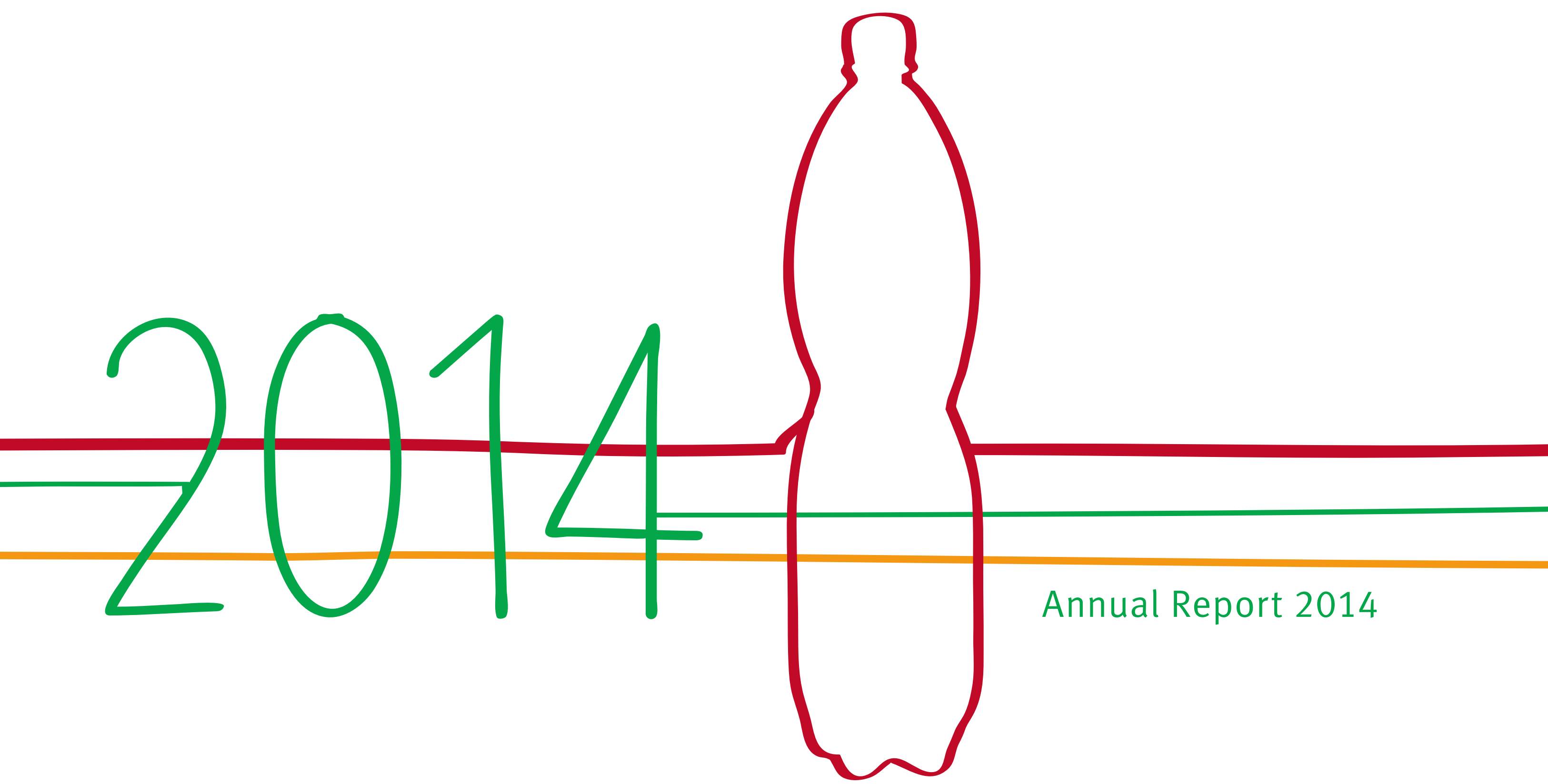


Annual Report 2014

Refresco · gerber

Our drinks on every table

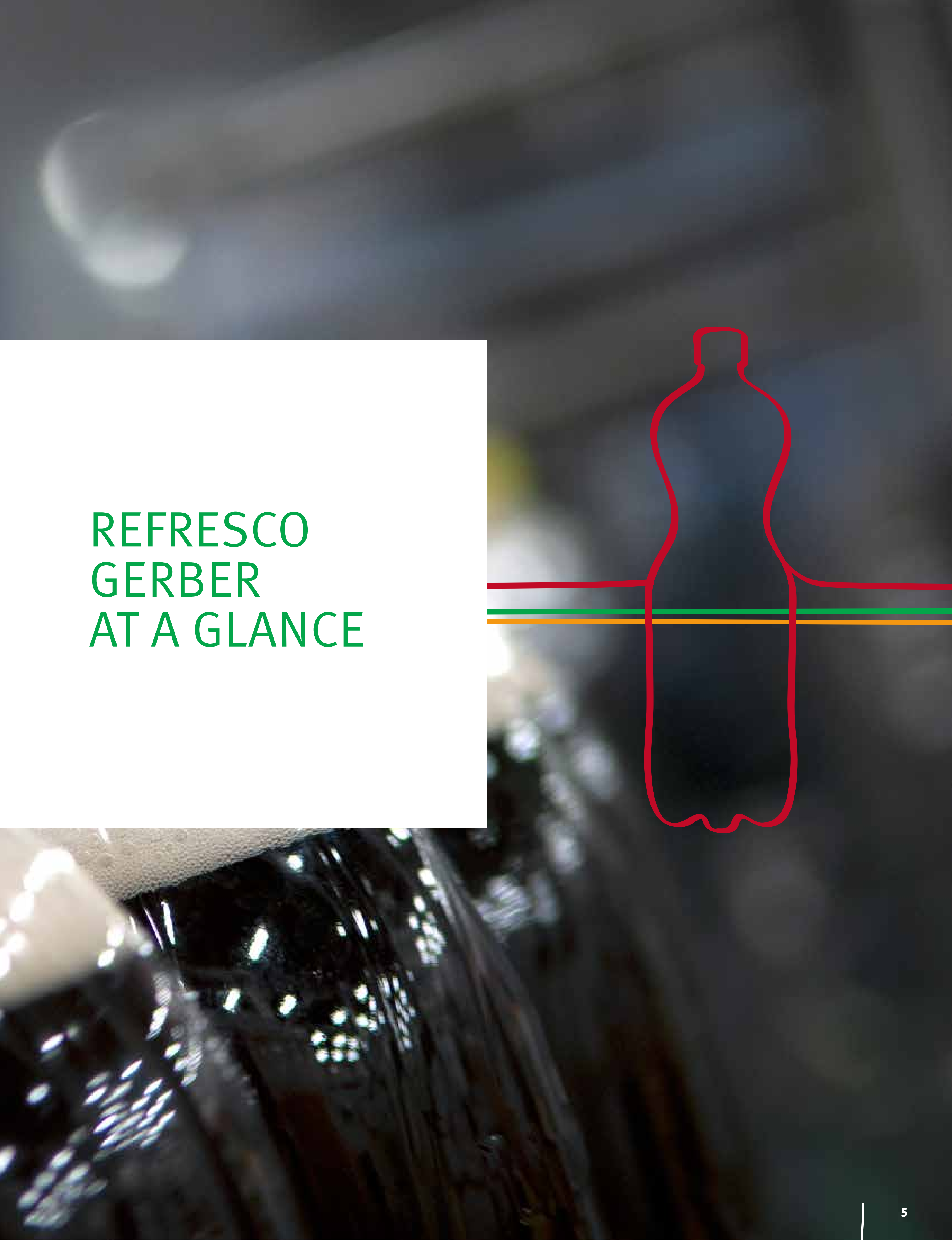

forward

CONTENTS

Our strategy is clear; to grow alongside retailers with private label ranges and to expand contract manufacturing for A-brands. Ultimately, in line with our vision, we aim to become a global independent bottler.

HANS ROELOFS, CEO REFRESCO GERBER

REFRESCO GERBER AT A GLANCE



REFRESCO GERBER AT A GLANCE

Refresco Gerber is the leading European bottler of soft drinks and fruit juices, serving both retailers and branded customers. Our global sourcing and local innovation capabilities offer an almost unlimited variety of products, manufactured to customer specifications and requirements.

Refresco Gerber has long-standing relationships with leading discounters and full-service retailers across Europe with a broad range of private label offerings. In addition to supplying retailers, Refresco Gerber is also a contract manufacturing partner for a number of well-known branded customers.

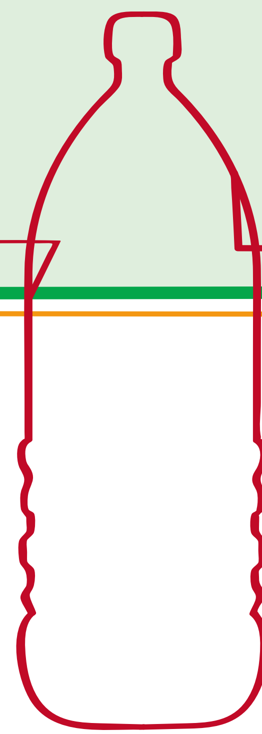
The product range includes a wide variety of fruit juices, carbonated soft drinks, ready-to-drink teas, functional/still drinks, energy drinks, sports drinks, waters, and specialty drinks. The drinks and juices are offered in a variety of types of packaging, including PET, cartons, cans and glass bottles.

OUR CUSTOMERS BENEFIT FROM

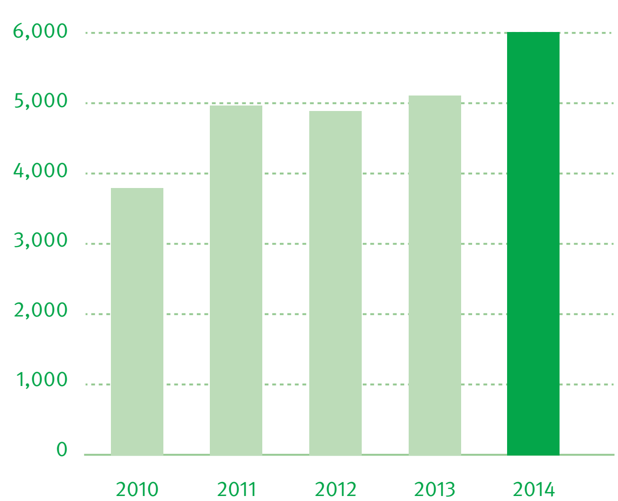
A UNIQUE PAN-EUROPEAN PRODUCTION PLATFORM

ACCESS TO A COMPLETE PRODUCT AND PACKAGING MIX

TOTAL SUPPLY CHAIN SOLUTIONS



VOLUME (IN MILLIONS OF LITRES)



27 MANUFACTURING SITES
9 EUROPEAN COUNTRIES

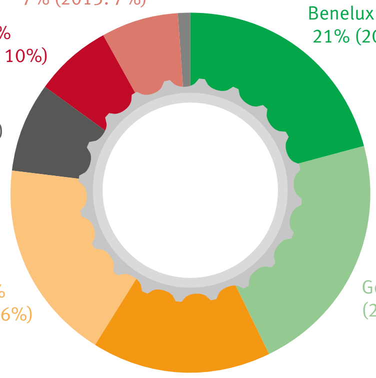
OVER 150 BEVERAGE FILLING LINES

OVER 4,100 EMPLOYEES*

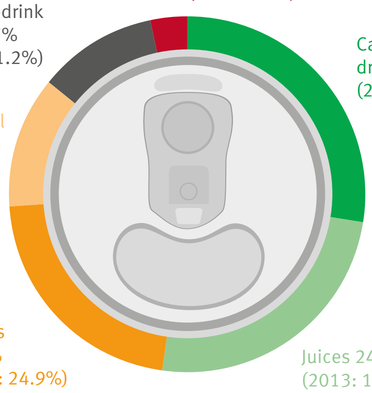
* *Employees in FTEs on average.*

KEY FIGURES

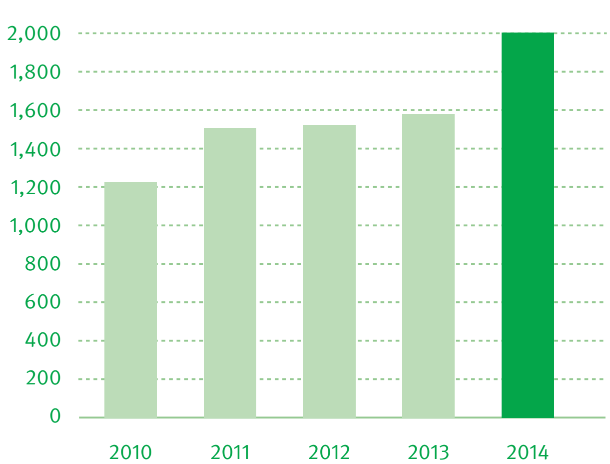
REVENUE PER REGION*



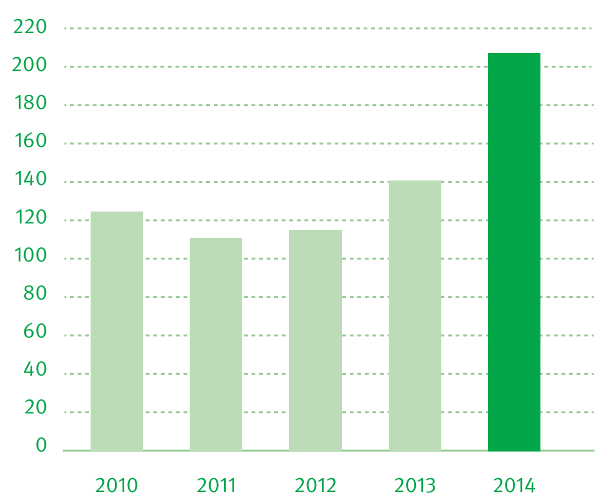
VOLUME PER PRODUCT*



REVENUE (IN MILLIONS OF EUROS)



ADJUSTED EBITDA**** (IN MILLIONS OF EUROS)



* *2013 revenue and volume per region and product: Gerber Emig is included for the period November 12, 2013 – December 31, 2013.*

** *Holding revenue is mainly related to sales of raw materials and packaging materials to the formerly owned Waibstadt plant.*

*** *Poland and Finland.*

**** *Adjusted EBITDA is not a measure of our financial performance under IFRS, see page 131. Reconciliation of operating profit to adjusted EBITDA is presented on pages 28-29.*

UNIQUE PAN-EUROPEAN FOOTPRINT

Refresco Gerber's production sites are located nearby to warehouses and distribution centers, ensuring close proximity to the customer. Our factory facilities include some of the most modern in Europe, capable of producing virtually all varieties of non-alcoholic drinks and packaging.

Refresco Gerber has complemented its manufacturing footprint by acquiring local bottling companies and integrating them into one corporate structure, thereby offering customers access to more markets, products and technologies. Since inception in 1999 a total of 13 companies or production sites have joined Refresco Gerber and today the manufacturing footprint is the broadest in Europe.

BENELUX
Maarheeze
Bodegraven
Hoensbroek
Ninove
Heerlen*

FRANCE
St. Donat
St. Alban
Nuits St. Georges
Le Quesnoy

GERMANY
Calvörde
Dachwig
Erftstadt
Grünsfeld
Herrath

UNITED KINGDOM
Bridgwater

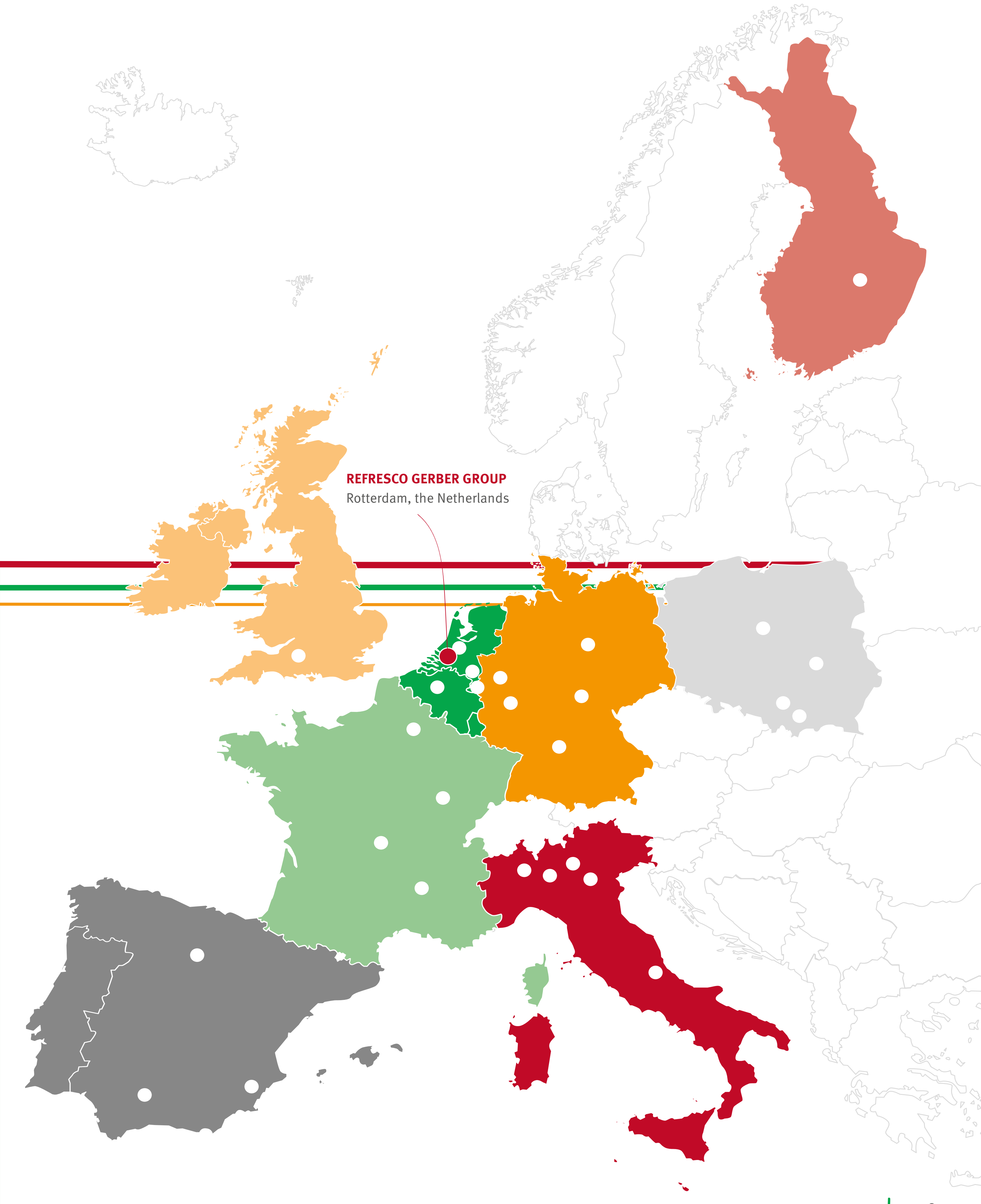
IBERIA
Oliva
Alcolea
Marcilla

ITALY
Caslino al Piano
St. Andrea**
Spinone al Lago
Sulmona
Quarona Sesia

FINLAND
Kuopio

POLAND
Kêty
Kozietuly
Nieszawa
Slemien

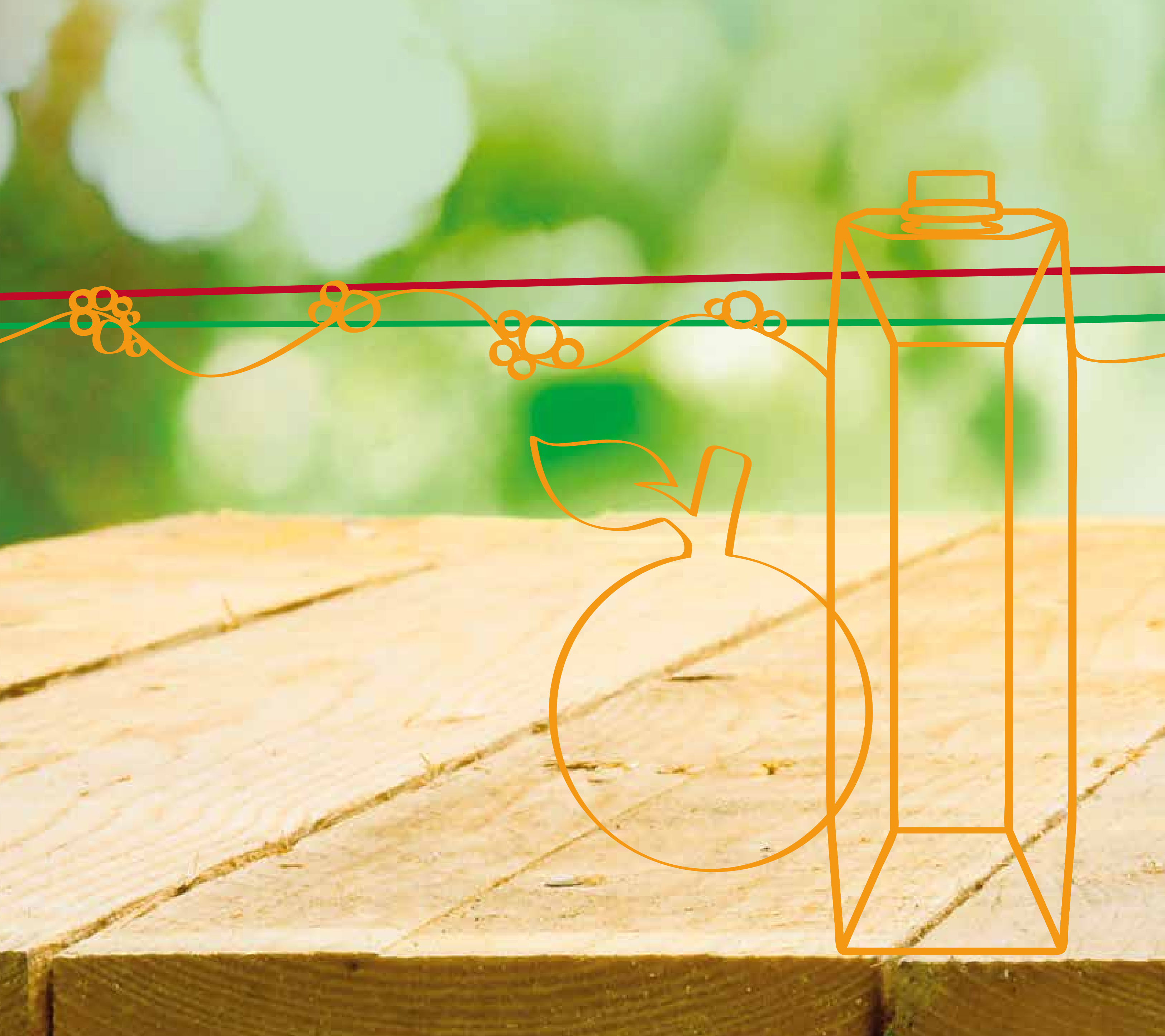
** Heerlen manufacturing site, which is not shown on the map on the right, was closed in November 2014.*
*** St. Andrea manufacturing site is expected to be closed in the course of 2015.*


REFRESCO GERBER GROUP
Rotterdam, the Netherlands

VISION

“Our drinks on every table” is our vision for Refresco Gerber. Although the drinks we produce for our customers do not carry our name, we take pride in the bottling and packaging solutions we provide and take full responsibility for the quality of what we deliver.

This vision encompasses our existing soft drinks and fruit juices proposition in Europe, but it does not limit us to this. It opens up many more possibilities. It provides the context in which we make our strategic decisions about the markets we choose to operate in and the types of drinks we choose to produce.



Our drinks on every table

STRATEGY

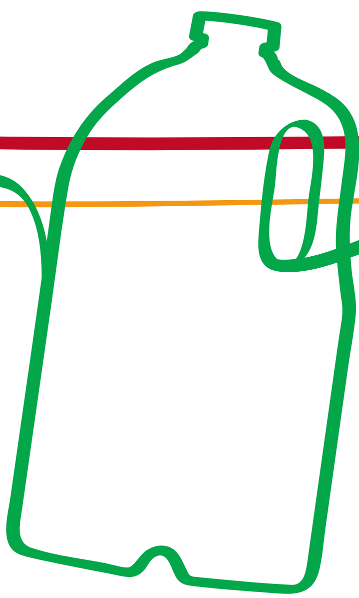
Our strategy is to grow alongside our customers in the markets where we currently operate, to enter new products and packaging categories in selected markets and to expand geographically. Ultimately, in line with our vision, we want to become a global independent bottler. To accomplish this we focus on four strategic drivers: Customers, Geographies, Operations and People.

CUSTOMERS

Our growth strategy has two key pillars, growth of retailers with private label assortments and contract manufacturing for A-brands.

Private label

We aim to become the preferred supplier to our private label customers by providing them with a full range of products and supply chain solutions in multiple geographies. To achieve this we focus on delivering high levels of customer service as well as core innovations through the introduction of new packages, flavours and varieties of soft drinks. We strive for above market organic growth with a particular focus on discounters and continued investments in aseptic PET technology.



Contract manufacturing

We strive to expand our contract manufacturing business by developing and manufacturing new, high-quality products for our A-brand customers with production flexibility that enables them to utilise their assets better, expand their packaging mix and lower their production costs. In some instances this may mean acquiring their production facilities. Obtaining contracts to exclusively supply A-brands with products that they either do not have, or do not offer in a particular region, is one further driver of our contract manufacturing strategy. We will invest in new bottling capacity as needed to achieve this goal. Further by maintaining a superior asset base with levels of certification over and above our competitors, we intend to become the preferred partner for A-brand customers.

GEOGRAPHIES

We will continue to execute our "Buy and Build" strategy where selective investments and acquisitions will enable us to increase our manufacturing capacity, expand our range of product offerings and grow our market share. When making investments, we do so with the intention of ultimately becoming the leading soft drinks and juices bottler in that market.

OPERATIONS

Our competitive edge is created in our operations. We will continue to invest in improving production flexibility and cost efficiencies in our manufacturing and warehousing operations, to evolve and perfect our purchasing and manufacturing processes and to invest in growth areas and countries. We also continue to seek ways to maximise utilisation of production lines and to reduce logistic and production costs per litre. Specific targets to decrease costs include reduction in usage of energy, waste and water through increased recycling rates and investments in new technologies.

ORGANISATION AND PEOPLE

We employ on average over 4,100 people throughout Europe. Our size brings economies of scale, but it is the ability of our highly skilled people to seize market opportunities and streamline operational processes that makes the difference. Knowledge and experience are critical to good performance - equally important is the right mind-set. As an integral part of setting the future direction of the company we defined five values to drive us forward: Entrepreneurial, Market Driven, Excellent, Innovative and Responsible. These show what we stand for and what it is like to work at Refresco Gerber. As part of the integration process, we are working to embed these values into our every day practices and procedures and by doing so - create a common organisational culture across the group. This common culture will be critical to achieving our strategic goals.

WE FOCUS ON PURSUING OUR VISION: OUR DRINKS ON EVERY TABLE

4 strategic drivers to chart our course:

Key developments in 2014:

CUSTOMERS

Our primary strategy is to be the preferred pan-European supplier of high quality products & supply chain solutions for retailers and A-brands

- In response to customer demand we invested further in aseptic PET technology in France and Italy and we committed to investments in Poland and the UK.
- To address key trends in the soft drinks industry we launched a large number of new preservative free soft drinks, nectars without added sugar and direct juices for our private label customers.
- We invested in new bottling capacity and technology for A-brand customers in Italy and Benelux.
- We maintained A-brand certifications across the group.

GEOGRAPHIES

Our continuing ''Buy and Build' strategy will see us make selective investments & acquisitions in our target markets

- The integration of Refresco and Gerber Emig into one operation is well on track creating improved customer offering and solid financial performance for the group.
- The successful merger has triggered the next phase of development for Refresco Gerber and we are currently exploring capital structure alternatives to support future growth.

OPERATIONS

Our production sites need to be well invested, flexible & cost efficient

- We closed smaller and less effective manufacturing sites in Durham, the UK and Heerlen, the Netherlands and consolidated these volumes into larger and better invested group locations.
- We initiated restructurings for excellence programmes at Calvörde manufacturing site in Germany, Bridgwater manufacturing site in the UK and Kozietuly manufacturing site in Poland.
- We are investing in the build of an automated warehouse in Grünsfeld in Germany.
- We have invested to increase capacity at the Maarheeze centre of canning excellence in the Netherlands.
- Supply chain synergies in transport and warehousing have been strengthened across the group.

PEOPLE

Our organisation is working to embrace a common mindset and culture

- A cultural leadership programme started a focus on 'working together' to capture opportunities and create value that would otherwise be missed.
- A values programme to guide our way was initiated in 2014 and will continue in 2015.
- Our implementation of zero accident policy continued across the group.

EXECUTIVE BOARD REPORT 2014

MESSAGE FROM THE EXECUTIVE BOARD

2014 was a successful year for Refresco Gerber in many respects. We are pleased to report strong operating results and cash flow as well significant synergies from the merger of Refresco and Gerber Emig which took place in November 2013.

Looking back on Refresco Gerber's performance in 2014, we took a big leap forward in our operations and financial results. The merger expanded our manufacturing footprint and we now provide our customers access to more markets, products, packaging formats and innovations. At the same time the merger has enabled us to further professionalize our organisation and realize scale and efficiency synergies, cost advantages and commercial opportunities – all contributing to strong profits for the year.

MARKET AND VOLUME DEVELOPMENT

The merger resulted in a significant increase in volume and revenue, although in certain markets and categories underlying private label volumes were slightly under pressure. We continued our proven strategy to focus on more profitable volumes. This is occasionally at the expense of overall volume, as was the case this year, but it ultimately paid off with a positive bottom line development.

The recovery of the European soft drinks market was slower than anticipated, especially in Italy and Spain, with the latter showing signs of recovery towards the end of the year. Juice consumption showed negative trend, in part driven by the relatively higher shelf price compared to other soft drinks. Although market conditions and our underlying volume development were less positive than we had hoped for, our performance was broadly in line with the market trends in the regions and categories where we operate.

FINANCIAL PERFORMANCE

Despite challenging market conditions, the group's result for the financial year 2014 was pleasing with adjusted EBITDA* increase of 49.0% and net profit improvement of EUR 67.6 million. Key drivers of the improvement were the recent merger, our ongoing focus on operational excellence, investments in aseptic PET technology, manufacturing footprint optimization and growth in our contract manufacturing business. Our gross profit margin per litre increased by 16.4% driven by merger effects, contract renewals, change in product mix and our strategy to focus on higher margin products. These factors were helped by slightly more favorable input costs. Net cash flows from operating activities were solid at EUR 156.1 million euro, an increase of EUR 86.0 million on 2013.

We are particularly pleased that, while focusing on serving our customers even better than in the past, we were able to continue the smooth integration of the two businesses and realize synergies quicker than foreseen. Benefits of scale in purchasing, consolidation of our manufacturing capacity in the UK from two factories into one, the closing of our Dutch manufacturing site in Heerlen and the closing of overlapping offices all contributed to a more favorable cost structure. We believe that these structural measures lay a solid foundation for 2015 and enhance the sustainability of our underlying business. Overall costs were tightly under control across the business although investments in new technologies combined with underlying volume development slightly increased cost per unit produced.

PRIVATE LABEL AND CONTRACT MANUFACTURING

Our private label business continued to benefit from the ongoing growth of hard discounters. We see a shift towards discounters across most Western European countries driven by discounters' aggressive expansion strategies and consumers desire to find value-for-money alternatives. The fundamental private label drivers remained unchanged in 2014: consumers' growing focus on value-for-money products, better product and manufacturer sophistication, improvements in quality, higher consumer acceptance of discounters and the increasing popularity of retailers' own brands.

With the merger we are now able to offer A-brands a truly pan-European production platform and access to more product types and packaging formats. We were successful in gaining new contract manufacturing customers and consequently made significant investments in new production lines to accommodate their needs. Contract manufacturing business generates a solid income stream for us with a growing number of opportunities in 2015 and beyond.

In terms of achieving future growth in the weak market we will continue to focus on the categories and markets we believe to be the fastest growing on the soft drinks market. We think that contract manufacturing represents a true game-changing opportunity in the industry and based on our pan-European presence and existing relationships with A-brands, we believe that Refresco Gerber is well placed to capture this growth. Product and process innovation will continue to be key in serving our customers who look for added value alongside cost leadership.

1+1=3

We are pleased to see that after the first full year of operations as a combined business, our customers are already benefitting from improved service offering and scale. For example in the UK we now offer carbonated soft drinks alongside juices and juice drinks as well as many more packaging types. In Poland our customers now benefit from a complete product offering and in France we can now fulfil our customers' carton requirements.

From an organisational perspective, 2014 was an intense integration period, especially in countries where we had overlapping operations. Integration got off to a quick start immediately after the closing of the merger and we are very pleased that most of the required changes were executed within the first six months.

We are pleased to see that after the first full year of operations as a combined business, our customers are already benefitting from improved service offering and scale.

In July 2014, we sold our Waibstadt manufacturing site in Germany to the riha WeserGold Group and successfully met the European Commission's condition for the merger. This was a major milestone in the integration process. riha WeserGold Group is a family company focused on the production of juice and juice drinks providing natural continuity for our Waibstadt team.

In joining together the two companies, one critical consideration was development of a common culture. We therefore ensured early on that a vision and set of values to drive the organisation forward were developed and launched within the first three months. You can read more about this and the integration process on pages 18 and 34.

We will use the second year of integration to finalize integration related footprint optimization, invest in regions and categories where we see growth and capture commercial opportunities across the group. Full run-rate synergies are expected to be realized by the end of 2016. With its improved customer offering and cost structure, the combined Refresco Gerber is a good example of why consolidation works and we foresee that the transaction will stimulate further consolidation in the industry.

THE YEAR AHEAD

Looking forward to 2015, our focus will be to continue to invest in our production capabilities and improve operational excellence across the group while ensuring a successful completion of integration. Our Buy and Build strategy will remain in place as we seek further consolidation opportunities. We are anticipating good growth in our contract manufacturing business as we expect A-brands to continue to outsource their production and new entrants to come to the market.

As we write this report we are actively exploring new capital structure alternatives. We have become a two billion euro pan-European bottler and the successful merger has triggered our ambitions to grow further. We have strong supportive shareholders and we collectively feel that now is a good moment to explore the appropriate capital structure alternatives to support the company's growth ambitions going forward.

We want to thank the Refresco Gerber teams across Europe for their commitment and hard work throughout the year often under difficult market circumstances. We would also like to thank our shareholders for their continuing support in the combined business and our investors for the trust they have placed in our company.

Rotterdam, Februari 19, 2015

Executive Board
Hans Roelofs, CEO
Aart Duijzer, CFO

* *Adjusted EBITDA is not a measure of our financial performance under IFRS, see page 131. Reconciliation of operating profit to adjusted EBITDA is presented on pages 28-29.*

Case story

ENTHUSIASM AND ENERGY FUEL HIGH-SPEED INTEGRATION

When the merger of Refresco and Gerber Emig closed, we knew that a rapid and seamless integration of the two businesses was vital to our future success. We therefore set ourselves the target of delivering maximum synergies within two years - an ambitious plan, but one we felt was within our reach if we aligned ourselves as one team, with one vision and one shared set of goals.

1+1=3

Having recently passed the half-way point on our transformation journey, we are now even more convinced that we will deliver on time. In some areas, such as consolidating plants and offices and changing our product mix, we are ahead of schedule; and the overall benefits to the business are coming through faster than expected.

Particularly important to our success story is the way we are now utilising our combined purchasing power. Right from the start, we identified overlapping areas in our portfolio and acted quickly to make significant cuts to our supplier spend. As purchasing accounts for around half of our anticipated synergies, these savings are already boosting our financial performance.

Our integration programme is focused on three other areas alongside purchasing - operations, overhead and commercial - where we have set specific objectives that are continually monitored. In Germany and the UK, for instance, we have already rationalised our manufacturing footprint by decommissioning one of our plants and selling another. We have also restructured office functions across the UK and the Netherlands, Poland, France and Germany; to ensure no activities are duplicated. Cutting costs, however, is not the whole story. We are also capturing synergies through the combination of talent, technology and know-how, while harnessing the enthusiasm of employees to make this company more innovative and competitive. A phrase we have adopted to illustrate this is 1+1=3 and there are many excellent examples of how we are sharing skills and expertise to strengthen our overall position. Several commercial initiatives are contained in the panel on the next page.

WHY WE'RE BETTER TOGETHER

The speed with which commercial and product development specialists have acted to widen our overall customer proposition has been exhilarating. Take the UK, for instance, where we have a reputation as the largest manufacturer of juice and juice drinks. Before the merger, we had no canned drinks manufacturing facilities in the UK, so we were unable to offer customers this option. However, by combining our capabilities in the Benelux where we have centres of excellence for canned drinks, we have been able to win substantial orders, fulfilled from Benelux: a clear case of 1+1=3. We are now collaborating closely on joint capabilities and on future projects in the UK and Benelux. We are also working to provide preservative-free carbonated soft drinks by joining our UK and French capabilities, a choice we could not offer previously for our UK customers.

In France, we have created demand for Italian sparkling water, produced in Italy; while in Poland, we will be supplying aseptic PET products to a major new customer, with France and Germany providing filling support until a new line has been set up locally.

Meanwhile, our international commercial forum brings experts together to discuss potential prospects for international cross-selling, and every country has a marketing expert, or Category Manager, who is researching and testing new concepts that may be sold group-wide as well as locally. Pooling our capabilities and technologies to meet more of our customers' requirements is clearly the way to go, and a vital element of our successful integration.

BUSINESS REVIEW

We are particularly pleased that, while focusing on serving our customers even better, we were able to continue the smooth integration of Refresco and Gerber Emig and to realize synergies quicker than originally foreseen. The combined business has a strong market position and we believe that we are well positioned to meet our customers' changing needs and requirements.

BUSINESS INTEGRATION

With integration, we aim to maximize the full potential and opportunities of the combined business both for our customers and for our own organisation. We got off to a quick start following the closing of the merger in November 2013 and continued at full speed throughout 2014. We have set ourselves a two year timeframe to fully integrate the two organisations into one company structure and to extract the synergies from the combination.

Ultimately our aim as a combined business is to serve our customers better than as two stand-alone companies. This means offering a broad product portfolio of soft drinks and fruit juices across geographies with seamless service. To achieve this requires us to develop a structure that will maintain the excellent business fit, strong culture, values and operations that these two companies have. This is the task of integration and our efforts are focused around four primary work streams; purchasing, operations, overheads, and commercial.

Purchasing work stream

In 2014 a key focus area for purchasing was the alignment of both companies' procurement contracts for raw and packaging materials – an enormous undertaking which was successfully conducted during the year and continues into the second year of integration. To match our greater scale and to expand our market knowledge we added additional resources to our central purchasing team.

Value engineering initiatives have a central role in answering the changing needs and requirements of our customers and achieving our integration goals. In 2014 these initiatives included alternative supply chains for liquid paper board, orange juice concentrate and aluminum can closures, among others.

In indirect costs we made steps forward in optimizing both inbound and outbound transport of raw and packaging materials as well as spare part management systems.

Operations work stream

Mergers rarely happen without any overlap in operations. For us the overlap was mainly in the UK, Germany, Poland and France. In 2014 we completed the consolidation of our UK operations, transferring our activities in Durham, a small and less effective plant to our larger and modern manufacturing site in Bridgwater. This enabled us to shut our Durham factory within a few months of the closing of the merger. To meet the European Commission's condition for the merger we were obliged to sell our German manufacturing site in Waibstadt. The site was sold to riha WeserGold Group, a German family owned juice and juice drinks producer, and the transaction closed in July 2014.

Improving our operating efficiency starts with sharing best practices across the group. During the course of the year, we completed a benchmarking of manufacturing sites in the countries where we had overlapping operations. Based on the findings we initiated restructuring for excellence programs to improve the competitiveness of our sites in Calvörde in Germany, Bridgwater in the UK and Kozietuly in Poland.

As well as footprint optimization, we introduced new information management systems in overlapping countries to support customer service, operational excellence and cost control.

INTEGRATION MILESTONES IN 2014

- Closing of Durham manufacturing site in the UK and consolidation of the capacity to Bridgwater manufacturing site.
- Sale of Waibstadt manufacturing site in Germany, meeting the European Commission's condition for the merger.
- Integration of local organisations in Germany, the UK, France and Poland into one operation per region.
- Considerable price benefits across categories in purchasing of raw materials and packaging materials.
- Roll-out of SAP in Germany, France and Poland.
- Cultural leadership programme to create one Refresco Gerber culture.

Overheads work stream

Overhead reduction in 2014 was primarily focused on France, Germany, Poland and the UK where our overlapping offices created duplication in staff roles. Again we moved quickly and announced soon after completion of the merger that the Gerber Emig UK Holding office, as well as the Gerber Emig offices in Poland, France and Germany would close in the course of 2014. With the exception of our office in Rellingen, which is required to support the Waibstadt plant during transition, all overlapping offices have been integrated into one office per region. Integration of all regional organisations to the Refresco Gerber central governance and management model was also completed during the year.

Commercial work stream

Cross selling the new products and technologies to existing customers will create further upside to the merger as we can now provide our customers with a broader product offering in more markets. In 2014 for example, we started to sell carton products to our French customers alongside aseptic PET. In Poland we introduced PET and cans, juices and juice drinks to complement the existing range of carbonated soft drinks and water, while in the UK we introduced cans to our customers.

MARKET OVERVIEW

We operate in the sizable and resilient European soft drinks market, which despite the decline of the past three years is expected to show modest growth over the coming years. We believe that growth will be driven by consumer trends such as health and nutritional awareness, budget and time constraints, population growth and increased per capita consumption.

We operate in the private label and contract manufacturing markets, which are expected to outperform the overall soft drinks market growth. Within private label, consumers are more and more seeing private label products as a quality alternative to A-brands - especially during economic downturns when they look for value for money alternatives. As a result retailers are expanding their private label shelf space to meet demand. In addition, retailers are increasingly using their own brand products to enhance customer loyalty and differentiate themselves from the competition. The growth of discounters with a large proportion of private label products has also stimulated growth in the private label market.

We believe that contract manufacturing opportunities in the market will increase as branded players seek to outsource their production capacity as a part of their asset light strategies. When outsourcing, brand owners typically look for manufacturers who can provide high quality standards, sufficient scale and footprint to meet their requirements in a number of geographies as well as production quality, flexibility and reliability. We believe Refresco Gerber is well positioned to meet these needs.

In 2014 the total soft drinks market in West Europe excluding Poland, decreased by 0.4%* in volume terms compared to last year. Despite the evident slowdown in growth in 2014, we believe that the long-term prospects for the market and private label in particular remain favorable. Private label continues to increase market share at a high pace in countries such as Italy and Poland, in line with the retail consolidation ongoing in those countries. In more mature markets such as the UK, the Netherlands, and Germany retailers continue to develop their private label strategies to support the growth.

* *Canadean Quarterly Beverage Tracker Q4-14*

COMMODITY PRICING

2014 was another turbulent year in commodity pricing affected by political circumstances, exchange rate fluctuations and in particular the significant drop of oil prices during the latter part of the year. Overall prices for our most important raw and packaging materials; orange and apple juice concentrates, sugar, PET, aluminum cans and liquid paper board showed stable development or in some cases slightly decreased. Orange fruit crops were poor in Brazil and Florida, however the decreasing demand in important regions such as the EU kept orange juice world prices relatively stable. Apple juice concentrate prices dropped significantly due to good crops, particularly in Poland and the embargo of fresh apple and apple juice to Russia partly offset by new exports from Europe to US. Sugar prices decreased steadily reaching their lowest levels towards the end of the year. PET prices gradually decreased in 2014 aligned with the decrease of oil price. Thanks to alternative supply chains for liquid paper board we were able to leverage stable pricing of carton throughout the year. Aluminum prices rose slowly in 2014 however overcapacity in Europe kept the can prices relatively stable throughout the year.

PRODUCTS AND PACKAGING

We saw the shift continue away from the more expensive product categories, such as 100% fruit juices, to cheaper categories such as fruit drinks and carbonated soft drinks. Despite the slow-down in demand for fruit juices, we believe that the long-term prospects for this category are promising, in particular in juice concepts with added value such as not from concentrate fruit juices from local origins or juices in aseptic PET packaging. At the end of 2014, our largest product category was carbonated soft drinks accounting for 27.7% of the total volume (2013: 31.4%). Juices presented 24.7% of the volumes and waters 21.8% (2013: 19.3% and 24.9%). Increase of juices arose wholly as a result of the merger, as Gerber Emig's product portfolio consisted primarily of fruit juices and juice drinks.

Our volumes of PET have increased during the past three years, partly at the expense of other packaging types especially carton, due to increased customer demand. In 2014, 66.5% of our volume consisted of plastic containers (PET and aseptic PET) (2013: 70.7%), carton accounted for 23.0% of volume (2013: 17.4%), and the remaining was packaged primarily in steel and aluminum cans and to a lesser extent in glass and pouches. To actively manage fluctuations in product and packaging demand we continually evaluate our production line utilization and we take appropriate action to allocate capacity per plant and region.

A COORDINATED APPROACH TO DRIVE CONTINUOUS IMPROVEMENT

To ensure continuous improvement of each our manufacturing sites, in 2014 we initiated our own accreditation system, known as Peak Excellence (PEX). The PEX programme aims to identify areas of improvement and savings, facilitate exchange of best practice across the business and drive training and development of employees. As part of the programme we audit and score each manufacturing site and issue certification to those sites reaching the target scores. The audit is built around nine modules important for optimal manufacturing and supply chain. These vary from change-overs on the line through to performance management and distribution.

We started the programme in 2014 in our factories in the Benelux and Poland and the programme will be rolled-out to other factories in 2015. To facilitate sharing of best practices, we also centrally maintain a best practice and training database for managers and employees.

INVESTMENTS IN PRODUCTION TECHNOLOGY AND INNOVATION

Our investments in capital expenditure projects totaled EUR 82.9 million in 2014 compared with EUR 47.3 million in 2013. The sizable increase is attributable to investments in new production technology, warehousing capacity, increased number of production lines in the group as well as the integration with Gerber Emig.

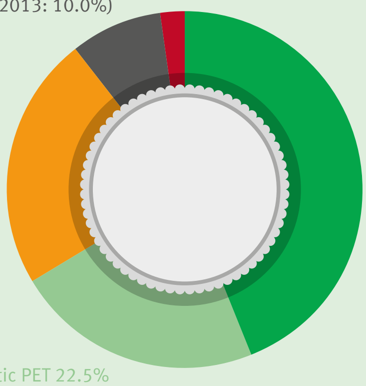
In Germany we are investing significantly in the build of a new fully automated warehouse in Grünsfeld. This investment will create major savings as we are currently using third party solutions for warehousing. The warehouse is expected to be operational by the third quarter of 2015. We have also installed a new PET filling line in Erftstadt, completing the transformation of the Erftstadt site into a regional hub able to provide customers with carbonated soft drinks and water. In the Benelux we invested in a new can filler to respond to increased market demand for aluminum cans as well as a new PET filling line to serve a new A-brand customer. To further expand the group's capabilities and expertise in aseptic PET we installed new lines in Italy and France and committed to investments in Poland and the UK which will be realized in the first half of 2015 and in the first quarter of 2015, respectively.

In addition to operating efficiency, product innovation is essential to growing with our customers. We offer our customers the entire product innovation process from concept development and consumer panel tests though to launch and roll out per geography. We are close to the market and consumer trends and can bring new products to market extremely quickly. In line with customer demand, in 2014 we continued to roll out among others; carbonated soft drinks without preservatives, low-calorie alternatives for traditional carbonated soft drinks, soft drinks with natural sweeteners, kids drinks with no-spills sport cap and juices with local ingredients.

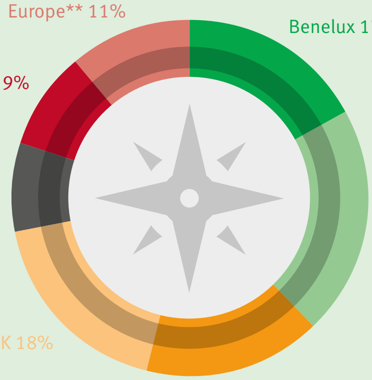
PEOPLE AND ORGANISATION

Refresco Gerber employed on average 4,194 people (FTEs) in the Netherlands, Belgium, Germany, France, Spain, Italy, the

VOLUME PER PACKAGING*



EMPLOYEES PER REGION



* *2013 volume per packaging: Gerber Emig is included for the period November 12, 2013 – December 31, 2013.*

** *Poland and Finland.*

UK, Poland and Finland, an increase of 965 FTEs on 2013. The increase in headcount was attributable to the full year effect of the merger partially compensated by integration of overlapping offices, the closing of the Durham (UK) and Heerlen (the Netherlands) manufacturing sites, as well as the sale of Waibstadt manufacturing site in Germany and other restructurings in Germany, the UK and Poland.

Organisational development

Organisational development in 2014 was primarily focused on France, Germany, Poland and the UK where the local operations needed to be integrated to maintain effective steering of the business. As the merger got underway, organisational benchmarking in Germany, the UK and Poland identified opportunities to improve effectiveness and efficiency at the Kozietuly, Calvörde and Bridgwater plants. The Refresco Gerber organisational model is lean and based on various operational excellence indicators. To ensure sustainability of the businesses we initiated a number of excellence programmes to raise efficiency of these plants to the same level as the rest of the group. The programmes focus on addressing among others; every work process, compensation and benefits systems and shift patterns. We believe that the steps taken create a solid foundation for future growth of these sites.

In each of the restructuring projects, we strived to retain talent, either through relocation of the role, or through promotion of open positions. Other than a few exceptions, this did not happen as we had hoped. This was a disappointment for we aimed for a true cross cultural set up with people from both companies managing the group and leading the cultural change that we strive to achieve. Blending our people remains the objective as we go forward and we regularly invite people to cross teams, even if it involves relocation or commuting frequently cross border.

As well as focusing on the countries where we had overlapping operations we also worked to improve the competitiveness of our manufacturing sites in Italy by renewing the organisational structure in all key functions of sales and production.

Learning and development

Refresco Gerber encourages and supports employees who wish to further develop their career by learning new skills and obtaining qualifications in their chosen field. We deliver this primarily through our own on-site training academies as well as relevant local education programs. Refresco Gerber encourages high performing talent to broaden their horizons internationally. Both short-term assignments and long-term career opportunities abroad are encouraged within the group.

Enhancing safety, development, and training

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

INNOVATION UNDERPINS OUR BUSINESS GROWTH

The choice of soft drinks available today is broader than it has ever been, mostly due to retailers' ambitions to strengthen their own Private Label ranges and ongoing innovation from the branded players, who are equally keen to catch the consumers' attention. There is also increasing competition for market share by newcomers, which is why being innovative, not only in product terms, but in the way we make, package and present them, is a vital ingredient in our business.

Innovation is, in fact, one of our five core values and it's an attribute recognised and highly valued by our customers - including leading drinks brands and major retailers - who are always keen to hear our ideas on how they can meet shifts in consumer demand, or sometimes surprise people with a new take on an old favourite.

Our customers also recognise that, as the leading European supplier of soft drinks fruit juices, we have the scale and ability to invest in new product lines, as well as breakthrough technologies such as aseptic PET; something our competitors may not always be able to do. Innovation means we can now produce juices and carbonated soft drinks without, for instance, preservatives; something that appeals to retailers keen to expand their Private Label range with more natural options. We can also share success stories from different corners of Europe across the group, so we can widen the availability of new products across different geographies.

Meanwhile, our Research & Development teams are focused on a range of forward-looking projects to meet the changing needs of our retail and big brand customers. This could cover anything from reduced sugar or sugar-free healthier drinks with natural ingredients, including spring water; to smaller and fun-shaped bottles for children, or more sustainable packaging to lessen the impact on the environment. An excellent example is the collaborative research we are doing with the natural sweetener Stevia, which comes from the leaves of the Stevia rebaudiana plant. Working closely with our customers, we have been testing drinks - sweetened with this natural alternative - on their behalf. The response from our testing panels has been very positive, and we have refined the recipes based on feedback. Samples are now being shared across our sites.

Other options, including proteins and combinations of milk and juices, are also being considered, helping to build a healthy pipeline of interesting, alternative drinks.

innovation

We think it's important to keep up with the megatrends shaping the drinks industry, and that's why we now have a senior marketing specialist in each of our countries. These experienced professionals have the specific task of identifying emerging trends and increasing our understanding of consumer preferences.

Of course, our innovation drive is not focused purely on the drinks we make. We are also continually searching for smarter, more efficient ways to produce them, and we are building an expert network spanning all of our manufacturing plants so that knowledge and technical expertise is shared across the group. This network will oversee our main technology areas - aseptic PET, carton, canning and PET - with projects looking at, for example, reducing the power used in the blow molding process. Even small improvements can mean big savings and 'greener' production lines; which matches our customers' ambitions to be more environmentally-friendly. Our drinks on every table is our vision, and the strength of our technical and market innovation programmes will help turn that into a reality.

FINANCIAL PERFORMANCE

We recorded strong improvements in operating results and cash flows driven by the merger and continued focus on operational excellence. Operating performance remained solid based on our proven strategy to selectively balance volumes and margins. Net profit for the year was EUR 38.7 million compared to a net loss of EUR 28.9 million in 2013. Cash flow from operating activities totaled EUR 156.1 million in 2014 compared to EUR 70.1 million in 2013.

MERGER BETWEEN REFRESCO AND GERBER EMIG

On April 16, 2013 the shareholders of Refresco and Gerber Emig signed the merger between Refresco and Gerber Emig. The European Competition Commission approved the merger subject to the divestment of Gerber Emig's manufacturing site in Waibstadt, Germany on October 4, 2013. The all share transaction was completed on November 11, 2013. The results of Pride Foods Ltd. (Gerber Emig) were consolidated in the results of Refresco Gerber B.V. (formerly Refresco Group B.V.) as of November 12, 2013.

REFRESCO GERBER RATINGS

As of December 31, 2014

Standard & Poor's: corporate and senior secured notes rating B+, outlook stable. Moody's: corporate and senior secured notes rating B2, outlook stable.

VOLUME AND REVENUE DEVELOPMENT

Our consolidated volumes totaled 5,968.9 million litres, an increase of 18.1% (2013: 5,054.0). The increase in volume was attributable to the merger, partially offset by underlying volume decrease of 1.0%*. The decrease in volume was due to weak private label volumes in certain markets and categories in particular in Italy and the Netherlands, the overall slowdown of the private label market and poor weather conditions in August. We continued our strategy to selectively balance volume and margin by choosing to focus on more profitable volumes. Although this impacted volumes, the strategy ultimately paid off with a positive bottom line development.

Group revenue totaled EUR 2,036.9 million in 2014, an increase of 28.3% on 2013 (2013: EUR 1,587.6 million). The increase was attributable to the merger partially offset by lower underlying volumes and slightly declining raw material prices which we passed on to our private label customers. Bottling activities for retailers and branded customers represented 83% (2012: 83%) and 17% (2012: 17%), respectively.

All markets, except for Italy and the Benelux, saw revenue increases during the year. Revenue in Italy was down compared to 2013 reflecting challenging economic conditions, tough competition in the local market as well as poor weather conditions during the peak season in August. Revenue decline in the Benelux was mainly due to the continued weak retail revenue in the Netherlands throughout the year. For both markets however market shares were kept. Revenue in Iberia was slightly up on 2013 despite the challenging economic situation in Southern Europe. The revenue increase in Germany, France, the UK and North East Europe were related to the merger. The total soft drinks market in Western Europe, excluding Poland declined by 0.4%** in 2014 compared to 2013.

GROSS PROFIT MARGIN PER LITRE

Our gross profit margin per liter increased to 14.2 euro cents in 2014 (2013: 12.2 euro cents). The sizeable improvement reflects the merger synergies, our strategic decisions to focus on more profitable volumes and the shift in product mix towards juices arising from the merger. These factors were supported by slightly more favorable input costs.

INPUT COSTS AND OPERATING COSTS

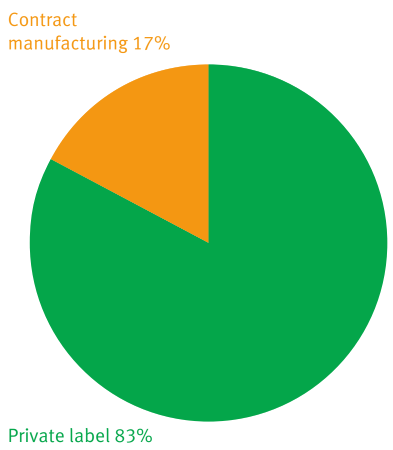
Raw materials, consumables and product tax totaled EUR 1,186.5 million, an increase of

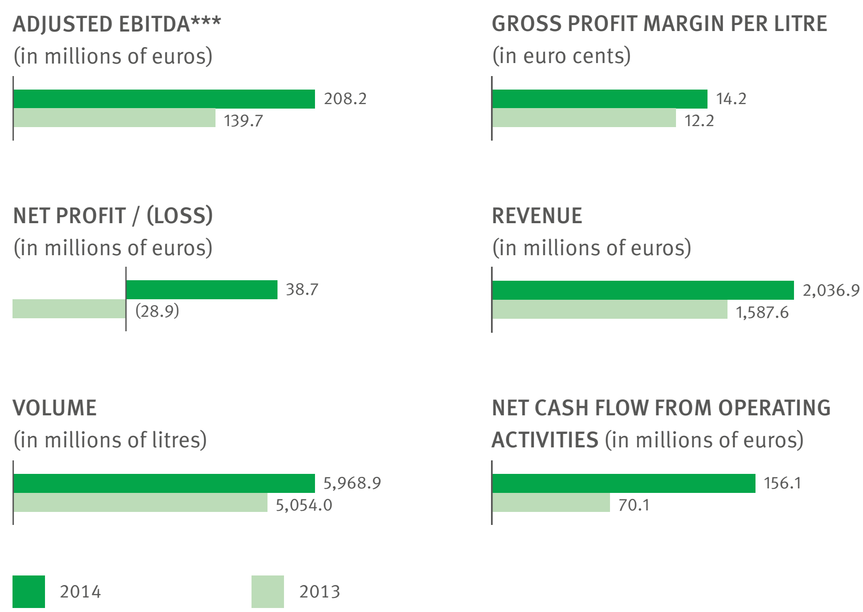
* *Based on unaudited aggregated volume data for the year ended 31 December 2013, which includes the reported volume of Refresco Gerber over 2013 and the volume of Gerber over 1 January until 11 November 2013.*

** *Canadean Quarterly Beverage Tracker Q4-14.*

ROBUST FINANCIAL PERFORMANCE DRIVEN BY MERGER AND OPERATIONAL EXCELLENCE

REVENUE PER CHANNEL



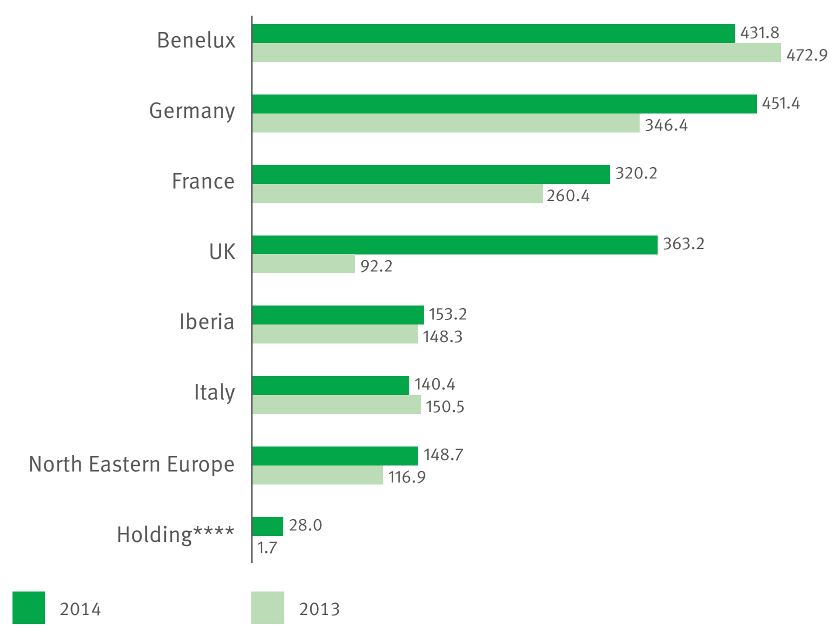


22.1% on 2013 (2013: EUR 971.8 million) attributable to the increased volumes resulting from the merger, partly offset by more favorable input cost development.

Raw materials and consumables accounted for 54.5% (2013: 52.8%) and packaging materials accounted for 44.2% (2013: 45.8%) of the total commodity spend. Where feasible, we have a policy of purchasing forward raw materials and packaging materials to cover sales positions with customers. Some of the raw materials we require are priced only in USD, and we mitigate the effect of exchange rate fluctuations by using USD purchase options and forward contracts.

At the end of 2014 Refresco Gerber had 27 plants in operation of which four manufacturing sites used to be operated by Gerber Emig. Since January 2013 we have closed our manufacturing sites in Heerlen (the Netherlands), Durham (UK), divested our Waibstadt manufacturing site (Germany) and announced closing of our manufacturing site in St. Andrea (Italy).

REVENUE PER REGION (in millions of euros)



**** Adjusted EBITDA is not a measure of our financial performance under IFRS, see page 131. Reconciliation of operating profit to adjusted EBITDA is presented on pages 28-29.*

***** Holding revenue is mainly related to sales of raw materials and packaging materials to the formerly owned Waibstadt plant.*

Employee benefits expense totaled EUR 226.8 million, an increase of 30.4% compared to 2013 (2013: EUR 173.9 million). The increase was attributable to increased headcount arising from the merger as well as restructuring costs related to the closings of overlapping offices, announced restructuring programmes in the UK, Germany and Poland as well as the announced closing of St. Andrea manufacturing site in Italy, partly offset by headcount reductions. During 2014 the average number of employees (in full-time equivalents) was 4,194 (2013: 3,229). The increase in headcount reflects the full year impact of the merger partly compensated with restructurings of overlapping operations.

Depreciation, amortization, and impairment expense totaled EUR 87.8 million (2013: EUR 86.3 million). The 2014 increase is mainly attributable to the Gerber Emig activities. We recorded depreciation of EUR 2.6 million related to the announced closure of St. Andrea manufacturing site in Italy and impairment of manufacturing equipment in Benelux and Germany of EUR 1.3 million. In 2013 the depreciation, amortization and impairment expense included accelerated depreciation of EUR 14.1 million related to the closure of Heerlen manufacturing site in the Netherlands and Durham manufacturing site in the UK as well as impairment in goodwill of EUR 5.9 million related to our business in Finland.

Other operating expenses totaled EUR 429.0 million, an increase of EUR 97.5 million (2013: EUR 331.5 million). Costs of the underlying business are tightly under control and the increase is fully related to the cost base of Gerber Emig presenting additional opportunities to drive efficiency.

Finance income was EUR 0.2 million (2013: EUR 0.3 million) and finance expenses totaled EUR 49.6 million (2013: EUR 45.9 million). The increase was mainly attributable to the interest costs related to the Revolving Credit Facility (RCF). The net amount of finance costs in 2014 was EUR 49.4 million, representing a 8.6% increase (2013: EUR 45.6 million) reflecting mainly the interest paid on the facilities to finance the merger.

The effective tax rate is 36.4%, compared to a blended Group tax rate of 25.9%. The higher effective tax rate is mainly explained by non-deductible transaction costs in the Netherlands, non-deductible interest expenses in France and Finland and non-deductible operational costs in all jurisdictions. Furthermore, the higher effective tax rate can be explained by the rate change impact in Spain and the UK, the derecognition of recognized deferred tax

RECONCILIATION OF OPERATING PROFIT TO ADJUSTED EBITDA* (IN MILLIONS OF EUROS)

	2014	2013
Operating profit	106.8	24.4
Depreciation, amortization and impairment cost	87.8	86.3
EBITDA	**194.6**	**110.7**
Merger cost	3.3	9.8
Fair value inventory	-	5.0
Restructuring cost	4.5	14.2
Other one-time costs	5.8	-
Adjusted EBITDA	**208.2**	**139.7**

* *Adjusted EBITDA is not a measure of our financial performance under IFRS, see page 131. We apply adjusted EBITDA to exclude the effects of certain exceptional charges that we believe are not indicative of our underlying operating performance. Such adjustments relate primarily to substantial one-off restructurings, refinancing costs and costs relating to acquisitions or disposals.*

assets on losses in Poland and other taxes to be paid in France and Italy. Finally, notional interest deduction in Belgium and investment allowances in several jurisdictions have a positive impact on the effective tax rate.

RESULTS OF OPERATIONS

EBITDA for 2014 was EUR 194.6 million (2013: EUR 110.7 million). Merger, restructuring and other one-time costs in 2014 totaled EUR 13.6 million. This amount includes advisory and legal costs related to the process of a search for new capital structure alternatives (EUR 5.8 million), merger costs (EUR 3.3 million) and restructuring costs (EUR 4.5 million) related to integration of the two businesses in Germany, France and the UK. Restructuring cost includes EUR 1.3 million for the announced closure of St. Andrea manufacturing site. After exceptional items adjusted EBITDA was EUR 208.2 million (2013: EUR 139.7 million) reflecting the contribution of the merger, the higher gross profit margins and cost savings achieved. The 2013 one-time items in the adjusted EBITDA totaled EUR 29.0 million. This included the restructuring cost related to the announced closures of Durham manufacturing site in the UK (EUR 4.7 million) and Heerlen manufacturing site in the Netherlands (EUR 4.0 million), costs related to the restructuring of overlapping offices in the UK, Germany and France (EUR 5.4 million), advisory and other costs related to the merger with Gerber Emig (EUR 9.7 million) and fair value adjustment related to the purchase price allocation of Gerber Emig's inventory (EUR 5.0 million).

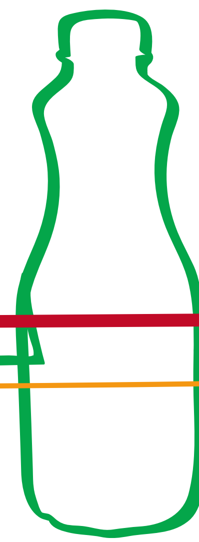
Operating profit for 2014 was EUR 106.8 million (2013: EUR 24.4 million) driven by improved margins, synergies that kicked in sooner than anticipated and lower overall costs in the underlying business.
Profit before taxes amounted to EUR 57.4 million compared to a loss before taxes of EUR 21.2 million in 2013. Influenced by the merger, the profit for the year was EUR 38.7 million compared to a loss of EUR 28.9 million in 2013.

CASH FLOWS AND CAPITAL EXPENDITURE

In 2014 net cash generated from operating activities totaled EUR 156.1 million (2013: EUR 70.1 million). The increase was attributable to the higher overall result and more effective working capital management across the group. We achieved working capital* reduction of EUR 66.8 million through the merger, improved inventory management systems and the sale of Waibstadt manufacturing site. Of this decrease EUR 22.9 million is related to capex payables at year-end.

Net cash used in investing and acquisition activities totaled EUR 38.6 million (2013: EUR 174.6 million). In 2013 the cash outflow related to the merger totaled EUR 126.0 million. We continued to invest in our core production platform to support future growth and cost optimization. In 2014 capital expenditure spending was EUR 82.9 million (2013: EUR 47.3 million). The increase is mainly attributable to investments to integrate the two businesses, investments in new bottling lines across the business as well as increased regular maintenance costs due to an increase in the number of production lines. Capital expenditure is closely monitored in our program of rightsizing our manufacturing capacity and integration of the two businesses.

Net cash used in financing activities totaled EUR 106.5 million (2013: EUR 95.5 million). The change of EUR 202.0 million is fully related to the Revolving Credit Facility (RCF) and related interest cost paid. EUR 100 million of the RCF was drawn in 2013 to finance the merger, which was fully repaid in four tranches in 2014. Thanks to strong results and more effective working capital management our cash and cash equivalents totaled EUR 96.6 million on December 31, 2014 (December 31, 2013: EUR 85.6 million) despite the repayment of RCF and further investments in manufacturing footprint.



* *Working Capital is defined as current assets (excluding cash and cash equivalents) – current liabilities (excluding current portion of loans and borrowings).*

BALANCE SHEET AND FINANCIAL POSITION

Total assets amounted to EUR 1,643.1 million at December 31, 2014 (2013: EUR 1,621.9 million).The tangible fixed assets amounted to EUR 523.5 million (2013: EUR 525.4 million), while total non-current assets amounted to EUR 961.8 million (2013: EUR 963.6 million). Goodwill amounted to EUR 421.9 million (2013: EUR 414.7 million), while total intangible fixed assets amounted to EUR 428.4 million (2013: EUR 422.8 million).

As of December 31, 2014 our interest bearing net debt included EUR 660.0 million senior secured notes issued on May 16, 2011, EUR 38.5 million of mortgage loan related to the Bridgwater manufacturing site in the UK and EUR 3.2 million of finance lease and other loans at face value. The senior secured notes include EUR 360.0 million in aggregate principal amount of 7.375 % senior secured and EUR 300.0 million in aggregate principal amount of senior secured floating rate notes. Unless previously redeemed or repurchased and cancelled, the notes will be redeemed at par on their maturity date, May 15, 2018.

On May 16, 2011 we entered into a EUR 75.0 million revolving credit facility agreement (RCF) with seven European banks. In relation to the merger we obtained an additional RCF of EUR 75 million from six European banks. The maturity date of the entire RCF facility is May 16, 2017. The RCF bears interest at a rate per annum equal to EURIBOR plus 3.0%. The costs for maintaining the RCF are 1.2%. The merger was financed with a combination of cash and the RCF (EUR 100 million). We repaid the RCF in four tranches in 2014 and as of December 31, 2014 the facility was fully undrawn.

SALE OF WAIBSTADT MANUFACTURING SITE

The divestment of our Waibstadt plant in Germany was a condition of the European Commission’s approval of the merger between Refresco and Gerber Emig. The results of Waibstadt site are reported as result discontinued operations in the profit and loss statement. Waibstadt had a positive contribution of EUR 2.2 million to the group result for 2014 (2013: negative contribution of EUR 0.1 million). The divestment of the asset had a cash flow effect of EUR 20.6 million consisting of changes in inventories and proceeds of the sale.

OTHER EVENTS DURING THE FINANCIAL YEAR

On November 13, we announced that Refresco Gerber and its shareholders have initiated a process to actively explore a new capital structure to support future growth. Fourteen months into the integration of Refresco and Gerber Emig, the process is well on track and synergies are coming through faster than foreseen. The combined business is a leading player in its markets and ready to meet its customers’ changing needs and requirements. Building on this success, Refresco Gerber has continuing ambitions to further enhance its business and to drive growth.

DISTRIBUTION OF RESULTS

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.

Entrepreneurship

Entrepreneurship is central to everything we do and – along with our shared vision and a great deal of determination - it has enabled us to build a successful business in a challenging European market. What really sets us apart is our ability to turn ambitious plans into reality.

MAARTEN KUSTERS,
MANAGING DIRECTOR REFRESCO BENELUX

PROSPECTS FOR 2015

As we move forward into 2015 and beyond, our focus will be on selective growth with our retail customers and expansion of our contract manufacturing business.

The continued challenging economic conditions have made it more difficult to forecast the prospects for the soft drinks market and this has led to greater volatility in volumes. We believe, however, that the prospects for the European soft drinks industry, and the private label and contract manufacturing markets in particular, continue to be encouraging.

We believe that our business model - which combines private label with contract manufacturing - creates scale benefits profiting both our customers and our own business. Although the growth of private label has stabilized over the past years we have confidence that the category will continue to grow faster than the overall soft drinks market and we expect the private label penetration to continue to increase as hard discounters march on and full service retailers expand their private label ranges.

Outsourcing of production by branded players is also expected to drive growth in our market. Our unique pan-European presence and long-lasting relationships with customers, together with our ability to offer total supply chain solutions and an extensive portfolio of soft drinks and fruit juices offerings, are expected to provide us a competitive edge in this ever-changing market. In essence, no matter what consumers choose, we believe that the combined business is well positioned to accommodate customers' needs.

RESULTS 2015

Our results in 2015 will largely depend on the volumes in the soft drinks market as a whole, on our ability to find new growth opportunities with our customers in both private label and contract manufacturing businesses as well as on the success of completing the integration of the two businesses.

In line with our strategy we aim for organic volume growth just above the market as well as an increase in adjusted EBITDA* as a consequence of both the merger and organic growth. We expect input cost levels for 2015 to be generally flat. Fourteen months into the integration synergies from the merger are well ahead of initial expectations and we expect to realize an additional 10% of run rate synergies by the end of 2015 on top of the synergies realized in 2014. Full run rate synergies are targeted at 4.5 - 6.0% of Gerber Emig's revenues.

We expect the average number of employees to show some decline as we need to further optimize our manufacturing footprint. We anticipate capital expenditure to be in the level of 2014 due to the investments we have planned and continued upgrading of our manufacturing capacity.

* *Adjusted EBITDA is not a measure of our financial performance under IFRS, see page 131. Reconciliation of operating profit to adjusted EBITDA is presented on pages 28-29.*

Being truly market driven means working with our customers to explore new ideas and concepts for soft drinks and fruit juices and to expand our offerings to meet emerging trends and shifts in demand. Understanding the specific needs of our customers, and helping them to drive market growth, is crucial.

VINCENT DELOZIÈRE,
GROUP COMMERCIAL DIRECTOR AND MANAGING DIRECTOR REFRESCO FRANCE

Case story

SHARED VALUES HELP SHAPE THE WAY WE WORK

values

Behind most successful organisations is a vision that sets the strategic direction for the business; and a set of values that define the way people work, how they interact with customers and how they behave towards each other.

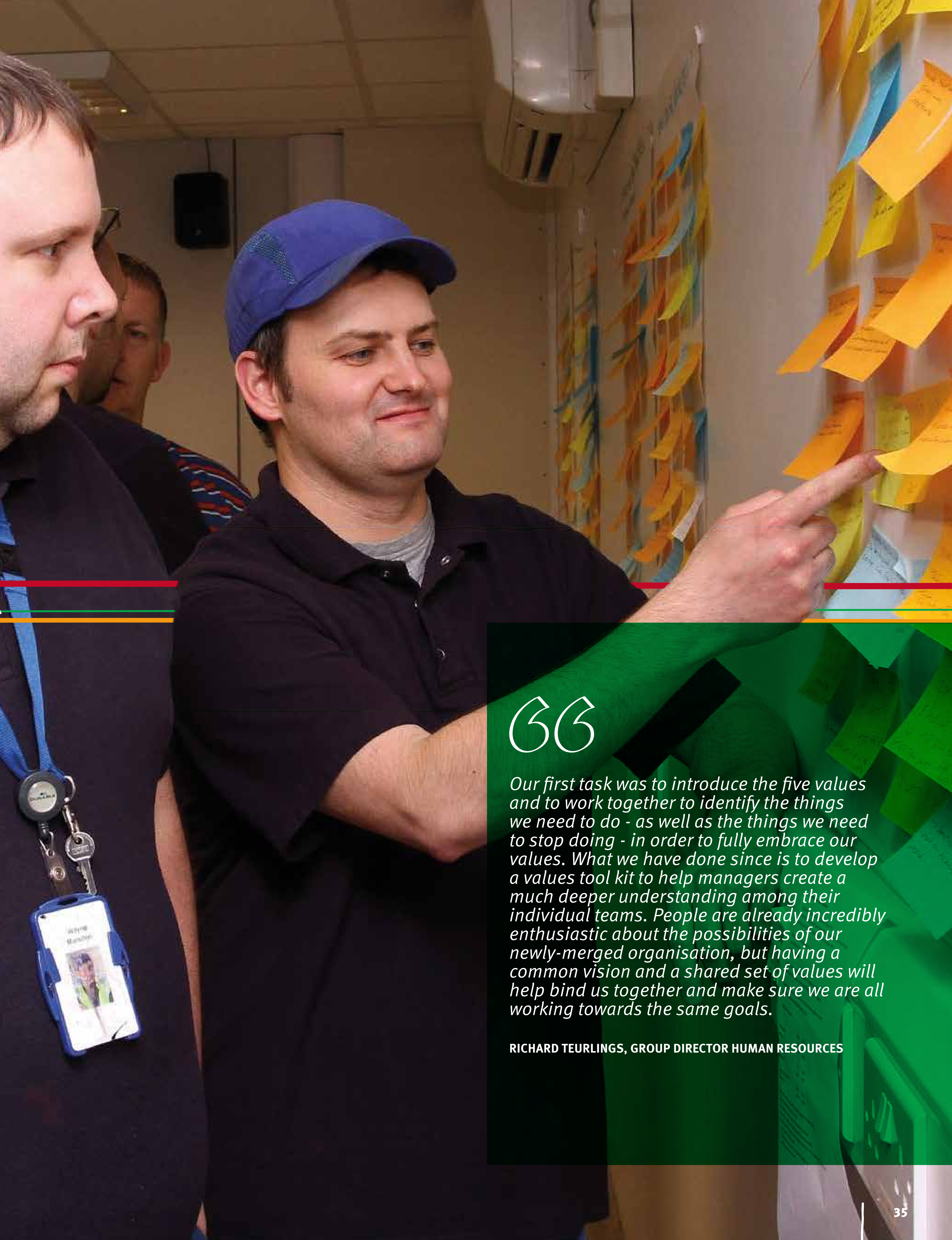
Sometimes these values have evolved over decades as a company has grown from a small start up to an international powerhouse; but in our case, the values were developed specifically as part of the integration process, and to create a cohesive culture following the merger.

As working within a multi-national company was something new to many of our employees, it was even more important to consider what values, or character traits, should define us. The senior management team therefore rolled up their sleeves and asked each other some important questions - Who do we want to be? What are our ambitions? What is it that defines us and makes us different from the competition?

It was a stimulating and inspirational session that led to the adoption of the five values that now form the cornerstone of our future success. Some of these are already embedded into the way we operate, while others need more attention. However, we are convinced that this powerful combination - Entrepreneurial, Market Driven, Excellent, Innovative and Responsible - will strengthen our business performance.

Having taken the top 60 people in the organisation through these values, a series of workshops has been helping to cascade awareness among all employees. These events are encouraging everyone to think about how the values influence their day-to-day activities and general behaviour; and to share current examples of the values in action with their colleagues.

At the same time, our Human Resources experts across the group have been looking at how the values impact essential recruitment and manager development programmes. For instance, people hoping to join the company will be expected to demonstrate these values in their earlier careers; and leadership training will focus on the common behaviours that tend to go with being innovative, acting in an entrepreneurial way, making decisions based on market demands, always striving towards excellence and acting responsibly.



Our first task was to introduce the five values and to work together to identify the things we need to do - as well as the things we need to stop doing - in order to fully embrace our values. What we have done since is to develop a values tool kit to help managers create a much deeper understanding among their individual teams. People are already incredibly enthusiastic about the possibilities of our newly-merged organisation, but having a common vision and a shared set of values will help bind us together and make sure we are all working towards the same goals.

RICHARD TEURLINGS, GROUP DIRECTOR HUMAN RESOURCES

RESPONSIBILITY

We recognize our responsibilities to stakeholders and to the environment and we are committed to manufacturing quality products in a sustainable manner, while consistently increasing the value of our business for all our stakeholders.

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

- Creating sustainable supply chains
- Managing and reducing the environmental impact of our manufacturing operations
- Enhancing safety, development and training
- Developing alternative soft drinks to meet industry megatrends

Equally important is sustainable sourcing. As we seek to establish and maintain long-term partnerships with our customers, we are realigning our operations to fulfil their requirements in this area. In practice, this means helping our customers to achieve their sustainable targets by evaluating and implementing alternative supply chain solutions, materials, and manufacturing processes. Our ambitions for 2015 to 2017 include a focus on light weighting of all packaging types, reducing energy consumption by investments in new production lines, an operations accident target of zero and attention to measuring and reducing waste levels in all plants. The goals for these years are to reduce water and energy usage by 20%, to ensure a production environment without waste or accidents and to have a higher level of recycling.

Responsibility

OUR APPROACH

Refresco Gerber's aim is to continuously broaden the scope of its sustainability strategy. Key areas of quality, environment, safety, and health are managed, reported, and monitored at a local level in each country in which we operate. Furthermore, each country has established a number of special sustainability initiatives, including, amongst others, carbon footprint reduction, waste water treatment, gas electricity production, and community programs. We have established a global platform of sustainability ambassadors, including senior Quality, Environment, Health and Safety managers. The aim of this platform is to continuously evaluate our customers' and stakeholders' requirements, to share best practices, and to integrate our sustainability programs into the group's operations and reporting systems.

In 2013 we defined a number of key performance indicators for us to internally monitor and evaluate our progress at a group level in the key areas of environment, quality, and health and safety. We continued to monitor these in 2014 and are working towards including these in our annual reporting in 2015.

FOOD QUALITY AND SAFETY

All except one (Quarona Sesia, Italy) of our manufacturing sites are certified either under the International Food Standard (IFS) or the British Retail Consortium (BRC) Protocol. To ensure food safety and quality, every production site has implemented its own quality system tailored to the critical control and quality aspects applicable to its production processes.

Futhermore, the majority of our sites are ISO14001 certified. Our sites are also

OUR COMMITMENTS

- To meet and exceed our customers' sustainability requirements
- To launch at least one major sustainability project each year
- To engage in an open dialogue with our major partners on sustainability
- To continuously search for opportunities and solutions to manage and reduce our environmental impact
- To maintain a zero accident policy
- To invest in the talents of our people
- To develop alternative soft drinks with low calorie content

regularly audited by our retail and branded customers.

- Quality control forms part of each production line
- Each Refresco Gerber factory is certified to industry standards and specific customers' needs
- Health & safety standards of facilities are tested against a proprietary audit system developed in collaboration with a leading global risk advisor

SUSTAINABLE SUPPLY CHAINS

Supply chains at Refresco Gerber cover global sourcing of raw materials and packaging materials, product (co-) development, manufacturing, warehousing and third party logistics. When it comes to sourcing Refresco Gerber works with a limited number of strategic suppliers for its key raw materials and packaging materials. liquid paper board and aluminum cans. We source PET preforms and PET granulate mainly from European manufacturers. Aluminum cans were sourced from European manufacturers and liquid paper board mainly from the three major global suppliers.

Quality, safety, and supply reliability are at the heart of our supply chain partnerships. This fundamental principle precludes the use of unauthorized suppliers, manufacturing procedures, and activities that may prejudice our standards or the sustainability of our businesses. If they wish to maintain an on-going and long-term business relationship with Refresco Gerber, suppliers must comply with prevailing legislation in the country of origin and they must be both cost competitive and continuously focused on improvement. Refresco Gerber representatives visit and evaluate key suppliers on a regular basis. Suppliers

> *Successful companies have a social responsibility to make the world a better place to live in; and we take our environmental, sustainability and health and safety responsibilities very seriously. We monitor our activities in all three areas continually and run improvement projects regularly in all the countries where we do business.*
>
> **DOMINIQUE LUNA,**
> **MANAGING DIRECTOR REFRESCO IBERIA**

We assess the sustainability of existing suppliers through own audits, audits performed by third-party experts or audits performed by customers. In the case of new suppliers Refresco Gerber applies a thorough selection procedure to ensure quality and safety of raw and packaging materials and compliance with customers' specifications and other requirements.

Refresco Gerber's key raw materials are orange juice concentrate, apple juice concentrate and sugar and sugar related products. In 2014, our orange juice concentrate supply was sourced mainly from Brazil, Mexico, Belize, South Africa and Italy. We have our own pressing capacity of not from concentrated orange juice at our Oliva manufacturing site in Spain, with the remainder of the fresh orange juice being sourced from Brazil and from other locations in Spain. In 2014 the majority of our apple juice concentrate was sourced from Central Europe - Poland and Hungary in particular. The majority of sugar was sourced within the European Union. On the packaging side our key raw materials are PET granulate, are evaluated in terms of such matters as their buildings and premises, food safety, manufacturing practices, process controls, control of surrounding products, product identification and traceability, business principles including compliance of local laws and environmental sustainability.

Refresco Gerber requires trading partners who buy raw and packaging materials for their own production processes to ensure that their own suppliers comply with the same conditions Refresco Gerber expects from them. For indirect suppliers, we rely on international certifications. Refresco Gerber buys its juice raw materials according to the SGF-IRMA guidelines that are generally accepted in the global fruit juices industry. SGF stands for Safe-Global-Fair and is a non-profit organisation that carries out supplier audits and grants SGF-IRMA certifications that cover the vast majority of raw materials used in the European fruit juice industry. In 2014 we continued to work towards shorter supply chains i.e. purchasing raw materials directly from the producers where feasible.

WE EXPECT OUR SUPPLIERS TO:

- Ensure appropriate quality in compliance with our strict requirements
- Operate in compliance with applicable local legislation
- Supply at a competitive price
- Adhere to timely delivery
- Provide good after-sales service
- Have sufficient health and safety standards in place
- Mutually invest in a long term partnership
- Strive for continuous improvement

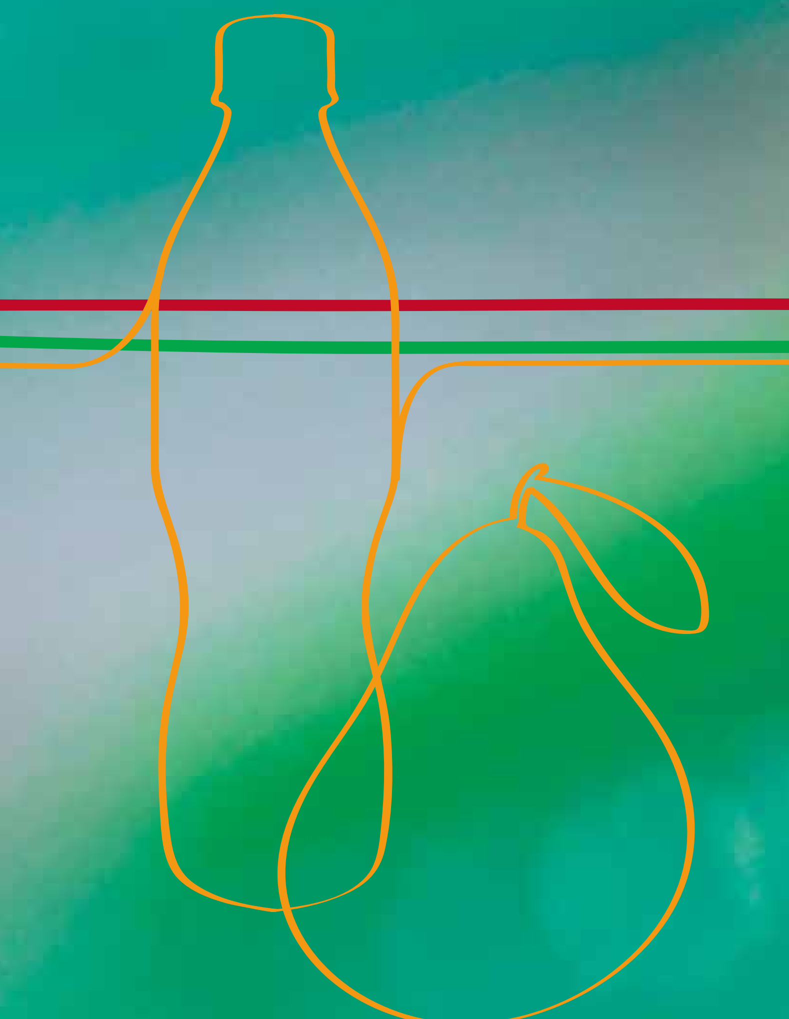
MINIMIZING THE ENVIRONMENTAL IMPACT OF OUR MANUFACTURING OPERATIONS

Focus area	Selected projects in 2014
ENERGY Energy consumption is important to us, both in maintaining our cost price leadership and in minimizing the negative environmental impact of our operations. Cooling, warming, machinery, and compressed air form the bulk of our energy consumption. Our aim here is to reduce energy consumption through optimal utilization of our machinery and through investment in reduced energy equipment.	• Replacement of older production lines to more efficient ones in Kety (Poland), Maarheeze and Hoensbroek (the Netherlands) and Bridgwater (UK). • An energy efficiency program in Italy has potential energy savings of 1.5% of total energy consumption before the end of 2015 - equal to an 8.000 ton reduction of CO^2 emissions. • In Finland we recover energy used for air compressors to heat the manufacturing site during winter months. • Replacement of incandescent bulbs with LED lighting in Bridgwater (UK) and Hoensbroek (the Netherlands).
WATER Water is a key ingredient for many of our products. We have several fresh water wells, and protecting these is crucial in our product quality. Furthermore, we closely monitor the water/product ratio in our manufacturing processes, with the aim of reducing water consumption.	• Installation of a closed cooling water system for a number of carton packaging lines at the Bodegraven manufacturing site (the Netherlands) led to a significant reduction in the volume of water used for each litre produced. • Replacement of a number of older PET lines with new combilines which no longer rinse bottles with water but air-rinse PET preforms prior to blowing into bottle. • Optimisation of rinsing production lines in Bridgwater (UK) leading to savings on water usage and reduction in waste water.
PACKAGING Refresco Geber continues to take steps to reduce the aggregate amount of material used in its primary and secondary packaging. We are participating in a project for the development of sustainable PET bottle packaging from bio-materials. Furthermore, Refresco Gerber strives to increase the recyclability of its packaging materials.	• We swapped stretch films to a new quality that significantly reduced the amount of stretch film needed at the majority of our manufacturing sites leading to less waste and cost. Stretch film is used to protect products during transportation. • We participate in collection of PET bottles in the Netherlands, among other countries. Empty bottles are collected at retailers' collection stations and the bottles are counted and sorted and finally cut in small flakes. The flakes are then converted into polyester that can be used as raw material for PET preforms.
LOGISTICS AND TRANSPORTATION With the broad geographical spread of our manufacturing plants we can supply with short transportation lines and provide the close proximity our customers need. By combining different customer and product deliveries, we aim for fully loaded trucks and optimal pallet usage at all times. In our search for optimal efficiency transportation with minimum impact on the environment, we place a high priority on identifying suppliers that have a similar approach and can make a meaningful contribution to a sustainable supply chain.	• In France we made a long-term commitment to a new external warehouse closer to our St. Alban site to replace several external warehouses further away from the production. • Combined deliveries of branded goods and private label to retail to offer sustainability and cost benefits as shipments to central warehouses and double handling are no longer needed. • In Poland we started to work together with our retail customers to optimize transportation of finished goods to retailers' distribution centers by combining planning of other goods streams.

Excellence

Striving for excellence, in combination with continuous improvement is the promise we make to our stakeholders. Excellence in what we do secures our unique position and creates competitive edge.

FRANK STRATMANN,
MANAGING DIRECTOR REFRESCO GERMANY



GOVERNANCE

GOVERNANCE STRUCTURE

Refresco Gerber is centrally organized to maximise operational efficiencies, synergies, and funding through its headquarters in Rotterdam.

REGULATORY ENVIRONMENT

Refresco Gerber B.V. is a private limited liability company ("besloten vennootschap") incorporated under the laws of The Netherlands. The company complies with the Dutch Civil Code and with its Articles of Association. Refresco Gerber also complies with the indenture and offering circular relating to the senior secured notes and with the rules of the unregulated Euro MTF market operated by the Luxembourg Stock Exchange pertaining to financial reporting and disclosure.

Neither the senior secured notes nor the company fell under the Act on Financial Supervision, the Act on the Supervision of the Securities Trade in The Netherlands, or the Dutch Corporate Governance Code in the financial year 2014.

CORPORATE STRUCTURE

The company is centrally organized to maximise operational efficiencies, synergies, and funding through its headquarters in Rotterdam. The central activities include decisions related to allocating resources, (central) sales, operations and footprint, financing of the group, procurement, major investments and acquisitions, human resources, treasury, reporting and ICT. Each member of the central team has a high level of independence and discretion in terms of doing business initiatives in the company's best interests. What connects them is their deep understanding of the business and their can-do attitude.

In order to use its European footprint for reduction of production and transportation costs, and to be close to local customers, the company has seven regionally-focused business units, which concentrate on (local) sales and production. The local organisations are close to their customers and they can be responsive to customer needs while acting consistently with group standards. They are led by highly experienced and professional management teams, which meet regularly to ensure operating consistency across the group.

The group produces and sells in nine European countries: The Netherlands, Belgium, Germany, France, Spain, Italy, the UK, Poland, and Finland. At a corporate level the company is known as Refresco Gerber. At a country level the company is known either as Refresco (continental Europe) or as Refresco Gerber (UK) to preserve the commercial value these names have. The integration of Refresco and Gerber Emig into one corporate structure was completed in 2014 and all local businesses are fully integrated to group management and reporting systems.

Refresco Gerber has a two-tier board structure: an Executive Board that manages the group on a day-to-day basis and a Supervisory Board.

SHAREHOLDER STRUCTURE

In 2014 the Refresco Gerber shareholders consisted of private equity company 3i, Icelandic investor consortium, the company's management and former Gerber Emig shareholder Hanover Acceptances Limited.

EXECUTIVE BOARD

Refresco Gerber is managed on a day-to-day basis by the Executive Board, which is supervised and advised by the Supervisory Board. The Executive Board is responsible for Refresco Gerber's overall management and performance and for the implementation of its strategy. Its agenda includes strategy formulation, supervision of the local organisations, risk management, monitoring of internal controls, the acquisitions policy and deal making, and other important policy matters. The Executive Board provides the Supervisory Board with the information it needs and requests. The key items of information provided are the annual and long-term budgets, monthly management accounts, quarterly reports, the Annual Report, significant investment proposals, acquisition memoranda, risk management and control reports, and major HR and IT matters.

Refresco Gerber does not meet Article 2:166 and 2:276 of Book 2 of the Dutch Civil Code, which indicates that management positions should be allocated in such a way that at least 30% of the positions are held by women and at least 30% by men. This deviation was made so that the company has an Executive Board with the necessary knowledge of the company, the manufacturing industry, and the company's key market areas. When appointing members to the Executive Board in the future, the company will aim for a complementary range of experience, gender, and age.

Under the Executive Board, the Managing Directors are responsible for managing the regional manufacturing and sales operations. The Group Directors' role is to liaise with the Executive Board on matters related to Refresco Gerber's overall management and performance, to provide the local organisations with the tools to run the group's business as optimally as possible, to provide information to the Executive Board, and to implement the decisions taken by Refresco Gerber in their respective functional areas. The composition of the Executive Board and its members' key employment history are presented on pages 46-47.

SUPERVISORY BOARD

The Supervisory Board is responsible for supervising and advising the Executive Board and for overseeing the general direction of the company's operations and strategy. The Supervisory Board is guided

Refresco Gerber B.V. General Meeting of Shareholders

Supervisory Board

Audit Committee | Remuneration and Nominating Committee

Executive Board

Managing Directors | Group Directors

by the interests of the company taking into account the interests of the company's stakeholders and shall also have due regard for corporate social responsibility issues that are relevant to the company. The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board consists of eight members appointed by the General Meeting of Shareholders.
The articles of association state that certain strategic or otherwise important decisions of the Executive Board require the prior approval of the Supervisory Board. These include acquisitions, loan redemptions, and significant changes in the identity or nature of the company or its businesses. Each year the budget is prepared by the Executive Board and submitted to the Supervisory Board for its approval.

Refresco Gerber does not meet Article 2:166 and 2:276 of Book 2 of the Dutch Civil Code, which indicates that Supervisory Board positions should be allocated in such a way that at least 30% of the positions are held by women and at least 30% by men. This is because the company needs to ensure that it has a Supervisory Board with the necessary knowledge of the company, the manufacturing industry, and the company's key market areas. When appointing members to the Supervisory Board in the future, the company will aim for a complementary range of experience, gender, and age.

The Supervisory Board has set up a Remuneration and Nominating Committee and an Audit Committee. The Remuneration and Nominating Committee reviews the Executive Board's proposals concerning the remuneration policies for the group. The Audit Committee supervises the internal and external audit procedures and discusses and reviews accounting policies and estimates. Charters are in place for both committees, which establish clear accountability. The Supervisory Board meetings also address other functions, such as HR, IT, and risk management. The Chairman of the Supervisory Board is responsible for leading the Supervisory Board and also acts as a sounding board for the Executive Board. The composition of the Supervisory Board and its members' key employment history are presented on pages 46-47.

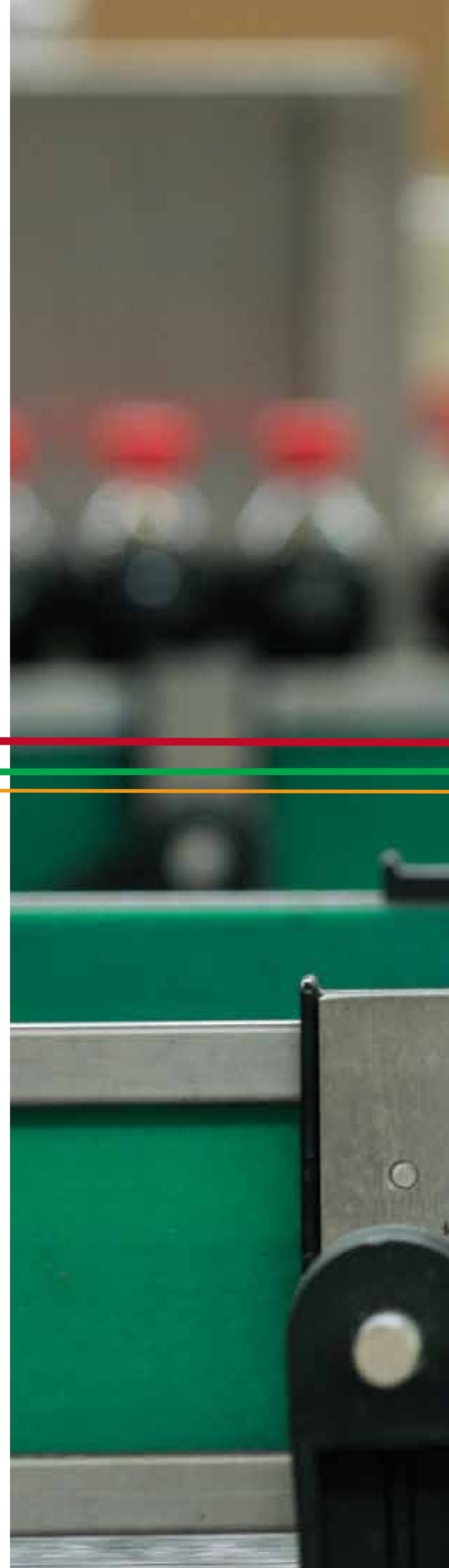
CODE OF CONDUCT

As a general principle, Refresco Gerber conducts all business operations with honesty, integrity, and transparency. Refresco Gerber operates as an open, transparent company and meets all legitimate requests for information, unless the business or personal circumstances of those involved require confidentiality. Refresco Gerber expects its employees to work with honesty, integrity, and respect for others. High standards of personal behavior are expected in relationships with colleagues as well as in dealings with suppliers, agents, professional advisers, shareholders, banks, and other third parties. Refresco Gerber recognizes that responsibility, reliability, and integrity are essential preconditions for dealing with third parties such as suppliers, customers, and other stakeholders. Therefore Refresco Gerber will always act in good faith and expects its employees to refrain from acts that may prejudice these preconditions.

WHISTLEBLOWING PROCEDURE

Refresco Gerber has implemented a whistleblowing procedure to support and further strengthen its culture of openness and integrity. Intended as an ultimate remedy only, the procedure is developed to deal with suspicion of misconduct that cannot be discussed with the supervisors, or already has been discussed without a suitable solution. The position of an employee, who has reported in good faith a case of suspected wrongdoing, will not be disadvantaged in any way.

The Code of Conduct is published in its entirety on the company website.



EXECUTIVE BOARD

HANS ROELOFS

Chief Executive Officer
(1963, a Dutch national)

Prior to being appointed CEO of Refresco Gerber, Hans Roelofs was CEO of Refresco. He joined the company in March 2007 and since then has driven rapid growth with seven successive acquisitions. Before joining Refresco, Hans was CEO of Dumeco, a private label meat producer and processor. He started his career at Nutreco, rising to Managing Director of the Agri Food business. Hans is a graduate of Wageningen University, the Netherlands.

AART DUIJZER

Chief Financial Officer
(1963, a Dutch national)

Aart Duijzer is former CFO of Refresco and one of the founders of the company. Prior to joining Refresco in 2000, Aart worked as Finance Director of the Continental European division of Hazlewood Foods Plc. Aart started his career at KPMG and holds a Masters degree in business economics from the Erasmus University in Rotterdam, the Netherlands. He is a Dutch Chartered Accountant.

PIETER DE JONG

Member
(1964, a Dutch national)

Pieter de Jong has been a Member of the Refresco Supervisory Board since May 2010. Pieter is also Managing Director of 3i Europe plc Benelux and represents the Refresco Gerber shareholder 3i. Before joining 3i in 2004 Pieter was Managing Director at Eiffel, a specialist services provider in Legal and Finance, and Head of the advisory department at NIBC. Pieter holds a BBA from Nyenrode Business University and an MBA in Finance from Georgia State University.

THORSTEN JONSSON

Member
(1963, an Icelantic national)

Thorsteinn Jonsson has been a Member of the Refresco Supervisory Board since May 2006. Thorsteinn was operator and owner of Vifilfell, the leading soft drinks bottler in Iceland from 1996 to 2011. Before working for Vifilfell he worked for the Federation of Icelandic Industries and for the Central Bank of Iceland as an economist. Thorsteinn earned a Cand.Oecon degree from the University of Iceland and an MA degree in Economics from Northwestern University.

SUPERVISORY BOARD

YIANNIS PETRIDES

Chairman
(1958, a Cyprus national)

Yiannis Petrides has been Chairman of the Refresco Supervisory Board since January 2013 and he retained this role within Refresco Gerber. Yiannis has broad experience in the FMCG and soft drinks industries. He has served as Vice Chairman of the Board of Directors of Campofrio Food Group, and is currently the Chairman of the Board of Largo (Wind Telecoms) and a Member of the Board of Puig. Yiannis obtained a Master's degree in Economics and Political Science from Cambridge University in 1982 and a Master of Business Administration degree from Harvard University in 1984.

AALT DIJKHUIZEN

Member
(1953, a Dutch national)

Aalt Dijkhuizen has been member of the Refresco Supervisory Board since October 2009. He is also President and Chairman of Wageningen UR (University & Research Center) in the Netherlands, a position he has held between 2002 and 2013. During the 1990's he was a professor at the same university, specializing in animal health. Between 1998 and 2002 Aalt worked for Nutreco as Managing Director of the Business Group Agri Northern Europe.

SEAN GORVY

Member
(1963, a South-African national)

Sean Gorvy joined the Refresco Gerber Supervisory Board at the time of the merger between Refresco and Gerber Emig in November 2013. He is Chief Executive of Hanover Acceptances Limited and he has been a member of the Hanover Acceptances Limited Board since 1997. Prior to working within the Hanover Acceptances Group, Sean spent five years with Morgan Stanley's real estate, corporate finance, and M&A departments. He has a PhD in political economics from Cambridge University.

HILMAR THOR KRISTINSSON

Member
(1971, an Icelantic national)

Hilmar Thor Kristinsson has been a Member of the Refresco Supervisory Board since August 2009. He is also Vice Chairman of the Board of Norvestia Oyj, has worked for Kaupthing as Director of a closed end equity fund and pension fund, and is Kaupthing's nominated Director on the Board of Directors of Ferskur Holding 1 B.V. He holds a Cand.Oecon (Economics) from the University of Iceland.

NICHOLAS J SCHOENFELD

Member
(1970, a British national)

Nicholas Schoenfeld joined the Refresco Gerber Supervisory Board at the time of the merger between Refresco and Gerber Emig in November 2013. He is currently Chief Financial Officer of Telecom Plus PLC. He was previously Group Finance Director of Hanover Acceptances Limited. Prior to joining Hanover Acceptances in 2006, Nicholas was at Kingfisher plc. Before this, he was Director of Strategy and Development at Castorama, the French retail chain. He has also held corporate development roles at the Walt Disney Company and was a management consultant at the Boston Consulting Group. Nicholas has a BA Hons degree in Mathematics from Oxford University and an MBA from the Harvard Business School.

JON SIGURDSSON

Member
(1978, an Icelantic national)

Jon Sigurdsson has been a Member of the Refresco Supervisory Board since April 2009. Jon served as CEO of Stodir from 2007 to 2010 and worked for Landsbanki Íslands and Kaupthing. Currently he is General Manager of Straumnes Ráðgjöf ehf and a partner at GAM Management ehf. He received his B.Sc. in Business Administration from Reykjavík University.

OVERVIEW RISKS

We set out in this section an overview of our primary strategic, operational, financial, and other risks. The risks and uncertainties we describe in this chapter are not necessarily the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial, may also adversely affect our business, financial condition, and results of operations. Financial risks are also described in more detail in the Notes to the Consolidated Financial Statements on page 80.

STRATEGIC RISKS

Global economic performance

Demand for our products is directly related to the strength of the global economy. Our business is largely dependent on continued consumer demand. Lower consumer spending may reduce volumes and affect revenue and profitability. Recent years have demonstrated that the private label soft drinks and fruit juices market is less sensitive to an economic downturn than many other Fast Moving Consumer Goods (FMCG) markets. However, the margin pressures facing our retail customers remain severe, and we see increased promotional activities for branded soft drinks which are adding to market volatility. Although there have recently been signs of potential economic recovery, there can be no assurance that market conditions will not deteriorate, and this could cause demand in the soft drinks market to decline or remain low for an extended period of time, having a material adverse effect on our business, financial condition and results of operations.

How do we address this risk?

To mitigate the risks of adverse effects in any one category, we aim for diversification, in terms of products, customers, and geography. As a result of the merger between Refresco and Gerber Emig, our revenues have shifted towards fruit juices and fruit drinks, and our customer base has been further diversified.

We closely monitor performance in the more volatile markets as well as at customers and suppliers, and we strive to respond quickly to protect our business. Measures are taken, when deemed necessary, to align operations with changing customer demand. We have taken cost saving and restructuring steps to protect the company's financial health and to further strengthen our competitive position in the current economic situation. We have significantly reduced working capital post-merger and working capital management continues to be a key area of attention to us. A healthy cash flow is crucial and we are looking into as many alternatives as possible to maintain this.

Availability of credit

The continued global financial downturn has resulted in increased volatility, tighter credit markets, and reduced liquidity in many financial markets. If these conditions persist or recur, they may adversely affect the availability, terms, and cost of future borrowing, including any financing we might need to fund our capital expenditures and refinancing needs, and our ability to obtain adequate credit insurance.

How do we address this risk?

We place great emphasis on long-standing relationships with our European banks, and we maintain an ongoing dialogue with our investment community to provide them with sufficient, timely, and accurate information regarding Refresco Gerber's operations and financial performance. We completed a structural refinancing of the company in 2011 with a 7 year term by issuing senior secured notes totaling EUR 660.0 million and by obtaining a EUR 75.0 million revolving credit facility (RCF) from a consortium of European banks. In connection with the merger between Refresco and Gerber Emig in 2013 the RCF was increased by EUR 75 million. During the year 2014 we repaid the entire RCF and as at December 31, 2014 the RCF of EUR 150.0 million was fully undrawn.

Buy & Build strategy

Our growth strategy is partly based on future acquisitions. The success of this strategy with respect to acquisitions, such as the combination with Gerber Emig, depends on our ability to identify suitable targets. In addition, we may not complete future acquisitions at all, or not on the terms as contemplated, due to antitrust constraints or for other reasons. For example, the purchase price demanded for a future acquisition, or the costs relating to such acquisition (including in connection to required remedies to address antitrust constraints), may turn out to be higher than is justified. We might not achieve the integration of future acquisitions as expeditiously as expected or the related synergies may not be realised.

How do we address this risk?

We are continuously looking for suitable acquisition targets, a process where we diligently evaluate the synergy potential of the target in the areas of purchasing, operations, overheads and commercial as well as the management quality and cultural fit. The Executive Board is responsible for the execution of the acquisition strategy and major acquisitions are approved by the Supervisory Board.

OPERATIONAL RISKS

Price fluctuations and supply side developments

The manufacture of our products is highly dependent on an adequate supply of raw materials and packaging materials, most of which are only available from a limited number of suppliers. The loss of any one of such suppliers could disrupt our supply chain, which could reduce the utilization rates of our production sites and disrupt deliveries to customers, and in turn have a material adverse effect on our business, financial condition, and results of operations. Although we have a policy of purchasing forward contracts for most raw materials and packaging materials to cover sales positions with customers there can be no assurance that such hedging measures will be effective. The limited number of suppliers for these materials weakens our negotiating positions. Furthermore many of our customers do not commit to fixed volumes, which can cause mismatch in our hedging. If the cost of raw materials or packaging materials increases, we may be unable to pass these costs on, in a full or timely manner, to our customers.

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

How do we address this risk?

We have strong relationships with the majority of these suppliers and we have been able to hedge a proportion of our requirements through medium-term contracts. In general, we purchase raw materials and commodities through forward contracts to cover sales positions, a policy called “back-to-back coverage”. The remaining risks are substantially mitigated through a combination of sales price increases, supply chain savings, and improvements in mix. Where appropriate, we also use exchange-traded futures to hedge price movements, especially in U.S. dollar purchases. We have a broad product and packaging portfolio which has reduced the supply-side risk associated with vulnerability to individual commodities, raw materials, and packaging and also to the countries that supply them.

Price fluctuations do not generally affect us where we act solely as a contract manufacturer of products on behalf of branded customers. Some of our branded customers direct us to purchase raw materials and packaging materials on their behalf and in accordance with their specifications, including vendor selection and pricing terms. In such cases, we pass the cost of such purchases directly on to the contract manufacturing customer. In 2014, the cost of raw materials and packaging materials was either stable or slightly in decline.

Competitive landscape

Refresco Gerber competes directly with other private label manufacturers on the basis of quality, ability to deliver a diversified product mix, pricing and customer service. The private label soft drinks market in which we are active is highly competitive and some of our competitors may have greater financial and other resources, lower costs, significant unutilised capacity or stronger customer relationships than those of Refresco Gerber. An increase in the number of competitors in the private label market may lead to a decrease of sales and prices, which could have a material adverse effect on our business, financial condition and results of operations.

Private label products indirectly compete for retail shelf space with contracted manufacturing products. Refresco Gerber does not engage in marketing or advertising for its private label products and does not have direct influence over shelf space decisions by retail customers.

We compete directly with other contract manufacturers on the basis of quality, ability to deliver a diversified product mix, pricing and customer service. The contracted manufacturing market is highly competitive and some of our competitors may have greater financial and other resources, lower cost bases, significant unutilised capacity or stronger customer relationships than those of Refresco Gerber.

Contracted manufacturing competitors could use their significant resources to develop new products with which we cannot easily compete. Our customers also could reduce their pricing to levels that we cannot match without adversely affecting our results of operations. It may also be possible for current or future competitors to develop new product manufacturing technologies or processes that would enable them to offer products at a cost or quality that gives them a significant advantage over the products we manufacture. We cannot assure that we will continue to compete successfully against existing or future competitors. We also compete indirectly with soft drinks brand owners that either manufacture their own products or decide to take their production in-house.

How do we address this risk?
We believe that our broad product and packaging offering across our pan-European platform provides stability through diversification in the highly competitive market. This diversification in product and packaging offering, in addition to geographic diversification and the combination of private label and contracted manufacturing, adds stability and sustainability to our business. Our diversity provides us the flexibility to adapt to potential future changes in the industry and market relative to our competitors in terms of products, packaging and regions.

We believe that A-brand owners often look for contract manufacturers that have sufficient scale and geographic scope and that can provide the production flexibility to meet their requirements in multiple markets. Private label customers, on the other hand, can reduce sourcing complexity and costs by working with the same manufacturer across various regions and packaging types.

Contracted manufacturing products also compete indirectly for retail shelf space with private label products. Refresco Gerber does not engage in marketing or advertising for its contracted manufacturing products and does not have direct influence over shelf space decisions by retail customers. Contracted manufacturing competitors have significant financial resources that are heavily invested in promotional programs, which may earn them greater shelf space relative to private label products. If A-brand owners that compete with us increase the frequency of their promotional activities in our key regions/countries, our retail customers may not allocate adequate shelf space for the products supplied by Refresco Gerber and we could experience a decline in sales volumes, be forced to reduce pricing, forgo price increases required to offset increased costs of raw materials or packaging materials, increase capital and other expenditures or lose market share, any of which could have a material adverse effect on our business, financial condition and results of operations.

How do we address this risk?
Over the years Refresco Gerber has grown from a local Dutch company into a two billion euros pan-European bottler. Our manufacturing network encompasses 27 production facilities in nine countries operating over 150 production lines which are well-positioned to serve their local markets. As such, our customers benefit from our significant economies of scale, both through procurement and operating and distribution efficiency. We believe that this proximity and flexibility differentiates us from our competitors and enables us to develop exclusive relationships with customers with respect to certain products in particular regions.

Large and sophisticated customers with considerable buying power
Most of our customers are large and sophisticated retailers and A-brand owners. As a result of their size and sophistication, large retailers and A-brand owners have significant buying power and can often apply pricing pressure on their suppliers by resisting price increases and operating with reduced inventories. Additionally, retailers cooperate with other retailers in purchasing groups, as a result of which they also have significant buying power. Our customers may also re-evaluate or refine their business practices from time to time and impose new or revised requirements upon their suppliers, including Refresco Gerber.
These business demands may relate to inventory practices, logistics, product specifications or other aspects of the customer-supplier relationship. Compliance with the requirements imposed by our significant customers may be costly and could have a material adverse effect on our business, financial condition and results of operations.

Seasonality
Our sales are subject to seasonality. Sales are generally higher in the summer months of April through September and lower during the winter months of October through March. While these factors lead to a natural seasonality in our sales, unseasonable weather can also significantly affect our sales and profitability compared to previous comparable periods. For example, during prolonged periods of unseasonably hot weather, consumers tend to switch to products such as water and ready-to-drink teas that may have lower profit margins as well as require us to adjust our product mix in other ways. Consequently, our operating results may fluctuate quarter to quarter. We also tend to experience a period of higher sales around the Christmas/New Year holiday period in late December through early January. Consequently, our operating results can fluctuate. Any inability to adapt to our customers' requirements in terms of seasonality may result in loss of sales, oversupply and inventory costs which we are unable to recover and this could have a material adverse effect on our business,

financial condition and results of operations.

How do we address this risk?

We partner closely with customers on supply chain planning and execution to ensure optimal utilization of our manufacturing plants during low and high seasons. We have increased the flexibility of our cost base to improve our adaptability to volume fluctuations. Since Refresco Gerber is spread across nine countries, throughout Europe the impact of weather has evened out over time.

Customer and credit concentration

A significant portion of our revenue is concentrated with a relatively small number of customers. Our customers include several large national and regional food retailers in our key countries/regions for private label products as well as branded soft drinks companies with whom we contract to manufacture their products.

Sales to our top two customers in 2014, accounted for approximately 25% of the group's consolidated revenue. Although we have multiple contracts with each of our customers, the consolidated revenue derived from our top ten customers in 2014 accounted for approximately 50%.

We expect continued consolidation among our customers and we anticipate that sales of our products to a limited number of customers will continue to account for a high percentage of the group revenue. The loss of any customer or customers that in the aggregate represents a significant portion of our revenue, for example, following a routine periodic tender for its or their business or a material reduction in the amount of business we undertake with any such customer or customers, could have a material adverse effect on our operating results and cash flows.

Furthermore, Refresco Gerber could be adversely affected if any significant customer reacts unfavorably to the pricing of the products we manufacture, demands a longer payment term which might adversely affect our working capital or decides to de-emphasise or reduce their product offerings in the categories with which we supply them.

In addition, a material contract manufacturing customer may decide to take its production in-house. Although we have several contracts with each of our larger customers, we could lose all revenues generated through these contracts if, for example, one of the customers is declared bankrupt. Any such event could have a material adverse effect on our business, financial condition and results of operations.

How do we address this risk?

Over time, we have built longstanding relationships with many of Europe's leading retailers and discounters. We also have multi-year contract manufacturing contracts with brand owners creating stable income streams. We have long-lasting relationships with our customers, as demonstrated by relationships greater than 15 years with 19 of our top 20 customers.

We aim to build and maintain these relationships through customer integration, employing a high level of coordination with our customers in areas such as supply chain (to minimise freight costs and reduce working capital requirements), new product development and packaging designs, market expertise (trends and opportunities) and customer service. The high level of customer integration coupled with our ability to provide a full range of soft drinks products and packaging increases both the dependence of our current and future customers on our services as well as our negotiating position in relation to customers. We therefore believe that the company is well positioned not only to maintain relationships with its current customers but also to further develop these relationships, from both a geographic and product perspective, and to build relationships with new customers.

In order to reduce exposure to credit risk, we subject our customers to credit limits and creditworthiness tests, and sales are subject to payment conditions customary in the countries in which we operate. Material losses from credit risk are unlikely, particularly given the geographic diversification of our operations. Furthermore, we carefully monitor the effects of the economic downturn on our customers. As our customers are leading European or global retailers and branded players, we do not insure credit risks. The group does not have any significant concentration of credit risk.

Food safety and quality

Maintaining our corporate image and reputation as a high-quality manufacturer of soft drinks and fruit juices is critical to our success. Adverse publicity, whether or not justified, may tarnish our reputation and cause customers to choose products offered by our competitors. If we fail to maintain high-quality standards for our products, or fail to maintain high ethical, social and environmental standards for all of our operations and activities, our reputation could be jeopardised, which could have a material adverse effect on our business, financial condition and results of operations.

The success of the products we manufacture depends upon the positive image that our customers have of those products. A lack of consistency in the quality of, or contamination of, our products, whether occurring accidentally or through deliberate third party action, or a perceived issue with the quality of our products, could harm the integrity of, or customer support for, those brands and could adversely affect the brands' sales. Further, a lack of consistency in the quality of or contamination of products similar to our products or in the same categories as our products could, by association, harm the integrity of, or customer support for, our products, and could adversely affect our sales. The amount of any costs, including fines or damages payments, that we might incur in respect of any liability or perceived liability for contaminants in raw materials or mislabelling of raw materials used in, or defects in the blending or bottling process of the our products, could substantially exceed any insurance coverage we have in place.

How do we address this risk?

We believe that quality and safety are paramount. To mitigate these risks and to ensure food safety and quality, all production sites have implemented their own quality system based on the critical control and quality points in their production processes. Additionally, to further ensure food safety, all production sites, with the exception of Quarona Sesia in Italy, have have been certified either under the International Food Standard (IFS) or, in the UK, under the British Retail Consortium (BRC) protocol. In many cases our manufacturing sites are also annually certified by branded customers. Refresco Gerber representatives also regularly visit and evaluate key suppliers and the results of these visits determine whether we accept, continue, or discontinue these relationships. Notwithstanding economic circumstances, Refresco Gerber remains dedicated to its quality standards. We may voluntarily recall or withhold from sale, or be required to recall or withhold from sale, products in the event of contamination or damage.

Continuity of production

Operations at our production sites could be adversely affected by extraordinary events, including fire, explosion, release of high-temperature steam or water, structural collapse, chemical spill, mechanical failure, extended or extraordinary maintenance, road construction or closures of primary access routes, severe weather conditions, directives from government agencies, or power interruptions. Any prolonged interruption at any of our main production sites could materially reduce our production and have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that relationships with our employees and their unions will continue to be amicable or that our business will not be affected by strikes, plant closings, further unionisation efforts or other types of conflicts with labour unions or employees. We are subject to collective bargaining agreements in almost every key country/region where we operate. We may be unable to renew collective bargaining agreements on satisfactory terms or at all. This could result in strikes or work stoppages, which could impair our ability to manufacture and distribute products and result in a substantial loss of sales. The terms of existing or renewed collective bargaining agreements could also significantly increase the costs or negatively affect our ability to increase operational efficiency. Furthermore, many of our customers and suppliers also have unionised workforces. Work stoppages or slow-downs experienced by customers or suppliers could result in lower demand for our products or a lack of supplies and, thus, slow-downs or closures of production facilities. In the event that either Refresco Gerber, or one or more of our customers or suppliers experience a work stoppage, such work stoppage could have a material adverse effect on our business, financial condition and results of operations.

How do we address this risk?

Refresco Gerber continues to invest significantly in its production sites and continuously strives to improve its health, safety, and environmental practices. Because of the number of plants we have within the group, we are able to produce nearly every individual stock-keeping unit (SKU) in more than one location. This helps secure an uninterrupted supply to our customers, even if circumstances become very challenging. Together with a leading insurance broker, we have rolled out a program of continuous improvement in housekeeping and fire protection to mitigate business interruption risks.

We strive to maintain good relationships with our employees and their unions by applying three principles: respect, openness and trust.

Changes in customer and end-consumer preferences

Customer requirements and end-consumer demand in respect of the products we manufacture are subject to change. Our customers may demand changes to the product mix we manufacture to which we might not be readily able to adapt. Such changes might include a shift from one product category to another as well as a change to different packaging sizes or types than we presently manufacture. There can be no assurance that we can successfully adapt our production sites or lines to meet our customers' requirements. In addition, end-consumers are seeking increased variety in their drinks, and there is a growing interest among the public regarding the ingredients in soft drinks products, the attributes of those ingredients, and health and wellness issues generally. In addition, end-consumer demand might decrease due to health-related legislation, such as the introduction in France and Finland of a tax on sugar-sweetened drinks. End-consumer interest in nutrition and health, together with lifestyle changes in general, and the introduction of taxes on soft drinks might result in a decrease in end-consumer demand for soft drinks with sugar and artificial ingredients, and an increase in end-consumer demand for products associated with health and wellness such as water, teas and juices not made from concentrates. A shift in product categories could result in lower margins which could potentially lead to investments in new production lines. In particular, a shift away from products such as carbonated drinks, sugar-sweetened drinks, artificially sweetened drinks and caffeinated drinks, which currently represent a significant proportion of the group revenue, could have a material adverse effect on our business, results of operations, financial condition and/or prospects.

End-consumer preferences may change due to a variety of other factors, including a downturn in the economy, ageing of the general population, changes in social trends, the real or perceived impact that the manufacturing of our products has on the environment, changes in end-consumer demographics, changes in travel, vacation or leisure activity patterns, or negative publicity resulting from regulatory action or litigation against companies in the industry. Any of these changes may reduce end-consumer demand for soft drinks in general and, consequently, customer demand for the products we manufacture, which could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that we can adapt to meet our customers' requirements or develop innovative products that respond to end-consumer trends. Our failure to adapt or develop could put it at a competitive disadvantage in the marketplace and our business, financial condition and results of operations could be adversely affected.

How do we address this risk?

Post-merger Refresco Gerber offers a broad product and packaging portfolio across geographies to its retail and A-brand customers. We believe the flexibility of our manufacturing capabilities is our core strength. We closely monitor the demand for different packaging and product types and we are able to allocate our production capabilities across our network accordingly. We are also financially equipped to invest in technologies where we see growth.

We believe that our centralized commercial approach gives us the ability to anticipate customer needs, leveraging broad knowledge and experience across markets and categories. Each business unit has a senior marketing professional or Category Manager who closely monitors the local movements in customer and consumer demand. We have a proven track record of innovation closely following the industry megatrends.

Cost savings or operating efficiencies

During the last five years we have implemented cost-savings activities in the key strategic initiatives which will lead to long-term sustainable growth. We intend for these activities to maximise operating effectiveness and efficiency and to reduce costs. We cannot assure that we will achieve or sustain the targeted benefits under these programmes or that the benefits, even if achieved, will be adequate to meet our long-term growth expectations. In addition, the implementation of key elements of these activities, such as employee job reductions and site closures, could have an adverse impact on our business, particularly in the near term. In addition, we face price pressures from competitors. Our inability to remain cost competitive could have a material adverse effect on our business, financial condition and results of operations.

How do we address this risk?

We plan to continue to invest in improving production flexibility and cost efficiencies in our manufacturing and warehousing operations. The recent closure of the Heerlen facility and the announced closure of St. Andrea are examples of how we are maximizing our efficiency through management of our footprint. We continue to critically evaluate our footprint and individual production facilities and warehouses which may lead to further optimisation decisions in the future, especially in the event of further acquisitions. In addition, we aim to reduce our overall cost base and improve corporate social responsibility practices through a variety of cost-saving initiatives. These include, for example, investments in new fully automated and higher speed production lines and specific targets for reducing energy, waste and water usage with increased recycling rates. Our cost base is also expected to benefit from a procurement roadmap aimed at further improving the gross profit margin per litre.

Loss of senior management or key employees

The performance of senior management and other key employees is critical to our success. Our long-term success will also depend on our ability to recruit and retain capable senior management and key employees, many of whom have significant experience in the food and drinks industry and could be difficult to replace. Any failure to retain such persons could have a material adverse effect on our business, financial condition and results of operations. Further, if we fail to adequately plan for the succession of senior management and other key employees, our business, financial condition and results of operations could be adversely affected.

In our industry, competition for suitably qualified employees is strong and we expect the competition to intensify further. The loss of employees, particularly to competitors, has in the past and may in the future result in the loss of customers or suppliers with whom such employees have had business relationships. In addition, if we were to lose a substantial number of employees, we would have to incur significant costs in identifying, hiring, training and retaining replacements for departing employees. From time to time the food and drinks industry faces a shortage of suitably qualified personnel in certain regions. Such shortages have in the past limited, and may in the future limit our ability to attract employees to operate and further grow the business. In addition, salaries and related benefits of our employees are among our most significant costs. As a result, wage, salary and related benefit increases, due to labour shortages, competition or other reasons, could have a significant impact on our operating profits, in particular if increased costs cannot be passed on to customers.

How do we address this risk?

We believe that our human capital is our key asset. Our people give us our competitive edge in a very competitive market. 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 Gerber continuously needs to make processes smarter and more flexible. 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. We plan to continue to invest time and resources in developing and training senior management and key employees as well as production staff.

Succession management consisting of talent identification and development has been a focus area of our human resources management for a number of years. Unlocking internal human potential is essential for Refresco Gerber to be able to accommodate its fast-paced growth and in the coming year we aim to promote more Refresco Gerber talent to higher management positions across our business units. Recruitment efforts have been targeted more specifically at middle-management talent, to be coached and developed in-house.

Third party transportation

Refresco Gerber's business requires significant movement of raw materials, packaging materials and finished products by ground and sea transportation. We contract with third-party contractors for the transportation and delivery of most of our products, and such contractors operate beyond our direct control. Any delays in delivery or poor handling by distributors and third party transport operators of raw materials, packaging materials or finished products may affect the sales and damage our reputation. Interruptions in the transportation of raw materials or packaging materials to us or delivery of finished products to customers, and poor handling of materials or products in transit could interrupt the business, delay shipments to customers, cause losses, damage the reputation, and have a material adverse effect on our cash flows, results of operations and financial condition.

Additionally, although the costs for inbound freight are mainly included in the prices of the supplies, this is not always the case for outbound freights. The costs for such outbound freights could increase, which could adversely affect our ability to supply our customers at current prices and meet customers' demand for its products. As a result, we could experience a significant increase in operating costs, which could have a material adverse effect on our business, financial condition and results of operation.

How do we address this risk?

We have fully outsourced the distribution of products we manufacture to external transport and logistics companies. This provides us with the flexibility to customise our transportation arrangements to fit our customers' needs. All transaction costs are passed on to the customers. Some of our warehouse and distribution facilities are used by our customers as a logistical hub.

FINANCIAL RISKS

Currency risk

The company mainly operates in the European Union. The currency risk for the company largely concerns positions and future purchase transactions in US dollars. Management has determined, based on a risk assessment, that some of these currency risks need to be hedged. Forward exchange contracts and options are used for this purpose. More information can be found in note 3.1.3 of the Financial review.

Interest rate and cash flow risk

The company incurs interest rate risk on interest-bearing non-current and current liabilities (including borrowings). Where floating-interest loans and receivables are concerned, the company incurs risk regarding future cash flows. The company has contracted interest rate swaps for specific fixed interest liabilities (borrowings), so that it pays a fixed interest for the loans covered by these interest swaps. No financial derivatives for interest rate risk are contracted with regard to the receivables. More information can be found in note 3.1.3 of the Financial review.

Credit risk

The company does not have any significant concentrations of credit risk. Sales are made to customers that meet the company's credit limit. Goods and services are sold subject to payment deadlines ranging between 0 and 60 days. A different payment period may apply to major supplies, in which case additional securities are demanded. For key banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The company has issued loans to shareholders. These counterparties do not have a history of non-performance. More information can be found in note 3.1.1 of the Financial review.

Impairments of property, plants and equipment and intangible assets

Our property, plants and equipment constitute the majority of our non-current assets. In accordance with IFRS and with Part 9 of Book 2 of the Dutch Civil Code, we test tangible fixed assets for impairment annually, which normally takes place in the fourth quarter each fiscal year in connection with the budget planning for the following fiscal year and closure of the current fiscal year. We recognise an impairment loss in the income statement when the carrying amount of the asset is greater than the recoverable amount. We may fail to make a correct assessment of the amount and/or timing of an impairment. Weakness in the global economy may require us to make impairment charges which, depending on the amounts impaired, could have a material adverse effect on our financial condition and results of operations.

Our goodwill is a significant asset. In accordance with IFRS and with Part 9 of Book 2 of the Dutch Civil Code, we evaluate goodwill and indefinite life intangible assets for impairment annually. Goodwill impairment is indicated and indefinite life intangible assets are impaired when their carrying amount exceeds their estimated recoverable amount, which is the greater of their value in use and their fair value less cost to sell. A decrease in expected operating cash flows, changes in market conditions, loss of key customers and a change in our imputed cost of capital may indicate potential impairment of recorded goodwill. Weakness in the global economy also may cause us to make impairment charges, which, depending on the amounts impaired, could have a material adverse effect on our business, financial condition and results of operations.

Terms of financing arrangements

Our financial covenants could limit our ability to finance future operations and capital needs and our ability to pursue acquisitions and other business activities that may be in our interest. Our Revolving Credit Facility requires, and any future working capital facility or other debt instrument may also require, us to maintain specified financial ratios. Our ability to meet these financial ratios may be affected by events beyond our control and, as a result, we cannot assure that we will be able to meet these ratios and tests. In the event of a default under these facilities, certain other defaults under other agreements or a change of control under certain agreements, the lenders could terminate their commitments and declare all amounts owed to them to be due and payable. A default under our notes could result in a cross-default or cross-acceleration under these future facilities. Borrowings under other debt instruments that contain cross-default or cross-acceleration provisions may, as a result, also be accelerated and become due and payable. Our assets and cash flow may not be sufficient to fully repay these debts in such circumstances, which could have a material adverse effect on our business, financial condition, and results of operations.

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

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

Financial risks are described in more detail in the Notes to the Consolidated Financial Statements on page 80.

OTHER RISKS

Key information systems

We depend on key information systems to transact our business accurately and efficiently, to provide information to management and to prepare financial reports. We rely on third party providers for the majority of our key information systems and business processing services supporting our operations in a number of different countries. A system failure therefore could have serious consequences for our entire business. These systems and services are vulnerable to interruptions or other failures resulting from, among other things, natural disasters, terrorist attacks, software, equipment or telecommunications failures, processing errors, computer viruses, hackers, other security issues or supplier defaults. Security, backup and disaster recovery measures may not be adequate or implemented properly to avoid such disruptions or failures. Any disruption or failure of these systems or services could cause substantial errors, processing inefficiencies, security breaches, inability to use the systems or process transactions, loss of customers or other business disruptions, any of which could negatively affect our business, financial condition and results of operations.

How do we address this risk?

We have a central Information and communications technology department (IT) responsible for systems, processes and projects within the ICT area. SAP is used in the majority of our business units with the remaining using another ERP system. We have fully outsourced hardware / operating software. IT strategy and major decisions are based on sservice oriented and operational focus and approved by the Executive Board.

Business integration

Following an acquisition or investment, unforeseen issues could arise that could adversely affect anticipated returns or that could result in costs that are otherwise not recoverable as an adjustment to the purchase price. Even after careful integration efforts, actual operating results may vary significantly from initial estimates. The difficulties of integrating the operations of acquired businesses include, among others: diversion of management's attention; difficulty obtaining regulatory approvals and lack of experience in operating in new geographical markets; assumption of and exposure to unknown or contingent liabilities of acquired businesses; failure to smoothly implement business plan for the combined businesses; unanticipated issues in integrating manufacturing, logistics and other systems; possible inconsistencies in standards and controls between the acquired business and Refresco Gerber's structure; failure to retain key customers, suppliers or employees; and other unanticipated issues, expenses and liabilities. For any of the foregoing reasons, our prospects and business may suffer.

Integration of Refresco and Gerber Emig

In 2013, Refresco entered into a combination with Gerber Emig through an issuance of new shares against contribution in kind, which was completed on November 11, 2013. As a consequence of the combination, we had to dispose of a former production plant of Gerber Emig in Waibstadt, Germany and restructure several Group Companies.

We believe that the consideration for the combination was justified in part by the margin benefits, cost savings, business growth opportunities and other synergies we expect to achieve by combining operations with Gerber Emig. However, these expected margin benefits, cost savings, business growth opportunities and other synergies may not develop, may be materially lower than estimated or may require significant unanticipated costs. In addition, other assumptions upon which we determined the consideration may prove to be incorrect. We might also face challenges with the following: redeploying resources in different areas of operations to improve efficiency; minimising the diversion of management attention from on-going business concerns; and addressing possible differences between business cultures, processes, controls, procedures and systems. Although the integration process in the UK, Poland and France is complete, we still expect challenges in the German integration process and unexpected problems may arise. We are in the process of closing an office in Rellingen (Germany).

Under any of these circumstances, the margin benefits, cost savings, business growth opportunities and other synergies anticipated by Refresco Gerber as a result of the combination may not be achieved as expected, or at all, or may be delayed materially. To the extent that we incur higher integration costs or achieve lower margin benefits than expected, our results of operations, financial condition, prospects and business may suffer.

How do we address this risk?

As a part of the merger process we prepared a detailed integration plan per region and discipline focused on integrating organizations, rationalizing the manufacturing footprint, closing overlapping offices, transferring best practices and rapid expansion of the business. Progress on these areas is monitored and reported monthly on a qualitative and quantitative basis. The Executive Board oversees the integration process and delivery of synergies supported by a dedicated integration team.

Insurance

As a multinational group with a broad range of products and operations in nine countries, Refresco Gerber is exposed to varying degrees of risk and uncertainty. It does not take out insurance against all risks and, furthermore, it retains a significant element of exposure to those risks against which it is insured. However, business assets in each country are insured against insurable risks as deemed appropriate. Refresco Gerber is insured against key risks such as fire, business interruption, and product and general liability. To ensure alignment and compliance across geographies, insurances are managed at group level together with a leading insurance broker.

Other risks

Refresco Gerber is exposed to varying degrees of risk and uncertainty in other areas, including consumption levels, physical risks, environmental, legislative, tax, intellectual property rights, regulatory developments, terrorism, economic, political, and social conditions in the environments in which it operates. All of these risks could materially affect the group's business, revenue, operating profit, net profit, net assets, and liquidity. There may be other risks of which we are not aware or that are currently believed to be immaterial.

As far as tax risks are concerned, we work closely with the Dutch tax authorities in a horizontal monitoring program.The program involves frequent contact regarding business developments in general, and more specifically, regarding the development and implementation of a tax strategy and a tax control framework. Furthermore, significant events are discussed and agreed with the tax authorities in advance, facilitating greater proactivity and timeliness on the part of the tax authorities and, thereby, significantly reducing our past and future tax risks.

We are subject to a number of local, national, supranational, and international laws and other requirements relating to food production, packaging, recycling, labeling, distribution, product quality, safety and environmental control, fire safety, sanitation, water consumption and treatment, customs and foreign and trade, and workplace health and safety regulations. Any changes to these laws and regulations, including those resulting from political, economic, or societal developments, may change the environment in which we do business, and may have a material adverse effect on our business, financial condition and results of operations.

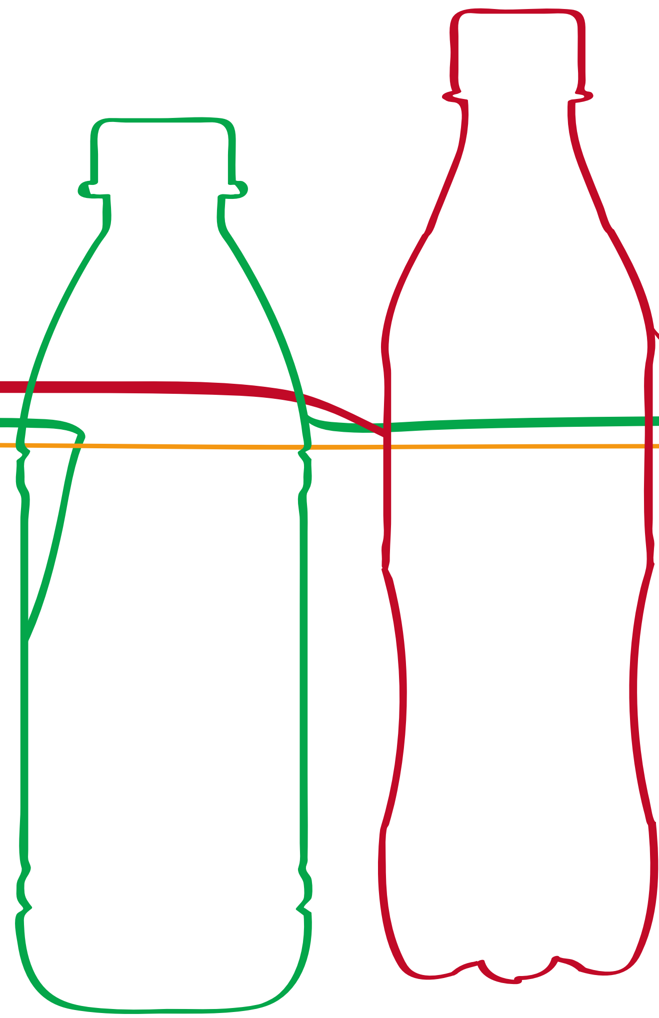
Internal control and reporting procedures

Refresco Gerber has a program of internal control and reporting procedures in place. Internal audit procedures play a key role in providing, both to the local management teams and to the Executive Board, an objective view on, and ongoing assurance as to, the effectiveness of risk management and related control systems throughout the group. Refresco Gerber also has a comprehensive budgeting and monthly reporting system in place, with the annual budget being approved by the Executive and Supervisory Boards.

Monthly reporting routines are in place to monitor performance against budget and prior year. It is Refresco Gerber's practice to bring newly acquired companies into the group's governance structure as soon as is practical and, at the latest, by the end of the first full year of operations within the group.

Roles and responsibilities

The Executive Board has the responsibility for the establishment and oversight of Refresco Gerber's risk management framework. It is also responsible for identifying risks and implementing its risk management policies, internal controls, and reporting procedures. The Executive Board reports regularly to the Supervisory Board on issues relating to risk management and internal control and on the effectiveness of these programs.



SUPERVISORY BOARD REPORT 2014

SUPERVISORY BOARD REPORT 2014

In carrying out its duties, the Supervisory Board is guided by the Dutch Civil Code, the company's Articles of Association, and the overall interests of Refresco Gerber and its business.

COMPOSITION OF THE SUPERVISORY BOARD

In 2014, the Supervisory Board consisted of the members set out below. The information is as of December 31, 2014.

Name	Date of initial appointment	Committees
Yiannis Petrides	January 2013	Chairman of the Supervisory Board
Aalt Dijkhuizen	October 2009	Member of the Remuneration and Nominating Committee
Sean Gorvy	November 2013	Member of the Remuneration and Nominating Committee
Pieter de Jong	May 2010	Chairman of the Remuneration and Nominating Committee
Thorsteinn Jonsson	May 2006	Member of the Audit Committee
Hilmar Thor Kristinsson	August 2009	Chairman of the Audit Committee
Nicholas J. Schoenfeld	November 2013	Member of the Audit Committee
Jon Sigurdsson	April 2009	Member of the Remuneration and Nominating Committee

MATTERS DISCUSSED DURING THE YEAR'S SUPERVISORY BOARD MEETING

- Buy & Build strategy in Europe and beyond
- Business integration between Refresco and Gerber Emig
- Potential acquisition opportunities
- Capital structure
- Senior management appointments and significant human resources matters
- Major capital investments
- Group and subsidiary operating and financial performance
- Rightsizing and ongoing optimization of manufacturing capacity
- Budget 2015
- Outlook and business plan 2015-2017
- Governance model
- Corporate responsibility
- Innovation
- Risk and control framework and internal audit

SUPERVISORY BOARD ACTIVITIES DURING 2014

The Supervisory Board convened eight times during 2014 and had regular contact with the Executive Board throughout the year. The meetings addressed routine commercial, operational, and financial matters and focused on key resource levels and strategy implementation. Next to routine tasks the Supervisory Board paid particular attention to the integration of Refresco and Gerber Emig activities and the search for a new capital structure that was announced in November 2014.

The Chairman and CEO had regular meetings throughout the year, including preparatory meetings prior to the Supervisory Board Meetings.

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

RISK AND CONTROL FRAMEWORK AND INTERNAL AUDIT

The Supervisory Board oversees management's monitoring of compliance with the group's risk management policies and procedures and it reviews the adequacy of the risk management framework in terms of the risks faced by the group. Refresco Gerber has a program of internal control and reporting procedures in place. Internal audit procedures play a key role in providing an objective view on, and ongoing assurance as to, the effectiveness of risk management and related control systems throughout the group. The Executive Board reports regularly to the Supervisory Board on issues relating to risk management and internal control and on the effectiveness of these programs. The Supervisory Board has an Audit Committee, consisting of Supervisory Board members, which supervises the internal control and financial reporting procedures.

COMMITTEES

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

Remuneration and Nominating Committee

The Remuneration and Nominating Committee is composed of at least three members, each of whom is a member of the Supervisory Board. Collectively, the

Committee has the appropriate level of knowledge and experience in terms of developing policy for, among other things, the Executive and Supervisory Board remuneration, performance and appointment procedures, and the monitoring thereof. In 2014 the Remuneration and Nominating Committee was composed of Messrs. De Jong (Chairman), Dijkhuizen, Gorvy, and Sigurdsson. The Remuneration and Nominating Committee convened four times during the year.

Audit Committee

The Audit Committee is composed of at least three members, each of whom is a member of the Supervisory Board. Collectively, the Committee has the appropriate level of knowledge and experience in terms of financial administration and accounting. In 2014 the Audit Committee was composed of Messrs. Kristinsson (Chairman), Jonsson and Schoenfeld. The Audit Committee met to discuss each quarterly report, convening four times during the year, two of which were with the internal auditors and two with the external auditors. They discussed ongoing matters in respect of the risk and control mechanisms, internal control policies, financial reporting, the Annual Report, quarterly reports, internal and external audits, and the internal and external auditors' observations.

AUDITORS

Ernst & Young Accountants LLP, a firm of authorised public accountants, was elected the company's auditor in 2014.

ANNUAL REPORT 2014

The 2014 Financial Statements were audited by Ernst & Young Accountants LLP. Their independent auditor's report can be found on page 128 of this Annual Report. The Supervisory Board endorses this Annual Report and recommends that the General Meeting of Shareholders adopt the 2014 Financial Statements as presented.

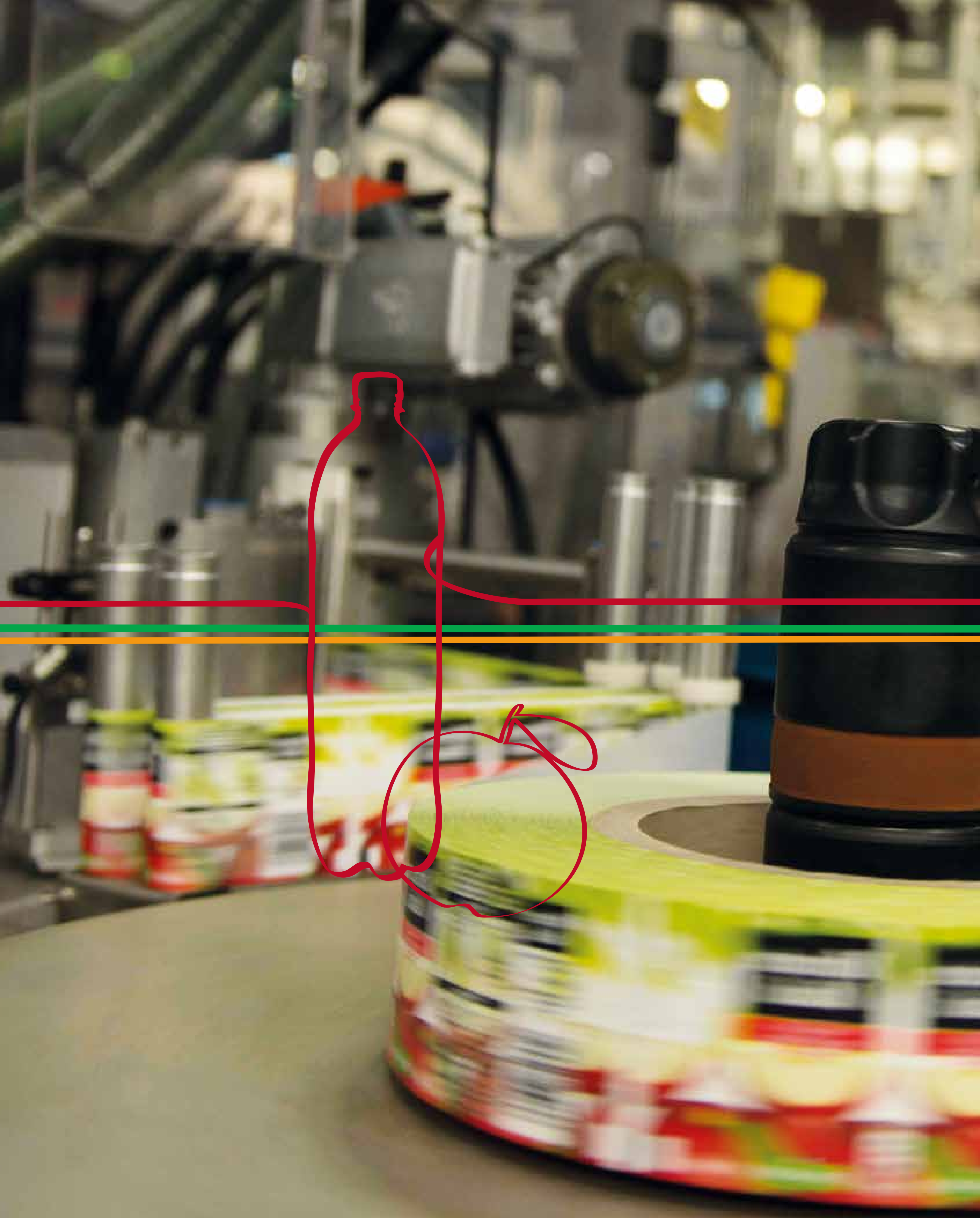
IN CONCLUSION

We are pleased with the development of the combined business and the strong operational performance and financial results that has been achieved despite the challenging market conditions and ongoing integration. We believe that the business is well positioned to pursue further growth opportunities within the private label and contract manufacturing markets.

The successful merger has triggered the next phase of development for Refresco Gerber and as we are writing this report the company and its shareholders are actively exploring capital structure alternatives. New capital structure should optimally position the company to capture the organic growth opportunities in Europe and growth through acquisitions in Europe and beyond.

Finally, the Supervisory Board would like to express our appreciation of the commitment and dedication of the Executive Board and all of Refresco Gerber employees in 2014.

Rotterdam, February 19, 2015
On behalf of Supervisory Board
Yiannis Petrides – Chairman



FINANCIAL REVIEW 2014

Contents

FINANCIAL STATEMENTS

Consolidated income statement

For the year ended December 31, 2014

EUR million	Note	2014	2013
Revenue	**4.1**	**2,036.9**	**1,587.6**
Other income	4.2	-	0.3
Raw materials and consumables used	4.3	(1,186.5)	(971.8)
Employee benefits expense	4.4	(226.8)	(173.9)
Depreciation, Amortization and impairments	4.5	(87.8)	(86.3)
Other operating expenses	4.6	(429.0)	(331.5)
Operating profit		**106.8**	**24.4**
Finance income	4.7	0.2	0.3
Finance expense	4.7	(49.6)	(45.9)
Net finance costs		**(49.4)**	**(45.6)**
Profit/(loss) before income tax		**57.4**	**(21.2)**
Income tax (expense)/benefit	4.8	(20.9)	(7.6)
Profit/(loss) for the year from continuing operations		**36.5**	**(28.8)**
Profit/(loss) for the year from discontinued operations	**5.8**	**2.2**	**(0.1)**
Profit/(loss) for the year		**38.7**	**(28.9)**
Profit/(loss) attributable to:			
Owners of the Company		38.6	(28.4)
Non-controlling interest		0.1	(0.5)
Profit/(loss) for the year		**38.7**	**(28.9)**
Earnings per share			
Basic and diluted profit for the year attributable to ordinary equity holders of the parent	5.9	0.02	(0.09)
Basic and diluted profit from continuing operations attributable to ordinary equity holders of the parent	5.9	0.02	(0.09)

The notes on page 71 to page 126 are an integral part of these consolidated financial statements.

Consolidated statement of other comprehensive income

For the year ended December 31, 2014

EUR million	Note	2014	2013
Profit/(loss)		**38.7**	**(28.9)**
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	5.9	(3.2)	(8.2)
Income tax (expenses)/benefits	5.9	1.2	2.1
Total		**(2.0)**	**(6.1)**
Items that may be subsequently reclassified to profit or loss			
Cashflow hedges	5.9	6.9	3.4
Foreign currency translation differences for foreign operations	5.9	2.6	(1.2)
Income tax (expenses)/benefits	5.9	(1.9)	(0.6)
Total		**7.6**	**1.6**
Other comprehensive income/(loss)		**5.6**	**(4.5)**
Total comprehensive income/(loss)		**44.3**	**(33.4)**
Attributable to:			
Owners of the Company		44.2	(32.9)
Non-controlling interest		0.1	(0.5)
Total comprehensive income/(loss)		**44.3**	**(33.4)**
Total comprehensive income/(loss) attributable to equity shareholders arises from:			
- Continuing operations		42.1	(33.3)
- Discontinued operations		2.2	(0.1)
Total		**44.3**	**(33.4)**

The notes on page 71 to page 126 are an integral part of these consolidated financial statements.

Consolidated balance sheet

As at December 31, 2014

EUR million	Note	2014	2013
Assets			
Property, plant and equipment	5.1	523.5	525.4
Intangible assets	5.2	428.4	422.8
Other investments	5.3	5.7	5.9
Deferred income tax	5.4	4.2	9.5
Total non-current assets		**961.8**	**963.6**
Inventories	5.5	189.3	214.2
Derivative financial instruments	3.1.3	9.3	0.2
Current income tax receivable		0.2	0.9
Trade and other receivables	5.6	382.1	350.2
Cash and cash equivalents	5.7	96.6	86.1
Total current assets		**677.5**	**651.6**
Assets classified as held for sale	5.8	3.8	6.7
Total assets		**1,643.1**	**1,621.9**
Equity			
Issued share capital		5.9	5.9
Share premium		440.7	440.7
Other reserves		(8.9)	(14.5)
Retained earnings		(117.8)	(89.4)
Result for the year		38.6	(28.4)
		358.5	**314.3**
Non controlling interest		2.8	3.6
Total equity	**5.9**	**361.3**	**317.9**
Liabilities			
Loans and borrowings	5.10	684.2	784.6
Derivative financial instruments	3.1.3	11.1	10.6
Employee benefits provisions	5.11	34.7	32.5
Other provisions	5.12	2.1	4.2
Deferred income tax	5.4	15.3	15.8
Total non-current liabilities		**747.4**	**847.7**
Loans and borrowings	5.10	5.5	7.5
Derivative financial instruments	3.1.3	1.9	4.5
Trade and other payables	5.13	498.0	427.5
Current income tax liabilities		12.3	2.1
Provisions	5.12	16.7	12.6
Total current liabilities		**534.4**	**454.2**
Liabilities held for sale	5.8	-	2.1
Total liabilities		**1,281.8**	**1,304.0**
Total equity and liabilities		**1,643.1**	**1,621.9**

The notes on page 71 to page 126 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the year ended December 31, 2014

EUR million	Issued share capital	Share premium	Other reserves	Retained earnings	Result for the year	Total	Non controlling interest	Total equity
Balance as at January 1, 2014	**5.9**	**440.7**	**(14.5)**	**(89.4)**	**(28.4)**	**314.3**	**3.6**	**317.9**
Other comprehensive income/(loss)	-	-	5.6	-	-	**5.6**	-	**5.6**
Profit/(loss)	-	-	-	-	38.6	**38.6**	0.1	**38.7**
Total comprehensive income	**-**	**-**	**5.6**	**-**	**38.6**	**44.2**	**0.1**	**44.3**
Appropriation of result	-	-	-	(28.4)	28.4	**-**	-	-
Non controlling interest arising on business combinations	-	-	-	-	-	**-**	(0.9)	**(0.9)**
Total transactions with owners recognized direcly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**(0.9)**	**(0.9)**
December 31, 2014	**5.9**	**440.7**	**(8.9)**	**(117.8)**	**(38.6)**	**358.5**	**2.8**	**361.3**
Balance as at January 1, 2013	**4.3**	**259.8**	**(10.0)**	**(72.0)**	**(17.4)**	**164.7**	**-**	**164.7**
Other comprehensive income/(loss)	-	-	(4.5)	-	-	**(4.5)**	-	**(4.5)**
Profit/(loss)	-	-	-	-	(28.4)	**(28.4)**	(0.5)	**(28.9)**
Total comprehensive income/(loss)	**-**	**-**	**(4.5)**	**-**	**(28.4)**	**(32.9)**	**(0.5)**	**(33.4)**
Appropriation of result	-	-	-	(17.4)	17.4	**-**	-	**-**
Non controlling interest arising on business combinations	-	-	-	-	-	**-**	4.1	**4.1**
Share capital issued	1.6	180.9	-	-	-	**182.5**	-	**182.5**
Total transactions with owners recognized directly in equity	**1.6**	**180.9**	**-**	**-**	**-**	**182.5**	**4.1**	**186.6**
December 31, 2013	**5.9**	**440.7**	**(14.5)**	**(89.4)**	**(28.4)**	**314.3**	**3.6**	**317.9**

For notes on equity a reference is made to 5.9.
The notes on page 71 to page 126 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended December 31, 2014

EUR million	Note	2014	2013
Cash flows from operating activities			
Profit/(loss) after tax including discontinued operations		**38.7**	**(28.9)**
Adjustments for:			
Amortisation, depreciation and impairments	5.1/5.2	87.8	86.3
Net change in fair value derivative financial instruments recognized in profit and loss and premiums paid	4.3	(4.1)	2.7
Net finance costs	4.7	49.4	45.6
(Gain) / loss on sale of property, plant and equipment	4.2	(0.7)	(0.3)
Income tax expense / (benefit)	4.8	20.9	7.6
Movements in provisions pensions and other provisions	5.11/5.12	(5.1)	6.9
Cash flows from operating activities before changes in working capital		**186.9**	**119.9**
Change in:			
Inventories	5.5	14.9	4.2
Trade and other receivables	5.6	(28.3)	16.4
Trade and other payables	5.13	41.5	(7.5)
Total change in working capital		**28.1**	**13.1**
Interest received		0.2	0.3
Interest paid		(48.1)	(46.8)
Income taxes paid		(11.0)	(16.4)
Net cash generated from operating activities		**156.1**	**70.1**
Cash flows from investing and acquisition activities			
Proceeds from sale of property, plant and equipment	5.1	0.8	0.7
Purchase of property, plant and equipment	5.1	(59.1)	(47.3)
Purchase of intangible assets	5.2	(0.9)	(0.4)
Purchase / sale of other investments	5.8	20.6	0.6
Acquisition of subsidiary, net of cash acquired	5.1	-	(126.0)
Loans granted outside the group	5.3	-	(2.2)
Net cash used in investing and acquisition activities		**(38.6)**	**(174.6)**
Cash flows from financing activities			
Proceeds from loans and borrowings	5.10	-	98.9
Repayment of loans and borrowings	5.10	(106.3)	(3.4)
Net cash (used in) / from financing activities		**(106.3)**	**95.5**
Translation adjustment		(0.2)	(0.8)
Movement in cash and cash equivalents		**11.0**	**(9.8)**
Cash and cash equivalents as at January 1	5.7	85.6	95.4
Cash and cash equivalents as at December 31	**5.7**	**96.6**	**85.6**

The cash flow statement is prepared according the indirect method.The cash flow from discontinued operations is not material to show separately in the cash flow statement. The notes on page 71 to page 126 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 GENERAL

1. 1 Reporting entity

The consolidated financial statements of Refresco Gerber B.V. ('Refresco Gerber' or the 'Company') as at and for the year ended December 31, 2014 comprise the financial statements of the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The companies in note 3.2 of the company only financial statements have all been included in the consolidated financial statements.

Refresco Gerber B.V. (a private company with limited liability) is domiciled in the Netherlands, with its registered office at Fascinatio Boulevard 270, 3065 WB Rotterdam.

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

1.2 Basis of preparation

Statement of compliance

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

The consolidated financial statements were approved by the Supervisory Board on February 19, 2015 and were adopted by the Annual General Meeting of Shareholders on March 2, 2015.

The Company financial statements are part of the 2014 financial statements of Refresco Gerber 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.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euros, which is the Group's presentation currency. All financial information presented in Euros has been rounded to the nearest million with one decimal, unless stated otherwise.

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 the Group.

2.1 Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at December 31, 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in the income statement. Any investment retained is recognized at fair value.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for a subsidiary is the fair value 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.

Transactions eliminated on consolidation
Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2.2 Foreign currency

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'), which equals the presentation currency, which is the Euro, except for UK (GBP) and Poland (PLN).

Transactions and balances in foreign currency
Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in the income statement with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or the income statement are also recognized in OCI or the income statement, respectively).

Foreign operations
The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Euros at the exchange rate at the reporting date. The income and expenses of foreign operations are translated into Euros at the exchange rates at the dates of the transactions (or at an average rate if this is not an unreasonable approximation).

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

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

2.3 Financial instruments

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

Non-derivative financial instruments are recognized initially at fair value plus 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 2.19.

Derivative financial instruments and hedging activities
The Group holds derivative financial instruments (interest rate swaps, commodity hedges, forward exchange contracts and currency options) to hedge its foreign currency, commodity and interest rate risk exposures. The Group seeks to apply hedge accounting in order to minimize the effects of fluctuations of foreign currencies and interest rates in the income statement.

Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group applies cash flow hedge accounting. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

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

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

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

The fair values of various derivative instruments used for hedging purposes are disclosed in note 3.3. Movements of the hedging reserve in other comprehensive income are shown in note 5.9. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

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 A, A1A, A1B, A2, B and B1 share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Preference share capital

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

2.5 Non-controlling interest

The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Subsequently profits are allocated to non-controlling interest based on their net effective interest in the 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 the income statement.

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 the income statement as incurred.

Depreciation
Depreciation is recognized in the income statement 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. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.7 Intangible assets

Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

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

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

Customer and sales channel-related and contract-based intangibles are capitalized if they meet the definition of an intangible asset and the recognition criteria are satisfied. The relationship between brands and customer and sales channel-related intangibles is carefully considered so that brands and customer and sales channel-related intangibles are not both recognized on the basis of the same cash flows. Customer and sales channel-related and contract-based intangibles acquired as part of a business combination are valued at fair value and amortized over the period of the contractual arrangements or the remaining useful life of the customer relationships.

2.8 Leased assets

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. The main estimates and assumptions relate to residual values, applicable interest rates, and economic lifetime of the assets and determination of the minimum lease payments. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Other leases are operating leases and are not recognized on the balance sheet and disclosed in note 6.2.

2.9 Inventories

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

2.10 Impairment

Financial assets

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

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

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

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 of disposal. 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 inflows from continuing use that are largely independent of the cash inflows 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 the income statement. 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 and discontinued operations

The Group classifies non-current assets (or disposal groups) as held for sale when the carrying amounts will be recovered principally through a sale transaction and a sale is 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 the income statement. Gains are not recognized in excess of any cumulative impairment loss.
Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.
Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as income or loss after tax from discontinued operations in the income statement.

2.12 Employee benefits

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

For pension plans whereby a limit on the employer's future contribution to the pension plans exist, the Group will reflect this limit in its calculations. For these plans the Group will apply a liability cap in case the present value of the future service cost exceeds the present value of the future maximum employer contributions and the defined benefit obligation exceeds the asset value. The liability cap does not exceed the difference between the defined benefit obligation and the asset value.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise. Past-service costs are recognized immediately in income.

Multi-employer plans

The Group also facilitates multi-employer plans, in which various employers contribute to one central pension union. In accordance with IAS 19R, 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 years; 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 the income statement in the period in which they arise.

Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employments before the normal retirement date; or an employee's decision to accept an offer of benefits in exchange for the termination of employment. A liability is recognized at the earlier of the following dates: when the entity can no longer withdraw the offer of those benefits; and when the entity recognizes costs for a restructuring and involves the payment of termination benefits.

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 Borrowings

Borrowings
Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowing costs
General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the income statement in the period in which they are incurred.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.16 Revenue

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

Contract manufacturing
Contract manufacturing consists of the provision of manufacturing services and sale of the resultant product. The nature and the risk profile of the contract with the customer are key in determining whether the Group is providing a manufacturing service or is selling a product. The revenue is recognized solely for the activities, ingredients and materials for which the Group is the principal and has the risk and rewards.

2.17 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.

2.18 Lease payments

Payments made under operating leases are recognized in the income statement 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 expensed as occurred.

2.19 Finance income and expense

Finance income comprises interest income on bank deposits and fair value gains on interest hedging instruments that are recognized in the income statement. Interest income is recognized in the income statement as it accrues, using the effective interest method. Finance expense comprises interest expense on borrowings including derivative financial instruments, the unwinding of discount on provisions and fair value losses on interest hedging instruments that are recognized in the income statement.

2.20 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized in equity or other comprehensive income in which case the income tax expense is also recognized in equity or other comprehensive income.

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

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences in the reporting period they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset:

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

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

2.21 New standards and interpretations

The following new standards and amendments became effective as of 1 January 2014:

- IFRS 10 Consolidated Financial Statements, effective 1 January 2014
- IFRS 11 Joint Arrangements, effective 1 January 2014
- IFRS 12 Disclosure of Interests in Other Entities, effective 1 January 2014
- Amendments to IFRS 10, IFRS 11 and IFRS 12 - Transition Guidance, effective 1 January 2014
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment Entities, effective 1 January 2014
- IAS 27 Separate Financial Statements (revised 2011), effective 1 January 2014
- IAS 28 Investments in Associates and Joint Ventures (revised 2011), effective 1 January 2014
- Amendments to IAS 32 Financial Instruments - Presentation: Offsetting Financial Assets and Financial Liabilities, effective 1 January 2014
- Amendments to IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-financial Assets, effective 1 January 2014
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting, effective 1 January 2014

These standards and amendments do not have a material impact the Group's consolidated financial statements.
The following standards are issued but not yet effective as of 31 December 2014:

- IFRS 9 Financial Instruments, effective 1 January 2018
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception, effective 1 January 2016
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, effective 1 January 2016
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- IFRS 14 Regulatory Deferral Accounts, effective 1 January 2016
- FRS 15 Revenue from Contracts with Customers, effective 1 January 2017
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative, effective 1 January 2016
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture – Bearer Plants, effective 1 January 2016
- Amendments to IAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions, effective 1 February 2015
- Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements, effective 1 January 2016
- IFRIC 21 Levies, effective 17 June 2014
- Annual Improvements to IFRSs - 2010-2012 Cycle (Issued December 2013), effective 1 February 2015
- Annual Improvements to IFRSs - 2011-2013 Cycle (Issued December 2013), effective 1 February 2015
- Annual Improvements to IFRSs - 2012-2014 Cycle (Issued September 2014)1, effective 1 January 2016

The Group is reviewing the impact of these standards and amendments on the Group's consolidated financial statements.

2.21 Segment reporting

The Company is centrally organized to maximise operational efficiencies, synergies, and funding through its headquarters in Rotterdam. The central activities include decisions related to allocating resources, (central) sales, operations and footprint, financing of the Group, procurement, major investments and acquisitions, human resources, treasury, reporting and ICT. In order to use its European footprint for reduction of production and transportation costs, and to be close to local clients, the Company has seven regionally-focused business units, which focus on (local) sales and production.

The Executive Board, being the Chief Operating Decision Maker, does not review the operating results of specific components of the Group to make decisions about resources to be allocated to such component and assess its performance, due to the high level of centralization and integration. Therefore, Refresco management concluded there is only one operating segment, as defined in IFRS 8.

The entity-wide disclosures as required by IFRS 8 have been included in note 4.1, 5.1 and 5.2.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk

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

The Executive Board has the responsibility for the establishment and oversight of the risk management framework of the Group.

Risk management policies of the Group are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the activities of the Group.

Through its training program and its management standards and procedures, the Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and responsibilities.

The Supervisory Board oversees management's monitoring of compliance with the risk management policies and procedures of the Group and it reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

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

Exposure to credit risk

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

EUR million	Note	Carrying amount 2014	Carrying amount 2013
Non-current investments	5.3	5.7	5.9
Trade and other receivables	5.6	382.1	350.2
Derivative financial instruments	5.3	9.3	0.2
Cash and cash equivalents	5.7	96.6	86.1
		493.7	**442.4**

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

EUR million	Carrying amount 2014	Carrying amount 2013
Euro-zone countries (EUR)	284.4	270.3
UK (GBP)	82.3	65.9
Poland (PLN)	15.4	14.0
	382.1	**350.2**

Ageing trade and other receivables and impairment losses

	2014		2013	
EUR million	Gross	Impairment	Gross	Impairment
Not past due	341.5	-	315.1	-
Past due 0 - 30 days	35.2	-	25.1	-
Past due 31 - 60 days	3.8	-	2.5	-
Past due more than 60 days	6.6	5.0	12.9	5.4
	387.1	**5.0**	**355.6**	**5.4**

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

EUR million	2014	2013
January 1	5.4	3.9
Impairment loss recognized	0.9	0.6
Acquisitions	-	1.4
Write off	(1.3)	(0.5)
December 31	**5.0**	**5.4**

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

3.1.2 Liquidity risk

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

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

December 31, 2014

EUR million	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years
Non-derivative financial liabilities									
Notes issued	654.2	790.7	19.4	19.4	38.7	38.7	674.5	-	-
Mortgage	33.4	41.3	2.0	2.0	4.0	4.0	4.0	3.9	21.4
Revolving credit facility	(1.1)	-	-	-	-	-	-	-	-
Finance lease and other loans	3.2	3.2	1.2	1.2	0.8	-	-	-	-
Trade and other payables	498.0	498.0	498.0	-	-	-	-	-	-
Current income tax liabilities and short term provisions	29.0	29.0	29.0	-	-	-	-	-	-
	1,216.7	**1,362.2**	**549.6**	**22.6**	**43.5**	**42.7**	**678.5**	**3.9**	**21.4**
Derivative financial liabilities									
Interest rate swaps	11.1	15.1	2.3	2.2	3.9	1.7	1.7	1.7	1.6

The Group has an undrawn revolving credit facility maturing in 2017 of EUR 150.0 million and a credit facility of GBP 2.5 million in the UK.

December 31, 2013

EUR million	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
Non-derivative financial liabilities							
Notes issued	652.5	872.0	19.7	19.7	39.4	793.2	-
Mortgage	33.9	41.8	1.5	1.5	2.9	11.3	24.6
Revolving credit facility	98.5	117.7	1.6	1.6	3.3	111.2	-
Finance lease and other loans	6.7	7.1	1.9	2.1	2.4	0.7	-
Trade and other payables	427.5	427.5	421.2	6.3	-	-	-
Current income tax liabilities and short term provisions	14.7	14.7	14.7	-	-	-	-
	1,233.8	**1,480.8**	**460.6**	**31.2**	**48.0**	**916.4**	**24.6**
Derivative financial liabilities							
Interest rate swaps	10.6	16.3	2.5	2.4	2.7	6.7	2.0

The Group has an undrawn revolving credit facility maturing in 2017 of EUR 50.0 million.

3.1.3 Market risk

Foreign currency risk

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

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, as necessary, to address short-term imbalances. The business combination with Gerber EMIG increased our business in Poland and the UK, resulting in additional exposure to foreign currency movements. As of the merger date the Group policy for foreign currency hedging is also applied for all former Gerber Emig business.

In order to minimize the impact of accounting mismatches in the income statement, the Group applies cash flow hedge accounting. The effectiveness of the hedge relationship is measured based on changes in intrinsic value of options and fair value of forward contracts. The changes in time value of the currency options are directly recorded in the income statement, as part of raw material costs. Per year end the cash flow hedge accounting relationships were fully effective. There are no forecasted transactions for which hedge accounting has been applied, but which are no longer expected to occur. The fair value of foreign currency instruments per reporting date is EUR 7.8 million (EUR 9.3 million debit; EUR 1.5 million credit; 2013: EUR 3.9 million credit). The effective part of the intrinsic value changes of the foreign currency option contracts and the fair value of the forward contracts amounted to a EUR 4.4 million profit net of deferred taxes in other comprehensive income (2013: EUR 0.8 million loss). In 2014 an amount of EUR 0.9 million was reclassified from other comprehensive income to raw material costs (2013: EUR 1.1 million). During 2014 no amounts are recorded in raw material costs due to ineffectiveness (2013: EUR 0.1 million).

The amounts deferred in equity at year-end are expected to occur and to affect the income statement for majority in 2015. All of the resulting fair value estimates are included in Level 2.

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

million	2014					2013
	USD EUR/USD	USD GBP/USD	USD PLN/USD	USD Total USD	EUR GBP/USD	USD EUR/USD
Trade payables	29.1	13.0	4.8	46.9	11.5	29.8
Estimated forecast purchases	148.1	65.7	14.5	228.3	58.7	109.3
Gross exposure	**177.2**	**78.7**	**19.3**	**275.2**	**70.2**	**139.1**
Forward exchange contracts / Currency option contracts	(114.3)	(60.9)	(13.1)	(188.3)	(54.8)	(117.0)
Net exposure	**62.9**	**17.8**	**6.2**	**86.9**	**15.4**	**22.1**

The business combination with Gerber EMIG increased our business in Poland and the UK, resulting in additional exposure to foreign currency movements.

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

The following significant exchange rates were applied during the year:

	Average		Year-end	
	2014	2013	2014	2013
Value of EUR 1				
USD	1.33	1.33	1.22	1.38
GBP	0.81	0.85	0.78	0.83
PLN	4.18	4.19	4.31	4.15

Sensitivity analysis

A 10% strengthening or weakening of the Euro against the USD, the GBP against the USD, the Zloty against the USD and the GBP against the EUR at reporting date would have changed equity and the income statement by the amounts shown on the next page. The impact of the 10% strengthening or weakening of the Zloty against the EUR is not material for the consolidated financial statements.

December 31, 2014

EUR million	EUR/USD		GBP/USD		PLN/USD		GBP/EUR	
	10% strength	10% weak	10% strength	10% weak	10% strength	10% weak	10% strength	10% weak
	Profit/(loss)		**Profit/(loss)**		**Profit/(loss)**		**Profit/(loss)**	
Trade payables	2.2	(2.7)	1.0	(1.2)	0.4	(0.4)	-	-
Foreign currency hedge instruments	(1.7)	2.1	(1.1)	1.3	-	-	(1.5)	1.5
Net effect Profit/(Loss)	**0.5**	**(0.6)**	**(0.1)**	**0.1**	**0.4**	**(0.4)**	**(1.5)**	**1.5**
	OCI Debit/(Credit)		**OCI Debit/(Credit)**		**OCI Debit/(Credit)**		**OCI Debit/(Credit)**	
Foreign currency hedge instruments	4.3	(6.1)	2.6	(3.2)	(3.1)	0.8	3.1	(3.1)
Net effect OCI	**4.3**	**(6.1)**	**2.6**	**(3.2)**	**(3.1)**	**(0.8)**	**3.1**	**(3.1)**

December 31, 2013

EUR million	EUR/USD	
	10% strength	10% weak
	Profit/(Loss)	
Trade payables	1.4	(1.4)
Foreign currency hedge instruments	(1.0)	1.4
Net effect Profit/(Loss)	**0.4**	**-**
	OCI Debit/(Credit)	
Foreign currency hedge instruments	4.2	(5.7)
Net effect OCI	**4.2**	**(5.7)**

Interest rate risk

The Group is exposed to the effects of variable interest rates on interest-bearing long-term liabilities, which is partly offset by cash held at variable rates. On fixed interest receivables and liabilities, it is exposed to market value fluctuations. For certain variable interest rate long term liabilities, the Group has entered into interest rate swap agreements through which the Group effectively pays fixed interest rates on these liabilities. At any point in time the Group hedges 90 to 100 % of the net interest rate risk.

The Group applies Cash flow hedge accounting to offset the profit or loss impact resulting of timing differences between variable interest rate liabilities and the interest rate swap. Throughout the year 2013 and 2014 as well as per year end the cash flow hedge accounting relationships were effective.

The fair value of interest rate swaps per reporting date is -/- EUR 11.1 million (2013: -/- EUR 10.6 million). The effective part of the fair value changes of the interest rate swaps amounts to EUR 3.0 million (2013: EUR 3.0 million profit) loss net of deferred taxes in other comprehensive income.
In 2014 an amount of EUR 1.1 million (2013: EUR 2.6 million) was reclassified from other Comprehensive Income to financing costs.

During 2014 EUR 0.6 million (2013: 0.0 million) was recorded in financing costs due to ineffectiveness. The amounts deferred in equity at year-end are expected to affect financing costs within the coming three years. All of the resulting fair value estimates are included in Level 2.

Profile

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

EUR million	Note	Carrying amount 2014	2013
Fixed rate instruments			
Loans and borrowings	5.10	360.0	362.6
		360.0	**362.6**
Variable rate instruments			
Cash	5.7	(96.6)	(86.1)
Non-current investments	5.3	(5.7)	(5.9)
Loans and borrowings	5.10	329.7	429.0
		227.4	**337.0**
Notional amount interest rate swaps per year end (floating to fixed)		(194.0)	(271.7)
Net position		33.4	65.3

As at balance sheet date, interest rates were fixed on approximately 94.3% (2013: 90.7 %) of the net of cash and financial liability positions. Per end of 2014 the position is in line with the Group policy to hedges 90 to 100 % of the net interest rate risk.

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through the income statement, 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 the income statement.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have changed equity and the income statement by the amounts shown in table below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The Group assumes that lowest Euribor/Libor rate reasonably possible is zero. The analysis is performed on the same basis as for 2013.

December 31, 2014

	Profit / (loss)		Other comprehensive income	
EUR million	100 basis points increase	3m Euribor zero during the year	100 basis points increase	3m Euribor zero during the year
Interest (paid)/received on variable rate instruments	(2.4)	0.7	-	-
Change fair value interest rate swaps	2.4	(0.5)	2.5	(0.2)
Total	**0.0**	**0.2**	**2.5**	**(0.2)**

December 31, 2013

EUR million	Profit / (loss)		Other comprehensive income	
	100 basis points increase	3m Euribor zero during the year	100 basis points increase	3m Euribor zero during the year
Interest (paid)/received on variable rate instruments	(2.6)	0.7	-	-
Additional paid/received on swaps	3.0	(0.6)	2.7	(5.0)
Total	**0.4**	**0.1**	**2.7**	**(5.0)**

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

The Group contract positions are based on a thorough understanding of the raw material markets and in principle contracted sales are covered back to back. During 2014 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 implements pass-on clauses into sales contracts with customers. In parallel, the quality of management information has been enhanced by the development of a network enabling knowledge of markets, suppliers and conditions of raw materials to be shared at Group level. The Group hedges the raw material aluminum through derivatives.

The change in fair value of this raw material derivative is recognized in the income statement. The fair value per year end is -/- EUR 0.4 million (2013: -/- 0.5 million).

Pension risk
The Group contributes to a number of defined benefit plans that provide pension benefits to employees upon retirement in the Netherlands, Germany, Italy and the UK. The amount of the benefits depends on age, salary and years of service. Furthermore, the Group has an indemnity plan in France and obligations for jubilee in the Netherlands, Germany and France. The financial figures are affected by the market interest rates and fair value of listed bonds and equity shares included in plan assets. We refer to note 5.11.

3.2 Capital management
For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent.

The policy of the Group is to maintain a sufficient capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

EUR million	Note	2014	2013
Interest-bearing loans and borrowings	5.10	689.7	791.6
Trade and other payables	5.13	498.0	427.5
Less: cash and short-term deposits	5.7	(96.6)	(85.6)
Net debt		**1,091.1**	**1,133.5**
Equity	5.9	361.3	317.9
Total capital		**361.3**	**317.9**
Capital and net debt		**1,452.4**	**1,451.4**

3.3 Determination of fair values

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

Property, plant and equipment

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

Other intangible assets

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

Inventories

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

Trade and other receivables

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

Derivative financial instruments

The Group defines the following different levels of fair value:

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

Non-derivative financial liabilities

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

Fair values

The fair value of the senior secured notes issued (level 1) per reporting date is EUR 683.1 million (2013: EUR 690.0 million), with a face value of EUR 660.0 million. The fair values of other financial assets and liabilities approximate the carrying amounts, as the impact of discounting is not significant.

The following table presents the Group's financial assets and liabilities that are measured at fair value December 31, 2014. See note 5.8 for disclosures of assets held for sale that are measured at fair value.

	Level 1	Level 2	Level 3	Total
EUR million				
Fx instruments (debit)	-	9.3	-	9.3
Fx instruments (credit)	-	(1.5)	-	(1.5)
Commodity swaps	-	(0.4)	-	(0.4)
Interest rate swaps	-	(11.1)	-	(11.1)
Total	**-**	**(3,7)**	**-**	**(3,7)**

December 31, 2013.

	Level 1	Level 2	Level 3	Total
EUR million				
Fx instruments (debit)	-	0.2	-	0.2
Fx instruments (credit)	-	(4.0)	-	(4.0)
Commodity swaps	-	(0.5)	-	(0.5)
Interest rate swaps	-	(10.6)	-	(10.6)
Total	**-**	**(14.9)**	**-**	**(14.9)**

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows of derivative financial instruments, where applicable, are based on Eonia curve at the reporting date. The implicit interest rate has been used for the finance leases is 4.8% for 2014 (2013: 5.1%).

3.4 Offsetting financial assets and financial liabilities

The following financial assets and liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

December 31, 2014

EUR million	Gross carrying amounts	Gross amounts offset	Net amount presented in statement of financial position	Amounts available to be offset in bankruptcy or default		Net Exposure
				Financial intruments	Collateral	
Assets						
Cash and cash equivalents	106.0	(9.4)	96.6	-	-	96.6
Liabilities	-	-	-	-	-	-
Total	**106.0**	**(9.4)**	**96.6**	**-**	**-**	**96.6**

December 31, 2013

EUR million	Gross carrying amounts	Gross amounts offset	Net amount presented in statement of financial position	Amounts available to be offset in bankruptcy or default		Net Exposure
				Financial intruments	Collateral	
Assets						
Cash and cash equivalents	99.5	(13.4)	86.1	-	-	86.1
Liabilities	-	-	-	-	-	-
Total	**99.5**	**(13.4)**	**86.1**	**-**	**-**	**86.1**

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when either elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis; however, each party to the master netting agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

3.5 Use of estimates and judgments

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Held for sale

In 2014 the Board of Directors announced its decision to discontinue the Heerlen and Durham plant. Management considered the subsidiary to meet the criteria to be classified as held for sale at that date for the following reasons:

- The plants are available for immediate sale
- The actions to complete the sale were initiated and expected to be completed within one year from the date

For more details on the held for sale, refer to note 5.8.

Segmentation

Refresco management considers the Group as a single operating segment in the context of IFRS 8 because of the high level of centralization and integration within the Group, the core functions performed at the headquarter in Rotterdam and the Pan European approach Refresco applies to its operations. For more details on segmentation, refer to 2.22.

Contract Manufacturing

Contract manufacturing consists of the provision of manufacturing services and sale of the resultant product. The nature and the risk profile of the contract with the customer are key in determining whether the Group is providing a manufacturing service or is selling a product. The revenue is recognized solely for the activities, ingredients and materials for which the Group is the principal and has the risk and rewards.

Estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.10. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations and are recorded in note 5.2. These calculations require the use of estimates.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Additional information is disclosed in note 2.3.

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 5.11.

Information for other areas of estimation and critical judgment used in applying accounting policies can be found in the following notes:

- Note 2.8: Leased assets
- Note 3: Financial risk management
- Note 5.1: Property plant and equipment
- Note 5.2: Intangible assets
- Note 5.12: Other provisions

4 NOTES TO THE CONSOLIDATED INCOME STATEMENT

4.1 Revenue

EUR million	2014	2013
Private label and own brands	1,687.4	1,314.2
Contract manufacturing	349.5	273.4
	2,036.9	**1,587.6**

The revenue by location of sales is set forth in the table below.

EUR million	2014	2013
Benelux	431.8	472.9
Germany	451.4	346.4
France	320.2	260.4
Iberia	153.2	148.3
Italy	140.4	150.5
UK	363.2	92.2
Other	176.7	116.9
	2,036.9	**1,587.6**

The litres by location of sales are set forth in the table below.

Litres million	2014	2013
Benelux	1,058.4	1,129.4
Germany	1,484.5	1,153.6
France	862.7	750.5
Iberia	544.8	497.5
Italy	783.6	822.0
UK	634.1	153.0
Other	600.8	584.0
	5,968.9	**5,054.0**

4.2 Other income

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

4.3 Raw materials and consumables used

EUR million	2014	2013
Raw materials and consumables	646.9	513.3
Packaging materials	524.2	445.0
Product tax	15.4	13.5
	1,186.5	**971.8**

4.4 Employee benefits expense

EUR million	Note	2014	2013
Wages and salaries		182.0	139.4
Compulsory social security contributions		37.9	30.0
Pension contributions to defined contribution schemes		3.4	1.9
Pension costs of defined benefit schemes	5.11	3.5	2.6
		226.8	**173.9**

During 2014 the average number of fixed employees in the Group, in full-time equivalents ("FTEs"), was 4,194 (2013: 3,229), of which 3,673 (2013: 2,718) were employed outside the Netherlands.

4.5 Depreciation, amortization and impairments

EUR million	Note	2014	2013
Depreciation of property, plant and equipment	5.1	83.9	76.5
Amortization of intangible assets	5.2	2.6	3.9
Impairments on tangible fixed assets	5.1	1.3	-
Impairments on intangible assets	5.2	-	5.9
		87.8	**86.3**

The depreciation on property, plant and equipment in 2014 includes a reassessment of the useful life and residual value of the plant in St. Andrea for total EUR 2.6 million. The reassessment of the useful life and residual value is no change in accounting method and has no impact on the coming years since the plant will be sold. The impairment on tangible fixed assets regards an impairment of machinery in Benelux and Germany because of the shutdown of the machinery and will have no further impact on coming years.

The depreciation on tangible fixed assets in 2013 includes a reassessment of the useful life and residual value of plants in Durham (UK) and Heerlen (the Netherlands) for an amount of EUR 14.1 million. The impairment on intangible assets in 2013 relates to goodwill on our business in Finland.

4.6 Other operating expenses

EUR million	Note	2014	2013
Freight charges		94.8	74.2
Other cost of sales, including excise duties		64.0	55.2
Promotion costs		6.5	3.3
Temporary staff		18.8	12.5
Other personnel costs		12.3	9.6
Rent and leasing of machinery and equipment	6.2	22.3	19.6
Maintenance		49.5	35.1
Energy		47.5	40.1
Advice and legal costs		15.6	13.3
Housing costs, including rental of buildings	6.2	17.3	13.8
Storage costs		27.0	18.4
Other operating costs		53.3	36.4
		429.0	**331.5**

Advice and legal costs includes EUR 5.8 million related to the process to actively explore a new capital structure to support future growth and EUR 3.0 million was related to the business combination (2013: EUR 8.7 million).

4.7 Net finance costs

Net finance costs recognized in the income statement:

EUR million	2014	2013
Interest income	0.2	0.3
Finance income	**0.2**	**0.3**
Interest expense on financial liabilities measured with effective interest method	(47.4)	(46.8)
Cost of borrowings	(2.2)	(1.7)
Change in fair value of derivatives recognized in profit and loss	-	2.6
Finance costs	**(49.6)**	**(45.9)**
Net finance costs	**(49.4)**	**(45.6)**

The net change in fair value of derivative financial instruments of EUR 0.0 million (2013: EUR 2.6 million positive) relates to changes in the fair value of the interest rate swaps concluded by the Group to hedge the external financing with variable interest rates. The amount reflects the change in fair value of interest rate swaps for which no hedge accounting is applied and/or the releases from other comprehensive income. The amounts are part of interest expenses.

The cost of borrowing relates to the financing costs which were capitalized in the aggregate amount and the effective interest method is applied.

EUR million	Initial Capitalized Amount	2014 Capitalized Amount	2013 Capitalized Amount	2014 Costs of Borrowing	2013 Costs of Borrowing
Notes issued 2011	11.5	5.9	7.5	(1.8)	(1.6)
Revolving Credit facility 2013	1.5	1.1	1.5	(0.4)	(0.1)
Total	**13.0**	**7.0**	**9.0**	**(2.2)**	**(1.7)**

Finance income and costs recognized in other comprehensive income

EUR million	2014	2013
Foreign currency translation differences for foreign operations	2.6	(1.2)
Effective portion of changes in fair value of cash flow hedges	-	3.5
Tax effect	(0.2)	(0.6)
Net finance income / (costs) recognized in other comprehensive income, net of tax	**2.4**	**1.7**
Recognized in:		
Translation reserve	2.4	(1.0)
Hedging reserve	-	2.7
Net finance income / (costs) recognized in other comprehensive income, net of tax	**2.4**	**1.7**

4.8 Income tax (expense) / benefit

EUR million	2014	2013
Current tax expense		
Current income tax	(20.2)	(11.7)
Other taxes	(2.5)	(1.1)
Withholding taxes	(0.3)	-
	(23.0)	**(12.8)**
Deferred tax expenses		
Deferred income tax current year	1.6	5.1
Deferred income tax previous years	-	0.1
Deferred portion other income taxes	0.5	-
	2.1	**5.2**
Total income tax (expense) / benefit	**(20.9)**	**(7.6)**

Reconciliation of effective tax rate

	2014		2013	
EUR million		%		%
Result before tax	57.4		(21.2)	
Income tax based on the Group's statutory rate	(14.3)	25.0%	5.3	25.0%
Statutory rate differences in the countries	(0.5)	0.9%	(2.9)	(13.7%)
Non-deductible operational expenses	(2.6)	4.5%	(3.1)	(14.6%)
Non-deductible interest expenses	(0.3)	0.5%	(0.5)	(2.4%)
Investment allowances	0.5	(0.9%)	0.3	1.4%
Notional interest deduction	0.1	(0.2%)	0.1	0.5%
Participation related results	(0.2)	0.3%	-	0.0%
Tax rate change impact	(1.2)	2.1%	0.5	2.4%
(De)recognition (un)recognized deferred tax assets	0.3	(0.5%)	(6.8)	(32.1%)
Other taxes	(2.6)	4.5%	(0.7)	(3.3%)
Prior period taxes	0.0	0.0%	0.1	0.5%
Other reconciling items	(0.1)	0.2%	0.1	0.5%
Total income tax (expense) / benefits	**(20.9)**	**36.4%**	**(7.6)**	**(35.8%)**

The effective tax rate is 36.4%, compared to a blended Group tax rate of 25.9%. The higher effective tax rate is mainly explained by non-deductible transaction costs in the Netherlands, non-deductible interest expenses in France and Finland and non-deductible operational costs in all jurisdictions. Furthermore, the higher effective tax rate can be explained by the rate change impact in Spain and the UK, the derecognition of recognized deferred tax assets on losses in Poland and other taxes to be paid in France and Italy. Finally, notional interest deduction in Belgium and investment allowances in several jurisdictions have a positive impact on the effective tax rate.

Income tax recognized in other comprehensive income

	2014	2013
EUR million		
Changes in tax on hedging reserve currency translation adjustment	(0.2)	0.2
Changes in tax on hedging reserve foreign currency hedge instruments	(1.7)	-
Changes in tax on hedging reserve interest rate swaps	-	(0.8)
Changes in tax on actuarial gains and losses in OCI	1.2	2.1
Total income tax (expense) / benefit in other comprehensive income	**(0.7)**	**1.5**

5 NOTES TO THE CONSOLIDATED BALANCE SHEET

5.1 Property, plant and equipment

EUR million	Note	Land and buildings	Machinery and equipment	Other fixed assets	Under construction	Total
Cost						
January 1, 2013		**206.0**	**373.3**	**36.1**	**12.4**	**627.8**
Additions		0.9	9.5	2.4	34.5	47.3
Reclassifications		3.1	21.8	1.6	(27.5)	(1.0)
Acquired through business combinations		89.6	73.8	0.6	1.6	165.6
Disposals		(0.2)	(6.5)	(0.7)	0.1	(7.3)
Effect of movements in exchange rates		(0.2)	(0.7)	-	-	(0.9)
December 31, 2013		**299.2**	**471.2**	**40.0**	**21.1**	**831.5**
January 1, 2014		**299.2**	**471.2**	**40.0**	**21.1**	**831.5**
Additions		3.9	15.8	3.0	59.3	82.0
Reclassifications		9.5	31.1	5.1	(45.8)	(0.1)
Transfer to assets held for sale	5.8	(8.9)	(15.9)	(0.4)	-	(25.2)
Disposals		-	(1.0)	(1.1)	(0.1)	(2.2)
Effect of movements in exchange rates		4.0	3.4	0.1	0.1	7.6
December 31, 2014		**307.7**	**504.6**	**46.7**	**34.6**	**893.6**
Depreciation and impairment losses						
January 1, 2013		**(36.2)**	**(182.8)**	**(17.4)**	**-**	**(236.4)**
Depreciation for the year	4.5	(14.1)	(57.0)	(5.4)	-	(76.5)
Reclassification		(0.6)	0.6	-	-	-
Disposals		0.2	5.6	0.8	-	6.6
Effect of movements in exchange rates		0.1	0.1	-	-	0.2
December 31, 2013		**(50.6)**	**(233.5)**	**(22.0)**	**-**	**(306.1)**
January 1, 2014		**(50.6)**	**(233.5)**	**(22.0)**	**-**	**(306.1)**
Depreciation for the year	4.5	(14.0)	(64.7)	(5.2)	-	(83.9)
Reclassification		0.9	(0.1)	(0.8)	-	-
Impairment	4.5	-	(1.3)	-	-	(1.3)
Transfer to assets held for sale	5.8	6.8	14.3	0.3	-	21.4
Disposals		0.1	0.6	0.7	-	1.4
Effect of movements in exchange rates		(0.1)	(1.4)	(0.1)	-	(1.6)
December 31, 2014		**(56.9)**	**(286.1)**	**(27.1)**	**-**	**(370.1)**
Carrying amounts						
January 1, 2013		**169.8**	**190.5**	**18.7**	**12.4**	**391.4**
December 31, 2013		**248.6**	**237.7**	**18.0**	**21.1**	**525.4**
December 31, 2014		**250.8**	**218.5**	**19.6**	**34.6**	**523.5**

Impairment losses
In 2014 the impairment is related to machinery which is impaired to nihil. The total impairment amounts to EUR 1.3 million and is disclosed in note 4.5.

Financial leases
The Group leases a warehouse and production equipment under a number of finance lease agreements secured on the underlying leased assets (reference is made to note 5.10). At December 31, 2014, the carrying amount of leased plant and machinery was EUR 15.4 million (2013: EUR 17.8 million).

Collateral
Collateral for the redemption of the notes and the revolving credit facility has been given on specific property, plant and equipment in the Netherlands and Germany and on specific real estate in Finland and Poland with a carrying amount of EUR 116.6 million (2013: 113.8 million). The full collateral of the notes and the revolving credit facility is disclosed in note 5.10. Collateral on the land and buildings in Bridgwater in the UK is given for the mortgage loan for an amount of EUR 66.8 million.

Reclassification
The reclassification relates to a transfer of amounts to the correct assets classes.

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

The entity-wide disclosures for property, plant and equipment

EUR million	2014	2013
Benelux	65.1	62.4
Germany	105.8	110.2
France	82.6	76.5
Iberia	104.5	110.5
Italy	49.6	49.6
UK	75.5	78.0
Other	40.4	38.2
Total income tax (expense) / benefit in other comprehensive income	**523.5**	**525.4**

5.2 Intangible assets

EUR million	Note	Goodwill	Brands and sales channels	Other	Assets under construction	Total
Cost						
January 1, 2013		**300.1**	**7.6**	**13.2**	**0.2**	**321.1**
Acquisitions through business combinations		132.5	-	0.7	-	133.2
Additions		-	-	0.1	0.4	0.5
Disposals		-	-	(0.3)	-	(0.3)
Reclassifications		-	-	1.3	(0.3)	1.0
Effect of movements in exchange rates		(0.5)	-	-	-	(0.5)
December 31, 2013		**432.1**	**7.6**	**15.0**	**0.3**	**455.0**
January 1, 2014		**432.1**	**7.6**	**15.0**	**0.3**	**455.0**
Acquisitions through business combinations	6.1	7.4	-	-	-	7.4
Additions		-	-	-	0.9	0.9
Disposals		-	-	(0.1)	-	(0.1)
Reclassifications		-	-	0.8	(0.7)	0.1
Effect of movements in exchange rates		0.4	-	0.1	(0.1)	0.4
December 31, 2014		**439.9**	**7.6**	**15.8**	**0.4**	**463.7**
Amortization and impairment losses						
January 1, 2013		**(11.7)**	**(2.4)**	**(8.8)**	**-**	**(22.9)**
Amortization for the year	4.5	-	(1.3)	(2.6)	-	(3.9)
Impairment losses	4.5	(5.9)	-	-	-	(5.9)
Disposals		-	-	0.3	-	0.3
Effect of movements in exchange rates		0.2	-	-	-	0.2
December 31, 2013		**(17.4)**	**(3.7)**	**(11.1)**	**-**	**(32.2)**
January 1, 2014		**(17.4)**	**(3.7)**	**(11.1)**	**-**	**(32.2)**
Amortization for the year	4.5	-	(0.7)	(1.9)	-	(2.6)
Disposals		-	-	0.1	-	0.1
Effect of movements in exchange rates		(0.6)	-	-	-	(0.6)
December 31, 2014		**(18.0)**	**(4.4)**	**(12.9)**	**-**	**(35.3)**
Carrying amounts						
January 1, 2013		**288.4**	**5.2**	**4.4**	**0.2**	**298.2**
December 31, 2013		**414.7**	**3.9**	**3.9**	**0.3**	**422.8**
December 31, 2014		**421.9**	**3.2**	**2.9**	**0.4**	**428.4**

The net balance of reclassifications relates to assets which were classified as assets under construction in tangible fixed assets.

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 cash generating 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 million	2014	2013
Benelux	93.7	93.7
France	82.5	81.6
Germany	39.8	39.8
Iberia	35.7	35.7
Poland	22.1	22.0
UK	117.7	111.5
Finland	5.4	5.4
Italy	25.0	25.0
	421.9	**414.7**

The goodwill recognized in 2014 amounts to EUR 7.4 million and is related to the business combination with Gerber Emig in 2013 and has been adjusted for France and UK. The goodwill adjustment is disclosed in note 6.1.

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, the budget for 2015 approved by the Executive and Supervisory Board, the 3-year business plan covering the period 2015-2017. Future cash flows beyond this period were extrapolated using a growth rate which is based on the growth expectations of the local market. These growth expectations are retrieved from researches from independent external sources. The growth rates are in a range of 1% to 1.5% and are considered conservative taking into account the expected private label market development. The company takes into account production efficiency improvements, waste reduction and cost reduction programs currently started, which will contribute positive to the future cash flows. Management believes that this forecast period was appropriate to the long-term nature of the business.
- A pre-tax discount rate is based on credit risk per country, a weighted average cost of capital applicable to the industry and the applicable tax rate per cash generating unit. Compared to last year differences between business units increased as result of more detailed approach.

Pre-tax WACC	2014	2013
%		
Benelux	8.5	10.1
France	10.6	12.4
Germany	9.1	10.3
Iberia	11.7	15.2
Italy	11.2	14.4
Poland	10.0	11.7
UK	8.9	12.3
Finland	8.0	10.9

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources (historical data). The recoverable amounts of the units were determined to be higher than their carrying values and accordingly no impairment charges have been recognized.

In 2014 no impairments took place. In 2013 EUR 5.9 million was impaired on goodwill related to Finland due to lower expectations of future developments.

Sensitivity analysis
A sensitivity analysis of a 100 basis points adverse change in key assumptions (lower growth rates or higher discount rates respectively) did not result in a materially different outcome of the impairment test.

The entity-wide disclosures for brands and sales channels, other and assets under construction

	2014	2013
EUR million		
Benelux	0.9	0.8
Germany	0.6	0.9
France	0.4	0.5
Iberia	0.1	0.4
Italy	3.2	3.9
UK	0.3	0.4
Other	1.0	1.2
	6.5	**8.1**

5.3 Other investments

Non-current investments

	2014	2013
EUR million		
Deposits and other financial fixed assets	5.7	5.9
	5.7	**5.9**

The amount includes a credit facility granted to the Executive Board of EUR 2.2 million with at arm's length conditions.

Current investments

EUR million	2014	2013
Derivatives used for foreign currency hedging	9.3	0.2
	9.3	**0.2**

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

5.4 Deferred income tax assets and liabilities

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

	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
EUR million						
Property plant and equipment	0.4	-	(38.7)	(36.5)	(38.3)	(36.5)
Intangible assets	1.9	2.1	(0.9)	(1.3)	1.0	0.8
Inventories	0.4	0.3	-	-	0.4	0.3
Trade and other receivables	0.9	0.7	-	-	0.9	0.7
Loans and borrowings	0.7	1.1	(2.1)	(2.5)	(1.4)	(1.4)
Derivatives	1.2	3.4	(0.7)	-	0.5	3.4
Employee benefits provision	6.4	5.2	-	-	6.4	5.2
Other provisions	1.1	1.8	-	-	1.1	1.8
Current liabilities	2.5	2.2	(0.9)	(0.7)	1.6	1.5
Tax loss carry forward	16.7	17.9	-	-	16.7	17.9
Deferred tax assets / (liabilities)	**32.2**	**34.7**	**(43.3)**	**(41.0)**	**(11.1)**	**(6.3)**
Deferred tax to be recovered (settled) after more than 12 months					(9.0)	(11.1)
Deferred tax asset on balance sheet					4.2	9.5
Deferred tax liability on balance sheet					(15.3)	(15.8)
Net deferred tax assets / (liabilities)					**(11.1)**	**(6.3)**

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

Movement 2014 EUR million	January 1, 2014	Recognized in the income statement	Recognized in equity / OCI	Acquired in business combinations	Effect of movement in exchange rates	Other movements	December 31, 2014
Property plant and equipment	(36.5)	5.3	-	-	(0.5)	(6.6)	(38.3)
Intangible assets	0.8	0.2	-	-	-	-	1.0
Inventories	0.3	0.1	-	-	-	-	0.4
Trade and other receivables	0.7	0.2	-	-	-	-	0.9
Loans and borrowings	(1.4)	0.3	(0.2)	-	(0.1)	-	(1.4)
Derivatives	3.4	(1.3)	(1.7)	-	0.1	-	0.5
Employee benefits provision	5.2	0.1	1.2	-	-	(0.1)	6.4
Other provisions	1.8	(0.9)	-	-	0.1	0.1	1.1
Current liabilities	1.5	0.2	-	-	(0.1)	-	1.6
Tax loss carry-forwards	17.9	(2.1)	-	-	-	0.9	16.7
Deferred tax assets / (liabilities)	**(6.3)**	**2.1**	**(0.7)**	**-**	**(0.5)**	**(5.7)**	**(11.1)**

Movement 2013 EUR million	January 1, 2013	Recognized in the income statement	Recognized in equity / OCI	Acquired in business combinations	Effect of movement in exchange rates	Other movements	December 31, 2013
Property plant and equipment	(31.9)	6.9	-	(11.4)	(0.1)	-	(36.5)
Intangible assets	2.4	(1.9)	-	0.3	-	-	0.8
Inventories	(0.4)	0.7	-	-	-	-	0.3
Trade and other receivables	0.8	(0.2)	-	0.1	-	-	0.7
Loans and borrowings	(1.9)	1.3	0.2	(1.0)	-	-	(1.4)
Derivatives	5.6	(2.7)	(0.8)	1.3	-	-	3.4
Employee benefits provision	2.9	(0.3)	2.1	0.5	-	-	5.2
Other provisions	1.6	(0.2)	-	0.4	-	-	1.8
Current liabilities	(2.3)	3.7	-	0.1	-	-	1.5
Tax loss carry-forwards	18.5	(2.1)	-	1.5	-	-	17.9
Deferred tax assets / (liabilities)	**(4.7)**	**5.2**	**1.5**	**(8.2)**	**(0.1)**	**-**	**(6.3)**

Tax losses carry-forwards

The Group recognizes deferred tax assets on loss carry forwards when future taxable profits are expected that can be offset with these losses. These loss carry forwards amount to EUR 106 million (2013: EUR 123.4 million) as per December 31, 2014, of which EUR 25 million (2013: EUR 42.0 million) is not recognized.

The deferred tax assets related to loss carry forwards expire in the following years:

EUR million	2014	2013
2015	-	-
2016	-	0.5
After 2016 but not unlimited	5.5	10.2
Unlimited	16.4	15.6
Total	**21.9**	**26.3**
Recognized as deferred tax assets	16.7	17.9
Unrecognized	5.2	8.4

The decrease in the deferred tax assets relates to loss carry forwards is due to the utilization of losses in the Netherlands, France, Poland and the UK. Furthermore, as part of the finalization of the purchase price allocation of the Gerber Emig merger a reassessment of the forfeiture of losses in Germany relating to the change of control of Gerber Emig in 2013 have resulted in an adjustment of deferred tax asset for temporary differences on property, plant and equipment in Emig GmbH in Germany for EUR 6.0 million as disclosed in note 6.1. The unrecognized losses are mainly attributable to the UK where the available losses are ring-fenced for offsetting with future profits.

The deferred tax position contains EUR 6.3 million deferred tax assets relating to recognized NOL's for Germany. In case of a future change of control of 25% - 50% a pro rata part of these NOL's will forfeit. In case of a change of control of 50% or more the full amount of NOL's might forfeit.

5.5 Inventories

EUR million	2014	2013
Stock of raw materials and consumables	121.0	129.1
Stock of finished goods	68.3	85.1
	189.3	**214.2**

Inventory is shown net of a provision for obsolescence of EUR 13.6 million (2013: EUR 10.0 million).

5.6 Trade and other receivables

EUR million	Note	2014	2013
Trade receivables		351.1	320.8
Other receivables, prepayments and accrued income		21.0	19.7
Other taxes and social security premiums		10.0	9.7
	3.1.1	**382.1**	**350.2**
Non-current		-	-
Current		382.1	350.2

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

5.7 Cash and cash equivalents

EUR million	Note	2014	2013
Bank balances		96.6	86.1
Deposits		-	-
Cash and cash equivalents		**96.6**	**86.1**
Bank overdrafts (included in loans and borrowings)	5.10	-	(0.5)
Cash and cash equivalents in the consolidated cash flow statement		**96.6**	**85.6**

Total amount blocked for bank guarantees or issued letters of credits is EUR 12.7 million (2013: EUR 7.6 million). 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 3.1.3.

5.8 Non-current assets and liabilities held for sale and discontinued operations

EUR million	2014	2013
Assets classified as held for sale	3.8	6.7
Liabilities classified as held for sale	-	(2.1)
Net balance	**3.8**	**4.6**

The assets held for sale end of 2014 consist of property, plant and equipment in Heerlen and Durham.

In 2013 the assets held for sale was related to the former Gerber Emig plant in Waibstadt and is sold in July 2014.

In accordance with IFRS 5, the assets and liabilities held for sale, which were acquired as part of a business combination, were measured at the fair value less costs to sell of EUR 3.8 million. These level 2 fair values are based on non-binding offers obtained in the sales process of the plant.

The movement of assets and liabilities held for sale is as follows:

EUR million	2014	2013
Assets classified as held for sale as at January 1	6.7	-
Transfer from / (to) property, plant and equipment	3.8	-
Acquired through business combination	-	6.7
Assets sold	(6.7)	-
Assets held for sale	**3.8**	**6.7**

EUR million	2014	2013
Liabilities classified as held for sale as at January 1	2.1	-
Transfer from / (to) property, plant and equipment	-	-
Acquired through business combination	-	2.1
Liabilities sold	(2.1)	-
Liabilities held for sale	**-**	**2.1**

The result of Waibstadt and the allocated overhead costs for 2014 have been included in discontinued operations.

Analysis of the result of discontinued operations and the result recognized on the re-measurement of assets or disposal group is as follows:

EUR million	2014	2013
Revenue	110.8	18.7
Expenses	(108.7)	(18.8)
Profit/(loss) before tax of discontinued operations	**(2.1)**	**(0.1)**
Tax	(0.6)	-
Profit/(loss)after tax of discontinued operations	**1.5**	**(0.1)**
After tax gain/(loss) recognized on the re-measurement of assets of disposal group	0.7	-
Profit/(loss) for the year from discontinued operations	**2.2**	**(0.1)**

The cash inflow of the Waibstadt sale amounts to EUR 21.0 million and is related to the sale of inventory, assets held for sale and liabilities held for sale and additional cost. The recorded gain on the sale amounts to EUR 0.7 million.

5.9 Equity

Share capital

Share capital and authorised capital as at December 31, 2014 (and as at December 31, 2013) consists of:

- 430,733,300 ordinary shares A with a nominal value of EUR 0.01 each
- 64,800 ordinary shares A1A with a nominal value of EUR 0.01 each
- 21,161 ordinary shares A1B with a nominal value of EUR 0.01 each
- 1 ordinary share A2 with a nominal value of EUR 0.01 each
- 163,381,597 ordinary shares B with a nominal value of EUR 0.01 each
- 1 ordinary share B1 with a nominal value of EUR 0.01 each

The Group issued all shares as at December 31, 2014 (and as at December 31, 2013). None of the class A2 ordinary shares and none of the class B1 ordinary shares shall have any rights to participate in any dividends or distributions of any kind. Out of the profits earned in a financial year, in so far as possible, a preferred dividend shall accrue on each A1A and A1B ordinary shares respectively in the amount of 10% per annum on the total amounts invested on such shares, and the holders thereof are also entitled to a preferred distribution in case of liquidation out of the balance remaining following payment of the debts of the dissolved company. Any residual balance will be distributed to holders of the ordinary shares. Both the Company and the shareholders have agreed in the Articles of Association that any distribution of dividend is discretionary to the Company and requires the prior approval of the General Meeting of Shareholders. The meeting of class A1A and the meeting of class A1B ordinary shares respectively may resolve that any dividend to which they are entitled shall be credited to a dividend reserve maintained by the Company with respect to such shares. Each class A1A, A1B and B ordinary share carries the right to one vote, the class A2 ordinary share carries the right to 118,003,921 votes, and the class B1 ordinary shares carries the right to 44,792,714 votes. The Company can acquire any fully paid-up 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.

Share premium

EUR million	2014	2013
Share premium as at January 1	440.7	259.8
Issuance of new shares to Tamoa Ltd.	-	180.9
Share premium as at December 31	**440.7**	**440.7**

Share premium consist of € 186.6 million from ordinary A1A and A1B shares and € 254.1 million from ordinary A and B shares.

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

The movement of the other reserves is as follows:

Other reserves EUR million	Hedge reserve Interest rate swaps	Hedge reserve FX instruments	Currency translation reserve	Actuarial gains and losses on pensions	Total	Non controlling interest	Total Other reserves
Balance as at January 1, 2014	**(3.0)**	**(0.9)**	**(0.4)**	**(10.2)**	**(14.5)**	**-**	**(14.5)**
Changes in cashflow hedge	-	6.9	-	-	**6.9**	-	**6.9**
Translation results	-	-	2.6	-	**2.6**	-	**2.6**
Employee benefits mutation	-	-	-	(3.2)	**(3.2)**	-	**(3.2)**
Tax	-	(1.7)	0.2	1.2	**(0.7)**	-	**(0.7)**
December 31, 2014	**(3.0)**	**4.3**	**2.0**	**(12.2)**	**(8.9)**	**-**	**(8.9)**
Balance as at January 1, 2013	**(5.7)**	**(0.8)**	**0.6**	**(4.1)**	**(10.0)**	**-**	**(10.0)**
Changes in cashflow hedge	3.5	(0.1)	-	-	**3.4**	-	**3.4**
Translation results	-	-	(1.2)	-	**(1.2)**	-	**(1.2)**
Employee benefits mutation	-	-	-	(8.2)	**(8.2)**	-	**(8.2)**
Tax	(0.8)	-	0.2	2.1	**1.5**	-	**1.5**
December 31, 2013	**(3.0)**	**(0.9)**	**(0.4)**	**(10.2)**	**(14.5)**	**-**	**(14.5)**

Retained earnings
The loss of 2013 has been deducted from the retained earnings.

Dividends

In 2014 no dividends were paid. As at December 31, 2014, the unpaid cumulative dividend on the ordinary shares A1A and A1B amounted to EUR 105.6 million (2013: EUR 79.1 million).

Legal reserves

Within the other reserves the hedge reserve interest rate swap, hedge reserve FX instruments and currency translation reserve are legal reserves. Within these legal reserves the negative amount for hedge reserve interest rate swap should be taken into account for dividend distribution.

Non-controlling interest

The Group owns 90% of Emig GmbH which is included in the consolidated financial statements. The other 10% is held by Okil Holding B.V., a shareholder of the Group.

EUR million	2014	2013
Non-controlling interest as at January 1	3.6	-
Business combinations	(0.9)	4.1
Results of the year	0.1	(0.5)
As at December 31	**2.8**	**3.6**

Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent (A and B shares) by the weighted average number of ordinary shares outstanding during the year taking into account that out of the profits earned in a financial year, a (cumulative) preferred dividend is accrued on each A1A and A1B ordinary shares respectively in the amount of 10% per annum on the total amounts invested on such shares.

The following reflects the income and share data used in the basic EPS computations:

	2014	2013
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	36.5	(28.8)
Discontinued operations	2.2	(0.1)
Profit attributable to ordinary equity holders of the parent	**38.7**	**(28.9)**
Accrual for cumulative dividend A1A and A1B shares	(26.6)	(24.1)
Profit for the year attributable to ordinary equity holders of the parent	12.1	(53.0)
Profit from continuing operations attributable to ordinary equity holders of the parent	9.8	(52.9)
Weighted average number of ordinary shares for basic EPS	**594,114,897**	**594,114,897**
Basic and diluted profit for the year attributable to ordinary equity holders of the parent	0.02	(0.09)
Basic and diluted profit from continuing operations attributable to ordinary equity holders of the parent	0.02	(0.09)
Basic and diluted profit from discontinuing operations attributable to ordinary equity holders of the parent	0.00	0.00

5.10 Loans and borrowings

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

Non-current liabilities

EUR million	2014	2013
Notes issues (Eurobond on Luxembourg Stock Exchange)	654.2	652.5
Revolving credit facility	(1.1)	98.5
Mortgage loan	30.3	31.0
Finance lease liabilities	0.8	2.6
	684.2	**784.6**

The face value of notes issued is EUR 660.0 million (2013: 660.0 million). The negative amount of the revolving credit facility relates cost of borrowings which are capitalized in the aggregate amount and the effective interest method is applied. Since the Revolving credit facility is undrawn as per December 31, 2014 the amount is negative.

Current liabilities

EUR million	Note	2014	2013
Current portion of finance lease liabilities		2.4	4.1
Current portion of mortgage loan		3.1	2.9
		5.5	**7.0**
Bank overdrafts	5.7	-	0.5
		5.5	**7.5**

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

EUR million	Currency	Nominal interest rate	Repay- ment	Face value 2014	Carrying amount 2014	Face value 2013	Carrying amount 2013
		%					
Floating rate senior secured Notes	EUR	3M EURIBOR + 4.0	2018	300.0	297.4	300.0	296.6
Fixed rate senior secured Notes	EUR	7.375	2018	360.0	356.8	360.0	355.9
Revolving credit facility	EUR	EURIBOR + 3.0	2017	-	(1.1)	100.0	98.5
Mortgage loan	GBP	3M GBP LIBOR + 0.75	2036	38.5	33.4	39.0	33.9
Finance lease liabilities	EUR/GBP	Various	Various	3.2	3.2	6.7	6.7
Total interest-bearing liabilities				**701.7**	**689.7**	**805.7**	**791.6**

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

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

On May 16, 2011 Refresco Gerber B.V. entered into a revolving credit facility agreement (the RCF) with, among others, certain of its subsidiaries as borrowers and/or guarantors, Credit Suisse International, Deutsche Bank AG, London Branch, ABN AMRO Bank N.V., Société Générale, ING Bank N.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and Fortis Bank NV/SA, as mandated lead arrangers and original lenders, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. as agent and Deutsche Bank AG, London Branch as security agent. In February 2014 ING Bank N.V. sold its part of the facility to HSBC Bank Plc. The RCF provides for borrowings up to an aggregate of EUR 150 million on a committed basis. Loans may be borrowed, repaid and borrowed at any time. The maturity date of the RCF is the sixth anniversary of the issuance of the Notes. Interest on the RCF is payable every one, three or six months at the election of the relevant borrower. The RCF bears interest at a rate per annum equal to EURIBOR plus 3.0 % (subject to the operation of a margin ratchet) plus mandatory cost (if any). The costs for maintaining the RCF are 1.2 %. The RCF is undrawn as per December 2014.

The collateral is the same for the Notes as it is for the RCF and comprises (among other things):
- Collateral over the shares of certain subsidiaries of Refresco Gerber B.V.;
- Collateral over majority of bank account receivables, receivables, moveable assets, contract receivables, insurance receivables, insurance receivables and some specific property, plant and equipment as disclosed in note 5.1.

Mortgage loan
The Group has a mortgage loan from HSBC Bank Plc for the production site in Bridgwater. The real estate of the production site in Bridgwater (UK) is pledged as collateral. Fixed quarterly payment of GBP 0.7 million consists of interest of 3 months GBP Libor plus 0.75% plus MLA costs and remaining part is redemption. Final repayment date of the mortgage is 2036, but with current forward interest rate the mortgage is repaid in 2028. The mortgage has been valued at fair value in the openings balance in November 11, 2013 and is valued at amortized costs afterwards.

Finance lease liabilities
Finance lease liabilities relate mainly to a warehouse and an office building in France and materials handling equipment in the UK. For the nominal value and cash outflow a references is made to note 3.1.2.

5.11 Employee benefits provision

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

The amounts recognized for defined benefit plans in the balance sheet are determined as follows:

December 31, 2014

EUR million	Pension plan the Netherlands	Pension plan Germany	Pension plan UK	Other	Total
Present value of obligation	66.7	25.1	9.5	-	**101.3**
Fair value of plan assets	(65.5)	(5.2)	(8.7)	-	**(79.4)**
Deficit of funded plans	**1.2**	**19.9**	**0.8**	**-**	**21.9**
Present value of unfunded obligations	-	4.9	-	7.9	12.8
Present value of net obligations	**1.2**	**24.8**	**0.8**	**7.9**	**34.7**
Impact of minimum funding requirement/asset ceiling	-	-	-	-	**-**
Present value of net obligations	**1.2**	**24.8**	**0.8**	**7.9**	**34.7**

December 31, 2013

EUR million	Pension plan the Netherlands	Pension plan Germany	Pension plan UK	Other	Total
Present value of obligation	47.7	20.8	8.0	-	**76.5**
Fair value of plan assets	(41.9)	(5.1)	(7.5)	-	**(54.5)**
Deficit of funded plans	**5.8**	**15.7**	**0.5**	**-**	**22.0**
Present value of unfunded obligations	-	4.0	-	6.5	10.5
Present value of net obligations	**5.8**	**19.7**	**0.5**	**6.5**	**32.5**
Impact of minimum funding requirement/asset ceiling	-	-	-	-	**-**
Present value of net obligations	**5.8**	**19.7**	**0.5**	**6.5**	**32.5**

Plan assets can be detailed as follows:

EUR million	2014	2013
Equity instruments	3.2	3.0
Debt instruments	70.4	46.3
Assets held by insurance companies	5.2	5.1
Cash and cash equivalents	0.6	0.1
	79.4	**54.5**

The equity and debt instruments are plan assets with a quoted market price. The pension plan assets do not include the companies own shares or notes.

Movements in the present value of the defined benefit obligations and plan assets

EUR million	Defined benefit obligation	Plan assets	Total	Impact of minimum funding requirement /asset ceiling	Total
Defined benefit obligations as at January 1	**87.0**	**(54.5)**	**32.5**	**-**	**32.5**
Current service costs	3.2	-	**3.2**	-	**3.2**
Interest expense/(income)	3.2	(2.1)	**1.1**	-	**1.1**
Past service cost and gains and losses on settlements	(0.9)	-	**(0.9)**	-	**(0.9)**
Remeasurements of other long term benefits	0.1	-	**0.1**	-	**0.1**
Cost recognized in income statement	**5.6**	**(2.1)**	**3.5**	**-**	**3.5**
Return on plan assets	-	(20.0)	**(20.0)**	-	**(20.0)**
(Gain)/loss from change in demographic assumptions	-	-	**-**	-	**-**
(Gain)/loss from change in financial assumptions	23.0	-	**23.0**	-	**23.0**
Experience (gains)/losses	0.2	-	**0.2**	-	**0.2**
Change in asset ceiling, excluding amounts included in interest expense	-	-	**-**	-	**-**
Total remeasurements recognized in OCI	**23.2**	**(20.0)**	**3.2**	**-**	**3.2**
Benefits paid by the plan	(1.4)	1.4	**-**	-	**-**
Benefit payments from employer	(1.3)	1.3	**-**	-	**-**
Employer contributions	-	(4.6)	**(4.6)**	-	**(4.6)**
Plan participants contributions	0.4	(0.4)	**-**	-	**-**
Effect of movements in exchange rates	0.6	(0.5)	**0.1**	-	**0.1**
Business combinations	-	-	**-**	-	**-**
Defined benefit obligations as at December 31	**114.1**	**(79.4)**	**34.7**	**-**	**34.7**

December 31, 2013

EUR million	Defined benefit obligation	Plan assets	Total	Impact of minimum funding requirement /asset ceiling	Total
Defined benefit obligations as at January 1	**79.0**	**(54.6)**	**24.4**	**0.3**	**24.7**
Current service costs	3.3	-	**3.3**	-	**3.3**
Interest expense/(income)	3.1	(2.1)	**1.0**	-	**1.0**
Past service cost and gains and losses on settlements	(1.6)	-	**(1.6)**	-	**(1.6)**
Remeasurements of other long term benefits	(0.1)	-	**(0.1)**	-	**(0.1)**
Cost recognized in income statement	**4.7**	**(2.1)**	**2.6**	**-**	**2.6**
Return on plan assets	-	7.0	**7.0**	-	**7.0**
(Gain)/loss from change in demographic assumptions	0.2	-	**0.2**	-	**0.2**
(Gain)/loss from change in financial assumptions	1.9	-	**1.9**	-	**1.9**
Experience (gains)/losses	(0.6)	-	**(0.6)**	-	**(0.6)**
Change in asset ceiling, excluding amounts included in interest expense	-	-	**-**	(0.3)	**(0.3)**
Total remeasurements recognised in OCI	**1.5**	**7.0**	**8.5**	**(0.3)**	**8.2**
Benefits paid by the plan	(1.3)	1.3	**-**	-	**-**
Benefit payments from employer	(1.3)	1.3	**-**	-	**-**
Employer contributions	-	(4.3)	**(4.3)**	-	**(4.3)**
Plan participants contributions	0.3	(0.3)	**-**	-	**-**
Effect of movements in exchange rates	(0.2)	0.4	**0.2**	-	**0.2**
Business combinations	4.3	(3.2)	**1.1**	-	**1.1**
Defined benefit obligations as at December 31	**87.0**	**(54.5)**	**32.5**	**-**	**32.5**

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately EUR 42.8 million related to active employees, EUR 35.6 million related to deferred members and EUR 35.7 million related to members in retirement.

For the year 2014 the Group applied a liability cap for a pension plan in the Benelux because the difference between the present value of the future service cost and the present value of the future maximum employer contributions is larger than the difference between the defined benefit obligation and the asset value. For this plan the defined benefit obligation is set equal to the asset value resulting in a net liability of nihil. If no liability cap was applied, the defined benefit obligation would be EUR 3.9 million higher.

Actuarial assumptions

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

	2014	2013
%		
Discount rate as at December 31	2.3	3.8
Inflation	2.0	2.0
Salary growth rate	2.7	2.7
Pension growth rate	0.9	1.0

The assumptions do not differ significantly over the different plans and countries. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The assumptions regarding mortality experience are based on actuarial advice and latest available published statistics and mortality tables in each territory. For the Netherlands this was AG Prognose table 2014, for Germany Heubeck 2005G, for France TF/TH 0002, for Italy RG48 and for the UK 105%S1PXA CMI 2010.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

December 31, 2014

		2014	2013
	Change in assumption	**Impact on Defined benefit obligation** (Debit/(Credit))	**Impact on Defined benefit obligation** (Debit/(Credit))
	%	EUR million	EUR million
Discount rate	+ 0.25	5.6	4.1
	- 0.25	(5.8)	(4.2)
Pension growth rate	+ 0.25	4.4	3.1
	- 0.25	(2.5)	(1.7)
Salary growth rate	+ 0.25	0.7	0.6
	- 0.25	(0.8)	(0.6)
Life expectancy	Increase by 1 year	3.2	(2.1)
	Decrease by 1 year	(3.4)	2.0

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

The Group expects that contributions to the defined benefit plans will be EUR 3.5 million in 2015 (2014: EUR 4.2 million).
The weighted average duration of the defined benefit obligation is 19.2 years.

Expected maturity analysis of undiscounted pension and other defined benefits:

EUR million	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Pensions & other	3.3	2.8	9.9	20.5	36.5

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most significant of which are detailed below:

- Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. However, the assets in the Netherlands have duration in line with the liabilities. The Plan in the UK holds investments in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if deficits emerge.
- Changes in bond yields: The Plan's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Plan holds assets such as equities the value of the assets and liabilities may not move in the same way. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. The pension plan in the Netherlands is an insured plan, but additional pension premiums have to be paid when interest rates are below certain levels.
- Inflation risk: Some of the Group pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation or inflation increases are only possible after excessive returns on assets).
- Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.
- The Group operates unfunded pension and jubilee plans, where the company meets the benefit payment obligation as it falls due. Future payments depend on salary developments, changes in life expectancy and turnover rates which might result in fluctuations in cash flows.

Multi-employer plan

Part of the Group's employees in the Netherlands, approximately 200 employees, participate in an industry-wide multi-employer plan, "Stichting Bedrijfstakpensioenfonds voor de Drankindustrie" (the pension fund). The pension plan classifies as a multi-employer plan under IAS 19. This multi-employer plan covers approximately 400 companies and 5000 contributing members.

The pension fund monitors its risks on an overall basis, not by company or employee, and is subject to regulation by Dutch governmental authorities. By law (the Dutch Pension Act), a multi-employer plan must be monitored against specific criteria, including the coverage ratio of the plan assets to its obligations. This coverage ratio must exceed 104.2% for the total plan. Every company participating in the multi-employer plan contributes a premium calculated as a percentage of its total pensionable salaries, with each company subject to the same percentage contribution rate. The premium can fluctuate and is set by the pension fund board in accordance with (minimum) premium requirements (Kostendekkende premie) as required by regulation. In the case of a shortfall (or surplus) the Group has no obligation to pay (or receive) any supplementary contributions other than possibly higher (lower) future premiums. The pension rights of each employee are based upon the employee's average salary during employment.

The coverage ratio of the multi-employer plan increased to 120.5% as of December 31, 2014 (December 31, 2013: 114.5%). The coverage ratio is calculated by dividing the plan assets by the total sum of pension liabilities and is based on actual market interest (including a so called Ultimate Forward Rate as required by the Dutch Central Bank). The pension premium percentage is 22.7% in 2014 (14.46% employer, 8.24% employee) and 25.7% in 2015. The multi-employer scheme is a defined benefit scheme but the Group accounts for the multi-employer plan as if it were a defined contribution plan, as the pension fund is not able to provide the Group with the required Company-specific information to allow the assets and liabilities to be separately identified. The Group's pension expense for the multi-employer plan for a fiscal period is equal to the required contribution for that period.

5.12 Other provisions

EUR million	Restructuring	Other	Total 2014	Total 2013
January 1, 2014	**15.5**	**1.3**	**16.8**	**4.2**
Provisions made during the year	5.9	9.7	15.6	14.0
Provisions used during the year	(9.5)	(2.7)	(12.2)	(5.4)
Provisions reversed during the year	(1.4)	(0.6)	(2.0)	(0.3)
Business combinations	-	-	-	4.2
Effect of movements in exchange rates	0.6	-	0.6	0.1
December 31, 2014	**11.1**	**7.7**	**18.8**	**16.8**
Non-current	-	2.1	2.1	4.2
Current	11.1	5.6	16.7	12.6

Restructuring

The provision for restructuring relates to the Calvörde plant, the closure of the St. Andrea plant, the closure of Heerlen plant and several local head offices after the merger. There are no significant uncertainties about the amount or timing of outflow of resources.

Other provisions

Other provisions include provisions for the Gerber merger, removal of asbestos in Italy and unfavorable contracts recognized in the purchase price allocation. The non-current part will be utilized within five years.

5.13 Trade and other payables

EUR million	Note	2014	2013
Trade accounts payable		305.0	289.2
Other taxes and social security premiums		31.8	30.3
Other payables, accruals and deferred income		161.2	108.0
	3.1.2	**498.0**	**427.5**

The exposure to foreign currency and liquidity risks on trade and other payables is disclosed in note 3.1.2. and 3.1.3.

6 SUPPLEMENTARY NOTES

6.1 Purchase Price Allocation

On November 11, 2013 the Group merged with Pride Foods Ltd ("Gerber Emig"). Gerber Emig is a private label manufacturer of fruit juices and carbonated soft drinks and water and has manufacturing sites in Kozietuly (Poland), Le Quesnoy (France), Bridgwater (UK), Waibstadt and Calvorde (Germany). Gerber Emig shareholders own 27.5% of the shares in the new Group and Refresco shareholders own 72.5%.

The results of Gerber Emig were consolidated in the results of Refresco Gerber B.V. as of November 12, 2013. Gerber Emig contributed EUR 73.4 million of revenue and EUR 1.3 million of net loss during the period November 12, 2013 to December 31, 2013. The Waibstadt manufacturing site and the related finance lease liabilities were at December 31, 2013 classified as held for sale, due to the conditions by the competition authorities, and were sold on July 31, 2014.

The values of assets, liabilities, and contingent liabilities recognized on acquisition are their estimated fair values. The fair value of inventory has been determined based on latest sales prices and resulted in a step up of EUR 5.0 million which has been released in the result in 2013 in the raw materials and consumables used.

The fair value of trade and other receivables is EUR 111.3 million and includes trade receivables with a fair value of EUR 103.5 million. The gross contractual amount for trade receivables due is EUR 104.9 million, of which EUR 1.4 million was expected to be uncollectible.
The long term debt mainly consists of a mortgage loan which is valued at fair value in the purchase price allocation process. The fair value is based on discounted cash flow method, taking into account a credit spread of 300bp. The credit spread is based on a reference portfolio. Redemption is based on the assumption that the Libor rate will equal current rate in remaining years. The fair value adjustment on the mortgage loan is EUR 4.3 million and will be recognized in result based on effective interest rate method.

Had the business combination occurred on January 1, 2013 revenue and net loss for the 12-month period ended December 31, 2013 would have amounted to EUR 725.1 million and EUR 0.2 million, respectively. The revenue of 2013 exclusive the Waibstadt sales amounts to EUR 561.0 million.

In the financial year 2014 we recognized a goodwill adjustment for an amount of EUR 7.4 million as a result of the finalization of the purchase price allocation relating to the Gerber Emig merger. The amount is for EUR 1.4 million related to an inventory adjustment in Emig GmbH in Germany and for EUR 6.0 million to an adjustment of deferred tax asset for temporary differences on property, plant and equipment in Emig GmbH in Germany as disclosed in note 5.4. The goodwill adjustment recorded regards 90% of the total asset adjustment , being the share of the Group in Emig GmbH.

These adjustments did not have a material impact on the 2013 figures and as a results the comparative figures have not been adjusted.

6.2 Commitments and contingent liabilities

Operating lease and rental obligations

EUR million	2014	2013
Less than one year	32.4	31.6
Between one and five years	69.2	60.3
More than five years	10.9	12.5
	112.5	**104.4**

The Group leases office buildings, warehouses, machinery and equipment and cars. The lease arrangements do not contain any contingent rent or any restrictions related to other financing activities of the Group. During 2014, EUR 32.8 million was recognized as expense in the income statement in respect of operating leases and rentals (2013: EUR 26.5 million).

Purchase and investment commitments

EUR million	Total 2014	Less than one year	One to five years	More than five years	Total 2013
Property, plant and equipment	11.2	11.2	-	-	8.4
Raw materials, packaging and utilities	293.4	293.4	-	-	347.7
	304.6	**304.6**	**-**	**-**	**356.1**

Contingent liabilities
Banks have issued guarantees to suppliers and customs on behalf of the Group in the aggregate amount of EUR 4.4 million (2013: EUR 5.4 million).

The Group has several facilities for issuing letters of credit and local overdraft facilities for cash pool purposes.

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

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

6.3 Related parties

Shareholder structure
The Company's shareholders are Ferskur Holding 1 B.V., 3i Investors 1 Sarl, 3i Investors 2 Sarl, Okil Holding B.V., Godetia II B.V. and Tamoa Ltd. The ultimate shareholders of Ferskur Holding 1 B.V. are Kaupthing HF, Stodir HF and EAB1 Ehf.

Identification of related parties
The subsidiaries included in note 3.2 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 Nederland B.V., and members of management of the Group and subsidiaries. The transactions with these related parties relate primarily to the shareholding and debt financing of the Group.

Personnel compensation and transactions with Executive and Supervisory Board Members
Executive Board personnel compensation
In addition to their salaries, the Group also provides non-cash benefits to members of the Executive Board (the key management,) 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 67.

Compensation of the Executive Board members comprised the following:

EUR million	2014	2013
Short-term employee benefits	3.0	2.6
Post-employment benefits	0.2	0.2
	3.2	**2.8**

The short-term employee benefits include in 2013 an amount of EUR 0.2 million related to an additional wage tax in the Netherlands, the crisis levy.

The remuneration for Supervisory Board members was EUR 0.5 million (2013: EUR 0.4 million).

Transactions with key management and directors

The Executive Board members of the Group, the key management, held (either directly or indirectly) 4.9% of the Company's ordinary shares and 5.3% of the shares of Emig GmbH as a result of the non-controlling interest. None of the members of the Supervisory Board held any shares of the Company.

The Group granted Raven Management B.V, the entity of the Executive Board, an unsecured revolving credit facility of EUR 2.2 million at arm's length conditions. The loan has no fixed repayment term but is fully repayable inclusive interest on exit. The loan bears an interest of 3 months Euribor plus 300bp, which is added to the facility.

Transactions with related parties

	Transaction value		Balance outstanding dec-31	
	2014	**2013**	**2014**	**2013**
EUR million				
Increase of shareholders' equity / financing				
Tamoa Ltd.	-	182.5	-	-
Executive Board	0.1	2.1	2.2	2.1
3i	-	-	(0.7)	(0.7)
Okil Holding B.V.	-	0.4	0.4	0.4
Total	**0.1**	**185.0**	**1.9**	**1.8**
Management Fees (charged)				
Ferskur Holding 1 B.V.	0.3	0.5	-	-
3i	0.3	0.1	-	-
Tamoa Ltd.	0.1	-	-	-
Total	**0.7**	**0.6**	**-**	**-**

The receivable on Okil Holding B.V. (EUR 0.4 million) should be repaid anytime but latest in 2016. Interest charged is 3 months Euribor plus 300bp and will be added to the loan.

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

6.4 Group entities

The overview of the entities of the Group is included in note 3.2 to the Company financial statements.

6.5 Subsequent events

On February 2, 2015 Refresco Gerber sold the assets of the Durham plant in the UK for an amount of GBP 1.9 million. The assets are recognized as Asset held for sale as per December 31, 2014 for the carrying amount of EUR 1.9 million.

Company balance sheet

As at December 31, 2014
(Before appropriation of result)

EUR million	Note	2014	2013
Assets			
Financial fixed assets	3.2	217.3	314.0
Loans to group companies	3.3	776.6	701.6
Deferred tax		-	0.3
Total non-current assets		**993.9**	**1,015.9**
Receivables from group companies		36.7	10.6
Current tax asset		0.7	-
Receivables from related parties outside the group		0.5	0.4
Cash and cash equivalents		7.5	-
Total current assets		**45.4**	**11.0**
Total assets		**1,039.3**	**1,026.9**
Equity & liabilities			
Issued Share capital		5.9	5.9
Share premium		440.7	440.7
Legal reserves		3.3	(4.3)
Other reserves		(12.2)	(10.2)
Retained earnings		(117.8)	(89.4)
Profit / (loss) for the year		38.6	(28.4)
Total equity attributable to equity holders of the company	**3.4**	**358.5**	**314.3**
Loans and borrowings	3.5	660.0	660.0
Deferred tax		0.4	0.2
Total non-current liabilities		**660.4**	**660.2**
Bank overdrafts		-	0.1
Trade and other payables		5.4	5.7
Payable to group companies		15.0	46.6
Total current liabilities		**20.4**	**52.4**
Total equity and liabilities		**1,039.3**	**1,026.9**

Company income statement

For the year ended December 31, 2014

EUR million	Note	2014	2013
Share in results from participating interests after taxation	3.2	(101.7)	0.2
Company result after taxation	3.1	140.3	(28.6)
Profit / (loss)		**38.6**	**(28.4)**

Notes to the company financial statements

1 GENERAL

The financial statements of Refresco Gerber B.V. or 'the Company' are included in the consolidated financial statements of the Group.

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 Title 9, Book 2, 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). In these separate financial statements investments in subsidiaries are accounted for using the equity method. The consolidated financial statements are prepared according to the standards laid down by the International Accounting Standards Board and adopted by the European Union. These principles are set out in the consolidated financial statements.

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

3 NOTES TO THE COMPANY BALANCE SHEET AND INCOME STATEMENT

3.1 Company Result after Taxation

EUR million	2014	2013
Other operating expenses	(0.1)	(1.0)
Finance income and expense	140.2	(37.1)
Income tax (expense)/ benefit	0.2	9.5
Profit/(loss)	**140.3**	**(28.6)**

The increase in finance income is mainly related to interest income on loans to Group companies of prior years (€ 140.9).

3.2 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:

EUR million	2014	2013
January 1	**314.0**	**136.2**
Share in result of participating interests	(101.7)	0.2
Capital increase	-	187.6
Effect of movements in exchange rates	1.9	(1.1)
Changes in cashflow hedge reserve	5.1	(2.6)
Other comprehensive income pensions	(2.0)	(6.3)
December 31	**217.3**	**314.0**

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

Company	Statutory seat	Note	Ownership 2014	Ownership 2013
Consolidated companies				
Refresco Holding B.V.	Rotterdam (The Netherlands)	1	100%	100%
Refresco B.V.	Dordrecht (The Netherlands)	1	100%	100%
Soft Drink International B.V.	Heerlen (The Netherlands)	1	100%	100%
Refresco Benelux B.V.	Maarheeze (The Netherlands)	1	100%	100%
Refresco N.V.	Ninove (Belgium)		100%	100%
Refresco Iberia S.A.	Oliva (Spain)		100%	100%
Refresco Deutschland Holding GmbH	Herrath (Germany)		100%	100%
Refresco Deutschland GmbH	Herrath (Germany)		100%	100%
Logico GmbH & Co KG	Erftstadt (Germany)		100%	100%
VIP-Juicemaker Holding O.Y.	Kuopio (Finland)		100%	100%
VIP-Juicemaker O.Y.	Kuopio (Finland)		100%	100%
Refresco France S.A.S.	Marges (France)		100%	100%
Ferskur France S.A.S.	Marges (France)		100%	100%
Refresco Holdings GB Ltd.	London (UK)		100%	100%
Histogram Holdings Ltd.	Durham (UK)		100%	100%
Refresco Ltd.	Durham (UK)		100%	100%
Refresco Poland Sp. z o.o.	Warsaw (Poland)		100%	100%
Kentpol Zywiecki Krysztal Sp. z o.o.	Kenty (Poland)		100%	100%
Refresco Italy S.p.A.	Milan (Italy)		100%	100%
Spumador S.p.A.	Cadorago (Italy)		100%	100%
Medibev S.p.A.	Milan (Italy)		100%	100%
Refresco UK B.V.	Rotterdam (the Netherlands)	1	100%	100%
Refresco Deutschland Services & IT GmbH & Co KG	Mönchengladbach (Germany)		100%	100%
EMIG Sp.z o.o.	Warsaw (Poland)		100%	100%
Refresco Le Quesnoy SAS	Valenciennes (France)		100%	100%
EMIG GmbH	Rellingen (Germany)	2	90%	90%
Verwaltungsgesellschaft EMIG mbH	Rellingen (Germany)		100%	100%
EMIG Service GmbH	Rellingen (Germany)		100%	100%
Pride Foods Ltd.	London (UK)		100%	100%
Quantock Properties Ltd.	London (UK)		100%	100%
Refresco Gerber UK Ltd	London (UK)		100%	100%
Gerber Emig Group Ltd.	London (UK)		100%	100%
British Brand Ltd. (dormant)	London (UK)		100%	100%
Sunpride Ltd. (dormant)	London (UK)		100%	100%
Gerber Foods International Ltd. (dormant)	London (UK)		100%	100%
Gerber Frozen Foods Ltd. (dormant)	London (UK)		100%	100%
Gerber Goldschmidt Foods Ltd. (dormant)	London (UK)		100%	100%
GerberFoods Softdrinks Ltd. (dormant)	London (UK)		100%	100%
Non-consolidated companies				
Entsorgungs GmbH	Calvörde (Germany)	3	36%	36%
Genprobio SrL	Cadorago (Italy)	3	20%	20%
Polski System Recyclingu Organizacja	Warsaw (Poland)	3	15%	15%

1. *Refresco Gerber B.V. has issued a 403 liability statement for these companies.*
2. *The Group owns 90% of Emig GmbH. The other 10% is held by Okil Holding B.V., a shareholder of the Group. The figures of Emig GmbH are included in the consolidated financial statements.*
3. *The Non- consolidated companies are not material for the financial statements of Refresco Gerber B.V.*

3.3 Loans to Group companies

EUR million	2014	2013
January 1	**701.6**	**707.0**
Loans translated to share capital	-	(5.1)
Loans granted and interest	140.9	-
Currency translation adjustment	-	(0.3)
Repaid	(65.9)	-
December 31	**776.6**	**701.6**

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

3.4 Equity

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

3.5 Loans and borrowings

EUR million	2014	2013
January 1	**660.0**	**660.0**
Notes issued	-	-
December 31	**660.0**	**660.0**

EUR million	Currency	Nominal interest rate %	Repayment	Face value 2014	Carrying amount 2014	Face value 2013	Carrying amount 2013
Senior secured floating rate notes	EUR	3M Euribor + 4.0	2018	300.0	300.0	300.0	300.0
Senior secured fixed rate notes	EUR	7.375	2018	360.0	360.0	360.0	360.0
Total interest-bearing liabilities				**660.0**	**660.0**	**660.0**	**660.0**

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

3.6 Remuneration

For the remuneration to the Executive Board a reference is made to note 6.3 of the consolidated financial statements. The company does not employ personnel.

3.7 Independent 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 Ernst & Young Accountants LLP and their network inside and outside the Netherlands to the Company, its subsidiaries and other consolidated entities:

EUR million	2014	2013
Statutory audit of financial statements	0.7	1.0
Tax advisory services	-	1.6
Other audit services	0.1	-
Other non-audit services	-	0.4
Total	**0.8**	**3.0**

The financial year 2013 were audited by PricewaterhouseCoopers Accountants N.V. and their network inside and outside the Netherlands to the Company, its subsidiaries and other consolidated entities.

Rotterdam, February 19, 2015

Executive Board

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

Supervisory Board

Yiannis Petrides (Chairman)	January, 2013
Aalt Dijkhuizen	October, 2009
Hilmar Thor Kristinsson	August, 2009
Jon Sigurdsson	April, 2009
Nicolas Schoenfeld	November, 2013
Pieter de Jong	May, 2010
Sean Gorvy	November, 2013
Thorsteinn Jonsson	May, 2006

Other Information

PROVISIONS IN THE ARTICLES OF ASSOCIATION GOVERNING THE APPROPRIATION OF RESULT

None of the class A2 ordinary shares and none of the class B1 ordinary shares shall have any rights to participate in any dividends or distributions of any kind. Out of the profits earned in a financial year, in so far as possible, a preferred dividend shall accrue on each A1A and A1B ordinary shares respectively in the amount of 10% per annum on the total amounts invested on such shares, and the holders thereof are also entitled to a preferred distribution in case of liquidation out of the balance remaining following payment of the debts of the dissolved company. Any residual balance will be distributed to holders of the ordinary shares. Both the Company and the shareholders have agreed in the Articles of Association that any distribution of dividend is discretionary to the Company and requires the prior approval of the General Meeting of Shareholders.

PROPOSAL FOR APPROPRIATION OF RESULT

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

SUBSEQUENT EVENTS

On February 2, 2015 Refresco Gerber sold the assets of the Durham plant in the UK for an amount of GBP 1.9 million. The assets are recognized as Asset held for sale as per December 31, 2014 for the carrying amount of EUR 1.9 million.

Independent auditor's report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2014 of Refresco Gerber B.V., Rotterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2014, the consolidated income statement, the consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2014, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management 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 Executive Board Report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore the management 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Refresco Gerber B.V. as at 31 December 2014 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Refresco Gerber B.V. as at 31 December 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Executive Board 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 Executive Board Report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Rotterdam, 19 February 2015

Ernst & Young Accountants LLP

signed by M. Bangma-Tjaden

Ten years of Refresco Gerber

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
EUR million										
Income statements										
Revenue	2,036.9	1,587.6	1,538.3	1,523.4	1,223.9	1,139.6	1,146.1	951.6	660.1	606.0
Gross margin % [2]	34.0%	30.7%	28.8%	29.0%	32.0%	46.1%	39.2%	42.1%	43.4%	46.3%
Adjusted EBITDA [3]	208.2	139.7	115.5	111.0	125.0	120.6	109.8	77.5	63.9	64.1
Adjusted EBITDA %	10.2%	8.8%	7.5%	7.3%	10.2%	10.6%	9.6%	8.1%	9.7%	10.6%
EBITA [3]	194.6	24.4	35.1	25.7	61.2	67.6	64.9	37.7	38.1	39.3
Adjusted EBIT [5]	120.4	53.4	43.1	37.5	71.0	n/a	n/a	n/a	n/a	n/a
Profit / (loss) after income tax	38.7	(28.9)	(18.2)	(25.9)	8.8	7.6	(13.8)	(26.9)	(6.1)	7.9
Balance sheets										
Property, plant and equipment	523.5	525.4	391.4	412.0	351.7	328.8	323.0	333.6	226.1	207.5
Primary working capital	235.4	245.8	152.6	141.1	124.9	89.8	97.0	99.4	81.4	77.8
Capital employed excluding Goodwill	534.3	621.3	443.6	469.9	395.4	350.0	362.7	377.6	263.4	240.1
Other indicators										
Volume in liters (*1,000)	5,968.9	5,054.0	4,943.9	4,956.6	3,804.2	3,393.8	3,142.3	2,524.8	1,803.3	1,784.0
Employees in fte's (year-end)	4,011	4,704	3,009	3,092	2,750	2,318	2,241	2,267	1,229	1,210
Return on capital employed % [4]	n/a	n/a	n/a	n/a	15.5%	19.3%	18.1%	9.9%	14.4%	16.4%
Return on capital employed based on adjusted EBT % [6]	12.2%	5.6%	6.0%	5.4%	10.2%	n/a	n/a	n/a	n/a	n/a
Working capital days [4]	42.2	37.2	36.2	33.8	37.3	28.7	30.9	38.1	45.0	46.9
Investments	82.9	47.8	43.6	41.6	48.2	48.5	36.8	40.1	30.3	18.2

1. *Figures for 2008-2014 comply with IFRS as adopted by the European Union. 2005-2007 are reported under Dutch GAAP.*
2. *The gross margin used for calculation of the gross margin percentage includes freight charges and other cost of sales.*
3. *EBITDA is calculated as operating profit minus amortization, depreciation and impairments. Adjusted EBITDA excludes costs related to acquisitions, refinancing and other one-off costs. A reference is made to the Executive Board Report.*
4. *Return on capital employed and working capital days have been calculated excluding the Gerber Emig figures.*
5. *The adjusted EBIT is calculated as operating profit excluding costs related to acquisitions, refinancing and other one-off costs.*
6. *In 2014 a new definition for return on capital employed is implemented and is calculated as the adjusted EBIT before impairments divided by the capital employed.*

HEAD OFFICE
REFRESCO GERBER B.V.
www.refrescogerber.com
Fascinatio Boulevard 270
P.O. Box 8665
3009 AR Rotterdam
The Netherlands
T +31 10 440 5100
F +31 10 440 5199
info@refrescogerber.com

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

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

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

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

contact

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

IBERIA
www.refrescoiberia.com
Refresco Iberia S.L.
Ctra. N-332, Km 206, 9
E-46780 Oliva (Valencia)

SPAIN
T +34 96 285 0200
F +34 96 285 0208
info@refrescoiberia.com

UNITED KINGDOM
www.refrescogerber.co.uk
Refresco Gerber UK Limited
Mallard Court, Express Park,
Bridgwater, Somerset
TA6 4RN, UK
T +44 1278 441600
F +44 1278 441777
info@refrescogerber.co.uk

POLAND
www.refresco.pl
Refresco Poland Sp. z o.o.
ul. Fabryczna 8
32-650 Kêty
Poland
T +48 33 845 11 56
F +48 33 845 39 06
sekretariat@refrescopolska.pl

COLOFON

This Annual Report is a publication of Refresco Gerber B.V.
www.refrescogerber.com

REQUEST FOR INFORMATION
communications@refrescogerber.com

DESIGN
NoSuchCompany
www.nosuch.nl

TEXT
Refresco Gerber B.V.

PHOTOGRAPHY
Richard Sinon
Rogier Bos (pages 46-47)

MIX
Papier van verantwoorde herkomst
FSC® C020192

Non-IFRS Measures

The Company defines EBITDA as net profit before non-controlling interests, income tax, net financial costs, depreciation and amortization and impairment of property, plant and equipment ('PPE'). While the amounts included in EBITDA are derived from the group's financial information, it is not a financial measure determined in accordance with adopted IFRS. Accordingly, EBITDA should not be considered as an alternative to net income or operating income as a sole indication of the group's performance or as an alternative to cash flows as a measure of the group's liquidity. The Company currently uses EBITDA in its business operations to, among others, evaluate the performance of its operations, develop budgets, and measure its performance against those budgets. The Company considers EBITDA a useful tool to assist in evaluating performance because it excludes interest, taxes and the most significant non-cash charges.

Forward Looking Statements

Certain statements in this document are not historical facts and are or are deemed to be 'forward-looking'. The Company's prospects, plans, financial position and business strategy, and statements pertaining to the capital resources, future expenditure for development projects and results of operations, may constitute forward-looking statements. In addition, forward looking statements generally can be identified by the use of forward-looking terminology including, but not limited to; 'may', 'expect', 'intend', 'estimate', 'anticipate', 'plan', 'foresee', 'will', 'could', 'may', 'might', 'believe' or 'continue' or the negatives of these terms or variations of them or similar terminology. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. These forward-looking statements involve a number of risks, uncertainties and other facts that may cause actual results to be materially different from those expressed or implied in these forward-looking statements because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. Forward-looking statements are not guarantees of future performances.

Factors, risk and uncertainties that could cause actual outcomes and results to be materially different from those projected include, but are not limited to, the following: risks relating to changes in political, economic and social conditions; future prices and demand for the Company's products and demand for the group's customers' products; future expansion plans and capital expenditures; the group's relationship with, and conditions affecting, the group's customers; competition; weather conditions or catastrophic damage; and risks relating to global economic conditions and the global economic environment. Forward-looking statements speak only as of the date of this document. The Company expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained in this report to reflect any change in its expectations or any change in events, conditions, assumptions or circumstances on which any such statement is based unless so required by applicable law.

www.refrescogerber.com