annual report 2010

Refresco

www.refresco.com

annual report 2010

Refresco

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Refresco at a glance

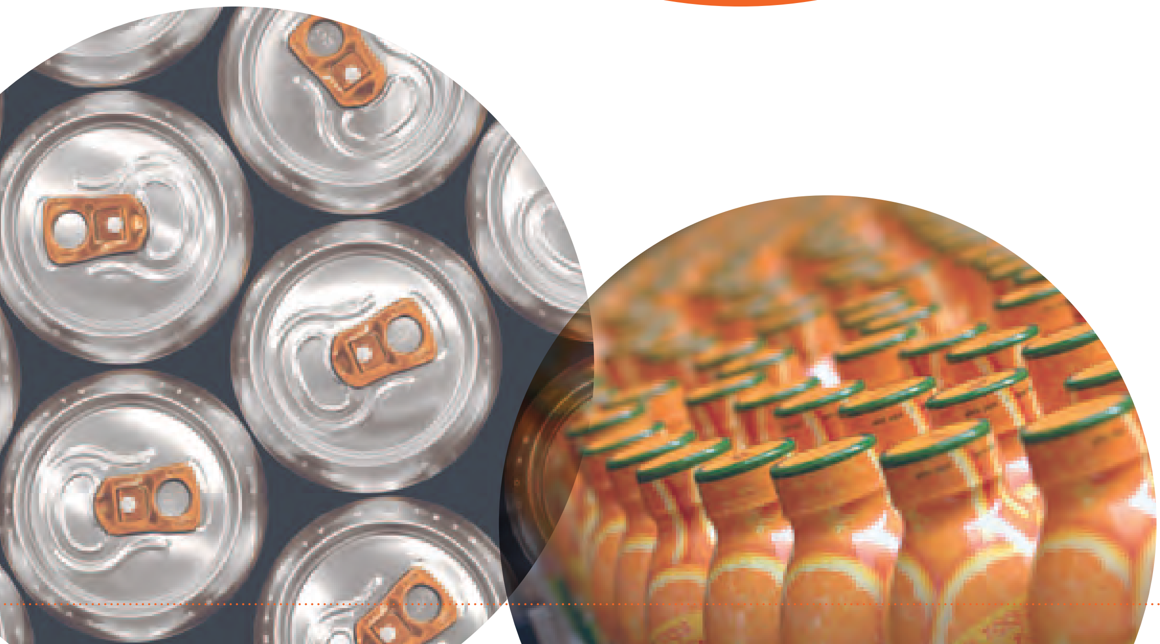
Introduction

Refresco is the leading European manufacturer of private label soft drinks and fruit juices

Refresco is European market leader in soft drink and fruit juice production for retail private label and leading in contract manufacturing for national and international A-brands. Since its establishment in 2000, the company has grown to 21 production sites in 8 countries across Europe with more than 2,500 employees. In 2010 Refresco realized a revenue of € 1.2 billion.
By pursuing a Buy & Build strategy, Refresco aims to become the European No. 1 manufacturer of soft drinks and fruit juices.
Refresco Holding is located in Rotterdam, the Netherlands.

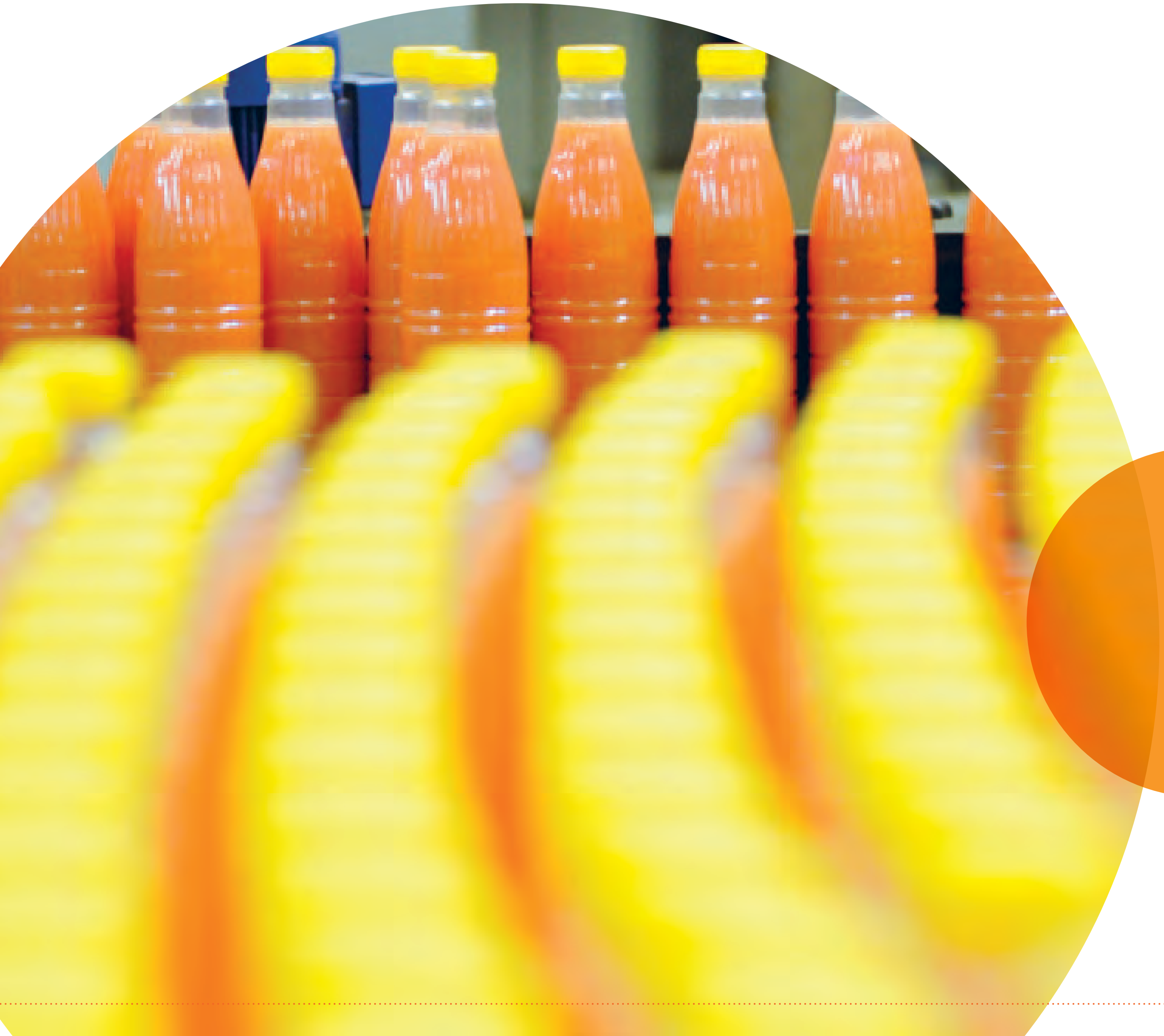
Mission
Statement

To be the
European No. 1 manufacturer
of soft drinks and fruit juices
by pursuing our
Buy & Build strategy,
serving national and
international retailers
and A-brands



Strategy

In the industry of soft drinks and fruit juices, size matters and consolidation is crucial to success. Since its foundation in 2000, Refresco's focus over the years has been on growth by means of a Buy & Build strategy. This entails growing both through acquisitions and organically.



Buy & Build strategy

By buying strong regional manufacturers and optimizing our existing business we aim to:

- Expand our presence in existing and adjacent markets
- Complete our product portfolio, filling in our product/packaging matrix
- Balance our customer base: national and international retailers and A-brands
- Improve supply chain sustainability

Expand our presence in existing and adjacent markets

We will acquire companies to expand our presence in existing and new markets. This will give us access to large markets like the UK and fast-growing markets such as Italy and Eastern Europe. Acquisitions will also increase scope for revenue synergies (through cross-selling products) and purchasing synergies. Acquisitions help us grow our customer base, too.

Complete our product portfolio, filling in our product/packaging matrix

We aim to complete our product portfolio by buying companies with portfolios of products that strengthen our market position in existing markets. This way we can realize operational, cost and purchasing synergies and improve our offerings to customers.

Balance our customer base: national and international retailers and A-brands

We will constantly balance our customer base between retailers and A-brand companies. We can do so by acquiring manufacturing facilities from A-brand companies. This will strengthen the relationship with the A-brand vendor and will allow us to improve plant utilization without creating conflicts of interest. Combining the production of private label with the co-production of A-brands gives an opportunity for the customer, as well as for Refresco, to better control the cost price of the final product.

Improve supply chain sustainability

To improve supply chain sustainability we build on creating long-term relationships with our suppliers and customers. We focus on the entire supply chain process rather than on just the end-product. We will boost earnings by increasing the throughput of existing and acquired production plants.

Roots &
DIFFERENTIATORS

Our roots

Our roots of Quality, Cost Leadership and Reliability have been embedded in everything we have done in the past ten years. We believe they are essential to our people, our suppliers and our customers, indeed to doing business in our industry. They set the standard for expectations, a key condition for success.

Quality

Delivering quality is a central concern to the people in our organization. We cooperate closely with customers, consider the options side by side with them and in many cases conjointly develop products that will meet their needs and the consumer's demand. In cases of co-manufacturing, we deliver according to previously agreed specifications, quantities and time frames. We maintain a close and preferably long-standing relationship with our customers at all levels, listening carefully to their requirements so we can provide them with what they need. We understand the responsibility our customers entrust us with, and we treat all customer information with integrity.

Cost Leadership

Ever since Refresco started we have been convinced that cost leadership is a basic condition for doing business in the soft drink and juice market. It is our aim to ensure that we can offer our customers economies of scale without failing customer service at a local level. We can spread our resources across the Group within our business model and thereby leverage economies of scale without compromising our flexibility or our ability to provide our individual customers with service.

Reliability

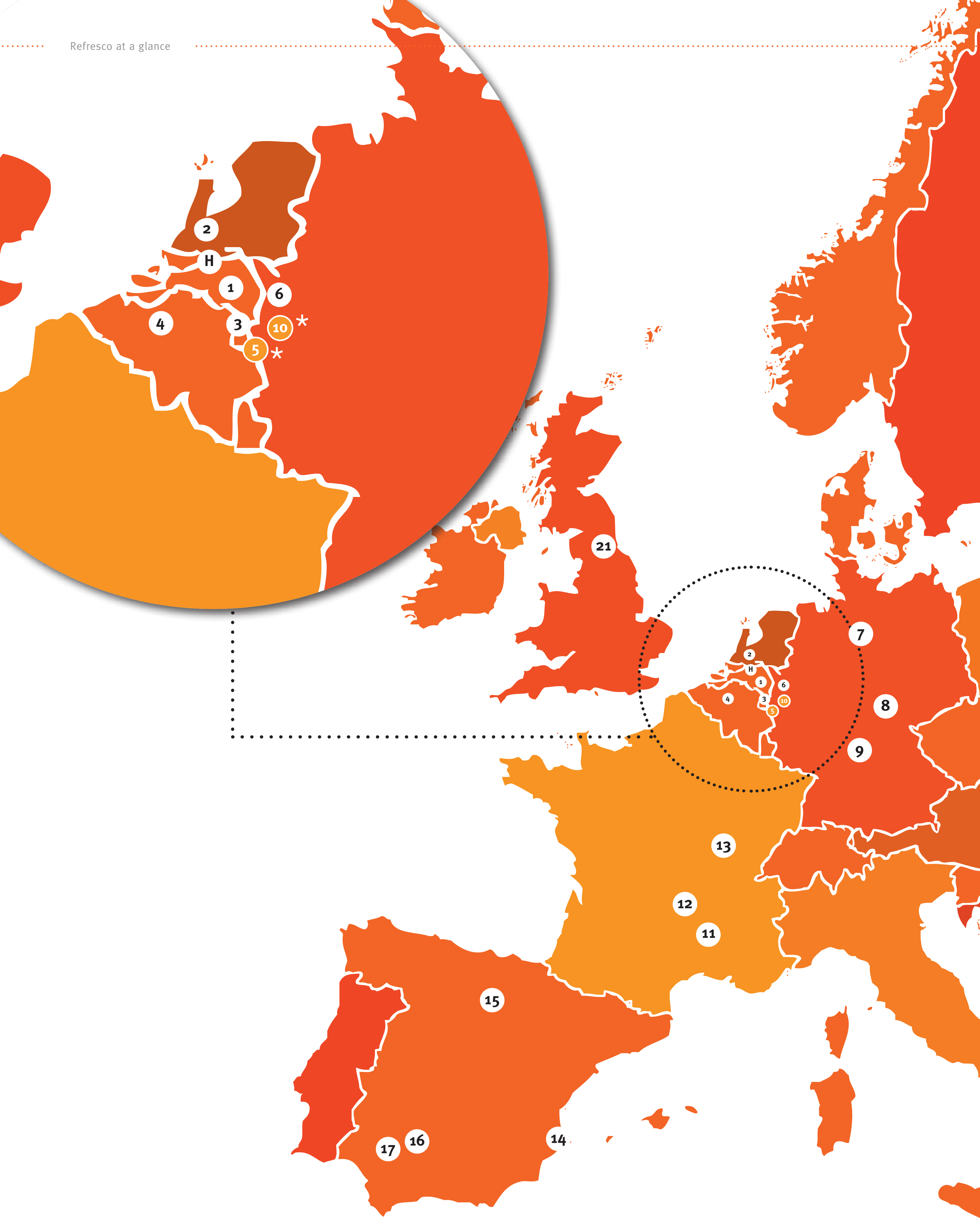
We put great emphasis on food safety, quality and delivery performance, with our goal being able to exceed our customers' expectations. All of our sites work with a supply and demand quality system and have implemented or are in the process of implementing a Group ERP system. We need to work in a "just-in-time" environment with most of our customers. Delivering in the right place at the right time calls for complex and detailed planning and scheduling . This means we must cooperate closely with our customers to assist in improving realistic forecasting and to optimize manufacturing, scheduling and planning. Our highly experienced professionals work together in planning, purchasing and logistics teams, to help ensure timely delivery.

Our roots are basic conditions in the soft drink and fruit juice business

Our differentiators

Our **Total Portfolio**, **Speed to market**, **Innovation drive** and **European network** are factors that differentiate us in the market. We are able to offer a total portfolio of beverages from (carbonated) soft drinks (CSDs), ready to drink (RTD) tea, energy drinks and waters to fruit juices. We can develop new concepts exceptionally fast in close cooperation with our customers, and launch the results on the market in an extremely short time frame. Innovation is essential to encouraging market growth. It is our job to stay ahead of trends in the beverage industry and arm our customers with suitable development ideas that fit the needs of their own customers, wherever they may be. Because we have a network of production locations throughout Europe, we keep our distribution distances as low as possible to help control our customers' margin and to address environmental concerns.

Our differentiators make us stand out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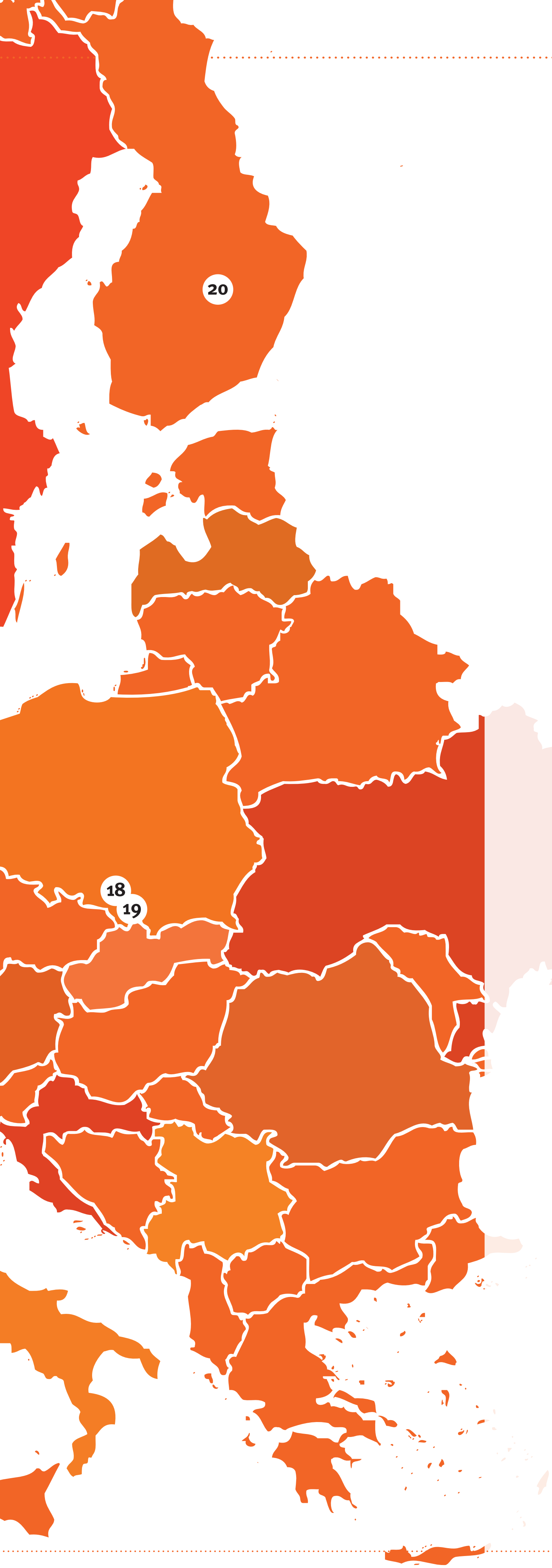
Our locations in

EUROPE



Benelux

1 Maarheeze
2 Bodegraven
3 Hoensbroek
4 Ninove
5 *Heerlen* *
(Business Unit Refresco Germany)

Germany

6 Herrath
7 Uelzen
8 Dachwig
9 Grünsfeld
10 *Erftstadt* *

France

11 St. Donat
12 St. Alban
13 Nuits St. Georges

Iberia

14 Oliva
15 Marcilla
16 Alcolea
17 Palma del Río

Poland

18 Kêty
19 Slemien

Finland

20 Kuopio

United Kingdom

21 Durham

H Refresco Group
Rotterdam

* *New*

Highlights
2010

Main achievements

- Achievement of financial targets despite difficult market.
- A combined capital commitment of EUR 84 million from 3i and a financing facility of EUR 140 million secured a sound financial platform from which to grow.
- The acquisition of Soft Drinks International (SDI) in Germany allows Refresco to enter the carbonated soft drink market in Germany, thus completing its product portfolio.
- Successful roll-out of SAP to the four business units.
- Further rationalization process in Germany.
- Investments in new lines in several business units and profit centers further completes our product portfolio.

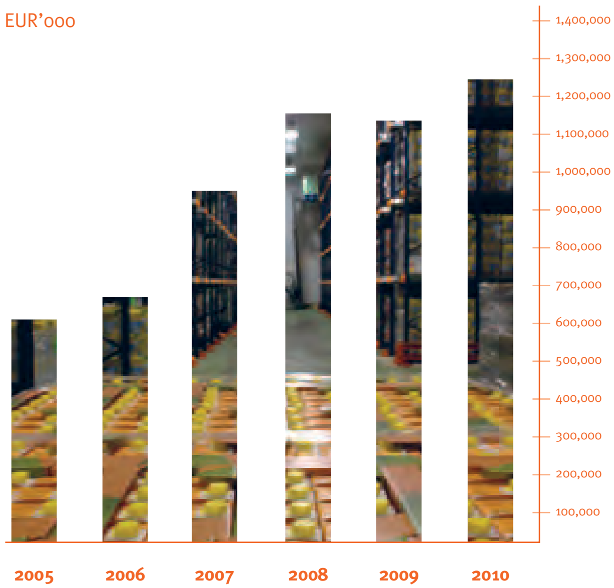
Key figures

In millions of EUR	2010	2009	Ratio
Volume (in millions of ltrs)	3,804	3,393	12.1%
Revenue	1,224	1,140	7.4%
Operating Profit	61.2	67.6	-/-9.5%
Depreciation	54.0	51.9	4.0%
EBITDA	115.2	119.5	-/-3.6%
Normalization*	9.8	1.1	
Normalized EBITDA	125.0	120.6	3.6%
Net profit	8.8	7.6	15.8%
Net cash from operating activities	75.8	94.9	-/-20.1%
People (in fte)	2,527	2,318	9.0%

* Normalization relates to the cost of acquisitions, capital injection and restructurings

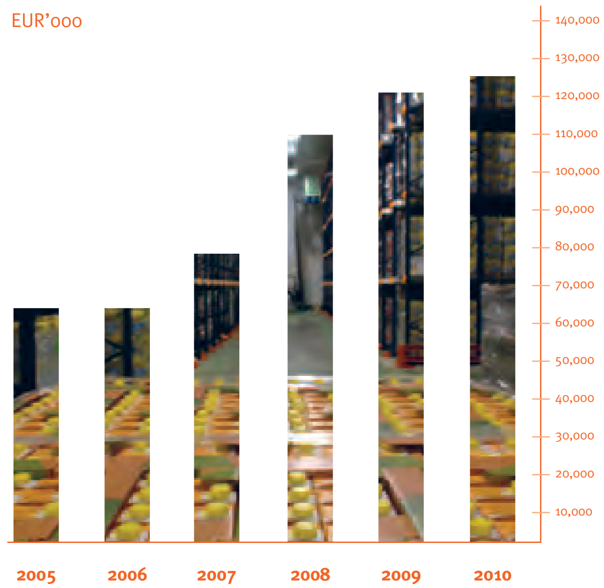
Revenue

EUR'000



Normalized EBITDA

EUR'000



Business review

2010

Hans Roelofs

Aart Duijzer

Message from the Executive Board

Dear stakeholder,

Against the background of an uncertain and very volatile soft drink and juice market, Refresco delivered solid performance in 2010. Revenue grew by 7.4 % and volume grew by 12.1 %. The second half of 2010 was more difficult than the first six months. Margins eroded due to surging input costs (raw materials and packaging material), which cost savings could not fully offset. Further growth with our existing customers has been a key achievement during the year. By expanding our product portfolio with our customers we staged modest growth amid a virtually flat private label market in 2010. Thanks to our established leading market position and the drive and professionality of our people, who carried out our strategy with unrelenting focus, 2010 will go on record as yet another year of success.

A capital commitment of Euro 84 million by 3i and a financing facility of Euro 140 million together provided a solid financial basis from which to grow and actively execute our Buy & Build strategy. This enabled the acquisition of Soft Drinks International (SDI) in Germany. SDI strengthens our position by providing access to the CSD market in Germany, where we are now able to offer a total product portfolio. This same financial basis also created scope for the planned acquisition of Spumador (signed, in the process of being closed).

A sustainable supply chain

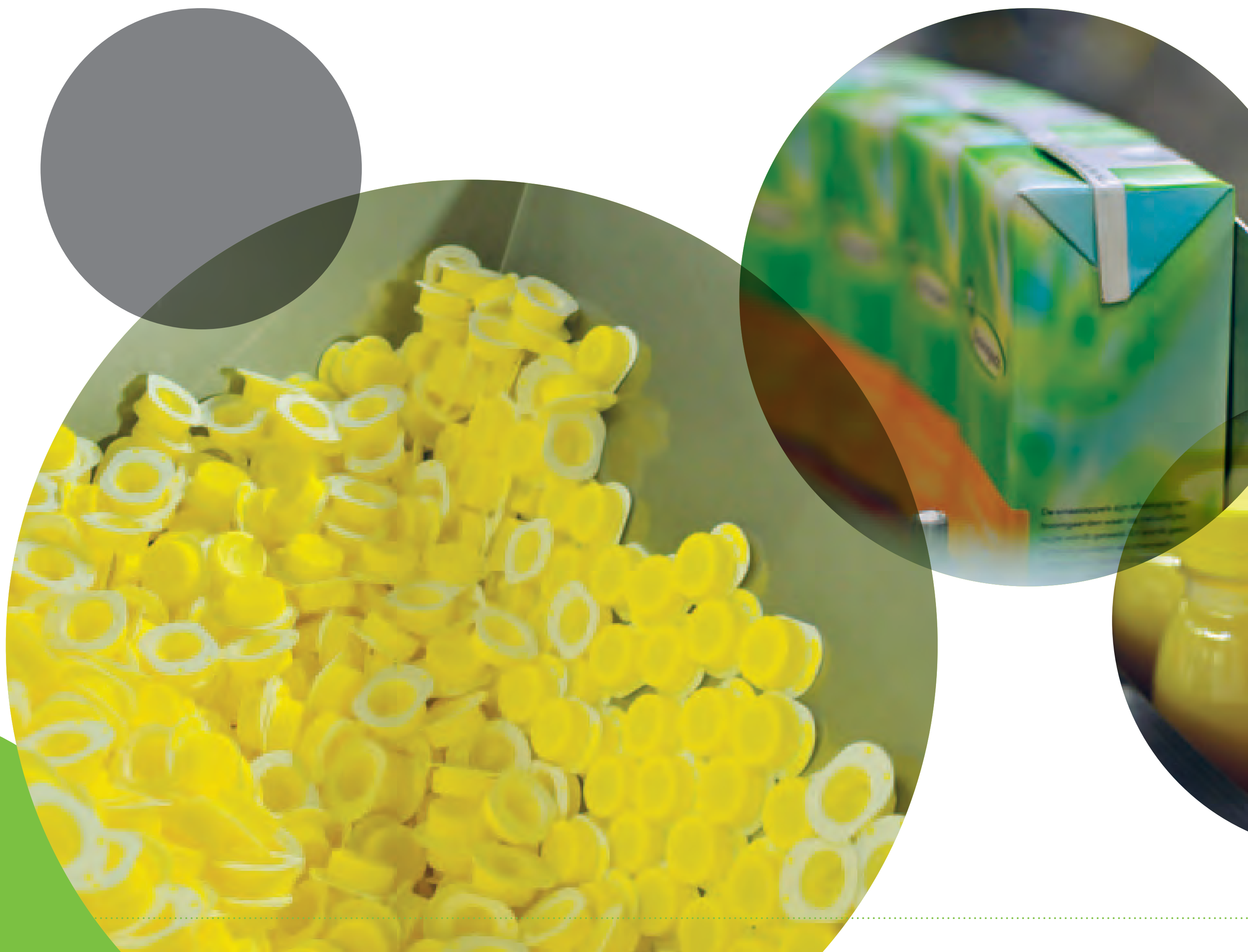
The theme of this year's Annual Report is 'A sustainable supply chain'. After having focused on the Refresco company in 2008 and in 2009 on its private label market, we now want to provide insight into our supply chain approach and the way we work with our suppliers. When we use the word sustainability, we have two meanings in mind. First, Refresco is positioning itself more and more as a supply chain solution for its retail customers. With our suppliers, we guarantee quality and availability of the product for the right, competitive price. We put strong emphasis on building a reliable supply chain with a long-term focus. We work hard on continuously improving processes and building long-term relationships with our suppliers in order to be the best soft drink and fruit juice supplier, serving international and national retailers and A-brands, for today and tomorrow. Second, in our business we acknowledge our responsibility towards the environment and we strive to reduce our negative impact on the environment wherever feasible. In our business this year we launched many initiatives that demonstrate our commitment to doing business sustainably along the entire supply chain while reducing our environmental footprint. We have made progress regarding sustainability in areas most relevant to our business. Many initiatives have been launched across the organization to reduce energy and water consumption and minimize waste in all our production processes. All our Business Units are committed to maximizing the recycled PET content of our PET bottles.

"A sustainable supply chain strengthens

There have been many projects to reduce the total environmental impact of all our packaging materials. Deliberate choices have been made and packaging materials changed in order to reduce the negative environmental impact of the total supply chain. Lightweighting of PET bottles is another good example of how we strive to be more sustainable. One particularly interesting project that demonstrates our commitment to the environment is our waste water treatment project in France, where we use a bamboo forest to filter waste water, thus creating a completely carbon neutral footprint. More information about this project is provided in the 'Sustainable supply chain' chapter.

In summary

We are content with our performance in 2010. We have achieved our financial targets, strengthening our market position in Europe through acquisition of SDI, we have safeguarded our financial position and we have the full financial backing of our stakeholders to further grow our business via acquisitions, continuing the successful Buy & Build strategy. We bear in mind that this could never have been achieved without the commitment and hard work of our dedicated people, who are at the center of our business. We would like to take the opportunity here to express our appreciation and thank our employees for their commitment in the past year.



OUR PLATFORM FOR GROWTH.”

A strengthening of the financial position through the equity injection by 3i, a healthy and fine-tuned organization and a sustainable supply chain give us the confidence that we will be able to pursue the path of sustainable growth and extend our business in existing and adjacent markets, thus demonstrating our leadership in the business.

We will further increase our focus on our roots: quality, reliability, cost leadership, as well as sustainability. Our focus is on an ambitious growth strategy leading to a broad European presence. The focus for 2011 will be very much directed by integration, optimization and organization. This, along with a underlying solid business and a balanced total product portfolio of soft drinks and fruit juices, guarantees that our partners benefit from the best quality offered at the lowest cost.

We are confident about the prospects of our business and we are mindful of our mission statement, to become Europe’s No. 1 manufacturer of soft drinks and fruit juices, by pursuing our Buy & Build strategy, serving international and national retailers and A-brands.

Rotterdam, March 29, 2011

Executive Board
Hans Roelofs
Chief Executive Officer

Aart Duijzer
Chief Financial Officer

Review 2010

Looking back on 2010 we can state that the year started relatively smoothly, with a turning point mid-year where we had to face major challenges. Our business was influenced by several factors: a persistently tough economic situation, changing consumer behavior, customers and suppliers consolidating, and steeply rising commodity prices. Despite these difficult market circumstances Refresco has been able to achieve its financial targets. We managed to grow our business, and were able to execute our acquisition strategy. Revenue increased with 7.4% to a level above last year at EUR 1.224 billion.

The market

In 2010 the economic situation was still challenging for many companies. The economic downturn of 2009 is by far not over, as we can see in our industry and retail data. In fact we can say that the consequences will continue to affect our industry for several years to come. Where in 2009 the effects were limited to financial institutions, in 2010 they spread to other industries as well. Unemployment rates climbed in more and more European countries, leading to changing consumer behavior.

Consumer behavior has become even more unpredictable than before, and spending per head has gone down in every single category, including food and beverages. This has led to the emergence of massive opportunistic shopping behavior, with consumers travelling from shop to shop to find the cheapest products and the best promotions. Another trend we see is consumers moving from expensive product propositions to cheaper ones. In our own product range, for instance, we have seen a shift from 100% orange juice to juice drinks or nectars, and beyond the juice category to the cheaper carbonated soft drinks (CSDs).

Among our customers, we see on the one hand retailers competing fiercely on price, leading to all-out price wars on the other hand is a consolidation in retailers' buying to be able to benefit from high-volume buying. More and more retailers are joining large national or international buying groups such as EMD, AMS, Agenor etc. Meanwhile retailers (including hard discounters) are becoming more opportunistic. They will readily give up their own private label product if they get the opportunity to increase their margin on an A-brand.

A-brands, on the other hand, are stepping up their price promotions to be able to maintain their sales volumes. This in fact encourages consumers to look for price promotions and only buy certain products if these are on promotion, thus further enhancing their opportunistic buying behavior. As a result the market share of private label products has stabilized in 2010.

In the second half of 2010, prices of all raw materials and packaging materials showed explosive growth. This was partly caused by poor harvests (orange, apple, pineapple, sugar, cotton), but also by rising oil prices and investors massively buying commodities to benefit from expected economic recovery. Every year we are faced with movements in the pricing of raw materials and packaging materials, but this year price increases have been substantial, and volatility of the prices has been high, across the entire range of raw materials.

The economic recession of the past few years has to date had little impact on Refresco's overall business, which is still very much in balance and growing steadily. For Refresco 2010 was an exciting year. It started with strong results in the first half year. The second half was much more difficult because of the sudden and extreme price rises for raw materials and packaging materials.

As the market leader, Refresco has been able to improve its relative position. Leveraging on our scale and being present in the whole portfolio of soft drinks and juices has helped us to deliver in 2010 and to prepare for 2011. Despite the trend in the overall soft drinks and fruit juices market of a stabilizing private label share in 2010, we were able to increase our share of private label in our markets. Meanwhile, the heavy price promotions of A-brands allowed us to increase our revenue with the A-brands on a like-for-like basis.

Operational

Expanding our presence

2010 offered Refresco new opportunities, allowing us to pursue our acquisition strategy as we intended. In March, the owners of Refresco and 3i, an international private equity company, announced that 3i had acquired newly issued Refresco shares representing a 20% stake in the share capital of Refresco. The total value of the capital commitment amounted to Euro 84 million of which € 37 million is already injected. The existing shareholders and the management of Refresco maintained their shareholdings and fully supported the transaction. In September, Refresco International B.V. (100% subsidiary of Refresco Group), signed a debt financing agreement involving new senior facilities worth € 140 million. The maximum tenor of the facilities is four years.

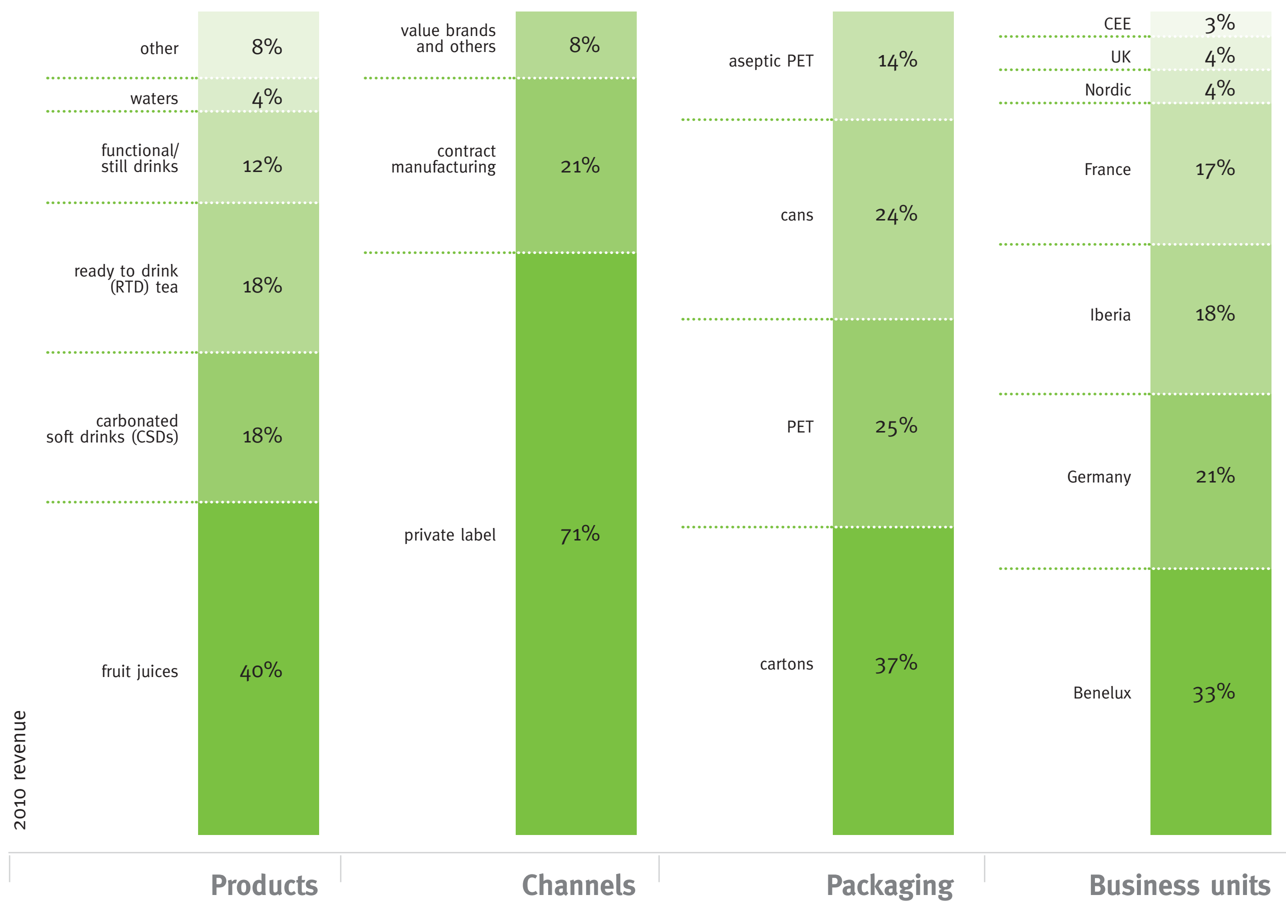
Both transactions were meant to leverage Refresco's growth potential and enabled Refresco to realize its near-term growth ambitions. Pursuing its Buy & Build strategy, Refresco has been able to further extend its presence in the European market through acquisitions as well as organic growth.

In September 2010 we acquired Soft Drinks International (SDI), a German producer of soft drinks and water. SDI is a strong regional producer, primarily active in the German market and the Benelux countries, with production facilities in Erftstadt (Germany) and Heerlen (the Netherlands). SDI's products are also exported to other European countries. SDI focuses solely on the private label segment. The takeover gives Refresco a significant presence in the growing German market for carbonated soft drinks (CSDs). It allows Refresco to further expand its product range – which in Germany consisted primarily of fruit juices – with CSDs, and enables Refresco Germany to offer a total product portfolio to its customers. The acquisition will help Refresco to optimize its production processes and improve its competitive position in Germany. Refresco is now one of the top three manufacturers of soft drinks and fruit juices in Germany. The acquisition will also reinforce Refresco's position in the private label market.

Completing our product portfolio

Refresco has increasingly moved from being mainly a juice producer to being a producer of all non-alcoholic beverages. This shift was most clearly visible in the past two years. Although juices still account for a large share of the portfolio, the acquisition of SDI in 2010 has increased the share of carbonated soft drinks (CSDs) and has considerably strengthened the portfolio mix. in line with the overall Refresco strategy. The acquisition of SDI also gives Refresco the opportunity to increase its private label propositions towards international retailers.

A focused, well-balanced total portfolio



(*) In the graph, in the column "Channels" private label share has grown a bit in percentage terms compared to A-brand contract manufacturing. However, the change is far smaller than it looks compared with 2009 (27/63 vs 21/71), because the shift in percentages between private label and A-brand business is distorted by a change in invoice models relating to the A-brands.

"WE INTEND TO IMPROVE OUR SUPPLY CHAIN MANAGEMENT

A balanced customer base

Refresco invested in strengthening its relationships with national and international retail customers in 2010. Combining the production of private label products with the co-production of A-brands gives the customer, as well as Refresco, better control over the cost price of the final product. The coming years offer a window of opportunity to step up production and distribution for both our retail and our A-brand customers.

Investments linked to this ability to combine private label production with production for A-brand companies are now paying off. Increased consumer interest in private label products has led to even closer cooperation with our international retail customer base. Development of “value for money” alternatives has played a leading role in broadening the shelf space for private label. Refresco businesses are increasingly expected to offer a complete supply chain solution instead of only the final product. This fits in perfectly with our business model, in which the emphasis is on long-term relationships with all our stakeholders, including customers and suppliers.

In line with our strategy, we will remain focused on producing soft drinks and fruit juices in all kinds of one-way packaging types for two types of customers in Europe – manufacturing private label for retailers and co-manufacturing for A-brands. We will stay focused on our existing regions and adjacent countries, where private label is a meaningful and/or growing segment in our category.

A sustainable supply chain

In many markets, our profile in relation to our customer base has become much more supply chain oriented. Besides managing cost price, quality and delivery performance, we are increasingly engaged in optimizing the total supply chain. We were able to strengthen our business by setting up dedicated programs to reduce costs and by looking for acquisitions and organic investments that would make the business grow.

The acquisition of SDI offers the company a more balanced risk profile from a purchasing perspective and enables us to leverage on purchasing and manufacturing synergies. It gives Refresco in Germany the opportunity to enter the carbonated soft drinks (CSDs) segment and allows for further growing the total product portfolio in Germany.

We have been reviewing our European production footprint. This has resulted in the transfer of various lines to other companies within the Group in order to optimize utilization of existing capacities. A cost-reduction program, together with investments in high-speed production lines, has strengthened the path towards full cost-price leadership in the industry. The focus on cost-price beneficial investments will be kept very much alive in the Group. Every single decision in the total supply chain of our products has been reviewed and rebalanced. In the current market situation, we can less afford unnecessary costs in our system than ever before.

It is very often not just about doing things better or cheaper, but about daring to do things differently. This challenge to our total organization has made us more professional and has given us an agile mindset as well as competitive strength.

BY INVESTING IN RELATIONSHIPS WITH SUPPLIERS
to optimize costs throughout the supply chain.”

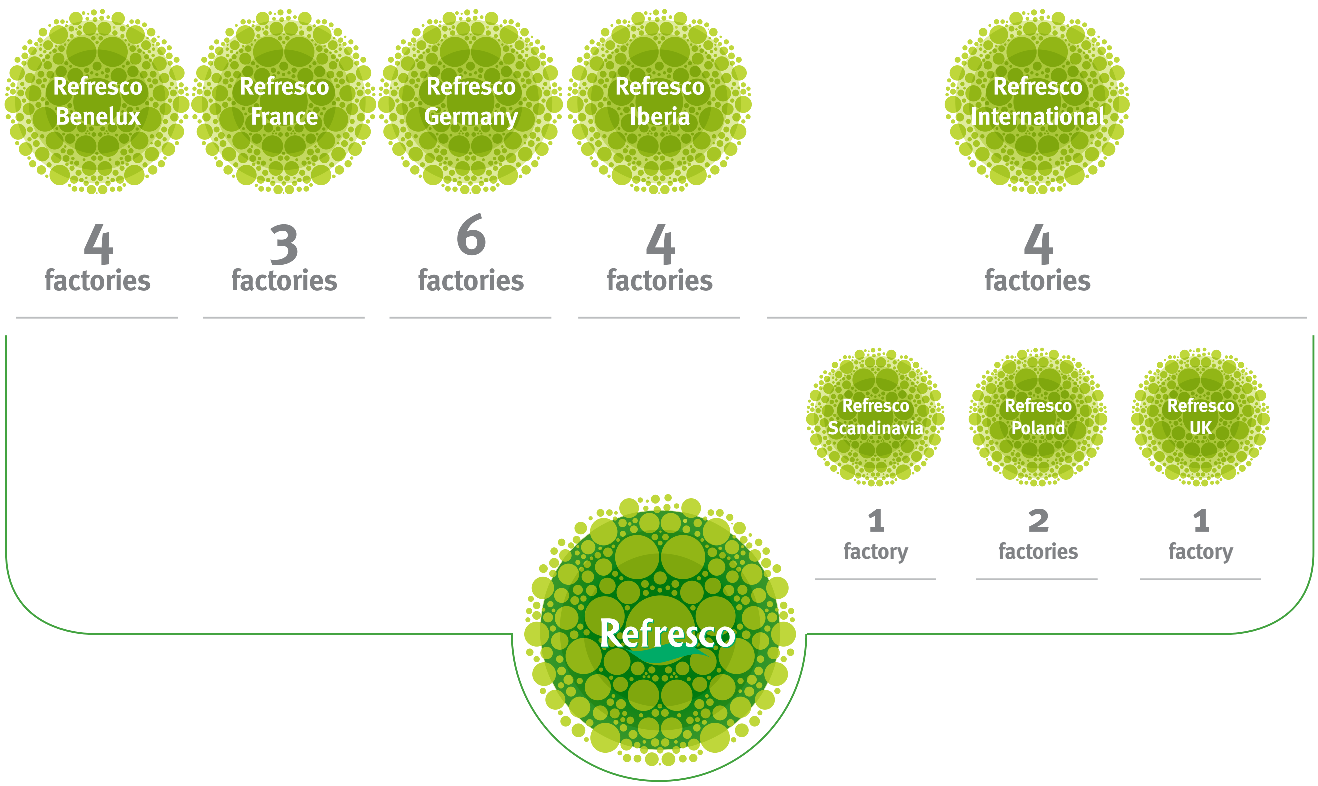
People and organization

At Refresco we believe that our human capital and our business intelligence are our key assets. They give us our competitive edge in a market where a company like ours is to compete on many levels. Of course, our size brings economies of scale, but what really makes the difference is the competence of our people to catch market opportunities and streamline operational processes to perfection. As a cost leader, Refresco continuously needs to make processes smarter and more flexible. Innovative production lines and systems can be bought by our competitors too, but it is our production staff who work in the most efficient and effective way possible. Having the right people and the right processes is of fundamental importance to our success.

Refresco is led by a small team of enthusiastic, entrepreneurial managers with a very performance- and result-driven approach. Each team member has a high level of independence and freedom to execute individual ideas that contribute to company results. What connects them is their deep understanding of the business and their can-do attitude. They make decisions based on trust in each other and in their own gut feeling.

The Refresco organization is based on strong and empowered profit-responsible business units, of which there are currently five in different geographical locations. In compliance with our business philosophy, we keep the lines between Refresco Group and the business units simple and short, avoiding red tape. By doing so, the Refresco Group management team can closely guide and support the unit management to guarantee quick decision-making.

In 2010, the average age of Refresco employees was 42. Following acquisitions, the average number of employees in the Refresco Group increased from 2,318 to 2,527 full-time equivalents.



Achievements in 2010

Human Resources

On a local level, high priority was given to strengthening Refresco's middle management. In general, all units moved forward in professionalizing their human resources function, policies and practices. All local HR teams contributed towards the achievements in the five focus areas outlined above.

During 2010 a new business unit, named Refresco International, has been established in the Refresco business structure, comprising the Profit Centers Finland, UK and Poland. In keeping with Refresco Group's ambition to keep up its current rapid pace of growth, the Executive Board is focusing its full attention on the group's further expansion, while the individual profit centers require dedicated managerial support to develop, organically and through targeted acquisitions, into larger business units. The profit centers were therefore clustered into a separate business unit and a new managing director has been attracted.

Refresco Germany successfully completed the acquisition of SDI and subsequent integration of two production locations.

The business units Benelux, France and Germany have developed and rolled out leadership skills training program for their local management.

Refresco UK went through significant restructuring for both top management as well as middle management. Strong growth in combination with a high level of investements made it necessary to improve control.

In 2010, Refresco Human Resources Management focused on five main areas: First, **succession management**, consisting of talent identification and development. Unlocking internal human potential is essential for Refresco to be able to accommodate its fast-paced growth. Because most of our senior managers joined Refresco from outside companies over the last three years, it is now our ambition for the coming years to promote more Refresco management talent to higher positions within and across existing and newly acquired units. Recruitment efforts have been targeted more specifically at middle-management talent, to be coached and developed in-house.

Second, further extension of **management development** approach. The new management development approach designed in 2009 has now been implemented and extended to include middle-management levels in line with our new succession management policy (see above). Third, development of an **international mobility** policy, defining conditions for cross-border postings. A transfer desk has been set up. Refresco encourages high performing talents to broaden their horizons across business entities. Both short-term assignments and long-term career opportunities are possible within our group. Fourth, roll-out of group-wide **training & development** initiatives for higher management. A group training program was designed by selecting preferred business schools and training institutes, each covering different areas of leadership and management skill development. Fifth, Refresco **leadership program**. In 2010 the competences profile was completed and rolled out to all business units. After new managers were trained in behavioral competences, managers across the units engaged in a workshop to define Refresco leadership behavior. The results of this session supplied key input for developing Refresco management.

Long-term strategy

Human Resources

Always looking ahead, we want to have the right people with the right talents in our organization, making us less dependent on external search and recruitment. In 2009 we put internal human resources as such in the focus of our HR policy, in 2010 we implemented the policies and tools. Going forward, much will depend on our success at deploying our talent in newly acquired and existing business units.

REFRESCO VALUES

Entrepreneurship, No-Nonsense, Teamwork, Spirit and Focus are the values that describe the Refresco culture and the way we operate in our day-to-day business.

These values are embedded in the Refresco organization, each expressing how we want to be known in this business. They have been translated in clear leadership behaviors (competences). Our people are recruited, rewarded and appraised using competences that form the baseline of the Refresco values to ensure that the Refresco culture is kept alive within the Group.

Refresco values

Financial

2010 was a successful year in the sense that we managed to grow our business organically and that we were also able to execute our acquisition strategy. Revenue rose by 7.4% compared to last year to a level of EUR 1,224 billion. In 2010 volume in liters increased by 12.1% to 3.8 billion liters. On a like-for-like basis, excluding the acquisition of Soft Drinks International in 2010, revenue reached EUR 1,182 billion, up 3.7%, and volume in liters increased by 5.3% to 3.6 billion liters. The relative difference in increase between revenue and volume is caused by lower average selling (and purchase prices) for juices and stronger volume growth in the lower value categories like CSDs and water. All in all, the average selling price per liter fell by 6.4%.

In both absolute and relative terms, the margin per unit was slightly lower in 2010. The year had two distinctly different halves. Margins were in line with expectations during the first half of the year, when our key raw materials and packaging materials were still favorably priced. In the last six months of the year, margins came under pressure, and they gradually deteriorated towards the end of 2010. Strong price increases of raw materials and packaging materials that have been introduced since the summer of 2010 are gradually being passed on to customers.

Operating profit fell from EUR 67.6 million to EUR 61.2 million. The decline was entirely attributable to costs related to the acquisition of Soft Drinks International and Spumador and the capital injection by 3i. Normalized EBITDA climbed by EUR 4.0 million to EUR 125 million, and total net profit edged up by EUR 1.2 million to EUR 8.8 million.

The strong increase in input costs and the acquisition of Soft Drinks International only marginally increased demand for working capital throughout the company. At year-end 2010 interest-bearing long-term and short-term loans amounted to EUR 544 million; still an increase of EUR 0.6 million versus last year.

After deduction of investments and tax paid the cashflow on peritive, corresponding with the increase in overall liquidity increased from EUR 59.7 million last year to EUR 75.1 million at year-end 2010.

Consequently net debt did not increase despite the acquisition of Soft Drinks International. This acquisition was almost completely financed by the capital injection. During 2010 our EBITDA/total debt ratio as agreed with our banks remained at an excellent level. We made use of available capital expenditure financing facilities, worth EUR 3.9 million, to finance investments. Solvability rose from 13.3% last year to 16.3% at year-end 2010, mainly due to a capital increase.

Investments in 2010

Refresco's investments in 2010 were slightly above the 2009 level. In total EUR 44.1 million was invested at the 21 production sites. Part of the total investments was spent on the expansion of capacity in Iberia, France and Finland. All these investments should be seen as the fundament for further organic growth in 2011. The remainder was spent on replacement projects, refurbishing and modernizing our manufacturing setup to the required standards. Capex projects with clear cost advantages were ranked as top of the list throughout 2010. We do expect the level of investment in 2011 to be slightly below the 2010 level.

"The focus for 2011 will be strongly on

Outlook 2011

Prospects for 2011 are positive. Despite difficult market conditions we expect to improve our position, outperforming the year 2010 and further increasing EBITDA. We expect ongoing growth of our bottom line thanks to integration of acquired companies, further optimization of our operational activities and further rationalization of our organization.

Development of the market

In general we see the market conditions of the second half of 2010 continuing in 2011. Packaging and particularly raw material prices have risen sharply in the last twelve months. These price rises are in the process of being passed on to our customers, but we have to take into account that there is always a small discrepancy in timing. This time lag has already squeezed margins in the second half of 2010 and is expected to continue to do so in early 2011. The downtrend in consumer spending and the reduced predictability of consumer behavior is expected to continue, leading to increasing competition among retailers through their private label products.
Even in this tough environment, however, we expect Refresco to be able to improve its market position. The company's scale enables it to take advantage of a wide variety of purchase and supply chain positions and issues, related to both pricing and availability of packaging materials and raw materials. Our international presence and cooperation with international customers, combined with the ability to offer a wide range of soft drinks and fruit juices, will also be a great strength in this volatile and fast-moving market.

The financial and economic crisis has impacted the fruit juice and soft drink market. We see a continuation of the shift in consumer spending behavior in our product portfolio from expensive product propositions towards cheaper ones. There is a clear shift from juices via nectars to fruit drinks and from there to the cheaper carbonated soft drinks (CSDs).
Refresco is able to respond to this trend by further balancing its product portfolio and activities in the various markets/ regions. By acquiring Soft Drinks International, we have significantly reduced our vulnerability to these consumer trends. We have added a dedicated CSD and water business to our existing juice business in Germany. The planned acquisition of Spumador (signed, in the process of being closed) will further increase the share of CSD in the Refresco product portfolio.

As competition between retailers becomes fiercer, our negotations with them are getting tougher, too. Thanks to its international scale and its balanced customer base of retailers and A-brands , however, Refresco is expected to be less vulnerable to these market forces than its competitors.

The overall market share of private label products in 2010 has been virtually flat, mainly due to A-brands trying to make up for their weak sales volumes early in 2010 through heavy price promotions in the second half of the year. Recently, moreover, hard discounters have increasingly been launching promotions and permanent propositions featuring A-brands. In 2011 we expect private label's volume market share in soft drinks and fruit juices to show modest growth in most of our geographies.

integration, optimization and organization"

It is anticipated that retailers will increasingly use lower value private label propositions in their promotions towards consumers and their fight against competitive players.

Results 2011

The Executive Board expects that 2011 results will be up on 2010, and show a further increase at EBITDA level. The acquisition of Soft Drinks International (SDI) in September 2010 and the planned acquisition of Spumador (signed, in the process of being closed) are expected to contribute positively to 2011 results. Revenue will increase substantially due to the acquisitions as well as significantly higher input costs. The margin pressure seen in the second half of 2010, caused by soaring raw material and packaging prices, will continue in the first half of 2011. Selling prices will be adjusted, and margins are expected to recover, later in the year. The positive trend in volumes is expected to continue, with the relative position of Refresco companies in their respective markets improving. Refresco is fully compliant with all the bank covenants and expects to remain so in 2011.

Strategic focus 2011

The focus for 2011 will be very much on integration, optimization and organization. Though we have no intention of abandoning our acquisition strategy in 2011, and we do not exclude further acquisitions if any potential targets come along, we think it is essential to focus in 2011 on further consolidating our market share and profitability, adding value to our shareholders.

The integration of both Soft Drinks International and Spumador (signed, in the process of being closed) requires a lot of attention. In order to integrate them successfully we will need to realize synergies in operations (manufacturing/logistics/supply chain) and purchasing, to leverage market opportunities, and to rationalize organizations.The challenge will be to optimize processes and to achieve organic growth, implement best practices and explore additional synergies. Senior management will pay great attention to the company's cost base and the organization will be further rationalized. Indeed, if we wish to lead the industry we need to demonstrate our cost leadership in the business. We will also use 2011 to prepare our organization for further growth in the years to come by further expanding our functional expertise and by further strengthening our local management teams.

The financial markets seem to offer a window of opportunity to refinance Refresco Group as a whole. There is no need for refinancing, as the first part of existing facility ends in 2014, but market conditions look attractive. At the time of writing, our refinancing possibilities in the current financial market are being explored. Refinancing will give us a longer horizon, more flexibility for integration and new acquisition headroom.

Buy & Build strategy

Since its foundation, Refresco has pursued a Buy & Build strategy, which needs the financial support of shareholders. Now that the financial situation of the Icelandic consortium has stabilized and 3i has come aboard, our shareholders can give us support for further execution of our Buy & Build strategy, the first project of course being Soft Drinks International and secondly Spumador (signed, in the process of being closed). Our Buy & Build strategy remains in place and in the coming years we expect to focus on further expansion of our business within our current geographic presence and adjacent countries.

In conclusion

We are convinced that we have established a sound platform for leadership in our industry and will continue to grow from here. The integration, optimization and rationalization focus for 2011 should further strengthen the company. As a leader in this business, we acknowledge our responsibility to our partners and the impact we have on the environment. Despite a tough economic forecast for 2011 we intend to pay more attention to sustainable growth and environmental issues conjointly with our supply chain partners. We are confident about the prospects of our business and we will remain mindful of our mission statement, to become Europe's No. 1 manufacturer of soft drinks and fruit juices, by pursuing our Buy & Build strategy, serving international and national retailers and A-brands.

Governance

Refresco is committed to running its business with integrity. The governance structure described in this chapter reflects how the group is directed and controlled, suiting the interests of its business and stakeholders. The contribution of the Supervisory Board is described in the Supervisory Board Report. As entrepreneurship is one of Refresco's core values, we see a certain level of risk-taking as part of our nature and unavoidable when doing business. In this section we describe possible risks on multiple levels and how we manage these risks.

Risk management

A simple definition of risk management is the process of understanding and managing the risks that an organization inevitably is subject to in attempting to achieve its corporate objectives. Refresco's risk management and internal control systems are set up to mitigate the uncertainties that we face, therefore improving conditions for achieving our objectives. In 2010 Refresco, with assistance from KPMG, made steps to further professionalize its risk management. In a number of sessions several key operational risks were identified and plotted on the basis of impact and likelihood of occurrence. Objectives were established for each of these risks and teams are working to identify and implement additional mitigating measures. The following risks can be distinguished.

Strategic risks

Risks related to the global financial and economic situation

The global economic downturn has impacted economies and markets in which we operate. Therefore Refresco is subject to a number of risks that might impair our ability to fully implement our strategy or achieve the set objectives. The economic crisis limited the availability of credit, which had a negative impact on the execution of our intended acquisition strategy. Refresco realized that to stay healthy and further strengthen our competitive position in this economic situation, short-term measures needed to be taken. Recently we have reduced working capital significantly. As a result, the cash position of the company remains strong and working capital control remains tight. Financial markets seem to have recovered reasonably well, which was reflected in the new acquisition facility we were able to conclude with our key banks and the subsequent acquisition of SDI. However, we are developing as many alternatives as possible to finance the company and maintain a healthy cash flow, which is considered to be crucial.

Risks of a cyclical downturn reducing sales and/or margins

A large part of Refresco's revenue comes from economies that have been severely affected by the unprecedented economic slowdown in 2009, which has adversely impacted consumer markets and triggered changes in consumer behavior.

Refresco's business is largely dependent on continued consumer demand, and less consumer spending may reduce sales of our products. This has obvious implications for revenue and profitability. Last year's experience demonstrated that the private label soft drink and juice market is less sensitive to an economic downturn than other Fast Moving Consumer Goods (FMCG) markets. However, the margin pressure that our retail customers face is stronger than ever. In our strategy we aim at diversification, in terms of products and of customers as well as geographically, to mitigate risks caused by negative effects in any one category. Refresco closely monitors performance in the most volatile markets as well as customers and suppliers, and is able to respond quickly to protect its business.

Operational risks

Risks related to price fluctuations and supply side developments

In 2010, we again faced significant increases in the cost of various commodities and raw 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. Remaining risks are substantially mitigated through a combination of selling price increases, supply chain savings and mix improvements. Where appropriate, we also use exchange-traded futures to hedge future price movements, especially in relation to purchases in US dollars. Partly as a result of its recent acquisitions, Refresco has increasingly become a total soft drink producer rather than just a juice producer. This has reduced supply-side risk associated with vulnerability to individual commodities, raw materials and packaging, and to countries that supply these items. However an element of risk will always be there, as in some countries and segments we are dependent on a few larger suppliers.

Risks related to customer concentration

Refresco deals with several large customers, but as it grows through acquisitions, concentration on individual customers has decreased further. Over time, Refresco has balanced its customer portfolio, which in the early years mainly consisted of retailers, with a larger share of A-brand manufacturers, thereby creating long-term stability. Whereas contracts with retailers are renegotiated every year, we close co-manufacturing agreements with A-brand manufacturers for 3 to 5 years, thus ensuring capacity utilization. We carefully manage our international customer relationships, monitoring growth and profitability and where necessary adjusting costs, complexity or capacity.

Credit risk is low, and there is no significant concentration of credit risk. In general, we subject our customers to credit limits and/or creditworthiness tests, and sales are subject to payment conditions that are common practice in each country. Material losses because of credit risk are unlikely, especially due to the geographic diversification of our activities. Effects of the economic recession on our clients are carefully monitored. Since 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 internationalized, increasing levels of regulatory and consumer focus continue to render food safety one of Refresco's most significant business risks. Refresco may be confronted with food problems, including disruptions to the supply chain caused by food-borne illnesses, which may have a material adverse effect on Refresco's reputation, sales and results of operations. To mitigate these risks, every production site has implemented its own quality system (HACCP) based on critical control and quality points in the production process in order to ensure food safety and quality. Additionally, every production site has been certified according to the International Food Standard (IFS) or, in the UK, to the British Retail Consortium (BRC) protocol to ensure food safety. On top of that Refresco representatives regularly visit and audit key suppliers and based on the outcome decide to start, continue or indeed discontinue relationships. Notwithstanding economic circumstances, Refresco is committed to not making any compromise on quality.

Risks related to production contingency

Refresco continues to invest significant sums of money in its production sites. Together with a leading insurance broker, we have rolled out a program to continuously improve housekeeping and fire protection and mitigate business interruption risks. We have, for example, invested in sprinkler installations in key plants and will extend this to more of our plants in 2011. Because of the number of plants in the group, we are able to produce nearly every individual stock-keeping unit (SKU) at at least three different locations, which helps us to secure continued supply to our customers even if the worst-case scenario materializes.

Financial risks

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

- the impact of changes in share prices, interest rates and life expectancy on net pension liabilities
- maintaining group cash flows at an appropriate level
- the impact of interest rate movements on debt and cash positions
- the impact of currency movements on the Group's earnings and on the translation of its underlying net assets
- market liquidity and counterparty risks
- behavior of banks and credit insurers

Other risks

Refresco's businesses are exposed to varying degrees of risk and uncertainty related to other factors, including competitive pricing, consumption levels, physical risks, legislative, fiscal, tax and regulatory developments, terrorism and economic, political, and social conditions in the environments where we operate. 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, in 2009 we started working with the Dutch tax authorities on a program called "horizontaal toezicht". This involves developing and implementing a tax strategy and tax control framework that enable the tax authorities to become more proactive and real time, thereby significantly reducing historical tax risks for the company.

Insurance

As a multinational group with a broad product range and operations in eight countries, Refresco is subject to varying degrees of risk and uncertainty. It does not take out insurance against all risks and 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 like fire, business interruption and product and general liability.

Internal Control and Reporting Procedures

During 2010 we continued with the internal audit procedures supported by KPMG, which were started in 2008. These procedures play a key role in providing an objective view and continuous reassurance of the effectiveness of risk management and related control systems throughout Refresco, to both business unit management and the Executive Board. The Group established an independent audit committee, comprised entirely of Supervisory Board members, which supervises internal control and reporting procedures. Refresco has a comprehensive budgeting and monthly reporting system with an annual budget approved by the Executive and Supervisory Boards. Monthly reporting routines are used to monitor performance against budget and previous year.

It is Refresco's practice to bring newly acquired companies into the Group's governance procedures as soon as is practicable, and in any event, by the end of the first full year of operation.


Biologisch
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Governance Structure

Refresco's governance structure is decentralized so that the company can respond quickly to market changes and customer demands. The structure consists of a central holding, 5 business units (6 including Spumador) and 21 production sites (25 including Spumador). The business units operate independently in their own markets and are held accountable for their regional performance. It is part of our business philosophy to keep the lines between the central holding and the regional business units as short as possible. In 2010 we clustered the three countries where we have only one or two production sites into one business unit called International. The other Refresco business units are Benelux, France, Germany and Iberia. Conclusion of the Spumador acquisition (signed, in the process of being closed) will result in a new business unit, Italy.

The regional business units are close to the customer and can be responsive to their needs. They are responsible for their regional performance. At holding level, a relatively small team coordinates central functions, realizes scale benefits and provides the business units with the tools to run their businesses in the best way 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 the overall management and performance of Refresco and for defining and executing its acquisition strategy. Its agenda includes: strategy formulation, providing annual statements, definition of annual budget and preparation of business plans, approval of major capital investments, supervising the business units, monitoring of internal controls, acquisition policy, deal making and other important policy matters. The Executive Board provides the Supervisory Board with all the necessary and requested information. Key items of information provided are the budget, monthly management accounts, the annual report, proposals for significant investments, acquisition memoranda, risk management & control reports and major HR & ICT matters.

Supervisory Board

The Supervisory Board is responsible for supervising and advising the Executive Board and overseeing the general course of affairs and strategy of the company. The articles of association set forth that a number of strategic or otherwise important decisions require the prior approval of the Supervisory Board. These include: acquisitions, redemptions, significant changes in the identity or nature of the company or its businesses.

Each year the budget is prepared by the Executive Board and approved by the Supervisory Board.

The Supervisory Board has formed a Remuneration and Nominating Committee in which proposals from the Executive Board concerning the remuneration policy for the Group are discussed. The Supervisory Board has also instituted an Audit Committee to which it has delegated the tasks of supervising internal and external audit procedures and discussing and reviewing accounting policies and estimates. For both committees charters have been prepared establishing clear accountability. Other functions (HR, ICT, risk management) are also discussed in the Supervisory Board meeting. The Chairman of the Supervisory Board is responsible for leading the Supervisory Board and functions as a sounding board for the Executive Board.

Rotterdam, March 29, 2011

Executive Board
Hans Roelofs
Chief Executive Officer

Aart Duijzer
Chief Financial Officer

Supervisory Board report

The Supervisory Board* is responsible for advising and supervising the Executive Board of Refresco and overseeing the general company strategy, including the general course of affairs and performed its duties in accordance with the Articles of Association.

Corporate Governance

In the execution of its duties the Supervisory Board is guided by the overall interest of Refresco and its business. In 2010 the Supervisory Board has implemented regulations summarizing its role, duties and responsibilities pursuant to the Dutch Civil Code and the Articles of Association. These regulations also take into account elements of the Dutch Corporate Governance Code which Refresco considers beneficial and supportive to its current corporate governance structure. The Supervisory Board has set up two Committees, the Audit Committee and the Remuneration and Nominating Committee. Also a Code of Conduct has been developed which intends to ensure that Refresco, its officers and employees conduct their operations in an honest, integer and transparent manner, in line with the best interests of Refresco, especially its corporate and financial objectives.

Composition of the Supervisory Board

In 2010 3i Group Plc became a minority shareholder in the Company through an equity capital subscription and following to that the General Meeting of the Shareholders appointed Mr. Pieter de Jong as member of the Supervisory Board and Mr. Olivier Le Gall as permanent observer to the Supervisory Board.

The Supervisory Board consists of 7 members and has a complementary composition in terms of experience, background and age.

Name	Date of initial appointment (1)
Marc Veen (Chairman)	May, 2006
Thorsteinn Jonssón	May, 2006
Jon Sigurdsson	April, 2009
Hilmar Thor Kristinsson	August, 2009
Aalt Dijkhuizen	October, 2009
Peter Paul Verhallen	October, 2009
Pieter de Jong	May, 2010

* Refresco has voluntarily installed two Supervisory Boards – one at the level of Refresco Group B.V. and one at the level of Refresco Holding B.V., both having the same composition. Except where the context requires otherwise, references to the Supervisory Board in this chapter refers to the Supervisiory Board of Refresco Group B.V.

(1) The indicated dates of appointment refer to the named persons' appointment to the Supervisory Board of Refresco Holding B.V. In March 2010, the named persons were appointed to the Board of Refresco Group B.V.

Committees

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

The Audit Committee is composed of at least three members, each of which is a member of the Supervisory Board, and collectively having the relevant knowledge and experience of financial administration and accounting. The Audit Committee is currently composed as follows : Messrs Veen (Chairman), Verhallen and Kristinsson. In respect of the current year under review the Audit Committee convened three times of which one with the internal auditors and one with the external auditors and discussed regular topics in respect of the risk and control mechanisms, internal control policies, the internal and external audit and observations of the internal and external auditors.

The Remuneration and Nominating Committee is composed of at least three members, each of which is a member of the Supervisory Board, collectively having the relevant knowledge and experience of supervising the Executive Board and developing policy in respect of amongst others the Executive and Supervisory Board remuneration and functioning, appointment procedures and monitoring thereof. The Remuneration and Nominating Committee is composed of Messrs. Sigurdsson (Chairman), Dijkhuizen and De Jong. In respect of the current year under review the Remuneration Committee convened two times.

Supervision

The Supervisory Board met frequently in 2010. The meetings covered routine commercial, operational and financial matters and focused on levels of key resources and strategy implementation. In various meetings the Supervisory Board discussed acquisitions opportunities and the integration of the acquired company SDI within the organizational structure. The Chairman and CEO had regular meetings throughout the year, amongst others to prepare the Supervisory Board meetings.

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

- The medium-term Buy & Build strategy
- Potential acquisition opportunities
- Senior management appointments and significant human resources matters
- Major capital investments
- Operating and financial performance of the subsidiaries
- Bank financing arrangements
- Budget for 2011
- Outlook beyond 2011
- Business plan 2011-2014
- Risk and control framework and internal audit

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

Performance in line with expectations

Refresco is increasingly positioning itself as a supply chain solution for its retail customers. With its suppliers Refresco guarantees the quality and availability of the product for the right, competitive price. The company puts strong emphasis on building a reliable supply chain with a long-term focus. Efforts are focused on continuously improving processes and building long-term relationships with suppliers in order to be the best soft drink and fruit juice supplier for today and tomorrow. At the same time, in its operations Refesco acknowledges its responsibility towards the environment and works hard to reduce its negative impact on the environment wherever feasible.

Looking back on 2010, the Supervisory Board would describe this year as rather challenging. It started relatively smoothly, with a turning point mid-year where Refresco was confronted with steeply rising commodity prices. Despite difficult market circumstances Refresco managed to increase its revenue by

7.4% to EUR 1,224 billion and its volume by 12.1% to 3,804 million liters.

Stronger financial basis facilitates further growth

A capital commitment of Euro 84 million by 3i and a financing facility of Euro 140 million provide a solid financial basis for Refresco to actively continue execution of its Buy & Build strategy. In 2010 the acquisition of Soft Drinks International (SDI) in Germany was completed. SDI strengthens the company's position by providing access to the CSD market in Germany, where Refresco is now able to offer a total product portfolio. Also in 2010 Refresco acquired Spumador in Italy of which transaction has been signed and which is currently in the process of being closed. Spumador is a leading bottling company in Northern Italy and will give Refresco access to the Italian market thereby enlarging its geographic European presence.

The next financial steps

Currently the financial markets seem to offer a window of opportunity to refinance the current credit facilities of the Group. However there is no need for refinancing as the existing facilities continue towards end 2014. At the time of writing, Refresco's refinancing possibilities in the current financial market are being explored. Refinancing should give the company a longer horizon, more flexibility for integration and facilitate further growth through acquisitions.

Annual Report 2010

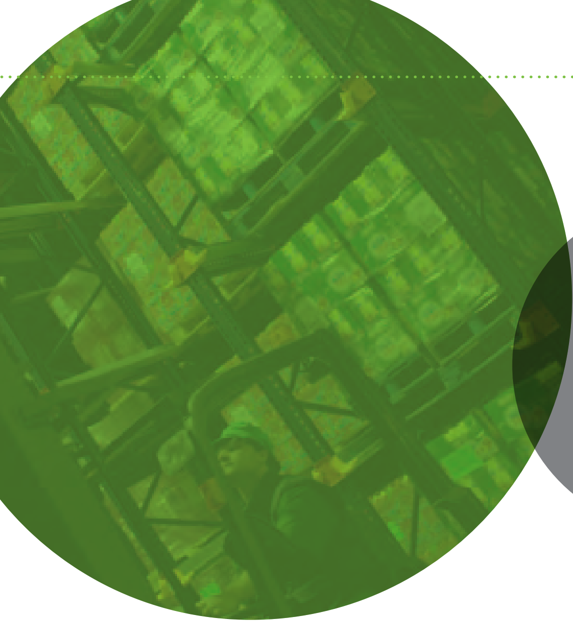
This Annual Report and the 2010 financial statements, audited by PricewaterhouseCoopers Accountants N.V., were presented to the Supervisory Board in a meeting that included representatives from PricewaterhouseCoopers Accountants N.V. Their independent auditor's report can be found on page 115 of this Annual Report. The Supervisory Board endorses this Annual Report and recommends that the General Meeting of Shareholders adopts the financial statements for 2010 as presented.

In conclusion

We are pleased with the development of the company and the strong operational performance that has been achieved, despite challenging market conditions. We believe that the underlying business is sound and that performance in 2011 will further remain in line with expectations. We would like to express our appreciation of the commitment and dedication of the Executive Board and all of Refresco's employees.

Rotterdam, March 29, 2011

On behalf of the Supervisory Board,
Marc Veen
Chairman

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Sustainability review

2010

Sustainable supply chain

As a leading European soft drink and fruit juice manufacturer, we are committed to producing and supplying high quality products in a sustainable manner, while steadily increasing the value of our business for our stakeholders. We look for long-term relationships with our customers, suppliers and other parties and work actively with them toward creating a sustainable supply chain. We acknowledge our responsibility towards the environment and run projects and initiatives in our Business Units to raise environmental awareness and minimize our environmental impact.

Refresco aims at robust long-term relationships with its 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 at the same time and we expect the same from our suppliers. Refresco and its strategic suppliers have seen substantial growth in recent years, which is expected to continue in the coming years.

In the light of the theme for this years' annual report, "a sustainable supply chain", we interviewed a few of our suppliers about their relationship with Refresco and how they handle their specific position in the sustainable supply chain. In order to assure a long term business relations with Refresco, suppliers will have to be cost competitive and continuously be working on improvements. We also asked them about what they do to reduce their impact on the environment and about their commitment to sustainability.

To paint a broad picture of the true international soft drink industry landscape, from raw materials to packaging to transport, we interviewed CEOs from various companies along our supply chain: Citrosuco (a major supplier of orange juice), SIG Combibloc (carton packaging supplier), Plastipak (PET preform supplier) and Nabuurs (logistics).

Raw materials: orange juice

Refresco is ranked in the top 5 of the world's biggest buyers of orange juice (Frozen Concentrated Orange Juice (FCOJ) and Not-From-Concentrate (NFC)), a key raw material for our products. Our largest supplier is Citrosuco. We talked to Tales Cubero, Citrosuco's CEO, about his company's efforts to make the supply chain sustainable.

Citrosuco, based in Brazil and a subsidiary of Fischer Group, is one of the world's leading producers of orange juice. Founded in 1963, the company was a pioneer in the construction of an integrated system for bulk transportation for orange juice concentrate, including tank farms for storage, an export terminal in Santos, special vessels and a terminal for product distribution in Europe. Refresco has been doing business with Citrosuco for the past decade. The right quantitave and qualitative mix of orange products of Citrosuco, Cutrale, LDC, Citrovita and our own orange juice production in Spain take care of guaranteed coverage of our customers' demand year after year.

Asked what makes the cooperation with Refresco successful, CEO Tales Cubero replies, "It's a matter of mutual trust and respect. In our ever-changing market environment, there are many challenges every season and every year, and we both respect that these challenges have a big influence on our negotiations, which are always tough but fair. Together, we try to find solutions for these challenges and that also helps to create more opportunities to cooperate."

Citrosuco takes its responsibility for supply chain sustainability seriously, Tales Cubero explains. "Supply chain sustainability is a very positive development in our industry. It actually allows us to look at things from a different angle and in the end decide on the basis of a mix of factors, like direct and indirect costs, direct and indirect effects on the environment, direct and indirect social effects, etc. It is a great opportunity, not only for our two companies but for society as a whole."

At Citrosuco, social and environmental responsibility has been part of the corporate strategy for decades, says Tales Cubero, "long before sustainability became a marketing hype."
The fundamental principle which guides Citrosuco's strategy is respect for people and the environment. In a nutshell, the aim is to create wealth by producing and delivering high-quality products and thereby bringing health and pleasure to consumers, without damaging Mother Nature, while at the same time

offering employees a safe, healthy and fun working place, and guaranteeing stakeholders a fair share of the results. Tales Cubero gives a few examples of how this is given shape in day-to-day operations. “ We have been burning organic fuel since 2000. For much longer than that, we have been running a production process that leaves no physical waste from the orange. Everything is recovered, from the juice to the pulp. Besides juice, we produce aroma and citrus pulp pellets, which are sold as cattle feed.” Meanwhile, the company has for many years demonstrated its social responsibility through multiple social projects in Brazil.

Recently, Citrosuco and Refresco have been actively involved in a project together in which they look at ways of reducing the road mileage of the products: both concentrated and not-from-concentrate orange juice. The main questions are how to reduce the impact on the environment and optimize supply chain sustainability.

Tales Cubero sees plenty of opportunities to collaborate in the entire supply chain. But he points out that collaborating with governments is also very worthwhile. “In Brazil, we worked with the government on achieving an ideal balance between safety and load factor. We were able to extend our truck’s load factor by 25% - making the tanker longer and spreading and adding axes - thus guaranteeing the same if not better safety and direct CO_2 savings!”

The biggest growth opportunities for Citrosuco can be found in emerging markets, says Tales Cubero. “The juice and drink markets in Asia are still in their infancy. China and India have great growth possibilities. We also foresee growth in Eastern Europe and Africa, a continent too often forgotten. For sure, Brazil itself, as one of the world’s up and coming economies, has a great potential for growth. And our people are already in the habit of drinking orange juice.”

In more saturated markets like West Europe and North America, Tales Cubero sees great growth potential in promoting 100% juice as part of a healthy diet. “Juice is included as one of the five portions of fruit and vegetables that local governments are recommending, but many people do not consume their five a day, and if they do, that often fails to include juice. Raising consumer awareness can give a great boost to our juice industry. Everybody should wake up and have breakfast with a glass of orange juice. Cheers!”

Packaging materials

Refresco's main packaging formats are in carton and in PET. In 2010, 37% of our packaging was carton, which consists largely of wood pulp, a natural resource produced sustainably by our suppliers. 39% of our packaging was plastic (both PET and aseptic PET). This packaging always contained recycled PET, mostly 25% and in a growing number of cases 50%. The remaining 24 % of the sold units was packed in steel and aluminum cans. For other materials we use, we are also increasingly switching to sustainable alternatives. Lightweight packages, closures and secondary packaging are becoming the norm at Refresco. We interviewed two of our largest suppliers in both categories.

Carton

One of Refresco's main carton packaging suppliers is SIG Combibloc. They handle almost 60% of Refresco's carton packages. The remaining 40% is for a big majority supplied by TetraPak. We talked to Rolf Stangl, CEO about the cooperation with Refresco and his view on promoting a sustainable supply chain.

SIG Combibloc is one of the worlds' biggest suppliers of carton packages for long-life food products such as juice, milk, soups and sauces. As a systems provider, SIG Combibloc delivers not only the packaging material, but also the corresponding filling machines. The company's relations with Refresco, and before that with Refresco founder company Hardthof, go back thirty years.

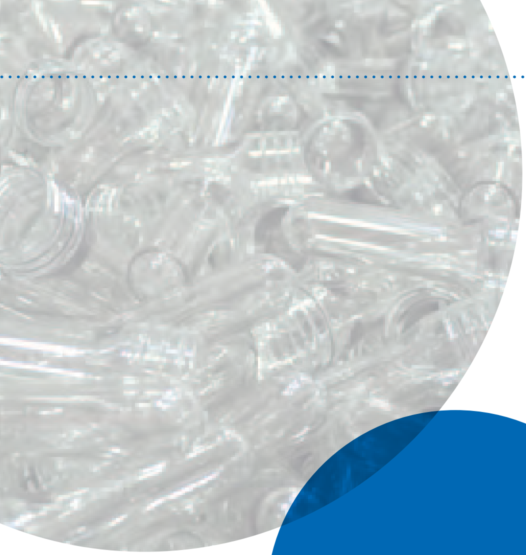
Rolf Stangl, CEO of SIG Combibloc explains the secret of this winning partnership. "What has made - and still makes - the cooperation with Refresco successful is the fact that we share a common open, pragmatic approach. We both aim for profitable growth in the non-alcoholic segment. We are constantly on the lookout for new business opportunities and we try to help each other in difficult economic times."

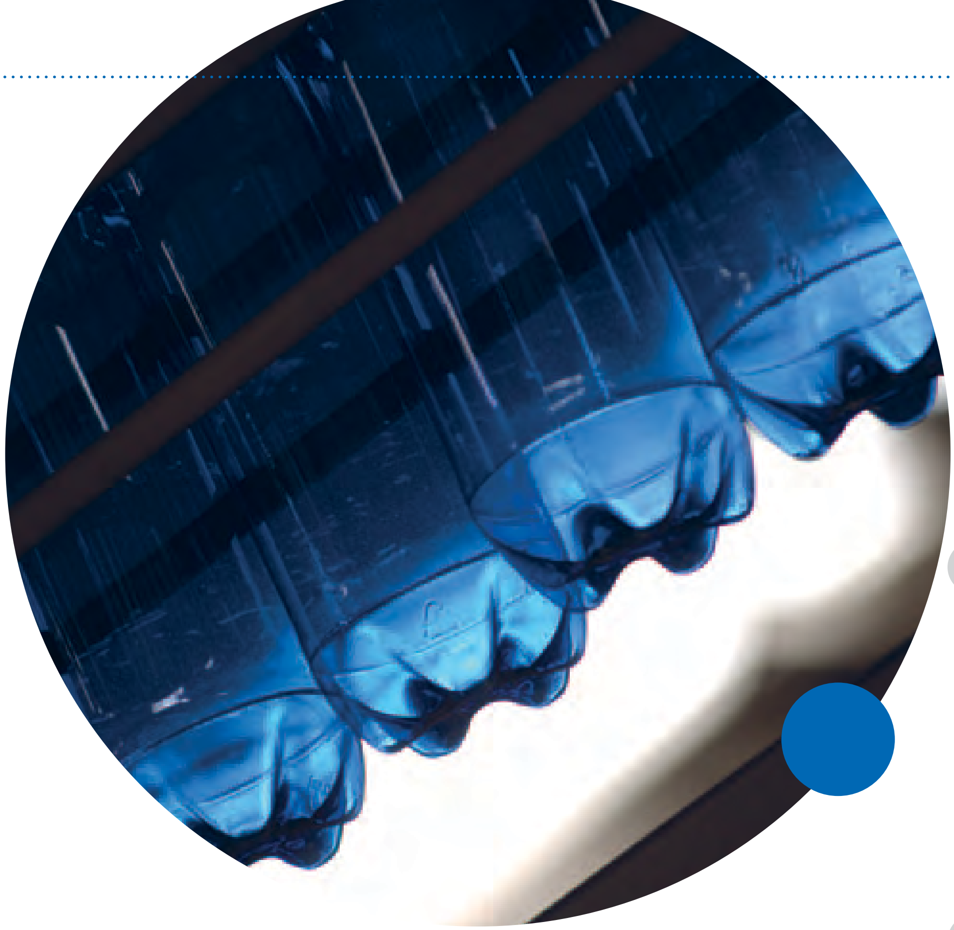
SIG Combibloc, a true pioneer in the industry, sees its responsibility towards the environment as an integral part of its daily business. Already in 1994, the company introduced its first environmental management system. In all its activities, the impact on the environment is kept to a minimum. This mindset is firmly anchored in the global SIG Combibloc Environmental Policy and Guidelines. "We take our environmental responsibility very seriously," Stangl explains. "Our carton packs are composed of up to 75 per cent wood pulp fibers, obtained from wood, a natural renewable resource. Selecting this raw material responsibly in line with high ecological standards is one of our top priorities. Keeping our carton packaging 'state of the art' is paramount in SIG Combibloc's strategy."

The company's sustainability approach focuses on a number of different areas. "In October 2009, for example, we were the first in our industry to launch Forest Stewardship Council (FSC) labeled carton packs for fruit juice drinks and ice teas in Europe," Stangl says. "SIG Combibloc was also the first carton pack manufacturer to have had all its worldwide production sites FSC certified." In addition, the company conducts life-cycle assessments (LCA) in which the potential environmental impact of products during their entire life is recorded and evaluated. These assessments are conducted to internationally binding standards (ISO 14040). "Assements look not only backward but also forward," Stangl explains. "We support our customers with specific calculations of the carbon footprint of our packages and we continuously investigate potential improvements to the production lines to achieve higher output."

Another target for SIG Combibloc is to reduce energy and material consumption at all the production sites. All existing equipment and planned technical improvements in production are checked for their environmental impact. The company makes economical use of resources a priority. By developing new filling machines and modifying existing models, SIG Combibloc has significantly reduced its consumption of water, energy and compressed air. Meanwhile, the latest technology is used to make the cartons produced even lighter, enhancing their logistical advantage in transport and storage. Rolf Stangl: "We have regularly discussions with Refresco to see where we can clearly improve along the supply chain." Finally, recycling features prominently in SIG Combibloc's environmental sustainability strategy. "We actively engage in local collection and recycling systems," says Stangl, "and make sure there is sufficient recycling capacity for used carton packs."

Rolf Stangl is optimistic about SIG Combibloc's future with Refresco "We are constantly searching for new opportunities to improve our products, both in packaging and in production lines, for example the new carbon-reduced EkoPlusPack.
The main focus in our business lies in system innovation.
This is key for the future of both SIG and its stakeholders.
In this system innovation process we consider three aspects: First, does the packaging serve the environment? Is it recyclable? Second, in terms of convenience, does the packaging open and close easily? How does it pour? And finally, but not unimportantly: can we produce it efficiently? We never lose sight of the total cost of ownership. If we want to stay fit for the future, we must outperform on all three aspects."





PET

One of Refresco's largest suppliers of PET is Plastipak. William Young, CEO of Plastipak explains to us in an interview what makes the cooperation with Refresco successful and what Plastipak's efforts are to make the total supply chain more sustainable.

Plastipak, established in the United States in 1967, is a leading producer of plastic (PET) bottles. For more than 40 years, Plastipak has committed itself to building better packaging and reinventing the technology required to develop it. Refresco talked to William Young, son of the company's founder and now CEO of a multinational with operations spanning three continents.

William Young recalls the small beginnings of his company's business relations with Refresco. "We used to supply Sunco, the company that Refresco purchased in 2007. In the last four years we have seen solid growth in supplying Refresco, in line with our gained market position in Europe."

Trust is a key word in the relationship with Refresco, William Young feels. "We need to bring value and at the same time put the consumer first. We understand that we have to earn our position every day." The success of the relationship with Refresco, he believes, lies in the good match with the Refresco culture. "We have a special working relationship with Refresco's high-level technical teams. They can easily rationalize processes and overcome objections. We have invested in technologies and processes to help Refresco with longer term packaging options." Plastipak thinks in solutions, for example, how to extend the shelf life and protect the product inside the container. Plastipak's growth path is congruent with Refresco's. This is reflected in the geographical distribution of Plastipak's acquisitions. "We grew closer to each other and have a broader European presence," William Young says. "Plastipak's approach is very similar to Refresco's theme of Buy & Build. Not only do we invest in systems in our current plants, but also acquire plants to be close to our customers."
Like Refresco, Plastipak is committed to sustainability.
Its policy is based on the concepts Reduce, Recycle and Reuse. The first concept refers to minimizing the use of resources, William Young explains. "We work in a closed loop system. This means reducing energy, for us mainly in transport, but in relation to Refresco, it's also about reducing their filling costs." Shipping has been made more sustainable as well. Bottles are shipped in returnable fold-down metal baskets: no wasted air, no wasted paper and consequently no cutting trees. Working more closely with producers of closures and secondary packaging is another way Plastipak optimizes the product and reduces supply chain costs.

Plastipak has been in the recycling business for 25 years. It recycles over a billion containers a year in Europe, and over 5 billion worldwide in the last five years. The company invests in lightweighting its' packaging without compromising quality, and aims to grow its recycling content to almost 80%. "There is a limit to the process, however," William Young points out, "because we do not want the use of renewable materials to ultimately affect the food chain." Refresco currently purchases approximately 25% of their PET requirements from Plastipak, with over 40% currently produced with recycled content. "We are engaged in the promotion of collection systems, and via our customers establish partnerships with consumers. This could offer a win-win situation, not only benefiting the environment, but also helping to reduce unemployment, because it would require more people to handle these collection processes." The future offers a wealth of opportunities for both companies, William Young believes. He views Refresco as a consolidator of beverage companies and very innovative. "We realize that we have to earn our position as we go forward. We will continue to build trust, with a lot of hard work. This also means we have to have a lot of flexibility in packaging solutions, optimizing our sustainable supply chain." He sees opportunities where Refresco is expanding its production in more sensitive beverage products. "We can bring value here with some of our advanced filling technologies, which can make a huge difference to the bottom line of strategic partners – of which Refresco is a leader".

Transportation

Refresco constantly searches for ways to optimize transportation. We aim for short supply lines and seek for strategic positions of our production plants to serve our customers. In many business units we drive only full loaded trucks, and efforts are made to optimize pallet sizes. We also try to combine truck rides to avoid excess mileage. Other initiatives include using biogas trucks and LHVs (Longer Heavier Vehicles) and exploring alternatives like truck-on train transportation. In our search for transportation offering optimum efficiency and minimum impact on the environment, a high priority is finding a supplier that is on the same track as we are and that can make a meaningful contribution towards the design of a sustainable supply chain.

One of Refresco's partners in logistics is the Dutch company Nabuurs. Nabuurs is a family firm founded in the Netherlands in 1962 and specializing in transport. What over the years has become the company's real specialty, however, is the entire process involved in moving goods from A to B: logistics. Today, Nabuurs is a modern, leading family business in logistics services with branches in the Netherlands, Belgium, Germany and Poland.

Refresco has been working with Nabuurs in the Benelux countries for four years now. Ard Nabuurs, Commercial Director of Nabuurs, looks back. "Refresco chose Nabuurs because we offer significant capacity based on assets of our own. As all our drivers are on our payroll, we have a better grip on every stage of the transport process. Besides, our IT infrastructure allows us to trace loads every step of the way – this involved a hefty investment in board computers for all our trucks, but it was worth it! And needless to say, our prices are competitive."

In 2008, Nabuurs intensified its cooperation with Refresco by taking a major stake in a new fully automated warehouse built at Refresco's production site in Bodegraven. "This makes sense in our multi-depot-system, based on the assumption that goods always take the cheapest route. The closer we are to our customer, the better our cooperation is," Ard Nabuurs explains. "Though chosen on cost considerations, this approach means lower carbon emissions, too, as we reduce our mileage. Our decision to combine rides means our drivers don't drive home every night to leave again the next morning. That saves us even more mileage. We're always looking for the best solution for the customer, which for simple cost reasons go hand-in-hand with a positive contribution to sustainability."

Nabuurs is a lean and mean organization. All its systems are connectible with its customers' systems. "With us taking care of warehousing and distribution, Refresco can focus on its core business: producing soft drinks and fruit juices. Warehousing and distribution is our core business, and we've honed it to perfection," Ard Nabuurs is proud to say. "We don't work from a standard, but are always looking for what works best for each particular customer, using the synergies from the total Nabuurs network. So in terms of corporate culture, we make a good match with Refresco. We both favor a no-nonsense approach."

Nabuurs' strategy rests on three pillars: cost, service and sustainability, Ard Nabuurs explains. "Our aim is to continually develop all three pillars, which are after all not unrelated. We remain competitive, and seek lasting partnerships. Beyond that, as a company we see our responsibility for the environment."

Nabuurs is engaged in a sustainability drive targeting a 20% reduction in carbon emission between the launch in 2009 and 2012. "It's a matter of optimizing our networks," Ard Nabuurs says, "but also of maintaining a helicopter view and minimizing empty mileage."

Going forward, Nabuurs intends to explore new areas of the market. "Working with the network of a big international beer brewer has shown us that we can also deliver directly to retailers, cutting out rides to wholesalers' warehouses. Delivery to hotels, bars and restaurants in town centers using smaller vans is also a possibility." Overall, the company's long-term vision is to expand its network and make it as efficient and effective as possible. "This could very well involve closer warehousing and distribution cooperation with other Refresco sites," Ard Nabuurs predicts.

We have made great efforts to have every production site certified according to international specifications for the environmental management system ISO 14001. This standard is based on the Plan-Do-Check-Act methodology:

- **Plan - establish the environmental objectives and the way to achieve them**
- **Do – implement the plan**
- **Check – measure and monitor the processes and report results**
- **Act – take action to improve performance based on the results of the check**
- **Continual improvement – extend the system to more businesses and more activities, use know-how gained along the way to make the system even better**

We have completed the ISO 14001 certification for the majority of our production sites, with two sites acquired in 2010 scheduled for completion by the end of 2011.

Refresco's efforts towards reducing impact on the environment

We acknowledge that our manufacturing operations have an impact on the environment. In our decentralized business model, each business unit is responsible for its own regional performance, including environmental performance. As a central holding company in the decentralized organization model, we encourage the regional business units to take on the responsibility of protecting the environment whenever the possibility or need arises.

Refresco's first priority is our customers' needs. As we seek to establish and maintain lasting partnerships with customers, we align our activities with our customers' requirements regarding environmental issues. We help them achieve their targets by investigating and implementing different materials and manufacturing processes. That said, we do have to take into consideration that we operate in a low-margin business where the cost factor is crucial to maintaining our leading position. Where we exercise direct control, we continuously search for opportunities to manage and reduce our environmental impact and take appropriate action. In addition, we use our influence with suppliers and customers to promote sustainability along the supply chain. Finally, our deep belief in the first time right principle enhances not only our cost efficiency, but also our environmental performance.

The sustainability approach that Refresco formulated in 2008, consisted of a number of concrete steps - each going above and beyond current legal and contractual requirements.

To give you a selective list of events accomplished during 2010:

- We have completed the ISO 14001 certification for the majority of our production sites, with two sites acquired in 2010 scheduled for completion by the end of 2011.
- In total we have invested approximately EUR 3.5 million in reducing energy consumption in our production locations.
- We are engaging our major partners in discussions about the Refresco Sustainability Approach.
- We have launched several major projects:
  - In Germany the Product Carbon Footprint (PCF) project was started to calculate the carbon footprint of four products along the entire supply chain.
  - In France an EU pilot project was started for waste water treatment by using bamboo trees.
- We are engaged in environmentally friendly product development with packaging suppliers.
- Light weighting of PET bottles have reduced the average amount of plastic per bottle with double digit figures
- New investments in lines have reduced our water consumption per unit considerably
- We actively communicate our choices, our goal being to make our approach a must-have for customers and a must-copy for competitors.

Refresco Business Units have in recent years developed several local projects that show how seriously we take our environmental responsibility.
An example demonstrating the commitment of the company to the environment comes from Refresco Benelux, who made a significant contribution to this campaign, signing an agreement with the Dutch government, the soft drinks association FWS and some major soft drink producers to reduce energy costs by 30% in the coming years. The producers have pledged to reduce 2% on energy costs every year until 2020.

In France, at one of the three production sites of Refresco France in St. Donat, an innovative project to ecologically clean waste water was started in 2009. 450 bamboo trees were planted on 1500 m² in large concrete containers next to the production site. Waste water from rinsing bottles and cooling installations normally needs chemical treatment to bring it back to normal pH- value and filter out other organic substances, such as excess CO_2. Now, the water is sprayed over the trees, the plants absorb the CO_2 and rebalance the water, and the water can flow back into the soil and the river. In 2012 the bamboo will have grown into a forest and will need to be cut. The bamboo wood is to be reused to heat boilers.

CARREFOUR SUSTAINABLE DEVELOPMENT AWARD

Refresco France is proud to have been named Supplier of the Year in the category Consumer Products of the Carrefour Sustainable Development Awards 2010. The production site Délifruits in St. Donat has adopted an approach that really deserves to be called sustainable. The bottles used are made of 50 per cent recycled plastic (RPET). In a parallel drive, the company has been working since 2007 on reducing the amount of packaging material. These efforts earned Refresco France the 'ECOTOP' prize for environmentally friendly packaging in 2009. In June 2009, the production site in St. Donat also started a pilot European program for the treatment of effluents by bamboo plants, which clean the water in a natural manner.

Financial review

2010

Contents

Consolidated balance sheet 2010

As at December 31

EUR'000	note	2010	2009
ASSETS			
Non-current assets			
Property, plant and equipment	4.1	351,672	328,807
Intangible assets	4.2	276,663	274,859
Other investments	4.3	1,155	1,320
Deferred tax assets	4.4	11,948	6,006
Total non-current assets		**641,438**	**610,992**
Current assets			
Inventories	4.5	116,712	92,985
Other investments, including derivatives	4.3	4,139	2,541
Current tax assets		410	2,079
Trade and other receivables	4.6	224,072	176,677
Cash and cash equivalents	4.7	75,086	59,742
		420,419	**334,024**
Assets classified as held for sale	4.8	0	1,782
Total current assets		**420,419**	**335,806**
Total assets		**1,061,857**	**946,798**
EQUITY & LIABILITIES			
Equity			
Share capital		4,308	2,681
Share premium		214,545	145,963
Reserves		(55,454)	(35,212)
Profit / (loss) for the year		9,334	6,073
Total equity attributable to equity holders of the Company		**172,733**	**119,505**
Non-controlling interest		**0**	**6,094**
Total equity	4.9	**172,733**	**125,599**
Non-current liabilities			
Loans and borrowings	4.10	535,979	524,686
Derivatives	6.2	13,973	16,281
Employee benefits provisions	4.11	15,161	13,068
Other provisions	4.12	1,677	525
Deferred tax liabilities	4.4	26,088	22,120
Total non-current liabilities		**592,878**	**576,680**
Current liabilities			
Bank overdrafts	4.10	866	1,365
Loans and borrowings	4.10	23,642	16,695
Trade and other payables	4.13	271,738	226,459
Total current liabilities		**296,246**	**244,519**
Total liabilities		**889,124**	**821,199**
Total equity and liabilities		**1,061,857**	**946,798**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated income statement 2010

EUR'000	Note	2010	2009
Revenue	5.1	**1,223,945**	**1,139,574**
Other income	5.2	(107)	568
Raw materials and consumables used		(730,415)	(672,588)
Employee benefits expense	5.3	(119,131)	(105,947)
Depreciation, amortization and impairment expense	5.4	(54,007)	(51,886)
Other operating expenses	5.5	(259,052)	(242,118)
Operating profit		**61,233**	**67,603**
Finance income	5.6	725	201
Finance expense	5.6	(47,249)	(56,491)
Net finance result		**(46,524)**	**(56,290)**
Profit / (loss) before income tax		**14,709**	**11,313**
Income tax (expense) / benefit	5.7	(5,917)	(3,701)
Profit / (loss)		**8,792**	**7,612**
Profit attributable to:			
Owners of the Company	4.9	**9,334**	**6,073**
Non-controlling interest	4.9	**(542)**	**1,539**
Profit / (loss)		**8,792**	**7,612**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income 2010

EUR'000	note	2010	2009
Foreign currency translation differences for foreign operations	5.6	1,595	1,299
Other comprehensive income / (loss)		**1,595**	**1,299**
Profit / (loss)		8,792	7,612
Total comprehensive income / (loss)		**10,387**	**8,911**
Attributable to:			
Owners of the Company		**10,929**	**7,112**
Minority interest		**(542)**	**1,799**
Total comprehensive income / (loss)		**10,387**	**8,911**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated cash flow statement 2010

EUR'000	Note	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		**61,233**	**67,603**
Adjustments for:			
Amortization, depreciation and impairments	4.1+4.2	54,007	51,886
(Gain) / loss on sale of property, plant and equipment	4.1	(107)	(568)
Finance income / (expense)	5.6	(30,987)	(37,077)
Income tax (expense) / benefit	5.7	(5,917)	(3,701)
Cash flows from operating activities before changes in working capital and provisions		**78,229**	**78,143**
Change in:			
Inventories	4.5	(7,837)	7,817
Other investments, including derivatives	4.3	(1,561)	4,295
Trade and other receivables	4.6	(22,242)	1,701
Trade and other payables	4.13	30,259	4,913
Total change in working capital		**(1,381)**	**18,726**
Change in tax, employee benefits and other provisions	4.11+4.12	(1,044)	(1,950)
Net cash generated from operating activities		**75,804**	**94,919**
CASH FLOWS FROM INVESTING AND ACQUISITION ACTIVITIES			
Proceeds from sale of property, plant and equipment	4.1	595	3,457
Purchase of property, plant and equipment	4.1	(44,128)	(46,194)
Purchase of intangible assets	4.2	(4,088)	(2,332)
Purchase of other investments	4.3	0	(949)
Acquisition of subsidiary, net of cash acquired	6.1	(45,513)	(10,930)
Net cash used in investing and acquisition activities		**(93,134)**	**(56,948)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital / changes in equity	4.9	37,497	0
Dividends paid	4.9	0	(75)
Proceeds from / (repayment of) other loans and borrowings	4.10	(4,330)	(13,548)
Net cash (used in) / from financing activities		**33,167**	**(13,623)**
Translation adjustment		6	185
Movement in cash and cash equivalents		**15,843**	**24,533**
Cash and cash equivalents as at January 1	4.7	58,377	33,844
Cash and cash equivalents as at December 31	4.7	**74,220**	**58,377**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity 2010

EUR'000	Issued share capital	Share premium	Translation reserve	Other reserves	Profit / (loss) for the year	Total	Non-controlling	Total equity
January 1, 2009	**2,681**	**145,963**	**(2,623)**	**(22,578)**	**(10,991)**	**112,452**	**4,311**	**116,763**
Profit appropriation 2008	0	0	0	(10,991)	10,991	0	0	0
Dividends to equity holders	0	0	0	0	0	0	(75)	(75)
Dilution result on dividend paid to non-controlling interest	0	0	0	(59)	0	(59)	59	0
Foreign currency translation differences	0	0	1,039	0	0	1,039	260	1,299
Profit / (loss)	0	0	0	0	6,073	6,073	1,539	7,612
December 31, 2009	**2,681**	**145,963**	**(1,584)**	**(33,628)**	**6,073**	**119,505**	**6,094**	**125,599**
Profit appropriation 2009	0	0	0	6,073	(6,073)	0	0	0
Other	0	0	0	(750)	0	(750)	0	(750)
Issue of shares 3i March 24, 2010	875	36,622	0	0	0	37,497	0	37,497
Acquisition 20% shares Refresco Holding B.V.	752	31,960	0	(27,160)	0	5,552	(5,552)	0
Foreign currency translation differences	0	0	1,595	0	0	1,595	0	1,595
Profit / (loss)	0	0	0	0	9,334	9,334	(542)	8,792
December 31, 2010	**4,308**	**214,545**	**11**	**(55,465)**	**9,334**	**172,733**	**0**	**172,733**

Other reserves movement EUR 750,000 regards the classification of the CVAE in France due to changes in French tax legislation.

The accompanying notes are an integral part of these consolidated financial statements.

1 General

1. 1 Reporting entity

Refresco Group B.V. (formerly known as Ferskur Holding 2 B.V.) (a private company with limited liability) is domiciled in the Netherlands, with its registered office at Fascinatio Boulevard 270, 3065 WB Rotterdam. As at March 23rd, 2010 Ferskur Holding 2 B.V. was renamed in Refresco Group B.V. The consolidated financial statements of Refresco Group B.V. ('Refresco' or the 'Company') as at and for the year ended December 31, 2010 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 private label and own brands of fruit juices and soft drinks. Furthermore the Group operates as a contract manufacturer for brands. Sales are made both domestically and abroad, the European Union being the most important 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 were authorized for issue by the Supervisory Board on March 29, 2011 and were adopted by the Annual General Meeting of Shareholders on March 29, 2011.

The company financial statements are part of the 2010 financial statements of Refresco Group B.V.. With regard to the company income statement of Refresco Group B.V., the Company has made use of the exemption pursuant to Section 402 of Book 2 of the Dutch Civil Code.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

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 judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, 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 PPE. Actual results may differ from these estimates.
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 2.10: Impairment
- Note 2.20: Determination of fair values
- Note 3: Financial risk management
- Note 4.2: Intangible assets
- Note 4.4: Deferred tax assets and liabilities
- Note 4.11: Employee benefits provision
- Note 4.12: 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 considerations 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

Foreign currency transactions

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 (FCTR).

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. Foreign currency differences arising thereon are recognized, in other comprehensive income, in the FCTR. When a foreign operation is disposed of, either in part or in full, the associated cumulative amount in the FCTR 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 FCTR.

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 investments in held-to-maturity investments, 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.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, the securities are classified as held-to-maturity. Held-to-maturity investments are measured at amortized cost, using the effective interest method, less any impairment losses.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, the derivatives are measured at fair value. All changes in its fair value are recognized immediately in 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.

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 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. 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 recognised initially at their share of the identifiable assets, liabilities and contingent liabilities recognised 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. As part of the adoption of IFRS, the Group elected not to restate business combinations that occurred prior to the January 1, 2008 transition date. In respect of acquisitions prior to January 1, 2008, goodwill represents the amount recognized under the previous accounting framework of the Group, Dutch GAAP.

Other intangibles

Other intangibles consist of software. 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.

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. 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. 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 consolidated balance sheet.

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.
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 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 credit-rated 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 is 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 other comprehensive income in which case the income tax expense is also recognized in 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
- 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 not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2010 and have not been applied in preparing these consolidated financial statements. As of 2010 the Group has implemented revised IFRS 3.

Revised IFRS 3 Business Combinations establishes a fair value measurement principle for recognizing and measuring all assets acquired and liabilities assumed, including contingent consideration, in a business combination. Revised IFRS 3 introduces the term non-controlling interest (formerly minority interest) and permits an acquirer to recognize non-controlling interests at its either proportionate interest in the fair value of the identifiable assets and liabilities of the acquiree or at fair value. The revised standard also modifies the definition of a business combination to focus on control, and modifies the definition of a business to clarify that it can include a set of activities and assets which, while not currently being operated as a business, is capable of operating as a business. It incorporates the following changes that are likely to be relevant to the operations of the Group:

- The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations.
- Contingent consideration will be measured at fair value, with subsequent changes therein being recognized in profit or loss.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the company acquired will be measured at fair value with the gain or loss being recognized in profit or loss.
- Any non-controlling (minority) interest will be measured either at fair value or at its proportionate interest in the identifiable assets and liabilities of the company acquired, on a transaction-by-transaction basis.

Revised IFRS 3 has been applied prospectively and there will therefore be no impact on prior periods in the 2010 consolidated financial statements.

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 & equipment and other fixed assets is based on the quoted market prices for similar items.

Other intangible assets

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 is based on the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives

The fair value of forward currency contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contract forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).
The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Non-derivative financial liabilities

Fair value for disclosure purposes is based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

3 Financial risk management

3.1 Financial risk

The Group has exposure to the following risks as regards its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note provides information regarding the exposure of the Group to each of the above risks, the objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.
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.

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.

3.1.4 Market risk

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 percent 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. Where necessary, forward exchange 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.

The Group's investment in its UK subsidiaries is hedged by a GBP secured bank loan, which mitigates the currency risk arising from the subsidiary's net assets. The investments in other subsidiaries are not hedged.

Interest rate risk

The Group is exposed to interest rate risk on interest-bearing long-term and current liabilities. The Group is exposed to the effects of variable interest rates on receivables and liabilities. On fixed interest receivables and liabilities, it is exposed to market value fluctuations.

For certain long-term interest liabilities to financial institutions, the Group has entered into interest rate swap agreements through which the Group effectively pays at fixed interest rates for certain long-term interest liabilities.

3.2 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. During 2010 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 a Group level.

3.3 Capital management

There were no changes in the approach of the Group to capital management during the year. The policy 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 monthly basis.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

4 Notes to the consolidated balance sheet

4.1 Property, plant and equipment

The composition and changes were as follows:

EUR'000	note	Land and buildings	Machinery and equipment	Other fixed assets	Under construction	Total
COST						
January 1, 2009		188,843	206,048	7,031	12,911	414,833
Additions		2,259	22,819	3,296	17,813	46,187
Acquisitions through business combinations		11,574	10,390	0	191	22,155
Transfer to assets held for sale	4.8	(4,820)	0	0	0	(4,820)
Disposals		(1,683)	(23,710)	(1,030)	(1,833)	(28,256)
Effect of movements in exchange rates		347	778	56	15	1,196
December 31, 2009		**196,520**	**216,325**	**9,353**	**29,097**	**451,295**
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	6.1	5,467	21,773	0	73	27,313
Transfer from assets held for sale	4.8	1,795	0	0	0	1,795
Disposals		0	(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**

EUR'000	note	Land and buildings	Machinery and equipment	Other fixed assets	Under construction	Total
DEPRECIATION AND IMPAIRMENT LOSSES						
January 1, 2009		(20,180)	(71,292)	(338)	0	(91,810)
Depreciation for the year	5.4	(6,565)	(39,193)	(1,292)	0	(47,050)
Impairment losses	5.4	(347)	(1,173)	0	0	(1,520)
Acquisitions through business combinations	6.1	(4,655)	(5,010)	0	0	(9,665)
Transfer to assets held for sale	4.8	1,781	0	0	0	1,781
Disposals		1,155	24,291	842	0	26,288
Effect of movements in exchange rates		(94)	(389)	(29)	0	(512)
December 31, 2009		**(28,905)**	**(92,766)**	**(817)**	**0**	**(122,488)**
January 1, 2010		(28,905)	(92,766)	(817)	0	(122,488)
Depreciation for the year	5.4	(8,624)	(39,400)	(2,636)	0	(50,660)
Acquisitions through business combinations	6.1	0	0	0	0	0
Disposals		0	2,838	327	0	3,165
Effect of movements in exchange rates		(67)	(322)	(17)	0	(406)
December 31, 2010		**(37,596)**	**(129,650)**	**(3,143)**	**0**	**(170,389)**
CARRYING AMOUNTS						
January 1, 2009		**168,663**	**134,756**	**6,693**	**12,911**	**323,023**
December 31, 2009		**167,615**	**123,559**	**8,536**	**29,097**	**328,807**
December 31, 2010		**186,451**	**117,107**	**9,387**	**38,727**	**351,672**

The current fair market value of property, plant and equipment is not materially different from the net book value.
Assets under constructions of EUR 38,727,000 includes EUR 13,678,000 which needs to be reclassified to 'Land and buildings', 'Machinery and equipment' and 'Other fixed assets' which will be done in 2011.
For all acquisitions after 2006, property, plant and equipment was re-stated to fair market value based on valuation reports, and the depreciation terms have been brought in line with the company's policies.

Impairment losses

In 2009, the impairments recognized were related to property, plant and equipment in Germany, Poland and Spain. In 2010 no impairments were recognized.

Financial leases

The Group leases a warehouse and production equipment under a number of finance lease agreements secured on the underlying leased assets (see note 4.10).

At December 31, 2010, the carrying amount of leased plant and machinery was EUR 13,854,000 (2009: EUR 14,104,000).

Security

Securities for the redemption of amounts payable to banks have been given as follows:

- First priority mortgage on the real estate in The Netherlands and Germany.
- Pledge of all property, plant and equipment.

Property, plant and equipment under construction

Property, plant and equipment under construction relates mainly to expansion of production and warehouse facilities in the Netherlands, France, the UK and Germany.
After construction is complete, the assets are reclassified to the applicable property, plant and equipment category.

4.2 Intangible assets

The composition and changes were as follows:

EUR'000	note	Goodwill	Software	Total
COST				
January 1, 2009		269,835	3,862	273,697
Acquisitions through business combinations	6.1	1,423	557	1,980
Additions at cost		0	2,344	2,344
Disposals at cost		0	(268)	(268)
Effect of movements in exchange rates		1,050	0	1,050
December 31, 2009		**272,308**	**6,495**	**278,803**
January 1, 2010		272,308	6,495	278,803
Acquisitions through business combinations	6.1	0	256	256
Additions at cost		0	4,088	4,088
Disposals at cost		0	(28)	(28)
Effect of movements in exchange rates		899	0	899
December 31, 2010		**273,207**	**10,811**	**284,018**
AMORTIZATION AND IMPAIRMENT LOSSES				
January 1, 2009		0	(1,928)	(1,928)
Acquisitions through business combinations	6.1	0	(497)	(497)
Amortization for the year	5.4	0	(697)	(697)
Impairment losses	5.4	(975)	(7)	(982)
Disposals		0	160	160
December 31, 2009		**(975)**	**(2,969)**	**(3,944)**
January 1, 2010		(975)	(2,969)	(3,944)
Acquisitions through business combinations	6.1	0	(82)	(82)
Amortization for the year	5.4	0	(1,280)	(1,280)
Impairment losses	5.4	(2,067)	0	(2,067)
Disposals		0	27	27
Effect of movements in exchange rates		(33)	24	(9)
December 31, 2010		**(3,075)**	**(4,280)**	**(7,355)**
CARRYING AMOUNTS				
January 1, 2009		**269,835**	**1,934**	**271,769**
December 31, 2009		**271,333**	**3,526**	**274,859**
December 31, 2010		**270,132**	**6,531**	**276,663**

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:

EUR'000	2010	2009
Refresco Benelux	93,716	93,716
Refresco France	65,910	65,910
Refresco Germany	39,859	39,859
Refresco Iberia	35,716	35,716
Refresco Poland	13,242	12,796
Refresco UK	10,375	12,022
Refresco Scandinavia	11,314	11,314
	270,132	**271,333**

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 of 10,7% (2009 10,0%) was applied in determining the recoverable amount of the units. This rate was based on a weighted average cost of capital applicable to the industry.

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 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 2,067,000 in the UK is mainly caused by a reduced expected growth of our activities in the local market. In 2009 EUR 975,000 was impaired in Poland.

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 4.7 million at December 31, 2010. If the estimated pre-tax discount rate applied to calculate the present value of future cash flows had been one percentage point higher than management's estimates, then that would have led to an additional reduction of the book value of goodwill in UK by EUR 4.2 million and in Poland by EUR 0.4 million at December 31, 2010.

4.3 Other investments

Non-current investments

The composition as at December 31 was as follows:

EUR'000	note	2010	2009
Securities and bonds	6.2	1,155	1,320
		1,155	**1,320**

Current investments

The composition as at December 31 was as follows:

EUR'000	note	2010	2009
Derivatives used for hedging	6.2	4,139	2,541
		4,139	**2,541**

The exposure to credit, currency and interest rate risks related to other investments is disclosed in notes 3 and 6.2.

4.4 Deferred tax assets and liabilities

Deferred tax assets and liabilities arise on the following:

	Assets		Liabilities		Net	
	2010	2009	2010	2009	2010	2009
EUR'000						
Property, plant and equipment	778	1,407	(30,502)	(30,666)	(29,724)	(29,259)
Intangible assets	1,304	2,731	0	(1,149)	1,304	1,582
Inventories	248	437	(55)	(26)	193	411
Trade and other receivables	647	1,443	(2,139)	(336)	(1,492)	1,107
Loans and borrowings	3,964	4,324	(2,942)	(1,251)	1,022	3,073
Derivatives	3,638	3,861	(12)	0	3,626	3,861
Employee benefits provision	730	391	(760)	0	(30)	391
Other provisions	719	271	(34)	(1,058)	685	(787)
Current liabilities	786	950	(2,457)	(3,449)	(1,671)	(2,499)
Deferred tax assets / (liabilities)	**12,814**	**15,815**	**(38,901)**	**(37,935)**	**(26,087)**	**(22,120)**
Tax loss carry-forwards					**11,947**	**6,006**
Net Tax assets / (liabilities)					**(14,140)**	**(16,114)**

Movement in temporary differences 2009

EUR'000	January 1, 2009	Recognized in profit or loss	Recognized in equity	Acquired in business combinations	Effect of movement in exchange rates	December 31, 2009
Property, plant and equipment	(31,814)	4,479	0	(1,890)	(34)	(29,259)
Intangible assets	1,394	188	0	0	0	1,582
Inventories	294	416	0	(299)	0	411
Trade and other receivables	935	177	0	0	(5)	1,107
Loans and borrowings	3,184	(113)	0	0	2	3,073
Derivatives	1,706	2,155	0	0	0	3,861
Employee benefits provision	770	(378)	0	0	(1)	391
Other provisions	(1,445)	168	0	489	1	(787)
Current liabilities	468	(3,085)	0	105	13	(2,499)
Deferred tax assets / (liabilities)	**(24,508)**	**4,007**	**0**	**(1,595)**	**(24)**	**(22,120)**
Tax loss carry-forwards	**9,387**	**(3,432)**	0	**0**	**51**	**6,006**
Net tax assets / (liabilities)	**(15,121)**	**575**	**0**	**(1,595)**	**27**	**(16,114)**

Movement in temporary differences 2010

EUR'000	January 1, 2010	Recognized in profit or loss	Recognized in equity	Acquired in business combinations	Effect of movement in exchange rates	December 31, 2010
Property, plant and equipment	(29,259)	2,752	(750)	(2,452)	(15)	(29,724)
Intangible assets	1,582	(477)	0	200	0	1,305
Inventories	411	168	0	(389)	2	192
Trade and other receivables	1,107	(2,596)	0	0	(4)	(1,493)
Loans and borrowings	3,073	(2,056)	0	0	5	1,022
Derivatives	3,861	(802)	0	567	0	3,626
Employee benefits provision	391	(451)	0	30	0	(30)
Other provisions	(787)	784	0	710	(21)	686
Current liabilities	(2,499)	813	0	0	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**	0	**0**	**18**	**11,947**
Net tax assets / (liabilities)	**(16,114)**	**4,058**	**(750)**	**(1,334)**	**0**	**(14,140)**

Tax losses carry-forwards

The Group has losses carry-forwards for an amount of EUR 12,548,000 (2009: EUR 7,322,000) as per December 31, 2010, which expire in the following years:

EUR'000	2010	2009
2014	323	323
2015	279	279
After 2015 but not Unlimited	1,404	2,846
Unlimited	10,542	3,874
	12,548	**7,322**
Recognized as deferred tax assets (net)	11,948	6,006
Not recognized	600	1,316

The decrease in unrecognized losses is related to a changed financing structure in the UK and improved profitability in Poland which caused the recognition of deferred tax assets which were utilized in 2010.

4.5 Inventories

The composition as at December 31 was as follows:

EUR'000	2010	2009
Stock of raw materials and consumables	61,639	46,635
Stock of finished goods	55,073	46,350
	116,712	**92,985**

Stocks are impaired for obsolescence by EUR 4,886,000 (2009: EUR 3,968,000).

4.6 Trade and other receivables

The composition as at December 31 was as follows:

EUR'000	note	2010	2009
Trade receivables		195,918	154,826
Other receivables, prepayments and accrued income		17,885	12,996
Other taxes and social security premiums		10,269	8,855
	6.2	**224,072**	**176,677**
Non-current		0	0
Current		224,072	176,677

The exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 6.2.

4.7 Cash and cash equivalents

The composition as at December 31 was as follows:

EUR'000	note	2010	2009
Bank balances		27,086	20,742
Deposits		48,000	39,000
Cash and cash equivalents	6.2	**75,086**	**59,742**
Bank overdrafts	4.10	(866)	(1,365)
Cash and cash equivalents in the consolidated cash flow statement flows		**74,220**	**58,377**

Total amount blocked for bank guarantees is EUR 10,793,000 (2009: EUR 10,312,000), the rest is available on demand. The term of the deposits is less than 3 months.
The exposure to interest rate risk and the sensitivity analysis for financial assets and liabilities are disclosed in note 6.2.

4.8 Assets classified as held for sale

Manufacturing facilities, as well as some machinery and equipment in Germany and Poland, have been classified as assets held for sale during 2009 following the decision by the management to sell these assets. As they were not sold it was decided to book them back to property, plant and equipment. During 2009, assets held for sale in France have been sold. Valuation is based on latest market information.

EUR'000	2010	2009
Assets classified as held for sale as at January 1	1,782	1,238
Transfer from / (to) property, plant and equipment	(1,795)	3,039
Impairment on transferred assets	0	(1,637)
Assets sold	0	(863)
Effect of movements in exchange rates	13	5
	0	**1,782**

4.9 Capital and reserves

A detailed overview of equity is provided in the consolidated statement of changes in equity 2010.
In 2009, the Group paid a dividend of EUR 75,000 from the other reserves to Okil Holding B.V. and Godetia II B.V. In 2010 no dividends were paid.

Redeemable preference shares

The rights of redeemable preference shareholders are disclosed in note 3.2 to the company financial statements.

4.10 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 6.2.

Non-current liabilities

The composition as at December 31 was as follows:

EUR'000	2010	2009
Syndicated and other bank loans	288,979	296,697
Subordinated bank loans	237,586	218,182
Finance lease liabilities	9,414	9,807
	535,979	**524,686**

Current liabilities

The composition as at December 31 was as follows:

EUR'000	note	2010	2009
Current portion of syndicated bank loans		14,707	11,779
Current portion of finance lease liabilities		4,440	4,297
Current portion of other bank loans		535	619
Capex facility drawing		3,960	0
		23,642	**16,695**
Bank overdrafts	4.7	866	1,365
		24,508	**18,060**

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

EUR'000	Currency	Nominal interest rate %	Year of maturity	Face value 2010	Carrying amount 2010	Face value 2009	Carrying amount 2009
Syndicated and other bank loans	EUR	1.9 - 4.3	2013-2015	291,770	289,903	310,962	309,095
Syndicated bank loan International	EUR	3.6 - 4.0	2011-2012	16,500	14,318	0	0
Subordinated bank loans	EUR	9.9 - 14.1	2016-2017	187,380	237,586	187,380	218,182
Capex facility drawing	EUR	3.5	2011	3,960	3,960	0	0
Finance lease liabilities	EUR	Various	Various	13,854	13,854	14,104	14,104
Bank overdrafts	EUR	1.0 / 2.0	2011	866	866	1,365	1,365
Total interest-bearing liabilities				**514,330**	**560,487**	**513,811**	**542,746**

The bank loans are secured by the following:

- First priority mortgage on the real estate in The Netherlands and Germany Pledge of property, plant and equipment, receivables, inventories and the shares of all group companies.
- Assignment of movable fixed assets and inventories, rights and claims under a Share Purchase Agreement and certain insurance policies.
- Regarding International bank loan; shares of all group companies are pledged.

The Group maintains the following lines of credit:

- A EUR 17.5 million facility for capital expenditures, with interest payable at the rate of EURIBOR plus 2.50%.
- A EUR 50.0 million revolving credit facility to meet short-term financing needs, with interest payable at the rate of EURIBOR plus 1.50%.
- A EUR 20.0 million revolving credit facility to meet short-term financing needs regarding Refresco International, with interest payable at the rate of EURIBOR plus 3.00%.
- On September 15, 2010 the company entered into a EUR 120.0 million acquisition facility of which EUR 14.5 million has been used. Interest payable at the rate of EURIBOR plus 3.00%.

Finance lease liabilities

Finance lease liabilities are payable as follows:

EUR'000	Future minimum lease payments 2010	Interest 2010	Present value of minimum lease payments 2010	Future minimum lease payments 2009	Interest 2009	Present value of minimum lease payments 2009
Less than one year	4,785	345	4,440	4,898	601	4,297
Between one and five years	9,472	482	8,990	9,595	926	8,669
More than five years	430	6	424	1,175	37	1,138
	14,687	**833**	**13,854**	**15,668**	**1,564**	**14,104**

Financial leases relate mainly to a warehouse and an office building in France and production equipment in Belgium, Germany (PET line) and Poland.

4.11 Employee benefits provision

The composition as at December 31 was as follows:

EUR'000	2010	2009
Present value of unfunded obligations	16,378	15,199
Present value of funded obligations	48,058	40,069
Present value of pension benefit obligations	**64,436**	**55,268**
Fair value of plan assets	(44,381)	(38,969)
Present value of net obligations	**20,055**	**16,299**
Effect of §58(b) - asset ceiling	392	0
Unrecognized past service costs	(194)	(204)
Unrecognized net actuarial gains / (losses)	(5,092)	(3,027)
Total employee benefits (asset) / liability	**15,161**	**13,068**

The Group contributes to a number of defined benefit plans that provide pension benefits to employees upon retirement in the Netherlands, Germany and the United Kingdom. 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.

Plan assets comprise:

EUR'000	2010	2009
Equity securities	11,809	9,080
Government bonds	30,338	27,765
Other	2,234	2,124
	44,381	**38,969**

Movements in the present value of the defined benefit obligations

The composition and changes were as follows:

EUR'000	2010	2009
Defined benefit obligations as at January 1	55,268	45,062
Net transfers in / (out)	254	604
Benefits paid by the plan	(2,076)	(1,146)
Current service costs	2,351	2,280
Interest costs	2,899	2,595
Plan participants contributions	234	204
Past service costs	0	215
Effect of movements in exchange rates	214	311
Actuarial (gains) / losses	3,879	5,143
Acquisitions through business combinations	1,413	0
Defined benefit obligations as at December 31	**64,436**	**55,268**

Movements in the fair value of plan assets

The composition and changes were as follows:

EUR'000	2010	2009
Fair value of plan assets as at January 1	(38,969)	(32,699)
Net transfers (in) / out	0	(604)
Benefits paid by the plan	1,800	1,508
Employer contributions	(3,282)	(3,540)
Plan participants contributions	(234)	(204)
Expected return on plan assets	(1,682)	(1,521)
Effect of movements in exchange rates	(193)	(343)
Actuarial (gains) / losses	(1,821)	(1,566)
Fair value of plan assets as at December 31	**(44,381)**	**(38,969)**

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

Expenses recognized in the income statement

The composition was as follows:

EUR'000	note	2010	2009
Current service costs		2,351	2,280
Interest on benefit obligations		2,899	2,595
Expected return on plan assets		(1,682)	(1,521)
Amortization of past service cost including §58A		11	11
Effect of §58(b) limit		391	(396)
Recognized actuarial losses / (gains) including §58A		16	339
Pension costs of defined benefit schemes		**3,986**	**3,308**
Pension contributions to defined contribution schemes		1,126	1,003
Total pension costs	5.3	**5,112**	**4,311**

The pensions costs are recognized in the employee benefits expense.

The actual return on plan assets was EUR 3,504,000 positive (2009: EUR 3,086,000 positive).

Actuarial assumptions

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

%	2010	2009
Discount rate as at 31 December	5.4	5.3
Expected return on plan assets as at January 1	4.0	4.2
Future salary increases	2.7	3.0
Future pension increases	2.1	2.1

The assumptions regarding future mortality are based on published statistics and mortality tables.

Historical information

The composition as at December 31 was as follows:

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

The Group expects that contributions to the defined benefit plans will be EUR 3,597,000 in 2011 (2009: EUR 2,186,000).

4.12 Other provisions

The composition and changes were as follows:

EUR'000	Reorganization	Other	Total
January 1, 2010	1,588	1,656	3,244
Provisions made during the period	4,217	3,238	7,455
Provisions used during the period	(1,150)	(395)	(1,545)
Provisions reversed during the period	0	(170)	(170)
Effect of movements in exchange rates	0	21	21
December 31, 2010	**4,655**	**4,350**	**9,005**
Non-current	0	1,677	1,677
Current	4,655	2,673	7,328

Reorganization

During 2010, the Group committed to a plan to further restructure the German organization. Following the announcement of the plan the Group recognized in 2010 a provision of EUR 4,200,000 for the expected reorganization costs, including employee termination costs, related to the closure of one plant and the integration of the SDI acquisition into the existing Refresco organisation.

Other provisions

Other provisions include provisions for claims and unfavourable contracts recognized in the purchase price allocation of the SDI acquisition.

4.13 Trade and other payables

The composition as at December 31 was as follows:

EUR'000	note	2010	2009
Trade accounts payable		187,716	158,048
Income tax payable		5,935	1,837
Other taxes and social security premiums		22,715	12,651
Current part of provisions		7,328	2,719
Other payables, accruals and deferred income		48,044	51,204
	6.2	**271,738**	**226,459**

The exposure to foreign currency and liquidity risks on trade and other payables is disclosed in note 6.2.

5 Notes to the consolidated income statement

5.1 Revenue

The composition was as follows:

EUR'000	2010	2009
Private label and own brands	977,189	899,434
Contract manufacturing	246,756	240,140
	1,223,945	**1,139,574**

5.2 Other income

Other income relates entirely to the gain / (loss) on the sale of property, plant and equipment.

5.3 Employee benefits expense

The composition was as follows:

EUR'000	note	2010	2009
Wages and salaries		92,336	82,876
Compulsory social security contributions		21,683	18,760
Pension contributions to defined contribution schemes	4.11	1,126	1,003
Pension costs of defined benefit schemes	4.11	3,986	3,308
		119,131	**105,947**

During 2010 the average number of employees in the Group, in full-time equivalents ("FTEs"), was 2,527 (2009: 2,318), of which 2,047 (2009: 1,927) were employed outside the Netherlands.

5.4 Depreciation, amortization and impairment expense

The composition was as follows:

EUR'000	note	2010	2009
Property, plant and equipment	4.1 + 4.8	50,660	50,207
Intangible assets	4.2	3,347	1,679
		54,007	**51,886**

5.5 Other operating expenses

The composition was as follows:

EUR'000	note	2010	2009
Freight charges		57,896	49,914
Other cost of sales, including excise duties		44,612	44,873
Promotion costs		1,429	1,364
Temporary staff		10,388	9,099
Other personnel costs		8,549	7,971
Rent and leasing of machinery and equipment	6.3	17,928	16,348
Maintenance		30,524	26,948
Energy		25,744	25,264
Advice and legal costs		8,267	4,917
Housing costs, including rental of buildings	6.3	9,664	9,489
Storage costs		17,033	14,898
Other operating costs		27,018	31,033
		259,052	**242,118**

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:

EUR'000	2010	2009
Statutory audit of financial statements	967	925
Other auditing services	61	44
Tax advisory services	457	593
Other non-audit services	66	47
Total	**1,551**	**1,609**

5.6 Finance income and expense

Finance income and expense recognized in the income statement

The composition was as follows:

EUR'000	2010	2009
Interest income on bank deposits	725	201
Finance income	**725**	**201**
Interest expense on financial liabilities measured at amortized cost	(48,665)	(49,874)
Cost of borrowings	(892)	(635)
Net change in fair value of derivatives	2,308	(5,982)
Finance expense	**(47,249)**	**(56,491)**
Net finance expense	**(46,524)**	**(56,290)**

The cost of borrowings EUR 736,000 (2009: EUR 635,000) relates to the financing costs of the syndicated loan facility entered into in 2008, which were capitalized in the aggregate amount of EUR 6,319,000 and amortized over the terms of the loans. The cost of borrowings EUR 156,000 (2009: EUR 0) relates to the financing costs of the syndicated loan facility International entered into in 2010, which were capitalized in the aggregate amount of EUR 2,338,000 and depreciated over the terms of the loans (being the syndicated B facility, ending June 2014). During financial year 2010 EUR 100,000 was paid as a result of the SDI acquisition on contract break fees for existing loan agreements.

The net change in fair value of derivatives EUR 2,308,000 positive (2009: EUR 5,982,000 negative) relates to changes in the fair value of the interest rate swaps contracts concluded by the Group to hedge the interest rate risk on syndicated bank loans and subordinated bank loans.

Finance income and expense recognized in other comprehensive income

The composition was as follows:

EUR'000	2010	2009
Foreign currency translation differences for foreign operations	1,595	1,299
Finance income / (expense) recognized in other comprehensive income, net of tax	**1,595**	**1,299**
Recognized in:		
Translation reserve	**1,595**	**1,299**

5.7 Income tax (expense) / benefit

The composition was as follows:

EUR'000	2010	2009
Current tax expense		
Current period	(2,599)	(6,027)
Under / (over) provisions in prior years	323	1,745
	(2,276)	**(4,282)**
Deferred tax expenses		
Origination and reversal of temporary differences	(1,818)	3,756
Change in tax rate	(58)	(26)
Previously unrecognized deductible temporary differences	0	75
Utilization of tax losses recognized	(2,390)	(3,965)
Recognition of previously unrecognized tax losses	933	533
Under / (over) provisions in prior years	(308)	208
	(3,641)	**581**
Total income tax (expense) / benefit	**(5,917)**	**(3,701)**

Reconciliation of effective tax rate

EUR'000	2010	2009
Profit / (loss) before income tax	14,709	11,313
Income tax (expense) / benefit	(5,917)	(3,701)
Profit / (loss)	**8,792**	**7,612**

EUR'000	%	2010	%	2009
Income tax using the Company's domestic tax rate	25.5%	(3,751)	25.5%	(2,891)
Effect of tax rates in foreign jurisdictions	20.2%	(2,967)	22.1%	(2,522)
Reduction in tax rate	0.4%	(58)	0.2%	(23)
Non-deductible expenses	3.7%	(540)	3.1%	(354)
Non-taxable income	(2.4%)	356	(2.4%)	274
Recognition of previously unrecognized tax losses	(5.9%)	867	1.5%	(171)
Current year losses for which no deferred tax asset was recognized	0.3%	(40)	2.6%	(297)
Under / (over) provisions in prior years	(1.5%)	216	(20.0%)	2,283
Total income tax (expense) / benefits	**40.2%**	**(5,917)**	**32.6%**	**(3,701)**

The effective tax rate is negatively influenced by non-deductible costs mainly related to the acquisitions of Spumador in Italy and SDI in Germany and the impairment of the goodwill in the United Kingdom. Furthermore, the new French business tax which is reported as an income tax and consequently affects the effective tax rate. Recognition of previous unrecognized losses had a positive influence on the effective tax rate. Adjustments as a result of finalizing fiscal years with the tax authorities in both Spain and the Netherlands affected the effective tax rate further.

6 Supplementary Information

6.1 Acquisition of subsidiaries and non-controlling interests

On March 24, 2010 the company bought the remaining 20% of the shares in Refresco Holding B.V. from Godetia II B.V. and Okil Holding B.V. by the issue of new shares. A detailed schedule about the issue of the shares is disclosed in note 3.2 of the company financial statements. On September 17, 2010, our group company Refresco International B.V. agreed to purchase 100% of the share capital of SDI GmbH & Co Kg and SDI Verwaltung GmbH (together referred to as SDI) for EUR 45.5 million in cash. SDI manufactures carbonated soft drinks for the private label market. For the period from acquisition to December 31, 2010 the subsidiary contributed an operating profit of EUR (616,000). If the acquisition had taken place on January 1, 2010, management estimates that SDI would have contributed revenue of EUR 147.5 million and operating profit of EUR 1.3 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, 2010.

The acquisition had the following effect on the assets and liabilities on acquisition date:

EUR'000	note	Pre-acquisition carrying amount	Fair value adjustments	Recognized values on acquisition
Property, plant and equipment	4.1	18,164	9,149	27,313
Intangible assets	4.2	620	(446)	174
Inventories		14,363	1,321	15,684
Trade and other receivables		27,825	0	27,825
Cash and cash equivalents		935	0	935
Deferred tax liabilities	4.4	732	(2,064)	(1,332)
Trade and other payables		(21,355)	(2,607)	(23,962)
Net identifiable assets and liabilities		**41,284**	**5,353**	**46,637**
Goodwill on acquisition	4.1			(188)
Consideration paid, satisfied in cash				**46,449**
Cash acquired				(935)
Net cash outflow				**45,514**

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 (see note 2.20 for methods used to determine fair values). No value was allocated to customer relations as they were already customers of Refresco. The badwill recognized on the acquisition is attributable to the integration of the acquired company into the existing business.

6.2 Financial instruments

Credit risk

Exposure to credit risk

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

		Carrying amount	
EUR'000	note	2010	2009
Non-current investments	4.3	1,155	1,320
Trade and other receivables	4.6	224,072	176,677
Current investments	4.3	4,139	2,541
Cash and cash equivalents	4.7	75,086	59,742
		304,452	**240,280**

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was as follows:

	Carrying amount	
	2010	**2009**
EUR'000		
Euro-zone countries (EUR)	202,201	161,337
United Kingdom (GBP)	8,221	7,675
Poland (PLN)	13,650	7,665
	224,072	**176,677**

Ageing and impairment losses

The ageing of trade and other receivables at the reporting date was as follows:

	2010		2009	
	Gross	**Impairment**	**Gross**	**Impairment**
EUR'000				
Not past due	199,930	0	156,962	0
Past due 0 - 30 days	19,770	0	15,993	0
Past due 31 - 60 days	1,963	0	2,074	0
Past due more than 60 days	3,836	1,427	2,964	1,316
	225,499	**1,427**	**177,993**	**1,316**

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

	2010	**2009**
EUR'000		
January 1	1,316	1,730
Impairment loss recognized	441	167
Acquisitions	204	0
Release of provision	(367)	(238)
Written off	(180)	(350)
Effect of movements in exchange rates	13	7
December 31	**1,427**	**1,316**

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.

Liquidity risk

The contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, 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.

December 31, 2010

EUR'000	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 – 2 years	2 – 5 years	> 5 years
Non-derivative financial liabilities							
Syndicated bank loans	289,902	(377,756)	(17,045)	(17,837)	(36,428)	(306,446)	0
Syndicated bank loans International	14,318	(16,500)	(5,625)	(3,625)	(7,250)	0	0
Subordinated bank loans	237,586	(570,930)	(6,181)	(6,181)	(13,101)	(43,835)	(501,632)
Capex facility drawing	3,960	(3,960)	(3,960)	0	0	0	0
Finance lease liabilities	13,854	(14,689)	(2,393)	(2,393)	(2,854)	(6,619)	(430)
Trade and other payables	271,738	(271,738)	(271,738)	0	0	0	0
Bank overdrafts	866	(866)	(866)	0	0	0	0
	832,224	**(1,256,439)**	**(307,808)**	**(30,036)**	**(59,633)**	**(356,900)**	**(502,062)**
Derivative financial liabilities							
Interest rate swaps used for hedging							
Cash flow	**13,973**	**(15,633)**	**(3,483)**	**(3,087)**	**(5,035)**	**(4,028)**	**0**

December 31, 2009

EUR'000	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 – 2 years	2 – 5 years	> 5 years
Non-derivative financial liabilities							
Syndicated bank loans	309,095	(428,652)	(17,542)	(18,218)	(36,481)	(217,147)	(139,264)
Subordinated bank loans	218,182	(582,623)	(5,847)	(5,847)	(12,361)	(41,508)	(517,060)
Finance lease liabilities	14,104	(15,668)	(2,449)	(2,449)	(4,386)	(5,208)	(1,176)
Trade and other payables	226,459	(226,459)	(226,459)	0	0	0	0
Bank overdrafts	1,365	(1,365)	(1,365)	0	0	0	0
	769,205	**(1,254,767)**	**(253,662)**	**(26,514)**	**(53,228)**	**(263,863)**	**(657,500)**
Derivative financial liabilities							
Interest rate derivatives used for hedging							
Cash flow	**16,281**	**(22,835)**	**(4,900)**	**(4,519)**	**(7,876)**	**(5,540)**	**0**

Foreign currency risk

Exposure to foreign currency risk

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

USD'000	2010	2009
Trade payables	26,533	12,443
Estimated forecast purchases	165,483	98,709
Gross exposure	**192,016**	**111,152**
Forward exchange contracts / Currency option contracts	136,850	97,165
Net exposure	**55,166**	**13,987**

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.

The following significant exchange rates were applied during the year:

	Average		Year-end	
	2010	2009	2010	2009
Value of EUR 1				
USD	1.32	1.40	1.34	1.44
GBP	0.86	0.89	0.86	0.89
PLN	3.99	4.33	3.97	4.10

Sensitivity analysis

A 10 percent strengthening of the Euro against the USD at December 31 would have not affected equity and profit or loss significantly, as the Group hedges USD positions, except for the change in fair value of derivatives which is recognized in the income statement. This analysis assumes that all other variables, particularly interest rates, remain constant. The analysis has been performed on the same basis as for 2009.

Interest rate risk

Profile

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

		Carrying amount	
		2010	2009
EUR'000	note		
Fixed rate instruments			
Non-current investments	4.3	1,155	1,320
Loans and borrowings	4.10	(358,854)	(372,604)
Interest rate swaps floating to fixed	6.2	(13,973)	(16,281)
		(371,672)	**(387,565)**
Variable rate instruments			
Loans and borrowings	4.10	(201,633)	(170,142)
		(201,633)	**(170,142)**

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, with the exception of the change in fair value of the Interest rate swaps.

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 below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2009.

December 31, 2010

	Profit / (loss)		Equity	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
EUR'000				
Variable rate instruments	(5,458)	5,458	(5,458)	5,458
Net Interest rate swaps floating to fixed	6,281	(6,281)	6,281	(6,281)
Total	**823**	**(823)**	**823**	**(823)**
Variable rate instruments	(5,458)	5,458	(5,458)	5,458
% not hedged by interest rate swaps	36.8%	36.8%	36.8%	36.8%
Cash flow sensitivity (net)	**(2,008)**	**2,008**	**(2,008)**	**2,008**

December 31, 2009

	Profit / (loss)		Equity	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
EUR'000				
Variable rate instruments	(5,273)	5,273	(5,273)	5,273
Net Interest rate swaps floating to fixed	8 500	(8,500)	8,500	(8,500)
Total	**3,227**	**(3,227)**	**3,227**	**(3,227)**
Variable rate instruments	(5,273)	5,273	(5,273)	5,273
% not hedged by interest rate swaps	32.0%	32.0%	32.0%	32.0%
Cash flow sensitivity (net)	**(1,687)**	**1,687**	**(1,687)**	**1,687**

Fair values

The fair values of financial assets and liabilities approximate the carrying amounts.

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:

	2010	2009
%		
Derivatives	2.8%	2.0%
Finance leases	5.3%	5.0%

6.3 Operating leases

Operating lease and rentals as at December 31 are payable as follows:

EUR'000	2010	2009
Less than one year	27,294	21,440
Between one and five years	58,394	46,213
More than five years	15,396	4,254
	101,084	**71,907**

The Group leases buildings, equipment and cars. During 2010, EUR 23,688,000 was recognized as expense in the income statement in respect of operating leases and rentals (2009: EUR 20,016,000).

6.4 Purchase and investment commitments

The composition as at December 31 was as follows:

EUR'000	Total	Less than 1 year	1-5 years	More than 5 years	Total 2009
Property, plant & equipment ordered	16,285	15,985	300	0	7,334
Raw material purchase contracts	230,000	230,000	0	0	146,145
	246,285	**245,985**	**300**	**0**	**153,479**

6.5 Contingencies

The group companies are jointly and individually liable vis à vis the syndicate of banks. Banks have issued guarantees to suppliers and customs on behalf of the Group in the aggregate amount of EUR 10,793,000 (2009: EUR 10,312,000).
The Company forms a fiscal unity for income tax purposes with Refresco International B.V., SDI Onroerend Goed B.V. and SDI International B.V. The company also forms a fiscal unity for VAT purposes with Refresco International 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.
Some claims have been filed against the Group. Based on legal advice, the Executive Board does not expect that the outcome of these claims will have a material effect on the financial position of the Group.

6.6 Related parties

Shareholder structure

The Company's shareholders are Ferskur Holding 1 B.V., 3i Group Plc, 3i Growth 08-10 LP, 3i Growth (Europe) 08-10 LP, Okil Holding B.V., Godetia II B.V. The ultimate shareholders of Ferskur Holding 1 B.V. are Kaupthing Bank HF, Vifilfell HF and Stodir 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 who are shareholders of the Group. 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:

EUR'000	**2010**	**2009**
Short-term employee benefits	1,574	1,779
Post-employment benefits	200	203
	1,774	**1,982**

The remuneration for Supervisory Board members was EUR 339,000 (2009: EUR 96,000).

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 current members of the Supervisory Board held any shares of the company.

Other related party transactions

The composition was as follows:

	Transaction value		Balance outstanding December 31	
	2010	**2009**	**2010**	**2009**
EUR'000				
Increase of shareholders' equity				
Godetia II B.V.	1,537	0	0	0
3i	37,497	0	0	0
Okil Holding B.V.	4,273	0	0	0
Total	**43,307**	**0**	**0**	**0**
Dividends from share premium				
Okil Holding B.V.	0	55	0	0
Godetia II B.V.	0	20	0	0
Total	**0**	**75**	**0**	**0**
Management Fees (charged)				
Ferskur Holding 1 B.V.	200	125	(214)	(195)
3i	33	0	(11)	0
Total	**233**	**125**	**(225)**	**(195)**

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.

6.7 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 profit appropriation)

EUR'000	note	2010	2009
ASSETS			
Non-current assets			
Financial fixed assets	3.1	136,144	119,423
Receivables from group companies		**35,501**	**0**
Total non-current assets		**171,645**	**119,423**
Current assets			
Receivables from group companies		180	709
Other receivables		658	0
Cash and cash equivalents		**500**	**0**
Total current assets		**1,338**	**709**
Total assets		**172,983**	**120,132**
EQUITY & LIABILITIES			
Equity			
Share capital		4,308	2,681
Share premium		214,545	145,963
Other reserves		(55,465)	(33,628)
Foreign currency translation differences		11	(1,584)
Profit / (loss) for the year		9,334	6,073
Total equity attributable to equity holders of the company	3.2	**172,733**	**119,505**
Current liabilities			
Trade and other payables		250	627
Total current liabilities		**250**	**627**
Total equity and liabilities		**172,983**	**120,132**

Company income statement 2010

EUR'000	note	2010	2009
Share in results from participating interests, after taxation	3.1	10,305	6,154
Other result after taxation		(971)	(81)
Profit / (loss)		**9,334**	**6,073**

Notes to the company financial statements

1 General

The financial statements of Refresco Group B.V. (formerly known as Ferskur Holding 2 B.V.), or 'the Company' are included in the consolidated financial statements of the Group. As at March 23, 2010 Ferskur Holding 2 B.V. was renamed in Refresco Group B.V.
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 comntrol 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 sheet

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:

	2010	2009
EUR'000		
January 1	119,423	112,290
Other	(750)	0
Share in result of participating interests	10,305	6,154
Capital increase	5,828	0
Effect of movements in exchange rates	1,338	1,039
Dilution result on dividend paid to non-controlling interest	0	(60)
December 31	**136,144**	**119,423**

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

NAME COMPANY	STATUTORY SEAT	note	OWNERSHIP INTEREST 2010	2009
Refresco Holding B.V.	Dordrecht (The Netherlands)		100%	80%
Refresco B.V.	Dordrecht (The Netherlands)		100%	80%
Refresco International B.V.	Dordrecht (The Netherlands)		100%	0%
Menken Drinks B.V.	Bodegraven (The Netherlands)		100%	80%
Refresco Onroerend Goed B.V.	Amsterdam (The Netherlands)		100%	80%
Soft Drink International Onroerend Goed B.V.	Heerlen (The Netherlands)	1)	100%	0%
Soft Drink International B.V.	Heerlen (The Netherlands)	1)	100%	0%
Frisdranken Industrie Winters B.V.	Maarheeze (The Netherlands)		100%	80%
Refresco Benelux B.V.	Maarheeze (The Netherlands)		100%	80%
Bronwater Import Kantoor Eindhoven B.V.	Maarheeze (The Netherlands)		100%	80%
Handelsmaatschappij Winters B.V.	Maarheeze (The Netherlands)		100%	80%
Schiffers Food B.V.	Hoensbroek (The Netherlands)		100%	80%
Sunco N.V.	Ninove (Belgium)		100%	80%
Ringside N.V.	Ninove (Belgium)		100%	80%
Sodraco N.V.	Ninove (Belgium)		100%	80%
Refresco Iberia S.L.	Oliva (Spain)		100%	80%
Refresco Deutschland GmbH	Herrath (Germany)		100%	80%
Krings Fruchtsaft GmbH	Herrath (Germany)		100%	80%
Hardthof Fruchtsaft GmbH	Burgstetten (Germany)		100%	80%
SDI GmbH & Co KG	Erftstadt (Germany)	1)	100%	0%
Logico GmbH & Co KG	Erftstadt (Germany)	1)	100%	0%
Logico Verwaltung GmbH	Erftstadt (Germany)	1)	100%	0%
VIP-Juicemaker Holding O.Y.	Kuopio (Finland)	1)	100%	80%
VIP-Juicemaker O.Y.	Kuopio (Finland)		100%	80%
Refresco France S.A.S.	Marges (France)	2)	100%	80%
Ferskur France S.A.S.	Marges (France)		100%	80%
Eaux Minérales de Saint Alban-les-Eaux S.A.	Saint Alban (France)	3)	100%	80%
Refresco Holdings GB Ltd.	London (United Kingdom)		100%	80%
Histogram Holdings Ltd.	Durham (United Kingdom)		100%	80%
Refresco Ltd.	Durham (United Kingdom)		100%	80%
Refresco Poland Sp Z.o.o.	Warsaw (Poland)		100%	80%
Kentpol Zywiecki Krysztal p. Z.o.o.	Kenty (Poland)		100%	80%

1) See note 6.1 of the notes to the consolidated financial statements.

2) on November 23, 2010 Delifruits S.A.S. and Nuits Saint-Georges Production S.A. merged and changed name into Refresco France S.A.S.

3) on November 1, 2010 Eldis S.A.S. merged into Eaux Minérales de Saint Alban-les-Eaux S.A.

3.2 Shareholders' equity

EUR'000	Issued capital	Additional paid-in capital	Translation differences	Other reserves	Result for the year	Total
Balance as at January 1, 2009	2,681	45,963	(2,623)	(22,578)	(10,991)	112,452
Movement result 2008 to other reserve	0	0	0	(11,050)	10,991	(59)
Result 2009	0	0	0	0	6,073	6,073
Translation difference	0	0	1,039	0	0	1,039
Balance as at December 31,2009	**2,681**	**145,963**	**(1,584)**	**(33,628)**	**6,073**	**119,505**
Issue of shares March 24, 2010	875	36,622	0	0	0	37,497
Movement result 2009 to other reserve	0	0	0	6,073	(6,073)	0
Result 2010	0	0	0	0	9,334	9,334
Acquisition 20% shares Refresco Holding B.V.	752	31,960	0	(27,160)	0	5,552
Other	0	0	0	(750)	0	(750)
Translation difference	0	0	1,595	0	0	1,595
Balance as at December 31, 2010	**4,308**	**214,545**	**11**	**(55,465)**	**9,334**	**172,733**

On March 24, 2010 the former shareholder 3i took a minority stake of 20.32% in the company for a total value of EUR 84 million of which EUR 38,068,000 has been received. The remaining amount of EUR 45,932,000 will be paid on request. From the share premium is deducted the transaction fee paid to 3i of EUR 571,000.

The issued share capital can be specified as following.

Balance as at December 31, 2009

- 2,680,002 ordinary shares with a nominal value of EUR 1.00 each and a subscription price of EUR 10.00 each
- 64,802 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).

Balance as at December 31, 2010

- 4,307,335 ordinary shares with a nominal value of EUR 1.00 each
- 85,963 preference shares with a nominal value of EUR 0.01 each

Movements in capital and reserves

The holders of ordinary shares are entitled to receive dividends as declared from time to time. The holders of preference shares 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 preference shares, 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 preference shares 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 preference shares.
The Company's residual assets shall be paid first to the holders of the preference shares 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 preference share carries the right to one vote.
The Company can acquire fully paid-up shares (ordinary as well as preference shares) 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.

Dividends

In 2010 no dividends were paid. In 2009, the Group paid a dividend of EUR 75,000 from the other reserves to Okil Holding B.V. and Godetia II B.V.
As at December 31, 2010, the unpaid cumulative dividend on the preference shares amounts to EUR 48,522,361 (2009: EUR 34,551,788).

3.3 Remuneration

For the remuneration to the Executive Board we refer to paragraph 6.6 of the consolidated financial statements.

Rotterdam March 29, 2011

Executive Board

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

Supervisory Board (as per March 24, 2010)

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, including Preference 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 preference 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 a 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

On January 14, 2011 Refresco International B.V. signed a SPA for the acquisition of 100% of the shares in the Italian company Spumador Spa. This company is a leading Italian producer of water and private label carbonated soft drinks with 5 production facilities in the north of Italy. It is expected that the acquisition will be closed in April. In 2010 the turnover is approximately EUR 170 million. After closing of this acquisition most part of the new acquisition facility will be used.

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 2010 as set out on pages 60 to 111 of Refresco Group B.V., Rotterdam (statutory seated in Dordrecht), which comprise the consolidated and company balance sheet as at 31 December 2010, the consolidated and company 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.

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 management 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

In our opinion, the financial statements give a true and fair view of the financial position of Refresco Group B.V. as at 31 December 2010, 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.

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, 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.

Eindhoven, 29 March 2011
PricewaterhouseCoopers Accountants N.V.

drs. W.C. van Rooij RA

TEN YEARS
REFRESCO

EUR '000	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
INCOME STATEMENTS										
Revenue	1,223,945	1,139,574	1,146,082	951,613	660,139	606,001	557,626	544,463	450,229	269,540
Gross margin %	32.0%	46.1%	39.2%	42.1%	43.4%	46.3%	47.9%	45.2%	42.7%	46.5%
Normalized EBITDA	125,240	120,600	109,793	77,451	63,889	64,112	62,230	49,709	39,333	21,334
EBITDA %	9.4%	10.5%	9.6%	8.1%	9.7%	10.6%	11.2%	9.1%	8.7%	7.9%
EBITA	61,233	67,603	64,859	37,694	38,059	39,329	40,964	29,508	22,069	11,688
Profit / (loss) after income tax	8,792	7,612	(13,783)	(26,946)	(6,097)	7,897	9,211	10,747	4,892	4,183
BALANCE SHEETS										
Property, plant and equipment	351,672	328,807	323,023	333,625	226,064	207,481	215,906	179,455	138,521	81,950
Working capital	124,914	89,763	97,045	99,401	81,378	77,786	72,743	72,374	62,037	40,449
Capital employed excluding Goodwill	395,445	350,025	362,686	377,583	263,369	240,125	229,257	185,111	147,306	84,174
OTHER INDICATORS										
Volume in liters (*1,000)	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	808,000
Employees in fte's (year end)	2,750	2,318	2,241	2,267	1,229	1,210	1,127	1,045	964	575
Return on capital employed %	15.5%	19.3%	18.1%	9.9%	14.4%	16.4%	17.9%	15.9%	15.0%	13.9%
Working capital days	37.3	28.7	30.9	38.1	45.0	46.9	47.6	48.5	50.3	54.8
Investments	48,216	48,531	36,824	40,131	30,282	18,234	38,052	28,952	21,606	8,527

Note: Figures for 2008 have been restated to comply with IFRS. 2001-2007 are reported under Dutch GAAP.
The figures for 2001 – 2008 are obtained from the annual report of Refresco Holding B.V.

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Colophon

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