78 million is due primarily to the amortization of amortizable brand names from the Peijnenburg 'purchase price allocation'.

The **financial result** amounted to EUR -6.9 million compared with EUR -3.97 million in 2007. This increase is due almost entirely to the fall in the market-to-market value of the interest rate hedging on the financing of the acquisition of Koninklijke Peijnenburg as required by IFRS. The largely non-cash cost is approximately EUR 2.6 million higher in 2008 than in 2007.

Net result amounts to EUR 20.2 million compared with EUR 20.7 million in 2007. In 2008 the operating result was up strongly compared with the previous financial year. In 2007, however, the net result was flattered by EUR 2.2 million owing to the reduction in deferred tax liabilities. Also the valuation allowances on interest rate hedges were around EUR 2.6 million lower.

Net cash flow rose by 22.9% from EUR 29.7 million in 2007 to EUR 36.5 million in 2008.

10. PRINCIPAL RISKS AND UNCERTAINTIES

The principal market risks to which the Group is exposed are fluctuations in the cost of raw materials and packaging, and in exchange and interest rates.

1. RAW MATERIALS AND PACKAGING COSTS

The risk of negative consequences on financial results of fluctuations in raw materials prices is limited by concluding forward contracts with fixed prices in euro for major volatile raw materials. For other raw materials and for packaging, the Group works where possible with annual contracts.

2. FOREIGN EXCHANGE RISK

Purchases are made predominantly in euro. Most sales are also settled in euro. The main sales transactions involving foreign currencies are in USD and GBP. The exchange risk on these two currencies is largely covered by option contracts. Both purchases and sales of Annas Pepparkakor in Sweden are to a very large extent in SEK. The CZK-denominated receivable from the sale of the Group's shareholding in Lotus-Delta in the Czech Republic is also hedged at a fixed exchange rate.

3. INTEREST RATE RISK

Long-term financial liabilities carry either fixed (kEUR 2,096) or variable (kEUR 59,744) interest rates, the latter based on Euribor rates for periods up to 1 year. At year-end 2008, the interest rate risk on 72% of the variable rate borrowings was hedged with interest rate option contracts. After year-end, including the borrowings for acquiring Annas Pepparkakor, 98% of the variable rate debt is now covered.

4. CREDIT RISK

The 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.

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

The Group has a diversified international customer portfolio, consisting mainly of large retail, cash & carry and food services customers in various countries. For exports outside Western and Northern Europe, the United States and Canada the Group works on a documentary credit basis or uses credit insurance. The average number of days' customer credit is relatively limited (30 days in 2008). Within the Group, there are strict procedures to accurate-

ly follow up on customers and to handle possible risks as quickly and as efficiently as possible.

5. LIQUIDITY RISK

Given the substantial operating and net cash flow as against the net financial position, the Group's liquidity risk is limited.

6. BALANCE SHEET STRUCTURE

Lotus Bakeries seeks to maintain its balance sheet structure (balance between debts and equity) so as to preserve the desired financial flexibility to be able to carry out its growth strategy.

It strives to maintain a ratio of net financial debt (defined as financial debts - treasury investments - liquid assets - own shares) to current cash flow (REBITDA) at what is considered as a normally healthy level in the financial market. In 2008 it easily met the financial covenants entered into in the context of the external financing.

7. PRODUCT LIABILITY RISKS

The production, packing and sale of food products give rise to product liability risks.

Lotus Bakeries applies the highest product safety standards to the entire production and distribution process, from raw materials through to the distribution of the final product, supported and guaranteed by structured proce-

dures and systematic internal quality audits. External ISO, BRC and other audits take place at regular intervals. The necessary product liability insurance has been subscribed within reasonable limits.

8. PENSION SCHEME RISKS

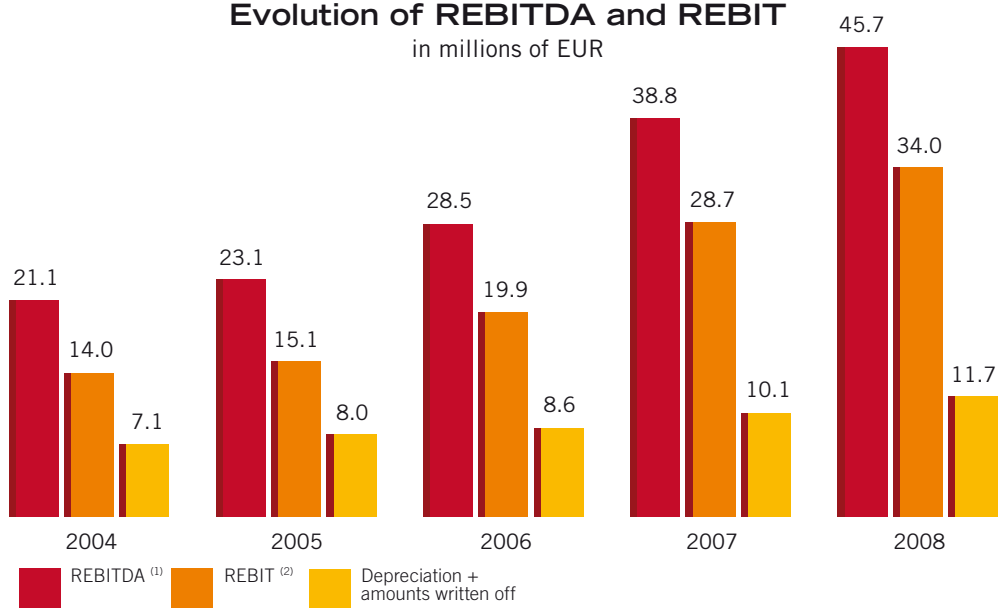
The form of and benefits under pension schemes existing within the Group depend on the conditions and customs in the countries involved.

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.

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

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

Evolution of REBITDA and REBIT in millions of EUR



(1) REBITDA is defined as current operating result + depreciations + provisions and amounts written off + non-cash costs valuations option- and warrantplan.
 (2) REBIT is defined as current operating result.

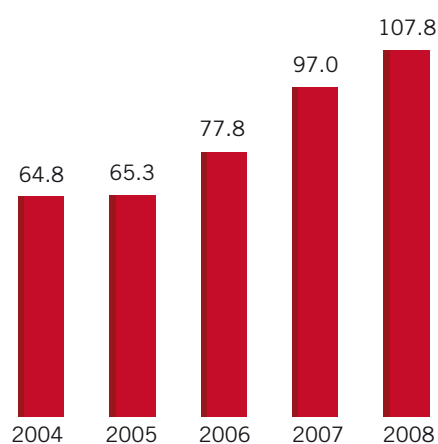
11. FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to hedge the risk of unfavourable movements in exchange and interest rates. No derivatives are used for business purposes. Derivatives are initially valued at cost price and thereafter at real value.

The outstanding contracts do not fulfil the conditions for hedge accounting (cf. IAS 39). The changes in fair value are included in the income statement.

The majority of the interest rate derivatives outstanding at the end of 2007 were terminated during the course of 2008 and replaced with new interest rate swaps with fixed interest rates.

Evolution of added value
in millions of EUR



12. SIGNIFICANT EVENTS SINCE 31 DECEMBER 2008

HARRY'S BENELUX

In 1999 Lotus Bakeries and Harry's founded a joint venture, Harry's Benelux NV, to sell prepackaged bread products and morning goods in Belgium. Harry's, which is part of Italy's Barilla Group, produces the products which Lotus Bakeries markets through its sales organization under the Harry's brand.

Lotus Bakeries has decided to sell its 40% share in Harry's Benelux to the Harry's Group. The agreed takeover price, which will be paid to Lotus Bakeries at the end of May 2009, is based on a value of EUR 5.6 million for 100% of Harry's Benelux NV. This divestment will allow Lotus Bakeries Belgium's commercial organization to focus fully on its own Lotus brand products. Total sales in 2008 of Harry's products amounted to EUR 6.5 million. The marketing, sales and logistics of Harry's products in Belgium will be integrated into the Barilla Group, so this turnover will no longer be included in the Lotus Bakeries consolidated accounts from the beginning of 2009.

FINANCIAL RATIOS

	2008	2007	2006	2005	2004
In % of operating income					
Added value	42.0	43.2	43.4	42.9	42.3
REBITDA	17.8	17.3	15.9	15.2	13.8
Net cash flow	14.2	13.2	12.3	12.1	10.7
REBIT	13.3	12.8	11.1	9.9	9.1
Net profit	7.9	9.2	6.4	6.3	5.5
In % of added value					
Personnel expenses	56.8	58.1	61.0	62.1	64.6
Depreciations ⁽¹⁾	9.4	10.0	10.9	12.2	11.9
Taxes	5.9	3.6	5.8	6.9	6.6
Net financial charges ⁽²⁾	6.4	4.1	4.1	1.9	2.1
Net profit	18.7	21.3	14.7	14.7	12.9

(1) Not included depreciations on consolidation differences.

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

COOPERATION WITH MC VITIES

In the 2007 annual report it was already announced that Mc Vities Cake Company, a part of United Biscuits, has decided to manufacture its Jaffa cake bars itself in future. It has now been agreed that Lotus Bakeries will produce these Mc Vities cake bars until August 2009. The production of Mc Vities Jaffa cake bars represents, on an annual basis, a turnover of around EUR 6.5 million and an EBIT and fixed cost coverage of around EUR 1.8 million.

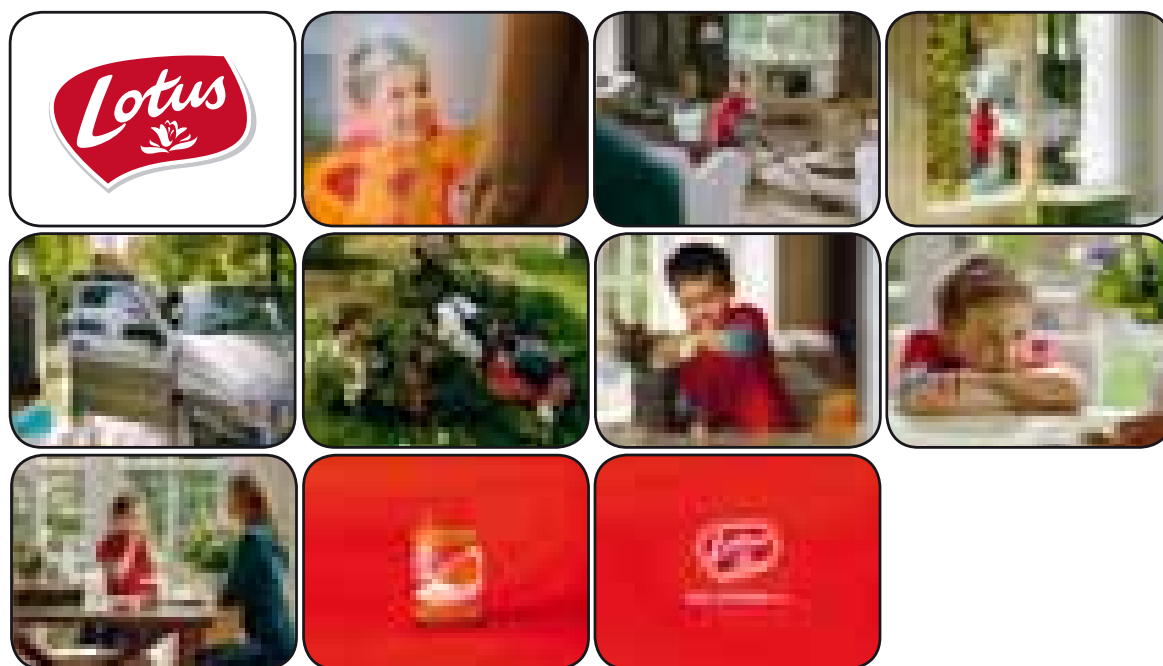
LOTUS BAKERIES UK

Lotus Bakeries UK was founded in 2005 as a joint venture between Lotus Bakeries and Mr. John Bowmer. Lotus Bakeries has used in the beginning of 2009 its call option to acquire John Bowmer's remaining 25% shareholding for £ 300,000. In this way Lotus Bakeries has become the 100% owner of Lotus Bakeries UK.

CORONA-LOTUS INC.

On 19 December 2008 Lotus Bakeries announced that Corona-Lotus Inc. (USA) will become a 100% subsidiary of the Lotus Bakeries Group.

As planned the final closing took place on 1 April 2009 with the remaining 50% of the shares of Corona-Lotus Inc. being transferred to the Lotus Bakeries Group. Following this a long-term agreement was concluded with The Gourmet Center and Lotus Bakeries, under the terms of which, as in the past, The Gourmet Center will continue to sell Lotus caramelized biscuits on an exclusive basis to the airline industry in the United States.



TV commercial - caramelized biscuit spread - 'Lotus. Daar zit liefde in./'Lotus. Riche en amour.' [Lotus. There's real love in it.]

FINANCIAL RATIOS

	2008	2007	2006	2005	2004
Days customer credit	30	27	34	36	39
Solvency ratio (%)	37.7	35.3	27.4	46.1	38.4
Liquidity ratio (Current ratio)	0.9	0.7	0.8	1.0	0.9
Gross sales margin (%)	17.5	17.4	15.6	14.9	13.5
Net cash flow/Net financial debts (%)	90.4	70.3	34.8	204.6	84.2
Net cost-effectiveness of equity (%)	23.5	30.0	20.9	19.8	20.8



Thins since 1929

Swedish quality and tradition

ANNA'S

2. PROSPECTS 2009

The Lotus Bakeries brands were highly successful in 2008. Consumers continue to place a lot of trust in our brands. Lotus Bakeries saw remarkable growth in 2008, including in the second half in which the economic crisis started to bite.

Since late 2008 certain trends have become visible, which we expect to continue and even increase in 2009:

- Consumers are continuing to consume basic food products like biscuits, though with shifts within the assortment. This applies particularly in Western European countries. Consumers are rightly confident in the Lotus Bakeries brands.
- Currency fluctuations affect our products, requiring us or our importers to raise prices sharply. This applies in particular to the GBP (pound sterling) and the KRW (Korean won).
- In certain export countries where imported biscuits are viewed as a luxury, the economic crisis is expected to have a negative effect. This applies to exports to the Middle and Far East.
- US consumers are being more reticent with purchases of non-basic foods, like catalog sales and imported biscuits.
- For a number of years Lotus Biscuits has been producing a number of products for Mc Vities Cake Company, which is part of United Biscuits. Mc Vities now wants to produce Jaffa cake bars itself. Production of Jaffa cake bars by Lotus Bakeries will end in August 2009. This will impact turnover in 2009 and the following years.

- Lotus Bakeries has decided to sell its 40% share in Harry's Benelux to the Harry's Group. The sales of EUR 6.5 million in 2008 will therefore be absent from the 2009 consolidated figures.

- Annas Pepparkakor will be consolidated from December 2008.

All these elements present us with challenges, but none of them are insurmountable. We will be able to focus even better on our core mission. The effect of this will not be immediately calculable, but will make us stronger in the long-term.

There is a firm conviction among management and all employees that as specialists we can even further improve our activities, like more and better communication and stronger impact on consumers. We also want to produce even better products, which is what consumers are entitled to expect from specialists.

At Lotus Bakeries we are constantly working to improve our performance, and will continue to do so. For this reason we are absolutely confident that the fundamentals exist for further sales and profitability growth in the longer term.



Corporate Quality & Research - Food Law & Nutrition

3. RESULTS AND PROPOSAL FOR DIVISION OF PROFITS

CONSOLIDATED

The consolidated net profit of the year 2008 amounted to EUR 20.2 million as compared to EUR 20.7 million last year.

STATUTORY

The results of the year 2008 of the parent company Lotus Bakeries NV are as follows: in EUR

• Profit of the financial year	10,411,600.34
• Transfer from untaxed reserves	40,112.57
• Transfer to untaxed reserves	(159,060.04)
Profit for the year available for appropriation	10,292,652.87

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

• Allocation to other reserves	(4,547,001.27)
• Distribution of a gross dividend of 6.80 EUR per share to 803,037 shares ⁽¹⁾	5,460,651.60
• Distribution of emoluments to directors	285,000.00

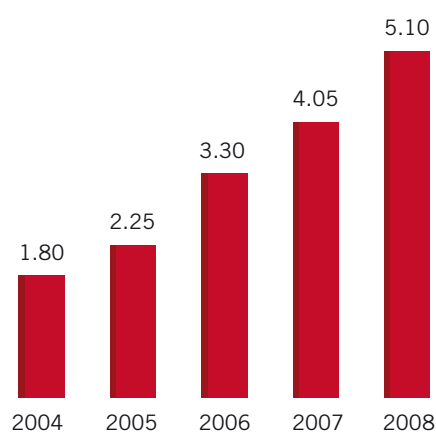
TOTAL **10,292,652.87**

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

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

If the Ordinary General Meeting of shareholders of 8 May 2009 accepts the Board of Directors' proposal, the net dividend per share will amount to EUR 5.10, after deducting a withholding tax of 25%. This net dividend will be payable as from 18 May 2009 on surrender of coupon no. 21 at Bank Degroof, Dexia Bank, Fortis Bank, ING Bank, KBC Bank and Petercam.

Evolution of net dividend per share
in EUR



4. OTHER COMPANY INFORMATION

1. CHANGES IN THE CAPITAL

In the financial year 2008 there were no changes in the company capital.

2. PURCHASE OF OWN SHARES

The Extraordinary General Shareholders' Meeting of 8 May 2008 granted the Board of Directors of Lotus Bakeries NV a mandate to buy and sell, over a period of 18 months, shares or profit certificates of Lotus Bakeries NV in an amount of up to 10% 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 calendar days prior to the date of purchase or sale, less no more than twenty percent in the case of both purchase and sale, and plus no more than ten percent in the case of purchase and twenty percent in the case of sale.

In the course of 2008, 1,256 own shares were purchased, representing a fractional value of EUR 2,400 or 0.16% of issued capital. The total number of shares purchased held in portfolio at the end of the financial year is 39,607, representing a fractional value of EUR 73,950 or 4.93% of issued capital.

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

3. SHARE OPTIONS AS PER 31 DECEMBER 2008

In the context of the Lotus Bakeries share option scheme there were no new share options issued in 2008. Per 31 December 2008 the total number of unexercised share options was 34,911.

Year of issue of options	Number of allocated options	Number of options exercised	Total of available options
1999	4,590	4,590	-
2000	5,560	5,560	-
2001	5,120	4,971	149
2002	3,727	3,441	286
2003	4,635	4,635	-
2004	7,043	3,867	3,176
2005	8,300	-	8,300
2006	9,950	-	9,950
2007	13,050	-	13,050
TOTAL	61,975	27,064	34,911

4. ISSUE OF WARRANTS

The principal conditions governing the warrants issued in 2007 and the exercise of the same and the most important consequences of the lifting of the pre-emption right of existing shareholders are mentioned in part 2 in note 25 to the consolidated financial statements.

5. LEGAL CONFLICTS OF INTEREST

No situations of conflict of interest covered by articles 523 and 524 of the Companies Code occurred in 2008.

6. ANNOUNCEMENTS IN THE FRAMEWORK OF ARTICLE 34 OF THE ROYAL DECREE OF 14 NOVEMBER 2007 - PROTECTIVE CONSTRUCTIONS

1. The Board of Directors of Lotus Bakeries NV is authorized by the General Meeting of Shareholders, in the event of a public takeover bid on the shares of the company, and by application of the authorized capital, to increase the capital of the company under the conditions of article 607 of the Companies Code. This authorisation is granted for a period of three years from 5 June 2007 and is renewable.
2. By resolution of the Extraordinary General Meeting of Shareholders of 12 May 2006 the Board of Directors is authorized, in accordance with the provisions of article 620 of the Companies Code, to acquire shares in the company for the account of the same, whenever such acquisition is necessary to prevent the company from suffering serious and imminent disadvantage. This authorization is granted for a period of three years from 2 June 2006 and is renewable.

7. COMMUNICATION IN THE FRAMEWORK OF ARTICLE 74§7 OF THE LAW OF 1 APRIL 2007 ON PUBLIC TAKEOVER BIDS

On 19 February 2008 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 1 September 2007 Bisinvest NV held 470,175 voting shares in Lotus Bakeries, corresponding to a participation of 58.55%, and that Stichting Administratiekantoor van aandelen Bisinvest en Lotus Bakeries held 81,549 voting shares in Lotus Bakeries, corresponding to a participation of 10.16%. These two associated companies together held on 1 September 2007 551,724 voting shares in Lotus Bakeries, corresponding to a participation of 68.70%.





STOCK MARKET INFORMATION

1. NUMBER OF SHARES

- On 31 December 2008 the number of shares in Lotus Bakeries NV totalled 803,037. There were no changes in the number of Lotus Bakeries shares during the course of 2008.
- Shares are nominal, bearer or dematerialized, in denominations of 1-10-50. For the conversion of shares into nominal or dematerialized shares, the Secretariat-General should be contacted.

2. STOCK MARKET LISTING

- The Lotus Bakeries shares have been listed since the beginning of January 2002 on the continuous market of NYSE Euronext (Brussels). Previously, the shares were listed on the spot market with double fixing. The share code is LOTB (ISIN code 0003604155).
- As a consequence of a revision of the share listings on Euronext and the switch to a single regulated list 'Eurolist' on 4 April 2005, the Lotus Bakeries shares have been included in the Bel-Small index. Inclusion in this list increases the visibility of the Lotus Bakeries shares among investors. It is also a guarantee of a minimum marketability.

3. FINANCIAL SERVICE

Financial servicing for the Lotus Bakeries share is provided by Bank Degroof, Dexia Bank, Fortis Bank, ING Bank, KBC Bank and Petercam.

4. 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.

5. STRUCTURE OF SHAREHOLDINGS

Based on the transparency notice received by Lotus Bakeries on 13 October 2008, the shareholding in Lotus Bakeries NV as of 1 September 2008 is as follows:

	Number of voting rights	% of voting rights
Bisinvest NV	470,175	58.55%
Stichting Administratiekantoor van Aandelen Bisinvest en Lotus Bakeries	81,549	10.16%
Lotus Bakeries Group Services NV ⁽¹⁾	38,517	4.80%
Public	212,796	26.49%
TOTAAL	803,037	100.00%

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

6. MARKET CAPITALIZATION

On 31 December 2008, market capitalization of Lotus Bakeries amounted to EUR 196.7 million.

7. EVOLUTION OF THE LOTUS BAKERIES SHARE

The graph on page 43 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.

8. 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 42 of this annual report.

9. CORPORATE WEBSITE

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

10. FINANCIAL CALENDAR

Wednesday 22 April 2009

Annual report 2008 available on www.lotusbakeries.com

Friday 8 May 2009

- Ordinary General Meeting of Shareholders at 4.30 p.m.
- Extraordinary General Meeting of Shareholders at 6.00 p.m.
- Announcement of the interim declaration covering the period from 1 January 2009.

Monday 18 May 2009

Payment of dividend for the 2008 financial year

Monday 31 August 2009

Announcement of the half-year results for 2009

Monday 15 February 2010

Announcement of the year results for 2009

Friday 14 May 2010

Ordinary General Meeting of Shareholders.

11. PROPOSALS TO THE ORDINARY GENERAL MEETING OF 8 MAY 2009

1. Proposal to approve the statutory financial statements dated 31 December 2008.
2. Proposal to approve the proposed distribution of profits which is detailed on page 37.
3. Proposal to discharge by separate vote the directors and the Auditor from their mandate during the year 2008.
4. a) Proposal to reduce the number of directors' mandates from thirteen to twelve.
b) Proposal to reappoint as directors of Lotus Bakeries NV:
 - Charlofin NV, represented by its permanent representative, Karel Boone, for a three-year term.
 - Beukenlaan NV, represented by its permanent representative, Matthieu Boone, managing director and CEO, for a four-year term.

STOCK DATA ABOUT THE LOTUS BAKERIES SHARE IN EUR

	2009	2008	2007	2006	2005	2004
Highest price till 31/03 in 2009	265.00	289.99	255.88	225.00	139.50	104.50
Lowest price till 31/03 in 2009	236.25	194.00	201.50	135.20	97.00	56.50
Price per 31/12 - per 31/03 in 2009	250.50	244.99	234.90	208.40	136.00	101.90
Market capitalization per 31/12 - per 31/03 in 2009 in millions of EUR	201.16	196.70	188.63	167.35	109.21	81.83
Number of shares per 31/12 - per 31/03 in 2009	803,037	803,037	803,037	803,037	803,037	803,037
Ratio price/earning (PER) ⁽¹⁾	9.98	9.76	9.13	14.68	11.39	9.76
Ratio price/cash flow (PCF) ⁽²⁾	5.51	5.39	6.35	7.60	5.92	5.00

(1) PER: Price Earnings Ratio: The price at the end of the year (per 31 March in 2009 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 2009 respectively) divided by net cash flow, per share at the end of the year.

- CofigoMM BVBA, represented by its permanent representative, Jan Vander Stichele, for a four-year term.
- Mercuur Consult NV, represented by its permanent representative, Jan Boone, for a four-year term.
- Christavest Comm. VA, represented by its permanent representative, Stanislas Boone, for a four-year term.
- PMF NV, represented by its permanent representative, Johan Boone, for a four-year term.
- Mr Anton Stevens, for a four-year term.

c) Proposal to reappoint as independent directors of Lotus Bakeries NV:

- Mr Jean-Luc Dehaene, for a two-year term.
- Herman Van de Velde NV, represented by its permanent representative, Herman Van de Velde, for a four-year term.

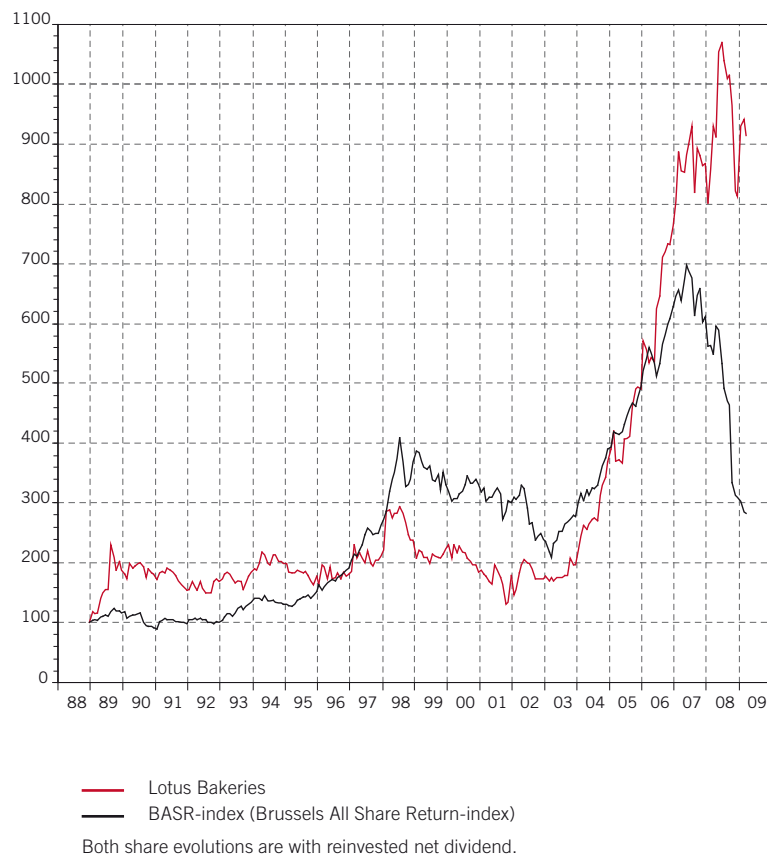
d) Proposal to appoint as independent directors of Lotus Bakeries NV:

- Mrs Dominique Leroy, for a four-year term.
- Benoit Graulich BVBA, represented by its permanent representative, Benoit Graulich, for a four-year term.

All persons and companies proposed for (re)appointment as independent directors fulfil the criteria of independence of article 526 ter of the Companies' Code.

5. Proposal to approve the 2009 share option plan.

Evolution of the Lotus Bakeries share in comparison to the BASR-index



Fi Lotus



Des gaufres
à dévorer partout !



DEPUIS 1930

Un délicieux moment de douceur





BOARD OF DIRECTORS, COMMITTEES AND AUDITOR

COMPOSITION OF THE BOARD OF DIRECTORS

Situation from 8 May 2009

Charlofin NV, represented by its permanent representative, Baron Karel Boone

Non-executive Chairman

Karel Boone holds a degree in Commercial Engineering (KUL). He began his career in 1966 as executive director of the Board of Directors of Lotus Bakeries (then named Lotus Biscuits). When Lotus Biscuits merged in 1974 with Corona, he became CEO. He was also executive Chairman of the Board of Directors from 1992 to 2006, when he became the non-executive Chairman of the Board of Directors. He also holds other directorships with Axa Belgium, Bank Degroof, Compagnie du Bois Sauvage, UCB (Chairman) and Vandemoortele (Chairman). He is a member of the Corporate Governance Committee for Belgian listed companies. He is also Honorary Chairman of the Association of Belgian Companies.

Beukenlaan NV, represented by its permanent representative, Matthieu Boone

CEO

Matthieu Boone holds a degree in Commercial Engineering (KUL). He is CEO of Lotus Bakeries. He has been a director of Lotus Bakeries since 1970. He is also a member of the Board of Directors of ACG.

CofigoMM BVBA, represented by its permanent representative, Jan Vander Stichele

Executive director

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

Mercuur Consult NV, represented by its permanent representative, Jan Boone

Executive director

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

Christavest Comm. VA, represented by its permanent representative, Stanislas Boone

Non-executive director

Stanislas Boone is a graduate in Industrial Biochemical Engineering (HTISL), Business Economics (KUL) and Labour Organization (KUL). He was managing director and Group director operations with Lotus Bakeries until July 1998. He is currently a consultant. He has been a director of Lotus Bakeries since 1970. In addition he is a member of the Board of Directors of DesleeClama Textiles and Chairman of the Business Angels Network (BAN-Flanders) and of Angels Arkiv Fund.

PMF NV, represented by its permanent representative, Johan Boone **Non-executive director**
Johan Boone graduated in dentistry (KUL) and is a practising dentist. He has been a member of the Board of Directors of Lotus Bakeries since 1996.

Anton Stevens **Non-executive director**
Anton Stevens holds a licentiate degree in Law (RUG) and in Notarial Law (RUG). He has been a director of Lotus Bakeries since 2002.

Jean-Luc Dehaene **Independent director**
Jean-Luc Dehaene holds a doctorate in Law (KUL). He has held various ministerial posts, was Prime Minister of Belgium from 1992 to 1999 and was Deputy Chairman of the European Convention. Currently he is a member of the European Parliament. He has been a director of Lotus Bakeries since 2000. Since October 2008 he has been Chairman of the Board of Directors of Dexia. He is also a member of the Board of Directors of Inbev, Umicore, Thrombogenics and Chairman of the Board of Directors of the Europa College in Bruges.

Herman Van de Velde NV, represented by its permanent representative, Herman Van de Velde **Independent director**
Herman Van de Velde has a licentiate degree in Economics (KUL) and a post-graduate degree in Business Management (UFSIA). Since 1989 he has been managing director of the stock-exchange listed lingerie Group Van de Velde. He is also a director of Top Form International (Hong Kong) . He has been a director of Lotus Bakeries since May 2005. He is also Chairman of VKW Oost-Vlaanderen.

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

Benoit Graulich BVBA, represented by its permanent representative, Benoit Graulich ⁽¹⁾ **Independent director**
Benoit Graulich has Master's degrees in Law, Business and Finance from the Catholic University of Leuven (KUL). He began his professional career at PricewaterhouseCoopers and then Artesia Bank. In 2000 he became a partner at Ernst & Young and is currently a partner at Bencis Capital Partners. He is also a director of Wereldhave Belgium (Chairman), Van de Velde, Omega Pharma and Arseus.

Dominique Leroy ⁽¹⁾ **Independent director**
Dominique Leroy has a commercial engineering degree from Solvay Business School. She has a 22-year career with Unilever, beginning in finance and followed by various sales and marketing functions. She was nominated as country manager of Unilever Belgium in 2007 and is also member of the Unilever Benelux Board.

(1) Proposal to appoint at the Ordinary General Meeting of 8 May 2009.

COMPOSITION OF THE COMMITTEES

Situation from 8 May 2009

Remuneration and Nomination Committee

Jean-Luc Dehaene, Chairman
Charlofin NV, represented by Karel Boone
Herman Van de Velde NV, represented by Herman Van de Velde

Audit Committee

Benoit Graulich BVBA, represented by Benoit Graulich, Chairman
Charlofin NV, represented by Karel Boone
Dominique Leroy

AUDITOR

PricewaterhouseCoopers Bedrijfsrevisoren BCVBA represented by

Mr Lieven Adams, 'bedrijfsrevisor' and
Mr Peter Opsomer, 'bedrijfsrevisor'.

MANAGEMENT LOTUS BAKERIES GROUP

Situation from 1 July 2009

I. GROUP MANAGEMENT

Chief Executive Officer (CEO)	Matthieu Boone
Managing director	Jan Boone
Managing director	Jan Vander Stichele

II. CORPORATE DEPARTMENTS

Corporate Finance & HR	Jos Destrooper
Corporate Treasury	Joseph Bultynck
Corporate Controlling	Joeri Pergoot
Consolidation	Denis Pieters
Corporate HR	Katia Dobbelaere

Wilfried Deleye is in charge of Corporate Finance until August 2009.

Corporate ICT, Tax & Legal	John van de Par
ICT	Luc De Backer
Corporate Secretary	Filip Standaert

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

III. COUNTRIES AND AREAS

Belgium	William Du Pré
General manager Belgium	
Plant Courcelles	Yves Boisdenghien
Logistics	Johan Claerhout
Plant Oostakker	Erik Claeysens
Human Resources	Mia Desmet
Marketing	Ignace Heyman
Plant Meise	Toon Hubrechts
Purchase	Karel Tack
Purchase	Bert De Wit
Plant Lembeke	Jean-Paul Van Hoydonck
Technical services plant Lembeke	Eddy Thijs
Finance and administration	Karel Vercruysse
Sales	Geert Verkinderen

Netherlands

General manager Netherlands

Purchase and innovation
Finance and administration
Operations

Sales and Marketing
Plant Enkhuizen
Human Resources
Quality and environment
Plant Sintjohannesga
Plant Geldrop

Ronald Drieduite

John Détilion
John van de Par ⁽¹⁾
Josja van Isterdael

Joost de Bruyn
Nicole Eijbergen
Norbert Haans
Brigitte ten Voorde
Frank van Harten
Eric van Nunen

France

General manager France

Finance and administration
Plant Briec-de-l'Odet
Sales
Marketing
Plant Comines

Martin Watrelot

Patrick Alexandre
Marc Berger
Corentin Delsaut
Thierry Roose
Ludovic Valente

Northern and Eastern Europe

General manager Northern and Eastern Europe

Finance and administration

Nordics

General manager Nordics
Marketing
Sales
Plant Tyresö
Purchase and quality

Germany/Austria/Switzerland

Czech Republic/Slovakia

Joakim Inaeus

Daniel Thonestad

Joakim Inaeus
Doris Alatalo
Jan Hankers
Seppo Koivumäki
Per Martinsson

Stefan Wagemanns

Tomáš Zbořilek

United Kingdom and Ireland

Director United Kingdom and Ireland

Paul Hunter

North America

Executive President North America

Marco de Leeuw

Executive Vice-President
Plant High River
Executive Vice-President

Michael Bannister
Walter Beutler
Gary E. Payne

Export

Director Export

Bart Bauwens

Iberica

Ángel López

(1) Until 1 July 2009



Corporate Controlling

VIII

FINANCIAL STATEMENTS

In this section of the 2008 annual report, only the consolidated balance sheet, the consolidated income statement and the five year financial summary for the Lotus Bakeries Group are presented. The financial supplement to this annual report contains all the financial data, including the consolidated external Auditor's report, and is available in Dutch and English.

The consolidated financial statements for 2008 shown hereafter have been prepared in accordance with IFRS rules with comparative IFRS figures for 2007.

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 Secretariat-General 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.

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

in thousands of EUR

	31-12-08	31-12-07
ASSETS		
Non current assets	172,028	156,227
Tangible assets	86,408	83,441
Goodwill	24,147	17,151
Intangible assets	61,185	54,727
Investment in associated companies	-	410
Investment in other companies	38	32
Deferred tax assets	170	163
Other non current assets including derivative financial instruments	80	303
Current assets	55,884	39,100
Stocks	13,913	10,319
Trade receivables	20,985	16,489
Other amounts receivable	4,597	3,534
Derivative financial instruments	35	218
Cash and cash equivalents	14,548	7,384
Deferred charges and accrued income	1,469	1,156
	55,547	39,100
Assets held for sale	337	-
TOTAL ASSETS	227,912	195,327
EQUITY AND LIABILITIES		
Equity	85,855	68,924
Issued capital	1,500	1,500
Share premium	2,298	2,298
Consolidated reserves	88,912	71,973
Translation differences	(302)	(135)
Own shares	(7,706)	(7,848)
Minority interests	1,153	1,136
Non-current liabilities	82,831	72,545
Interest-bearing loans and borrowings	50,159	43,603
Deferred tax liabilities	29,320	26,389
Pensions	1,767	1,629
Provisions	1,486	828
Other non-current liabilities including derivative financial instruments	99	96
Current liabilities	59,226	53,858
Interest-bearing loans and borrowings	12,488	13,879
Provisions	218	1,208
Trade payables	30,321	23,082
Remuneration and social security	8,480	6,717
Tax payables	2,455	3,191
Derivative financial instruments	2,543	2,626
Other current liabilities	1,089	2,313
Accrued charges and deferred income	1,632	842
TOTAL EQUITY AND LIABILITIES	227,912	195,327

CONSOLIDATED INCOME STATEMENT

in thousands of EUR

	2008	2007
Turnover	256,687	224,528
Raw materials, consumables and goods for resale	(93,498)	(75,314)
Services and other goods	(60,872)	(56,237)
Personnel costs	(61,203)	(56,337)
Depreciation and amortization	(10,129)	(9,693)
Decrease/(Increase) in amounts written off stocks, contracts in progress and trade debtors	(871)	(670)
Other operating income and operating charges	3,926	2,418
Current operating result (REBIT) ⁽¹⁾	34,040	28,695
Non-current operating result	(779)	(937)
Operating result (EBIT) ⁽²⁾	33,261	27,758
Financial result	(6,939)	(3,970)
Financial income	2,340	557
Financial charges	(9,279)	(4,527)
Result before taxation	26,322	23,788
Income taxes	(6,405)	(3,440)
Result after taxation	19,917	20,348
Share in the result of the enterprises accounted for using the equity method	-	309
Result from assets held for sale	248	-
Net result	20,165	20,657
Net result : share of third parties	125	144
Net result : share of the Group	20,040	20,513
Earnings per share		
Basic earnings per share (EUR)	26.28	26.90
Diluted earnings per share (EUR)	25.27	26.44

(1) REBIT is defined as current operating result.

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

FIVE YEAR FINANCIAL SUMMARY LOTUS BAKERIES GROUP

CONSOLIDATED BALANCE SHEET

in thousands of EUR

	2008	2007	2006	2005	2004
Non current assets	172,028	156,227	161,535	73,928	72,629
Tangible assets	86,408	83,441	85,986	69,535	68,248
Goodwill	24,147	17,151	17,151	-	-
Intangible assets	61,185	54,727	55,252	1,132	1,234
Deferred tax assets	170	163	1,954	1,172	628
Other non current assets including derivative financial instruments	80	303	930	1,716	2,156
Current assets	55,884	39,100	37,967	31,248	32,308
Stocks	13,913	10,319	9,145	6,629	6,787
Trade receivables	20,985	16,489	16,903	15,109	16,469
Cash and cash equivalents	14,548	7,384	5,884	5,554	4,499
TOTAL ASSETS	227,912	195,327	199,502	105,176	104,937
Equity	85,855	68,924	54,678	48,434	40,331
Non-current liabilities	82,831	72,545	94,788	25,001	27,929
Interest-bearing loans and borrowings	50,159	43,603	59,640	9,797	13,380
Deferred tax liabilities	29,320	26,389	30,649	12,363	11,251
Current liabilities	59,226	53,858	50,036	31,741	36,677
Interest-bearing loans and borrowings	12,488	13,879	14,125	6,466	12,473
Trade payables	30,321	23,082	19,356	16,329	14,782
Remuneration and social security	8,480	6,717	7,433	6,338	6,250
TOTAL EQUITY AND LIABILITIES	227,912	195,327	199,502	105,176	104,937

CONSOLIDATED INCOME STATEMENT

in thousands of EUR

	2008	2007	2006	2005	2004
Turnover	256,687	224,528	179,245	152,337	153,168
Current operating result (REBIT)	34,040	28,695	19,944	15,045	13,990
Non-current operating result	(779)	(937)	(1,120)	179	(92)
Operating result (EBIT)	33,261	27,758	18,824	15,224	13,898
Financial result	(6,939)	(3,970)	(3,187)	(1,250)	(1,347)
Result before taxation	26,322	23,788	15,637	13,974	12,551
Income taxes	(6,405)	(3,440)	(4,523)	(4,520)	(4,294)
Result after taxation	19,917	20,348	11,114	9,454	8,257
Share in the result of the enterprises accounted for using the equity method	-	309	288	131	124
Result from assets held for sale	248	-	-	-	-
Net result	20,165	20,657	11,402	9,585	8,380
Net result : share of third parties	125	144	27	82	78
Net result : share of the Group	20,040	20,513	11,375	9,503	8,302



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Register of legal persons of Ghent,
Enterprise number 0.401.030.860

Annual report

This annual report 2008 is also available on the internet-site: www.lotusbakeries.com

- Dit jaarverslag is eveneens verkrijgbaar in het Nederlands.
- De financiële bijlage bij het jaarverslag 2008 is beschikbaar in het Nederlands en het Engels.
- The financial supplement to the annual report 2008 is available in Dutch and in English.

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