



Refresco



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Company

Refresco is a leading
European bottler of
soft drinks and fruit juices
for retailers and A-brands.

We bring total supply chain solutions to our customers.

Our key competencies are the manufacture of an extensive range of product and packaging combinations and the co-development of new products. Reliability, quality, and cost price leadership are the guiding principles in our longstanding and successful relationships with customers.

Refresco was founded in 2000 and now has production locations in 9 countries across Europe. Revenue amounted to EUR 1.5 billion in 2011 and the group employs around 3,000 people.

The head office is in Rotterdam, the Netherlands.

Our Mission



Our mission is to be the most reliable and cost effective bottler of soft drinks and fruit juices for leading European retailers and international A-brands.

Our ambition is to consistently increase the value of our business for the benefit of all our stakeholders.

We strive continuously to innovate, optimize, and further improve the sustainability of our supply chain in close cooperation with our customers and suppliers.

Highlights

- Expansion into the Italian market through the acquisition of Spumador SpA
- Revenue and volume increases of 24.5% and 30.3%, respectively, reflecting the recent acquisitions
 of Spumador in Italy and Soft Drinks International in Germany
- Margins affected by sharp increases in raw material and packaging material prices
- Volumes and profitability negatively impacted by poor summer weather in key markets
- Full refinancing of the group through the successful issue of senior secured notes
- Further diversification of our customer base through organic growth and acquisitions

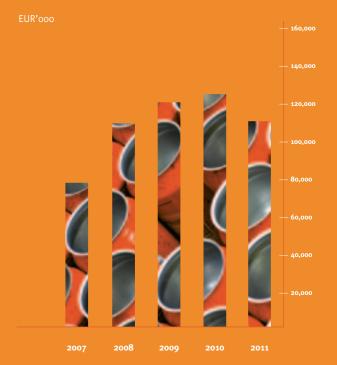


Refresco Group Key Figures

EUR million	2011	2010
Volume (in millions of litres)	4,957	3,804
Revenue	1,523	1,224
Operating profit	25.7	61.2
Adjusted EBITDA*	111.0	125.0
Net profit/(loss)	(25.9)	8.8
Net cash from operating activities	41.8	76.0
Average number of employees	3,034	2,527

^{*} Reconciliation from operating profit to adjusted EBITDA is presented on page 36.

Adjusted EBITDA*





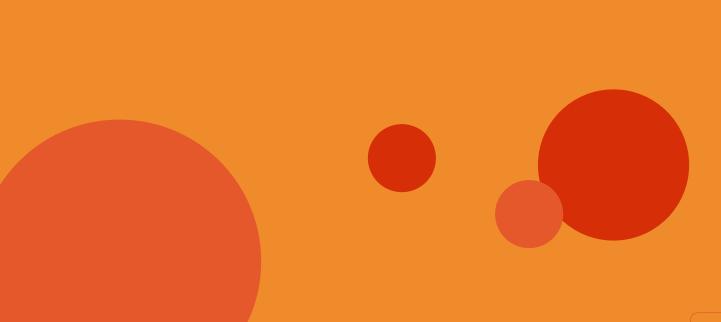
Vision





We operate local-for-local while sharing international back office support, purchasing power, latest production technology, product and process innovation, and financial resources for expansion.

Reliability, quality, and cost price leadership are crucial to our customers, and they will remain our guiding principles in growing our business.



Strategy

Our strategy is to expand further our position as the preferred bottler of soft drinks and fruit juices to retailers and A-brand customers across Europe. We have achieved our leadership in the European market through a combination of acquisition and organic growth.

The highly fragmented European market offers a wide range of opportunities

- We pursue a highly selective acquisition strategy.
- Our acquisitions focus on contributing to customer service, economies of scale and cost effectiveness.
 They broaden our European presence, expand our product range, and add bottling capacity.
- We achieve organic growth by expanding customer relationships, investing in new and existing production lines, and gaining a fair share of the ongoing growth in the European private label market.



Our strategic drivers

Reliable supply chain

We place great emphasis on building a reliable supply chain with a long-term focus. In addition to the efficiency of our bottling processes, we are able to bring total supply chain solutions to our customers - from planning and sourcing of raw materials and packaging through warehousing and transportation.

Innovation

Innovation is essential to boosting growth. We continuously search for new ways to improve our own operations and our customers' operations. We work together with our customers to develop new product formulas and packaging combinations, to create new products, and to identify growth opportunities.

Cost price leadership

Cost price leadership is a leading objective in all our processes and operations. Our customers benefit from our

economies of scale, sourcing capacity, and unique bottling capabilities. We never compromise on reliability, quality, and local customer service.

Sustainability

We are committed to continuously improving our sustainability performance. We evaluate and implement alternative supply chain solutions, materials, and manufacturing processes for the benefit of our customers. Where we are able to exert influence, we work towards managing and reducing the environmental impact of our operations. We place great emphasis on safety at work, training, and the development of our people.

Consolidation

Since its incorporation in 2000, Refresco has pursued a Buy & Build strategy. We believe that consolidation is crucial to success in the highly competitive soft drinks and fruit juices industry.



The Netherlands

- ı Maarheeze
- 2 Bodegraven
- 3 Hoensbroek
- 4 Heerlen

Belgium

5 Ninove

Germany

- 6 Herrath
- 7 Dachwig
- 8 Grünsfeld
- Erftstadt

France

- 10 St. Donat
- 11 St. Albar
- 12 Nuits St. Georges

Spain

- 13 Oliva
- 14 Marcilla
- 15 Alcolea
- 16 Palma del Río*

Poland

- 17 Kêtv
- 18 Slemier

Finland

19 Kuopio

United Kingdom

20 Durham

Italy

- 21 Caslino al Piano
- 22 Spinone al Lago
- 23 Gussago
- 24 Quarona Sesia
- or St Andrea
- 26 Sulmona**

Refresco Group

H Rotterdam, The Netherlands

^{*} We have terminated the Palma del Río manufacturing plant partnership contract. Production will be transferred to Refresco's other plants in Spain by the end of June 2012. ** We start production at the Sulmona plant during the second quarter of 2012.

Our Manufacturing Footprint

Benelux



EUR 454.2 million



614



20 production lines

Italy*



EUR 119.6 million



461



22 production lines

Germany



EUR 331.5 million



607



29 production lines

Other countries**



EUR 153.5 million



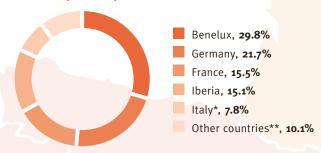
459



22 production lines

Revenue by country

2011



Revenue by customer type



2011

^{*} Included as of acquisition date April 18, 2011. ** The UK, Poland, and Finland.

Refresco bottles over 10 million litres of soft drinks and fruit juices per day in the European market.

France



EUR 235.8 million



554



11 production lines

Iberia



EUR 228.8 million



462



25 production lines



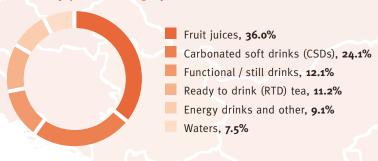


Revenue Average number of employees Production capabilities



Revenue by product category

2011









Executive Board Report 2011

- Expansion into the Italian market through the acquisition of Spumador SpA
- Operating environment characterized by sharp increases in input costs,
 the economic downturn in Europe, and unusually poor summer weather
- Full refinancing of Refresco Group through the successful issue of senior secured notes
- Launch of reviewed vision, mission, and strategy

Dear Stakeholder,

The year 2011 was characterized to a large extent by sharp increases in input costs especially in the second half of the year, the economic downturn, and an unusually cool and wet summer in Europe. Despite the challenging operating environment, we were successful in entering the Italian market through the acquisition of Spumador, the largest bottler of private label carbonated soft drinks and mineral water in Italy. Spumador was the second significant acquisition we have made during the past 18 months, following the acquisition of Soft Drinks International, a German bottler of private label soft drinks and water. Both acquisitions were important steps in achieving our strategic objective of expanding our position as the preferred bottler of soft drinks and fruit juices in the European market.

Group revenue grew in 2011 by 24.5% and volumes grew by 30.3%. The strong growth reflects the positive effects of recent acquisitions. Organic volume growth for the first half of the year was solid at 2.0%. Offset largely by the poor summer weather and lower volumes in the last quarter, total volume for the year prior to the effect of acquisitions declined 3.0%. Adjusted EBITDA¹ of EUR 111.0 million was lower than 2010, reflecting the challenging operating environment, and

the extensive raw material price increase negotiations with customers. Excluding the effect of recent acquisitions, average selling prices increased by 8.9% due to the higher input cost in 2011. The margin per litre was below 2010, mainly because of the shift in product mix from the more expensive fruit juices to lower value product offerings such as carbonated soft drinks. At EUR 25.9 million, the group's net loss was disappointing reflecting the operating challenges we faced as well as a number of one-time costs related to refinancing and restructurings.

We completed the full refinancing of Refresco Group in May 2011 through the issue of senior secured notes. The proceeds, aggregating EUR 660 million, were used to refinance all Refresco's existing credit facilities and for general corporate purposes. In connection with the issue, Refresco also entered into a revolving credit facility agreement aggregating EUR 75 million, with a consortium of seven European banks. Thanks to the refinancing, Refresco now enjoys a wider financing horizon, new acquisition headroom, more flexibility for integration, and lower interest expense.

Reduced individual customer concentration was another major achievement for Refresco in 2011. Acquisitions contributed to the reduced concentration by expanding our customer base and our existing customer relationships. In addition, our

"Our focus is on strengthening Refresco's position as the

top-ten customer portfolio was re-balanced by increasing sales to existing customers. In particular, while sales to Refresco's two largest customers increased in 2011, their aggregate share of total revenue fell.

We launched a strategy review in the latter part of 2011, focusing on success factors critical both to the industry and to Refresco's modus operandi. Refresco's origins are in the manufacturing of fruit juices for retailers with own brands. In recent years, we have invested significantly in expanding our geographical presence and in our product portfolio as well as in our capacity to combine the production of private label with the bottling of A-brands. Today 18% of our revenue comes from bottling activities for international A-brands. We provide our A-brand customers with a level of production flexibility that provides them with better asset utilization, expanded packaging mix, and lower production costs. Refresco has increasingly

become a comprehensive supply chain solution to its customers rather than simply a manufacturer of the final product. In addition to managing bottling activities with efficiency, we are able to bring total supply chain solutions to our customers in close cooperation with our suppliers and partners. By achieving synergies in our purchasing, production, and distribution functions, we aim to provide quality products at the best price point. Our strategy is to expand further Refresco's position as the preferred bottler to retailers and A-brand customers in Europe. We will manage the business according to our strategic drivers, i.e.: reliable supply chain, innovation, cost price leadership, sustainability, and consolidation.

Our focus in 2012 will be on recovering our margins and seeking new opportunities to expand Refresco's market position. Furthermore, we have started a review designed to optimize our manufacturing footprint to further improve our





preferred bottler for retailers and A-brand customers."

plant utilization and to maximize synergies and economies of scale in our supply chain. The first consequence of this review has been a decision to terminate the cooperation agreement for manufacturing facilities at the Palma del Río plant and to transfer production to our other plants in Spain. This transition is expected to take place by the end of June 2012. While pursuing our growth strategy and healthy financial results, we never compromise on the reliability of our supply chain, the quality of the products we manufacture, and the local customer service we provide.

In conclusion

Although increasing input costs and the economic downturn could slow overall growth, we believe that the prospects for Refresco and the industry are encouraging. The year 2011, as challenging it was, did show modest growth in the soft drinks market and, in particular, in the private label segment. We trust

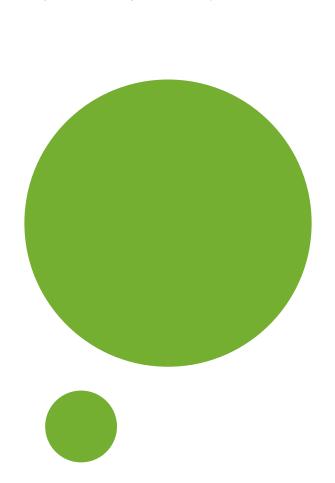
that our cost price leadership, broad portfolio offerings, and flexible bottling capabilities will enable us to continue to meet our customers' needs in an ever-changing market.

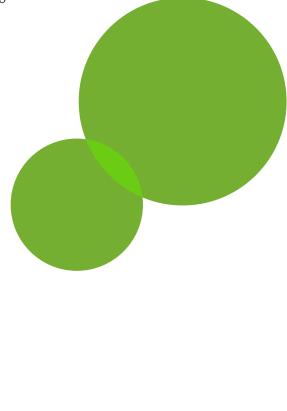
In conclusion, we would like to thank our teams across Europe for their dedication in moving Refresco's strategy and operations forward in challenging times. We would also like to thank our customers, suppliers, note holders, banks, and shareholders for the trust they have placed in Refresco and for the valuable feedback they have provided throughout the year in terms of moving our business forward.

Rotterdam, March 21, 2012

Executive Board

Hans Roelofs, CEO Aart Duijzer, CFO





Outlook for 2012

- Market conditions anticipated to remain challenging
- Result expected to be up on 2011
- Focus on restoring margins, further optimization of manufacturing footprint and search for new growth opportunities

Market developments

In general, we see the market conditions that prevailed in the second half of 2011 continuing in 2012. We believe that the prospects for the European soft drinks industry generally, and the private label market in particular, are encouraging. Yet the economic downturn, if it continues, could hold back overall market growth in 2012.

We expect that volatility in the commodities and currency markets will remain high. Input costs have risen sharply in the past twelve months. Although the extent of the volatility has made it much more difficult to anticipate commodity markets, we expect key raw and packaging material prices to stay high in 2012. We remain confident in our ability to pass most of the input cost increases on to our customers within a three-month time lag.

The downtrend in consumer spending and the increasing unpredictability of consumer behavior is also expected to continue.

Even in this challenging environment, we expect Refresco to be able to bolster its position as the preferred bottler for retailers and A-brand customers. Refresco's size enables us to take advantage of a wide variety of purchase and supply chain positions and opportunities in the areas of both pricing and the availability of raw materials and packaging materials.











Our unique European presence and relationships with international customers, combined with the ability to offer total supply chain solutions and an extensive portfolio of soft drink and fruit juice offerings, are expected to be a strength in this ever-changing market.

Results 2012

We expect our 2012 net result to improve on 2011. We expect upward trends in revenue and volumes as well as an increase in EBITDA.

The margin pressures seen in 2011, caused largely both by sharp increases in raw material and packaging prices and by time lags in passing these increases on, are expected to continue in the first half of 2012. Selling prices will need to be adjusted and margin per litre is expected to recover later on in 2012 as we make progress in passing on price increases.

We expect capex and R&D spending to be in line with 2011 and the number of employees to remain stable or show

low-single-digit decline as we seek further opportunities to optimize our manufacturing footprint.

Strategic focus in 2012

Restoring margins, further optimization and consolidation of our manufacturing footprint and the search for new growth opportunities will be of great strategic importance to Refresco in 2012. In addition, our focus will be on our overall cost base, operational excellence and innovation. These, along with our solid underlying business, are designed to guarantee that our customers benefit from the best price for the quality desired.

Buy & Build strategy

We believe that consolidation is crucial to succeed in the highly fragmented and competitive soft drinks and fruit juices bottling business. Our Buy & Build strategy will remain in place for the foreseeable future, with acquisitions focused on contributing to customer service, economies of scale and cost effectiveness. They must broaden our European presence, expand our product range, and add bottling capacity.

Factors affecting our business

- Volume is the most important driver of our earnings
- Fluctuations in raw material and packaging material prices affect the selling prices of the products we manufacture
- The weather affects sales of our products
- Consolidation of retail and supply sides requires us to achieve economies of scale
- Customers' strategies, consumer behavior, and consumer spending influence the mix of products we manufacture



Review of 2011

The continued economic downturn in Europe has affected the markets in which we operate, resulting in modest growth for the European soft drinks market, falling consumer spending, and tighter competition among customers. For Refresco, the year was characterized by expansion, but also by sharp input cost increases and poor summer weather in Europe. The latter two aspects significantly affected the company's financial performance especially in the second half of the year.

Market

- Modest growth in the European soft drinks market
- Private label still outperforming the total soft drinks market
- Sharp increases in raw material and packaging material prices

Attractive industry dynamics

We compete in the European soft drinks and fruit juices market, which has historically experienced stable growth. In 2011 the volume of the Western Europe soft drinks market was 229.7 billion litres reflecting a growth of just under 1% on 2010². Product categories such as ready-to-drink teas and sports and energy drinks outperformed the general market growth, driven by consumers' more active lifestyles and an increasing demand for convenience products.

Changing consumer spending and behavior

Consumers are looking for best-price offerings, as evidenced by the growth of hard discounters, the private label market, and lower value product categories within the private label offering. We saw a shift in our bottling activities from 100% fruit juices to juice drinks or nectars and, beyond the juice category, to the cheaper carbonated soft drinks. Consumption has also

polarized, and both private label and A-brand products are gaining market share at the expense of B-brands.

Changes in consumer behavior and limited spending growth kept the competition tough in the European food retail market and affected the supply chain as a whole in 2011. Retailers are competing aggressively on price and are increasing their buying power through consolidation. On the other hand, A-brand soft drinks companies have increased their promotional activities. To mitigate changes in competitive landscapes and customer strategies, Refresco seeks to further invest in its capabilities to serve a wide range of customers with comprehensive supply chain solutions for their soft drink and fruit juice products.

Volatile commodity markets

Our operations are highly dependent on an adequate supply of raw materials including sugar and sugar-related products,



fruit juices and concentrates, as well as of packaging materials including aluminum and steel for cans and ends, resin for PET bottles, pre-forms and caps and carton packaging. Virtually all key raw material and packaging material prices saw sharp increases in 2011 from the already high 2010 levels. The general uncertainties in the market as a whole further increased volatility in key commodity prices. Packaging prices came down to some extent early in the second half of the year, but volatility in the market remained high. The latter part of the year saw further increases in the prices of key raw materials, especially sugar.

The disadvantageous pricing of raw materials and packaging materials resulted in margin pressures across the entire European food and beverages sector. For Refresco, the scale and frequency of the price increases meant tough negotiations

with suppliers and customers and slower than expected margin recovery. By re-negotiating contracts, we could largely pass the price increases on to our customers without losing major contracts during the year. Furthermore, reworking product formulas and packaging materials in liaison with our customers, as well as identifying supply chain savings, helped us mitigate to some extent the profit and loss effects of the high input costs.

Ongoing consolidation

The supply side of key raw materials and packaging materials is highly concentrated, and many key raw materials are available only from a limited number of suppliers. Consolidation among suppliers and retailers continued throughout the year, making it even more important for the manufacturing industry to seek out economies of scale.



Operations

- Focus on cost price leadership
- Integration and optimization of our operations and processes
- Investments in new production technology

Expanding our European presence

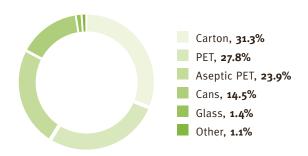
During 2011, there were many potential acquisition targets in the market, and we reviewed numerous opportunities for expansion. In April, Refresco moved into the Italian market with the acquisition of Spumador, the fourteenth company we have consolidated into Refresco Group since the company was established in 2000. Spumador has five bottling sites in Northern Italy. The key investment rationales for this acquisition were Spumador's leading position in the private label soft drinks and water market as well as its impressive track record of growth. To expand Refresco's operations and customer service into the South of Italy we acquired a production site in Sulmona in December. Production at Sulmona is scheduled to be started during the second quarter of 2012.

Completing our product portfolio

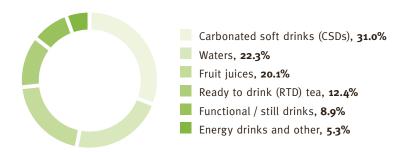
In line with its strategy, Refresco has undergone a shift, from being mainly a fruit juice manufacturer to being a bottler that provides comprehensive product portfolio and supply chain solutions. We provide our customers more than 5,500 individual products including fruit juices, carbonated soft drinks, ready-to-drink teas, functional/still drinks and water in an extensive range of packaging formats. Thanks to recent acquisitions in 2010 and 2011, carbonated soft drinks in particular have become a more significant element of Refresco's overall portfolio, with the relative share of fruit juices decreasing.

In line with market trends, we saw a movement in our bottling operations away from more expensive product offerings such as 100% fruit juices and towards less expensive alternatives such as carbonated soft drinks. Also in line with the overall market, the energy drinks category showed further growth. Following the recent acquisitions and changes in product mix, the packaging side saw a shift in 2011 from carton packaging to PET bottles. Going forward, Refresco is focusing on further completing its bottling capabilities and balancing its product mix in all countries in which it operates.

A diverse packaging portfolio (% of revenue)



A broad product portfolio (% of litres sold)



2011 2011



We placed great emphasis on our overall cost base throughout the year. This involved the implementation of group-wide value engineering projects to reduce unnecessary manufacturing and product-specific costs, light weighting and waste reduction programs, identifying purchasing savings, optimizing supply chain processes, and further improving our operational excellence and sustainability performance.

Investments in new production technology

In 2011 Refresco invested a total of EUR 41.6 million (excluding acquisition), consisting of EUR 41.1 million in projects to improve

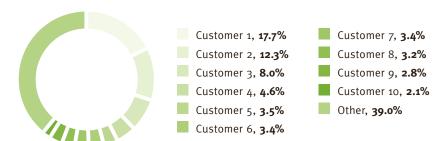
production efficiency with higher quality machinery and EUR o.5 million in intangible assets such as software. In addition, we carried out regular maintenance work at all production sites.

Significant investments were made in Benelux, Iberia, France, Germany, Poland, and Italy, adding manufacturing capacity and replacing old machinery with more sustainable and better performing technology. These investments included a new pouch line, a new canning line, two new PET lines, an aseptic PET line, and a new PET round filler. We expect these investments to be the springboard for further growth in 2012.

Refresco named best private label supplier in Benelux

Refresco's Benelux operations were proud to be named the best supplier in the Private Label category by the Dutch Food Industry and Retailer platform. Since 1988, retailers and manufacturers collectively assess each other's performance in terms of quality and cooperation, a survey which results in the annual *Industributie* awards. The jury commented that it was Refresco's strong relationship with customers, in all aspects of cooperation, professional account management, focus on continuous improvement, and improvements in logistics performance, that earned it the award.

Balanced customer base - Top 10 customers (% of revenue)



People and organization

The average number of employees was 3,034 in 2011 compared to 2,527 in 2010. Our size brings economies of scale, but it is the ability of our people to seize market opportunities and to streamline operational processes to perfection that makes the difference. As a cost price leader, Refresco continuously needs to make its processes smarter, more flexible and more sustainable. Our production staff play a key role in ensuring that we work in the most efficient and effective manner possible.

Refresco is led by a small team of enthusiastic, entrepreneurial managers with a performance and results driven approach.

Each team member has a high level of independence and discretion to develop individual ideas that contribute to the company's results. What connects them is their deep understanding of the business and their can-do attitude.

Refresco's sales and production are located in nine European countries. Our local organizations are led by highly experienced and professional management teams, which meet regularly to ensure operating consistency within Refresco Group.

Achievements in 2011

The strategic themes of integration, optimization, and organization were all central to our activities in 2011. The integration of Spumador progressed as planned. In Germany our focus was on the integration of SDI, on developing and implementing a new manufacturing organization model as well as on better capacity utilization, which led to the decision to close down production in Uelzen and move these operations to Herrath. In Iberia we concluded a sales and operations review and consolidated new organizational tools into the production

sites. Committed to continuous improvement, Refresco's Benelux organization implemented a program focusing on the evaluation and further strengthening of internal processes.

Our aim is to build lean manufacturing organizations with high quality internal processes. Our human resources programs are aimed at enhancing organizational strength, competence development, overall operating efficiency, and robust performance management practices.

2011 was another important year in the field of succession management, management development and training. Although our focus was on cost savings and certain mid-to long-term initiatives were therefore postponed, we continued to work to ensure that we develop our high potentials and that they find interesting challenges within Refresco. Because most of our senior managers have joined Refresco from outside the group in recent years, it is our ambition for the coming years to promote more Refresco management talent to higher positions within and across existing and newly acquired businesses. We have targeted recruitment efforts more specifically at middle-management talent, to be coached and developed in-house. We demonstrated our commitment to management and talent development by, for instance, offering a group-wide Leadership program aimed at ensuring a strong performance culture throughout Refresco.

Refresco encourages high performing talents to broaden their horizons internationally. Both short-term assignments and long-term career opportunities are encouraged within the group.

Employees by country







At Refresco we believe that sustainable and profitable growth can be achieved only when entrepreneurship, spirit and commitment run hand in hand with functional expertise throughout all levels of the organization. Always looking ahead, we aim to have the right people with the right talents, making us less dependent on outside search. We strive to maximize retention by focusing on training, development, and succession management. Furthermore, we will continue to roll out the performance management and organizational development tools necessary to handle further growth.



Our Values

Entrepreneurship No-nonsense Teamwork Spirit Focus

We cherish the values that distinguish Refresco's employees and culture.

Entrepreneurship, No-Nonsense,
Teamwork, Spirit and Focus
are the values that characterize the
Refresco culture and the way we operate
in our day-to-day businesses. These values
are embedded in the Refresco organization,
each expressing how we wish to be
recognized in our industry.

Leadership Competences

Result orientation
Teamwork
Performance orientation
Behavioral flexibility

Refresco's values have been translated into leadership competences. To ensure that the Refresco culture remains embedded within the group, we recruit, reward and appraise our people on the basis of the competencies that underpin the Refresco values. These four competencies apply to all Refresco employees. Furthermore, our top management team members are identified, assessed, developed, and rewarded based on their vision, leadership, entrepreneurship, and coaching.

Financial performance

- Revenue totaled EUR 1,523.4 million, up 24.5% on 2010
- Volume totaled 4,956.6 million litres, up 30.3% on 2010
- Adjusted EBITDA was EUR 111.0 million, down 11.2% on 2010
- Credit ratings for senior secured notes as of December 31, 2011
 S&P: BB-, outlook negative. Moody's: B1, outlook stable

Significant events in 2011

Acquisitions

On January 17, 2011 Refresco announced its acquisition of 100% of the issued and outstanding shares of Spumador SpA, an Italian bottler of private label carbonated soft drinks and mineral water. The transaction closed in April 2011. The results of Spumador have been consolidated into the results of Refresco Group as from the second quarter of 2011. The acquisition was funded by a previously agreed capital injection from the private equity house 3i (an existing Refresco shareholder) and by an acquisition loan facility with a small group of European banks. To expand Refresco's operations and customer service into the South of Italy we acquired a production plant in Sulmona in December 2011. Production at Sulmona is scheduled to start in the second quarter of 2012.

The results of Soft Drinks International (SDI), acquired in September 2010, have been consolidated into the results of Refresco Group as from the third quarter of 2010.

Neither of the two acquisitions represents more than 20% of Refresco Group's consolidated revenue, EBITDA or assets.

Refinancing

On May 16, 2011 Refresco issued aggregate principal amounts of EUR 360 million in of 7.375% senior secured notes and EUR 300 million in senior secured floating rate notes. Unless previously redeemed or repurchased and cancelled, the notes are to be redeemed at par on their maturity date of May 15, 2018. The notes are listed on the Luxembourg Stock Exchange and have been admitted to trading on the Euro MTF market.

Interest on the fixed rate notes is payable semi-annually on May 15 and November 15 of each year. The floating rate notes bear interest at the annual rate, reset quarterly, of three-month EURIBOR plus 4.00%. Interest on the floating rate notes is payable quarterly on February 15, May 15, August 15 and November 15 of each year.

The proceeds of the issue were used to refinance in full the company's credit facilities aggregating EUR 618 million and for general corporate purposes. The notes were placed with European and US institutional investors.

In connection with the issue, Refresco also obtained a EUR 75 million revolving credit facility (RCF) from a consortium of ABN Amro, BNP Paribas, Credit Suisse, Deutsche Bank, ING, Rabobank and Société Générale, with Rabobank as facility agent. Loans may be borrowed, repaid and reborrowed at any time up to maturity in 2017. The RCF was fully un-drawn as of December 31, 2011.

These two transactions are together referred to as "the refinancing". The refinancing is designed to provide Refresco a wider financing horizon, greater headroom for acquisitions, and lower interest payments compared to the previous capital structure.

Prior to the issue of the senior secured notes, Refresco Group received a corporate and senior secured rating from Standard & Poor's (S&P) of BB- and from Moody's of B1. S&P revised its outlook on Refresco Group from stable to negative on December 6, 2011, at the same time re-affirming its BB- long-term corporate credit rating for the group.

Results of operations

Revenue and expenses

Refresco Group's revenue totaled EUR 1,523.4 million in 2011, an increase of 24.5% on 2010. Excluding the impact of the SDI and Spumador acquisitions, revenue grew by EUR 72.9 million, a 5.9% increase. This was attributable to an increase in average selling prices of 8.9% offset by volume decreases of 3.0%. The higher average selling prices were attributable to the increases in raw material and packaging material prices that we passed on to our private label customers.

Bottling activities for private label customers and for A-brands represented 74.8% and 18.2%, respectively, of revenue in 2011. Own value brands accounted for the remainder of the revenue. The private label share of revenue increased by 3.8% on 2010 following the inclusion of the customer portfolios of the recently acquired businesses.

Sales in litres increased by 30.3%, resulting mainly from the acquisitions of SDI and Spumador. Excluding acquisitions, volume decreased by 3.0%, mainly the result of the exceptionally poor weather conditions in all of our key markets from June to mid-August, and lower volumes in the fourth quarter.

We took a commercial decision to let go some volume in the lower margin product categories during the fourth quarter.

Gross margin per litre was EUR 0.116 in 2011 compared to EUR 0.130 in 2010, the fall mainly attributable to lower margins in the recently acquired businesses, both of which have large volumes of mineral water in their product portfolio. Excluding acquisitions, gross margin per litre was EUR 0.125 in 2011.

Gross margin (as a percentage of revenue) was 37.7% for 2011 compared to 40.3% in 2010. By definition, input cost increases have had a negative effect on our gross profit margin percentage. The decline was also attributable to the time lag in passing on the input cost increases to our private label customers and to the shift in product mix due to acquisitions.

The overall increase in cost items was mainly as a result of the acquisitions of SDI and Spumador. Raw materials and consumables used totaled EUR 949.6 million, an increase of 30.0% on 2010. The increase was attributable to the increase in sales volumes following the acquisitions of SDI and Spumador as well as to increases in the prices of key raw materials and packaging materials.

We have a policy of purchasing forward for most raw and packaging materials to cover sales positions with our customers. Some of the raw materials we require are only for sale in USD. We have mitigated the effect of exchange rate fluctuations by using USD purchase options and forward contracts.

We have applied hedge accounting from January 1, 2011. If we had applied hedge accounting from January 1, 2009, the 2011 result would have been EUR 0.9 million higher and the 2010 result EUR 0.1 million lower.

Operating cost increased by EUR 116.7 million of which EUR 91.8 million was the effect of the recent acquisitions of SDI and Spumador. Other cost increases originates largely from higher production levels in anticipation of the summer season not matching actual volumes due to the poor weather in all our key markets and cost inflation in other parts of Refresco. These cost increases could not be offset fully by our structural cost saving programs.

Employee benefits expense totaled EUR 143.9 million, an increase of 20.8% compared to 2010. The increase was primarily attributable to increased headcount following the acquisitions. During 2011 the average number of employees in full-time equivalents was 3,034 compared to an average of 2,527 full-time equivalents in 2010. Other operating expenses were EUR 331.5 million, a 28.0% increase on 2010. This was mainly an effect of the acquisitions of SDI and Spumador as well as increases in freight charges, other costs of sale, energy, and advice and legal costs mainly related to the acquisitions and the refinancing.





Depreciation, amortization and impairment expense was EUR 73.5 million, a 36.1% increase on 2010. The increase was primarily attributable to the additional property, plant and equipment acquired with SDI and Spumador. Impairment totaled EUR 9.1 million and arouse on a plant in Iberia due to termination of a lease contract and to the write-down of goodwill in the UK due to reduced expected growth in the local market. Impairments in 2010 totaled EUR 2.1 million.

Finance income of EUR 0.7 million was in line with 2010. Finance expenses totaled EUR 52.1 million compared to EUR 47.2 million in 2010. The increase was attributable to one time financing costs of EUR 7.6 million in 2011 offset by lower overall finance costs. The financing costs included of the costs of the previous financing restructurings in February 2008 and September 2010, and which had been deferred. Excluding the positive impact of interest rate swaps and other one time items booked in 2010, finance expenses were slightly below the 2010 level reflecting the positive impact of the refinancing completed in May 2011 partly offset by interest on the additional finance for the acquisition of Spumador and a full year of financing for the SDI acquisition.

The net amount of finance costs in 2011 was EUR 51.5 million, representing a 10.6% increase from EUR 46.5 million in 2010.

The effective tax rate was -0.5%, compared to the nominal tax rate of 25.0%. The effective tax rate differs from the nominal tax rate because of effect of tax rates in foreign jurisdictions, the release of previously recognized losses and under-provisions relating to prior years. In 2010 the effective and nominal tax rates were 40.2% and 25.5%, respectively. Income tax expense in 2011 was EUR 0.1 million compared to EUR 5.9 million in 2010.

Results

The operating profit in 2011 amounted to EUR 25.7 million compared to EUR 61.2 million in 2010, reflecting the negative volume effect, the lower gross profit margin percentage and the one-time financing and restructuring costs booked in 2011. EBITDA for 2011 was EUR 99.2 million, compared to EUR 115.2 million for 2010. Excluding the restructuring costs following the SDI acquisition, the SDI and Spumador acquisition costs, refinancing costs, and the mark-to-market revaluation of the USD options, the adjusted EBITDA was EUR 111.0 million, compared to EUR 125.0 million for 2010, reflecting the lower operating profitability offset partly by acquisitions. Excluding

acquisitions, the adjusted EBITDA was EUR 96.9 million, compared to EUR 125.0 million for 2010.

The loss before taxes was EUR 25.8 million, compared to profit before taxes of EUR 14.7 million in 2010. The loss for the year was influenced by lower than anticipated volumes, increases in key raw material and packaging material prices and some delay in passing those on to our customers, as well as some cost inflation that could not be fully offset by our structural cost saving programs.

Balance sheet and financial position

Total assets amounted to EUR 1,262.9 million at December 31, 2011, compared to EUR 1,061.9 million at December 31, 2010. The balance sheet fluctuations arouse mainly as a result of the recent acquisitions and refinancing. Furthermore, increases in inventories, trade payables, and trade receivables were attributable to the raw material and packaging material price increases.

Capex spending was EUR 41.6 million, compared to EUR 48.2 million in 2010.

The increase in long-term loans and borrowings arose due to the additional loan facilities received for the acquisition of Spumador in April 2011. The facilities were later wholly refinanced following the issue of the senior secured notes on May 16, 2011. The decrease in short-term loans and borrowings was also a result of the refinancing.

Working capital totaled EUR 91.9 million compared to EUR 73.6 million in 2010. Excluding the working capital in the acquired companies, working capital decreased by EUR 2.6 million, despite the higher raw material and packaging material prices.

The cash position at December 31, 2011 was EUR 89.6 million, compared to EUR 74.2 million at December 31, 2010.

Cash flow

In cash flow the movements of working capital, excluding the effect of acquisitions, totaled EUR 7.2 million, compared to EUR 0.2 million in 2010, mainly attributable to the raw and packaging material price increases.

In 2011 Refresco's net cash generated from operating activities totaled EUR 41.8 million, compared to EUR 76.0 million in 2010, mainly attributable to lower EBITDA and higher interest related payments.

Distribution of profits

Consistent with 2010, the Executive Board's proposal is that the Annual Meeting of Shareholders adds the net result to the other reserves as retained earnings. This proposal has not yet been reflected in the financial statements.

Events subsequent to year-end

In February 2012 we terminated a cooperation contract covering manufacturing facilities in the Palma del Río plant in Spain.

Production will be transferred to other production plants owned by the group in Spain. The restructuring was initiated in 2011 and it will have a modest positive impact on the group's 2012 results.

We initiated a restructuring program at our Durham site in the UK in 2011 which resulted in the closure of two production lines and an evaluation of the workforce. The restructuring was announced in February, 2012.

Refresco's business characteristics in a nutshell

- The European soft drinks industry, and private label segment in particular, has historically shown steady growth.
- Refresco is a leading European bottler of soft drinks and fruit juices for retailers and A-brands.
 - Contacts are normally based on the exclusive manufacturing rights for a particular product in a particular country.
 - Contract periods typically vary from 12 months (for retail customers) to 3 to 5 years (for A-brand customers).
 - Contracts with retail customers are typically based on estimated volumes and bottling agreements with A-brands are typically based on fixed volumes with warranties.
- Seasonal nature of the business:
 - The second and third quarters are normally the two most important in terms of revenue and EBITDA generation.
 - Sales volumes are affected by weather conditions.
- Back-to-back coverage:
 - Raw materials and commodities are generally purchased through forward contracts and matched to cover sales positions with customers.
 - Raw material price increases and decreases are typically passed on to private label customers with a time lag of up to three months.
 - Raw material price fluctuations do not generally affect the ongoing bottling for A-brands.
- We see our key performance indicators as:
 - Volume in litres
 - Revenue
 - Gross margin per litre
 - Adjusted EBITDA
- Stable financial position
 - Full refinancing was completed in May 2011 by the issue of senior secured notes.





Governance

Refresco is committed to running its business with integrity. The governance structure described in this chapter reflects how the group is managed and monitored in the interests of its business and its stakeholders. Refresco's risk management and internal control systems are designed to mitigate the uncertainties we face, thereby improving the environment for the achievement of our objectives. Entrepreneurship is one of Refresco's values. We see a certain level of risk-taking as part of our nature and unavoidable when doing business.

Risks

We have identified our primary strategic, operational, financial and other risks. The risks and uncertainties we describe in this chapter are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, financial condition or results of operations. Financial risks are explained in more detail in the Notes to the Consolidated Financial Statements on page 78.

Strategic risks

Risks related to the global financial and economic situation

The continued global economic downturn and credit crisis in Europe have impacted the economies and markets in which we operate. The economic crisis has resulted in increased volatility and in tighter credit markets, as well as in a lower level of liquidity in many financial markets. If these conditions persist or recur, they may negatively affect the availability, terms and cost of credit in the future. Refresco completed a structural refinancing of the company in May 2011 by issuing senior secured notes totaling EUR 660 million and by obtaining a EUR 75 million revolving credit facility (RCF) from a consortium of European banks. This refinancing provides Refresco with a wider financing horizon, increased flexibility for integration, and greater headroom for acquisitions. We have taken short-term measures to protect the company's financial health and to further strengthen our competitive position in the current economic situation, and we have reduced working capital significantly. As a result, the cash position is strong and working capital control remains tight. A healthy cash flow is central and we are looking into as many alternatives as possible to maintain this.

Risks of a cyclical downturn reducing sales and/or margins

Much of Refresco's revenue comes from economies that have been affected by the 2008-2011 economic downturn, and this

has adversely impacted consumer markets and triggered changes in consumer behavior. Refresco's business is largely dependent on continued consumer demand, and lower consumer spending may reduce sales of our products, with implications for revenue and profitability. Recent years have demonstrated that the private label soft drinks and fruit juices market is less sensitive to an economic downturn than other Fast Moving Consumer Goods (FMCG) markets.

However, the margin pressures facing our retail customers are strong, and we see A-brand soft drinks companies increasing their promotional activity. Our strategy aims to diversify, in terms of products and customers as well as geographically, in order to mitigate the risks of adverse effects in any one category. Refresco closely monitors performance in the more volatile markets as well as at its customers and suppliers, and strives to respond quickly to protect its business.

Operational risks

Risks related to price fluctuations and supply side developments

Our business depends on a significant supply of raw materials and packaging materials from a limited number of suppliers, and our raw materials and packaging materials are subject to price increases which we may be unable to pass on effectively



to our customers. In 2011, we continued to face significant increases in the cost of various raw materials and packaging materials. In general, we purchase raw materials and commodities through forward contracts in order to cover sales positions with our customers, a policy called "back-to-back coverage". The remaining risks are substantially mitigated through a combination of selling price increases, supply chain savings, and improvements in mix. Where appropriate, we also use exchange-traded futures to hedge price movements, especially in USD purchases. Partly as a result of the recent acquisitions, Refresco has increasingly become a comprehensive soft drinks bottler rather than simply a fruit juice producer. This has reduced the supply-side risk associated with vulnerability to individual commodities, raw materials and packaging and also to the countries that supply them.

Although we have a policy of purchasing forward contracts for most raw materials and packaging materials to cover sales positions with our customers, the limited number of suppliers for these materials reduces our negotiating position and there can be no assurance that such measures will be effective.

If the cost of raw materials or packaging materials increases, we may be unable to pass these costs on our customers through adjustments to the prices we charge, in full or in a timely manner, and our competitors may have taken a long or short position that could provide them with an advantage. Our inability to pass these increases fully on to our customers on a timely basis or a fall in sales volumes due to price increases could have a material adverse effect on our business, financial condition, and results of operations.

In general price fluctuations do not affect us where Refresco acts solely as a co-packer of products on behalf of A-brand customers. Some of our A-brand customers direct us to purchase raw materials and packaging materials on their behalf and in accordance with their specifications, including vendor

selection and pricing terms. In such cases, we pass through the cost of such orders directly to our A-brand customers.

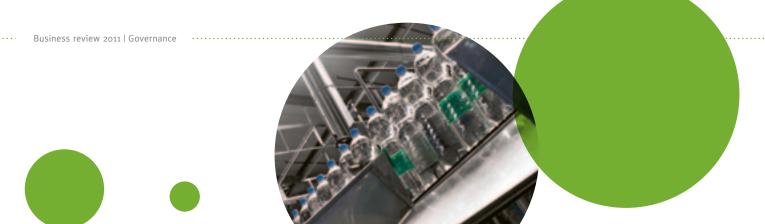
In addition, our production sites use a significant amount of electricity, natural gas and other energy sources. Fluctuations in the price of fuel and other energy sources for which we do not have long-term pricing commitments or arrangements would affect our operating costs, which could impact our business, financial condition, and results of operations.

Risks related to seasonality

Our sales are subject to seasonality. They are generally higher in the hot, dry months from April through September and lower during the colder, wetter months of October through March. While these factors lead to a natural seasonality in our sales, unseasonable weather can also significantly affect our sales and profitability compared to previous comparable periods. For example, during prolonged periods of unseasonably hot weather, consumers tend to switch to products such as water and RTD teas that may have lower profit margin as well as require us to adjust our product mix in other ways. Consequently, our operating results may fluctuate. Any inability to adapt to our customers' requirements through seasonal changes may result in lost sales which we are unable to recover and which could have a material adverse effect on our business, financial condition, and results of operations.

Risks related to customer concentration

Refresco deals with several large customers but as the company grows through acquisition, concentration on individual customers has decreased. In 2011, our ten largest customers represented approximately 61% of revenue. Over time, Refresco has re-balanced its customer portfolio, which in the early years consisted mainly of retailers, with a larger share of A-brand manufacturers, creating greater long-term stability. Whereas contracts with retailers are renegotiated annually, we close bottling agreements with A-brand manufacturers for 3 to



5 years, thereby aiming for greater capacity utilization. We carefully manage our international customer relationships, monitoring growth and profitability and where necessary adjusting costs, complexity and capacity.

The group does not have any significant concentration of credit risk. In order to reduce the exposure to credit risk, we subject our customers to credit limits and creditworthiness tests, and sales are subject to payment conditions that are common practice in each country in which we operate. Material losses because of credit risk are not likely, especially due to the geographic diversification of our activities. We carefully monitor the effects of the economic downturn on our customers. As our customers are leading European or global retailers and A-brand companies, we do not insure credit risks.

Risks related to food safety

Because the supply chain is becoming more and more globalized, increasing levels of regulatory and consumer focus continue to render food safety one of Refresco's most significant business risks. Refresco may be faced with food-related problems, including disruptions to the supply chain caused by food-borne illnesses, and these may have a material adverse effect on Refresco's reputation, sales and results. To mitigate these risks and to ensure food safety and quality, all production sites have implemented their own quality system (HACCP) based on the critical control and quality points in their production processes. Additionally, to ensure food safety, all production sites have been certified either under the International Food Standard (IFS) or, in the UK, under the British Retail Consortium (BRC) protocol. Furthermore, Refresco representatives regularly visit and audit key suppliers, and the results of these visits determine whether we accept, continue or discontinue these relationships. Notwithstanding economic circumstances, Refresco remains dedicated to its quality standards.

Risks related to continuity of production

Refresco continues to invest significantly in its production sites. Together with a leading insurance broker, we have rolled out a program to continuously improve housekeeping and fire protection and to mitigate business interruption risks. Because of the number of plants in the group, we are able to produce nearly every individual stock-keeping unit (SKU) at least three different locations, which helps secure uninterrupted supply to our customers even if circumstances become very challenging.

Financial risks

In addition to the above risks, Refresco is exposed to various risks arising from financial operations and results. These risks relate to such matters as:

- The impact on net pension liabilities of changes in externally invested pension plan assets, interest rates and life expectancy
- Maintenance of appropriate group cash flow levels
- Impact of currency movements on the group's earnings and on the translation of its underlying net assets
- Market liquidity and counterparty risks
- The hedging of interest rate risks by the use of swaps
- Behavior of banks and credit insurers

The financial risks are described in more detail in the Notes to the Consolidated Financial Statements on page 78.

Other risks

Refresco is exposed to varying degrees of risk and uncertainty in other areas, including competitive pricing, consumption levels, physical risks, legislative, fiscal, tax and regulatory developments, terrorism and economic, political, and social conditions in the environments in which it operates. All of these risks could materially affect the group's business, revenue, operating profit, net profit, net assets and liquidity.

There may be other risks that are unknown to Refresco or that are currently believed to be immaterial. As far as tax risks are concerned, we work with the Dutch tax authorities in a program that involves the development and implementation of a tax strategy and a tax control framework that facilitate greater proactivity and timeliness on the part of the tax authorities, thereby significantly reducing historical tax risks.

Insurance

As a multinational group with a broad product range and operations in nine countries, Refresco is exposed to varying degrees of risk and uncertainty. It does not take out insurance against all risks and it retains a significant element of exposure to those risks against which it is insured. However, its business assets in each country are insured against insurable risks as deemed appropriate. It is insured against key risks such as fire, business interruption and product and general liability.

Internal control and reporting procedures

Refresco has an internal control and reporting procedures program in place. Internal audit procedures play a key role in providing, both to local management teams and to the Executive Board, an objective view on, and continuous reassurance as to, the effectiveness of risk management and related control systems throughout Refresco.

Refresco has a comprehensive budgeting and monthly reporting system in place, with the annual budget being approved by

the Executive and Supervisory Boards. Monthly reporting routines are in place to monitor performance against budget and prior year.

It is Refresco's practice to bring newly acquired companies into the group's governance procedures as soon as is practicable and, at the latest, by the end of the first full year of operations within the group.

Roles and responsibilities

The Executive Board has the responsibility for the establishment and oversight of the risk management framework of Refresco. The Executive Board is responsible for identifying risks and implementing the risk management policies, internal controls and reporting procedures. The Executive Board reports regularly to the Supervisory Board on issues related to risk management and internal control and on the effectiveness of these programs. The Supervisory Board oversees management's monitoring of compliance with the risk management policies and procedures of the group and it reviews the adequacy of the risk management framework in relation to the risks faced by the group. The Supervisory Board has nominated an Audit Committee consisting of Supervisory Board members, which supervises the internal control and financial reporting procedures.



Governance Structure

Refresco's governance structure is decentralized, enabling the company to respond quickly to changes in market conditions and customer needs.

Applicable rules and regulations

Refresco Group B.V. is a private limited liability company ("besloten vennootschap") incorporated under the laws of the Netherlands. The company complies with the Dutch Civil Code and its Articles of Association.

Refresco complies with the indenture and offering circular relating to the senior secured notes and with the regulations of the Euro MTF market operated by the Luxembourg Stock Exchange pertaining to financial reporting and disclosure. Neither the notes nor the company fall under the Act on Financial Supervision, the Act on the Supervision of the Securities Trade in the Netherlands or the Dutch Corporate Governance Code.

Refresco's corporate governance structure reflects those principles of the Dutch Corporate Governance Code which Refresco considers to be beneficial to and supportive of the structure.

Corporate structure

The corporate structure consists of one international central office and 26 production sites. Production and sales take place in nine European countries, namely the Netherlands, Belgium, Germany, France, Spain, Italy, UK, Poland, and Finland. The local organizations are close to customers and can be responsive to their needs while acting consistently within the group.

A relatively small central team coordinates the central functions of strategy, business development, purchasing, finance and control and human resources management. The central team achieves economies of scale and provides the local organizations with the tools to run the activities of the group in the most optimal manner possible.

Refresco Group has a two-tier board structure, with an Executive Board that manages the group on a day-to-day basis and a Supervisory Board. The Executive and Supervisory Boards meet regularly.

Executive Board

Refresco is managed on a day-to-day basis by the Executive Board, which is supervised and advised by the Supervisory Board. The Executive Board is responsible for Refresco's overall management and performance and for executing its Buy & Build strategy. Its agenda includes strategy formulation, provision of annual financial statements and quarterly reports, preparation of the annual budget and business plans, approval of major capital investments, supervision of the local organizations, monitoring of internal controls, acquisition policy and deal making, and other important policy matters.

The Executive Board provides the Supervisory Board with the information it needs and requests. The key items of information provided are the budget, monthly management accounts, the Annual Report, quarterly reports, proposals for significant investments, acquisition memoranda, risk management and control reports, and major HR and ICT matters.

Composition of the Executive Board

In 2011 the Executive Board consisted of the following two members:

Name

Hans Roelofs, Chief Executive Officer Aart Duijzer, Chief Financial Officer





Supervisory Board

The Supervisory Board is responsible for supervising and advising the Executive Board and for overseeing the general direction of the company's operations and strategy. The Supervisory Board consists of seven members appointed by the General Meeting of the Shareholders. The members of the Supervisory Board have a complementary range of experience, background and age.

The articles of association state that certain strategic or otherwise important decisions require the prior approval of the Supervisory Board. These include acquisitions, loan redemptions, and significant changes in the identity or nature of the company or its businesses. Each year the budget is prepared by the Executive Board and submitted to the Supervisory Board for its approval.

The Supervisory Board has set up a Remuneration and Nominating Committee, which reviews the Executive Board's proposals concerning the remuneration policies for the group. The Supervisory Board has also set up an Audit Committee to which it has delegated the tasks of supervising the internal and external audit procedures and of discussing and reviewing accounting policies and estimates. Charters have been prepared for both committees, which establish clear accountability. The Supervisory Board meeting also addresses other functions, such as HR, ICT, and risk management. The Chairman of the Supervisory Board is responsible for leading the Supervisory Board and also functions as a sounding board for the Executive Board.





Supervisory Board Report 2011

In carrying out its duties, the Supervisory Board is guided by the overall interests of Refresco and its business. The internal guidelines governing the Supervisory Board's role, duties, and responsibilities are in line with the Dutch Civil Code and the company's Articles of Association. The guidelines also include those principles of the Dutch Corporate Governance Code that Refresco considers beneficial to and supportive of its current corporate governance structure.





The Supervisory Board met nine times during 2011 and had regular contact with the Executive Board throughout the year. The meetings addressed routine commercial, operational and financial matters, and focused on the levels of key resources and on strategy implementation. In various meetings, the Supervisory Board discussed acquisition opportunities and the integration of the companies acquired, SDI and Spumador, within the organizational structure. The Chairman and CEO had regular meetings throughout the year, including preparatory meetings prior to the Supervisory Board Meetings.

Subjects discussed during the year's Supervisory Board meetings included:

- Buy & Build strategy
- Potential acquisition opportunities
- Senior management appointments and significant **Human Resources matters**
- Major capital investments
- Operating and financial performance of the group and its subsidiaries
- Refinancing 2011
- Budget 2012
- Outlook beyond 2012
- Business plan 2012-2015
- Risk and control framework and internal audit

None of the members of the Supervisory Board was frequently absent.

Committees

The Supervisory Board has two committees, the Remuneration and Nominating Committee and the Audit Committee.

Remuneration and Nominating Committee

The Remuneration and Nominating Committee is composed of at least three members, each of whom is a member of the Supervisory Board. Collectively, the Committee has the appropriate level of knowledge and experience in terms of supervising the Executive Board and in developing policy in respect of, among other things, the Executive and Supervisory Board remuneration and the performance, appointment procedures and monitoring thereof. In 2011, the Remuneration and Nominating Committee was composed of Messrs. De Jong (Chairman), Dijkhuizen and Sigurdsson. The Remuneration Committee met twice during the year.

Audit Committee

The Audit Committee is composed of at least three members, each of whom is a member of the Supervisory Board. Collectively, the Committee has the appropriate level of knowledge and experience in terms of financial administration and accounting. In 2011, the Audit Committee was composed of Messrs. Veen (Chairman), Verhallen and Kristinsson. The Audit Committee convened four times during the year, two of which were with the internal auditors and two with the external auditors, and they discussed ongoing matters in respect of the risk and control mechanisms, internal control policies, financial reporting, internal and external audits, and the internal and external auditors' observations.

Performance in 2011

Looking back on 2011, the Supervisory Board views the year as a challenging one and the net loss, at EUR 25.9 million disappointing. The steep rise in commodity prices that started in the second half of 2010 continued throughout the year and slowed margin recovery more than expected. The continued economic downturn adversely affected the markets in which

Refresco operates, though the private label market proved uniquely defensive and the impact of the economic downturn on the group's results remained within reasonable boundaries. However, the steep rise in commodity prices, the exceptionally poor summer weather in all key markets, the one-time financing costs, and some cost inflation all had a negative effect on the company's results for the year as a whole.

Group revenue increased by 24.5% to EUR 1,523.4 million mainly as a result of the acquisitions and the higher average selling prices caused by passing on increased raw material costs. Thanks to the recent acquisitions, volumes increased by 30.3% to 4,957.6 million liters. We are pleased to report that the integration of the newly acquired has progressed in line with the plans made at the time of initial acquisitions.

The full refinancing of Refresco Group was a major achievement in 2011. This gives Refresco a longer financing horizon, more flexibility for integration, and facilitates further growth through acquisitions. The issue of senior secured notes was fully subscribed, and the aggregate proceeds of EUR 660 million were used to refinance the company's existing credit facilities and for general corporate purposes.

Annual Report 2011

This Annual Report and the 2011 financial statements was audited by PricewaterhouseCoopers Accountants N.V. Their independent auditor's report can be found on page 123 of this Annual Report. The Supervisory Board endorses this Annual Report and recommends that the General Meeting of Shareholders adopt the 2011 financial statements as presented.

In conclusion

Despite disappointing results for 2011, we believe that the underlying business is sound and the industry dynamics encouraging, and that the 2012 performance will improve on that of 2011. We would like to express our appreciation of the commitment and dedication of the Executive Board and of all of Refresco's employees.

Rotterdam, March 21, 2012

On behalf of Supervisory Board

Marc Veen, Chairman















Sustainability

As a leading European soft drinks and fruit juices bottler for retailers and A-brands, Refresco recognizes its responsibilities to stakeholders and to the environment. We are committed to manufacturing quality products in a sustainable manner, while consistently increasing the value of our business for all our stakeholders.

We acknowledge that sustainability means continuous improvement, and we are fully geared up to developing sustainability performance in all areas of our operations, such as:

- Creating sustainable supply chain solutions
- Managing and reducing the environmental impact of manufacturing operations
- Enhancing safety, development and training

Towards sustainability

In 2008 we started to implement the Refresco Sustainability Strategy, which set out a number of specific targets. Refresco's approach to sustainability is very much hands-on. It is built on our strategy of further expanding our position as preferred bottler to retailers and A-brand customers in the European market. Furthermore, it reflects our mission to be the most reliable and cost effective bottler of soft drinks and fruit juices in Europe.

As we seek to establish and maintain lasting partnerships with our customers, we realign our operations with their requirements on sustainability issues. In practice, we help our customers achieve their sustainability targets by evaluating and implementing alternative supply chain solutions, materials, and manufacturing processes. Our flexible sourcing and bottling capabilities allow us to serve each customer in line with its individual needs.

We aim to build long-term relationships with our strategic suppliers based on respect, trust, mutual benefit and joint product development. Our customers expect Refresco to maintain high quality standards and to be cost-competitive, and we ask the same of our suppliers.

Where we are in a position to exert influence, we continuously search for opportunities to manage and reduce the environmental impact of our manufacturing operations.

The manufacturing locations focus on safety in the workplace and they maintain a zero accident policy. Within Refresco, we invest in talent and in management development to bring out the best in our organization and in our people.

Our commitments

- To meet and exceed our customers' sustainability requirements
- To launch at least one major sustainability project annually
- To engage our major partners in dialogue regarding the Refresco Sustainability Strategy
- To continuously search for opportunities to manage and reduce our environmental impact and for ways to take appropriate action
- To maintain a zero accident policy
- To develop our people's talents

Sustainable supply chain

We strive to continuously improve our processes and to build long-term relationships with our suppliers in order to be the most reliable and cost effective soft drinks and fruit juices bottler. If they wish to assure an ongoing and long-term business relationship with Refresco, suppliers must comply with prevailing legislation and with socially and environmentally sustainable business practices, and they must be cost competitive and continuously focused on improvement. Refresco representatives regularly visit and audit key suppliers.

Sourcing of orange juice and sugar plays a main role in our supply chain. Refresco is one of the world's five biggest buyers of Frozen Concentrated Orange Juice and Not-From-Concentrate Orange Juice. We aim to maintain robust long-term relationships with our strategic raw material suppliers based on respect, trust, mutual benefit and joint product and process development. On the packaging side, we work to identify sustainable alternatives for our customers. Refresco's main packaging formats are in carton and PET (both PET and aseptic PET). In 2011, 31.3% of our packaging in terms of revenue was carton, which consists largely of wood pulp, a natural resource produced sustainably by our suppliers, and 51.7% of our packaging was plastic. This packaging has always contained an element of recycled PET - at least 25% and in an increasing number of cases 50%. The remaining 17.0% of units sold is packaged in steel and aluminum cans and glass. For other materials, we are also increasingly switching to sustainable alternatives. Lightweight packages, closures and secondary packaging have become the norm at Refresco.

Quality and food safety

We put great emphasis on quality and food safety.

Our quality control and assurance programs are designed to comply with the strictest European requirements for safe food manufacturing.

All our operating sites are certified under either the International Food Standard (IFS) or, in the UK, the British Retail Consortium (BRC) protocol, as well as under ISO 14001 standards, and the majority of our sites are ISO 9001 certified. To ensure food safety and quality, every production site has implemented its own quality system (HACCP) based on the critical control and quality points in its production processes. Furthermore, our sites are regularly audited by our retail and A-brand customers.



Reducing environmental impacts of our operations

We acknowledge that our manufacturing operations have an impact on the environment. Reduction of water and energy consumption, recycling, use of lightweight and recycled packaging, reduction of packaging materials, and optimal logistics are all central to our efforts to manage and eventually reduce our environmental impact.

Energy

Energy consumption is important to us, both in maintaining our cost price leadership and in minimizing the negative environmental impact of our operations. Cooling, warming, machinery, and compressed air form the bulk of our energy consumption. Our aim here is to reduce the absolute energy use by investing in low energy equipment and by optimal use of our machinery.

Water

Water is a key ingredient to many of our products. We have several fresh water wells, and protecting those is crucial to us in ensuring the quality of our products. Furthermore, we closely monitor the water/product ratio in our manufacturing processes, with the aim of reducing water consumption.

Light-weighting

Lightweight packaging, closures and secondary packaging are becoming the norm throughout Refresco, as light weighting has become one of the major drivers in the soft drinks industry for addressing the environmental concerns surrounding plastic bottles. In 2011, we implemented special programs in liaison with our suppliers which are designed to reduce the average weight of PET preforms and secondary packaging such as shrink films and cardboard.

Logistics and transportation

We aim for short supply lines and we locate our production plants strategically to serve our customers. Our aim is to use only fully loaded trucks, and we do all we can to optimize pallet sizes. We also strive to combine deliveries to avoid excess mileage. Other initiatives include using biogas trucks and LHVs (Longer Heavier Vehicles) and exploring alternatives such as truck-on-train transportation. In our search for transportation offering optimum efficiency with minimum impact on the environment, we place high priority on identifying suppliers that have a similar approach and can make a meaningful contribution to a sustainable supply chain.





Enhancing safety, development and training

Qualified employees are the strength of our operations. Through specific trainings programs, we aim to create safe workplaces and to meet our own expectations and the expectations of our stakeholders in the fields of quality, safety, and health. Conducting and undergoing internal and external audits, and also dealing with complaints, keep us focused and result in the continuous development and improvement of our processes. Our ambition is to achieve and maintain a "zero accident" workplace.

Finally, our belief in the first time right principle in quality management enhances not only our cost efficiency, but also our environmental performance.

Key achievements in 2011

- All operational production sites now ISO 14001 certified
- Investments made in CHP (Combined Heat and Power) plants in Italy to increase energy efficiency
- Continuous focus on light weighting of PET preforms, closures and secondary packaging, thereby reducing by double-digit percentages the average amount of plastic per bottle
- Continuous increase in the use of recycled PET

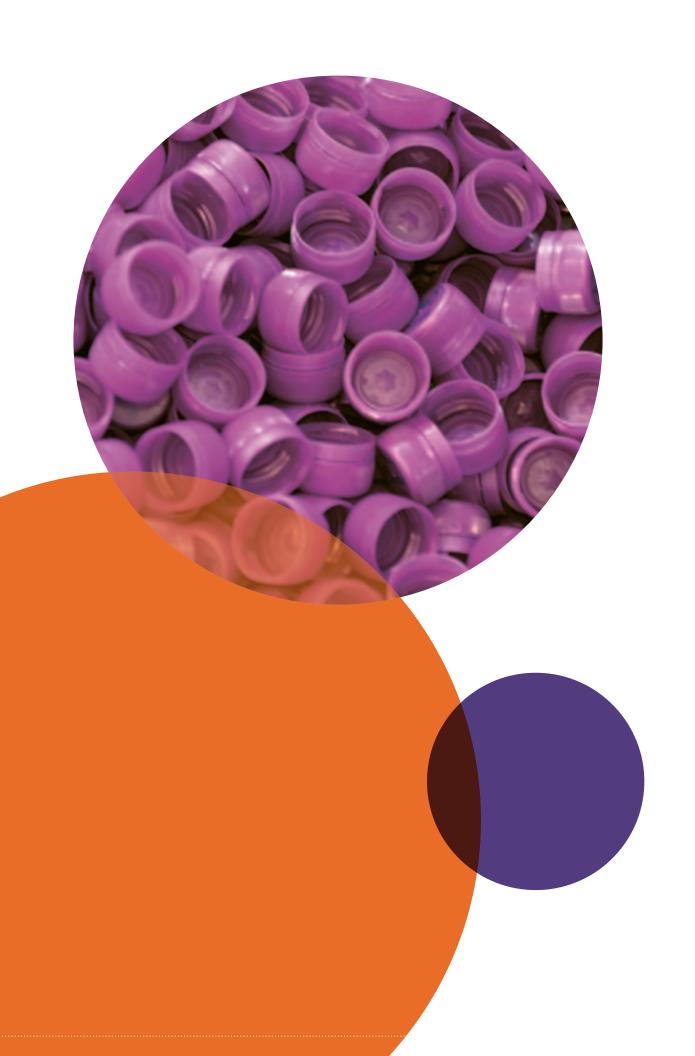
Refresco wins clean tech award in France

The French Ministry of Sustainable Development annually rewards innovative companies in sustainable development through its Business & Environment Award. In 2011, Refresco France, PEPSICO and Sidel jointly received the Award for aseptic filling technology at Refresco France's Saint Alban site. With the aseptic filling technology, approximately 1,700 tons of CO2, 38,000 m3 of water and 2.5 million kWh of energy are saved annually. Furthermore, Refresco France uses more than 50% recycled PET preforms in its aseptic filling line, saving 400 tons of regular PET every year.









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Consolidated income statement

For the year ended December 31

		2011	2010
2'000			
	Note	••••••	
Revenue	4.1	1,523,351	1,223,945
Other income	4.2	826	(107
Raw materials and consumables used	4.3	(949,560)	(730,415
Employee benefits expense	4.4	(143,866)	(119,131
Depreciation, amortization and impairments	4.5	(73,495)	(54,007
Other operating expenses	4.6	(331,543)	(259,052
Operating profit		25,713	61,233
Finance income	4.7	679	725
Finance costs	4.7	(52,149)	(47,249
Net finance costs		(51,470)	(46,524
Profit / (loss) before income tax		(25,757)	14,709
Income tax (expense) / benefit	4.8	(136)	(5,917
Profit / (loss)		(25,893)	8,792
Profit attributable to:			
Owners of the Company		(25,893)	9,334
Non-controlling interest		-	(542
Profit / (loss)		(25,893)	8,792

Consolidated statement of comprehensive income

For the year ended December 31

		2011	2010
JR'000			
•	Note	•••••••••••••	
Foreign currency translation differences			
for foreign operations		(3,177)	1,595
Effective portion of change in fair value of cash flow hedge		(156)	-
Income tax (expense) / benefit		39	-
Other comprehensive income / (loss)	5.9	(3,294)	1,595
Profit / (loss)		(25,893)	8,792
Total comprehensive income / (loss)		(29,187)	10,387
Attributable to:			
Owners of the Company		(29,187)	10,929
Non-controlling interest		-	(542)
Total comprehensive income / (loss)		(29,187)	10,387

Consolidated balance sheet

As at December 31

		2011	201
''000			
	Note		
Assets			254 (5
Property, plant and equipment	5.1	412,015	351,67
Intangible assets	5.2	300,996	276,66
Other investments	5.3	1,253	1,15
Deferred income tax	5.4	10,251	11,94
Total non-current assets		724,515	641,43
Inventories	5.5	151,730	116,71
Other investments, including derivatives	5.3	8,245	4,13
Current income tax receivable	5.5	428	4,13
Trade and other receivables	5.6	285,727	224,07
Cash and cash equivalents	5.7	89,589	75,08
Assets classified as held for sale	5.8	2,645	7 3,00
Total current assets	3.0	538,364	420,41
Total current assets		330,304	420,41
Total assets		1,262,879	1,061,85
Equity			
Share capital		4,308	4,30
Share premium		259,788	214,54
Other reserves		(3,283)	1
Retained earnings		(46,131)	(55,46
Profit / (loss) for the year		(25,893)	9,33
Total equity	5.9	188,789	172,73
Lightlities			
Liabilities	5.40	(5/ 72/	525.07
Loans and borrowings	5.10	656,726	535,97
Derivatives	3.1.4	12,263	13,97
Employee benefits provisions	5.11	19,257	15,16
Other provisions	5.12	1,808	1,67
Deferred income tax	5.4	25,777	26,08
Total non-current liabilities		715,831	592,87
Bank overdrafts	5.10	-	86
Loans and borrowings	5.10	2,724	23,64
Trade and other payables	5.13	352,273	258,47
Current income tax payable	3.13	1,645	5,93
Provisions	5.12	1,617	7,32
	5,12	358,259	296,24
Total current liabilities			
Total current liabilities Total liabilities		1,074,090	889,12

Consolidated statement of changes in equity

	Issued share capital	Share premium	Trans- lation reserve	Hedging reserve	Retained earnings	Profit/(loss) for the year	Total	Non- controlling interest	Total equity
R'000									
January 1, 2010	2,681	145,963	(1,584)	-	(33,628)	6,073	119,505	6,094	125,599
Other comprehensive income	<u>-</u>	<u>-</u>	1,595	-	-	<u>-</u>	1,595	_	1,595
Profit / (loss)	-	-	-	-	-	9,334	9,334	(542)	8,792
Total comprehensive income		_	1,595			9,334	10,929	(542)	10,387
Appropriation of result	-	-	-	-	6,073	(6,073)	-	-	-
Dividends to equity-holders Other	-	-	-	- -	(750)	-	- (750)	-	- (750
Issue of shares 3i March 24, 2010	875	36,622	-	-	-	-	37,497	-	37,497
Acquisition 20% shares Refresco Holding B.V.	752	31,960	-	-	(27,160)	-	5,552	(5,552)	-
December 31, 2010	4,308	214,545	11		(55,465)	9,334	172,733		172,733
January 1, 2011	4,308	214,545	11	-	(55,465)	9,334	172,733	-	172,733
Other comprehensive income Profit / (loss)	-	-	(3,177)	(117)	- -	(25,893)	(3,294) (25,893)		(3,294 (25,893
Total comprehensive									
income Share premium 3i	-	45,243	(3,177)	(117)	•	(25,893)	(29,187) 45,243	-	(29,187 45,243
Appropriation of result	-	45,243	-	-	9,334	(9,334)	45,243	-	45,243
December 31, 2011	4,308	259,788	(3,166)	(117)	(46,131)	(25,893)	188,789		188,789

Consolidated statement of cash flows

For the year ended December 31

		2011	2010
'' 000	Note	· · · · · · · · · · · · · · · · · · ·	
Cash flows from operating activities			
Profit / (loss) after tax		(25,893)	8,792
Adjustments for:			
Depreciation, amortization and impairments	5.1/5.2	73,495	54,007
Net change in fair value derivatives recognized in			
profit and loss and premiums paid	5.3	1,625	(1,561)
Net finance costs	4.7	51,470	46,524
(Gain) / loss on sale of property, plant and equipment	4.2	(826)	107
Income tax expense / (benefit)	4.8	136	5,917
Cash flows from operating activities before changes in working capital and provisions		100,007	113,786
Change in:			
Inventories	5.5	(21,628)	(7,837)
Trade and other receivables	5.6	(12,677)	(22,242)
Trade and other payables	5.13	41,516	30,259
Total change in working capital		7,211	180
Interest received		678	725
Interest paid		(47,602)	(31,712)
Income taxes paid		(12,977)	(11,713)
Change in provisions	5.11/5.12	(5,510)	4,752
Net cash generated from operating activities		41,808	76,018
Cash flows from investing and acquisition activities			
Proceeds from sale of property, plant and equipment	5.1	2,259	381
Purchase of property, plant and equipment	5.1	(41,121)	(44,128)
Purchase of intangible assets	5.2	(428)	(4,088)
(Purchase) / proceeds from sale of other investments	5.3	(98)	-
Acquisition of subsidiary, net of cash acquired	6.1	(123,710)	(45,513)
Net cash used in investing and acquisition activities		(163,098)	(93,348)
Cash flows from financing activities			
Proceeds from issue of share capital / changes in equity	5.9	45,243	37,497
Proceeds from loans and borrowings	5.10	728,923	18,288
Repayment of loans and borrowings	5.10	(636,671)	(22,618)
Net cash (used in) / from financing activities		137,495	33,167
Translation adjustment		(835)	6
Movement in cash and cash equivalents		15,369	15,843
Cash and cash equivalents as at January 1	5.7	74,220	58,377
Cash and cash equivalents as at December 31	5.7	89,589	74,220

Notes to the consolidated financial statements

1 General

1.1 Reporting entity

Refresco Group B.V. (a private company with limited liability) is domiciled in the Netherlands, with its registered office at Fascinatio Boulevard 270, 3065 WB Rotterdam. The consolidated financial statements of Refresco Group B.V. ('Refresco', the 'Group' or the 'Company') as at and for the year ended December 31, 2011 comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities').

The activities of the Group consist of the manufacturing of fruit juices and soft drinks for retailers and A brands. Sales and production are made both domestically and abroad, the European Union being the most important market. Refresco issued senior secured notes on May 16, 2011. The notes are listed on the Luxembourg Stock Exchange and admitted to trading on the Euro MTF market.

1.2 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements have been prepared on the historical cost convention except for derivative financial instruments which are measured at fair value.

The consolidated financial statements were authorized for issue by the Supervisory Board on March 21, 2012 and were adopted by the Annual General Meeting of Shareholders on March 21, 2012.

The Company financial statements are part of the 2011 financial statements of Refresco Group B.V.

Functional and presentation currency

These consolidated financial statements are presented in Euros, which is the Company's functional currency. All financial information presented in Euros has been rounded to the nearest thousand, unless stated otherwise.

Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, especially the periodical review of useful lives and residual values of property plant and equipment. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any subsequent periods affected.

Information is provided in the following notes regarding the areas of estimation and critical judgment used in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements:

- Note 2.8: Leased assets
- Note 2.10: Impairment
- Note 2.20: Determination of fair values
- Note 3: Financial risk management
- Note 5.1: Property plant and equipment
- Note 5.2: Intangible fixed assets
- Note 5.4: Deferred tax assets and liabilities
- Note 5.11: Employee benefits provision
- Note 5.12: Other provisions

2 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

2.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to benefit from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions,

are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.2 Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

Transactions and balances in foreign currency

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated into the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognized in profit or loss, except for differences arising on financial liabilities designated as a hedge of the net investment in a foreign operation, which are recognized in the foreign currency translation reserve.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euros at the exchange rate at the reporting date. The income and expenses of foreign operations are

translated into Euros at the exchange rates at the dates of the transactions (or at an average rate if this is not an unreasonable approximation).

Foreign currency differences arising thereon are recognized, in other comprehensive income, in the foreign currency translation reserve. When a foreign operation is disposed of, either in part or in full, the associated cumulative amount in the foreign currency translation reserve is transferred to profit or loss as an adjustment to the profit or loss on disposal.

Foreign exchange gains and losses arising on a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in the foreign operation and are recognized in other comprehensive income in the foreign currency translation reserve.

Hedge of a net investment in a foreign operation

Translation differences on intra-group long-term loans that effectively constitute an increase or decrease in a net investment in a foreign operation are recognized in other comprehensive income in the reserve for translation differences.

2.3 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances, checks in transit and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the cash management processes are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

The accounting for finance income and expense is described in note 2.17.

Derivative financial instruments and hedging activities

The Group holds derivative financial instruments (interest rate swaps, forward exchange contracts and currency options) to hedge its foreign currency and interest rate risk exposures. The Group seeks to apply hedge accounting in order to minimize the effects of fluctuations of foreign currencies and interest rates in the profit or loss.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group applies cash flow hedge accounting.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized in the income statement immediately.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued and the cumulative unrealized gain or loss previously recognized in other comprehensive income and presented in the hedging reserve in equity, is recognized in profit or loss immediately, or when a hedging instrument is terminated, but the hedged transaction still is expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognized in accordance with the above-mentioned policy when the transaction occurs. When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in other comprehensive income is transferred to the same line of profit or loss in the same period that the hedged item affects profit or loss.

Where the financial instruments are held to hedge foreign currency purchases of raw materials and consumables, the changes are included in raw materials and consumables used. Where the instruments are held to hedge interest rate risk exposure, the changes are included in finance income and expense.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 3.1.4. Movements of the hedging reserve in other comprehensive income is shown in note 5.9. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an

active market. They are carried at amortized cost using the effective interest method, less any impairment losses. They are included in current assets, except for loans and receivables with maturities greater than 12 months after the balance sheet date.

2.4 Share capital

Ordinary share capital

Ordinary and Ordinary A and B share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary for the Company. Dividends thereon are recognized as distributions within equity upon approval by the General Meeting of Shareholders.

2.5 Non-controlling interest

Non-controlling interest are recognized initially at their share of the identifiable assets, liabilities and contingent liabilities recognized in the purchase accounting, excluding goodwill.

Subsequently the allocation of profits between the parent and non-controlling interest are based on the indirect method, whereby the amount allocated to non-controlling interest represents their net effective interest in subsidiary.

2.6 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a condition

suitable for their intended use, and the costs of dismantling and removing the items and restoring of the site on which they are located. Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are allocated to the assets when incurred.

When elements of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds of disposal with the carrying amount and are recognized on a net basis in other income in profit or loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably, the carrying amount of the replaced part is derecognized. The costs of the day-to-day maintenance of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each element of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

Buildings : 25 years
 Machinery and equipment : 5-10 years
 Other fixed assets : 3-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

2.7 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Other intangibles

Software acquired by the Group is measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditure is capitalized only to the extent that it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred. Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives, generally 3 years.

Brands acquired, separately or as part of a business combination, are capitalized if they meet the definition of an intangible asset and the recognition criteria are satisfied. Brands acquired as part of a business combination are valued at fair value based on the relief from royalty method. Brands are amortized on an individual basis over the estimated useful life of the brand.

Customer and sales channel-related and contract-based intangibles are capitalized if they meet the definition of an intangible asset and the recognition criteria are satisfied. The relationship between brands and customer and sales channel-related intangibles is carefully considered so that brands and customer and sales channel-related intangibles are not both recognized on the basis of the same cash flows. Customer and sales channel-related and contract-based intangibles acquired as part of a business combination are

valued at fair value and amortized over the period of the contractual arrangements or the remaining useful life of the customer relationships.

2.8 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The main estimates and assumptions relate to residual values, applicable interest rates, economic lifetime of the assets and determination of the minimum lease payments. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. In view of the volume of the lease agreements as disclosed in note 6.2, these estimates are significant to the financial statements. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are operating leases and are not recognized on the balance sheet and disclosed in note 6.2.

2.9 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out method, and includes expenditure incurred in acquiring the inventories, production and conversion costs and other costs incurred in bringing them to their existing location and condition. The cost of finished goods and work in progress includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.10 Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset that can be reliably estimated.

Impairment losses in respect of financial assets measured at amortized cost are calculated as the difference between the carrying amounts and present values of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is measured by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. Impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and for debit instruments measured in the available for sale category the reversal is recognized in profit or loss.

Non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated annually.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows from

continuing use that are largely independent of the cash flows of other assets or groups of assets (the "cash-generating units"). For the purpose of impairment testing, the goodwill acquired in a business combination is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.11 Assets classified as held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. Immediately before classification as held for sale, the assets are re-measured in accordance with the accounting policies of the Group. Thereafter the assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses

on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

2.12 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity with no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefits expense in profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the asset recognized is limited to the total of any unrecognized past service costs and the present value of any economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it is realizable during the life of the plan or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

Cumulative unrecognized actuarial gains and losses arising from changes in actuarial assumptions exceeding 10% of the greater of the defined benefit obligation and the fair value of the plan assets are recognized in profit or loss over the expected average future service years of the employees participating in the plan (the corridor approach).

Multi-employer plans

The Group also facilitates multi-employer plans, in which various employers contribute to one central pension union. In accordance with IAS 19, as the pension union managing the plan is not able to provide the Group with sufficient information to enable the Group to account for the plan as a defined benefit plan, the Group accounts for its multi-employer defined benefit plan as if it were a defined contribution plan.

Other long-term employee benefits

The net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA creditrated bonds that have maturity dates approximating the terms of the obligations of the Group. The calculation is performed using the projected unit credit method. Actuarial gains or losses are recognized in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Group is demonstrably committed, without realistic possibility

of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be reliably estimated.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

2.13 Provisions

A provision is recognized if, as a result of a past event, the Group has a legal or constructive obligation that can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Restructuring

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or been publicly announced. Future operating costs are not provided for.

2.14 Revenue

Products sold

Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Contract manufacturing

Contract manufacturing consists of the provision of manufacturing services and sale of the resultant product.

The nature and the risk profile of the contract with the customer are key in determining whether the Group is providing a manufacturing service or is selling a product.

Where the Group acts solely as a co-packer of products on behalf of the customer and the risk profile and compensation for the Group relates to the manufacturing activity, only the revenue related to the rendering of manufacturing services is recognized.

2.15 Government grants

Government grants are recognized at their fair value when it is reasonably assured that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants relating to property, plant and equipment are deducted from the carrying amount of the asset.

Government grants relating to period costs are deferred and recognized in the income statement over the period necessary to match them with the costs they are intended to compensate.

2.16 Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized, as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned

between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period of the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

2.17 Finance income and expense

Finance income comprises interest income on bank deposits and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized in profit or loss as it accrues, using the effective interest method. Finance expense comprises interest expense on borrowings, the unwinding of discount on provisions and profit and losses on interest hedging instruments that are recognized in profit or loss.

2.18 Income tax

Income tax expense comprises current and deferred tax.

Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized in equity or other comprehensive income in which case the income tax expense is also recognized in equity or other comprehensive income.

Current tax is the income tax expected to be payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date, together with any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In addition, deferred tax is not recognized arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences in the reporting period they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset:

- if there is a legally enforceable right to offset current tax liabilities and assets, and
- if they relate to income taxes levied by the same tax
 authority on the same taxable entity or on different
 taxable entities which intend to settle current tax
 liabilities and assets on a net basis or the tax assets
 and liabilities of which will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2.19 New standards and interpretations

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2011 and have not been applied in preparing these consolidated financial statements. As of 2011 the Group has implemented the following applicable standards with no material impact:

- IAS 24 Related Party Disclosures, effective for periods beginning on or after January 1, 2011.
- Amendments to IFRS as result of improvements project 2010, effective for periods beginning on or after January 1, 2011.
- IFRIC 14 Prepayment of a Minimum Funding Requirement,
 effective for periods beginning on or after January 1, 2011.

The following revised standards and interpretations or amendments are not yet effective. The Group is currently assessing the impact of the following revised standards and interpretations or amendments that are not yet effective. These changes will be adopted on the effective dates noted and are not expected to have a material impact on the Group's result of operations, financial position or disclosures.

- IFRS 7 Financial instruments disclosures, applicable to annual reporting periods beginning on or after July 1, 2011.
- IAS 12 Deferred tax: recovery of underlying assets,
 effective for periods beginning on or after January 1, 2012.

The Group is currently assessing the impact of the following revised standards and interpretations or amendments that are not yet effective. These changes have not yet been endorsed by the EU, so will not necessarily be adopted by the effective dates noted.

- IFRS 9 Financial Instruments, applicable to annual reporting periods beginning on or after January 1, 2013.
- IFRS 10 Consolidated Financial Statements, applicable to annual reporting periods beginning on or after January 1, 2013.
- IFRS 11 Joint Arrangements, applicable to annual reporting periods beginning on or after January 1, 2013.
- IFRS 12 Disclosure of Interests in Other Entities, applicable to annual reporting periods beginning on or after January 1, 2013.
- IFRS 13 Fair Value Measurement, applicable to annual reporting periods beginning on or after January 1, 2013.
- IAS 1 Financial statement presentation regarding other comprehensive income, applicable to annual reporting periods beginning on or after July 1, 2012.
- IAS 19 Employee Benefits, applicable to annual reporting periods beginning on or after January 1, 2013. The Group expects this change will have a material impact on equity and the results.
- IAS 27 Separate Financial Statements (2011), applicable to annual reporting periods beginning on or after January 1, 2013.
- IAS 28 Investments in Associates and Joint Ventures (2011), applicable to annual reporting periods beginning on or after January 1, 2013.

2.20 Determination of fair values

A number of the accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods set out below. Where applicable further information regarding the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognized as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property would likely be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of machinery and equipment and other fixed assets is based on the quoted market prices for similar items.

Other intangible assets

The fair value of brands and sales channels acquired in a business combination is determined based on the relief of royalty method. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of these assets.

Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale and less a reasonable profit margin based on the effort required to complete and sell the inventories.

Trade and other receivables

The fair value of trade and other receivables equals the carrying amount due to the short term nature.

Derivatives

Refresco defines the following different levels of fair value:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1
 that are observable for the asset or liability, either directly
 (that is, as prices) or indirectly (that is, derived from prices)
 (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of all Refresco's derivatives at year-end is based on Level 2 valuations. In 2011 there were no reclassifications out of or into Level 1 and 3.

Non-derivative financial liabilities

Fair value for disclosure purposes is based on their listed market price, if available. If a listed market price is not available, the fair value is estimated by calculating of the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

2.21 Segmentation

Management considers the Group as one reportable segment because all production and sales are in Europe and the Executive Board manages the Group on consolidated level.

3 Financial risk management

3.1 Financial risk

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk). The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

The Executive Board has the responsibility for the establishment and oversight of the risk management framework of the Group. Risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the activities of the Group. Through its training program and its management standards and procedures, the Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

The Supervisory Board oversees management's monitoring of compliance with the risk management policies and procedures

of the Group and it reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

3.1.2 Credit risk

Credit risk represents the risk that counter parties fail to meet their contractual obligations, and arises principally in the receivables from customers, cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. The Group does not have any significant concentration of credit risk. In order to reduce the exposure to credit risk, the Group carries out ongoing credit evaluations of the financial position of customers but generally does not require collateral. Use is made of a combination of independent ratings and risk controls to assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Sales are subject to payment conditions which are common practice in each country. The banks and financial institutions used as counterparty for holding cash and cash equivalents and deposits and in derivative transactions can be classified as high credit quality financial institutions (minimal: A rating).

The Group has policies that limit the amount of credit exposure to individual financial institutions. Management believes that the likelihood of losses arising from credit risk is remote particularly in the light of the diversification of activities.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure at the reporting date:

		Carrying amount	
		2011	2010
EUR'ooo			
	Note	•••••••••••	
Non-current investments	5.3	1,253	1,155
Trade and other receivables	5.6	285,727	224,072
Current investments	5.3	8,245	4,139
Cash and cash equivalents	5.7	89,589	75,086
		384,814	304,452

The maximum exposure to credit risk for trade and other receivables at the reporting date by currency is as follows:

	Carryin	g amount
	2011	2010
EUR'000		
Euro-zone countries (EUR)	270,993	202,201
UK (GBP)	7,266	8,221
Poland (PLN)	7,468	13,650
	285,727	224,072

Ageing trade and other receivables and impairment losses

	2011		2010	
	Gross	Impairment	Gross	Impairment
EUR'ooo				
Not past due	243,757	-	199,930	-
Past due o - 30 days	25,013	-	19,770	-
Past due 31 - 60 days	6,680	-	1,963	-
Past due more than 60 days	14,503	4,226	3,836	1,427
	289,953	4,226	225,499	1,427

The movements in the impairment loss in respect of trade and other receivables during the year were as follows:

	2011	2010
UR'ooo		
January 1	1,427	1,316
Impairment loss recognized	1,060	441
Acquisitions	2,147	204
Release of provision	(40)	(367)
Write off	(352)	(180)
Effect of movements in exchange rates	(16)	13
December 31	4,226	1,427

The Group determines impairment losses on the basis of specific estimates of losses incurred in respect of trade and other receivables. Based on historic default rates, the Group believes that no impairment loss has occurred in respect of trade receivables not past due or past due by up to 60 days.

3.1.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The approach of the Group to managing liquidity risk is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and more extreme conditions, without incurring unacceptable losses or risking damage to the reputation of the Group. The Group has a clear focus on financing long-term growth as well as current operations. Strong cost and cash management and controls over working capital and capital expenditure proposals are in place to ensure effective and efficient allocation of financial resources.

The contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, if applicable, are as shown in the following table. Insofar as these cash flows depend on future floating interest rates, the level of which was unknown on the balance sheet date, these cash flows have been estimated on the basis of rates prevailing on the balance sheet date.

	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
?'000							
Non-derivative financial liabilities							
Notes issued	649,403	977,862	21,525	21,525	43,050	172,200	719,562
Finance lease and							
other loans	10,048	10,970	1,750	1,450	2,943	4,827	-
Trade and other payables	355,535	355,535	355,535	-	-	-	•
	1,014,986	1,344,367	378,810	22,975	45,993	177,027	719,562
Derivative financial liabilities							
Interest rate swaps	12,263	13,367	2,985	2,473	2,806	5,103	
	12,263	13,367	2,985	2,473	2,806	5,103	
December 31, 2010							
December 31, 2010							
December 31, 2010	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
December 31, 2010						_	
						_	
l'000 Non-derivative financial						_	
l'ooo Non-derivative financial liabilities	amount	cash flows	or less	months	years	years	
Non-derivative financial liabilities Syndicated bank loans Syndicated bank loans	amount	377,756	or less	months	years	years	
Non-derivative financial liabilities Syndicated bank loans Syndicated bank loans International Subordinated bank loans	289,902 14,318 237,586	377,756 16,500 570,930	17,045 5,625 6,181	months 17,837	years 36,428	years	years
Non-derivative financial liabilities Syndicated bank loans Syndicated bank loans International Subordinated bank loans Capex facility drawing	289,902 14,318 237,586 3,960	377,756 16,500 570,930 3,960	17,045 5,625 6,181 3,960	17,837 3,625 6,181	36,428 7,250 13,101	years 306,446 - 43,835	years
Non-derivative financial liabilities Syndicated bank loans Syndicated bank loans International Subordinated bank loans Capex facility drawing Finance lease liabilities	289,902 14,318 237,586 3,960 13,854	377,756 16,500 570,930 3,960 14,689	17,045 5,625 6,181 3,960 2,393	17,837 3,625 6,181	36,428 7,250	years 306,446	years
Non-derivative financial liabilities Syndicated bank loans Syndicated bank loans International Subordinated bank loans Capex facility drawing Finance lease liabilities Trade and other payables	289,902 14,318 237,586 3,960 13,854 271,738	377,756 16,500 570,930 3,960 14,689 271,738	17,045 5,625 6,181 3,960 2,393 271,738	17,837 3,625 6,181 - 2,393	36,428 7,250 13,101	years 306,446 - 43,835	years
Non-derivative financial liabilities Syndicated bank loans Syndicated bank loans International Subordinated bank loans Capex facility drawing Finance lease liabilities	289,902 14,318 237,586 3,960 13,854	377,756 16,500 570,930 3,960 14,689	17,045 5,625 6,181 3,960 2,393	17,837 3,625 6,181	36,428 7,250 13,101	years 306,446 - 43,835	years
Non-derivative financial liabilities Syndicated bank loans Syndicated bank loans International Subordinated bank loans Capex facility drawing Finance lease liabilities Trade and other payables	289,902 14,318 237,586 3,960 13,854 271,738	377,756 16,500 570,930 3,960 14,689 271,738 866	17,045 5,625 6,181 3,960 2,393 271,738	17,837 3,625 6,181 - 2,393	36,428 7,250 13,101	years 306,446 - 43,835	years
Non-derivative financial liabilities Syndicated bank loans Syndicated bank loans International Subordinated bank loans Capex facility drawing Finance lease liabilities Trade and other payables	289,902 14,318 237,586 3,960 13,854 271,738 866	377,756 16,500 570,930 3,960 14,689 271,738 866	17,045 5,625 6,181 3,960 2,393 271,738 866	17,837 3,625 6,181 - 2,393 -	years 36,428 7,250 13,101 - 2,854 -	years 306,446 - 43,835 - 6,619 -	years 501,632 430
Non-derivative financial liabilities Syndicated bank loans Syndicated bank loans International Subordinated bank loans Capex facility drawing Finance lease liabilities Trade and other payables Bank overdrafts Derivative financial	289,902 14,318 237,586 3,960 13,854 271,738 866	377,756 16,500 570,930 3,960 14,689 271,738 866 1,256,439	17,045 5,625 6,181 3,960 2,393 271,738 866	17,837 3,625 6,181 - 2,393 -	years 36,428 7,250 13,101 - 2,854 -	years 306,446 - 43,835 - 6,619 -	years 501,632 430

3.1.4 Market risk

Foreign currency risk

The Group is exposed to currency risk mainly on purchases denominated in USD. At any point in time the Group hedges 80 to 100% of its estimated foreign currency exposure on forecasted purchases for the following 12 months. The Group uses currency option contracts and forward exchange contracts to hedge its currency risks, most of which have a maturity date of less than one year from the reporting date. When necessary, foreign currency contracts are rolled over on maturity.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, as necessary, to address short-term imbalances.

In order to minimize the impact of accounting mismatches in the profit or loss account, the Company started applying cash flow hedge accounting in 2011. The effectiveness of the hedge relationship is measured based on changes in intrinsic value alone. The changes in time value of the currency options are directly recorded in the income statement, as part of raw material costs. Throughout the year 2011 as well as per year end the cash flow hedge accounting relationships were fully effective. There are no forecasted transactions for which hedge accounting has been applied, but which are no longer expected to occur. The fair value of foreign currency instruments per reporting date is EUR 8.2 million (2010: EUR 4.0 million).

The effective part of the intrinsic value changes of the foreign currency option contracts and the fair value of the forward contracts amounted to a EUR 4.3 million gain net of deferred taxes in other comprehensive income. In 2011 an amount of EUR 1.1 million was reclassified from Other Comprehensive Income to raw material costs. During 2011 no amounts were recorded in raw material costs due to ineffectiveness. The amounts deferred in equity at year-end are expected to occur and to affect profit and loss in 2012.

The notional amounts of exposure to foreign currency risk were as follows:

	2011	2010
USD'ooo		
Trade payables	15,078	26,533
Estimated forecast purchases	128,655	165,483
Gross exposure	143,733	192,016
Forward exchange contracts / Currency option contracts	140,400	136,850
Net exposure	3,333	55,166

The change in fair value of the financial instruments used to hedge currency risk is included in raw materials and consumables in the income statement, except for the instruments for which hedge accounting is applied.

The following significant exchange rates were applied during the year:

	Aver	Average		end
	2011	2010	2011	2010
Value of EUR 1				
USD	1.39	1.32	1.29	1.34
GBP	0.86	0.86	0.84	0.86
PLN	4.11	3.99	4.46	3.97

Sensitivity analysis

A 10% strengthening or weakening of the Euro against the USD at reporting date would have changed equity and profit or loss by the amounts shown below.

	Profit / (loss)		OCI	
	10% strengthening	10% weakening	10% strengthening	10% weakening
EUR'ooo				
Trade payables	1,060	(1,060)	-	-
Foreign currency hedge instruments	151	658	(6,287)	9,702
Net effect	1,211	(402)	(6,287)	9,702

Interest rate risk

The Group is exposed to the effects of variable interest rates on interest-bearing long-term liabilities, which is partly offset by cash held at variable rates. On fixed interest receivables and liabilities, it is exposed to market value fluctuations. For certain variable interest rate long term liabilities, the Group has entered into interest rate swap agreements through which the Group effectively pays fixed interest rates on these liabilities. As at balance sheet date, interest rates were fixed on approximately 112 % of the net of cash and financial liability positions, due to remaining interest rate swaps of the former financing.

Previously, no hedge accounting was applied by the Group. In 2011 the Group started applying Cash flow hedge accounting to offset the profit or loss impact resulting of timing differences between variable interest rate liabilities and the interest rate swap. Throughout the year 2011 as well as per year end the cash flow hedge accounting relationships were effective.

The fair value of interest rate swaps per reporting date is -/- EUR 12.3 million (2010: -/- EUR 14.0 million). The effective part of the fair value changes of the interest rate swaps amounted to a EUR 4.4 million loss net of deferred taxes in other comprehensive income. In 2011 an amount of EUR 0.1 million was reclassified from Other Comprehensive Income to financing cost. During 2011 no amounts were recorded in financing cost due to ineffectiveness. The amounts deferred in equity at year-end are expected to affect financing costs within the coming five years.

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

		Carrying amount	
		2011	2010
R'000			
	Note	•••••••••••••••••••••••••••••••••••••••	
Fixed rate instruments			
Loans and borrowings	5.10	(364,267)	(16,015)
		(364,267)	(16,015)
Variable rate instruments			
Cash	5.7	89,589	75,086
Non-current investments	5.3	1,253	1,155
Loans and borrowings	5.10	(295,183)	(544,472)
		(204,341)	(468,231)
Notional amount interest rate swaps per period end		315,000	385,000
Over/(under) hedged		110,659	(83,231)

Per end of 2011 the Group is over hedged because some interest rate swaps related to the former financing are still in place.

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not have affected profit or loss.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have changed equity and profit or loss by the amounts shown on page 85. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2010, except for the implementation of hedge accounting.

December 31, 2011

	Profit / (loss)		Other comprehensive inc	
	100 basis points increase	100 basis points decrease	100 basis points increase	basis points decrease
UR'000				
Interest paid on variable				
rate instruments	(870)	870	-	-
Change fair value interest rate swaps	2,208	(1,868)	3,541	(3,611)
Total	1,338	(998)	3,541	(3,611)

December 31, 2010

	Profit / (loss)		Other comp	rehensive income
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
EUR'000				
Interest paid on variable				
rate instruments	(5,458)	5,458	-	-
Change fair value interest rate swaps	6,281	(6,281)	-	-
Total	823	(823)	-	

Fair values

Per reporting date the interest rate swaps, foreign currency options, forward exchange contracts and assets held for sale are valued at fair value. The fair value of the senior secured notes issued per reporting date is EUR 610.9 million, with a nominal value of EUR 660.0 million. The fair values of other financial assets and liabilities approximate the carrying amounts, as the impact of discounting is not significant.

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate spread and were as follows:

	2011	2010
%		
Derivatives	1.2%	2.8%
Finance leases	5.3%	5.3%

Price risk

The Group is exposed to commodity price risks. To manage these risks procurement operates within the framework of centrally specified policies and guidelines and must act in conformance with the required internal control measures.

The Group contract positions are based on a thorough understanding of the raw material markets and in principle contracted sales are covered back to back. During 2011 the Group continued to centralize the procurement of all raw and packaging materials. Authority levels of local management have been shifted towards the Group central procurement organization which is executing and monitoring the main contracts and important purchase decisions. Commodities are only purchased locally after approval of the central purchasing department. Contracts exceeding predefined limits must be authorized by the Executive Board. Existing contract positions are closely monitored and, when necessary, corrective actions are evaluated and implemented.

To enable it to stay abreast of the current situation in the raw materials markets and maintain its gross margins, the Group has introduced more pass-on clauses into sales contracts with customers. In parallel, the quality of management information has been enhanced by the development of a network enabling knowledge of markets, suppliers and conditions of raw materials to be shared at Group level.

Pension risk

The Group contributes to a number of defined benefit plans that provide pension benefits to employees upon retirement in the Netherlands, Germany, Italy and the UK. The amount of the benefits depends on age, salary and years of service. Furthermore, the Group has an indemnity plan in France and obligations for jubilee in the Netherlands, Germany and France. The financial figures are affected by the market interest rates and fair value of listed bonds and equity shares included in plan assets.

3.2 Capital management

The policy of the Group is to maintain a sufficient capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Executive Board monitors the capital employed, which consists of the capital in property, plant and equipment, as well as the net working capital. Furthermore, the Group monitors its cash positions, both actual and forecasted, on a weekly basis. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

4 Notes to the consolidated income statement

4.1 Revenue

	2011	2010
EUR'000		
Private label and own brands	1,238,240	977,189
Contract manufacturing	285,111	246,756

1,523,351 1,223,945

Segmentation of revenue is set forth in the table below.

	2011	2010
EUR'ooo		
Benelux	454,150	414,410
Germany	331,455	239,654
France	235,817	209,075
Iberia	228,846	223,337
Italy	119,579	-
Other	153,504	137,469
	1,523,351	1,223,945

4.2 Other income

Other income relates entirely to gain and/or losses on sale of property, plant and equipment.

4.3 Raw materials and consumables used

	2011	2010
EUR'000		
Raw materials and consumables	930,931	709,050
Product tax	18,629	21,365
	949,560	730,415

4.4 Employee benefits expense

		2011	2010
EUR'ooo			
	Note	•••••••••••••••••••••••••••••••••••••••	
Wages and salaries		115,486	92,336
Compulsory social security contributions		22,682	21,683
Pension contributions to defined contribution schemes	5.11	1,286	1,126
Pension costs of defined benefit schemes	5.11	4,412	3,986
		143.866	119.131

During 2011 the average number of employees in the Group, in full-time equivalents ("FTEs"), was 3,034 (2010: 2,527), of which 2,538 (2010: 2,047) were employed outside the Netherlands.

4.5 Depreciation, amortization and impairments

		2011	2010
EUR'000			
	Note		
Depreciation of property, plant and equipment	5.1	61,041	50,660
Amortization of intangible assets	5.2	3,340	1,280
Impairments	5.1 / 5.2	9,114	2,067
		73,495	54,007

The impairment relates to goodwill in the UK and the impairment of a plant in Iberia due to the termination of the partnership contract.

4.6 Other operating expenses

		2011	2010
R'000			
	Note		
Freight charges		80,094	57,896
Other cost of sales, including excise duties		53,256	44,612
Promotion costs		1,834	1,429
Temporary staff		13,853	10,388
Other personnel costs		9,583	8,549
Rent and leasing of machinery and equipment	6.2	21,037	17,928
Maintenance		35,359	30,524
Energy		37,004	25,744
Advice and legal costs		15,923	8,267
Housing costs, including rental of buildings	6.2	11,826	9,664
Storage costs		19,637	17,033
Other operating costs		32,137	27,018
		331,543	259,052

Advice and legal costs contains EUR 8.0 million related to the refinancing of the Group.

4.7 Net finance costs

Net finance costs recognized in the income statement:

	2011	2010
2'000		
Interest income	679	725
Finance income	679	725
Interest expense on financial liabilities measured at amortized cost	(52,142)	(48,665)
Cost of borrowings	(7,606)	(892)
Change in fair value of derivatives recognized in profit and loss	7,599	2,308
Finance costs	(52,149)	(47,249)
Net finance costs	(51,470)	(46,524)

The change in fair value of derivatives EUR 7.6 million positive (2010: EUR 2.3 million positive) relates to changes in the fair value of the interest rate swaps concluded by the Group to hedge the external financing with variable interest rates. The amount reflects the change in fair value until the refinancing on May 16, 2011 of the total portfolio, the change in fair value of interest rate swaps for which no hedge accounting is applied and release from other comprehensive income.

The cost of borrowings relates to the financing costs which were capitalized in the aggregate amount and amortized over the terms of the loans and notes. During 2011 the capitalized amounts related to former financings have been recorded in profit and loss.

		2011	2010
	Initial		
	capitalized	Borrowing	Borrowing
	amount	costs	costs
R'000		•••••	• • • • • • • • • • • • • • • • • • • •
Notes issued 2011	11,544	(948)	-
Syndicated loan facility 2008	6,319	(4,476)	(736)
Syndicated loan facility International 2010	2,338	(2,182)	(156)
Contract break fees SDI	-	-	(100)
Costs of borrowings		(7,606)	(992)
Finance income and costs recognized in other comp	Tenensive income	2011	2010
R'000		2011	2010
Foreign currency translation differences for foreign o	perations	(3,177)	1,595
Effective portion of changes in fair value of cash flow		(5,889)	-
Effective portion of cashflow hedges transfer to profi	-	-	-
Ineffective portion of cashflow hedges transferred to	profit or loss	-	-
Tax effect		1,472	-
Net finance income / (costs) recognized in other comp	rehensive income,		
net of tax		(7,594)	1,595
Recognized in:			
Translation reserve		(3,177)	1,595
Hedging reserve		(4,417)	-
Net finance income / (costs) recognized in other comp	rehensive income,		
net of tax		(7,594)	1,595

4.8 Income tax (expense) / benefit

	2011	2010
?'000		
Current tax expense		
Current period	(8,697)	(2,599)
Under / (over) provisions in prior years	850	323
	(7,847)	(2,276)
Deferred tax expenses		
Origination and reversal of temporary differences	9,287	(1,818)
Change in tax rate	111	(58)
Previously unrecognized deductible temporary differences	(72)	-
Utilization of tax losses recognized	(78)	(2,390)
Recognition / release of previously (un)recognized tax losses	(3,364)	933
Under / (over) provisions in prior years	1,827	(308)
	7,711	(3,641)
Total income tax (expense) / benefit	(136)	(5,917)

Reconciliation of effective tax rate

	20	11	2010	
EUR'ooo		%		%
Result before tax	(25,759)		14,709	
Income tax using the Company's domestic tax rate	6,440	(25.0%)	(3,751)	25.5%
Effect of tax rates in foreign jurisdictions	(2,002)	7.8%	(2,967)	20.2%
Reduction in tax rate	34	(0.1%)	(58)	0.4%
Non-deductible expenses	(2,455)	9.5%	(540)	3.7%
Non-taxable income	28	(0.1%)	356	(2.4%)
Recognition / (release) of previously (un)recognized tax losses	(2,946)	11.4%	867	(5.9%)
Current year losses for which no deferred tax asset was recognized	(1,912)	7.4%	(40)	0.3%
(Under) / over provided in prior years	2,677	(10.4%)	216	(1.5%)
Total income tax (expense) / benefits	(136)	(0.5%)	(5,917)	40.2%

The effective tax rate is (0,5%). The effective tax rate based on absolute numbers amounted to 33%, corrected for loss making countries and differences in tax rates. The negative effective tax rate is explained by non-deductible acquisition costs and non-deductible impairment of goodwill in the UK. In addition the available loss carry forwards in the UK were not fully recognized. Also additional taxes such as CVAE in France and IRAP in Italy had a negative impact on the tax rate. Next to adjustments related to previous years, the release of a tax provision and the recognition of the assets in Poland had a positive effect on the effective tax rate. The amounts overprovided in prior years are mainly the result of restructuring in Germany.

Income tax recognized in other comprehensive income

	2011	2010
EUR'000		
Changes in tax on hedging reserve foreign currency hedge instruments	(1,433)	-
Changes in tax on hedging reserve interest rate swaps	1,472	-
Total income tax (expense) / benefit in other comprehensive income	39	-

5 Notes to the consolidated balance sheet

5.1 Property plant and equipment

		Land and	Machinery and	Other fixed	Under construc-	
		buildings	equipment	assets	tion	Total
R'000			•••••••••••			
Cost	Note					
January 1, 2010		196,520	216,325	9,353	29,097	451,295
Additions		19,930	11,136	3,503	9,559	44,128
Acquisitions through business combinations		5,467	21,773	-	73	27,313
Transfer from assets held for sale	5.8	1,795	-	-	-	1,795
Disposals		-	(3,320)	(360)	(80)	(3,760)
Effect of movements in exchange rates		335	843	34	78	1,290
December 31, 2010		224,047	246,757	12,530	38,727	522,061
lanuari, carr		22/0/7	2// 757	12.520	20.727	522.064
January 1, 2011		224,047	246,757	12,530	38,727	522,061
Additions Reclassifications		825	11,821	2,167	26,308 (55,276)	41,121
Acquisitions through business combinations	6.1	(18,799) 34,550	74,586 46,995	(2,009) 7,007	701	(1,498 89,253
Transfer to assets held for sale	5.8	(5,483)	40,993	7,007	701	(5,483
Disposals	5.0	(351)	(11,720)	(1,757)	(66)	(13,894
Effect of movements in exchange rates		(724)	(985)	29	34	(1,646
Errect of movements in exchange rates		(/ 2-1)	(203)	27	34	(1,040
December 31, 2011		234,065	367,454	17,967	10,428	629,914
Depreciation and impairment losses						
January 1, 2010		(28,905)	(92,766)	(817)	_	(122,488
Depreciation for the year	4.5	(8,624)	(39,400)	(2,636)	-	(50,660
Disposals		-	2,838	327	-	3,165
Effect of movements in exchange rates		(67)	(322)	(17)	-	(406
December 31, 2010		(37,596)	(129,650)	(3,143)	-	(170,389
January 1, 2011		(37,596)	(129,650)	(3,143)	_	(170,389
Depreciation for the year	4.5	(10,582)	(45,959)	(4,500)	_	(61,041
Impairment	4.5	(337)	(3,187)	(4,500)	_	(3,524
Transfer to assets held for sale	5.8	3,996	-	-	_	3,996
Disposals		2	11,001	1,459	-	12,462
Effect of movements in exchange rates		73	550	(26)	-	597
December 31, 2011		(44,444)	(167,245)	(6,210)	-	(217,899
Carrying amounts						
January 1, 2010		167,615	123,559	8,536	29,097	328,807
December 31, 2010		186,451	117,107	9,387	38,727	351,672
December 31, 2010			,	.,	/	

Impairment losses

In 2011 an impairment of EUR 3.5 million was recognized on property plant and equipment in Iberia.

Financial leases

The Group leases a warehouse and production equipment under a number of finance lease agreements secured on the underlying leased assets (reference is made to note 4.10). At December 31, 2011, the carrying amount of leased plant and machinery was EUR 20.7 million (2010: EUR 24.2 million).

Security

Securities for the redemption of the notes and the revolving credit facility have been given on all fixed assets in the Netherlands and Germany, and on real estate in Finland and Poland.

Property, plant and equipment under construction

Property, plant and equipment under construction relates mainly to expansion of production facilities in the Netherlands, France, and Germany. After construction is complete, the assets are reclassified to the applicable property, plant and equipment category. The net balance of reclassifications is related to assets under construction transferred to intangible fixed assets.

5.2 Intangible fixed assets

		Goodwill	Brands and sales channels	Other	Assets under construction	Total
R'ooo						
	Note					
Cost		272 200		((05		270.002
January 1, 2010		272,308	-	6,495	-	278,803
Acquisitions through business combinations Additions at cost		-	-	256 4,088	-	256 4,088
Disposals at cost		-		(28)	-	4,088
Effect of movements in exchange rates		899		(20)		899
December 31, 2010		273,207		10,811	-	
December 31, 2010		2/3,20/	•	10,611	-	284,018
January 1, 2011		273,207	-	10,811	-	284,018
Acquisitions through business combinations	6.1	25,178	7,362	226	-	32,766
Additions		-	-	268	160	428
Disposals		-	-	(64)	-	(64
Reclassification from property plant						
and equipment		-	-	1,403	95	1,498
Effect of movements in exchange rates		(1,244)	-	(23)	-	(1,267
December 31, 2011		297,141	7,362	12,621	255	317,379
Amortization and impairment losses						
January 1, 2010		(975)	-	(2,969)	-	(3,944
Acquisitions through business combinations		-	-	(82)	-	(82
Amortization for the year	4.5	-	-	(1,280)	-	(1,280
Impairment losses	4.5	(2,067)	-	-	-	(2,067
Disposals		-	-	27	-	27
Effect of movements in exchange rates		(33)	-	24	-	(9
December 31, 2010		(3,075)	-	(4,280)	-	(7,355
January e and		(2.075)		(4.200)		(7.255
January 1, 2011 Amortization for the year	<i>(</i> , r	(3,075)	(027)	(4,280)	-	(7,355
Impairment losses	4.5 4.5	(5 500)	(927)	(2,413)	-	(3,340
Disposals	4.5	(5,590)	-	64	-	(5 , 590
Effect of movements in exchange rates		(166)	-	4	-	(162
December 31, 2011		(8,831)	(927)	(6,625)	-	(16,383
December 31, 2011		(0,031)	(921)	(0,023)	•	(10,363
Carrying amounts						
January 1, 2010		271,333		3,526	-	274,859
December 31, 2010		270,132		6,531		276,663

The reclassifications from property plant and equipment are related to assets which were classified as assets under construction in property plant and equipment.

Amortization and impairment charge

Amortization and impairment losses are recognized in depreciation, amortization and impairment expense in the income statement.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the business units of the Group, being the lowest level within the Group at which goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	2011	2010
JR'ooo		
Benelux	93,716	93,716
France	65,910	65,910
Germany	39,859	39,859
Iberia	35,716	35,716
Poland	11,767	13,242
UK	4,850	10,375
Scandinavia	11,314	11,314
Italy	25,178	-
	288,310	270,132

The recoverable amounts of the cash-generating units are based on value-in-use calculations. Value-in-use was determined by discounting the future pre-tax cash flows generated from the continuing use of the unit using a pre-tax discount rate and was based on the following key assumptions:

- Cash flows were projected based on the current operating results and the 3-year business plan. Future cash
 flows were extrapolated using a growth rate which is based on the growth expectations of the private label
 segment in the total local market. These growth expectations are retrieved from researches from independent
 external sources. Management believes that this forecast period was appropriate to the long-term nature of
 the business.
- A pre-tax discount rate is based on a weighted average cost of capital applicable to the industry and the
 applicable tax rate per cash generating unit.

Pre-tax WACC	2011
%	
Benelux	10.0%
France	11.4%
Germany	10.1%
Iberia	10.7%
Poland	9.3%
UK	10.1%
Scandinavia	10.1%
Italy	10.9%

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources (historical data). With the exception for the UK, the recoverable amounts of the units were determined to be higher than their carrying values and accordingly no impairment charges have been recognized. The impairment of EUR 5.6 million in the UK is mainly caused by a reduced expected growth of our activities in the local market. The other mutations on goodwill in the UK and Poland are caused by changes in exchange rates. In 2010 EUR 2.1 million was impaired in the UK.

Sensitivity analysis

If the undiscounted cash flow per cash-generating unit had been 10% lower than management's estimates, that would have led to an additional reduction in the UK of the book value of goodwill by EUR 2.7 million at December 31, 2011. If the estimated pre-tax discount rate applied to calculate the present value of future cash flows had been one percent higher than management's estimates, then that would have led to an additional reduction of the book value of goodwill in the UK by EUR 3.8 million per December 31, 2011. The sensitivity analysis for the other cash-generating units did not result in additional impairments.

5.3 Other investments

Non-current investments

	2011	2010
EUR'000		
Deposits and other financial fixed assets	1,253	1,155
	1,253	1,155
Current investments		
	2011	2010
EUR'000		
Derivatives used for foreign currency hedging	8,245	4,139
	8,245	4,139

The exposure to credit, currency and interest rate risks related to other investments is disclosed in note 3.1.4.

5.4 Deferred income tax assets and liabilities

The deferred tax assets and liabilities are related to the following account balances:

	Α	Assets		bilities	N	let
	2011	2010	2011	2010	2011	2010
JR'ooo						
Property plant and equipment	311	778	(35,200)	(30,502)	(34,889)	(29,724)
Intangible assets	1,808	1,304	-	-	1,808	1,304
Inventories	55	248	-	(55)	55	193
Trade and other receivables	2,582	647	(3,733)	(2,139)	(1,151)	(1,492)
Loans and borrowings	1,012	3,964	(2,181)	(2,942)	(1,169)	1,022
Derivatives	3,066	3,638	(39)	(12)	3,027	3,626
Employee benefits provision	637	730	(294)	(760)	343	(30)
Other provisions	1,620	719	-	(34)	1,620	685
Current liabilities	898	786	(1,276)	(2,457)	(378)	(1,671)
Deferred tax assets / (liabilities)	11,989	12,814	(42,723)	(38,901)	(30,734)	(26,087)
Tax loss carry-forwards					15,208	11,947
Net Tax assets /(liabilities)	11,989	12,814	(42,723)	(38,901)	(15,526)	(14,140)
Deferred tax to be recovered (settled)	after more than	n 12 months	1		(13,455)	(11,090)

On the balance sheet deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Movements in 2011	January 1, 2011	Recognized in profit or loss	Recognized in OCI/ Equity	Acquired in business combinations	Effect of movement in exchange rates	December 31, 2011
EUR'000				•••••	••••	•
Property plant and equipment	(29,724)	1,693	-	(6,807)	(51)	(34,889)
Intangible assets	1,305	494	-	10	(1)	1,808
Inventories	192	70	-	(214)	7	55
Trade and other receivables	(1,493)	2,505	-	(2,146)	(17)	(1,151)
Loans and borrowings	1,022	(2,193)	-	-	2	(1,169)
Derivatives	3,626	(640)	39	-	2	3,027
Employee benefits provision	(30)	373	-	-	-	343
Other provisions	686	1,123	-	(188)	(1)	1,620
Current liabilities	(1,671)	1,228	-	-	65	(378)
Deferred tax assets / (liabilities)	(26,087)	4,653	39	(9,345)	6	(30,734)
Tax loss carry-forwards	11,947	3,206	-	-	55	15,208
Net tax assets / (liabilities)	(14,140)	7,859	39	(9,345)	61	(15,526)

Movements in 2010	January 1, 2010	Recognized in profit or loss	Recognized in OCI/ Equity	Acquired in business combi- nations	Effect of movement in exchange rates	December 31, 2010
EUR'000						
Property plant and equipment	(29,259)	2,752	(750)	(2,452)	(15)	(29,724)
Intangible assets	1,582	(477)	-	200	-	1,305
Inventories	411	168	-	(389)	2	192
Trade and other receivables	1,107	(2,596)	-	-	(4)	(1,493)
Loans and borrowings	3,073	(2,056)	-	-	5	1,022
Derivatives	3,861	(802)	-	567	-	3,626
Employee benefits provision	391	(451)	-	30	-	(30)
Other provisions	(787)	784	-	710	(21)	686
Current liabilities	(2,499)	813	-	-	15	(1,671)
Deferred tax assets / (liabilities)	(22,120)	(1,865)	(750)	(1,334)	(18)	(26,087)
Tax loss carry-forwards	6,006	5,923	-	-	18	11,947
Net tax assets / (liabilities)	(16,114)	4,058	(750)	(1,334)	-	(14,140)

Tax losses carry-forwards

The Group recognizes deferred tax assets on loss carry forwards when future profits are expected which can be offset with these losses. These loss carry forwards for an amount of EUR 98.9 million (2010: EUR 64.3 million) as per December 31, 2011, of which EUR 17.1 million (2010: EUR 3.2 million) is not recognized. The deferred tax assets related to loss carry forwards expire in the following years:

	2011	2010
JR'ooo		
2014	289	323
2015	97	279
After 2015 but not Unlimited	2,225	1,404
Unlimited	16,864	10,542
	19,475	12,548
Recognized as deferred tax assets (net)	15,208	11,947
Unrecognized	4,267	601

The increase in the deferred tax assets related to loss carry forwards is due to additional losses in Iberia, Germany and the UK. Furthermore, as a result of increasing profitability in Poland, the Group has recognized previously unrecognized losses in this country. The unrecognized losses are fully attributable to the UK for which the Group does not expect future profits within a reasonable timeframe.

5.5 Inventories

	2011	2010
EUR'000		
Stock of raw materials and consumables	87,312	61,639
Stock of finished goods	64,418	55,073
	151,730	116,712

Stocks are impaired for obsolescence by EUR 5.4 million (2010: EUR 4.9 million).

5.6 Trade and other receivables

		2011	2010
JR'ooo			
	Note		
Trade receivables		257,205	195,918
Other receivables, prepayments and accrued income		16,661	17,885
Other taxes and social security premiums		11,861	10,269
	3.1.2	285,727	224,072
Non-current		-	-
Current		285,727	224,072

The exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 3.

5.7 Cash and cash equivalents

		2011	2010
EUR'ooo			
	Note		
Bank balances		34,589	27,086
Deposits		55,000	48,000
Cash and cash equivalents		89,589	75,086
Bank overdrafts	5.10	-	(866)
Cash and cash equivalents in the consolidated cash flow		89.589	74.220

Total amount blocked for bank guarantees is EUR 7.4 million (2010: EUR 10.8 million). The term of the deposits is less than 6 months.

The exposure to interest rate risk and the sensitivity analysis for financial assets and liabilities are disclosed in note 3.1.4.

5.8 Assets classified as held for sale

	2011	2010
EUR'ooo		
Assets classified as held for sale as at January 1	-	1,782
Transfer from / (to) property, plant and equipment	1,488	(1,795)
Acquired as part of acquisition	1,157	-
Effect of movements in exchange rates	-	13
	2,645	

The assets held for sale consists of a plant in Germany and a plant in Italy acquired with the acquisition of Spumador. The reclassification of the plant in Germany did not result in gain or losses. Changes in fair value of the plant in Italy during 2011 have been processed as part of the PPA.

5.9 Equity

Share capital

Share capital as at December 31, 2009

- 2,680,000 ordinary shares with a nominal value of EUR 1.00 each and a subscription price of EUR 10.00 each
- 64,800 preference shares with a nominal value of EUR 0.01 each and a subscription price of EUR 1,000.00 each

On March 24, 2010 the following shares were issued to 3i:

- 875,167 ordinary shares with a nominal value of EUR 1.00 each and a subscription price of EUR 43.50 each
- 21,161 preference shares with a nominal value of EUR 0.01 each and a subscription price of EUR 0.01 each

On March, 24 2010 the following shares were issued for the acquisition of the remaining 20% of the shares of Refresco Holding B.V.:

• 752,166 ordinary shares with a nominal value of EUR 1.00 each and a subscription price of EUR 43.50 each (with a book value of EUR 7.72).

Share capital as at December 31, 2010

- 4,307,333 ordinary shares with a nominal value of EUR 1.00 each
- 85,961 preference shares with a nominal value of EUR 0.01 each

On May 11, 2011 all 85,961 preference shares were converted into 64,800 ordinary shares A and 21,161 ordinary shares B with both a nominal value of EUR 0.01 each.

Share capital as at December 31, 2011

- 4,307,333 ordinary shares with a nominal value of EUR 1.00 each
- 64,800 ordinary shares A with a nominal value of EUR 0.01 each
- 21,161 ordinary shares B with a nominal value of EUR 0.01 each

The holders of ordinary shares are entitled to receive dividends as declared from time to time. The holders of ordinary shares A and B have a priority right to a fixed cumulative dividend of 10% plus a first priority right in the event of winding up. Both the Company and the shareholders, including the holders of the ordinary shares A and B, agreed in the Articles of Association of the Company that any distribution of dividend requires the prior approval of the General Meeting of Shareholders of the Company. The holders of the ordinary shares A and B may resolve that the dividend to which they are entitled shall be credited to the dividend reserve maintained by the Company with respect to the ordinary shares A and B. The Company's residual assets shall be paid first to the holders of the ordinary shares A and B and then, if any balance remains, to the holders of the ordinary shares. Each ordinary share carries the right to one hundred votes and each ordinary share A and B carries the right to one vote. The Company can acquire fully paid-up shares (ordinary as well as ordinary A and B) in its own capital subject to among others the General Meeting of Shareholders having authorized the acquisition in accordance with the Articles of Association of the Company.

Share premium

On March 24, 2010 the former shareholder 3i took a minority stake of 20.32 % in the Group for a total value of EUR 84,000,000 of which EUR 38,068,000 was received in 2010. The remaining amount of EUR 45,932,000 was received in 2011. The transaction fee paid to 3i of EUR 689,000 is deducted from the share premium.

Retained earnings

The movement in 2010 of EUR 750,000 relates to the classification of the CVAE in France due to changes in French tax legislation.

Other reserves

The other reserves consist of translation reserves and hedging reserves. The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations of the Group. The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.

The other reserve per period end consists of the following amounts:

	2011	2010
R'000		
Foreign currency translation differences on foreign operations	(3,166)	11
Effective portion of changes in fair value interest rate swaps	5,734	-
Effective portion of changes in fair value foreign currency instruments	(5,890)	-
Tax effect	39	-
Total other comprehensive income, net of tax	(3,283)	11
Recognized in:		
Translation reserve	(3,166)	11
Hedging reserve	(117)	-
Total other comprehensive income, net of tax	(3,283)	11

Dividends

In 2011 no dividends were paid. As at December 31, 2011, the unpaid cumulative dividend on the ordinary shares A and B amounted to EUR 63.9 million (2010: EUR 48.5 million).

5.10 Loans and borrowings

The interest-bearing loans and borrowings are recognized at amortized cost. The exposure to interest rate, foreign currency and liquidity risks is disclosed in note 3.1.

Non-current liabilities

		2011	2010
JR'ooo			
Notes issues (Eurobond on Luxembourg Stock Exchange)		660,000	-
Syndicated bank loans		-	291,007
Subordinated bank loans		-	240,591
Capitalized finance costs		(10,598)	(6,659)
Finance lease liabilities		7,280	9,414
Other long term loans		44	1,626
		656,726	535,979
Current liabilities			
Current liabilities		2011	2010
		2011	2010
	Note	2011	2010
	Note	2011	2010
JR'000	Note		
JR'ooo Current portion of syndicated bank loans	Note	-	14,707
JR'ooo Current portion of syndicated bank loans Current portion of finance lease liabilities	Note	- 2,531	14,707 4,440
JR'ooo Current portion of syndicated bank loans Current portion of finance lease liabilities Current portion of other bank loans	Note	- 2,531	14,707 4,440 535

2,724

24,508

The terms and conditions of the outstanding loans and notes are as follows:

	Currency	Nominal interest rate	Re- payment	Face value	Carrying amount 2011	Face value	Carrying amount 2010
EUR'000		%	• · · · · · · · · · · · · · · · · · · ·		••••		• · · · · · · · · · · · · · · · · · · ·
Floating rate senior	EUR	3m Euribor	2049	200,000	205 192		
Fixed rate senior		+ 4.0	2018	300,000	295,183	-	-
secured Notes	EUR	7.375	2018	360,000	354,219	-	-
Syndicated and other bank loans	EUR	1.9 - 4.3	2011	-	-	291,770	289,903
Syndicated bank loan International	EUR	3.6 - 4.0	2011	-	-	16,500	14,318
Subordinated bank loans	EUR	9.9 - 14.1	2011	-	_	187,380	237,586
Capex facility drawing	EUR	3.5	2011	_	_	3,960	3,960
Finance lease liabilities	EUR	Various	Various	9,810	9,810	13,854	13,854
Bank overdrafts	EUR	n/a	2012	-	-,	866	866
Other	EUR	Various	2012	238	238	-	-
Total interest-bearing lia	bilities			670,048	659,450	514,330	560,487

In April 2011 the Group has drawn EUR 80.5 million from the existing lines of credit for the acquisition of Spumador.

On May 16, 2011 the Group issued EUR 360 million in aggregate principal amount of 7.375 % senior secured notes due 2018 (the Fixed Rate Notes) and EUR 300 million in aggregate principal amount of senior secured floating rate notes due 2018 (the Floating Rate Notes and, together with the Fixed Rate Notes, the Notes). Unless previously redeemed or repurchased and cancelled, the Notes will be redeemed at par on their maturity date, May 15, 2018.

Costs directly attributable to the issuance of the Notes, amounting to EUR 11.5 million, are capitalized and amortized in the period equal to the bond term. Remaining costs of the issuance are included in advice and legal costs.

Interest on the Fixed Rate Notes is payable semi-annually on May 15 and November 15 of each year, commencing on November 15, 2011. The Floating Rate Notes bear interest at a rate per annum, reset quarterly, equal to three-month EURIBOR plus 4.0 %. Interest on the Floating Rate Notes is payable quarterly on February 15, May 15, August 15 and November 15 of each year, commencing on August 15, 2011.

On May 16, 2011 the Group entered into a revolving credit facility agreement (the RCF) with, among others, certain of its subsidiaries as borrowers and/or guarantors, Credit Suisse International, Deutsche Bank AG, London Branch, ABN AMRO Bank N.V., Société Générale, ING Bank N.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and Fortis Bank NV/SA, as mandated lead arrangers and original lenders, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. as agent and Deutsche Bank AG, London Branch as security agent. The RCF provides for borrowings up to an aggregate of EUR 75 million on a committed basis. Loans may be borrowed, repaid and reborrowed at any time. The maturity date of the RCF is the sixth anniversary of the issuance of the Notes.

Interest on the RCF is payable every one, three or six months at the election of the relevant borrower. The RCF bears interest at a rate per annum equal to EURIBOR plus 3.0 % (subject to the operation of a margin ratchet) plus mandatory cost (if any). The costs for maintaining the RCF are 1.2 %.

The security is the same for the Notes as it is for the RCF and comprises (among other things):

- Security over the shares of certain subsidiaries of Refresco Group B.V.;
- Security over majority of bank account receivables, receivables, moveable assets, contract receivables, insurance receivables, intellectual property, real estate, insurance receivables and material intellectual property rights in relation to brands.

Finance lease liabilities

Finance lease liabilities relate mainly to a warehouse and an office building in France and production equipment in Germany (PET line). For the nominal value and cash outflow a references is made to note 3.1.3.

5.11 Employee benefits provision

The Group contributes to a number of defined benefit plans that provide pension benefits to employees upon retirement in the Netherlands, Germany, Italy and the UK. The amount of the benefits depends on age, salary and years of service. Furthermore, the Group has an indemnity plan in France and obligations for jubilee in the Netherlands, Germany and France. The amounts included related to business combinations are related to the acquisition of Spumador.

	2011	2010
JR'000		
Present value of (partly) unfunded obligations	22,269	16,378
Present value of wholly funded obligations	46,531	48,058
Present value of pension benefit obligations	68,800	64,436
Fair value of plan assets	(47,138)	(44,381)
Present value of net obligations	21,662	20,055
Effect of §58(b) - asset ceiling	-	392
Unrecognized past service costs	(182)	(194)
Unrecognized net actuarial gains / (losses)	(2,223)	(5,092)
Total employee benefits (asset) / liability	19,257	15,161

Plan assets can be detailed as follows:

	2011	2010
EUR'000		
Equity securities Debt securities	2,265	11,809
Debt securities	42,426	30,338
Other	2,447	2,234
	47,138	44,381

The pension plan assets do not include the companies own shares or notes.

Movements in the present value of the defined benefit obligations

64,436 (318) (2,236) 2,577 3,555	55,268 254 (2,076 2,351
(318) (2,236) 2,577	254 (2,076
(2,236) 2,577	(2,076
2,577	` '
•	2 351
3 555	2,551
2,233	2,899
265	234
190	214
(2,617)	3,879
2,948	1,413
	190 (2,617)

Movements in the fair value of plan assets

	2011	2010
JR'ooo		
Fair value of plan assets as at January 1	44,381	38,969
Benefits paid by the plan	(2,471)	(1,800)
Employer contributions	3,265	3,282
Plan participants contributions	265	234
Expected return on plan assets	1,805	1,682
Effect of movements in exchange rates	176	193
Actuarial gains / (losses)	(283)	1,821
Fair value of plan assets as at December 31	47,138	44,381

The weighted average returns for the Netherlands, Germany, Italy and the UK are based on the strategic asset mixes and the corresponding yields for each asset category.

Expenses recognized in the income statement

	2011	2010
EUR'000		
	Note	
Current service costs	2,577	2,351
Interest on benefit obligations	3 , 555	2,899
Expected return on plan assets	(1,805)	(1,682)
Amortization of past service cost including §58A	11	11
Effect of §58(b) limit	461	391
Recognized actuarial losses / (gains) including §58A	(387)	16
Pension costs of defined benefit schemes	4,412	3,986
Pension contributions to defined contribution schemes	1,286	1,126
Total pension costs	4.4 5,698	5,112

The pension costs are recognized in the employee benefits expense.

The actual return on plan assets was EUR 1.5 million positive (2010: EUR 3.5 million positive).

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2011	2010
%		
Discount rate as at December 31	5.1	5.4
Expected return on plan assets as at January 1	4.0	4.0
Inflation	2.0	2.1
Future salary increases	2.7	2.7
Future pension increases	1.7	2.1

The assumptions regarding mortality experience are based on actuarial advice and latest available published statistics and mortality tables in each territory. The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields at the end of the reporting period. Expected returns on equity reflect long term real rates of return experienced in the respective market.

Historical information

	2011	2010	2009	2008	2007
R'000					
Present value of defined benefit obligations	68,800	64,436	55,268	45,062	47,521
Fair value of plan assets	(47,138)	(44,381)	(38,969)	(32,699)	(35,521)
Deficit in the plan	21,662	20,055	16,299	12,363	12,000
Experience gains / (losses) arising on plan liabilities	0%	(3%)	(1%)	9%	
Experience adjustments arising on plan assets	(1%)	4%	4%	(12%)	

The Group expects that contributions to the defined benefit plans will be EUR 4.4 million in 2012 (2010: EUR 3.6 million).

5.12 Other provisions

	Restructuring	Other	Total
EUR'ooo			
January 1, 2011	4,655	4,350	9,005
Provisions made during the period	-	1,066	1,066
Provisions used during the period	(3,595)	(2,499)	(6,094)
Provisions reversed during the period	(313)	(952)	(1,265)
Business combinations	-	738	738
Effect of movements in exchange rates	-	(25)	(25)
December 31, 2011	747	2,678	3,425
Non-current	-	1,808	1,808
Current	747	870	1,617

Restructuring

The provision for restructuring is the remaining part of the plan made in 2010 to further restructure the German organization.

Other provisions

Other provisions include provisions for customer claims and removal of asbestos in Italy and unfavorable contracts recognized in the purchase price allocation of the SDI acquisition in 2010. The non-current part will be utilized within five years.

5.13 Trade and other payables

		2011	2010
EUR'ooo			
	Note		
Trade accounts payable		267,791	187,716
Other taxes and social security premiums		19,288	22,715
Other payables, accruals and deferred income		65,194	48,044
	3.1.3	352,273	258,475

The exposure to foreign currency and liquidity risks on trade and other payables is disclosed in note 3.1.3.

6 Supplementary Information

6.1 Acquisition of subsidiaries and non-controlling interests

On April 18, 2011, our Group company Refresco Italy SpA agreed to purchase 100% of the share capital of Spumador SpA for EUR 63.4 million in cash. In addition a loan of EUR 54.3 million has been granted to redeem debts, which totals the cash outflow to EUR 117.7 million. Spumador is the largest producer of private label carbonated soft drinks (CSDs) and mineral water in Italy. For the period from acquisition to December 31, 2011 the subsidiary contributed an operating profit of EUR 0.4 million. If the acquisition had taken place on January 1, 2011, management estimates that Spumador would have contributed revenue of EUR 160.5 million and operating loss of EUR 0.8 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had taken place on January 1, 2011.

The acquisition had the following effect on the assets and liabilities on acquisition date (provisional purchase price allocation):

		Pre-acquisition carrying	Fair value adjustments	Recognized values on acquisition
UR'ooo				
	Note			
Property, plant and equipment	5.1	57,345	25,872	83,217
Goodwill		8,370	(8,370)	-
Other intangible assets	5.2	226	7,362	7,588
Deferred tax assets		1,359	122	1,481
Inventories		12,946	680	13,626
Trade and other receivables		49,617	-	49,617
Cash and cash equivalents		616	-	616
Assets held for sale		1,308	(138)	1,170
Deferred tax liabilities	5.4	(222)	(10,606)	(10,828)
Provisions		(3,661)	(390)	(4,051)
Trade and other payables		(103,625)	-	(103,625)
Net identifiable assets and liabilities		24,279	14,532	38,811
Goodwill on acquisition	5.1			25,178
Consideration paid, satisfied in cash				63,989
Cash acquired				616
Net cash outflow				63,373

Pre-acquisition carrying amounts were determined based on IFRS standards applicable as of the date of acquisition. The values of assets, liabilities, and contingent liabilities recognized on acquisition are their estimated fair values.

On December 15, 2011 the Company acquired a production site in Sulmona, Italy for EUR 6.0 million with an asset deal.

6.2 Commitments and contingent liabilities

Operating lease and rental obligations

	2011	2010
EUR'000		
Less than one year	28,022	27,294
Between one and five years	58,062	58,394
More than five years	17,525	15,396
	103,609	101,084

The Group leases buildings, equipment and cars. During 2011, EUR 28.7 million was recognized as expense in the income statement in respect of operating leases and rentals (2010: EUR 23.7 million).

Purchase and investment commitments

	Total 2011	Less than one year	One to five years	More than five years	Total 2010
EUR'000					
Property, plant and equipment	3,056	3,056	-	-	16,285
Raw materials, packaging and utilities	297,253	294,320	3,420	-	230,000
	300,309	297,376	3,420		246,285

Contingent liabilities

Banks have issued guarantees to suppliers and customs on behalf of the Group in the aggregate amount of EUR 7.4 million (2010: EUR 10.8 million).

The Company forms a fiscal unity for income tax purposes with Refresco B.V., Refresco Holding B.V., Refresco Benelux B.V., Menken Drinks B.V., Schiffers Food B.V., Frisdranken Industrie Winters B.V. and Soft Drink International B.V. The Company also forms a fiscal unity for VAT purposes with Refresco Holding B.V. and Refresco B.V. In accordance with the standard conditions, the Company and the subsidiaries that are part of the fiscal unity are jointly and individually liable for taxation payable by the fiscal unity.

A limited number of claims have been filed against the Company and Group companies, which the Company disputes. Although the outcome of these disputes cannot be predicted with any certainty, it is assumed – partly on the basis of legal advice – that these will not have any significant impact on the Company's financial position but could be material to the Company's results of operations in any one accounting period.

6.3 Related parties

Shareholder structure

The Company's shareholders are Ferskur Holding 1 B.V., 3i GC Holdings Ref 1 Sarl, 3i GC Holdings Ref 2 Sarl, Okil Holding B.V. and Godetia II B.V. The ultimate shareholders of Ferskur Holding 1 B.V. are Kaupthing Bank HF, Stodir HF, EAB1 Ehf and Vifilfell HF.

Identification of related parties

The subsidiaries included in note 3.1 of the Company financial statements and above mentioned shareholders are considered to be related parties. Other identified related parties are: Okil Holding GmbH, Refresco KG, Menken Dairy Foods B.V., and members of management of the group and subsidiaries. The transactions with these related parties relate primarily to the shareholding and debt financing of the Group.

Personnel compensation and transactions with Executive and Supervisory Board Members

Executive Board personnel compensation

In addition to their salaries, the Group also provides non-cash benefits to members of the Executive Board and contributes to a post-employment defined benefit plan on their behalf. In accordance with the terms of the plan, members of the Executive Board retire at age 65.

Compensation of the Executive Board members comprised the following:

	2011	2010
EUR'000		
Short-term employee benefits	1,704	1,574
Post-employment benefits	199	200
	1,903	1,774

The remuneration for Supervisory Board members was EUR 0.3 million (2010: EUR 0.3 million).

Transactions with key management and directors

The Executive Board members of the Group held (either directly or indirectly) 5.6% of the Company's ordinary shares. None of the members of the Supervisory Board held any shares of the Company.

Other related party transactions

	Transa	Transaction value		outstanding nber 31
	2011	2010	2011	2010
R'000				
Increase of shareholders' equity				
Godetia II B.V.	-	1,537	-	-
3i	45,243	37,497	(689)	-
Okil Holding B.V.	-	4,273	-	-
Total	45,243	43,307	(689)	•
Management fees (charged)				
Ferskur Holding 1 B.V.	200	200	(119)	(214)
3i	48	33	(13)	(11)
Vifilfell	6	-	-	-
Kaupthing / Arion Bank HF	287	-	(2)	-
Stodir HF	13	-	-	-
Total	554	233	(134)	(225)

Transactions underlying outstanding balances with these related parties are priced on an arm's length basis and the balances are to be settled in cash within six months of the reporting date. None of the balances is secured.

6.4 Group entities

The overview of the entities of the Group is included in note 3.1 to the Company financial statements.

Company balance sheet

As at December 31

(Before appropriation of result)

		2011	2010
R'000			
	Note		
Assets			
Financial fixed assets	3.1	132,515	136,144
Loans to group companies	3.2	542,983	35,501
Total non-current assets		675,498	171,645
Current income tax receivable		8,102	-
Trade and other receivables		-	658
Receivables from group companies		177,567	180
Cash and cash equivalents		-	500
Total current assets		185,669	1,338
Total assets		861,167	172,983
Equity			
Share capital		4,308	4,308
Share premium		259,788	214,545
Retained earnings		(46,132)	(55,465)
Other reserves		(3,282)	11
Profit / (loss) for the year		(25,893)	9,334
Total equity	3.3	188,789	172,733
Liabilities			
Loans and borrowings	3.4	660,000	-
Total non-current liabilities		660,000	-
Bank overdrafts		2,547	_
Trade and other payables		7,228	250
Payables to Group companies		2,603	-
Total current liabilities		12,378	250
		,_,	250
Total equity and liabilities		861,167	172,983

Company income statement

For the year ended December 31

		2011	2010
EUR'000			
	Note	•	
Share in results from participating interests, after taxation	3.1	(6,078)	10,305
Other result after taxation		(19,815)	(971)
Profit / (loss)		(25,893)	9,334

Notes to the company financial statements

1 General

The financial statements of Refresco Group B.V. or 'the Company' are included in the consolidated financial statements of the Group. With reference to the Company income statement, use has been made of the exemption pursuant to Section 402 of Book 2 of the Dutch Civil Code.

2 Significant accounting policies

The principles for the recognition and measurement of assets and liabilities and for determination of the result for its Company financial statements, the Company makes use of the option provided in section 2:362 (8) of the Dutch Civil Code, under which the principles for the recognition and measurement of assets and liabilities and for determination of the result of the Company financial statements are the same as those applied for the consolidated financial statements (hereinafter referred to as principles for recognition and measurement). The consolidated financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union. These principles are set out in the consolidated financial statements.

Participating interests over which control is exercised are carried on the basis of net asset value. The share in the result of participating interests represents the Company's share in the result of these participating interests. To the extent that they are deemed to be unrealized, results are not recognized on transactions between the Company and its participating interests and mutually between participating interests themselves.

3 Notes to the company balance sheet and income statement

3.1 Financial fixed assets

Financial fixed assets consist of participating interests in Group companies. The movements in the participating interests in group companies were as follows:

	2011	2010
UR'ooo		
January 1	136,144	119,423
Other	-	(750)
Share in result of participating interests	(6,078)	10,305
Capital contributions	80,000	5,828
Effect of movements in exchange rates	(3,745)	1,338
Changes in cashflow hedge reserve	(117)	-
Merger with Refresco International B.V.	(73,689)	-
D	422.545	426.444
December 31	132,515	136,144

Refresco Group B.V. owns the following subsidiaries as at December 31:

ompany Statutory seat		Ownership interes		
			2011	2010
		Note		
Refresco Holding B.V.	Dordrecht (The Netherlands)		100%	100%
Refresco B.V.	Dordrecht (The Netherlands)	1	100%	100%
Menken Drinks B.V.	Bodegraven (The Netherlands)	2	100%	100%
Soft Drink International B.V.	Heerlen (The Netherlands)		100%	100%
Frisdranken Industrie Winters B.V.	Maarheeze (The Netherlands)	3	100%	100%
Refresco Benelux B.V.	Maarheeze (The Netherlands)		100%	100%
Schiffers Food B.V.	Hoensbroek (The Netherlands)		100%	100%
Refresco N.V.	Ninove (Belgium)	4/5	100%	100%
Refresco Iberia S.L.	Oliva (Spain)		100%	100%
Refresco Deutschland Holding GmbH	Herrath (Germany)	6	100%	100%
Krings Fruchtsaft GmbH	Herrath (Germany)		100%	100%
Hardthof Fruchtsaft GmbH	Burgstetten (Germany)		100%	100%
SDI GmbH & Co KG	Erftstadt (Germany)		100%	100%
Logico GmbH & Co KG	Erftstadt (Germany)		100%	100%
Logico Verwaltung GmbH	Erftstadt (Germany)		100%	100%
VIP-Juicemaker Holding O.Y.	Kuopio (Finland)		100%	100%
VIP-Juicemaker O.Y.	Kuopio (Finland)		100%	100%
Refresco France S.A.S.	Marges (France)		100%	100%
Ferskur France S.A.S.	Marges (France)		100%	100%
Eaux Minérales de Saint Alban-les-Eaux S.A.	Saint Alban (France)		100%	100%
Refresco Holdings GB Ltd.	London (UK)		100%	100%
Histogram Holdings Ltd.	Durham (UK)		100%	100%
Refresco Ltd.	Durham (UK)		100%	100%
Refresco Poland Sp. Z.o.o.	Warsaw (Poland)		100%	100%
Kentpol Zywiecki Krysztal Sp. Z.o.o.	Kenty (Poland)		100%	100%
Refresco Italy S.p.A.	Milan (Italy)		100%	-
Spumador S.p.A.	Cadorago (Italy)	7	100%	-
Medibev S.p.A.	Milan (Italy)		100%	-

¹⁾ On December 15, 2011 Soft Drink International Onroerend Goed B.V. merged into Refresco B.V.

On December 31, 2011 Refresco International B.V. merged into Refresco Group B.V.

On January 1, 2012, Menken Drinks B.V., Frisdranken Industrie Winters B.V. and Schiffers Food B.V. merged into Refresco Benelux B.V.

²⁾ On December 15, 2011 Refresco Onroerend Goed B.V. merged into Menken Drinks B.V.

³⁾ On December 15, 2011 Handelsmaatschappij Winters B.V. and Bronwater Import Kantoor Eindhoven B.V. merged in Frisdranken Industrie Winters B.V.

⁴⁾ On December 30, 2011 Sodraco N.V. and Ringside N.V. merged into Sunco N.V.

⁵⁾ On December 30, 2011 Sunco N.V. changed her name into Refresco N.V.

⁶⁾ On December 28, 2011 Refresco Deutschland GmbH changed her name into Refresco Deutschland Holding GmbH.

⁷⁾ Reference is made to note 6.1 of the notes to the consolidated financial statements.

3.2 Loans to Group companies

	2011	2010
UR'ooo		
January 1	35,501	-
Loans translated to share capital	(35,000)	-
Loans granted	632,251	35,501
Currency translation adjustment	568	
Repaid due to merger with Refresco International B.V.	(95,468)	
New loan due to merger with Refresco International B.V.	5,131	-
December 31	542,983	35,501

Loans granted to Group companies have for majority to be repaid in 2018, in line with the notes issued. Interest charged is based on interest costs of notes issued with markup for credit risk and handling fee.

3.3 Equity

For details on equity, a reference is made to note 5.9 of the consolidated financial statements.

3.4 Loans and borrowings

	2011	2010
EUR'000		
January 1 Notes issued	-	-
Notes issued	660,000	-
December 31	660,000	

	Currency	Nominal interest	Re-	Face value	Carrying amount	Face value	Carrying amount
EUR'000	Currency	rate %	payment	2011	2011	2010	2010
Senior secured floating rate notes	EUR	3m Euribor + 4.0	2018	300,000	300,000	-	-
Senior secured fixed rate notes	EUR	7-375	2018	360,000	360,000	-	-
Total interest-bearing lia			660,000	660,000	-	-	

For details on the notes issued a reference is made to note 5.10 of the consolidated financial statements. Costs directly attributable to the issuance are capitalized in the related subsidiaries of the Company. Remaining costs of the issuance are included in advice and legal costs of the related subsidiaries.

3.5 Remuneration

For the remuneration to the Executive Board a reference is made to note 6.3 of the consolidated financial statements.

3.6 Auditor's fees

With reference to Section 2:382a(1) and (2) of the Dutch Civil Code, the following fees for the financial year have been charged by PricewaterhouseCoopers Accountants N.V. and the PricewaterhouseCoopers network inside and outside the Netherlands to the Company, its subsidiaries and other consolidated entities:

	2011	2010
EUR'000		
Statutory audit of financial statements	809	967
Other auditing services	678	61
Tax advisory services	858	457
Other non-audit services	145	66
Total	2,490	1,551

The other auditing services are mainly related to work performed for the refinancing.

Rotterdam, March 21, 2012

Executive Board

Hans Roelofs – Chief Executive Officer Aart Duijzer – Chief Financial Officer

Supervisory Board

Marc Veen - Chairman
Aalt Dijkhuizen
Pieter de Jong
Thorsteinn Jonsson
Hilmar Thor Kristinsson
Jon Sigurdsson
Peter Paul Verhallen

Other information

Provisions in the Articles of Association governing the appropriation of profit

According to article 26 of the Articles of Association, the result for the year is at the free disposal of the General Meeting of Shareholders. Both the Company and the Shareholders agreed in an Additional Agreement to the Articles of Association that notwithstanding article 26.1 (Dividend distribution) of the Articles of Association, distribution of dividends or other payments on the shares will be subject to the prior approval of the General Meeting of Shareholders of the Company. Any such decision of the General Meeting of Shareholders of the Company shall be taken with an 80% majority vote in accordance with article 12.4 sub (xviii) of the Articles.

Proposal for profit appropriation

The Executive Board proposes to add the net result to the other reserves as retained earnings. This proposal has not yet been reflected in the financial statements.

Subsequent events

In 2011 the group initiated a restructuring program in the UK, which is communicated in 2012, resulting in the shutdown of two production lines and the evaluation of the workforce.

In 2011 the Group initiated the termination of a partnership contract in Iberia, resulting in the closing of the plant in Palma del Rio and transfer of the production lines to other Refresco plants. In February 2012 the group signed an agreement with the partner. This will have a slight positive impact on the results of 2012.



Independent auditor's report

To: the General Meeting of Shareholders of Refresco Group B.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 of Refresco Group B.V., Dordrecht as set out on pages 62 to 120. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement, the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2011, the company income statement for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Executive Board's responsibility

The Executive Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Refresco Group B.V. as at 31 December 2011, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Refresco Group B.V. as at 31 December 2011, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report as included in the accompanying annual report in the section Business Review 2011, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Rotterdam, 21 March 2012 PricewaterhouseCoopers Accountants N.V.



Ten years

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
EUR 'ooo										
Income stateme										
Revenue			1,139,574	1,146,082	951,613	660,139	606,001	557,626	544,463	450,229
Gross margin % ²	29.0%	32.0%	46.1%	39.2%	42.1%	43.4%	46.3%	47.9%	45.2%	42.7%
Adjusted EBITDA ³	111,020	125,000	120,600	109,793	77,451	63,889	64,112	62,230	49,709	39,333
EBITDA %	6.5%	9.4%	10.5%	9.6%	8.1%	9.7%	10.6%	11.2%	9.1%	8.7%
EBIT	25,713	61,233	67,603	64,859	37,694	38,059	39,329	40,964	29,508	22,069
Profit / (loss) after income tax	(25,893)	8,792	7,612	(13,783)	(26,946)	(6,097)	7,897	9,211	10,747	4,892
Balance sheet										
Property, plant										
and equipment	412,015	351,672	328,807	323,023	333,625	226,064	207,481	215,906	179,455	138,521
Primary working										
capital	141,144	124,914	89,763	97,045	99,401	81,378	77,786	72,743	72,374	62,037
Capital employed										
excluding Goodwill	469,917	395,445	350,025	362,686	377,583	263,369	240,125	229,257	185,111	147,306
Other indicators										
Volume in liters										
(*1,000)	4,956,573	3,804,185	3,393,779	3,142,258	2,524,776	1,803,335	1,783,993	1,667,019	1,672,695	1,338,356
Employees in fte's										
(year-end)	3,092	2,750	2,318	2,241	2,267	1,229	1,210	1,127	1,045	964
Return on capital										
employed %	5.5%	15.5%	19.3%	18.1%	9.9%	14.4%	16.4%	17.9%	15.9%	15.0%
Working capital										
days	33.8	37.3	28.7	30.9	38.1	45.0	46.9	47.6	48.5	50.3
Investments	41,550	48,216	48,531	36,824	40,131	30,282	18,234	38,052	28,952	21,606

Figures for 2008-2011 comply with IFRS. 2002-2007 are reported under Dutch GAAF

² The gross margin used for calculation of the gross margin percentage includes freight charges and other cost of sales

³ EBITDA is calculated as operating profit minus amortization, depreciation and impairments. Adjusted EBITDA excludes costs related to acquisitions refinancing and other one-off costs

Contact us

REFRESCO GROUP B.V.

www.refresco.com
Fascinatio Boulevard 270
P.O. Box 8665
3009 AR Rotterdam
The Netherlands
T +31 10 440 5100
F +31 10 440 5199
info@refresco.com

BENELUX

www.refresco.nl
www.refresco.be
Refresco Benelux B.V.
Oranje Nassaulaan 44
NL-6026 BX Maarheeze
The Netherlands
T +31 495 596 111
F +31 495 593 637
info@refresco.nl
info@refresco.be

GERMANY

www.refresco.de
Refresco Deutschland GmbH
Speicker Straße 2-8 (2nd floor)
P.O. Box 41061
Mönchengladbach
Germany
T +49 2 161 2941 0
F +49 2 161 2941 300

FRANCE

www.refresco.fr
Délifruits S.A.S.
B.P. 13, Margès
F-26260 Saint Donat sur
l'Herbasse
France
T +33 475 45 4444
F +33 475 45 4445
info@refresco.fr

IBERIA

www.refrescoiberia.com Refresco Iberia S.L. Ctra. N-332, Km 206, 9 E-46780 Oliva (Valencia) Spain T +34 96 285 0200 F +34 96 285 0208 info@refrescoiberia.com

ITALY

www.spumador.com
Gruppo Spumador SpA
Via alla Fonte, 13
22071 Caslino al Piano (Como)
Italy
T +39 31 886 111
F +39 31 904 689
info@spumador.com

SCANDINAVIA

www.vip-juicemaker.fi

Vip-juicemaker OY

info@refresco.de

Kellolahdentie 20 FI-70460 Kuopio Finland T +358 17 5858190 F +358 17 5800597 juicemaker@vip-juicemaker.fi

The UK

www.refresco.com
Refresco Ltd
Belmont Industrial Estate
DH1 1ST Durham
United Kingdom
T +44 191 386 7111
F +44 191 386 3481
info@refresco.co.uk

POLAND

www.kentpol.pl
Kentpol-Zywiecki Kryszta
Sp.zo.o.
ul. Fabryczna 8
32-650 Kêty
Poland
T +48 33 845 11 56
F +48 33 845 39 06
sekretariat@refrescopolska.pl

Colophon

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