FINANCIAL SUPPLEMENT

The **consolidated financial statements** for 2008 shown below 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 statements of Lotus Bakeries NV, in accordance with Article 105 of the Belgian Companies Code.

The full statutory annual statements, together with the statutory annual report of the Board of Directors and the statutory audit report of the Auditor, will be submitted to the National Bank of Belgium within the legally prescribed term. These documents are available on the **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 statements of Lotus Bakeries NV.

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CONSOLIDATED BALANCE SHEET

in thousands of EUR	NOTES	31-12-08	31-12-07
ASSETS			
Non current assets		**172,028**	**156,227**
Tangible assets	12	86,408	83,441
Goodwill	30	24,147	17,151
Intangible assets	11	61,185	54,727
Investment in associated companies	28	-	410
Investment in other companies		38	32
Deferred tax assets	13	170	163
Other non current assets including derivative financial instruments	15, 27	80	303
Current assets		**55,884**	**39,100**
Stocks	16	13,913	10,319
Trade receivables	17	20,985	16,489
Other amounts receivable	17	4,597	3,534
Derivative financial instruments	27	35	218
Cash and cash equivalents	19	14,548	7,384
Deferred charges and accrued income		1,469	1,156
		55,547	**39,100**
Assets held for sale	34	337	-
TOTAL ASSETS		**227,912**	**195,327**
EQUITY AND LIABILITIES			
Equity		**85,855**	**68,924**
Issued capital	21	1,500	1,500
Share premium		2,298	2,298
Consolidated reserves	14	88,912	71,973
Translation differences		(302)	(135)
Own shares	22, 25	(7,706)	(7,848)
Minority interests		1,153	1,136
Non-current liabilities		**82,831**	**72,545**
Interest-bearing loans and borrowings	20	50,159	43,603
Deferred tax liabilities	13	29,320	26,389
Pensions	24	1,767	1,629
Provisions	23	1,486	828
Other non-current liabilities including derivative financial instruments	27	99	96
Current liabilities		**59,226**	**53,858**
Interest-bearing loans and borrowings	20	12,488	13,879
Provisions	23	218	1,208
Trade payables	26	30,321	23,082
Remuneration and social security	26	8,480	6,717
Tax payables	26	2,455	3,191
Derivative financial instruments	27	2,543	2,626
Other current liabilities	26	1,089	2,313
Accrued charges and deferred income	26	1,632	842
TOTAL EQUITY AND LIABILITIES		**227,912**	**195,327**

CONSOLIDATED INCOME STATEMENT

in thousands of EUR	NOTES	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	6	(61,203)	(56,337)
Depreciation and amortization	7	(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	4	3,926	2,418
Current operating result (REBIT) (1)		**34,040**	**28,695**
Non-current operating result	8	(779)	(937)
Operating result (EBIT) (2)		**33,261**	**27,758**
Financial result	5	(6,939)	(3,970)
Financial income		2,340	557
Financial charges		(9,279)	(4,527)
Result before taxation		**26,322**	**23,788**
Income taxes	9, 13	(6,405)	(3,440)
Result after taxation		**19,917**	**20,348**
Share in the result of the enterprises accounted for using the equity method	28	-	309
Result from assets held for sale	34	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	10		
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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in thousands of EUR	Issued capital & share premium	Consoli-dated reserves	Translation differences	Own shares	Equity part of the Group	Minority interest	Total equity
EQUITY as at 1 January 2007	**3,798**	**54,302**	**(18)**	**(4,459)**	**53,623**	**1,055**	**54,678**
Profit of the financial year	-	20,513	-	-	20,513	144	20,657
Currency translation differences	-	-	(117)	-	(117)	(32)	(149)
Other	-	103	-	-	103	(1)	102
Total recognised income and expenses for the period	**-**	**20,616**	**(117)**	**-**	**20,499**	**111**	**20,610**
Dividend payments to shareholders	-	(3,533)	-	-	(3,533)	(28)	(3,561)
Acquisition/sale own shares	-	-	-	(3,389)	(3,389)	-	(3,389)
Share-based payments	-	589	-	-	589	-	589
Change in consolidation scope	-	(1)	-	-	(1)	(2)	(3)
EQUITY as at 31 December 2007	**3,798**	**71,973**	**(135)**	**(7,848)**	**67,788**	**1,136**	**68,924**
Unavailable for distribution		3,304					
Available for distribution		68,669					
EQUITY as at 1 January 2008	**3,798**	**71,973**	**(135)**	**(7,848)**	**67,788**	**1,136**	**68,924**
Currency translation differences	-	-	(168)	-	(168)	(46)	(214)
Net income and expense for the year recognised directly in equity	-	-	(168)	-	(168)	(46)	(214)
Profit of the financial year	-	20,040	-	-	20,040	125	20,165
Total recognised income and expenses for the period	**-**	**20,040**	**(168)**	**-**	**19,872**	**79**	**19,951**
Dividend payments to shareholders	-	(4,336)	-	-	(4,336)	(28)	(4,364)
Acquisition/sale own shares	-	-	-	142	142	-	142
Share-based payments	-	1,079	-	-	1,079	-	1,079
Change in consolidation scope	-	-	-	-	-	(34)	(34)
Other	-	156	1	-	157	-	157
EQUITY as at 31 December 2008	**3,798**	**88,912**	**(302)**	**(7,706)**	**84,702**	**1,153**	**85,855**
Unavailable for distribution		3,304					
Available for distribution		85,608					

Reserves are unavailable for distribution because of legal restrictions.

CONSOLIDATED CASH FLOW STATEMENT

in thousands of EUR	2008	2007
Operating activities		
Net profit	20,040	20,513
Amortization of (in)tangible assets	10,129	9,693
Amortization of consolidation differences	-	32
Valuation allowances against current assets	857	670
Provisions	(59)	(240)
Unrealized exchange rate gains (losses)	779	(69)
Capital loss on disposal of fixed assets	91	78
Income taxes	6,405	3,439
Decrease/(Increase) in derivative financial instruments	2,726	1,074
Interest expense	2,888	2,718
Other financial income and charges	546	247
Employee stock option plan	1,079	589
Share in the result of the enterprises accounted for using the equity method	-	(309)
Share in the result of the assets held for sale	(248)	-
Minority interests	125	144
Gross cash provided by operating activities	**45,358**	**38,579**
Decrease/(Increase) in inventories	(2,464)	(1,744)
Decrease/(Increase) in trade accounts receivable	1,066	303
Decrease/(Increase) in other assets	(664)	1,313
Increase/(Decrease) in trade accounts payable	4,489	3,732
Increase/(Decrease) in other liabilities	(205)	(2,111)
Change in operating working capital	**2,222**	**1,493**
Income tax paid	(6,067)	(5,909)
Interest paid	(2,888)	(2,718)
Other financial income and charges received/paid	(3,176)	(247)
Net cash provided by operating activities	**35,449**	**31,198**
Investing activities		
(In)tangible assets - acquisitions	(10,809)	(7,331)
(In)tangible assets - other changes	159	139
Financial assets - classified as held for sale	336	-
Acquisition of a subsidiary	(9,484)	(32)
Financial assets - other changes	310	128
Cash flow from investing activities	**(19,488)**	**(7,096)**
Net cash flow for financing activities	**15,961**	**24,102**
Financing activities		
Dividends paid	(4,359)	(3,552)
Own shares	142	(3,389)
Receivings (+)/reimbursement (-) of minority interests	-	(2)
Other changes in equity	173	(13)
Receivings (+)/reimbursement (-) of long-term funding	325	(16,036)
Receivings (+)/reimbursement (-) of short-term funding	(4,192)	(246)
Receivings (+)/reimbursement (-) of long-term receivables	(885)	635
Cash flow from financing activities	**(8,796)**	**(22,603)**
Total change in cash and cash equivalents	**7,165**	**1,499**
Cash and cash equivalents at 1 January	7,383	5,884
Cash and cash equivalents at 31 December	14,548	7,383
Net change in cash and cash equivalents	**7,165**	**1,499**

1. CONSOLIDATED COMPANIES

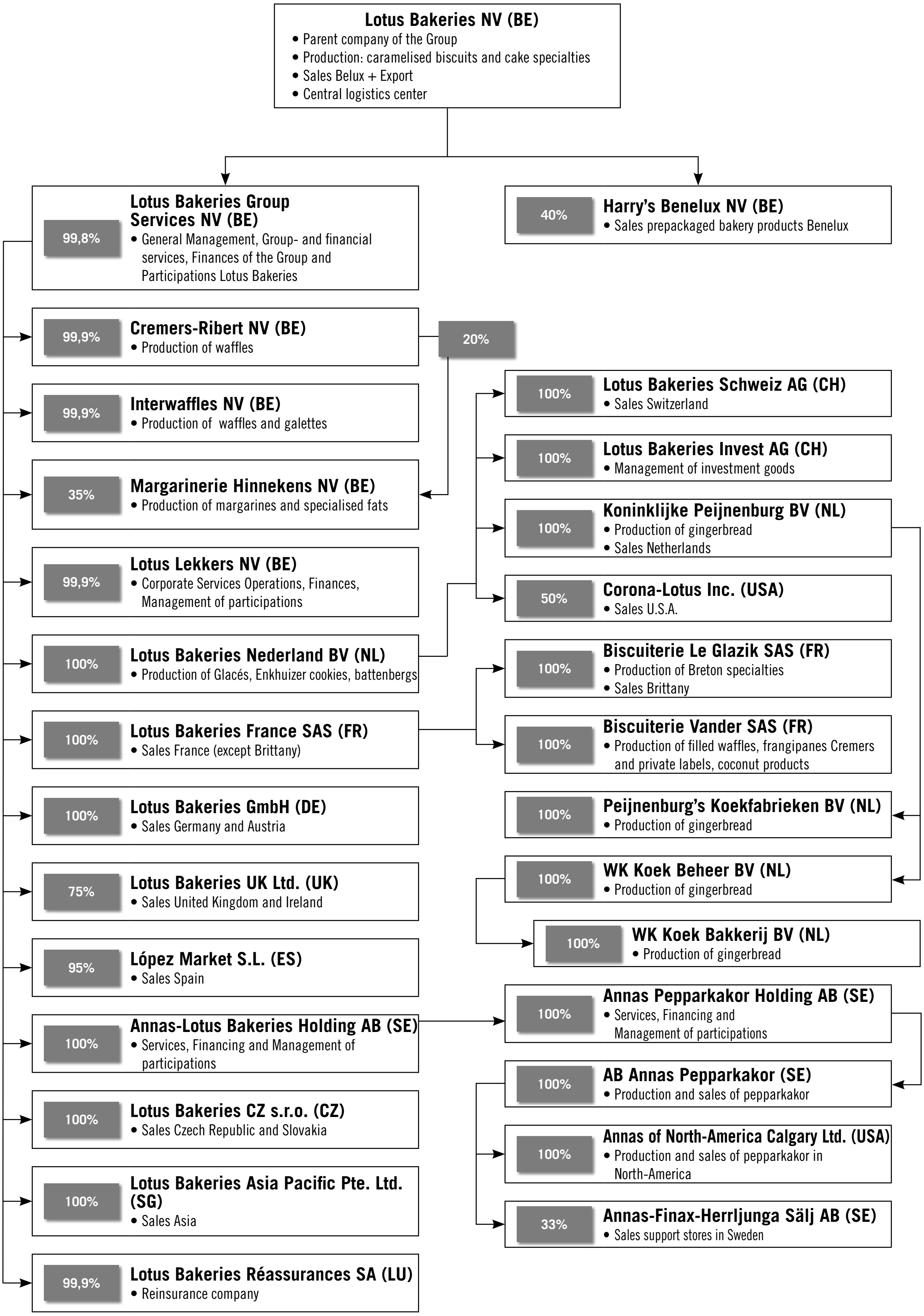
1.1 List of consolidated companies

	Address	VAT no.	Proportion of capital held in %
A. Full consolidation			
Cremers-Ribert NV	Gentstraat 52, B-9971 Lembeke	BE 0427.808.008	100.00
Interwaffles SA	Rue de Liège 39, B-6180 Courcelles	BE 0439.312.406	100.00
Lotus Bakeries Group Services NV	Gentstraat 52, B-9971 Lembeke	BE 0443.714.127	100.00
Lotus Bakeries NV	Gentstraat 52, B-9971 Lembeke	BE 0401.030.860	100.00
Lotus Lekkers NV	Gentstraat 52, B-9971 Lembeke	BE 0881.664.870	100.00
Margarinerie Hinnekens NV	Kerkstraat 33 B, B-9971 Lembeke	BE 0421.694.038	55.00
Lotus Bakeries Schweiz AG	Eisenbahnstrasse 11, CH-4900 Langenthal		100.00
Lotus Bakeries Invest AG	Eisenbahnstrasse 11, CH-4900 Langenthal		100.00
Lotus Bakeries CZ s.r.o.	Praag 3, Slezská 844/96, CZ-130 00 Praag		100.00
Lotus Bakeries GmbH	Schumanstrasse 33, D-52146 Würselen		100.00
Biscuiterie Le Glazik SAS	Zone Industrielle 2, F-29510 Briec-de-l'Odet		100.00
Biscuiterie Vander SAS	Place du Château BP 70091, F-59560 Comines		100.00
Lotus Bakeries France SAS	Place du Château BP 50125, F-59560 Comines		100.00
Lotus Bakeries UK Ltd.	3000 Manchester Business Park, Aviator Way, Manchester, M22 5TG UK		75.00
Lotus Bakeries Réassurances SA	Rue du Kiem 145, L-8030 Strassen		100.00
Koninklijke Peijnenburg BV	Nieuwendijk 45, NL-5664 HB Geldrop		100.00
Peijnenburg's Koekfabrieken BV	Nieuwendijk 45, NL-5664 HB Geldrop		100.00
WK Koek Beheer BV	Streek 71, NL-8464 NE Sintjohannesga		100.00
WK Koek Bakkerij BV	Streek 71, NL-8464 NE Sintjohannesga		100.00
Lotus Bakeries Nederland BV	Oosterdijk 3e, NL-1601 DA Enkhuizen		100.00
Lotus Bakeries Asia Pacific Pte. Ltd.	8 Wilkie Road # 03-01, Wilkie Edge, 228095 Singapore		100.00
Corona-Lotus Inc.	Green Street 465, 94133 San Francisco, California, USA		50.00
López Market S.L.	C/Andrés Alvarez 24 de Humanes de Madrid, Spain		95,00
Annas - Lotus Bakeries Holding AB	Radiovägen 23, Box 321, SE-135 29 Tyresö, Sweden		100.00
Annas Pepparkakor Holding AB	Radiovägen 23, Box 321, SE-135 29 Tyresö, Sweden		100.00
AB Annas Pepparkakor	Radiovägen 23, Box 321, SE-135 29 Tyresö, Sweden		100.00
Annas of North America Calgary Ltd.	P.O. Box 5880, High River, AB T1V 1P6, Canada		100.00
B. Associated company accounted for using the equity method			
Annas-Finax-Herrljunga Sälj AB	Radiovägen 23, Box 321, SE-135 29 Tyresö, Sweden		33.00
C. Associated company accounted for using the equity method, classified as held for sale			
Harry's Benelux NV	Gentstraat 52, B-9971 Lembeke	BE 0470.995.079	40.00

1.2 Changes in the group structure in 2008

The acquisition of 95% of the shares of López Market S.L. in Spain was completed at the end of January 2008. López Market has been consolidated since 1 February 2008.
At the end of November 2008, the Group acquired 100% of Annas Pepparkakor Holding AB in Sweden. Annas Pepparkakor has been consolidated since 1 December 2008.

1.3 Legal Structure of the Lotus Bakeries Group at 31 December 2008



2. ACCOUNTING PRINCIPLES

2.1 Statement of compliance

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

2.2 Basis of presentation

The consolidated financial statements are presented in thousands of euros and present the financial situation as of 31 December 2008.

The accounting principles were consistently applied.

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

The consolidated financial statements are presented before allocation of the parent company's result, as proposed to the General Assembly of Shareholders and approved by the Board of Directors at 11 February 2009 for publication.

2.3 Consolidation principles

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

Subsidiaries

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

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

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

Associated companies

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

These associated companies are presented in the balance sheet in the section entitled 'investments in associated companies'. The Group's share in the results for the period is reported in the income statement as 'share in the result of the enterprises accounted for using the equity method'.
When the Group's share in the losses of companies using the equity method exceeds the carrying amount of these participations, this value is reduced to zero and future losses are no longer acknowledged, except to the extent of the Group's commitments to these associated companies.

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

2.4 Use of estimates

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

Valuations made on the date of reporting reflect existing conditions on that date (for example: market prices, interest rates and foreign exchange rates). Though these estimates are made by management based on maximum knowledge of ongoing business and actions that the Group may undertake, the real results may vary in relation to these estimates.
For 2008 no estimates have been made that could have a significant impact. The assumptions made for valuing the intangible fixed assets, financial instruments and goodwill are given in notes 11, 27 and 30.

2.5 Foreign currencies

The Group's reporting currency is the euro.

Transactions in foreign currencies

In the Group's companies, transactions in foreign currencies are converted using the exchange rate applicable on the date of the transaction.
Monetary assets and liabilities in foreign currencies are converted to the closing rate on the balance sheet date.

Financial statements of foreign entities

For foreign entities using a different functional currency than the euro,
- assets and liabilities are converted to the euro using the exchange rate on the closing date.
- income statements are converted at annual average exchange rate.
- equity items are converted at the historic exchange rate.

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

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

The Group has no entities in hyper-inflationary economies.

Exchange rates

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

	Final rate		Average rate	
	2008	**2007**	**2008**	**2007**
EUR/USD	1.3917	1.4721	1.4726	1.3797
EUR/CZK	26.8750	26.6280	25.0387	27.7325
EUR/CHF	1.4850	1.6547	1.5786	1.6459
EUR/GBP	0.9525	0.7334	0.8025	0.6873
EUR/SGD	2.0040	2.1163	2.0723	2.0691
EUR/SEK	10.8700		9.6833	

2.6 Intangible assets

Intangible assets which are acquired separately are valued at cost price less cumulative amortization and impairment. The residual value of intangible assets is assumed to be zero. Intangible fixed assets acquired upon takeover of a subsidiary are expressed separately in the balance sheet at their estimated fair value at the time of acquisition.
Internally developed brands are capitalized only when sufficient certainty exists as to their effective application and the future cash flow to be generated by the asset. In such cases only the external basic costs of producing the brand concepts are capitalized.

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

Amortization

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

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

Goodwill

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

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

2.7 Tangible assets

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

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

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

Land is valued on the basis of external estimate reports.

Post-acquisition costs

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

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

Depreciation

Depreciation is spread out over the expected economic lifetime using the straight-line method. Depreciation of an asset begins once the asset is ready for its intended use.

Economic lifetime is assigned as follows:

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

Assets that are no longer used and are held for sale are recorded at their carrying amount on the date when they are no longer used.
An impairment test is performed on these assets at the end of each closing date of the book year.

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

Possible financing costs are not recorded as assets.

2.8 Government grants

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

2.9 Impairment of fixed assets

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

Reversal of impairments

Impairments relating to goodwill are reversed only if the loss can be connected to a particular external event, of an exceptional nature which is not expected to reoccur, and when the increase in net asset value is clearly related to the reversal of the impact of this particular event.
Impairments for financial assets normally held by the Group until maturity or receivables are reversed if a subsequent increase in their net asset value can be objectively associated with an event arising after the recording of the loss.

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

2.10 Financial assets available for sale

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

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

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

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

If the financial asset is sold or an impairment loss is recorded, the cumulative profits or losses formerly recorded in equity are included in the financial results.
An impairment loss on a financial asset available for sale is not reversed through the income statement.

2.11 Other long-term receivables

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

2.12 Stocks

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

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

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

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

2.13 Trade receivables and other amounts receivable

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

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

An estimate of valuation allowances to be recorded is made on the date of the balance sheet by evaluating all outstanding amounts individually.
The valuation allowance loss is recorded in the results in the period in which it was identified as such.

2.14 Cash and cash equivalents

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

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

2.15 Provisions

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

No provisions are recorded for future operating costs.

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

Restructuring

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

2.16 Interest-bearing financial debts

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

2.17 Trade debts and other debts

Trade and other debts are recorded at their nominal value.

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

2.18 Share capital

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

2.19 Financial derivatives

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

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

As the Group's derivative contracts do not meet the criteria defined in IAS 39 to be considered as hedging, changes in the fair value of derivatives are included in the income statement.
All regular purchases and sales of financial assets are recorded on the date of transaction.

2.20 Revenues

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

Sale of goods and delivery of services

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

Financial income

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

2.21 Income tax

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

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

Deferred taxes are defined in accordance with the balance sheet method and result mainly from temporary differences between the carrying amount of both assets and liabilities in the consolidated balance sheet and their respective taxable base. For the calculation of deferred taxes, the tax rates applicable at the time of closure are used. Deferred taxes are recorded at their nominal value and are not discounted.

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

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

2.22 Employee benefits

Pension plans

There are a number of defined-contribution plans within the Group. These pension plans are funded by members of personnel and the employer and are recorded in the income statement of the year to which they refer.
In addition, there is also a defined benefit pension plan in the subsidiary in Germany and the Netherlands.

There are also provisions in some companies for early retirement (Belgium) and pension obligations arising from legal requirements (France). These are treated as employment benefits of the defined benefit pension plans.
For the defined benefit pension plans, provisions are established by calculating the present actuarial value of future amounts to the employees concerned.
The amounts recorded in the income statement include the increase in the present value of the defined pension rights, the interest cost, the expected profits from the pension funds, the actuarial profits or losses and past service costs.
Starting in 2009, the corridor approach will be applied to these defined benefit pension plans.

Benefits from shares

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

Bonuses

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

2.23 Dividends

Dividends are recorded in the income statement at the time when they are distributed.

2.24 Fixed assets held for sale and terminated activities

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

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

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

2.25 Profit per share

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

2.26 Segment reporting

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

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

Four segments have been defined:

1. Belux + Export
2. France
3. The Netherlands
4. Other countries with own Sales Office

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

3. SEGMENT REPORTING BY GEOGRAPHICAL REGION

Segment reporting by geographical region (2008)

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

- Belux + Export: production in Belgium plus sales by Sales Office Belgium and Sales Office Export (export from Belgium to countries without own Sales Offices such as South Korea, Japan, Spain (until January 2008), etc.).
- France: production in France plus sales by Sales Office France.
- The Netherlands: production in the Netherlands plus sales by Sales Office Netherlands.
- Other countries with their own Sales Office: sales by own Sales Offices in Germany/Austria/Switzerland, the Czech Republic/Slovakia, the United Kingdom and by the joint venture in the United States, Spain from 1 February 2008 and Annas Pepparkakor from 1 December 2008.

YEAR ENDED 31 DECEMBER 2008

in thousands of EUR	Belux + Export	France	The Netherlands	Other countries with own sales office	Eliminations	Total
Revenue						
Sales to external customers	97,860	37,360	83,251	38,216		256,687
Inter-segment sales	46,167	14,854	2,366	781	(64,168)	-
TOTAL REVENUE	**144,027**	**52,214**	**85,617**	**38,997**	**(64,168)**	**256,687**
Results						
Segment result REBIT	13,621	1,798	13,543	5,078	-	34,040
Non-current operational result	-	-	(783)	4		(779)
Segment result EBIT	13,621	1,798	12,760	5,082	-	33,261
Result before tax, finance costs and finance revenue	13,621	1,798	12,760	5,082	-	33,261
Net finance costs						(6,939)
Result before income tax and minority interest						26,322
Income tax expense						(6,405)
Result from assets held for sale	248					248
Net profit for the year						**20,165**
Assets and liabilities						
Segment assets	58,366	14,408	98,555	37,624		208,953
Investment in associated companies	-					-
Unallocated assets:						18,959
Tax receivables						4,369
Financial receivables						42
Cash and cash equivalents						14,548
TOTAL ASSETS						**227,912**
Segment liabilities	24,862	8,269	9,757	4,647		47,535
Unallocated liabilities:						94,522
Tax payables						31,775
Financial liabilities						62,747
TOTAL LIABILITIES						**142,057**
Other segment information						
Capital expenditure:						
Tangible fixed assets	7,421	632	2,298	39		10,390
Intangible fixed assets	419	-	-	-		419
Depreciation	6,352	855	2,627	295		10,129
Amortization	619	106	131	15		871

Segment reporting by geographical region (2007)

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

- Belux + Export: production in Belgium plus sales by Sales Office Belgium and Sales Office Export (export from Belgium to countries without own Sales Offices such as South Korea, Japan, Spain, etc.).
- France: production in France plus sales by Sales Office France.
- The Netherlands: production in the Netherlands plus sales by Sales Office Netherlands.
- Other countries with their own Sales Office: sales by own Sales Offices in Germany/Austria/Switzerland, the Czech Republic/Slovakia, the United Kingdom and by the joint venture in the United States.

YEAR ENDED 31 DECEMBER 2007

in thousands of EUR	Belux + Export	France	The Netherlands	Other countries with own sales office	Eliminations	Total
Revenue						
Sales to external customers	86,229	34,363	75,759	28,177		224,528
Inter-segment sales	36,781	13,710	1,773	742	(53,006)	-
TOTAL REVENUE	**123,010**	**48,073**	**77,532**	**28,919**	**(53,006)**	**224,528**
Results						
Segment result REBIT	9,432	1,010	14,791	3,462	-	28,695
Non-current operational result	(42)	(26)	(869)	-		(937)
Segment result EBIT	9,390	984	13,922	3,462	-	27,758
Result before tax, finance costs and finance revenue	9,390	984	13,922	3,462	-	27,758
Net finance costs						(3,970)
Share of profit of associated companies	309					309
Result before income tax and minority interest						24,097
Income tax expense						(3,440)
Net profit for the year						**20,657**
Assets and liabilities						
Segment assets	57,612	14,380	98,091	14,669		184,752
Investment in associated companies	410					410
Unallocated assets:						10,165
Tax receivables						2,737
Financial receivables						44
Cash and cash equivalents						7,384
TOTAL ASSETS						**195,327**
Segment liabilities	21,109	7,042	8,799	2,294		39,244
Unallocated liabilities:						87,159
Tax payables						29,581
Financial liabilities						57,578
TOTAL LIABILITIES						**126,403**
Other segment information						
Capital expenditure:						
Tangible fixed assets	3,132	1,154	2,596	10		6,892
Intangible fixed assets	360	-	-	79		439
Depreciation	6,158	841	2,519	175		9,693
Amortization	459	61	145	5		670

4. OTHER OPERATING INCOME AND CHARGES

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

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

in thousands of EUR	2008	2007
Other costs		
Other taxes	1,323	1,399
Other operating charges	228	210
TOTAL	**1,551**	**1,609**
Other revenues		
Transport charges	(725)	(780)
Received refunds	(396)	(416)
Fixed assets - own construction	(609)	(398)
Other operating income	(3,747)	(2,433)
TOTAL	**(5,477)**	**(4,027)**
Other operating income and charges (net)	**(3,926)**	**(2,418)**

5. FINANCIAL RESULTS

In the course of the first half of 2008 the existing financial hedging instruments connected with the financing of the Koninklijke Peijnenburg acquisition were terminated and replaced with a new interest rate swap to produce a fixed interest rate situation.

This interest rate was higher than the actual interest rate during 2007. This, together with the external financing of the acquisition of Annas Pepparkakor at the end of November 2008, explains the slightly higher interest charge in 2008.

Despite the two acquisitions made in 2008 (the Spanish company López Market in January and the Swedish company Annas Pepparkakor in November), net financial debt, defined as financial debts - treasury investments - liquid assets - own shares, reduced from kEUR 42,250 at the end of 2007 to kEUR 40,392 at the end of 2008, thanks to the favourable evolution of the cash flow.
The financial instruments relate to the hedging of the exchange risk on foreign currencies (USD, GBP, CZK) and the interest rate risk on the variable-rate investment credits used to finance the acquisition of Koninklijke Peijnenburg BV, of which kEUR 41,686 remained outstanding at year-end.
The global market value of these financial instruments evolved negatively during the course of 2008. This negative evolution compared with the end of 2007 has been charged to the income statement.

The rise in other financial charges is due primarily to an additional cost relating to the above-mentioned termination of the interest rate-related derivative financial instruments outstanding at the end of 2007 (see also note 27-Financial instruments).

in thousands of EUR	2008	2007
Financial charges		
Interest charges	2,888	2,718
Exchange rate losses	2,523	587
Valuation to the fair value of the financial instruments	2,726	1,074
Other	1,142	148
TOTAL	**9,279**	**4,527**
Financial income		
Interest income	(358)	(171)
Exchange rate gains	(1,533)	(322)
Other	(449)	(64)
TOTAL	**(2,340)**	**(557)**
Financial results	**6,939**	**3,970**

6. PERSONNEL COSTS

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

The rise in personnel costs in 2008 is explained both by the internal growth of the group and by the consolidation of López Market from February and of Annas Pepparkakor from December.

in thousands of EUR	2008	2007
Salaries and wages	38,652	35,652
Social security contributions	9,048	9,337
Contributions for company pension plans with fixed contribution	804	800
Other personnel costs	12,699	10,548
Total personnel costs	**61,203**	**56,337**
Average number of employees	1,233	1,161
Number of employees as at the end of the year	**1,245**	**1,152**

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

See notes 11 and 12 concerning intangible and tangible assets.

in thousands of EUR	2008	2007
Depreciation of intangible assets	561	493
Depreciation of property, plant & equipment	9,568	9,200
TOTAL	**10,129**	**9,693**

8. NON-CURRENT OPERATING RESULT

Grouped under non-current operating result are those operating income items and charges that do not belong to or derive from the normal basic operating activities of the Group. This category includes the results from the sale or disposal of fixed assets, any goodwill impairment losses, write-downs or impairment losses on brands as a result of takeovers, provisions and costs for restructuring, etc.
The non-current operating result for 2008 amounts to kEUR -779 and is mainly due to the amortization of the Wieger Ketellapper brand (see note 11) and the capital loss on the sale or decommissioning of tangible assets (see note 12).

9. INCOME TAXES ON THE RESULTS

The average effective tax rate in 2008 was 24.3% (2007: 14.5%). At the end of 2006 the tax rate in the Netherlands was lowered from 29.6% to 25.5%. With the reduction of this tax rate in the Netherlands, the deferred tax liability on the 'purchase price allocation' in respect of the acquisition of Koninklijke Peijnenburg at the end of June 2006 reduced by kEUR 2,287. This reduction of the deferred tax liability runs via the income statement. This largely explains the low effective tax rate in 2007.

in thousands of EUR	**2008**	**2007**
Income taxes on the results		
Income taxes on the results of the current year	6,109	5,999
Tax adjustments for previous years	(43)	(90)
Deferred taxation	339	(2,469)
Total tax charge reported in the income statement	6,405	3,440
Accounting profit before tax	**26,322**	**23,788**
Effective tax rate of the year	24.3%	14.5%
Reconciliation between theoretical and effective tax rate		
Results before taxation	26,322	23,788
Theoretical tax rate	33.99%	33.99%
Theoretical income tax expense	8,947	8,086
Effect of different taxation rates in other countries + deduction notional interest	(2,757)	(2,454)
Tax adjustments for previous years	(43)	(90)
Disallowed items	1,075	290
Tax free income	(380)	(78)
Tax losses used for which no deferred tax asset has been recorded	(467)	-
Change tax rate	27	(2,392)
Other	3	78
Actual income tax expense	6,405	3,440
Effective tax rate	24.3%	14.5%

10. EARNINGS PER SHARE

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

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

YEAR ENDED 31 DECEMBER

in thousands of EUR	**2008**	**2007**
Net profit attributable	20,040	20,513
Weighted average number of ordinary shares	762,664	762,453
Basic earnings per share (EUR)	**26.28**	**26.90**
Weighted average number of shares under option	41,482	46,506
Weighted average number of shares which should be issued at average market rate	(10,980)	(33,243)
Dilutive effect	**30,502**	**13,262**
Weighted average number of shares after effect of dilution	793,166	775,715
Diluted earnings per share (EUR)	**25.27**	**26.44**

11. INTANGIBLE ASSETS

Intangible assets refer to brands and software.

The brands relate to:

- the acquisition of the brands Peijnenburg and Wieger Ketellapper of Koninklijke Peijnenburg BV at the time of acquisition of 100% of the shares of this company.
- the acquisition of the Annas brand from Annas Pepparkakor Holding AB at the time of acquisition of 100% of the shares of this company.
- The value of these brands was established as part of the valuation at fair value of the asset and liability components upon first consolidation. Brands have been valued using the DCF method.
- As the Peijnenburg brand serves as the base brand in the Netherlands, it is not amortized. In accordance with the valuation rules, its fair value is tested annually, using the DCF method. The Wieger Ketellapper brand, which serves as a second brand in the Netherlands, is being amortized over a 10-year period. The fair value of this brand is also tested annually. The 'Netherlands' segment is defined here as a cash generating unit.
- The Annas brand is used as the base brand for the Nordic region and as the base brand for its ginger thins (pepparkakor) products outside the Nordic region. This brand is not being amortized. Here too, the fair value is tested annually using the DCF method. The activity in the Nordic region plus the ginger thins activity outside this region are defined here as a cash generating unit. At end-2008 this cash generating unit was part of the segment 'Other countries with their own Sales Office' in note 3.

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

in thousands of EUR

At 31 December 2007	Indefinite life brands	Definite life brands	Software	Total
Acquisition cost				
At the end of the preceding year	49,548	4,627	3,835	58,010
Acquisition during the year	-	-	439	439
Translation differences	-	-	(8)	(8)
TOTAL ACQUISITION COST	**49,548**	**4,627**	**4,266**	**58,441**
Depreciation and amounts written down				
At the end of the preceding year	-	(231)	(2,527)	(2,758)
Depreciation during the year	-	(463)	(493)	(956)
Total depreciation and amounts written down	**-**	**(694)**	**(3,020)**	**(3,714)**
NET BOOK VALUE	**49,548**	**3,933**	**1,246**	**54,727**

At 31 December 2008	Indefinite life brands	Definite life brands	Software	Total
Acquisition cost				
At the end of the preceding year	49,548	4,627	4,266	58,441
Acquisition during the year	-	-	423	423
Translation differences	-	-	33	33
Acquisition through business combinations	6,889	-	146	7,035
TOTAL ACQUISITION COST	**56,437**	**4,627**	**4,868**	**65,932**
Depreciation and amounts written down				
At the end of the preceding year	-	(694)	(3,020)	(3,714)
Depreciation during the year	-	(463)	(562)	(1,025)
Translation differences	-	-	(8)	(8)
Total depreciation and amounts written down	**-**	**(1,157)**	**(3,590)**	**(4,747)**
NET BOOK VALUE	**56,437**	**3,470**	**1,278**	**61,185**

12. TANGIBLE ASSETS

Tangible assets are purchased by and are the full property of Lotus Bakeries.
This includes land and buildings, machines and office equipment. The tangible assets are unencumbered. For cars, the Group switched at the end of 2006 to operating leasing.
The main investments are production investments for further automation, capacity extension and quality improvement.

in thousands of EUR

At 31 December 2007	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction and advance payments	Total
Acquisition cost					
At the end of the preceding year	58,812	126,429	14,698	767	200,706
Acquisition during the year	506	5,196	198	993	6,893
Sales and disposals	-	(38)	(508)	-	(546)
Transfers from one heading to another	-	73	-	(73)	-
Translation differences	-	(28)	(10)	-	(38)
TOTAL ACQUISITION COST	**59,318**	**131,632**	**14,378**	**1,687**	**207,015**
Depreciation and amounts written down					
At the end of the preceding year	(21,900)	(81,365)	(11,455)	-	(114,720)
Depreciation during the year	(1,688)	(6,817)	(695)	-	(9,200)
Sales and disposals	-	31	301	-	332
Translation differences	-	2	11	-	13
Total depreciation and amounts written down	**(23,588)**	**(88,149)**	**(11,838)**	**-**	**(123,575)**
NET BOOK VALUE	**35,730**	**43,483**	**2,540**	**1,687**	**83,440**

At 31 December 2008	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction and advance payments	Total
Acquisition cost					
At the end of the preceding year	59,318	131,632	14,378	1,687	207,015
Acquisition during the year	1,755	4,934	855	2,842	10,386
Sales and disposals	-	(99)	(972)	-	(1,071)
Transfers from one heading to another	42	951	-	(993)	0
Translation differences	-	(15)	11	-	(4)
Acquisition through business combinations	-	2,570	415	-	2,985
TOTAL ACQUISITION COST	**61,115**	**139,973**	**14,687**	**3,536**	**219,311**
Depreciation and amounts written down					
At the end of the preceding year	(23,588)	(88,149)	(11,838)	-	(123,575)
Depreciation during the year	(1,739)	(7,009)	(825)	-	(9,573)
Sales and disposals	-	88	734	-	822
Translation differences	-	(15)	(10)	-	(25)
Acquisition through business combinations	-	(191)	(361)	-	(552)
Total depreciation and amounts written down	**(25,327)**	**(95,276)**	**(12,300)**	**-**	**(132,903)**
NET BOOK VALUE	**35,788**	**44,697**	**2,387**	**3,536**	**86,408**

13. DEFERRED TAXES

No deferred tax assets are recorded for the fiscally transferable losses of Interwaffles SA given the remaining uncertainty as to whether sufficient taxable revenues will be generated in the future. At the end of 2008 these fiscally transferable losses amounted to kEUR 15,900 compared with kEUR 16,727 at the end of 2007.
With the exception of Interwaffles SA, the necessary deferred taxes for all temporary differences were recorded.
The increase in deferred tax liabilities on (in)tangible fixed assets relates mainly to the effect of the restating at fair value of the (in)tangible assets related to the inclusion of Annas Pepparkakor in the consolidation scope.

In 2008, kEUR 338 of deferred taxes were charged to the income statement. In 2007 a total of kEUR 2,469 of deferred taxes were reversed through the income statement, mainly as a result of the reduction of the Dutch tax rate from 29.6% to 25.5%.

With the acquisition of Annas Pepparkakor an additional deferred tax liability of kEUR 2,585 has been recorded with respect to the Annas brand and the capital gain on tangible fixed assets already expressed in the past.

NET DEFERRED TAXES

in thousands of EUR	2008	2007	Mutation
Deferred tax assets	170	163	7
Deferred tax liabilities	(29,320)	(26,389)	(2,931)
Net deferred taxes	**(29,150)**	**(26,226)**	**(2,924)**

CAUSE OF DEFERRED TAXATION

in thousands of EUR	2008	2007	Mutation
(In)tangible assets	217	221	(4)
Stocks	19	8	11
Employee benefits	474	445	29
Tax effect of tax loss carry-forwards	6	322	(316)
Deferred taxes on other assets	996	950	46
Netting by taxable entity	(1,542)	(1,783)	241
Gross deferred tax assets	**170**	**163**	**7**
(In)tangible assets	(26,998)	(24,394)	(2,604)
Stocks	(64)	(15)	(49)
Provisions	(2,934)	(2,922)	(12)
Deferred taxes on other liabilities	(866)	(841)	(25)
Netting by taxable entity	1,542	1,783	(241)
Gross deferred tax liabilities	**(29,320)**	**(26,389)**	**(2,931)**
Net deferred taxes	**(29,150)**	**(26,226)**	**(2,924)**
To be recovered or settled within 12 months	(330)	(430)	
To be recovered or settled after more than 12 months	(28,820)	(25,796)	

14. DIVIDENDS

in thousands of EUR		
Dividend payments in	**2008**	**2007**
Gross dividend per ordinary share (EUR)	5.40	4.40
Gross dividend on ordinary shares	4,336	3,533
Proposed dividend per ordinary share (EUR)	**6.80**	**5.40**
Gross dividend on ordinary shares	5,461	4,336

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

15. OTHER LONG-TERM RECEIVABLES

The long-term receivables include the sale of Lotus Delta in 2004 for which the financial settlement was spread out over five years. The receivable is valued at its current net value.

in thousands of EUR	2008	2007
Other receivables	22	261
Cash guarantees	58	42
TOTAL	**80**	**303**

16. STOCKS

Valuation allowances of kEUR 728 relate mainly to packaging material (kEUR 231) and finished products (kEUR 418). In 2007 valuation allowances of kEUR 569 were recorded.

in thousands of EUR	2008	2007
Raw materials and consumables	7,961	6,497
Work in progress	238	182
Finished goods	5,615	3,628
Goods purchased	99	12
TOTAL	**13,913**	**10,319**

17. TRADE RECEIVABLES AND OTHER AMOUNTS RECEIVABLE

The amount of valuation allowances recorded as income in 2008 amounts to kEUR 58.
In 2007, kEUR 101 of valuation allowances were charged. The trade receivables represent an average of 30 days of customer credit (2007: 27 days).

in thousands of EUR	2008	2007
Trade receivables	**20,985**	**16,489**
Other amounts receivable		
VAT recoverable	3,737	2,471
Income taxes	462	103
Other receivables	398	960
TOTAL	**4,597**	**3,534**

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

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

Provisions at 1 January	**1,019**	**918**
Increase of provisions	148	185
Changes in consolidation scope	38	-
Reversal of unutilized provisions	(168)	(82)
Provisions used during the year	(38)	(2)
Provisions at 31 December	**999**	**1,019**

18. NET CASH POSITION

The net cash position improved by kEUR 8,555 compared with 2007. This improvement reflects the significantly higher net cash flow in 2008. Financial debts maturing within the year also fell by kEUR 1,391.

in thousands of EUR	2008	2007
Cash and cash equivalents	14,548	7,384
Short-term interest-bearing liabilities	(12,488)	(13,879)
TOTAL	**2,060**	**(6,495)**

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were balances on current accounts remunerated at market conditions.
The market value of these cash and cash equivalents is therefore equal to the book value.

in thousands of EUR	2008	2007
Cash	14,548	7,384
Cash equivalents	-	-
TOTAL	**14,548**	**7,384**

20. INTEREST-BEARING LIABILITIES

Long-term financial debts rose by kEUR 6,262 with the financing at the end of November 2008 of the purchase of 100% of the shares of Annas Pepparkakor Holding AB in Sweden. Existing long-term loans were further reduced in accordance with the planned repayment schedule.
The positive cash flow reduced short-term financial liabilities by kEUR 1,097.

The value of all long-term and short-term liabilities is expressed in euro.
All interest-bearing liabilities were contracted at market conditions and the book value is therefore identical with the market value.

INTEREST-BEARING LIABILITIES REPAYMENT SCHEDULE

in thousands of EUR	Due within 1 year	Due between 1 to 5 years	Due after 5 years	Total
Non current interest-bearing liabilities	11,239	39,708	4,631	55,578
Current interest-bearing liabilities	1,904	-	-	1,904
TOTAL AT 31 DECEMBER 2007	**13,143**	**39,708**	**4,631**	**57,482**
Interests due on non current interest-bearing liabilities	2,796	5,204	33	8,033
Non current interest-bearing liabilities	11,681	44,774	5,385	61,840
Current interest-bearing liabilities	807	-	-	807
TOTAL AT 31 DECEMBER 2008	**12,488**	**44,774**	**5,385**	**62,647**
Interests due on non current interest-bearing liabilities	2,986	5,687	345	9,018

The interests due on the loans with variable interest rate are calculated at the actual interest rate.
The unused credit amounts came to 50,224 kEUR at 31 December 2008.

21. ISSUED CAPITAL

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

	2008	2007
Ordinary shares, issued and fully paid in thousands of EUR		
At 1 January	1,500	1,500
At 31 December	1,500	1,500
Number of ordinary shares		
At 1 January	803,037	803,037
At 31 December	803,037	803,037
Less: treasury shares held at 31 December	(39,607)	(44,411)
Shares outstanding at 31 December	763,430	758,626
Amounts of authorized capital, not issued in thousands of EUR		
	500	500

Structure of shareholdings

Based on the transparency notice received by Lotus Bakeries at 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%
TOTAL	**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.

22. OWN SHARES

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

in thousands of EUR	2008	2007
At 1 January	7,848	4,459
Purchased during the year	265	4,412
Sold during the year	(407)	(1,034)
Other	-	11
At 31 December	7,706	7,848
Number of own shares		
At 1 January	44,411	35,230
Purchased during the year	1,256	15,607
Sold during the year	(6,060)	(6,426)
At 31 December	39,607	44,411

23. PROVISIONS

The provision for integration and restructuring relates to the integration and restructuring costs in the Netherlands.
The provision for the environment relates mainly to the Netherlands.
The other provisions relate mainly to contractual or legal obligations towards personnel and for research.

in thousands of EUR	Integration and restructuring	Environment	Other	Total
Provisions at 1 January 2007	**1,175**	**550**	**820**	**2,545**
Increase of provisions	1,003	23	42	1,068
Reversal of unutilized provisions	(682)	(44)	-	(726)
Provisions used during the year	(736)	(11)	(104)	(851)
Provisions at 31 December 2007	**760**	**518**	**758**	**2,036**
Long-term	-	506	322	828
Short-term	760	12	436	1,208
Provisions at 1 January 2008	**760**	**518**	**758**	**2,036**
Increase of provisions	327	14	37	378
Reversal of unutilized provisions	(241)	(182)	-	(423)
Provisions used during the year	(105)	(106)	(76)	(287)
Provisions at 31 December 2008	**741**	**244**	**719**	**1,704**
Long-term	697	156	633	1,486
Short-term	44	88	86	218

24. POST-EMPLOYMENT BENEFITS

Defined contribution plan

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

The Group expects to pay around kEUR 2,366 of contributions to these defined contribution plans in respect of 2009.

Defined benefit pension plan

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

For the Belgian companies, there are provisions for early retirement in accordance with the valid Collective Work Agreement.
In France, there are pension requirements deriving from legal requirements.
For the defined benefit pension plan, provisions are formed by calculating the actuarial value of future interventions to the employees in question. No investments are held in respect of these pension plans.

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

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

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

	Beginning of the year	End of the year
Discount rate:	5.25%	5.50%
Inflation:	2.00% p.a.	2.00% p.a.
Mortality table		
MR: for male employees		
FR: for female employees		

Present value of defined benefit obligations against which no investments are held:
The portion of short-term liabilities in the global provision for pensions is not significant.
No major adaptations were required in the past for pension liabilities.

The Group expects to pay out around kEUR 70 in 2009 under defined benefit pension schemes.

in thousands of EUR	2008	2007
Net periodic cost		
Adjustment of the opening balance	81	(150)
Retirement charges imputed to the period	(15)	(108)
Interest charges	71	65
Net periodic cost	**137**	**(193)**
Movement in the net liability		
Net debts as at 1 January	1,629	1,776
Adjustment of the opening balance	148	(36)
Changes in consolidation scope	-	-
Retirement charges imputed to the period	(15)	(108)
Interest charges	71	65
Paid (received)	(66)	(68)
Net debts as at 31 December	**1,767**	**1,629**
Funding		
Present value of the obligation	1,687	1,552
Net actuarial gain or loss	80	77
Net debts as at 31 December	**1,767**	**1,629**

THE FIVE YEAR HISTORY OF THE NET DEBTS AS AT 31 DECEMBER IS AS FOLLOWS:

	in thousands of EUR
2004	1,504
2005	1,686
2006	1,776
2007	1,629
2008	1,767

25. SHARE-BASED PAYMENTS

The stock option plans ratified by the Board of Directors of May and July 1999 and February 2005 stipulate that, starting in 1999 and until 2007 inclusively, options were granted each book year to management, until 2004 partially based on category and partially based on results and evaluation. Starting in 2005, a specific number of options is granted per category.
One option gives the holder the right to purchase 'one' normal Lotus Bakeries share at the fixed exercise price.
The exercise price is equal to the average closing stock market price of the underlying share during the thirty stock market days prior to offering date.
The standing options have a term of five years. This term was extended with three years for the options granted during 1999 till 2002. After the exercise period, the options are no longer valid.
To retain their exercise rights, option holders must remain attached to Lotus Bakeries or an Affiliated Company as an employee or executive director. These rights remain in their entirety in the event of pension retirement, early pension retirement, invalidity or death.
Options are exercised via equity.

To replace the option plans for the coming years, a warrant plan was issued in 2007 for executives and senior management, with a term of seven years. Each warrant entitles the warrant holder to subscribe one Lotus Bakeries share at the established exercise price. This exercise price is equal to the average stock market closing price of the Lotus Bakeries share during the thirty calendar days preceding the date of offering. After the expiry of the exercise period the warrants become worthless. Upon exercise the company will issue shares in favour of the warrant holder.
Warrants are definitively acquired only three years after the date of the offering, viz. 19 July 2010. All warrants that have been allocated become null and void if the employment contract or directorship is terminated before the end of this three year period, except where the warrant holder takes retirement pension, early retirement pension, or in the event of definitive disability or death. Where the warrant holder's employment contract or directorship ends in the period between the third and fifth anniversaries of the date of offering, only half of the warrants that have been definitively acquired at that time may be exercised, and the other half of the definitively acquired warrants become null and void and lose all value.
No new warrants and option plans were allocated in 2008.

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

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

For all options allocated on or after 7 November 2002 and for the warrants allocated in 2007, a charge of kEUR 1,079 was recorded in the income statement in 2008 (kEUR 588 in 2007).

NUMBER OF OPTIONS AND WARRANTS	2008	2007
Outstanding at 1 January	**91,154**	**35,291**
Options granted during the year	-	13,150
Warrants granted during the year	-	49,700
Options exercised during the year	(6,060)	(6,426)
Options and warrants expired during the year	(1,483)	(561)
Outstanding options and warrants at 31 December	**83,611**	**91,154**
Exercisable at 31 December	3,611	2,628

Granted in		Number granted	Number exercised	Available balance	Exercise price	Exercise period
2001	Options	5,120	4,971	149	49.98	01-01-2005 - 24-06-2009
2002	Options	3,727	3,441	286	59.26	01-01-2006 - 02-06-2010
2003	Options	4,635	4,635	-	49.71	01-01-2007 - 11-06-2008
2004	Options	7,043	3,867	3,176	74.61	01-01-2008 - 13-05-2009
2005	Options	8,300	-	8,300	103.96	01-01-2009 - 12-05-2010
2006	Options	9,950	-	9,950	150.47	01-01-2010 - 11-05-2011
2007	Options	13,050	-	13,050	232.82	01-01-2011 - 10-05-2012
2007	Warrants	48,700	-	48,700	246.02	15-09-2012 - 30-09-2012
						15-03-2013 - 31-03-2013
						15-09-2013 - 30-09-2013
						15-03-2014 - 31-03-2014
						16-06-2014 - 30-06-2014
	TOTAL	**100,525**	**16,914**	**83,611**		

26. TRADE PAYABLES AND OTHER LIABILITIES

The increase in trade and other payables is due mainly to the consolidation of López Market and Annas Pepparkakor in the course of 2008, internal growth and higher investments in process at the end of 2008

in thousands of EUR	2008	2007
Trade debts	30,321	23,082
Remuneration and social security payable	8,480	6,717
Tax payable	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	**46,520**	**38,771**

27. FINANCIAL INSTRUMENTS

The Group uses financial derivatives to cover risks from adverse exchange rate and interest rate fluctuations. No derivatives are used for business purposes. Derivatives are initially valued at cost price and thereafter at fair value.
Ongoing contracts do not meet the conditions for hedge accounting (cf. IAS 39). Changes in fair value are recognized in the income statement.

Ongoing exchange rate contracts refer to hedges in USD, GBP and CZK. The interest rate contracts cover the interest rate risk of long-term and short-term interest-bearing loans and borrowings with variable interest rates over Euribor up to 1 year.
The fair value of the foreign currency derivatives is calculated using a valuation model based on the available market data on exchange rates and interest rates.
The fair value of the interest rate derivatives is calculated using a model that takes into account the available market information on current and expected interest and exchange rates.
The majority of the derivative instruments outstanding at the end of 2007 in respect of interest rates was terminated in the course of 2008 and replaced with new interest rate swaps. This termination brought with it an other financial charge of kEUR 818 on top of the negative value already expressed at the end of 2007.

REAL VALUE AND RESULT OUTCOME

in thousands of EUR	2008	2007
Foreign currency derivatives		
Real value	349	218
Cost in results	(131)	(192)
Interest rate derivatives		
Real value	(2,857)	(2,626)
Cost in results	2,857	1,271

28. INVESTMENTS IN ASSOCIATED COMPANIES

Lotus Bakeries has decided to sell its 40% shareholding in Harry's Benelux to the Harry's Group. The agreed takeover price, to be paid at the end of May 2009 to Lotus Bakeries, is based on a value of EUR 5.6 million for 100% of the shares of Harry's Benelux.
The investment in Harry's Benelux NV is presented at 31 December 2008 as an asset held for sale (cf. note 34).

in thousands of EUR	2008	2007
Value according to the equity method		
At 1 January	410	230
Increase by way of profit participation	248	309
Received dividends	(321)	(128)
Reimbursement of capital	-	-
Transfer to assets held for sale	(337)	-
At 31 december	**-**	**410**

The Group's share of the result and balance sheet of Harry's Benelux NV is as follows:	2008	2007
Share of the associate's balance sheet		
Current assets	-	849
Current liabilities	-	(439)
Net assets	-	410
Share of the associate's result		
Revenues	-	2,571
Result	-	309
Share of the assets and liabilities of assets held for sale		
Current assets	793	-
Current liabilities	(456)	-
Net assets	337	-
Share of the result from assets held for sale		
Revenues	2,297	-
Result	248	-

29. ACQUISITIONS OF SUBSIDIARIES

Two important transactions took place in 2008:

López Market S.L.

In January 2008 the acquisition of our Spanish importer López Market S.L. was finalized for a global consideration of kEUR 1,060. López Market has been consolidated since 1 February 2008. López Market sells Lotus products and other third party merchandise in Spain and Portugal.
The contribution to turnover and net result amounts to kEUR 3,405 and kEUR 59 respectively. If the takeover had taken place at the beginning of the year, these amounts would have been kEUR 3,710 and kEUR (46) respectively.
The initial consolidation difference of López Market has given rise to a goodwill of kEUR 1,703. This goodwill relates essentially to the customer portfolio. This does not, however, fulfil the IFRS conditions for separate recognition as intangible fixed assets.

The impact of the acquisition of López Market, S.L. (Spain) is disclosed separately in the following table:

Details of net assets acquired and goodwill are as follows:

PURCHASE CONSIDERATION (INCLUDING DIRECT COSTS RELATING TO THE ACQUISITION):

Cash paid	1,060
Total purchase consideration	**1,060**

THE ASSETS AND LIABILITIES AS OF 1 FEBRUARY 2008 ARISING FROM THE ACQUISITION ARE AS FOLLOWS:

in thousands of EUR	Acquiree carrying amount before combination	Fair value adjustments	Fair value
Intangible assets	17	(17)	-
Tangible assets	73	17	90
Other long-term receivables	6	-	6
Stocks	101	(4)	97
Trade receivables	864	(30)	834
Other amounts receivable	12	(1)	11
Cash and cash equivalents	20	-	20
Long-term interest-bearing loans and borrowings	-	(617)	(617)
Short-term interest-bearing loans and borrowings	(616)	616	-
Trade payables	(921)	(102)	(1,023)
Remuneration and social security	(15)	(44)	(59)
Tax payables	(32)	(4)	(36)
Fair value of net assets	**(491)**	**(186)**	**(677)**
Minority interests (5%)			34
Goodwill			1,703
Total purchase consideration			**1,060**

Purchase consideration settled in cash	1,060
Cash and cash equivalents in subsidiary acquired	(20)
Cash outflow on acquisition	**1,040**

Annas Pepparkakor

In November 2008 Lotus Bakeries completed the acquisition of 100% of the shares of Annas Pepparkakor Holding AB in Sweden, paying a total of kEUR 9,407 in 2008.
Annas Pepparkakor Holding AB's financial year runs from July to June. The initial takeover remuneration is based on the enterprise value at end-June 2008. Depending on Annas Pepparkakor's results at 30 June 2009, an additional amount, based on EBITDA growth, of up to EUR 7.1 million (SEK 74 million) will be payable, being a variable multiple (up to 8) of recurrent EBITDA as a function of the recurrent EBITDA amount.

Annas Pepparkakor has been consolidated since 1 December 2008. Annas Pepparkakor Holding AB produces and sells ginger thins (pepparkakor) under the Annas brand.
The contribution to turnover and net result from the date of acquisition to 31 December 2008 amounts to kEUR 1,632 and kEUR (33) respectively. If the acquisition had taken place at the start of the year, turnover would have been kEUR 18,496 and the net result kEUR (634).
The intangible asset recognized on the takeover of Annas Pepparkakor Holding AB relates to the Annas brand, having a fair value of kEUR 6,889. Deferred taxes of kEUR 1,929 are recorded on the value of the brand. As a result of the initial consolidation difference on Annas Pepperkakor, goodwill of kEUR 5,523 has been recorded, consisting of the existing goodwill of kEUR 4,435 and the new goodwill of kEUR 1,088. This goodwill relates mainly to the customer portfolio, which does not, however, fulfil the IFRS conditions for separate recognition as intangible fixed assets.

The impact of the acquisition of Annas Pepparkakor Holding, A.B. (Sweden) is disclosed separately in the following table:

Details of net assets acquired and goodwill are as follows:

PURCHASE CONSIDERATION:

in thousands of EUR	
Cash paid	8,761
Direct costs relating to the acquisition	646
Total purchase consideration	**9,407**

THE ASSETS AND LIABILITIES AS OF 1 DECEMBER 2008 ARISING FROM THE ACQUISITION ARE AS FOLLOWS:

in thousands of EUR	Acquiree carrying amount before combination	Fair value adjustments	Fair value
Intangible assets	146	-	146
Goodwill	4,435	-	4,435
Tangible assets	2,343	-	2,343
Investment in other companies	6	-	6
Other long-term receivables	-	-	-
Stocks	1,748	-	1,748
Trade receivables	4,811	-	4,811
Other amounts receivable	538	-	538
Cash and cash equivalents	963	-	963
Deferred charges and accrued income	221	-	221
Long-term interest-bearing loans and borrowings	(8,416)	-	(8,416)
Deferred tax liabilities	(351)	(341)	(692)
Trade payables	(1,704)	-	(1,704)
Other short-term liabilities	(366)	(78)	(444)
Accrued charges and deferred income	(596)	-	(596)
Fair value of net assets	**3,778**	**(419)**	**3,359**
Trade Mark			6,889
Deferred taxes on trade mark			(1,929)
Goodwill			1,088
Total purchase consideration			**9,407**

Purchase consideration settled in cash	9,407
Cash and cash equivalents in subsidiary acquired	(963)
Cash outflow on acquisition	**8,444**

The initial accounting for the above business combinations was determined provisionally.

30. GOODWILL

The asset and liability components of the López Market balance sheet at 31 January 2008 and of Annas Pepparkakor Holding AB at 30 November 2008 were restated at fair value for the purpose of first-time consolidation. The remaining positive balance of the takeover prices, after this valuation, is included as goodwill in the balance sheet, at amounts of kEUR 1,704 and kEUR 5,523 respectively. Goodwill continues to contain kEUR 17,151 from the acquisition of Koninklijke Peijnenburg at the end of June 2006.
The value of this goodwill is tested annually for impairment using the DCF method. For this purpose Iberica, Nordic plus Pepparkakor activities outside Nordic (currently included in 'Other countries with own Sales Office') and Netherlands are defined as respective cash generating units. No impairment losses needed to be charged on this goodwill at the end of 2008.

in thousands of EUR	2008	2007
Acquisition cost		
Balance at end of previous year	17,237	17,205
Effect of movements in foreign exchange	(231)	-
Acquisitions of subsidiaries	7,227	32
Balance at end of year	**24,233**	**17,237**
Amortization and impairment losses		
Balance at end of previous year	(86)	(54)
Amortization	-	(32)
Balance at end of year	**(86)**	**(86)**
Carrying amount		
At 31 December	24,147	17,151

31. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

1. Rent

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

FUTURE RENTAL CHARGES AS OF 31 DECEMBER:

in thousands of EUR	2008	2007
Less than one year,	1,661	674
of which Annas Pepparkakor and López Market:	756	-
Greater than one year and less than five years,	3,539	572
of which Annas Pepparkakor and López Market:	2,508	-
More than five years,	4,990	3
of which Annas Pepparkakor and López Market:	4,976	-

The annual rent costs of these commitments totalled kEUR 1,020 in 2008 (kEUR 630 in 2007).
The rental costs of Annas Pepparkakor and López Market included in the 2008 income statement amount to kEUR 93. The future liabilities of Annas Pepparkakor and López Market relate mainly to the renting of buildings, and of equipment at Annas Pepparkakor: the contracts in Sweden run until 2022 and in Canada until 2016.

2. Royalties

Lotus Bakeries has concluded a royalty contract with Walt Disney for the commercial use of Walt Disney figures, for a minimum sum of kEUR 60 for 2008 (2007: kEUR 90). The contract runs until 30 June 2009 and is renewable.
A contract has existed with Studio 100 since 1 April 2008 for the use of the Bumba and Mega Mindy figures, for a minimum amount of kEUR 38 for 2008. This contract runs until 31 March 2011.
A royalty contract exists in relation to caramelized biscuit spread, running for a maximum five year period from February 2008.

3. Commitments to acquire tangible fixed assets

As of 31 December 2008, the Group had kEUR 1,782 of commitments (2007: kEUR 2,846) for the purchase of fixed assets.

4. Raw materials contracts

Raw materials purchased for delivery in 2009: kEUR19,513, in 2010: kEUR 1,289.
See also note 35-Financial risk management.

5. Other rights and commitments

Bank guarantees as of 31/12/2008: kEUR 151 (as of 31/12/2007: kEUR 143).
These bank guarantees relate mainly to guarantees given to cover refund requests on exports.

32. POST BALANCE SHEET EVENTS

Harry's Benelux

In 1999 Lotus Bakeries and Harry's founded a joint venture, Harry's Benelux NV, to sell pre-packaged 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.

Cooperation 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.

33. ALLIED PARTIES

A list of all Group companies is provided in note 1. The biggest Lotus Bakeries Group shareholders are Bisinvest NV that, as of 31 December 2008, held an undiluted interest of 58.55% and the Stichting Administratiekantoor van aandelen Bisinvest en Lotus Bakeries with an interest of 10.16%.

Lotus Bakeries holds a 40% shareholding in Harry's Benelux NV. Harry's Benelux sells pre-packaged bread products in the Benelux, using the Lotus Bakeries sales organization. Transactions between Lotus Bakeries and Harry's Benelux take place on an arm's length basis. In February 2009 an agreement was concluded with the Harry's Group for the sale of this 40% shareholding, effective 1 January 2009.

The remuneration of the CEO and the global remuneration of Executive Committee members, excluding the CEO, for 2008, consisting of fixed remuneration (equivalent to gross salary before social security charges, as direct compensation or via the purchase of services at market conditions from companies of which they are controlling shareholders), variable remuneration and other remuneration (group insurance and other) amount to:

	CEO	Executief Comité excl. CEO
Fixed remuneration	293,014 EUR	994,251 EUR
Variable remuneration	131,857 EUR	378,391 EUR
Other	64,506 EUR	197,160 EUR

No new share options and warrants were issued in 2008.

The members of the Board of Directors each receive EUR 17,500/year. The Chairman receives EUR 35,000 a year. Each member of the Audit and Remuneration and Nomination Committees also receives compensation of EUR 5,000. In 2008, these compensations totalled EUR 285,000 and were deducted from the 2008 income statement.

34. ASSETS HELD FOR SALE

Lotus Bakeries has decided to sell is 40% shareholding in Harry's Benelux to the Harry's Group. The investment in Harry's Benelux NV is presented at 31 December 2008 as an asset held for sale (see note 28).

in thousands of EUR	2008	2007
Assets held for sale	337	-

35. FINANCIAL RISK MANAGEMENT

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

1. Raw material and packaging prices

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

2. Exchange rate risks

The large majority of purchases are made in euro. In addition, on the sales side, a very large portion of turnover is paid in euro. The main foreign currency sales transactions are made in USD and GBP. The exchange rate risks from these two currencies are mostly covered by option contracts. For Annas Pepparkakor in Sweden, the large majority of both purchases and sales are in SEK.

The amount receivable in CZK for sales of the Group's share in Lotus-Delta in the Czech Republic is also covered at a fixed exchange rate.

3. Interest rate risks

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. Financial instruments

Sensitivity analysis:

<u>Interest rate risk:</u>
A 10 basis points higher Euribor interest rate in 2008 would have negatively impacted interest expense by approximately kEUR 50.

<u>Exchange rate risk:</u>
An average 5% lower USD, GBP, CZK and CHF exchange rate would have negatively affected net result by approximately kEUR 101.

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

A change of 10 basis points in the Euribor interest rate or a fluctuation of 3% in the USD or GBP exchange against those prevailing at the end of December 2008 do not significantly affect the fair value of these financial instruments.

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

5. Credit risks

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

6. Liquidity risks

Given the significant size of operating and net cash flow in relation to the net financial debt position, the Group's liquidity risk is limited.
The contractual maturity dates of non-derivative financial debts and the estimates of interest payments and derivative financial instruments are as follows:

FINANCIAL ASSETS AND LIABILITIES

in thousands of EUR	2007	
	Less than 1 year	**More than 1 year**
Non-derivative financial liabilities		
Unsecured bank loans	(14,771)	(48,840)
Bank overdraft	(1,904)	-
Trade & other payables	(36,145)	(96)
	(52,820)	**(48,936)**
Derivative financial assets and liabilities		
Foreign currency derivatives	218	-
Interest rate derivatives	(477)	(2,149)
	(259)	**(2,149)**

in thousands of EUR	2008	
	Less than 1 year	**More than 1 year**
Non-derivative financial liabilities		
Unsecured bank loans	(14,667)	(56,191)
Bank overdraft	(807)	-
Trade & other payables	(43,977)	(99)
	(59,451)	**(56,290)**
Derivative financial assets and liabilities		
Foreign currency derivatives	349	-
Interest rate derivatives	(635)	(2,222)
	(286)	**(2,222)**

7. Balance sheet structure

Lotus Bakeries seeks to maintain its balance sheet structure (balance between debts and equity) so as to preserve the desired financial flexibility to be able to carry out its growth strategy.
It strives to maintain a ratio of net financial debt (defined as financial debts - treasury investments - liquid assets - 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.

8. Product liability risks

The production, packing and sale of food products give rise to product liability risks.
Lotus Bakeries applies the highest product safety standards to the entire production and distribution process, from raw materials through to the distribution of the final product, supported and guaranteed by structured procedures and systematic internal quality audits. External ISO, BRC and other audits take place at regular intervals.
The necessary product liability insurance has been subscribed within reasonable limits.

9. Pension scheme risks

The form of and benefits under pension schemes existing within the 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.

36. RESEARCH AND DEVELOPMENT

External and internal costs of research and development are expensed to the income statement during the year in which they are incurred. For 2008 these costs amounted to kEUR 849.

37. MANAGEMENT RESPONSIBILITY STATEMENT

We hereby certify that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2008, which has been prepared in accordance with the IFRS (Interim Finance Reporting Standards), gives us a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation as a whole, and that the annual report includes a fair review of the important events that have occurred during the year 2008 and of the major transactions with the related parties, and their impact on the consolidated financial statements, together with a description of the principal risks and uncertainties with which the company is confronted.

Lembeke, 23 March 2009

On behalf of the Board of Directors

Matthieu Boone	Jan Boone
CEO	Managing director

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

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

	in thousands of EUR
Audit fees for the Group audit	
Lotus Bakeries NV	84
Lotus Bakeries Group	175
Total	**259**
Fees for the mandates of PricewaterhouseCoopers Accountants	142
Fees for the mandates of persons related to PricewaterhouseCoopers Accountants	117
Group's Auditor fees for additional services rendered	
Other audit-related fees	-
Tax fees	-
Other non-audit fees	-
Fees for additional services rendered of persons related to PricewaterhouseCoopers Accountants	
Other audit-related fees	3
Tax fees	82
Other non-audit fees	200

The other non-audit services rendered by persons related to the Statutory Auditor contain an amount of around kEUR 175 for due diligence work in the context of Lotus Bakeries' acquisition of Annas Pepparkakor.

39. RECENT IFRS PRONOUNCEMENTS

Following amendments to standards, standards and interpretations are endorsed by the European Union at December 2008, are not yet effective and have not been adopted in anticipation by the Group:

- **IAS 1 revised,** 'Presentation of financial statements',
- **IAS 23 revised,** 'Borrowing costs',
- **IFRS 2,** 'Share-based payment' amendment regarding vesting conditions and cancellations,
- **IFRIC 13,** 'Customer loyalty programmes' and
- **IFRIC 14, IAS 19 '**The limit on a defined benefit asset, minimum funding requirements and their interaction',
- **IFRS 8, '**Operating Segments'.

Companies reporting under International Financial Reporting Standards as adopted by the European Union should apply these at the latest for periods beginning on or after 1 January 2009, and hence may choose to early adopt at 31 December 2008.

The European Union effective date has implications for IFRIC 14, where the effective date in the interpretation itself is a year earlier and for IFRIC 13, where the effective date in the interpretation is six months earlier.

Following amendments to standards and interpretations are endorsed by the European Union and effective in 2008:

- Amendments to IAS 39 and IFRS 7: 'Reclassification of Financial Instruments'.
- IFRIC 11: IFRS 2: 'Group and Treasury Share Transactions'.

The above standards had no impact on the consolidated financial statements of the Group.

Statutory auditor's report to the general shareholders' meeting on the consolidated accounts as of and for the year ended 31 December 2008

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

Unqualified opinion on the consolidated accounts

We have audited the consolidated accounts of Lotus Bakeries NV and its subsidiaries (the "Group") as of and for the year ended 31 December 2008, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. The consolidated accounts of the Group are set forth in the financial supplement to and in Chapter V of the annual report. These consolidated accounts comprise the consolidated balance sheet as of 31 December 2008 and the consolidated statements of income, changes in shareholders' equity and cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The total of the consolidated balance sheet amounts to EUR'000 227.912 and the consolidated statement of income shows a profit, share of the Group, for the year of EUR'000 20.040.

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

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

In accordance with the auditing standards referred to above, we have carried out procedures to obtain audit evidence about the amounts and disclosures in the consolidated accounts. The selection of these procedures is a matter for our judgment, as is the assessment of the risk that the consolidated accounts contain material misstatements, whether due to fraud or error. In making those risk assessments, we have considered the Group's internal control relating to the preparation and fair presentation of the consolidated accounts, in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the presentation of the consolidated accounts taken as a whole. Finally, we have obtained from the board of directors and Group officials the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated accounts set forth in the financial supplement to and in Chapter V of the annual report give a true and fair view of the Group's net worth and financial position as of 31 December 2008 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional remark

The company's board of directors is responsible for the preparation and content of the management report on the consolidated accounts, set forth in chapter V of the annual report.

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

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

Ghent, 8 April 2009

The statutory auditor
PricewaterhouseCoopers Bedrijfsrevisoren bcvba
Represented by

Lieven Adams Bedrijfsrevisor	Peter Opsomer Bedrijfsrevisor

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

BALANCE SHEET AFTER APPROPRIATION OF PROFITS

ASSETS in thousands of EUR	31-12-08	31-12-07
Fixed Assets	**85,633**	**93,746**
II. Intangible assets	**26**	**387**
III. Tangible assets	**11,514**	**10,004**
A. Land and buildings	4,957	4,479
B. Plant, machinery and equipment	5,026	4,316
C. Furniture and vehicles	262	473
F. Assets under construction and advance payments	1,269	736
IV. Financial assets	**74,093**	**83,355**
A. Affiliated enterprises	73,919	83,182
1. Participating interests	484	484
2. Amounts receivable	73,435	82,698
B. Other enterprises linked by participating interests	80	80
1. Participating interests	80	80
C. Other financial assets	94	93
1. Shares	33	33
2. Amounts receivable and cash guarantees	61	60
Current Assets	**27,971**	**23,717**
V. Amounts receivable after more than one year	**7**	**22**
B. Other amounts receivable	7	22
VI. Stocks and contracts in progress	**4,757**	**3,268**
A. Stocks	4,757	3,268
1. Raw materials and consumables	2,590	2,289
2. Work in progress	37	34
3. Finished goods	1,313	363
4. Goods purchased for resale	817	582
VII. Amounts receivable within one year	**17,111**	**15,514**
A. Trade debtors	16,208	14,511
B. Other amounts receivable	903	1,003
VIII. Investments	**4,086**	**3,970**
A. Own shares	-	64
B. Other investments and deposits	4,086	3,906
IX. Cash at bank and in hand	**1,401**	**198**
X. Deferred charges and accrued income	**609**	**745**
TOTAL ASSETS	**113,604**	**117,463**

LIABILITIES in thousands of EUR	**31-12-08**	**31-12-07**
Capital and reserves	**31,919**	**27,253**
I. Capital	**1,500**	**1,500**
A. Issued capital	1,500	1,500
II. Share premium account	**2,298**	**2,298**
IV. Reserves	**28,121**	**23,455**
A. Legal reserve	150	150
B. Reserves not available for distribution	72	135
1. In respect of own shares held	-	64
2. Other	72	71
C. Untaxed reserves	905	786
D. Reserves available for distribution	26,994	22,384
Provisions and deferred taxation	1,378	1,348
VII. Provisions and deferred taxation		
A. Provisions for liabilities and charges	1,259	1,236
1. Pensions and similar obligations	289	161
3. Major repairs and maintenance	962	942
4. Other liabilities and charges	8	133
B. Deferred taxation	119	112
Creditors	**80,307**	**88,862**
VIII. Amounts payable after more than one year	32,452	41,000
A. Financial debts	32,452	41,000
4. Credit institutions	32,423	40,950
5.Other loans	29	50
IX. Amounts payable within one year	47,131	47,532
A. Current portion of amounts payable after more than one year	9,285	10,921
B. Financial debts	5,269	6,324
1. Credit institutions	5,269	6,324
C. Trade debts	22,950	22,138
1. Suppliers	22,950	22,138
E. Taxes, remuneration and social security	3,726	3,302
1. Taxes	731	912
2. Remuneration and social security	2,995	2,390
F. Other amounts payable	5,901	4,847
X. Accrued charges and deferred income	724	330
TOTAL LIABILITIES	**113,604**	**117,463**

NOT-CONSOLIDATED INCOME STATEMENT

in thousands of EUR	2008	2007
I. Operating income	**152,597**	**126,306**
A. Turnover	146,340	123,196
B. Increase/Decrease in stocks of finished goods, work and contracts in progress	1,050	(131)
C. Own construction capitalised	101	106
D. Other operating income	5,106	3,135
II. Operating charges	**(145,208)**	**(121,531)**
A. Raw materials, consumables and goods for resale	85,566	68,933
1. Purchases	86,502	69,200
2. Increase/Decrease in stocks	(936)	(267)
B. Services and other goods	36,096	29,921
C. Remuneration, social security costs and pensions	18,561	18,089
D. Depreciation of and other amounts written off formation expenses, intangible and tangible fixed assets	4,013	4,013
E. Increase/Decrease in amounts written off stocks, contracts in progress and trade debtors	499	447
F. Increase/Decrease in provisions for liabilities and charges	23	(293)
G. Other operating charges	450	421
III. Operating profit	**7,389**	**4,775**
IV. Financial income	**12,657**	**4,836**
A. Income from financial fixed assets	10,298	4,194
B. Income from current assets	112	119
C. Other financial income	2,247	523
V. Financial charges	**(8,052)**	**(4,056)**
A. Interest and other debt charges	3,075	3,380
C. Other financial charges	4,977	676
VI. Profit on ordinary activities before taxes	**11,994**	**5,555**
VII. Extraordinary income	**67**	**41**
D. Gain on disposal of fixed assets	67	41
VIII. Extraordinary charges	**(18)**	**(14)**
D. Loss on disposal of fixed assets	18	14
IX. Profit for the year before taxes	**12,043**	**5,582**
IX. Bis		
A. Transfer from deferred taxation	15	21
B. Transfer to deferred taxation	(22)	(11)
X. Income taxes	**(1,624)**	**(1,593)**
A. Income taxes	1,624	1,621
B. Adjustment of income taxes and write-back of tax provisions	-	28
XI. Profit for the year	**10,412**	**3,999**
XII. Transfer from untaxed reserve	**40**	**41**
Transfer from untaxed reserve	(159)	(22)
XIII. Profit for the year available for appropriation	**10,293**	**4,018**

APPROPRIATION ACCOUNT

in thousands of EUR	2008	2007
A. Profit to be appropriated	10,293	4,018
1. Profit for the year available for appropriation	10,293	4,018
B. Transfers from capital and reserves	-	508
2. From reserves	-	508
C. Transfer to capital and reserves	(4,547)	-
3. To other reserves	4,547	-
F. Distribution of profit	(5,746)	(4,526)
1. Dividends	5,461	4,336
2. Directors' emoluments	285	190

EXTRACT FROM THE NOTES

VIII. STATEMENT OF CAPITAL

	Amounts in thousands of EUR	Number of shares
A. CAPITAL		
1. Issued capital		
At the end of the preceding year	1,500	
At the end of the year	1,500	
2. Structure of the capital		
2.1. Different categories of shares		
Ordinary shares	1,500	803,037
2.2. Registered shares and bearer shares		
Registered		449,771
Bearer		353,266
C. OWN SHARES held by:		
- its subsidiaries	74	39,607
E. AMOUNTS OF AUTHORIZED CAPITAL, NOT ISSUED	**500**	

G. STRUCTURE OF SHAREHOLDINGS OF THE ENTERPRISE: Situation at 31 December 2008

As applied by article 29 paragraph 1, 1 of the law of 2 May 2007 on disclosure of mayor holdings, the following notification of shareholding in Lotus Bakeries NV was received at 13 October 2008.

Announcer	Number of voting rights	% of voting rights
Bisinvest NV (1) Gentstraat 52 9971 Lembeke	470,175	58.55%
Stichting Administratiekantoor van Aandelen Bisinvest en Lotus Bakeries Claude Debussylaan 24 NL-1082 MD Amsterdam	81,549	10.16%
Lotus Bakeries Group Services NV (2) Gentstraat 52 9971 Lembeke	38,517	4.80%
TOTAL	**590,241**	**73.51%**

(1) Bisinvest NV is controlled by 'Stichting Administratiekantoor van Aandelen Bisinvest en Lotus Bakeries' in the Netherlands.
(2) Lotus Bakeries Group Services NV is controlled by Lotus Bakeries NV for 99.8%.

ACCOUNTING PRINCIPLES

1. Assets

1.1 Formation Expenses

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

1.2 Intangible fixed assets

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

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

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

1.3 Tangible fixed assets

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

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

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

The following depreciation rates apply:

• Buildings	5%
• Installations and equipment	10%
• Machines, tools and furniture	20%
• Office equipment	33%
• Equipment subject to rapid wear and tear	33%
• Software	33%
• Vehicles	20%
• Ancillary costs from 2003 onwards pari passu with the principal investment	100%

- Advances on tangible fixed assets: according to their final destination
- Produced fixed assets: according to their final destination.

1.4 Financial fixed assets

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

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

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

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

1.5 Stocks

Finished products are valued at direct production cost price.

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

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

1.6 Receivables

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

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

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

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

1.7 Investments and cash at bank and in hand

Own shares are valued at purchase price.

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

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

2. Liabilities

2.1 Provisions for liabilities and charges

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

2.2 Amounts payable within one year

- Suppliers: Debts to suppliers are booked at their nominal value. Debts in foreign currencies are valued at the rate of exchange on the balance date. Exchange rate differences are processed in the same way as for foreign currency receivables.

- Liabilities and provisions for taxes, remuneration and social security. The anticipated liabilities with regard to single and double holiday allowances, redistribution of social security charges and personnel insurances have been booked in full.

NOTES