D.E MASTER BLENDERS 1753 N.V.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the six and twelve months periods ended 30 June 2013 and 30 June 2012

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UNAUDITED CONSOLIDATED INCOME STATEMENTS
For the six and twelve months periods ended 30 June 2013 and 30 June 2012
(All amounts in thousands of Euro, except per share data)

	Note	6 months period 30 June 2013	6 months period 30 June 2012	12 months period 30 June 2013	12 months period 30 June 2012
Sales	4	1,317,467	1,406,417	2,680,312	2,795,018
Cost of sales		(780,368)	(906,574)	(1,608,471)	(1,787,088)
Gross profit		537,099	499,843	1,071,841	1,007,930
Selling, general and administrative expenses		(409,019)	(495,343)	(817,162)	(898,219)
Operating profit		128,080	4,500	254,679	109,711
Finance income, net	11	26,141	66,155	62,255	132,194
Finance costs, net	11	(16,007)	18,718	(50,494)	17,442
Share of profit from associate		1,890	(516)	4,448	191
Profit before income taxes		140,104	88,857	270,888	259,538
Income tax expense	8	(35,251)	(26,296)	(74,513)	(127,347)
Profit for the period		104,853	62,561	196,375	132,191
Earnings per share – basic		0.18	0.11	0.33	0.22
Earnings per share – diluted		0.18	0.11	0.33	0.22

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the six and twelve months periods ended 30 June 2013 and 30 June 2012
(All amounts in thousands of Euro)

	6 months period 30 June 2013	6 months period 30 June 2012	12 months period 30 June 2013	12 months period 30 June 2012
Profit for the period	104,853	62,561	196,375	132,191
Other comprehensive income (loss):				
Retirement benefit obligation related items – net of tax of €(478), €14,747, €8,690 and €30,883	39,638	29,362	(77,586)	(23,084)
Foreign currency translation – tax not applicable	(31,036)	79,394	(49,746)	47,499
Effective portion of cash flow hedge – net of tax of €2,388 and €5,038	(7,010)	–	(14,965)	–
Total other comprehensive loss – net of tax	1,592	108,756	(142,297)	24,415
Total comprehensive profit for the period	106,445	171,317	54,078	156,606

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of 30 June 2013 and 30 June 2012
(All amounts in thousands of Euro)

	Note	30 June 2013	30 June 2012
Assets			
Noncurrent assets:			
Property, plant and equipment		373,986	377,437
Goodwill and other intangible assets		372,610	386,817
Investments in associate		14,515	12,567
Deferred income tax assets		119,428	91,418
Other noncurrent financial assets		65,077	46,855
Retirement benefit asset	9	140,000	150,193
		1,085,616	1,065,287
Current assets:			
Inventories	5	283,953	404,863
Trade and other receivables		341,193	421,593
Income tax receivable		15,459	29,634
Derivative financial instruments		4,959	22,268
Cash and cash equivalents		442,136	220,343
		1,087,700	1,098,701
Total assets		2,173,316	2,163,988
Equity and liabilities			
Equity:			
Share capital		71,383	71,383
Additional paid in capital		406,019	417,363
Other reserves		(305,026)	(171,148)
Profit for the period		196,375	–
		368,751	317,598
Noncurrent liabilities:			
Borrowings	7	515,717	528,958
Retirement benefit obligations	9	94,346	109,461
Deferred income tax liabilities		61,435	47,263
Provisions	10	52,201	52,077
Derivative financial instruments		40,230	–
Other noncurrent liabilities		67,037	73,516
		830,966	811,275
Current liabilities:			
Borrowings	7	23,330	28,456
Trade and other payables		661,145	630,543
Income taxes payable		248,307	294,615
Provisions	10	37,497	66,005
Derivative financial instruments		3,320	15,496
		973,599	1,035,115
Total equity and liabilities		2,173,316	2,163,988

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the twelve months periods ended 30 June 2013 and 30 June 2012
(All amounts in thousands of Euro)

	Share capital	Additional paid in capital	Parent's Net Investment	Retirement Benefit Obligation Related Items	Currency Translation Reserve	Cash flow hedge reserve	Share-based payments reserve	Profit for the period	Total Parent Net Investment/ Equity
Balance — As of fiscal year 2011	–	–	3,466,630	(195,586)	23	–	–		3,271,067
Profit for the period	–	–	132,191	–	–	–	–	–	132,191
Retirement benefit obligation related items	–	–	–	(23,084)	–	–	–	–	(23,084)
Foreign currency translation	–	–	–	–	47,499	–	–	–	47,499
Contributions from (distributions to) Parent	–	–	71,897	–	–	–	–	–	71,897
Special dividend paid by DE US, Inc.	–	–	(1,419,150)	–	–	–	–	–	(1,419,150)
Impact of Separation from Sara Lee	–	–	(1,762,822)	–	–	–	–	–	(1,762,822)
Issuance of Company common stock and formation of Group	71,383	417,363	(488,746)	–	–	–	–	–	–
Balance — As of 30 June 2012	71,383	417,363	–	(218,670)	47,522	–	–	–	317,598
Profit for the period	–	–	–	–	–	–	–	196,375	196,375
Retirement benefit obligation related items	–	–	–	(77,586)	–	–	–	–	(77,586)
Foreign currency translation	–	–	–	–	(49,746)	–	–	–	(49,746)
Cross currency interest rate swaps	–	–	–	–	–	(14,965)	–	–	(14,965)
Share based payments reclassification	–	(11,344)	–	–	–	–	11,344	–	–
Settlement of share based payments	–	–	–	–	–	–	(6,663)	–	(6,663)
Share based compensation expenses	–	–	–	–	–	–	4,155	–	4,155
Treasury stock movement	–	–	–	–	–	–	(417)	–	(417)
Balance — As of 30 June 2013	71,383	406,019	–	(296,256)	(2,224)	(14,965)	8,419	196,375	368,751

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six and twelve months periods ended 30 June 2013 and 30 June 2012
(All amounts in thousands of Euro)

	Note	6 months period 30 June 2013	6 months period 30 June 2012	12 months period 30 June 2013	12 months period 30 June 2012
Net cash provided by operating activities	13	229,543	113,824	323,974	102,453
Cash flows from investing activities:					
Purchases of property, plant and equipment		(59,386)	(53,954)	(99,331)	(97,311)
Proceeds from the sale of property, plant and equipment		63	4,016	190	4,277
Purchases of intangibles		(2,968)	(131,747)	(11,632)	(134,974)
Acquisition of businesses, net of cash acquired		–	(844)	–	(23,367)
Interest received		6,104	10,211	21,032	22,346
Interest received from Sara Lee		–	43,840	–	80,605
Loans made		14,551	–	16,108	–
Loans made to Sara Lee		–	(2,976,710)	–	(4,692,710)
Repayments of loans made to Sara Lee		–	3,095,310	–	5,297,286
Dividends received		1,788	588	1,788	588
Net cash provided by/(used in) investing activities		(39,848)	(9,290)	(71,845)	456,740
Cash flows from financing activities:					
Repayments of short-term borrowings		(42,369)	(1,397)	(74,299)	(1,433)
Proceeds from short-term borrowings		21,819	(989)	81,417	4
Repayments of long-term debt		–	(415,006)	(3,296)	(474,252)
Proceeds from long-term debt issuance		–	49,207	–	150,005
Interest paid		(17,917)	(16,689)	(36,145)	(21,478)
Transfers (to)/from Parent, net		–	(78,372)	–	80,398
Repayment of bridge loans		–	(2,895,753)	–	(2,895,753)
Proceeds from bridge loans		–	2,895,753	–	2,895,753
Special dividend paid by DE US, Inc.		–	(1,419,150)	–	(1,419,150)
Net cash provided by/(used in) financing activities		(38,467)	(1,882,396)	(32,323)	(1,685,906)
Effect of exchange rate changes on cash		(3,296)	2,106	1,987	2,946
Net increase in cash and cash equivalents		147,932	(1,775,756)	221,793	(1,123,767)
Cash and cash equivalents — Beginning of the period		294,204	1,991,038	220,343	1,339,049
Cash and cash equivalents — End of the period		442,136	215,282	442,136	215,282

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PREPARATION

D.E MASTER BLENDERS 1753 N.V. ("D.E MASTER BLENDERS" or the "Company") is a publicly traded company incorporated under the laws of the Netherlands and listed on Euronext Amsterdam. The Company has its registered office in Joure and its headquarter in Amsterdam, the address is: Oosterdoksstraat 80, 1011 DK in Amsterdam, the Netherlands.

The unaudited condensed consolidated interim financial statements for the six and twelve months period ended 30 June 2013 include the financial information of the Company and its subsidiaries (the "Group").

These unaudited condensed consolidated interim financial statements were authorised for issuance on 23 August 2013 by the board of directors of the Company.

Offer Joh. A. Benckiser

On 12 April 2013 Oak Leaf B.V. (the "Offeror"), a newly incorporated company that is wholly owned by a Joh. A. Benckiser ("JAB") led investor group (the "JAB Investor Group") and the Company jointly announced that they have reached conditional agreement in connection with a public offer by the Offeror for all issued and outstanding ordinary shares in the capital of the Company at an offer price of €12.50 (cum dividend) in cash for each ordinary share (on a fully diluted basis) of the Company, subject to customary conditions (the "Offer").

The financial impact of this offer is not included in these unaudited condensed consolidated interim financial statements, but disclosed in Note 15.

Nature of Business

The Group consists of global operations with headquarters in the Netherlands. It offers innovative coffee and tea products that are well-known in retail and out of home markets across Europe, Brazil, Australia and Thailand. The Group is currently organised into three operating segments: Retail—Western Europe, Retail—Rest of World and Out of Home.

Within the Retail—Western Europe and Retail—Rest of World segments, the Group's principal products are roast and ground multi-serve coffee, roast and ground single-serve coffee pads and capsules, instant coffee and tea. The Group sells its products predominantly to supermarkets, hypermarkets and through international buying groups.

In the Out of Home segment, the Group offers a full range of hot beverage products but focuses on its liquid roast products and related coffee machines. The Group's products are sold either directly to businesses, hotels, hospitals and restaurants or to foodservice distributors for distribution to the customer. The Out of Home segment strives to offer a total coffee solution, depending on its customers' needs.

Historically, the Group has not experienced significant seasonal variations in its operating results.

Extended fiscal year

The Board of the Company decided to extend the Company's accounting period, resulting in an 18 months reporting period. The Company's accounting period will run from 1 July 2012 until 31 December 2013. Thereafter, the Company will report on a calendar year basis. As fiscal 2013 will comprise 18 months, the Company has prepared unaudited condensed consolidated interim financial statements for the period ended 30 June 2013. These unaudited condensed consolidated interim financial statements present the current interim period for the six months period ended 30 June 2013 and cumulatively for the current financial year to date and also presenting the comparative figures of the immediately preceding financial year for the six and twelve months ended 30 June 2012, in accordance with IAS 34.

The unaudited condensed consolidated interim financial statements have neither been audited nor reviewed.

Basis of Preparation

The Group has prepared these unaudited condensed consolidated interim financial statements in accordance with IAS 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB") and in conformity with IFRS as adopted by the European Union.

The basis of preparation and the accounting policies used to prepare the unaudited condensed consolidated interim financial statements are the same as those described in the consolidated financial statements as of and for the fiscal year ended 30 June 2012, except for taxes on income in the interim periods which are accrued using the tax rate that would be applicable to expected total annual earnings in each tax jurisdiction.

The unaudited condensed consolidated interim financial statements for all periods have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities.

Combined group – Prior to Separation

On 28 June 2012, the international coffee and tea business of then Sara Lee Corporation ("Sara Lee" or "Parent") was spun-off (the "Separation") into the Company. The Company was formed on 27 February 2012 for the purpose of becoming the parent company of the international coffee and tea business of Sara Lee.

The financial information with respect to the international coffee and tea business prior to Separation is reflected in the individual legal entities that comprise the Group. The financial statements prior to Separation have been prepared from the accounting records of Sara Lee and reflect the cash flows, revenues, expenses, assets, and liabilities of these individual legal entities. Because the separate legal entities that comprise the Group were not held by a single legal entity prior to Separation, Parent's net investment was shown in lieu of equity in these financial statements. Parent's net investment represents the cumulative net investment by Sara Lee in the Group through that date. The impact of transactions between the Group and Sara Lee that were not historically settled in cash are also included in Parent's net investment.

During the periods prior to Separation, the Group functioned as part of the larger group of companies controlled by Sara Lee, and accordingly, Sara Lee performed certain corporate overhead functions for the Group. These functions include, but are not limited to, executive oversight, legal, finance, human resources, internal audit, financial reporting, tax planning and investor relations. The costs of such services were allocated to the Group based on the most relevant allocation method to the service provided, primarily based on percentage of revenue or headcount. Management believes such allocations were reasonable; however, they might not be indicative of the actual expense that would have been incurred had the Group been operating as a separate entity apart from Sara Lee. The cost allocated for these functions was included in selling, general and administrative expenses in the income statements for the periods presented prior to Separation.

Consolidated group – after Separation

The contribution of Sara Lee's international coffee and tea business into the Company was accounted for based on the Group's accounting policy for common control transactions. Accordingly, the assets, liabilities and results of operations of the international coffee and tea business were presented for all periods based on the carrying values recognised in the financial statements of the Group immediately prior to the Separation. Following the Separation, the Group's equity represents the Company's issued and outstanding share capital, additional paid in capital and reserves.

- *Share capital*: share capital was established based on the par value of €0.12 per share for the 594,859,274 shares issued in connection with the Separation;
- *Additional paid in capital*: the remaining parent's net investment, after recording share capital.

2. ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements should be read in conjunction with the Group's consolidated financial statements as of and for the fiscal year ended 30 June 2012, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in conformity with IFRS as adopted by the European Union.

IAS 19, *Employee Benefits*, was amended in June 2011 for annual reporting periods beginning on or after 1 January 2013, with early adoption permitted. The amendments require the calculation of finance costs on a net funding basis and replacement of the expected return on plan assets by the discount rate. The Group performed an initial calculation of the impact of adopting the amendment to IAS 19. The Group estimates that if the amendment had been applied during the six months period ended 30 June 2013, the finance income would be reduced with approximately €21 million. The Group will adopt the amended IAS 19 as from the next fiscal year, starting 1 January 2014.

3. FINANCIAL RISKS

Cross currency interest rate swap

In line with the Group's risk management policy, in September 2012 the Group entered into cross currency interest rate swaps to hedge the full amount of fixed interest rate US Dollar denominated senior notes ($650 million) into fixed interest rate Euro debt. The payment terms of the cross currency interest rate swaps exactly mirror the interest and principal payment conditions of the underlying US Dollar denominated senior notes.

The cross currency interest rate swaps have been designated for hedge accounting as cash flow hedges. Fair value movements are recognised directly in the Cash Flow Hedge Reserve, a separate component within Equity, net of the foreign exchange and interest effective to the period. Next the hedge result on the foreign currency exposure on anticipated green coffee purchases are directly recorded in the Cash Flow Hedge Reserve.

4. SEGMENT INFORMATION

The segment information for the six months period ended 30 June 2013 is as follows (all amounts in thousands of Euro):

	Retail – Western Europe	Retail – Rest of World	Out of Home	Unallocated	Total
Sales	603,685	378,864	319,793	15,125	1,317,467
Adjusted EBIT	123,916	20,788	48,236	(8,637)	184,303
Restructuring charges (Note 10)					(15,789)
Restructuring—related expenses					(4,029)
Impairment charges					(2,260)
Legacy items					11,242
Non-recurring expenses					(39,568)
Other					(5,819)
Operating profit					128,080
Finance income, net					26,141
Finance costs, net					(16,007)
Share of profit from associate					1,890
Profit before tax					140,104
Depreciation and amortisation expense					46,297

The non-recurring expenses include an amount of €39.0 million of advisory fees incurred by the Group related to the Offer.

The segment information for the six months period ended 30 June 2012 is as follows (all amounts in thousands of Euro):

	Retail – Western Europe	Retail – Rest of World	Out of Home	Unallocated	Total
Sales	638,582	380,883	327,786	59,166	1,406,417
Adjusted EBIT	108,768	25,339	48,153	(28,122)	154,138
Restructuring charges (Note 10)					(22,252)
Termination Senseo Agreement					(55,337)
Restructuring—related expenses					(42,823)
Impairment charges					(14,840)
Branded Apparel costs					(7,369)
Other					(7,017)
Operating profit					4,500
Finance income, net					66,155
Finance costs, net					18,718
Share of profit from associate					(516)
Profit before tax					88,857
Depreciation and amortisation expense					44,709

The segment information for the twelve months period ended 30 June 2013 is as follows (all amounts in thousands of Euro):

	Retail – Western Europe	Retail – Rest of World	Out of Home	Unallocated	Total
Sales	1,228,054	781,262	636,771	34,225	2,680,312
Adjusted EBIT	251,889	46,328	95,485	(27,810)	365,892
Restructuring charges (Note 10)					(30,294)
Restructuring—related expenses					(10,162)
Impairment charges					(12,468)
Legacy items					9,582
Non-recurring expenses					(54,723)
Other					(13,148)
Operating profit					254,679
Finance income, net					62,255
Finance costs, net					(50,494)
Share of profit from associate					4,448
Profit before tax					270,888
Depreciation and amortisation expense					89,039

The non-recurring expenses include an amount of €39.0 million of advisory fees incurred by the Group related to the Offer.

The segment information for the twelve months period ended 30 June 2012 is as follows (all amounts in thousands of Euro):

	Retail – Western Europe	Retail – Rest of World	Out of Home	Unallocated	Total
Sales	1,264,163	759,572	636,916	134,367	2,795,018
Adjusted EBIT	209,705	49,598	99,754	(37,266)	321,791
Restructuring charges (Note 10)					(57,700)
Restructuring—related expenses					(62,956)
Termination prior Senseo Agreement					(55,337)
Impairment charges					(21,303)
Branded Apparel costs					(7,905)
Other					(6,879)
Operating profit					109,711
Finance income, net					132,194
Finance costs, net					17,442
Share of profit from associate					191
Profit before tax					€259,538
Depreciation and amortisation expense					€84,582

5. INVENTORIES

The composition of inventories is as follows (all amounts in thousands of Euro):

	30 June 2013	30 June 2012
Raw materials (including packaging)	142,021	201,027
Work in progress	11,810	13,607
Finished goods (including Out of Home machines)	136,708	201,279
	290,539	415,913
Provision for write downs	(6,586)	(11,050)
Total	283,953	404,863

6. SHARE-BASED PAYMENTS

The Group recognised total share based compensation expense of €2.1 million in the six months period ended 30 June 2013 (six months period ended 30 June 2012: €1.7 million).

The Group recognised total share based compensation expense of €4.4 million in the twelve months period ended 30 June 2013 (twelve months period ended 30 June 2012: €2.6 million).

7. BORROWINGS

The Group's borrowings are summarised in the following table (all amounts in thousands of Euro):

	Maturity date	Currency denomination	30 June 2013 Current	30 June 2013 Noncurrent	30 June 2012 Current	30 June 2012 Noncurrent
3.60% Series A Senior Notes	May 2019	US Dollars	–	178,311	–	186,615
3.81% Series B Senior Notes	May 2020	US Dollars	–	92,230	–	96,525
4.03% Series C Senior Notes	May 2021	US Dollars	–	95,304	–	99,743
4.20% Series D Senior Notes	May 2022	US Dollars	–	133,733	–	139,961
Debt issuance costs	Various	US Dollars	–	(690)	–	(1,206)
Brazilian real borrowings	Various	Brazilian Real	20,944	12,522	25,136	–
Acquisition financing	Various	Brazilian Real	2,386	4,200	3,320	7,158
Other financing	Various	Various	–	107	–	162
Total borrowings			23,330	515,717	28,456	528,958

8. INCOME TAXES

The interim tax rate is estimated using the effective tax rate per country for the fiscal year, where the current fiscal year consists of 18 months whereas last fiscal year consisted of 12 months. The interim tax rate of the Group in the twelve months period ended 30 June 2013 has significantly reduced to 27.5% (six months period ended 30 June 2013: 29.9%) compared to the twelve months period ended 30 June 2012 of 49.1% (six months period ended 30 June 2012: 58.9%). This reduction is primarily a result of structurally lower US repatriation taxes combined with additional restructurings and other initiatives that are implemented this fiscal year.

9. RETIREMENT BENEFIT OBLIGATIONS

During the twelve months period ended 30 June 2013 the Group made contribution payments to the pension plans of €76 million of which €45 million to the UK Plans and €31 million to the plans in the Netherlands and in other countries.

During the twelve month period ended 30 June 2013 the average discount rate used to determine the benefit obligation decreased from 4.38% to 3.99%. As a result the pension obligation increased by €150 million.

Together with a gain on plan assets (€9 million) a total loss of comprehensive income was recognised of €141 million for the 12 months period ended 30 June 2013.

10. PROVISIONS

The change in provisions was as follows (all amounts in thousands of Euro):

	Restructuring	Legal and Other	Total
Noncurrent	10,300	23,605	33,905
Current	28,559	11,320	39,879
Carrying amount as of 3 July 2011	38,859	34,925	73,784
Additions charged to income statement	59,689	6,722	66,411
Impact of Separation	812	33,938	34,750
Payments	(56,287)	(2,771)	(59,058)
Change in estimate	(1,989)	2,086	97
Unwinding of discount and effect of changes in the discount rate	65	247	312
Currency translation differences	45	1,741	1,786
Carrying amount as of 30 June 2012	41,194	76,888	118,082
Noncurrent	767	51,310	52,077
Current	40,427	25,578	66,005
Carrying amount as of 30 June 2012	41,194	76,888	118,082
Additions charged to income statement	30,294	(4,910)	25,384
Payments	(46,186)	(5,472)	(51,658)
Change in estimate	451	(598)	(147)
Unwinding of discount and effect of changes in the discount rate	20	506	526
Other	1,093	(1,276)	(183)
Currency translation differences	(66)	(2,240)	(2,306)
Carrying amount as of 30 June 2013	26,800	62,898	89,698
Noncurrent	424	51,777	52,201
Current	26,376	11,121	37,497
Carrying amount as of 30 June 2013	26,800	62,898	89,698

Restructuring—During the periods presented, the Group took a number of actions to maximise the efficiency of its operations, which resulted in a decreased headcount.

In connection with these actions, the Group recognised expenses of €15.8 million and €22.3 million during the six months periods ended 30 June 2013 and 30 June 2012, respectively. The Group expects that the majority of the remaining provision will be paid out within the next 12 months with certain payments extending out five years.

Legal and other provisions—In connection with the Separation, the Group recognised a provision for the impact of the Separation of €33.9 million at 30 June 2012.

11. FINANCE INCOME AND COSTS

Finance income consists of the following (all amounts in thousands of Euro):

	6 months period 30 June 2013	6 months period 30 June 2012	12 months period 30 June 2013	12 months period 30 June 2012
Pension finance income:				
Expected return on assets	74,893	78,640	151,623	153,388
Interest expense	(55,334)	(58,768)	(111,499)	(115,358)
Total pension finance income	19,559	19,872	40,124	38,030
Interest income on loans to Sara Lee	–	36,802	–	71,810
Other interest income	6,582	9,481	22,131	22,354
Total	26,141	66,155	62,255	132,194

Finance costs consist of the following (all amounts in thousands of Euro):

	6 months period 30 June 2013	6 months period 30 June 2012	12 months period 30 June 2013	12 months period 30 June 2012
Interest expense	16,927	(8,550)	40,091	17,860
Net foreign exchange (gain) loss	(920)	32,865	10,403	(42,547)
Other	–	(5,597)	–	7,245
Total	16,007	18,718	50,494	(17,442)

12. RELATED-PARTY TRANSACTIONS

The Group had historically been part of the Sara Lee and as a result had entered into a number of transactions with other Sara Lee entities. The Group shared many functions and services that were performed by various members of Sara Lee and costs were allocated across the relevant entities which had benefited prior to the Separation. The costs were allocated on the basis that Sara Lee believed was a reasonable reflection of the utilisation of each service provided or the benefit received by each Sara Lee entity. The allocated costs, while reasonable, may not necessarily be indicative of the costs that would have been incurred by the Group if it had performed these functions or received these services as a stand-alone group. Balances and transactions between entities within the Group, which are related parties, have been eliminated and are not disclosed in this note.

The Group's transactions with Sara Lee prior to the Separation, were as follows (all amounts in thousands of Euro):

	6 months period 30 June 2013	6 months period 30 June 2012	12 months period 30 June 2013	12 months period 30 June 2012
Sales to Sara Lee	–	4,009	–	10,114
Management fee earned from Sara Lee for research and development	–	–	–	2,539
Corporate overhead allocations from Sara Lee	–	6,120	–	23,707
Share-based payments	–	4,245	–	5,214
Interest income on loans receivable from Sara Lee	–	36,802	–	71,810

13. CASH FLOW FROM OPERATING ACTIVITIES

The Group's cash flow from operating activities consists of the following (all amounts in thousands of Euro):

	6 months period 30 June 2013	6 months period 30 June 2012	12 months period 30 June 2013	12 months period 30 June 2012
Profit for the period	104,853	62,561	196,375	132,191
Adjustments for:				
Depreciation, amortisation and impairments	51,704	59,550	101,309	105,886
Loss on sale of assets	4,578	1,436	6,981	6,011
Share of profit from associate	(1,890)	516	(4,448)	(191)
Income tax expense	35,251	26,373	74,513	127,428
Interest income	(6,582)	(46,278)	(22,131)	(94,163)
Interest expense	16,926	8,155	40,090	19,463
Pension income	(14,068)	(8,482)	(22,485)	(18,835)
Provision charges	(6,455)	36,216	5,534	66,509
Changes in operating assets and liabilities:				
Inventories	57,175	99,592	112,552	23,133
Provision for inventory write-downs	(3,717)	772	(4,222)	4,396
Trade and other receivables	57,139	(60,810)	53,630	(55,112)
Provision for doubtful accounts	(3,045)	291	(1,258)	1,527
Trade and other payables	32,599	65,604	22,019	63,883
Derivative financial instruments	24,157	19,188	45,313	(15,190)
Other	(39,797)	(57,268)	(39,009)	(53,818)
Pension payments	(48,339)	(70,755)	(76,881)	(151,607)
Payments of provisions	(19,866)	(31,983)	(46,020)	(59,058)
Income tax payments	(11,080)	9,146	(117,888)	–
Net cash provided by operating activities	229,543	113,824	323,974	102,453

14. CONTINGENCIES

The Group disclosed contingent liabilities in its Consolidated Financial Statements for the fiscal year ended 30 June 2012. The following paragraphs provide an update to that disclosure:

- *Italian tax case* - In August 2011, the Italian Provincial Tax Commission upheld a challenge made by its local field examination against a loss claimed in the fiscal year 2004 tax return of the Group's Italian subsidiaries. Subsequently fiscal years 2005 and 2007 have also been partially reassessed on net operating losses as a consequence of the challenge with regard to fiscal year 2004. The Group has filed the corresponding appeals for all those financial years and litigate the case at the level of the Italian Regional Tax Commission (2nd Grade tax court), who decided in favor of the Group. Since the tax office did not file any further appeal the decision became final and all income tax paid in advance has been refunded for FY04 and FY07 litigations. A smaller litigation on FY05 is still pending, although the company sustains that its position will highly likely be endorsed by the court.
- *Brazilian tax case* - In the fiscal year 2012 DE Cafes do Brasil initiated court proceedings in Brazil to contest a tax assessment which was raised in fiscal year 2012 in relation to fiscal year 2006. The assessment is partially related to the disallowance of goodwill amortization which DE Cafes do Brasil successfully litigated in prior years The appeal of this court decision by the Brazilian tax authorities in early 2010, has not at this point been accepted by the court. In addition to this matter, the Brazilian tax authorities also assessed DE Cafes do Brasil on allegedly incorrect documented returned sales. The Group believes it is adequately reserved for the challenges made by the Brazilian tax authorities. As expected the Federal Revenue Chief Officer maintained the assessment in the 1st Instance Decision. DE Cafes do Brasil filed a voluntary appeal letter on August 14, 2012. The case is now pending the decision by the Administrative Council of Tax Appeals.

- *Liabilities assumed in connection with the Separation* - In connection with Separation, the Group assumed certain assets and liabilities from Sara Lee that primarily relate to the disposal of Sara Lee's household and body care business and international bakery business. In connection with these entities, competition authorities in various European countries and the European Commission have initiated investigations into the conduct of consumer product companies. These investigations usually continue for several years and, if violations are found, may result in substantial fines. On October 1, 2012 a Motivated Report was issued by the Belgian Competition Authority (BCA) in connection with alleged anti-competitive behavior of the former Sara Lee Household & Body Care Business in Belgium. No response is required on this report as yet. On May 31, 2013 the French Competition Authorities issued a statement of objections in connection with alleged anticompetitive behavior of the former Sara Lee Household & Body Care Business in France. The statement of objections is under evaluation and shall be responded to in accordance with specified deadlines. The Company's practice is to comply with all laws and regulations applicable to its business, including the antitrust laws, and to cooperate with relevant regulatory authorities.

15. FINANCIAL IMPACT OFFER OAK LEAF B.V.

As described in Note 1, the financial impact of the Offer is not included in these unaudited condensed consolidated interim financial statements. However, the completion of the transaction will trigger the following financial consequences:

- The Group is required to offer prepayment to the holders of the Senior Notes when a change in control occurs, at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the date of prepayment. At the date of issuance of these unaudited condensed consolidated interim financial statements the amount of unpaid interest is expected to be in the range of USD 50-60 million. The income tax consequences are being determined.
- The fixed-to-fixed rate cross currency swaps to effectively convert its fixed rate USD denominated Senior Notes into fixed rate EUR debt will be settled and consequently the amount recognised as Hedge reserve within Equity (30 June 2013: €(15.8) million) will be charged to the income statement.
- The change in control will accelerate the vesting of all existing share-based payment plans and consequently an additional expense in the range of €19 – 20 million will be recognised. The income tax consequences are being determined.

OTHER INFORMATION

Financial Risk Factors
D.E MASTER BLENDERS 1753 N.V. risk categories and risk factors which could have a material impact on its financial position and results are extensively described in the 2012 Annual Report. Those risk categories and risk factors are deemed incorporated and repeated in this report by reference and D.E MASTER BLENDERS 1753 N.V. beliefs that these risks similarly apply for the next 6 months of 2013.

With respect to related parties reference is made to Note 12 of these unaudited condensed consolidated interim financial statements.

Responsibilities of the Directors

The Directors declare that, to the best of their knowledge:

- This condensed set of unaudited condensed consolidated interim financial statements, which have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’, gives a true and fair view of the assets, liabilities, financial position and profit of D.E MASTER BLENDERS 1753 N.V.
- The interim management report gives a true and fair view of the information required in accordance with Article 5:25 d (8) of the Financial Supervision Act.

/s/ Jan Bennink

Jan Bennink
Chief Executive Officer

/s/ Michel M.G. Cup

Michel M.G. Cup
Chief Financial Officer

23 August 2013