



Annual report

2015

Refresco · gerber

Our drinks on every table

CEO Introduction

Dear stakeholder,

It is my pleasure to present to you the Refresco Gerber Annual Report 2015, our first as a publicly listed company.

It was an exciting year that began with us exploring alternative capital structures to support our future growth ambitions in the private label and co-packing markets. By the end of March 2015, this initiative had resulted in a successful stock listing of the company on Euronext Amsterdam. Building on our 15 years of growth and many successful years of private equity ownership, Refresco Gerber is now ready for an independent future.

Being a public company brings many new opportunities and responsibilities. It has enabled us to refinance the company, resulting in a new term loan with better conditions, an improved leverage/ debt position and ample headroom to execute our growth strategy. It has also raised our company profile which is particularly helpful in executing our buy & build strategy and attracting new talent.

In November, we successfully completed the integration of Refresco and Gerber Emig, a project that lasted two years. The merger was a major milestone in our strategy to become a pan-European independent bottler and as one company we now provide customers with greater scale, a seamless service across geographies and access to a broader portfolio of soft drinks in more markets. We expect to have realized all synergies from the merger by the end of 2016.

Looking back on our 2015 results we delivered a solid performance with volume of 6.1 billion liters - an increase of 2.1% compared to 2014 - and adjusted net profit of EUR 77.8 million - an improvement of EUR 31.1 million. This sets us up well to maintain the pace of acquisition in 2016 and to focus on bringing core innovations to our private label customers, growing volumes in co-packing, and continued optimization of our manufacturing footprint.

None of this would have been possible without our people – more than 4,000 – and I am extremely proud of what we have achieved together to serve all our stakeholders. We strive to be best in all that we do in pursuit of our clear and common vision: **Our drinks on every table.**

I look forward to another successful year ahead.



Hans Roelofs
CEO Refresco Gerber





Refresco Gerber is the leading European bottler of soft drinks and fruit juices for retailers and brand owners. From idea through to planning and sourcing, product development, production, warehousing and transportation, our services are end to end and everything in between. Our unique production platform covers 25 manufacturing sites in nine European countries providing our customers close proximity and seamless service across geographies.



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Our company



Refresco Gerber at a glance

We are Europe's leading independent bottler of soft drinks and fruit juices for retailers and branded customers.

Our unique production platform covers 25 manufacturing sites in the Netherlands, Belgium, France, Germany, Spain, Italy, the UK, Poland and Finland providing our customers close proximity and seamless service across geographies.

We have long-standing relationships with leading discounters and full-service retailers across Europe with a broad range of private label offerings. We are also a pan-European co-packing partner for an increasing number of well-known branded beverage companies.

Products we manufacture for our customers include a wide range of carbonated soft drinks, fruit juices, ready-to-drink teas, functional/still drinks, energy drinks, sports drinks and waters. The soft drinks and juices are offered in a variety of types of packaging, including Aseptic PET (A-PET), PET, cartons, cans and glass bottles.

OUR CUSTOMERS BENEFIT FROM:

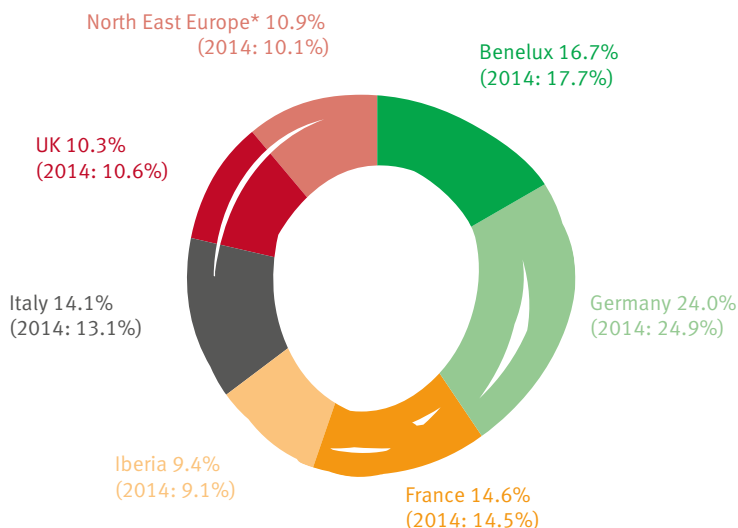
A UNIQUE PAN-EUROPEAN PRODUCTION PLATFORM

ACCESS TO A COMPLETE PRODUCT AND PACKAGING MIX

TOTAL SUPPLY CHAIN SOLUTIONS

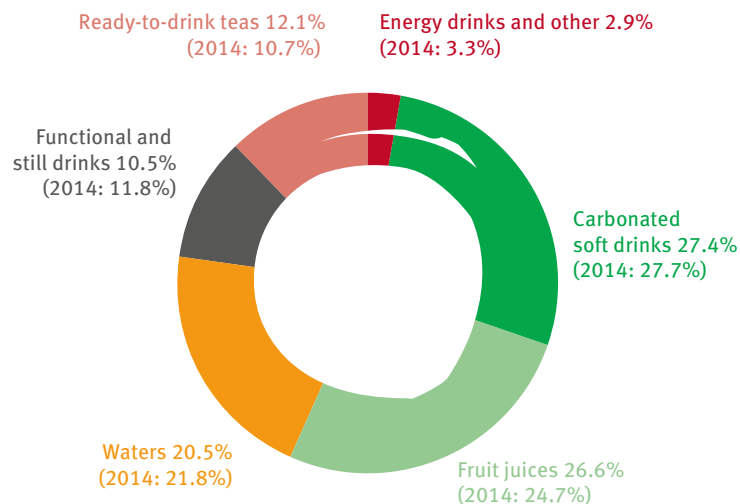
WE ARE THE LARGEST PAN-EUROPEAN BOTTLER ACROSS 9 MARKETS

(Volume 6,095.5 million liters by region, 2014: 5,968.9 million liters)



WE PRODUCE A COMPLETE PORTFOLIO OF SOFT DRINKS AND FRUIT JUICES FOR RETAILERS AND BRAND OWNERS

(Volume 6,095.5 million liters by product, 2014: 5,968.9 million liters)



*Poland and Finland

OVER **4,000** EMPLOYEES

25 MANUFACTURING SITES

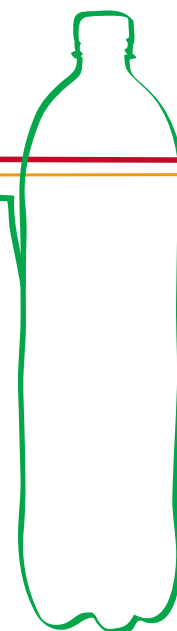
6.1 BILLION LITERS SOFT DRINKS
AND FRUIT JUICES PRODUCED

OVER **150** PRODUCTION LINES

OVER **8,100** PRODUCTS

Key figures

	2015	2014
Volumes in liters (millions of liters)	6,095.5	5,968.9
Revenue	2,016.4	2,036.9
Gross profit margin per liter (euro cents) ¹	14.2	14.2
Adjusted EBITDA ¹	216.2	208.2
IPO related costs	20.2	-
Other one-time costs	1.0	5.8
Operating profit	110.5	106.8
Exceptional financing costs	21.9	-
Net profit / (loss)	41.8	38.7
Adjusted net profit / (loss) ¹	77.8	46.7
Net cash generated from operating activities	129.9	156.1
EPS (euro cents) – pro forma ^{1,3}	53.1	52.0
Adjusted EPS (euro cents) – pro forma ^{2,3}	97.8	62.9
Net debt ratio (net debt/LTM adjusted EBITDA) ¹	2.12	2.85



¹ Gross profit margin per liter, adjusted EBITDA, EPS (euro cents) - pro forma, net debt ratio (net debt/LTM adjusted EBITDA) and adjusted net profit / (loss) are not a measure of our financial performance under IFRS, see page 135 of this report. Reconciliation of operating profit to adjusted EBITDA and net profit / (loss) to adjusted net profit / (loss) are presented on pages 28-29 of this report.

² Adjusted EPS is not a measure of our financial performance under IFRS, see page 135 of this report. Adjusted EPS has been calculated based upon adjusted net profit, which excludes the costs related to the IPO, exceptional financing costs, restructuring costs and relating tax effect. FY 2015 the number of shares was determined on a pro forma basis of 79.5 million. For all calculations in 2014 the number of shares has been determined on a pro forma basis of 74.3 million.

³ EPS FY 2014 on a pro-forma basis.

Vision & strategy

VISION

“Our drinks on every table” is our vision and purpose 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.

STRATEGY

Our strategy is to grow with our customers in Europe and selectively in other geographies while leveraging our deep know-how in operations and developing our people. 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.



Our drinks on every table

1. Strong customer relationships

Key developments in 2015

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, flavors and varieties of soft drinks.

Co-packing

We strive to expand our co-packing business by developing and manufacturing new, high-quality products for our branded customers with production flexibility that enables them to utilize 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 brand owners 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 and certification, we intend to become the preferred partner for brand owners.

- In the area of innovation, product development teams in the different Business Units met regularly to discuss developments in the market and to work together on common projects. Carbonated soft drinks, free from artificial flavors and colorants and no added sugar is one such project that offers attractive growth opportunities and we are looking at developing recipes to match the needs of our customers and the consumer.
- We increased our co-packing volumes by 8.8% compared to 2014.
- We installed new production lines to improve service for branded customers in Italy, France and the Netherlands.

2. Geographies

Key developments in 2015

We will continue to execute our “buy & 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.

- The integration of Refresco and Gerber Emig was completed creating an improved customer offering and solid financial performance for the Group. We expect to realize full run-rate synergies by the end of 2016 as full year effects of integration measures are expected to gradually take effect.

3. Well invested and flexible operations

Key developments in 2015

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 utilization of production lines and to reduce logistic and production costs per liter.

- We continued to optimize our manufacturing footprint. We closed our manufacturing site in St. Andrea, Italy and ceased production at Dachwig, Germany. Part of these volumes were consolidated into larger and better-invested Group locations.
- We relocated a number of production lines to other plants across the Group to increase operating effectiveness.
- In Germany we rationalized our carton capability and following the integration with Gerber Emig we re-allocated volumes across our German footprint.
- We continued to perfect the matching of our raw materials and packaging materials to our sales volumes, the so called back-to-back policy, to protect our margin.
- We extended our supply of liquid paper board from non-system suppliers to improve prices, conditions and availability of the packaging material.

4. People

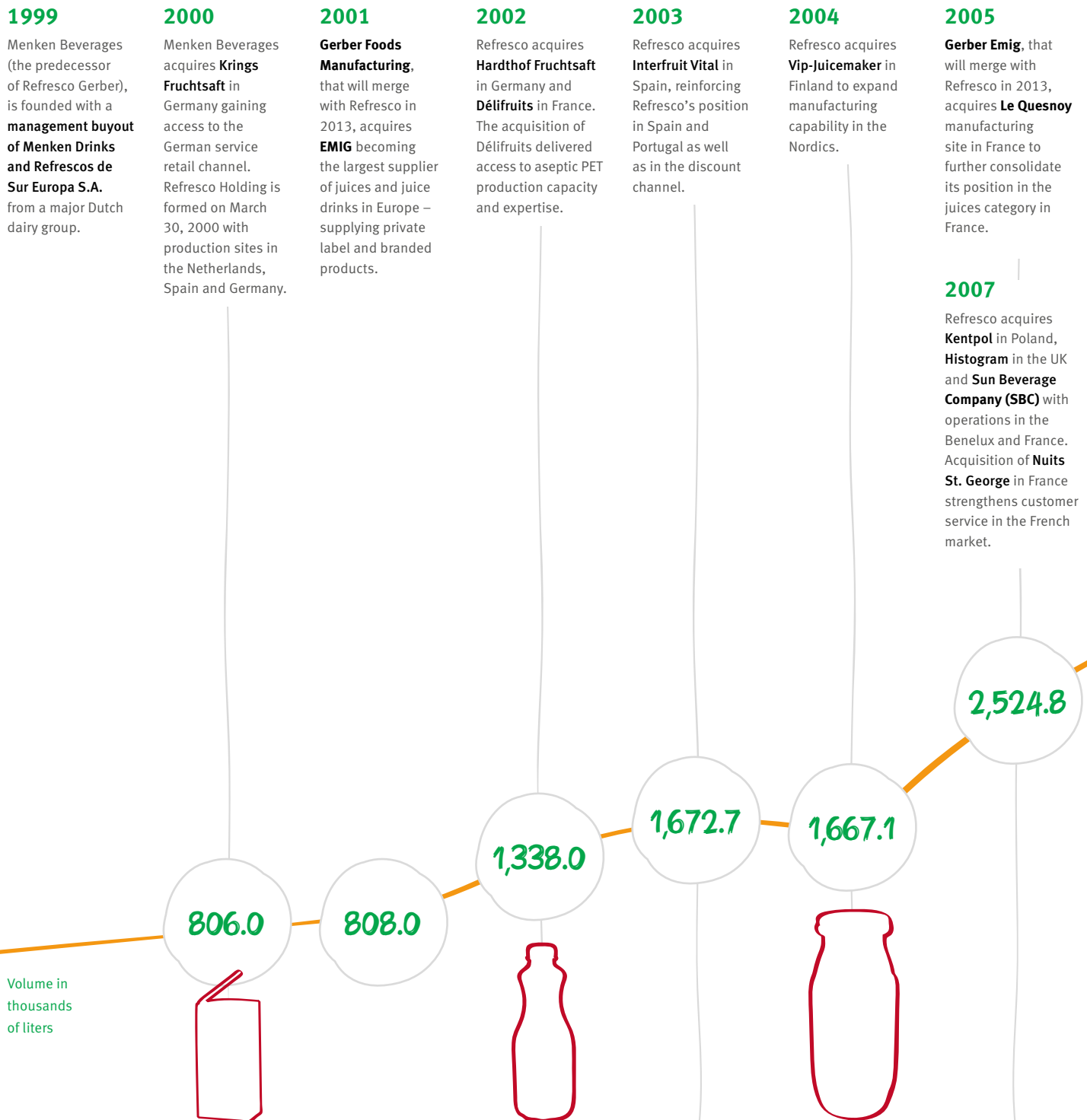
Key developments in 2015

We employ more than 4,000 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 have defined five values to drive us forward: Entrepreneurial, Excellent, Market-Driven, Innovative and Responsible. These show what we stand for and what it is like to work at Refresco Gerber. Next to our values we are guided by our “Working together wins” mindset. We believe that all of us are greater than one of us. As a Group we work together to share best practices and experience to support each other in achieving our goals not only in the business units but at a Group level as well.

- We’ve continued to work hard to create a cohesive culture during the past year, and to further roll-out our shared values. These values - Entrepreneurial, Excellent, Market-Driven, Innovative and Responsible - not only influence the decisions we make every day, they also set out what employees can expect from working with us.
- We launched several professional networks for experts to work together on tackling common issues. These are proving very successful, not only in solving problems, but also in building professional relationships across the Group.

15 years of growth

from local fruit juice manufacturer into the leading pan-European bottler



Since 1999

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. A total of 13 companies or production sites have joined Refresco Gerber and today the manufacturing footprint is the broadest in Europe.

2009

Refresco acquires **Schiffers Food** consolidating the company's position in the Benelux private label soft drinks and fruit juices market.

2010

Refresco acquires **Soft Drinks International (SDI)**, an important step in completing its product portfolio in the German market.

2011

Refresco enters the Italian market with the acquisition of **Spumador** followed by an add on investment in **Sulmona**, Central Italy.

2012

Refresco acquires **Taja**, a Polish private label manufacturer of carbonated soft drinks and water.

2013

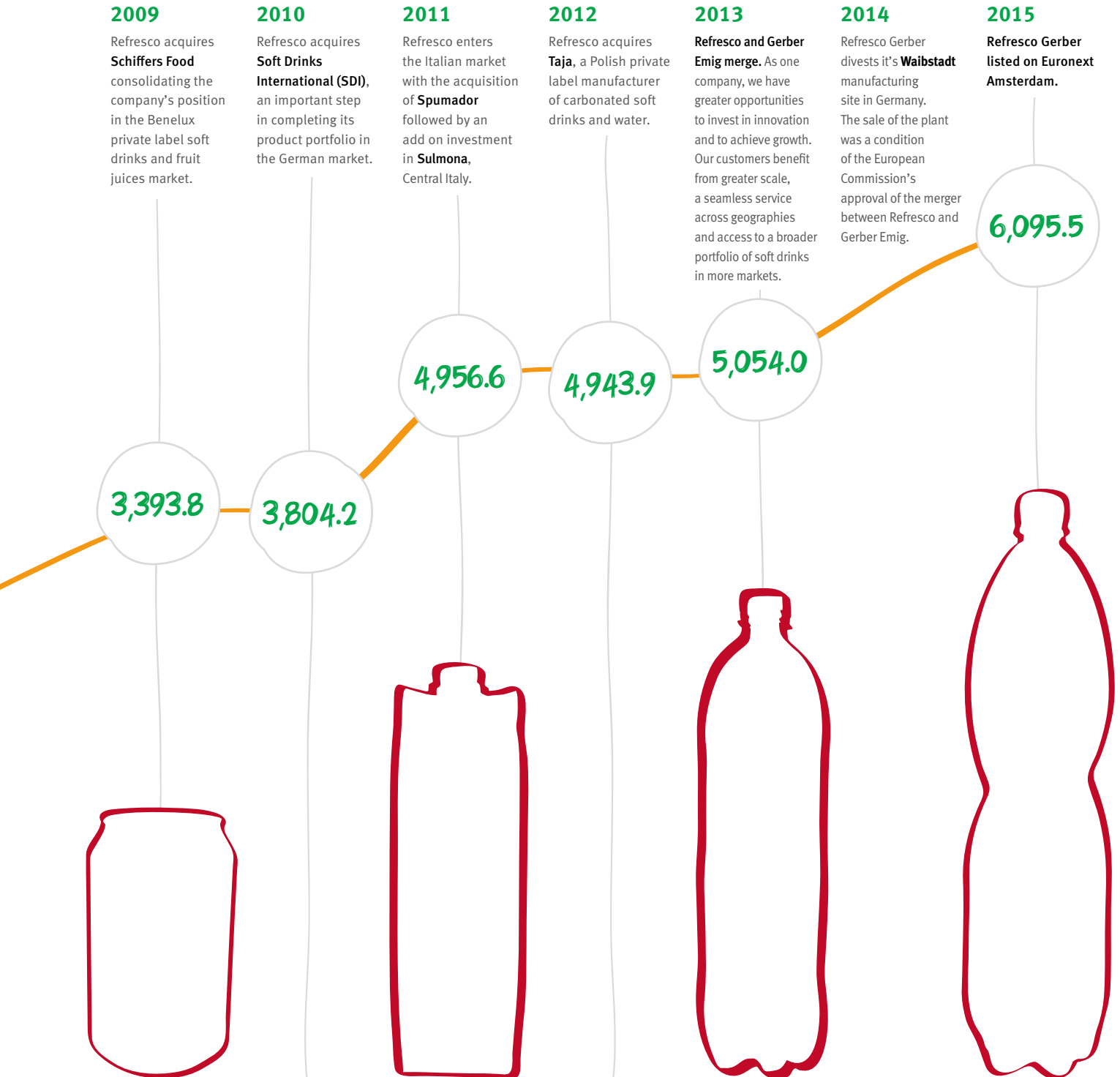
Refresco and Gerber Emig merge. As one company, we have greater opportunities to invest in innovation and to achieve growth. Our customers benefit from greater scale, a seamless service across geographies and access to a broader portfolio of soft drinks in more markets.

2014

Refresco Gerber divests its **Waibstadt** manufacturing site in Germany. The sale of the plant was a condition of the European Commission's approval of the merger between Refresco and Gerber Emig.

2015

Refresco Gerber listed on Euronext Amsterdam.



Pan-European footprint

25

locations



BENELUX

Maarheeze
Bodegraven
Hoensbroek
Ninove

GERMANY

Calvörde
Erfstadt
Grünsfeld
Herrath

FRANCE

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

UNITED KINGDOM

Bridgwater

IBERIA

Oliva
Alcolea
Marcilla

ITALY

Caslino al Piano
Spinone al Lago
Sulmona
Quarona Sesia

POLAND

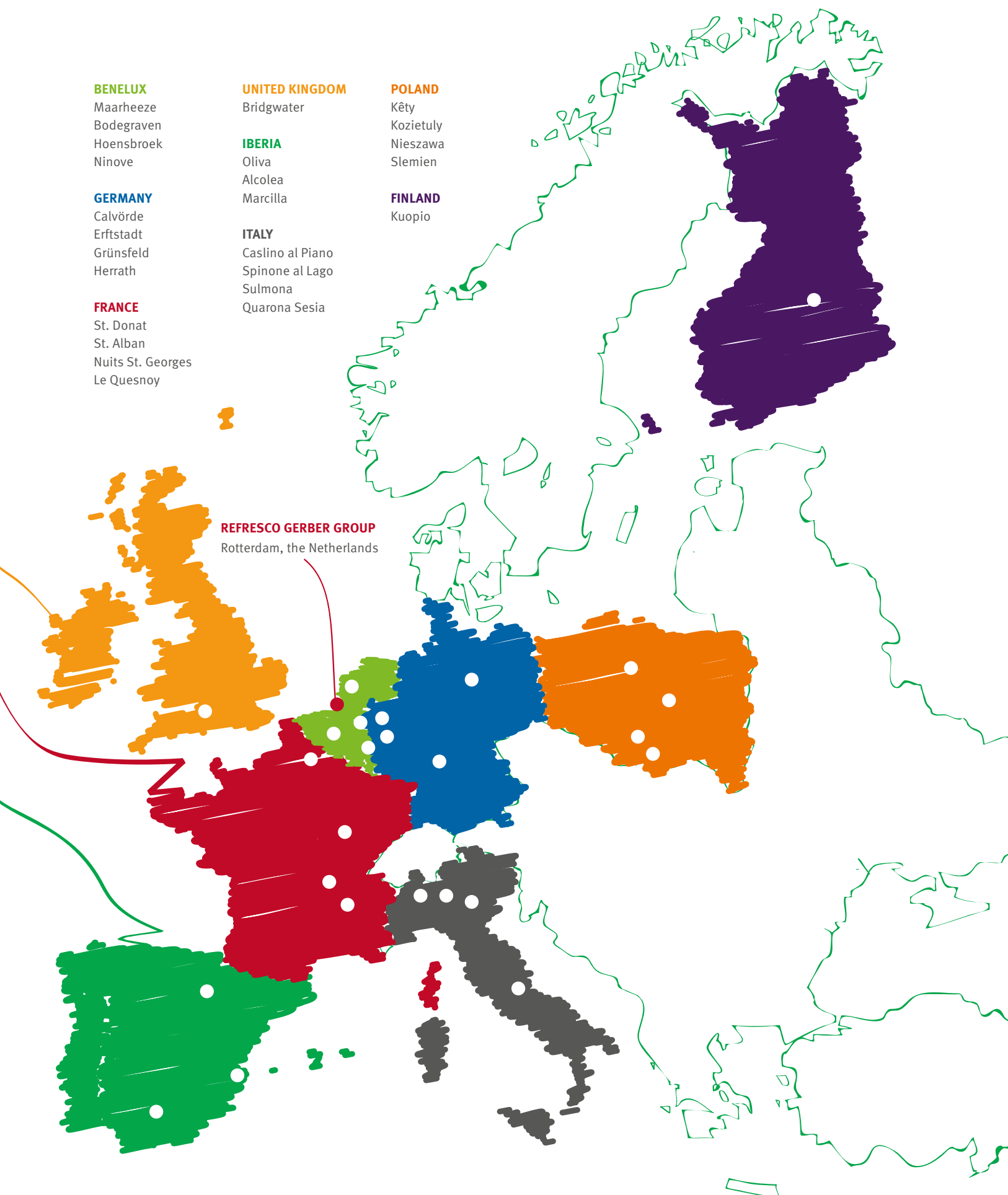
Kęty
Kozietuly
Nieszawa
Slemien

FINLAND

Kuopio

REFRESCO GERBER GROUP

Rotterdam, the Netherlands





Executive Board Report 2015



Executive Board's statement

Dear stakeholder,

2015 was an eventful year for Refresco Gerber. We listed the company on the Amsterdam Euronext stock exchange, refinanced main credit facilities and completed the two year integration of Refresco and Gerber Emig. Simultaneously we made good progress on our strategic initiatives, delivering above market volume growth and a solid financial performance.

Successful listing on Euronext Amsterdam

We announced our plan to actively explore new capital structure alternatives in November 2014. The process culminated in the successful Initial Public Offering (IPO) of Refresco Gerber shares and a listing on Euronext Amsterdam on March 27, 2015. Following the listing we refinanced main credit facilities in May, significantly lowering our overall finance costs and creating ample headroom to execute our growth strategy. In this first annual report as a listed company, we invite you to take a look inside Refresco Gerber and to learn more about our operations and business model.

Solid financial performance

Our strategic priorities to: (1) grow private label volumes by delivering high levels of customer service and core innovations, (2) aggressively expand our co-packing business relative to private label, and (3) further improve our operational efficiency, all paid off in 2015 with improved volumes and operating results.

Total Group volume amounted to 6.1 billion liters, an increase of 2.1% compared to 2014, slightly outpacing the market trend¹. Private label volumes grew with 0.7% and co-packing volumes increased by 8.8% developing positively with both existing and new customers. Investments in Aseptic PET (A-PET) technology enabled us to onboard both new customers and innovative products and contributed favorably to the overall volume growth.

Our gross profit margin per liter, one of the key indicators in the development of our business, was higher than we expected and benefitted from some softening of raw and packing materials during the year. Towards the end of the year however, the input prices of apple juice, sugar and US dollar denominated goods started to increase. We expect input cost increases to continue as we move forward into 2016.

Despite the growth in volume, revenue development was flat as a result of us passing on the lower input costs to our customers. We reported a net profit of EUR 41.8 million an increase of EUR 3.1 million compared to 2014. This increase reflects the increased margins and new finance conditions in place partly offset by one-time costs related to the IPO, restructurings and refinancing. Adjusted net profit amounted to EUR 77.8 million compared to EUR 46.7 million in 2014. Furthermore, our cash generation was robust throughout the year, which is the combined result of a leap in net profit and efficient working capital management. At the end of the year our cash position was EUR 95.7 million.

Focus on operational excellence

We continuously look for possibilities to improve operational excellence and our manufacturing footprint is a major component of this. In 2015 we closed our manufacturing site in St. Andrea, Italy and ceased production at Dachwig, Germany and consolidated part of the manufacturing into larger and better invested Group locations.

On investments, we started four new A-PET production lines in the UK, France, Italy and Poland committed to introducing A-PET line in The Netherlands, a country where this technology is not yet available. Furthermore we invested in a new fully automated warehouse in Grünsfeld, Germany. Ramping-up the new lines proved to take more time than anticipated. This led to some additional one-time expenses and operational challenges in 2015, but with these now behind us, the investments will provide a strong platform for organic growth going forward.

Significant integration project on track for completion

2015 also marked the successful completion of the integration of Refresco and Gerber Emig. This two year project has been a success on many fronts. For customers it provides access to a broader range of services in more markets. For Refresco Gerber it brings new commercial opportunities, cost advantages and far greater synergies of scale and efficiency than anticipated. A few final integration tasks remain for completion in 2016 and the cultural change programme that is important for achieving our ambitious plans for growth will continue but for all intents and purposes integration is now completed.

Year 2015 did not involve any new acquisitions, however as always, we have a healthy pipeline of opportunities. We were particularly pleased to see a good number of mergers and acquisitions taking place in our market, emphasizing the importance and necessity of consolidation in the European drinks manufacturing industry.

The year ahead

Our focus for 2016 will not change as we continue to work on the three strategic priorities that we outlined earlier and on ensuring ongoing cost leadership. Furthermore, with the refinancing, strong cash position and solid balance sheet we are in an excellent position to continue our buy & build strategy and to pursue further consolidation opportunities. The recent announcement of the acquisition of PepsiCo's bottling facility in Hamburg, Germany including a 10 year co-packing agreement, is one further step in this direction.

To ready ourselves for the future, we have also placed talent development high on the agenda. As a growing company, we create many new opportunities for our people. It is our responsibility to identify and nurture our talents and to equip them with the required skills and competences for the job. You can read more about our approach to people on page 24 of this report. We will also continue to invest in our capabilities to offer our customers a wide range of products including low calorie and no additives alternatives in all sizes and packaging formats. Kids drinks without added sugar and no preservatives is just one example we are working on. You can read more about this project on page 31 of this report.

We look forward to the year ahead. We have a clear vision, a clear strategy, supportive shareholders and dedicated employees. It's thanks to their trust and commitment that we can look back on a successful 2015 and take the next step on our journey towards our vision: **Our drinks on every table.**

Rotterdam, March 9, 2016

Executive Board; Hans Roelofs, CEO and Aart Duijzer, CFO

¹ Canadean Quarterly Beverage Tracker Q4-2015 West Europe and East Europe (Poland).



We move into 2016 in strong shape with many opportunities to grow and further develop our business.

”

Aart Duijzer, CFO

Hans Roelofs, CEO

Business review

The year under review was another milestone year for Refresco Gerber. The first highlight was the successful listing of the company on Euronext Amsterdam, which we celebrated together with our staff on March 27, 2015. Shortly afterwards we refinanced our existing credit facilities and agreed on a new term loan, significantly lowering our annual finance cost. This had a positive effect on our results and provides us with ample headroom to continue to execute our growth strategy. You can read more about the Refresco Gerber share and shareholders on page 60 of this report.

Another major achievement in 2015 was the completion of our two-year integration project and we are pleased to report that Refresco and Gerber Emig are now one. As a result, our customers benefit from a broader product and packaging offering, access to more markets and seamless service across geographies. We expect to realize full run-rate synergies by the end of 2016 as the full year effects of integration measures are expected to take effect. An added benefit of the merger was the opportunity to share best practices and further professionalize our organization. This development continues today as we build on our shared values and a 'Working Together Wins' mindset.

Last but not least, we made good progress in 2015 on our four strategic areas of focus: (1) Customers, (2) Geographies, (3) Operations, and (4) People.

Market overview

We operate in the sizable European soft drinks sector. Market expectations are that the sector will see modest growth in the coming years driven by such consumer trends as health and nutritional awareness, budget and time constraints and increased per capita consumption.¹

Our focus is the private label and co-packing markets which are expected to outperform the overall soft drinks market growth. Within private label consumers are increasingly 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 foresee that co-packing opportunities in the market will rise as branded players seek to outsource their manufacturing 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 geographical requirements as well as requirements related to manufacturing quality, flexibility and reliability. We believe Refresco Gerber is well positioned to meet these needs.

Raw material and packaging material development

Raw materials and packaging materials are our largest cost component accounting for approximately two-thirds of our total cost base. In 2015, we spent EUR 1,132.9 million on raw materials, consumables and packaging materials (2014: EUR 1,171.1 million). Overall, prices for our main raw and packaging materials; orange and apple juice concentrates, sugar, PET, aluminum cans and liquid paper board showed a slight downward trend during the first half of the year.

Prices of apple juice concentrate, sugar and US dollar denominated goods started to increase towards the end of the year. Apple juice concentrate prices increased significantly because of poor crops in various apple producing countries and a below average availability of high acid apple juice from Poland due to unusual weather conditions. Sugar prices were at very low levels at the start of the year and rose steadily over the year due to low imports to the EU. Orange juice prices were mostly affected by exchange rate fluctuations as we buy the majority of orange juice concentrate in US dollars. PET prices remained on a relatively low level due to low oil and naphtha prices and small conversion fees for PET granulate producers. Liquid paper board prices came down slightly due to market pressure from non-system suppliers. Can prices came down due to the decrease in pricing of aluminum, partly offset by the adverse developments in the US dollar. An increase in the prices of raw materials and packaging materials generally leads to an

Refresco Benelux is the best supplier in the categories "Fresh and Private Label" in the Netherlands



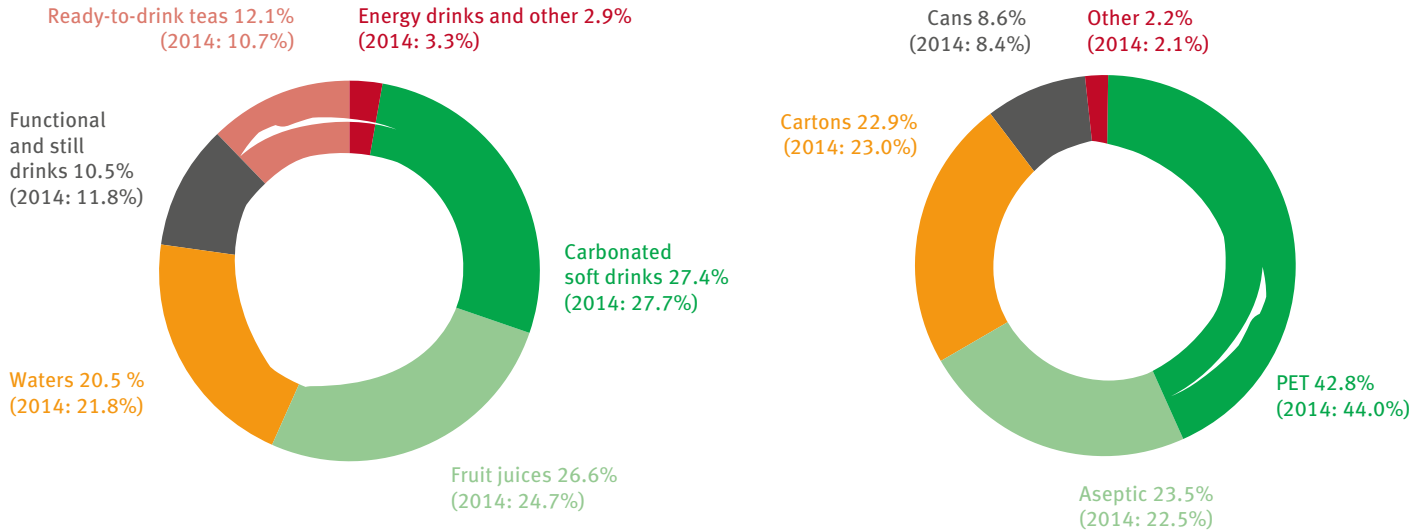
increase in the sales prices of the products we manufacture. When contracts are renewed we typically pass these increases or decreases on to the customer. In 2015, despite reporting a volume increase, our revenues were flat compared to 2014 because we passed on input price fluctuations to our customers. To protect our gross profit margin per liter against such fluctuations our procurement policy is such that on most materials we purchase forward contracts to match sales in volume as well as in time.

STRONG CUSTOMER RELATIONSHIPS 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, carbonated soft drinks and waters. The warm summer also contributed to the mix change towards carbonated soft drinks and waters. 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 and products without artificial flavors and colorants.

¹ Source: Company market study

Volume per product and volume per packaging 6,095.5 million liters (2014: 5,968.9 million liters)



At the end of 2015, our largest product category was carbonated soft drinks accounting for 27.4% of the total volume (2014: 27.7%). Juices presented 26.6% of the volumes (2014: 24.7%) and waters 20.5% (2014: 21.8%). The year on year difference in juices and waters was primarily attributable to increase in private label juice volumes. Increase in ready-to-drink tea was mainly attributable to increase in co-packing volumes.

In 2015, 66.3% of our volume consisted of plastic bottles (PET and Aseptic PET) (2014: 66.5%), carton accounted for 22.9% of volume (2014: 23.0%), and the remaining was packaged primarily in cans and to a lesser extent in glass. 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 country.

In 2015 Refresco Benelux received the Dutch industry award “Industriëtitel” for the categories; Best Supplier Fresh and Private Label. This leading industry award measures the relationship between retailers and food manufacturers annually. Nominations are based on research conducted by the EFMI Business School, Netherlands in which supermarkets

are asked to rate supplier’s performance in the areas of account management, customer relationship management and supply chain management.

Focus on core innovations

The changing needs of customers and consumers provide an opportunity for us to develop the entire soft drinks category and introduce new innovative products. It is fundamental to success that we keep abreast of market developments, continue to invest in our manufacturing and innovation capabilities and bring new products to market quickly. To this end our product development teams meet regularly to discuss new developments and to work together on common projects. Natural sugar replacements is one such project offering attractive growth opportunities. As well as sharing knowledge internally, we are also active in key industry and consumer forums.

In line with customer demand, we continued to roll out; drinks with fruit and vegetable juices, waters with fruit content, kids drinks without added sugar and artificial sweeteners, carbonated soft drinks without preservatives, infusion ice tea, premium tonic waters, and energy drinks with natural aromas among others.

Furthermore, we also invested in our packaging capabilities and now offer an even broader range of packaging size and type.

Improved traceability

To further improve traceability of the products we manufacture and to reduce dependency on any one region or origin, we continued to introduce fruit juice suppliers from new origins and worked to diversify our supplier base further in existing regions. In 2015 we introduced new direct supply of pineapple juice from Costa Rica, passion fruit juice from Brazil and new grapefruit suppliers from Mexico, among others. We also purchased significant volumes of apple from Poland which were processed into juice concentrate by tolling companies. Other alternative supply chain initiatives included for example liquid paper board and pineapple juice concentrate. The latter being mainly driven by scarcity of pineapple juice concentrate in the world as a result of many consecutive poor crops in Thailand.

It is our job to challenge our customers with new and alternative products and packaging to meet the changing consumer preferences ”



We continued to invest in our Aseptic PET capabilities to facilitate the manufacturing of soft drinks without additives or preservatives

”

Continuous footprint optimization, investments and rightsizing are key focus areas in our business model ”

OPERATIONAL EXCELLENCE

Investments in manufacturing technology
Our investments in capital expenditure projects totaled EUR 80.8 million in 2015 compared with EUR 82.9 million in 2014. We made progress on many fronts, particularly in Aseptic PET – a technology which facilitates the manufacturing of soft drinks without additives or preservatives. In this strategically important area we invested in Aseptic PET capacity in the UK, Italy and Poland, supporting further growth of this category. We also installed an additional Aseptic PET line in France. In total, our A-PET volumes increased by 1.0 percentage point in 2015. In the Netherlands we made an investment commitment for a new Aseptic PET line to introduce this technology in the country. This line is expected to be operational by the end of the second quarter 2016.

In Italy we consolidated our capacity and market coverage by developing our North - Central Hub strategy and consolidated warehousing at our Caslino manufacturing site, facilitating a reduction in logistics and warehouse cost. These rightsizing actions enabled us to close our plant in St. Andrea, which we finalized by the end of the year.

In Germany the new high-bay automated warehouse in Grünsfeld has been fully operational since the third quarter of 2015, consolidating warehousing for this location and improving our competitiveness in the German market. In addition, we ceased production at our manufacturing plant in Dachwig. Regretfully we were not able to provide new positions for all employees, but there were opportunities for a number of staff to relocate to other Group locations in Germany.

To improve our cost base and the efficiency of our operations in the Spanish market, we constructed a new warehouse in Marcilla and optimized the existing location at Alcolea.

We are convinced that these footprint optimization measures and investments will improve our market competitiveness and operational efficiency and form a solid base to achieve our targets for the coming years.

A coordinated approach to drive continuous improvement

In 2014 we introduced Peak Excellence (PEX), our internal accreditation system designed to identify areas of manufacturing 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 changeovers on the line through to performance management and distribution.

The programme began with Benelux and Poland in 2014. In 2015 we made good progress in the UK and continued the roll out in Iberia, Italy and Finland. In 2016 we target the certification of UK and Poland whilst Germany will also join the programme. We are seeking to have all Business Units achieve PEX certification before 2018.

Another Group-wide programme launched last year is building international networks of experts to encourage the sharing of best practice and technical expertise. The first network concentrated on blow molding, an essential part of the PET bottling process, and in the first six months we found ways to cut power usage in every Business Unit. During 2016, we hope to double our energy savings, while optimizing blow molding techniques across the Group.

Several other expert network teams also made good progress in 2015; dedicated A-PET technology and Canning teams are sharing knowledge to maximise efficiencies and the programme has been extended to Finance as well.

GEOGRAPHIES

Integration of Refresco and Gerber Emig
We set ourselves a two-year timeframe to integrate the Refresco and Gerber Emig organisations into one company structure and

to extract the synergies from the combination. Today we are pleased to report that integration is finished with a few final integration tasks remain for completion in 2016. We expect to have realized all synergies from the merger by the end of 2016.

A new generation carbonated soft drinks production line in Bridgwater expands our customer proposition in the UK ”

Our focus during the second year of integration was to finalize the footprint optimization in Germany, invest in regions and categories where we see growth and capture commercial opportunities across the Group. Restructuring actions in the former Gerber Emig locations in Bridgwater, UK and Calvörde, Germany are already bearing fruit, improving our market competitiveness and Group results.

For example in the UK we invested in our production capabilities and for the first time can now offer customers carbonated soft drinks alongside juices and juice drinks. We have also started to provide glass packaging to the UK market, produced at our production facilities in Spain.

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.

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. We believe that the right mindset will be crucial in achieving our growth ambitions.

Refresco Gerber's supply profile

Key raw materials	Orange juice concentrate Apple juice concentrate Sugar
Key packaging materials	PET and plastics Liquid paper board Cans
Indirect spend	Transport & warehousing Utilities & waste Secondary packaging

People

We employ over 4,000 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.

Talented people – the essential ingredient to our continued success

Being part of a winning team with an inspirational vision for the future makes Refresco Gerber an exciting place to work. However, an ambitious, expanding business like ours needs a healthy pipeline of professional people moving through the organisation, and that relies on developing the skills of our current employees as well as recruiting talented people from outside.

We are therefore giving much more attention to the ‘people and organization’ elements of our business strategy and a great deal of effort is underway to ensure Refresco Gerber is properly resourced for the future. In 2015 the HR function set three clear priorities: (1) supporting the quality of the business, (2) talent management and (3) supporting business growth.

Resourcing for the future

As the business is growing fast, identifying employees who can step up to wider responsibilities is vital, and we are launching an initiative this year, called Top Investment Programme, to fast-track people with potential.

It will comprise best practice sharing, understanding what it means to be a leader of the future and to work in an entrepreneurial way.

There will also be a greater emphasis on sustainable development, so that managers recognize what they need to do to develop themselves and their teams, in order to meet the longer-term aims of the business. Individuals will be offered a range of experiences – including international assignments and joining international expert networks or projects – which will help create a more mobile workforce.

During the past year, we have launched several professional networks with experts from all of our Business Units working together to tackle common issues, and these are proving very successful – not only in solving problems and creating sustainable business, but in building professional relationships across the Group. These current networks focus on blow molding, Aseptic PET and canning with more to follow. These projects underline the validity of a “Working Together Wins” mindset and their success is helping to build a more collaborative approach across the Group.

Clearly, identifying and developing employees takes time, so external recruitment is also high up on our agenda. One of our tasks, therefore, is to improve our position in the jobs market. We believe that a distinct advantage here is our growth trajectory, because people keen to work within an expanding organisation will find us attractive. Additionally, creative professionals who want to focus on the emerging trends in the drinks industry will have interesting career choices with us.

Joiners will take on a lot of responsibility very quickly – there won’t be much time to settle in – so we need people with high energy levels and a great deal of personal commitment. Experienced hires must also understand what it means for a business to grow in an entrepreneurial, sustainable way.



Group-wide programmes

In 2015 we worked towards an integrated HR function in the business. This integrated model means that every function and every manager gets the support they need, and can understand what actions they must take to strengthen the next level of talented professionals.

A more joined-up HR is also leading to Group-wide initiatives covering important employee areas, such as Health and Safety. Keeping colleagues safe, wherever they work, is just as important as keeping them motivated; but currently, we have some Business Units with a much better track record of health and safety than others. Our goal is to ensure that all of our employees can expect a safe environment to work in, no matter where they are; and HR teams will be helping the company to drive our zero accident policy forward.

We've worked hard to create a cohesive culture during the past year, and having a set of shared values helps enormously. These values – Entrepreneurial, Excellence, Market-Driven, Innovative and Responsible – not only influence the decisions we make every day, they also set out what employees can expect from working with us.

Employee engagement

Throughout our integration journey, we have kept employees closely informed of what's happening across the business, and now integration is complete we want to build on our two-way communication channels. We will therefore launch an annual employee engagement survey in 2016.

It would be good to know, for instance, whether we are recognizing and rewarding employees' efforts properly, so that people continue to feel motivated and enthusiastic about their part in our company's future. Insight from these surveys will feed into our PEX programme described earlier in this report. It will also help us make the right adjustments to company policies and practices to ensure that the talented people who work with us – and who will be joining us this year – are keen to stay.

With a shared common culture and values, we are able to automatically connect and focus together in the right way, in whatever country we are or in whatever functional area we work

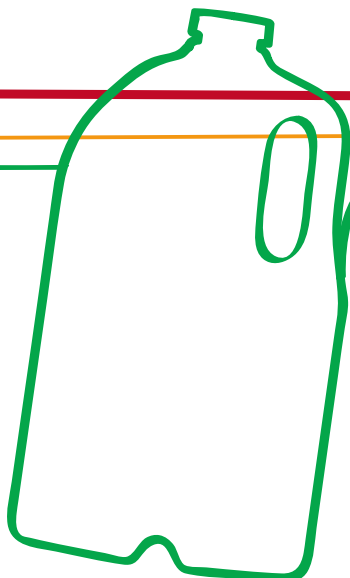


Turnover and organization

In 2015 we employed on average 4,029 FTEs in the Netherlands, Belgium, Germany, France, Spain, Italy, the UK, Poland and Finland. This is a decrease of 165 FTEs compared to last year. The decrease in headcount was attributable to the closing of the St. Andrea manufacturing site in Italy and the Dachwig manufacturing site in Germany, where we ceased production. We expect the average number of employees to show some decline as a result of plant closures we have done in 2015. We will continue our buy & build strategy which may result in acquisitions and consequently change in the average number of personnel.

We have organized the company centrally to maximise operational efficiencies, synergies and funding through our headquarters in Rotterdam. Our 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 optimize our European footprint for reduction of production and transportation costs, and to be close to our local customers, we have seven regionally focused business units which focus on (local) sales and production.

In 2015 Refresco Gerber established an Operating Board, comprising a Group Managing Director and a Group Finance Director supported by three Group Directors in the area of HR, Operations and Purchasing. The Operating Board reports to and advises the Executive Board on the operational and sales matters in relation to the Business Units in Refresco Gerber. Each of the Business Units is headed by a Managing Director who is responsible for managing the manufacturing and sales operations in their respective countries. The Managing Directors report into the Group Managing Director. The Executive Board is accountable for the actions and decisions of the Operating Board.



OUR VALUES
ENTREPRENEURIAL
EXCELLENT
MARKET-DRIVEN
INNOVATIVE
RESPONSIBLE

Financial performance

In 2015 Refresco Gerber recorded continued 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 41.8 million compared to a net profit of EUR 38.7 million in 2014.

KEY INDICATORS

VOLUME

(in millions of liters)



■ 2015 ■ 2014

GROSS MARGIN PER LITER

(in eurocents)



ADJUSTED EBITDA

(in millions of euros)



Volume and revenue development

In 2015 consolidated volumes totaled 6,095.5 million liters, an increase of 2.1%, compared to 5,968.9 million liters in 2014. In 2015 total revenue, due to lower input prices which are passed on to our customers, decreased by 1% from EUR 2,036.9 million to EUR 2,016.4 million. Change in revenue per liter is mostly driven by fluctuations in input prices which are passed on to customers, and is therefore not a representative indicator for the development of our business.

In terms of volume growth, we slightly outperformed the European soft drinks market growth. This was driven mainly by new contract wins from existing and new co-packing customers and a slight increase in private label volumes compared to the same period last year.

Co-packing, the business channel consisting of the bottling activities for A-brand owners, increased to 19.1% of total business volumes (2014: 17.9%). As a consequence, our volumes in the Private Label channel, which comprises the bottling activities for retailers, decreased as a percentage of total volumes to 80.9% (2014: 82.1%). Refresco Gerber's strategy is to increase co-packing as a percentage of total volumes in the future. The developments in 2015 supported this increased focus on co-packing.

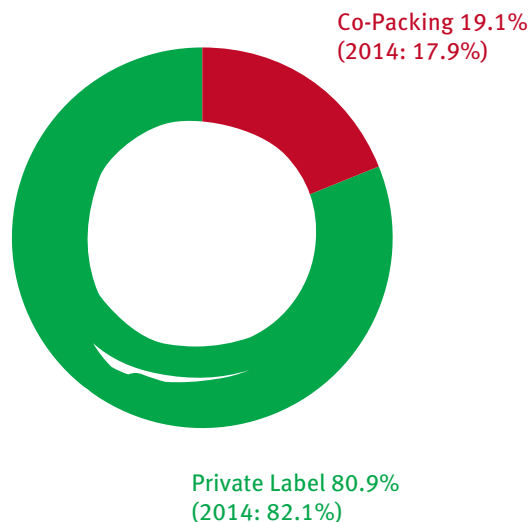
On a regional basis, Benelux reported a decline in volume in 2015 which is partly explained by the retail market conditions which remain challenging. In Germany and France volumes were slightly down compared to 2014 due to product mix effects, while in Italy and Iberia volumes strongly increased. In Italy volumes were driven by the roll out of new contract wins in co-packing, slightly offset by lower private label volumes. Volume growth in Iberia was primarily explained by a significant increase of private label volumes compared to last year. Both regions benefited in 2015 from improved economic conditions and the more favorable weather conditions compared to last year, which also contributed to volume growth. Volumes in the UK decreased mainly due to a softening of the retail market. On the other hand, revenues in the UK increased compared to last year relating

to a more favorable product mix and positive currency effects. North East Europe reported a strong volume increase compared to 2014 as a result of favorable weather conditions and the related product mix.

Gross profit margin per liter

In 2015 gross profit margin per liter was 14.2 euro cents, unchanged compared to 2014 (2014: 14.2 euro cents). The gross profit margin per liter in 2015 was slightly better than foreseen as a result of more favorable purchase conditions, currency and mix effects.

Volume per channel



Input costs and operating costs

Raw materials, consumables and product tax totaled EUR 1,148.3 million, a decrease of 3.2% on 2014 (2014: EUR 1,186.5 million) attributable to the increased volumes resulting from the merger, which were more than offset by more favorable input cost development.

Raw materials, consumables and product tax accounted for 64.0% (2014: 55.8%) and packaging materials accounted for 36.0% (2014: 44.2%) of the total 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.

In 2015 we closed our manufacturing site in St. Andrea, Italy and ceased production at Dachwig, Germany. At the end of 2015 Refresco Gerber had 25 plants in operation.

Employee benefits expense totaled EUR 221.7 million, a decrease of 2.2% compared to 2014 (2014: EUR 226.8 million). The decrease is mainly explained by a gain of EUR 6.9 million relating to the change in the employee pension arrangement in the Netherlands from a defined benefit to a defined contribution pension arrangement. During 2015 the average number of employees (in full-time equivalents) was 4,029 (2014: 4,194).

Depreciation, amortization, and impairment expense totaled EUR 84.5 million (2014: EUR 87.8 million). In 2015 the depreciation, amortization and impairment expense included EUR 4.1 million related to the Dachwig manufacturing site and the intended sale of the manufacturing site in Heerlen.

Other operating expenses totaled EUR 451.9 million, an increase of 5.3% (2014: EUR 429.0 million). The increase is for the main part attributable to IPO related costs and start-up costs of new production lines in order to optimize our manufacturing capabilities.

Finance income was EUR 0.4 million in 2015 (2014: EUR 0.2 million). Finance expenses totaled EUR 50.3 million (2014: EUR 49.6 million), of which EUR 21.9 million was a one-off cost relating to the refinancing in 2015. The net amount of finance costs in 2015 was EUR 49.9 million (2014: EUR 49.4 million).

The effective tax rate is 31.0%, compared to a blended Group tax rate of 25.0%. The higher effective tax rate is mainly explained by non-deductible transaction costs in the Netherlands, non-deductible interest expenses in France and non-deductible operational costs in all jurisdictions. Furthermore, the higher effective tax rate can be explained by the rate change impact in Italy, other taxes to be paid in France and Italy and the movement in provisions for uncertain tax positions. Finally, notional interest deduction in Belgium, investment allowances in several jurisdictions and the recognition of previously unrecognized deferred tax assets have a positive impact on the effective tax rate.

Results of operations

EBITDA for 2015 was EUR 195.0 million (2014: EUR 194.6 million). IPO, merger, restructuring and other one-time costs in 2015 totaled EUR 21.2 million. After exceptional items adjusted EBITDA was EUR 216.2 million (2014: EUR 208.2 million) reflecting the contribution of the merger and cost savings achieved. The 2014 one-time items in the adjusted EBITDA totaled EUR 13.6 million. This included the advisory and legal costs related to the process of a search for new capital structure alternatives

Volume per region (in millions of liters)

	2015	2014
Benelux	1,017.8	1,058.4
Germany	1,466.3	1,484.5
France	891.1	862.7
Iberia	571.5	544.8
Italy	860.3	783.6
North East Europe	662.8	600.8
UK	625.7	634.1
Total volume	6,095.5	5,968.9

Revenue per region (in millions of euros)

	2015	2014
Benelux	410.2	431.8
Germany	439.7	451.4
France	312.4	320.2
Iberia	154.8	153.2
Italy	153.7	140.4
North East Europe	153.5	148.7
UK	377.0	363.2
Holding ¹	15.1	28.0
Total revenue	2,016.4	2,036.9

¹ Holding revenue is mainly related to sales of raw materials and packaging materials to the formerly owned Waibstadt plant.

(EUR 5.8 million), merger costs (EUR 3.3 million) and restructuring costs (EUR 4.5 million) related to integration of Gerber Emig in Germany, France and the UK.

Operating profit for 2015 was EUR 110.5 million (2014: EUR 106.8 million) driven by improved margins, synergies and lower overall costs in the underlying business. Profit before taxes amounted to EUR 60.6 million compared to a profit before taxes of EUR 57.4 million in 2014.

Profit for the year was EUR 41.8 million compared to a profit in 2014 of EUR 38.7 million.

Cash flows and capital expenditure

In 2015 net cash generated from operating activities totaled EUR 129.9 million (2014: EUR 156.1 million). In 2014 we reported strong working capital through the merger and this year we managed to improve working capital management further.

Net cash used in investing and acquisition activities totaled EUR 81.0 million (2014: EUR 38.6 million). We continued to invest in our core production platform to support future growth and cost optimization. In 2015 capital expenditure spending was EUR 80.8 million (2014: EUR 82.9 million). The increase is mainly attributable to investments in a new warehouse facility in Grünsfeld (Germany) and new bottling lines across the business as explained earlier in this report. Capital expenditure is closely monitored in our program of rightsizing our manufacturing capacity and optimization of production processes.

Net cash used in financing activities totaled EUR 50.3 million (2014: EUR 106.3 million). Thanks to strong results and more effective working capital management our cash and cash equivalents totaled EUR 95.7 million on December 31, 2015 (December 31, 2014: EUR 96.6 million) despite the listing of the company, refinancing and further investments in manufacturing footprint.

Reconciliation of operating profit to adjusted EBITDA¹

(in millions of euros)

	2015	2014
Operating profit	110.5	106.8
Depreciation, amortization and impairment cost	(84.5)	(87.8)
EBITDA	195.0	194.6
Merger cost	3.2	3.3
IPO related cost	20.2	5.8
Restructuring cost	3.7	4.5
Refinancing related cost	1.3	-
Other one-time revenue	(0.3)	-
Pension plan amendment	(6.9)	-
Total one-time costs	21.2	13.6
Adjusted EBITDA	216.2	208.2

¹ Adjusted EBITDA and adjusted net profit are not a measure of our financial performance under IFRS, see page 135. 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.



Reconciliation of net profit to adjusted net profit¹

(in millions of euros)

	2015	2014
Net profit	41.8	38.7
Non-controlling interest	0.4	(0.1)
Profit attributable to shareholders	42.2	38.6
Result of discontinued business	-	(2.2)
Restructuring costs	6.1	7.8
IPO related costs	20.2	5.8
Refinancing related costs	23.2	-
Pension plan amendment	(6.9)	-
Merger and acquisition costs	0.8	-
Sales of fixed assets	(0.3)	-
Impairment of assets	4.1	-
Tax effect	(11.6)	(3.3)
Total one-off costs	35.6	8.1
Adjusted net profit/(loss)	77.8	46.7

Balance sheet and financial position

Total assets amounted to EUR 1,641.1 million at December 31, 2015 (2014: EUR 1,643.1 million). Property, plant and equipment amounted to EUR 526.4 million (2014: EUR 523.5 million), while total non-current assets amounted to EUR 983.9 million (2014: EUR 961.8 million). Goodwill amounted to EUR 438.2 million (2014: EUR 421.9 million), while total intangible fixed assets amounted to EUR 445.7 million (2014: EUR 428.4 million). The increase in goodwill is explained by exchange rate differences on foreign currency based goodwill.

In June 2015 Refresco Gerber fully completed the refinancing of its existing Senior Secured Notes and Revolving Credit Facility. The total interest bearing net debt including EUR 660.0 million Senior Secured Notes, 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 were repaid and replaced by a new (unsecured) term loan of EUR 522.0 million, which will mature in April 2020, and was arranged through an international bank syndicate comprising ABN Amro, BNP Paribas, Commerzbank, HSBC, J.P. Morgan, Mizuho Bank, Rabobank and Société Générale. The syndicate loan agreement includes an undrawn Revolving Credit Facility (RCF) of up to EUR 150 million to finance general corporate purposes, including capital expenditure investments and acquisitions, and working capital purposes. As of December 31, 2015 the RCF was fully undrawn.

The Company's total annual interest costs going forward are expected to amount to approximately EUR 20 million, a decrease of over 50% compared to 2014. The refinancing will provide sufficient headroom for Refresco Gerber to continue to execute its growth strategy of providing a high quality bottling platform to meet customer needs in each of the countries they operate and a pro-active approach towards consolidation.

Closure of St. Andrea (Italy) and cease of production at Dachwig (Germany)

In 2015 we closed our manufacturing sites: St. Andrea in Italy (as announced in 2014) and ceased production at Dachwig in Germany. At the end of 2015 Refresco Gerber had 25 plants in operation.

Other events during the financial year

On March 27, 2015 Refresco Gerber was successfully listed on the stock exchange of Euronext Amsterdam. With the IPO and including the partial exercise of the over-allotment options, the total number of outstanding shares amounts to 81,160,915 shares.

The stock exchange listing was considered a logical next step in Refresco Gerber's development, given its current profile and level of maturity. The listing increased the Group's business profile with customers, business partners and investors. It further supports the continuation of its international expansion ambitions and further improves its ability to attract highly talented individuals. The listing also provides additional financial flexibility and diversity through access to capital markets.

Looking ahead

In the medium term Refresco Gerber targets (1) an average organic annual volume growth in the low to mid-single digits based on current market outlook and (2) an average organic annual revenue growth in line with volume growth at constant raw material prices and excluding product mix effects.

Gross profit margin per liter may come down marginally due to product mix effects, based on current outlook on the market and competitive environment.

In 2015 input prices of apple juice, sugar and US dollar denominated goods started to increase. This may have an impact on revenues in 2016, as fluctuations of input prices are passed on to our customers, and could temporarily impact margins going forward due to timing differences of passing on price fluctuations to customers.

By the end of 2016 we expect to have realized all synergies from the Gerber Emig merger.

We anticipate capital expenditure to be on the level of 2015 due to the investments we have planned and the continued upgrading of our manufacturing capabilities.



Making kids' drinks

pure and simple



Case story

Collaborative R&D targets tomorrow's consumers



Developing new drinks for a new generation is an important part of our growth strategy, and demonstrates how we embrace two of our core values – being market-driven and being innovative.

An excellent example of how our collaborative Research and Development can help customers meet the changing expectations of 'millennial parents' is an exciting project being fast-tracked by Italy. This initiative brings together the product development experience and capabilities of our Italian business with the market knowledge and technical expertise of colleagues across Europe, to create kids' drinks from pure and simple ingredients.

Research tells us that today's socially-connected, health-conscious parents want drinks for their children without added sugar, artificial colours or flavourings. They want to see just a short list of natural ingredients on the bottle or carton, and – in keeping with global trends – they will look for quality over quantity.

Roberto Rossi, Managing Director of our Italian Business Unit, is driving this initiative and, having undertaken a great deal of research and analysis with the help of expert teams across the Group, is now working closely with major European retailers to define specific beverages. These new drinks, aimed at three- to- nine year olds, are expected to be launched later this year; initially in Italy, France and Germany and then in other European countries.

The project is important for several reasons. Not only does it showcase the flexibility of our manufacturing plants to meet changing consumer needs, it is also focused on the fastest growing segment of the drinks market, which already accounts for around 10% of overall consumption.

Retailers and the big brands are naturally keen to be part of this growth story and want to build loyalty among today's purchasers and their children, especially as these youngsters will become the buyers of tomorrow.

Responsibility

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

We acknowledge that sustainability involves continuous improvement and we are fully geared up to develop sustainability performance in all areas of our operations, for instance:

- Creating sustainable supply chains
- Managing and reducing the environmental impact of our manufacturing operations
- Enhancing safety, development and training
- Developing the soft drinks and fruit juice category to meet customers' and consumers' changing needs

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 that we operate. Each Business Unit has been free to pursue its own approach to sustainability and we have established a number of special sustainability initiatives, including, amongst others, carbon footprint reduction, investments in Combined Heat and Power production, and community programs.

We help our customers to bring new innovative products to the market to address consumer trends, such as health awareness



At the end of 2015 we set the task to define the scope for a Group-wide sustainability strategy that we can consistently apply in each country. This process is currently underway.

Equally important is sustainable sourcing. As we seek to establish and maintain long-term partnerships with our customers, we are realigning our policies and those of our suppliers to fulfil customer requirements in this area.

Key ratios

We have defined key performance indicators for us to monitor and evaluate our progress at Group level. These covered the key areas of environment health and safety.

In 2015 the total energy ratio for the Group was 0.43 mega joules for each liter beverages produced (MJ/lpb) and the total water ratio was 1.97 liters for each liter beverages produced (l/lpb) comparing favorably to industry benchmarks, such as The Beverage Industry Environmental Roundtable (BIER).

We measure accidents as lost time frequency rate per 100 FTE (LTA). In 2015 this ratio was 2.9 for the Group. You can read more about our efforts to improve safety later in this chapter.

Our ambitions for 2016 and 2017 include further reduction of energy and water ratios through for example investments in new production lines, an operations accident target of zero and greater attention to measuring and reducing the levels of waste in our manufacturing sites.

Food quality and safety

All 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 manufacturing site has implemented its own quality system tailored to the critical control and quality aspects applicable to its manufacturing processes. Furthermore, the majority of our sites are ISO14001 certified. Our sites are also 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 and safety

Next to the requirements set out in third party certificates we have developed our own safety and environmental standards. These standards seek to ensure the safety of our own employees as well as that of visitors, contractors and other third party workers at our manufacturing and warehouse locations. To verify each Business Unit's self-assessment scores and ensure a common application of these standards we began a Group-wide cross-auditing programme to audit against these standards during 2015. The UK was the first Business Unit to successfully meet the defined standard for both the Health & Safety and Environmental requirements. The priority in 2016 will be to help other Business Units reach the required standards. We will continue to work to increase awareness and encourage positive behavior amongst our employees through a mixture of communications, engagement and consultation.

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 we work with a limited number of strategic suppliers for our key raw materials and packaging materials. We assess the sustainability of existing suppliers through own audits and audits performed by third-party experts. In the case of new suppliers we apply a thorough selection procedure to ensure among others quality and safety of key raw and packaging materials and compliance with customers' specifications. Refresco Gerber's key raw materials are orange juice concentrate, apple juice concentrate and sugar.

In 2015, our orange juice concentrate supply was sourced mainly from Brazil, Mexico, South Africa and Italy. We have our own pressing capacity of not from concentrate orange juice (NFC) at our Oliva manufacturing site in Spain. This supplements our supply of NFC orange juice sourced from Brazil and from other suppliers in Spain.

We sourced the majority of our apple juice concentrate in 2015 from Central Europe – Poland, in particular. The majority of sugar was sourced within the European Union. On the packaging side our key raw materials are PET granulate, liquid paper board and steel 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 us, suppliers must comply with applicable legislation and they must be both cost competitive and continuously focused on improvement. Refresco Gerber representatives visit and evaluate key suppliers on a regular basis.

Refresco Gerber requires trading partners who buy raw and packaging materials for their own manufacturing 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 nonprofit 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.

Today we are increasingly striving to source directly from juice producers, thereby providing us more visibility to the origins of the raw material and the conditions within the production facilities. You can read more about our approach to direct sourcing on page 36 of this report

We expect our suppliers to

- Ensure appropriate quality in compliance with our strict requirements
- Operate in compliance with applicable 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

Our goals

- To help our customers to achieve their sustainability targets
- To launch at least one major sustainability project each year
- To continue an open dialogue with our major partners on sustainability
- Zero accidents
- To reduce energy ratio, water ratio and waste
- To increase recycling rates
- To invest in the talents of our people
- To develop the soft drinks and fruit juices category by offering a wide variety of product to our customers including low calorie and no added sugar alternatives in various packaging sizes

FOCUS AREA

Safety

Projects in 2015

Next to the requirements set out in third party certificates we have developed our own safety and environmental standards. These standards seek to ensure the safety of our own employees as well as that of visitors, contractors and other 3rd party workers at our manufacturing and warehouse locations. Safety of our employees is our top priority and we strive for zero accidents.

- To verify each Business units self-assessment scores and ensure a common application of safety standards we began a Group-wide cross-auditing programme in 2015.

Energy

Projects in 2015

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.

- In Germany we regained our ISO 50001 certificate for energy management.
- In Germany we optimised our compressed air system at the Herrath manufacturing site.
- We invested in four new production lines and replaced the blowing / filling machines on a further two lines in 2015. In all these investments we opted for energy saving configurations with so called Combi machines including integrated blow molding and more efficient electric motors, amongst other improved features.

Water

Projects in 2015

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.

- We invested in four new PET / Aseptic PET lines in 2015 where in each case we opted for combi solutions which no longer rinse bottles with water but air-rinse PET preforms prior to blowing into the bottle.
- In Iberia due to some operational challenges with an Aseptic PET line, the volume of water used per liter produced increased but with this problem now behind us, we move forward with improved process.

Packaging

Projects in 2015

Refresco Gerber 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, we strive to increase the recyclability of our packaging materials.

- In Italy we introduced a new dedicated closure for carbonated water that is significantly lighter compared to a traditional closure and can still sustain high levels of carbonation.
- We switched our traditional cardboard trays to ones with a different flute to reduce total material used across the Group.

Logistics and transportation

Projects in 2015

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 Germany we opened a new fully automated high bay warehouse at Grünsfeld to reduce transport kilometers and eventually CO2 emissions as well as a new HUB system for our three juice / juice drinks manufacturing sites.
- In Italy we consolidated our warehousing capacity for the Caslino manufacturing site. In doing so we replaced several external warehouses; reduced significantly multiple pallet handling and improved efficiency of the overall network.





over
200
suppliers



Case story

Direct supplier relationships reflect our core values



When consumers pick up a carton, bottle or canned drink today, more and more of them will be interested to know where the raw materials came from. Traceability and sustainability have become important questions for drinks manufacturers, which is why we are now focusing more on direct relationships with the juice producers, leaving traders and agents out of the supply chain.

Working more closely with individual suppliers, and making the lifecycle of our products easier to trace, reflects our goal of being more market-driven; which is one of our core values. This strategy also enables us to buy from smaller producers and to be more innovative. Importantly, it decreases our dependency on certain regions, which – in a world where economic or political turmoil and extreme weather can severely disrupt our supply chain – gives us a competitive advantage.

Coert Michielsens is Group Director Purchasing, and his team of dedicated experts all have a deep knowledge of the products we buy and the markets we operate in. For instance, oranges from Brazil, apples from Poland or pineapples from Thailand, Vietnam and Costa Rica. This ensures the quality of the juice, and that every Euro is well spent. These professional buyers are aligned to local purchasing managers in all seven of our Business Units, making sure that volumes - including the necessary packaging - always match our business needs.

There is a constant pressure on costs, especially as purchasing accounts for such a large percentage of our turnover, but our size gives us a clear advantage here. We are an important link in the industry's supply chain, and people are generally keen to work with us, whether we're talking about individual growers, major processors or large producers of packaging materials. Our size also means we can negotiate preferential supply, pricing and payment terms, and this makes us well placed to deal with whatever challenges the year ahead has in store.



Supervisory Board Report



Report of the Supervisory Board

This report provides an overview of the approach and activities undertaken by the Supervisory Board during the year. Next to supervise routine commercial, operational, and financial matters an important part of the Supervisory Board activities was focused on the successful listing of the company on Euronext Amsterdam and ensuring an appropriate governance structure for Refresco Gerber.

Introduction

The Supervisory Board is in charge of supervising and advising the Executive Board and overseeing the general course of affairs of Refresco Gerber and its business. In carrying out its duties, the Supervisory Board is guided by the Dutch Civil Code, the Dutch Corporate Governance Code, the company's Articles of Association, and the overall interests of Refresco Gerber, its business and stakeholders.

Composition of the Supervisory Board and Executive Board

The composition of the Supervisory Board changed in connection to the listing on Euronext Amsterdam in March 2015. We welcomed Mr. Theo de Kool as a new member of the Supervisory Board and as Chairman of the Audit Committee. Mr. De Kool brings with him a wealth of financial expertise in large Dutch and international companies. As of March 31, 2015 Messrs. Jonsson and Schoenfeld stepped down from their Supervisory Board positions to bring the representation of Icelandic investor consortium and former Gerber Emig shareholder Hanover Acceptances Limited into line with the shareholder structure post-listing. The Supervisory Board wishes to thank its departed members for their valuable contribution to the company and wishes them well for the future.

The table below reflects the members of the Supervisory Board and their respective committee memberships as of December 31, 2015. Each of their biographical details are presented on pages 52-53 of this report.

The Supervisory Board has a diverse composition in terms of knowledge and expertise, age, and nationality. The Supervisory Board will strive for a diverse composition in the process of appointing and reappointing members to the Supervisory Board in the future. In view of the objective to achieve gender balance, the Supervisory Board aims at appointing a female Supervisory Board member when it has to fill the first vacancy that arises. At the same time necessary knowledge of the company, the manufacturing industry, and the company's key market areas will stay as key appointment criteria.

The Supervisory Board endeavors to ensure that the composition of the Supervisory Board is such that its members are able to act critically and independently of one another, the Executive Board and any particular interest.

Messrs. Dijkhuizen, De Kool and Petrides are independent Supervisory Board members within the meaning of best practice provision III.2.2 of the Dutch Corporate Governance Code. Messrs. Gorvy, de Jong, Kristinsson and Sigurdsson are appointed as members of the Supervisory Board upon the nomination of the company's significant shareholders, being Tamoia, 3i and Ferskur Holding respectively, and are considered non-independent within the meaning of best practice provision III.2.2 of the Dutch Corporate Governance Code.

Name	Position	Initial appointment	Committees	Date of possible reappointment
Mr. Yiannis Petrides	Chairman	January 2013	Member of the Audit Committee	2017
Mr. Aalt Dijkhuizen	Vice-chairman	October 2009*	Chairman of the Remuneration and Nominating Committee	2019
Mr. Sean Gorvy	Member	November 2013	Member of the Remuneration and Nominating Committee	2018
Mr. Pieter de Jong	Member	May 2010	N/A	2017
Mr. Theo de Kool	Member	March 2015	Chairman of the Audit Committee	2019
Mr. Hilmar Thor Kristinsson	Member	August 2009*	Member of the Audit Committee	2017
Mr. Jon Sigurdsson	Member	April 2009*	Member of the Remuneration and Nominating Committee	2018

* In March 2010, Messrs. Dijkhuizen, Sigurdsson and Kristinsson became a member of the Supervisory Board of the company. Before that date, they were members of the Supervisory Board of Refresco Holding B.V.

Supervisory Board activities during 2015

The Supervisory Board held fourteen meetings during 2015. Thirteen meetings were held with the Executive Board being present. Nine meetings were held by way of physical meetings and five meetings were held by teleconference. Throughout the year, the Chairman and other members of the Supervisory Board had regular contact with the Executive Board and each of the CEO and the CFO individually. None of the members of the Supervisory Board were frequently absent.

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 listing of the company on Euronext Amsterdam, refinancing of existing credit facilities and the activities regarding investors. The Supervisory Board was also educated on the governance responsibilities of the Supervisory Board following the IPO.

The Board approved new board governance documents, including Executive Board and Supervisory Board regulations.

One of the meetings of the Supervisory Board was dedicated to assess its own functioning and was held without the Executive Board being present. The Supervisory Board reviewed areas of strength and areas of opportunity and has scheduled to carry out an external assessment of its own functioning using a third party during the first half of 2016. The functioning of the Executive Board over 2015 was assessed separately.

Ernst & Young Accountants LLP, the company's external auditors, attended the meeting of February 19, 2015 to present their audit findings and other information on 2014.

Main matters discussed during the year's Supervisory Board meetings

- Initial Public Offering
- Refinancing
- Buy & Build strategy in Europe and beyond
- Potential acquisition opportunities
- Investor Relations activities
- 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 2016
- Outlook and business plan 2016-2018
- Governance model
- Corporate responsibility
- Innovation
- Risk and control framework and internal audit

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 programme 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 management of the internal audit program is outsourced to an international audit firm. This audit firm reports back to the Audit Committee.

The Executive Board reports regularly to the Supervisory Board on issues relating to risk management and internal control and on the effectiveness of these programmes. The Supervisory Board has an Audit Committee, consisting of Supervisory Board members, which supervises the internal control and financial reporting procedures.

The internal control procedures are described in more detail on page 57 of this report. The Supervisory Board is of the opinion that these fulfil the needs of Refresco Gerber.

Committees

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

Remuneration and Nominating Committee

Members of the Remuneration and Nominating Committee are appointed by and from the Supervisory Board for a maximum of four years. The Remuneration and Nominating Committee should be composed of at least three members.

The Remuneration and Nominating Committee key responsibilities in respect of members of the Executive Board include:

- Determining the remuneration policy
- Agreeing on performance frameworks and targets and reviewing performance
- Establishing the actual remuneration and benefits and contractual terms.

The Remuneration and Nominating Committee also has the responsibility for the Chairman of the Supervisory Board's remuneration and for recommending and monitoring the level and structure of remuneration for Senior Management. The charter of the Remuneration and Nominating Committee is available in electronic form on our website www.refrescogerber.com.

In 2015 the Remuneration and Nominating Committee was composed of Messrs. De Jong (Chairman), Dijkhuizen, Gorvy, and Sigurdsson. As per March 31, 2015, Mr. De Jong stepped down as a member of the Remuneration and Nominating Committee and Mr. Dijkhuizen was appointed to be the chairman. The Remuneration and Nominating Committee convened four times during the year.

Main activities undertaken by the Remuneration and Nominating Committee in 2015 included the performance and remuneration cycle of the Executive Board members and the Group and Managing Directors and the establishment of the Operating Board per September 1, 2015. Furthermore, the Remuneration and Nominating Committee activities included introduction of a share based participation plan for selected management.

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 for listed companies or other large legal entities.

The Audit Committee is charged in particular with the supervision of the Executive Board with respect to:

- The operation of the internal risk management and control systems
- The provision of financial information by the company
- Compliance with recommendations and observations of internal and external auditors
- The role and functioning of the internal audit function
- The policy of the company on tax planning
- Relations with the external auditor
- The financing of the company
- The application of information and communication technology (ICT)

The charter of the Audit Committee is available in electronic form on our website www.refrescogerber.com.

Between January 2015 and March 2015 the Audit Committee was composed of Messrs. Kristinsson (Chairman), Jonsson and Schoenfeld and between March 2015 and December 2015 of Messrs. De Kool (Chairman), Kristinsson and Petrides.

The Audit Committee met to discuss each quarterly report, convening five times during the year, one of which was with the internal auditors and four with the external auditors. Main topics discussed in the Audit Committee in 2015 concerned financial reporting, the Annual Report, quarterly reports, internal and external audits, and the internal and external auditors' observations.

Financial statements 2015 and dividend

The Audit Committee reviewed and discussed the Annual Report and Financial Statements for the financial year 2015. The Financial Statements were audited by Ernst & Young Accountants LLP. Their independent auditor's report can be found on page 129 of this report.

Refresco Gerber intends to apply a dividend pay-out policy that targets to pay out 35% to 50% of adjusted net income. The Executive Board shall propose to the General Meeting of Shareholders to declare a distribution of EUR 0.34 per common share, in cash.

The Supervisory Board endorses this Annual Report and recommends that the General Meeting of Shareholders adopts the 2015 Annual Report and Financial Statements and dividend pay-out as presented and discharges the Executive Board and Supervisory Board from liability for their management in the year under review and the supervision thereof, respectively.

In conclusion

We are pleased with the development of the business and the strong operational performance and financial results that have been achieved amidst ongoing integration and continued challenging market conditions.

The listing on Euronext Amsterdam and subsequent refinancing optimally positions the company to pursue further growth in private label and co-packing through organic growth in Europe and acquisitive growth in Europe and beyond.

We would like to express our appreciation for the passion, commitment and dedication of the Executive Board and all Refresco Gerber employees in 2015.

Rotterdam, March 9, 2016

**On behalf of the Supervisory Board
Yiannis Petrides – Chairman**



Remuneration report

Refresco Gerber's remuneration policy aims to attract and retain highly qualified individuals and reward them with a remuneration package that focuses on delivering sustainable performance in line with the long-term business strategy of the company. Consistent with the best-practice principles of the Dutch Corporate Governance Code this remuneration report consist of two parts, (1) Executive Board remuneration policy and (2) actual remuneration of the Executive Board and Supervisory Board in 2015.

1. EXECUTIVE BOARD REMUNERATION POLICY

The Executive Board remuneration policy was adopted by the General Meeting upon the proposal of the Supervisory Board on March 16, 2015. The total 'at-target' remuneration of the members of the Executive Board (consisting the CEO and CFO) is set between the median and upper quartile remuneration levels within a relevant employment market peer group of comparable national and international companies. The total 'at-target' remuneration also reflects the expected growth of the company pursuant to its strategy.

The remuneration of the members of the Executive Board consists of the following components:

- Annual base pay;
- Short-term incentive ("STI");
- Retention incentive;
- Long-term incentive ("LTI") and
- Pensions.

The following table summarizes the elements of remuneration as applicable to members of the Executive Board as well as the alignment of remuneration practices with the strategic objectives of the company.

Remuneration element	Description
Annual base pay	<ul style="list-style-type: none"> • Aligned to the median and upper quartile remuneration levels of the selected peer group¹
Short-term incentive	<ul style="list-style-type: none"> • Focuses on the delivery of short-term results in line with the company's strategy • Based on financial and non-financial performance conditions • 'At target' STI of 100% of annual base pay
Retention incentive	<ul style="list-style-type: none"> • To promote retention of the members of the Executive Board and to safeguard the ability of the company to deliver on the growth strategy following the IPO, a retention bonus pool of EUR 1.1 million is reserved for the Executive Board • Paid in two annual instalments in 2016 and 2017, subject to continued employment with the Group
Long-term incentive	<ul style="list-style-type: none"> • Grants of conditional shares as from 2017 including lower at target STI as a result • 3 year vesting period • Additional 2 year holding period for members of the Executive Board • Financial and non-financial targets as well as continued employment applicable • Aligns management and shareholders and drive sustainable performance • 'At target' value of 60-65% of annual base pay • Number of conditional shares that vest that may vary between 0%-200%
Pensions	<ul style="list-style-type: none"> • Defined benefit pension scheme based on average pay up to a base salary of EUR 100,00 combined with a defined contribution scheme for the base salary above EUR 100,000

¹ Employment market peer group: The total 'at-target' remuneration of the members of the Executive Board is set between the median and upper quartile remuneration levels within the employment market peer group of comparable national and international companies. The Remuneration and Nominating Committee regularly reviews the peer group to ensure that its composition is still appropriate.

Benefits

The company may provide a company car to members of the Executive Board and the company may also pay the premiums of a medical insurance of members of the Executive Board in line with their current employment agreements. The company will arrange for and pay a directors and officers (D&O) liability insurance for the members of the Executive Board.

Severance

In line with best-practice principles of the Dutch Corporate Governance Code, the maximum severance payment applicable to Mr. Roelofs amounts to one year base pay. The severance payment for Mr. Duijzer is EUR 1.0 million gross. This is a deviation from best practice provision II.2.8 of the Dutch Corporate Governance Code, which is further explained on page 51 of this report.

Clawback

The remuneration policy is intended to provide for an attractive, market competitive remuneration package where sustainable performance is delivered. Reward for failure should in all cases be avoided. For Executive Board members this means that the Supervisory Board has the discretionary authority to adjust actual pay-outs under both the STI and LTI where the outcomes are not considered a fair representation of actual performance delivered.

Furthermore, where pay-outs have been made based upon incorrect financial and other data, the Supervisory Board has the discretion to decide to claw-back any pay-outs made or shares delivered under the incentives schemes. If a variable remuneration component conditionally awarded in a previous financial year would, in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board has the power to adjust the value downwards or upwards.

Loans

Refresco Gerber granted a loan to Raven Management B.V. which company is owned by Messrs. Duijzer and Roelofs and indirectly holds 1.03% of company shares to finance the acquisition of such shares, of a principle amount of EUR 2.1 million. This loan was reimbursed upon date of the IPO in 2015 with an interest rate of 3 months Euribor plus 300 basis points.

Scenario analysis

The Supervisory Board analyses possible outcomes of the variable income components and the effect on Executive Board remuneration. This analysis is conducted annually.

2. EXECUTIVE AND SUPERVISORY BOARD REMUNERATION IN 2015

Executive Board remuneration

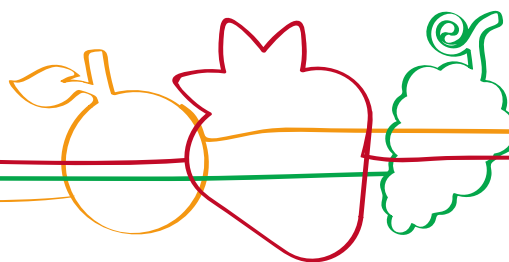
The following table details the reported remuneration of the Executive Board in 2015.

(in thousands of euros)	Annual base pay	Short-term incentive ¹	Retention incentive ²	Total 2015 ³	Total 2014
Hans Roelofs, CEO	690.0	862.5	600.0	2,152.5	1,964.0
Aart Duijzer, CFO	440.0	550.0	500.0	1,490.0	1,195.0
Total	1,130.0	1,412.5	1,100.0	3,642.5	3,159.0

1 The short-term incentive relates to the 2015 financial year which is payable in 2016.

2 This relates to the provision of the retention incentive as incurred in the 2015 financial year and payable in 2 parts in 2016 (50%) and 2017 (50%), fully conditional to being employed at the company.

3 Excluding pension cost for the Executive Board 2015 of EUR 247.1 thousand. For more detail see on page 120 of this report.



Short-term incentive

Payment of the short-term incentive is subject to the attainment of predetermined financial and non-financial performance conditions. Furthermore, there is a discretionary component of the variable remuneration that can be fixed by the Supervisory Board as it considers appropriate to ensure there is pay for sustainable performance.

The financial performance conditions for 2015 are set consistent with the strategic objectives of the company and relate to EBITDA and working capital. An Executive Board member's individual performance is also taken into account in determining his annual bonus. Individual performance is assessed against personal targets. Retrospective disclosure of detailed personal targets is inappropriate as these are deemed to be commercially sensitive.

The 2015 short-term incentive pay-out amounted to 125 % of base pay for the CEO and to 125% of base pay for the CFO and by exception has been granted at 125% prior to year-end based on the accomplished synergies and the successful IPO in March 2015.

Supervisory Board remuneration

The General Meeting determines the remuneration of the members of the Supervisory Board. The Supervisory Board periodically submits proposals to the General Meeting in respect of the remuneration of the Chairman and the other members of the Supervisory Board.

The following table details the 2015 remuneration of the Supervisory Board, no share-based incentives were awarded to Supervisory Board members during 2015.

One-off bonus Chairman of the Supervisory Board

The Chairman of the Supervisory Board Yiannis Petrides was entitled to an amount of EUR 300.0 thousand payable by the company if the IPO was successful and as compensation for a decrease in reward after the IPO. His total remuneration over 2015 therefore was EUR 410.6 thousand.

Supervisory Board member	Role / Committees	Total remuneration 2015 (in thousands of euros)	Total remuneration 2014 (in thousands of euros)
Yiannis Petrides	Chairman / Audit Committee	410.6	150.0
Aalt Dijkhuizen	Vice-chairman / Chairman Remuneration & Nominating Committee	50.6	45.0
Sean Gorvy	Member / Remuneration & Nominating Committee	50.6	45.0
Pieter de Jong	Member	45.0	45.0
Theo de Kool ¹	Member / Chairman Audit Committee	39.4	
Hilmar Thor Kristinsson ¹	Member / Chairman Audit Committee	50.6	45.0
Jon Sigurdsson	Member / Remuneration & Nominating Committee	50.6	45.0
Thorsten Jonsson ²		9.4	45.0
Nicholas J. Schoenfeld ²		9.4	45.0
Total		716.2	465.0

¹ Up till March 27th H.T. Kristinsson was Chairman of the Audit Committee and as of March 27th T. de Kool is Chairman of the Audit Committee.

² In 2014 and the first quarter of 2015 the Supervisory Board also consisted of T. Jonsson and N. Schoenfeld.



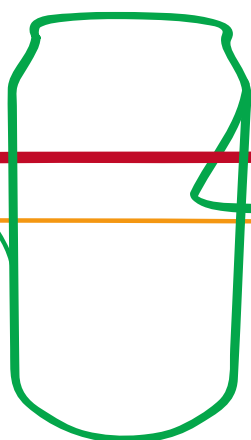
Governance



Corporate governance

Refresco Gerber N.V. is a public limited liability company (“naamloze vennootschap”) incorporated under the laws of The Netherlands. It has a two-tier board structure. Refresco Gerber is managed by an Executive Board, comprising the CEO and the CFO, and supervised by a Supervisory Board, consisting of seven members. Both the Executive Board and the Supervisory Board are accountable to the Annual General Meeting of shareholders.

The Company complies with the Dutch Civil Code, its Articles of Association and all relevant laws and regulations.



Corporate governance declaration

The Company acknowledges the importance of good corporate governance and agrees with the principles of the Dutch Corporate Governance Code. The Company is committed to comply with the Code in the way it is set herein.

Shares

The authorized capital of the company comprises a single class of registered shares. Shares that are traded via the giro-based securities transfer system are registered under the name and address of Euroclear. All issued shares are fully paid-up and each share confers the right to cast a single vote in the General Meeting.

The Executive Board has been designated as the corporate body authorized to issue 10% of the issued shares, grant rights to acquire shares and to limit or exclude pre-emptive rights pertaining to such issue of shares, subject to the prior approval of the Supervisory Board. By virtue of its authorization by the General Meeting the Executive Board is also authorized to purchase shares in the company, up to a maximum of 10% of the issued shares and subject to the prior approval of the Supervisory Board. These designations and authorizations

have been given for a period of eighteen months ending in September 2016 and renewal is requested annually at the Annual General Meeting.

General Meeting

The Company will organize at least once a year a General Meeting of Shareholders. Each shareholder may attend General Meetings, address the General Meeting and exercise voting rights pro rata to his shareholding, either in person or by proxy. Shareholders may exercise these rights, if they are the holders of shares on the record date which is the 28th day before the day of the General Meeting, and they or their proxy have notified the company of their intention to attend the General Meeting. The Company shall give shareholders and other persons entitled to vote the possibility of issuing voting proxies or voting instructions, respectively, to an independent third party. Draft minutes of the meeting will be released within three months of the meeting and will be available for comments for three months thereafter. The final version of the minutes will be published on the corporate website.

The articles of association set out in detail the powers of the General Meeting.

Resolutions requiring approval of the General Meeting are, amongst others:

- adoption of Refresco Gerber’s annual accounts;
- appointment and dismissal of Supervisory Board and Executive Board members;
- declaration of dividend;
- amendment of the Articles of Association; and
- dissolution of the company.

Subject to certain exceptions as set forth by law or the Articles of Association, resolutions of the General Meeting are passed by an absolute majority of votes cast.

This year, the Annual General Meeting is scheduled to be held on May 12, 2016 in Rotterdam, The Netherlands.

Executive Board

Refresco Gerber is managed on a day-to-day basis by the Executive 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, corporate social responsibility 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. The composition of the Executive Board and its members' key employment history are presented on pages 52-53 of this report.

Members of the Executive Board are appointed by the General Meeting of shareholders, either at the proposal of the Supervisory Board or upon the binding nomination by the Supervisory Board. A resolution of the General Meeting to appoint an Executive Board member other than in accordance with a binding nomination by the Supervisory Board, requires an absolute majority representing at least one-third of the company's issued capital. The General Meeting of shareholders

can suspend or remove each member of the Executive Board at any time. Resolutions to suspend or remove a member of the Executive Board other than pursuant to a proposal by the Supervisory Board require an absolute majority representing at least one-third of the company's issued capital.

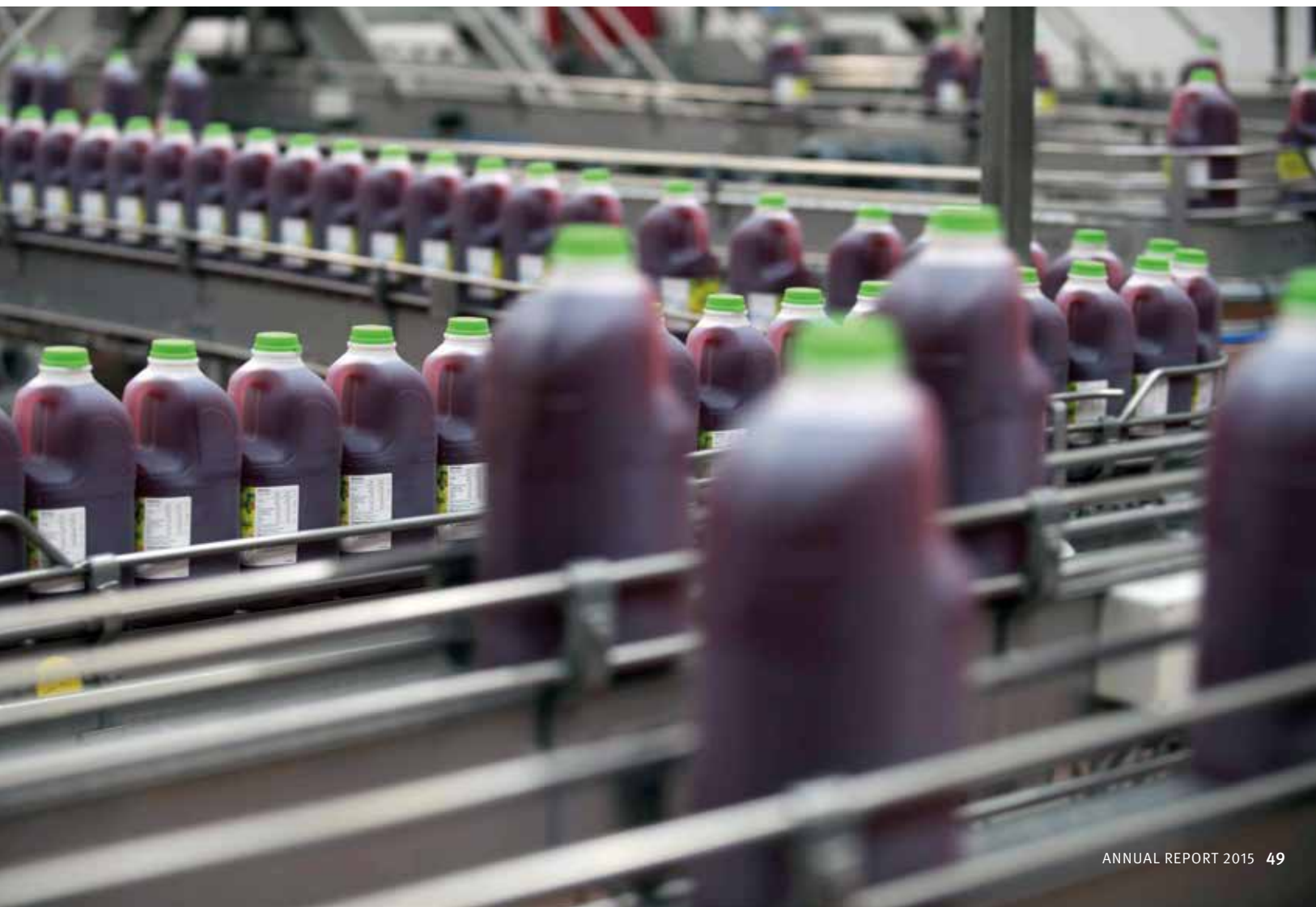
Remuneration

The Executive Board remuneration policy was adopted by the General Meeting upon the proposal of the Supervisory Board on March 16, 2015. The remuneration policy is aimed at attracting, motivating and retaining highly qualified members of the Executive Board with a balanced and competitive remuneration package that is focused on sustainable results and is aligned with the long-term strategy of the company.

Pursuant to the remuneration policy the remuneration packages of the Executive Board members consist of fixed and variable components. Details of the remuneration policy were disclosed in the offer memorandum issued in connection with the IPO.

The remuneration of the individual members of the Executive Board is determined by the Supervisory Board, with due observance of the remuneration policy. In compliance with the Code the employment agreements of the Executive Board members contain provisions related to severance arrangements and claw back consequences. Annually the Supervisory Board reports on the implementation of the remuneration policy in the preceding financial year and the intended implementation in the current and subsequent years in its Remuneration report, which can be found on page 43-45 on this report.

The General Meeting determines the remuneration of the members of the Supervisory Board. The Supervisory Board periodically submits proposals to the General Meeting in respect of the remuneration of the chairman, the vice-chairman and the other members of the Supervisory Board. The remuneration of the Supervisory Board may not be made dependent on the company's results.





Supervisory Board

The Supervisory Board is responsible for supervising and advising the Executive Board and for overseeing the general direction of Refresco Gerber's operations and strategy. The Supervisory Board is guided by the interests of Refresco Gerber taking into account the interests of its stakeholders and shall also have due regard for corporate social responsibility issues. The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board consists of seven 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. 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 Supervisory Board is supported by: *a Remuneration and Nominating Committee*: this committee is responsible for advising the Supervisory Board on the remuneration of the Executive Board, reviewing the Executive Board's proposals concerning the remuneration

policies for the higher management within Refresco Gerber and advising on appointment procedures for and assessment of the functioning of Executive Board members and Supervisory Board members; and *an Audit Committee*: this committee supervises the internal risk management and control systems and the provision of financial information by the company. It furthermore supervises the role and functioning of the internal auditor and the relations with the external auditor.

The Supervisory Board is guided by the company's Articles of Association, the By-Laws of the Supervisory Board, the Supervisory Board profile and the Rotation Plan. In addition thereto, the Remuneration and Nominating Committee and the Audit Committee each have their own Terms of Reference. All documents mentioned can be found on the company's website www.refrescogerber.com.

Profiles of each of the Supervisory Board members can be found on pages 52-53 of this report.

Members of the Supervisory Board are appointed by the General Meeting of shareholders, either at the proposal of the Supervisory Board or upon the binding nomination by the Supervisory Board. A resolution of the General Meeting to appoint a Supervisory Board member other than in accordance with a binding nomination by the Supervisory Board, requires an absolute

majority representing at least one-third of the company's issued capital.

The General Meeting of shareholders can suspend or remove each member of the Supervisory Board at any time.

Resolutions to suspend or remove a member of the Supervisory Board other than pursuant to a proposal by the Supervisory Board require an absolute majority representing at least one-third of the company's issued capital.

Conflicts of interest

Any conflict of interest by a member of the Executive Board or the Supervisory Board has to be reported immediately to the Chairman of the Supervisory Board. A member of the Executive Board or the Supervisory Board may not participate in deliberating or decision making within the relevant Board in case of a conflict of interest. In 2015, no transactions were reported under which a member of the Executive Board or the Supervisory Board had a conflict of interest which was of material significance to the company.

Insider trading code

The Executive Board has adopted insider trading regulations which were last amended on October 6, 2015. It is the company's policy that all employees and any other persons employed by or in any other type of relationship of authority to Refresco Gerber shall adhere to these regulations.

Accountability Dutch Corporate Governance Code: Upon the listing of Refresco Gerber on Euronext Amsterdam, the company complied with the Dutch Corporate Governance Code with the exception of the following deviations:

Best practice provision III.2.1 (independence Supervisory Board): This best practice provision requires all Supervisory Board members, with the exception of not more than one person, to be independent within the meaning of best practice provision III.2.2. In connection with the listing of the company, the company entered into a relationship agreement with Ferskur Holding 1 B.V., Tamoia Limited, 3i GC Holdings REF 1 S.Å.R.L., 3i GC Holdings REF 2 S.Å.R.L., Okil Holding B.V., which – *inter alia* – includes

the right for Ferskur Holding 1 B.V., Tamoia Limited, 3i GC Holdings REF 1 S.Å.R.L. and 3i GC Holdings REF 2 S.Å.R.L. to designate individuals for appointment to the Supervisory Board. As a result, Messrs. De Jong, Gorvy, Sigurdsson and Kristinsson are non-independent members within the meaning of the above provision.

Best practice provision II.2.8. (remuneration in the event of dismissal):

The Company does not comply with best practice provision II.2.8, which determines that the remuneration in the event of dismissal may not exceed a one year's salary. In the event of dismissal, Mr Duijzer is entitled to receive a severance payment of EUR 1 million gross, which exceeds a one year salary.

Principle III.3 and best practice provision III.3.1 (expertise and composition Supervisory Board): These provisions state that the Supervisory Board should strive for a diverse composition as to gender and age and should formulate concrete targets to achieve this. The Supervisory Board strives to achieve a diverse composition of its members and has formulated key attributes of its Board Director profile to address this. These attributes are available on our website: <http://www.refresco-gerber.com/governance/>. The Supervisory Board believes that the Board has a complementary range of experience, functional skills and age, but realizes that it needs to build gender diversity.

Executive Board



HANS ROELOFS

Chief Executive Officer
(1963, male, 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, Mr. Roelofs 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. Mr. Roelofs is a graduate of Wageningen University, the Netherlands.



AART DUIJZER

Chief Financial Officer
(1963, male, a Dutch national)

Aart Duijzer is former CFO of Refresco and one of the founders of the company. Prior to joining Refresco in 2000, Mr. Duijzer worked as Finance Director of the Continental European division of Hazlewood Foods Plc. Mr. Duijzer 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.

Supervisory Board



YIANNIS PETRIDES

Chairman of the Supervisory Board
Member of the Audit Committee
(1958, male, a Cyprus national)

Appointed as of January 1, 2013, current term expiring in 2017.

Mr. Petrides has broad experience in the FMCG and soft drinks industries. Until 2014, Mr. Petrides also served as Vice Chairman of the board of directors of Campofrio Food Group. Mr. Petrides is additionally Chairman of the board of Largo (Wind Hellas Telecoms) and a member of the Board of Puig. Mr. Petrides worked for 23 years with Pepsico, the last 10 as President Europe for the Pepsi Bottling Group and retired in 2010. He obtained a Master's degree in Economics and Political Science from Cambridge University in 1982 and a Master's degree in Business Administration from Harvard University in 1984.



AALT DIJKHUIZEN

Vice Chairman of the Supervisory Board
Chairman of the Remuneration and Nominating Committee
(1953, male, a Dutch national)

Appointed as of October 1, 2009, current term expiring in 2019.

Mr. Dijkhuizen is president of the Dutch Topsector Agri & Food, chairman of the supervisory board of the Van Hessen Group, member of the supervisory board of Royal De Heus Animal Nutrition, member of the international advisory board of Hendrix Genetics, member of the advisory board of Struik Foods, member of the advisory board of the Pictet Agri Investment Fund, chairman of the Dutch Alliance for Sustainable Food, chairman of the supervisory board of the Arnhem Philharmonic Orchestra, co-director of the Holland Center in Shanghai, extraordinary member of the Dutch Safety Board, high-level expert to the European Commission and personal advisor to the Governor of Fujian Province in China. During the 1990s Mr. Dijkhuizen was a professor at Wageningen University, specialised in animal health economics. From 1998 to 2002 he worked for Nutreco as Managing Director of the Business Group Agri Northern Europe. From 2002 to 2014 he was president and ceo of Wageningen UR (University & Research center). Mr. Dijkhuizen holds a B.Sc and M.Sc degree in Agricultural Economics from Wageningen University (1977) and a PhD in Animal Health Economics at the Veterinary Faculty from Utrecht University (1983). Mr. Dijkhuizen was awarded Honorary Citizen of Fujian Province (China) in 2008 and Commander in the Order of Orange-Nassau in the Netherlands in 2014.



SEAN GORVY

Member of the Supervisory Board
Member of the Remuneration and
Nominating Committee
(1963, male, a South-African national)

Appointed as of November 11, 2013, current term expiring in 2018.

Dr. Gorvy is chief executive of Hanover Acceptances Limited, an entity that owns 100% of Tamoia, and has been a member of the Hanover Acceptances Limited board since 1997. Furthermore, he holds directorships at Tamoia Limited, Dorrington PLC, Fresh Capital Group Limited and African Realty Trust (PTY) Limited. Until 2013, Dr. Gorvy also held directorships at food and beverage businesses Pride Foods Limited, Gerber Emig Group Limited and Frigo Pak Gida Maddeleri Sanayi ve Ticaret A.S. He was earlier a director of South African fresh produce marketing businesses, Outspan and Capespan and UK organic food retailer Fresh & Wild. Prior to working within the Hanover Acceptances Group, Dr. Gorvy spent five years with Morgan Stanley's real estate, corporate finance, and M&A departments. He has a BA (Hons) degree from the University of Durham and a PhD in political economics from Cambridge University.



PIETER DE JONG

Member of the Supervisory Board
(1964, male, a Dutch national)

Appointed as of March 24, 2010, current term expiring in 2017.

Mr. de Jong is partner and managing director of 3i Europe plc Benelux, an affiliate of the 3i Shareholders, and acts as advisor to the 3i Shareholders. Mr. de Jong is also member of the supervisory board of Basic-Fit International and Weener Plastic Packaging Group. Until 2010, Mr. de Jong was member of the board of Kneip Communication SA (LUX). Mr. de Jong holds a BBA from Nyenrode Business University and an MBA in Finance from Georgia State University.



THEO DE KOOL

Member of the Supervisory Board
Chairman of the Audit Committee
(1952, male, a Dutch national)

Appointed as of March 31, 2015, current term expiring in 2019.

Mr. de Kool was a member of the supervisory board of Van Gansewinkel Groep until 30 June 2015. He was the vice chairman of the executive board of Blokker Holding as of November 2013 until June 2015. Subsequently, he became the Chairman and CEO of Blokker Holding until 31 December 2015. He has also served as CFO/finance director of Blokker Holding and as a member of Blokker Holding's supervisory board. Furthermore, Mr. de Kool was CFO of Sara Lee Corporation based in Chicago, member of the executive board and supervisory board of Sara Lee/DE and recently Mr. de Kool was a director and CFO and subsequently CEO of Univeg group in Belgium. Mr. de Kool received his M.Sc. in Economics from Erasmus University Rotterdam and finished studies at Nyenrode Business University.



HILMAR THOR KRISTINSSON

Member of the Supervisory Board
Member of the Audit Committee
(1971, male, an Icelandic national)

Appointed as of August 1, 2009, current term expiring in 2017.

Mr. Kristinnsson is a senior director of asset management of Kaupthing and holds directorships at Haukping ehf., Kaupskil ehf., N holding AB and Novator AB. In addition, Mr Kristinnsson is Kaupthing's designated director on the board of directors of Ferskur. Furthermore, until 2015 Mr Kristinnsson held a directorship at Norvestia Oy, a listed Finnish investment company and until 2011, he held a directorship at BG Equity 1 ehf. Mr Kristinnsson holds a Cand.Oecon (Economics) from the University of Iceland and is an EEA licensed securities broker.



JON SIGURDSSON

Member of the Supervisory Board
Member of the Remuneration and Nominating
Committee
(1978, male, an Icelandic national)

Appointed as of April 1, 2009, current term expiring in 2018.

Mr. Sigurdsson is a managing director of Helgafell ehf. and managing director of Helgafell eignarhaldsfelag ehf. He is on the board of N1 hf., which is listed on NASDAQ OMX Iceland, and Fjardalax hf. He also serves as chairman and managing director of Straumnes Ráðgjöf ehf., and chairman and managing director of Straumnes eignarhaldsfelag ehf. Previously, Mr. Sigurdsson was employed by Stoðir hf. from 2005 to 2010 (as managing director from 2007 to 2010) and prior to that worked for Landsbanki Íslands hf. and Búnaðarbanki Íslands hf. He received his B.Sc. in Business Administration from Reykjavík University.

Risks

Our risk management and internal control systems are designed to mitigate the uncertainties we face, thereby improving the environment for the achievement of our objectives.

Risk appetite

Refresco Gerber has a prudent approach to risk management. Risk margins are defined by our vision, strategy, values and corporate policies. The approach to risk differs per type of risk as set out below:

Strategic risks - Entrepreneurship is one of Refresco Gerber's values. We see a certain level of risk-taking as part of our nature and we are willing to take a carefully weighted risk/return approach when doing business.

Operational risks – Refresco Gerber has a prudent approach to operational risk management. Ensuring the high quality standards of our products, customer service and continuity of our production have the highest priority.

Financial risks – In line with our overall prudent risk management approach, Refresco Gerber seeks to identify, assess and, if necessary, mitigate financial risks, which include currency and interest rate risks, in order to minimize potential adverse effects on our financial performance.

Key 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 78 of this report.

Risk	Mitigation
STRATEGIC RISKS	
<p>Global economic performance Demand for our products is directly related to the strength of the global economy. Lower consumer spending may reduce volumes and affect profitability.</p>	<p>We aim for diversification in terms of product, customers and geography; currently we are operating in 9 different European countries. Next to this we have a proper financial position which can act as a cushion against an economic downturn.</p>
<p>Buy & build strategy Our growth strategy is partly based on future acquisitions. The success 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 of for other reasons.</p>	<p>We are continuously looking for suitable acquisitions targets, a process where we diligently evaluate the synergy potential of the target in all areas. The Executive Board is responsible for the execution of the acquisition strategy and major acquisitions are approved by the Supervisory Board.</p>
OPERATIONAL RISKS	
<p>Price fluctuations and supply side developments For many of our raw materials and packaging materials we are depended on limited number of suppliers. The loss of one such supplier could disrupt the supply chain.</p> <p>We have a policy of purchasing forward contracts for most raw materials and packaging materials to cover sales positions with customers. However there can be no assurance that such hedging measures will be effective.</p>	<p>We have strong relationships with the majority of our suppliers and we have been able to hedge a proportion of our requirements through medium-term contracts.</p>
<p>Competitive landscape Refresco Gerber competes directly with other private label manufactures on the basis of quality, ability to deliver a diversified product mix, pricing and customer service.</p>	<p>We believe our broad product and packaging offering across our pan-European platform provides stability through diversification in the highly competitive market.</p>
<p>Large and sophisticated customers with large buying power Most of our customers are large and sophisticated retailers and A-brand owners which, as a result of their size, have significant buying power and can often apply pricing pressure.</p>	<p>Due to our size of 25 manufacturing sites in 9 countries our customers benefit from our significant economies of scale, both through procurement and operating and distribution efficiency.</p>



Risk	Mitigation
<p>Seasonality</p> <p>Our sales are partly subject to seasonality. Sales are generally higher in summer months of April through September and lower during the winter months October through March. Consequently our operating result may fluctuate quarter to quarter.</p>	<p>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 basis to improve our adaptability to volume fluctuations.</p>
<p>Customer and credit concentration</p> <p>A significant portion of our revenue is concentrated with a relatively small number of customers; although we have multiple contracts with each of our customer the Top-10 customers count for 53% of total revenue. The loss of such a customer could have a material adverse effect on our operating result and cash flow.</p>	<p>We have long term relationships with majority of all our customers; with 19 of our top-20 customers we have longer as 15 year contracts. We have high level of customer integration on supply chain, new product development and customer service. We therefore believe that the company is well positioned with its current customers.</p>
<p>Food safety and quality</p> <p>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 jeopardized, which could have a material adverse effect on our business, financial condition and results of operations.</p>	<p>We have implemented at each site an quality system based on the critical control and quality points to mitigate the risks of quality and safety. Next to this all our sites have been certified either under the International Food Standard (IFS) or, in the UK, under the British Retail Consortium (BRC) protocol. Our representatives are also visiting and evaluating our key suppliers.</p>
<p>Continuity of production</p> <p>Operations at our sites could be adversely affected by extraordinary events which could materially reduce our production and have a material adverse effect on our business, financial conditions and results of operations.</p>	<p>We continuously invest significantly in our production sites and continuously strives to improve its health, safety and environmental practice. Together with our insurance broker we have rolled out a program to improve our housekeeping and fire protection to mitigate business interruption.</p>
<p>Changes in customer and end-customer preferences</p> <p>Demand of products which we produce are subject to change due to requirements of customers and end-customers. A shift in product categories could result in lower margins which could potentially lead to investments in new product lines.</p>	<p>We are offering a broad product and packaging portfolio across geographies. We believe the flexibility of our manufacturing capacities is our core strength and that we can anticipate on a timely basis which is reducing the risk.</p>
<p>Loss of senior management or key employees</p> <p>The performance of senior management and other key employees is critical to our success. Any failure to retain such person could have a material adverse effect on our business, financial condition and results of operations.</p>	<p>We believe that our human capital is our key asset. We plan to continue invest time and resource in developing and training our senior management and key employees.</p>
<p>Third party transportation</p> <p>Our business requires significant movement of raw materials, packaging materials and finished products which is done by third parties. Any delays in delivery or poor handling could result the sales and damage our reputation.</p>	<p>We have fully outsourced our transport to third party transport and logistic companies. This provides us with the flexibility to customize our transportation arrangements to fit our customers' needs.</p>
<p>FINANCIAL RISKS</p>	
<p>Currency risk</p> <p>Exchange rate fluctuations could have a material adverse effect on the company's business, financial condition and results of operations.</p>	<p>The currency risk largely concerns positions and future purchase transactions in US dollars which are mostly hedged via forward exchange contracts and options.</p>
<p>Interest rate risk</p> <p>Changes in interest rates affect the company's result and cash flow.</p>	<p>The company has contracted interest rate swaps of specific fixed interest liabilities (borrowings) so that it pays a fixed interest for the loans covered by these interest swaps.</p>

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.

Code of Conduct

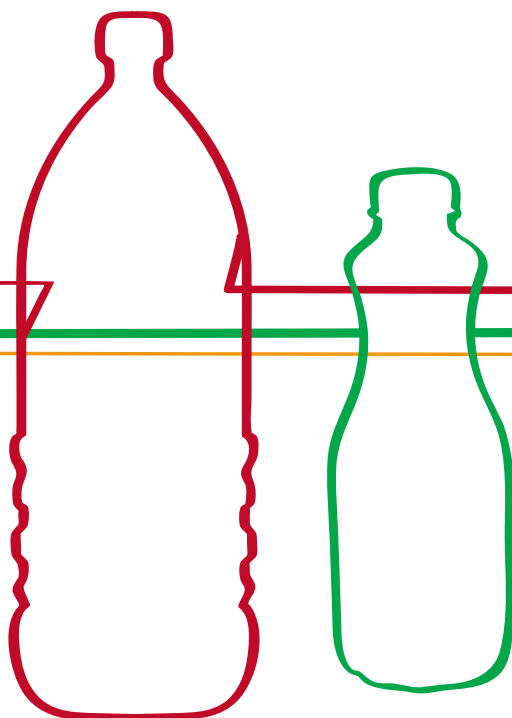
As a general principle, Refresco Gerber conducts all business operations with honesty, integrity, and transparency. Refresco Gerber operates as an open, transparent company and meets all legitimate requests for information, unless the business or personal circumstances of those involved require confidentiality. 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 www.refrescogerber.com.

Tax policy

The company is seeking a responsible approach to the management of taxes and relating risks. We adhere to the tax laws and related rules and regulations in the countries where we operate, not only to the letter of the law but also to its spirit. The company's commercial needs are paramount and leading and therefore 'tax follows the business'. We do not use artificial structures, instruments or tax havens solely for tax avoidance. Where possible we will create and maintain a relationship with local Tax Authorities and work closely together in an open and transparent dialogue, creating mutual understanding and trust.





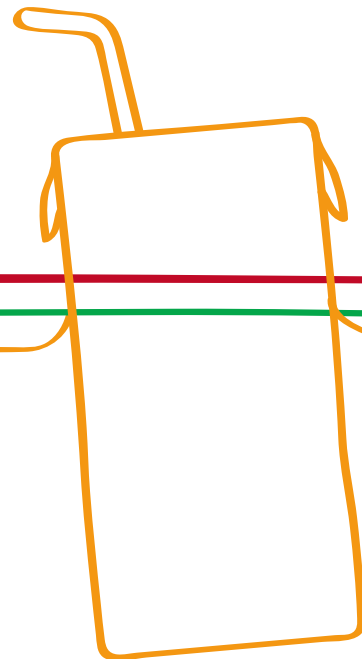
Executive Board declaration

The Executive Board of Refresco Gerber N.V. hereby declares, in accordance with article 5:25c of the Dutch Act on Financial Supervision and best practice II.1.5 of the Dutch Corporate Governance Code of December 2008, that to the best of its knowledge:

1. the financial statements as included on pages 66-128 of the annual report, provide a true and fair view of the assets, liabilities and financial position as at December 31, 2015 as well as the profit or loss of Refresco Gerber N.V. and all the business undertakings included in the consolidation in accordance with IFRS as adopted by the European Union and Part 9 of Book 2 of the Dutch Civil Code;
2. the annual report provides a fair review of the condition on the balance sheet date and of the business performance during the financial year of Refresco Gerber N.V. and the companies associated with it whose details are included in the financial statements, together with a description of the main risks Refresco Gerber N.V. faces;
3. the internal controls over financial reporting provide a reasonable level of assurance that the financial reporting does not contain any material inaccuracies, and these controls functioned properly in the year under review and there are no indications that they will not continue to do so.

Rotterdam March 9, 2016

Executive Board
Hans Roelofs, CEO
Aart Duijzer, CFO



Refresco Gerber share and shareholders

Stock Exchange Listing

On November 13, 2014 we announced that Refresco Gerber and its shareholders had initiated a process to actively explore the capital alternatives that would best support the company's future growth ambitions. Following a comprehensive review of all options, a stock exchange listing providing full access to equity capital markets proved to be the most logical step forward.

On March 27, 2015 Refresco Gerber N.V. listed its shares in an Initial Public Offering (IPO) on the Euronext stock exchange in Amsterdam (Netherlands) at an introduction price of EUR 14.50. Options on Refresco Gerber shares are traded on the European Options Exchange in Amsterdam (Netherlands). The IPO consisted of a primary offering of 6,896,552 shares and a secondary offering of 38,858,0498 million shares, including the exercise of the overallotment option. The Refresco Gerber shares are traded under the symbol RFRG. The ISIN code is NL0011214010.

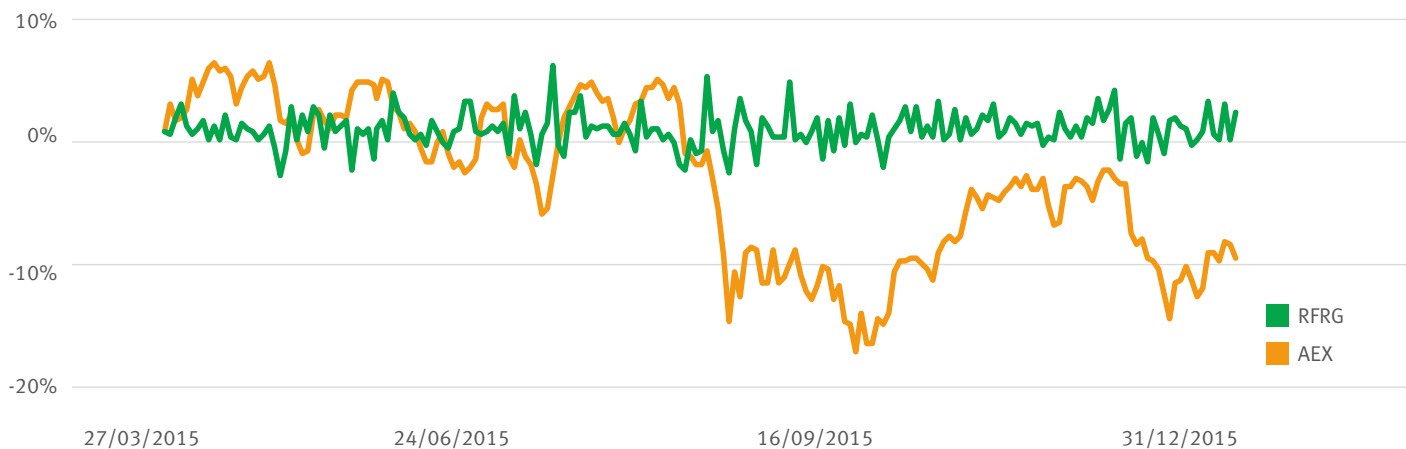
Share Capital

At December 31, 2015 the total number of outstanding shares was 81,160,915.

Share price development

On March 27, 2015 Refresco Gerber shares were listed at EUR 14.50 per share and at year-end traded at a price of EUR 15.86 per share.

Share price development



Refresco Gerber ratings

Refresco Gerber is committed to maintaining a solid rating. Regular review meetings are held between rating agencies and Refresco Gerber senior management. In the table the most recent ratings and outlook are presented.

Rating agency	Long term rating	Outlook
Moody's	Ba3	Stable
Standard & Poor	BB	Stable

Major shareholders

In the IPO, shares were offered to institutional and retail investors in the Netherlands and institutional investors in certain other jurisdictions. The listing significantly broadened Refresco Gerber's shareholder base, and Refresco Gerber's shares are widely spread over a large number of shareholders in various countries.

On December 3, 2015 Refresco Gerber announced that its three largest shareholders, Ferskur Holding 1 (Stodir), Tamoá (GZ Trust) and 3i, had informed the company that they had placed 8 million shares, representing 9.9% of Refresco Gerber's ordinary share capital, with institutional investors in an accelerated book building process. After the placement, the remaining direct combined ownership of these three shareholders amounts to approximately 30.6 million shares, representing 37.7% of the ordinary share capital. Following the transaction the free float increased from approximately 49% to 59%. Refresco Gerber's Executive Board and senior management currently hold 3.5% of the shares via Okil Holding. There is a lock up arrangement in place for the shares held by Okil Holding of 360 days after the settlement date (March 31, 2015).

Shareholder structure

Under Dutch law, shareholders must disclose percentage holdings in the capital and/or voting rights in the company when such holding reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. Such disclosure must be made to the AFM without delay. Our major shareholdings are included in the Substantial Holdings register of the Netherlands Authority for the Financial Markets (AFM).

According to the register kept by the AFM, the following shareholders have disclosed that they own 3% or more of Refresco Gerber's total share capital as per December 31, 2015.

Date of notification	Company	(Indirect) Holding
7 December 2015	Ferskur Holding 1 (Stodir)	19.68%
7 December 2015	Tamoá (GZ Trust)	10.96%
3 December 2015	3i	7.09%
3 December 2015	Capital Research and Management Company ¹	3.54%
31 March 2015	GIC Private Limited	3.94%
27 March 2015	Okil Holding	3.50%
27 March 2015	Citadel ²	3.33%
27 March 2015	Pelham Capital	3.45%

¹ Capital Research and Management Company holds the voting rights and Small Cap World Fund, Inc. holds the equity shares.

² Citadel Advisors holds the voting rights and Citadel Global Equities Master Fund holds the equity shares.

Dividend policy

Refresco Gerber assumes a dividend payout policy that aims to pay out 35% to 50% of its annual adjusted net income. The intention to pay out a dividend is subject to numerous conditions and depends on the need to fund the growth strategy and available free cash flow, keeping in mind Refresco Gerber's continuity and credit lines. In the event of surplus cash resources, payment of a variable, extra dividend payment may be considered. Payment of any dividend maybe either in cash or in shares.

Investor Relations Policy

Refresco Gerber provides shareholders and other parties in the financial markets with equal and simultaneous information about matters that may influence the share price.

The contacts between the Executive Board on the one hand and investors and analysts on the other are carefully handled and structured, and the company will not engage in any acts that compromise the independence of analysts in relation to the company and vice versa.

Refresco Gerber communicates with all of its investors and analysts through organizing or attending meetings such as the Annual General Meetings of shareholders, roadshows and broker conferences. Furthermore Refresco Gerber publishes an annual report, quarterly reports and press releases.

Briefings are given to update the market after each quarterly announcement via group meetings or teleconference and are accessible by telephone or via the corporate website. Meetings with investors (bilateral and general) are held regularly to ensure that the investment community receives a balanced and complete view of the company's performance and the issues faced by the business, while always observing applicable rules concerning selective disclosure, equal treatment of shareholders and insider trading.

In the period preceding the publication of the results of that quarter, Refresco Gerber will be in a "closed period". During this time we will not hold meetings with analysts or investors, make presentations at broker conferences, or hold discussions/conference calls with investors and analysts.

Analysts' reports and valuations are not assessed, commented upon or corrected, other than factually, by the company. Refresco Gerber does not pay any fee(s) to parties for carrying out research for analysts' reports or for the production or publication of analysts' reports with the exception of credit rating agencies. Contacts with the capital markets are dealt with by the members of the Executive Board, Refresco Gerber's investor relations professionals, and from time to time, other Refresco Gerber personnel specially mandated by the Executive Board.

Financial calendar

Publication of full year results 2015	10 March 2016
First quarter 2016 results	12 May 2016
Annual General Meeting of Shareholders	12 May 2016
Second quarter 2016 results	11 August 2016
Third quarter 2016 results	10 November 2016





Financial review

2015

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CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2015

(x 1 million euro)	Note	DECEMBER 31, 2015	DECEMBER 31, 2014
Revenue	4.1	2,016.4	2,036.9
Other income	4.2	0.5	-
Raw materials and consumables used	4.3	(1,148.3)	(1,186.5)
Employee benefits expense	4.4	(221.7)	(226.8)
Depreciation, amortization and impairments	4.5	(84.5)	(87.8)
Other operating expenses	4.6	(451.9)	(429.0)
Operating profit		110.5	106.8
Finance income	4.7	0.4	0.2
Finance expense	4.7	(50.3)	(49.6)
Net finance costs		(49.9)	(49.4)
Profit/(loss) before income tax		60.6	57.4
Income tax (expense)/benefit	4.8	(18.8)	(20.9)
Profit/(loss) for the year from continuing operations		41.8	36.5
Profit/(loss) for the year from discontinued operations	5.8	-	2.2
Profit/(loss) for the year		41.8	38.7
Profit/(loss) attributable to:			
Owners of the Company		42.2	38.6
Non-controlling interest		(0.4)	0.1
Profit/(loss) for the year		41.8	38.7
Earnings per share			
Basic and diluted profit for the year attributable to ordinary equity holders of the parent	5.9	0.45	0.16
Basic and diluted profit from continuing operations attributable to ordinary equity holders of the parent	5.9	0.45	0.13
Pro forma earnings per share*			
Pro forma basic and diluted profit for the year attributable to ordinary equity holders of the parent	5.9	0.53	0.52
Pro forma basic and diluted profit from continuing operations attributable to ordinary equity holders of the parent	5.9	0.53	0.49

The pro forma earnings per share are presented to show the development in the earnings per share after adjustment for the change in capital structure which is explained in note 5.9.

The notes on page 71 to page 127 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2015

(x 1 million euro)	Note	DECEMBER 31, 2015	DECEMBER 31, 2014
Profit/(loss)		41.8	38.7
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	5.9	(5.1)	(3.2)
Income tax (expenses)/benefits	5.9	1.2	1.2
Total		(3.9)	(2.0)
Items that may be subsequently reclassified to profit or loss			
Cashflow hedges	5.9	(3.7)	6.9
Foreign currency translation differences for foreign operations	5.9	21.4	2.6
Income tax (expenses)/benefits	5.9	1.2	(1.9)
Total		18.9	7.6
Other comprehensive income/(loss)		15.0	5.6
Total comprehensive income/(loss)		56.8	44.3
Attributable to:			
Owners of the Company		57.2	44.2
Non-controlling interest		(0.4)	0.1
Total comprehensive income/(loss)		56.8	44.3
Total comprehensive income/(loss) attributable to equity shareholders arises from:			
- Continuing operations		56.8	42.1
- Discontinued operations		-	2.2
Total comprehensive income / (loss)		56.8	44.3

The notes on page 71 to page 127 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at December 31, 2015

(x 1 million euro)	Note	DECEMBER 31, 2015	DECEMBER 31, 2014
Assets			
Property, plant and equipment	5.1	526.4	523.5
Intangible assets	5.2	445.7	428.4
Other investments	5.3	3.2	5.7
Deferred income tax	5.4	8.6	4.2
Total non-current assets		983.9	961.8
Inventories	5.5	206.6	189.3
Derivative financial instruments	3.1.3	4.1	9.3
Current income tax receivable		0.7	0.2
Trade and other receivables	5.6	349.2	382.1
Cash and cash equivalents	5.7	95.7	96.6
Total current assets		656.3	677.5
Assets classified as held for sale	5.8	0.9	3.8
Total assets		1,641.1	1,643.1
Equity			
Issued share capital		9.7	5.9
Share premium		533.0	440.7
Other reserves		6.1	(8.9)
Retained earnings		(77.2)	(117.8)
Result for the year		42.2	38.6
		513.8	358.5
Non controlling interest		-	2.8
Total equity	5.9	513.8	361.3
Liabilities			
Loans and borrowings	5.10	549.0	684.2
Derivative financial instruments	3.1.3	10.2	11.1
Employee benefits provisions	5.11	32.3	34.7
Other provisions	5.12	3.8	2.1
Deferred income tax	5.4	9.3	15.3
Total non-current liabilities		604.6	747.4
Loans and borrowings	5.10	4.2	5.5
Derivative financial instruments	3.1.3	0.6	1.9
Trade and other payables	5.13	499.3	498.0
Current income tax liabilities		14.4	12.3
Provisions	5.12	4.2	16.7
Total current liabilities		522.7	534.4
Liabilities held for sale	5.8	-	-
Total liabilities		1,127.3	1,281.8
Total equity and liabilities		1,641.1	1,643.1

The notes on page 71 to page 127 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2015

(x 1 million euro)	Issued share capital	Share premium	Other reserves	Retained earnings	Result for the period	Total	Non controlling interest	Total Equity
Balance as at January 1, 2015	5.9	440.7	(8.9)	(117.8)	38.6	358.5	2.8	361.3
Other comprehensive income/(loss)	-	-	15.0	-	-	15.0	-	15.0
Profit/(loss)	-	-	-	-	42.2	42.2	(0.4)	41.8
Total comprehensive income / (loss)	-	-	15.0	-	42.2	57.2	(0.4)	56.8
Appropriation of result	-	-	-	38.6	(38.6)	-	-	-
Share capital change nominal value	3.0	(3.0)	-	-	-	-	-	-
Share capital issued	0.8	99.2	-	-	-	100.0	-	100.0
Incremental costs new shares	-	(3.9)	-	-	-	(3.9)	-	(3.9)
Buy non-controlling interest	-	-	-	2.0	-	2.0	(2.4)	(0.4)
Non-controlling interest arising on business combinations	-	-	-	-	-	-	-	-
Total transactions with owners recognized directly in equity	3.8	92.3	-	2.0	-	98.1	(2.4)	95.7
Balance as at December 31, 2015	9.7	533.0	6.1	(77.2)	42.2	513.8	-	513.8
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/(loss)	-	-	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 directly in equity	-	-	-	-	-	-	(0.9)	(0.9)
Balance as at December 31, 2014	5.9	440.7	(8.9)	(117.8)	38.6	358.5	2.8	361.3

For notes on equity a reference is made to 5.9.

The notes on page 71 to page 127 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2015

(x 1 million euro)	Note	DECEMBER 31, 2015	DECEMBER 31, 2014
Profit/(loss) after tax including discontinued operations		41.8	38.7
Adjustments for:			
Depreciation, amortization and impairments	5.1/5.2	84.5	87.8
Net change in fair value derivative financial instruments	4.3	1.4	(4.1)
Net finance costs	4.7	49.9	49.4
(Gain) / loss on sale of property, plant and equipment	4.2	(0.3)	(0.7)
Income tax expense / (benefit)	4.8	18.8	20.9
Movement in employee benefit provisions and other provisions	5.11/5.12	(0.1)	(5.1)
Pension plan amendment		(8.0)	-
Cash flow from operating activities before changes in working capital		188.0	186.9
Changes in:			
Inventories	5.5	(15.4)	14.9
Trade and other receivables	5.6	38.4	(28.3)
Trade and other payables	5.13	(10.9)	41.5
Total change in working capital		12.1	28.1
Interest received		0.4	0.2
Interest paid		(34.3)	(48.1)
Early repayment fee		(13.3)	-
Income taxes paid		(23.0)	(11.0)
Net cash generated from operating activities		129.9	156.1
Cash flows from investing and acquisition activities			
Proceeds from sale of property, plant and equipment	5.1	2.7	0.8
Purchase of property, plant and equipment	5.1	(84.2)	(59.1)
Purchase of intangible assets	5.2	(2.0)	(0.9)
Purchase / sale of other investments	5.8	2.5	20.6
Net cash used in investing and acquisition activities		(81.0)	(38.6)
Cash flows from financing activities			
Proceeds from loans and borrowings	5.10	519.1	-
Repayment of loans and borrowings	5.10	(665.5)	(106.3)
Proceeds of new issued shares		100.0	-
Incremental costs on issue new shares		(3.9)	-
Net cash (used in) / from financing activities		(50.3)	(106.3)
Net cash (used in) / from operating, investing and financing activities		(1.4)	11.2
Translation adjustment		0.5	(0.2)
Movement in cash and cash equivalents		(0.9)	11.0
Cash and cash equivalents as at January 1	5.7	96.6	85.6
Cash and cash equivalents as at December 31	5.7	95.7	96.6

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 127 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL

1.1 Reporting entity

Refresco Gerber N.V. ('Refresco Gerber' or the 'Company' or, together with its group companies, the 'Group') is domiciled in the Netherlands, with its registered office at Fascinatio Boulevard 270, 3065 WB Rotterdam, whose shares are publicly traded. The companies in note 3.2 of the company only financial statements have all been included in the consolidated financial statements.

Due to the Initial Public Offering (hereafter: IPO) as per March 27, 2015 the legal classification has been changed from B.V. to N.V.

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.

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 March 2, 2016 and will be adopted by the Annual General Meeting of Shareholders on May 12, 2016.

The Company financial statements are part of the 2015 financial statements of Refresco Gerber N.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, 2015. 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 profit or loss. 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 profit or loss 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 profit or loss. 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 profit or loss are also recognized in OCI or profit or loss, 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 profit or loss as an adjustment to the profit or loss on disposal.

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

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 2.17.

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 profit or loss.

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.

When the hedged item is a non-financial asset, the amount recognized in other comprehensive income is transferred to the carrying amount of the asset when it is recognized. In other cases the amount recognized in other comprehensive income is transferred to the same line of profit or loss in the same period that the hedged item affects profit or loss. Where the financial instruments are held to hedge foreign currency purchases of raw materials and consumables, the changes are included in raw materials and consumables used. Where the instruments are held to hedge interest rate risk exposure, the changes are included in finance income and expense.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued and the cumulative unrealized gain or loss previously recognized in other comprehensive income and presented in the hedging reserve in equity, is recognized in profit or loss immediately, or when a hedging instrument is terminated, but the hedged transaction still is expected to occur, the cumulative gain or loss at that point remains in other comprehensive income and is recognized in accordance with the above-mentioned policy when the transaction occurs.

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 for which the expected settlement is greater than 12 months after the balance sheet date.

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 profit or loss in the period in which they are incurred.

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.

2.4 Share capital

Ordinary share capital

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

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary 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 profit or loss.

Subsequent costs

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

Depreciation

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each element of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date. 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 profit or loss as incurred. Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives, generally 3 years.

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

Customer and sales channel-related and contract-based intangibles are capitalized if they meet the definition of an intangible asset and the recognition criteria are satisfied. The relationship between brands and customer and sales channel-related intangibles is carefully considered so that brands and customer and sales channel-related intangibles are

not both recognized on the basis of the same cash flows. Customer and sales channel-related and contract-based intangibles acquired as part of a business combination are valued at fair value and amortized over the period of the contractual arrangements or the remaining useful life of the customer relationships.

2.8 Leased assets

Leases in 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 6.1.

2.9 Inventories

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

2.10 Impairment

Financial assets

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

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

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

Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs 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 profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

2.11 Assets classified as held for sale 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 profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Property, plant and equipment and intangible assets are not depreciated or amortized 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 coordinated 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 profit or loss after tax from discontinued operations in the statement of profit or loss.

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 profit or loss 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 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.

2.15 Government grants

Government grants are recognized at their fair value when it is reasonably assured that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants relating to property, plant and equipment are deducted from the carrying amount of the asset. Government grants relating to period costs are deferred and recognized in the income statement over the period necessary to match them with the costs they are intended to compensate.

2.16 Lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized, as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period of the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are expensed as occurred.

2.17 Finance income and expense

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

2.18 Income tax

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

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

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

2.19 New standards and interpretations

The following new standards and amendments became effective as of 1 January 2015:

- IFRIC 21 Levies, effective 17 June 2014
- Annual Improvements to IFRSs - 2011-2013 Cycle (Issued December 2013), effective 1 January 2015
- IFRS 3 Business Combinations, effective 1 January 2015
- IFRS 13 Fair Value Measurement, effective 1 January 2015
- IAS 40 Investment Property, effective 1 January 2015

These standards and amendments do not have a material impact on the Group's consolidated financial statements.

The following standards are issued but not yet effective as of 31 December 2015:

- IFRS 9 Financial Instruments, effective 1 January 2018
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception¹, effective 1 January 2016
- Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- IFRS 15 Revenue from Contracts with Customers, including amendments to IFRS 15: Effective date of IFRS 15, effective 1 January 2018
- 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 Statements¹, effective 1 January 2016
- Annual Improvements to IFRSs - 2010-2012 Cycle (Issued December 2013), effective 1 February 2015
- Annual Improvements to IFRSs - 2012-2014 Cycle (Issued September 2014), effective 1 January 2016

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

2.20 Segment reporting

The Company is centrally organized to maximize 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:

	Note	Carrying amount	
		2015	2014
(x 1 million euro)			
Non-current investments	5.3	3.2	5.7
Trade and other receivables	5.6	349.2	382.1
Derivative financial instruments	5.3	4.1	9.3
Cash and cash equivalents	5.7	95.7	96.6
		452.2	493.7

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

	Carrying amount	
	2015	2014
(x 1 million euro)		
Euro-zone countries (EUR)	245.2	284.4
UK (GBP)	84.7	82.3
Poland (PLN)	19.3	15.4
	349.2	382.1

Ageing trade and other receivables and impairment losses:

	2015		2014	
	Gross	Impairment	Gross	Impairment
(x 1 million euro)				
Not past due	328.9	-	341.5	-
Past due 0 - 30 days	15.2	-	35.2	-
Past due 31 - 60 days	3.3	-	3.8	-
Past due more than 60 days	7.0	5.2	6.6	5.0
	354.4	5.2	387.1	5.0

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

	2015	2014
(x 1 million euro)		
January 1	5.0	5.4
Impairment loss recognized	1.7	0.9
Acquisitions	-	-
Write off	(1.5)	(1.3)
December 31	5.2	5.0

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, 2015

(x 1 million euro)	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									
Syndicated loan	522.0	567.8	5.2	5.2	10.4	10.4	10.4	526.2	-
Mortgage	32.6	40.4	1.9	1.9	3.9	3.9	3.9	3.9	21.0
Capitalized finance costs	(6.0)	-	-	-	-	-	-	-	-
Finance lease and other loans	4.6	4.8	0.4	0.4	0.3	0.6	0.6	0.6	1.9
Trade and other payables	499.3	499.3	499.3	-	-	-	-	-	-
Current income tax liabilities and short term provisions	18.6	18.6	18.6	-	-	-	-	-	-
	1,071.1	1,130.9	525.4	7.5	14.6	14.9	14.9	530.7	22.9
Derivative financial liabilities									
Interest rate swaps	10.2	14.1	1.6	1.6	3.2	2.8	2.8	1.9	-

The Group has an undrawn revolving credit facility maturing in 2020 of EUR 150.0 million and a credit facility of GBP 2.5 million (EUR 3.5 million) in the UK.

December 31, 2014

(x 1 million euro)	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	660.0	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
Capitalized finance costs	(6.9)	-	-	-	-	-	-	-	-
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

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.

In order to minimize the impact of accounting mismatches in the profit or loss account, 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 4.1 million debit (2014: EUR 7.8 million debit; EUR 9.3 million debit; EUR 1.5 million credit 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 1.7 million profit net of deferred taxes in other comprehensive income (2014: EUR 4.4 million profit). In 2015 an amount of EUR 3.6 million was moved from the hedge reserve to raw material costs (2014: EUR 6.9 million). During 2015 no amounts are recorded in raw material costs due to ineffectiveness (2014: EUR 0.0 million).

The amounts deferred in equity at year-end are expected to occur and to affect profit or loss for majority in 2016. 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:

(x 1 million euro)	2015					2014				
	USD EUR/USD	USD GBP/USD	USD PLN/USD	USD Total USD	EUR GBP/USD	USD EUR/USD	USD GBP/USD	USD PLN/USD	USD Total USD	EUR GBP/USD
Trade payables	33.9	13.0	1.1	48.0	22.0	29.1	13.0	4.8	46.9	11.5
Estimated forecast purchases	89.8	20.3	4.2	114.3	28.3	148.1	65.7	14.5	228.3	58.7
Gross exposure	123.7	33.3	5.3	162.3	50.3	177.2	78.7	19.3	275.2	70.2
Forward exchange contracts / Currency option contracts	(98.6)	(27.4)	(4.2)	(130.3)	(44.1)	(114.3)	(60.9)	(13.1)	(188.3)	(54.8)
Net exposure	25.1	5.9	1.1	32.0	6.2	62.9	17.8	6.2	86.9	15.4

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:

Value of EUR 1	Average		Year-end	
	2015	2014	2015	2014
USD	1.10	1.33	1.09	1.22
GBP	0.73	0.81	0.73	0.78
PLN	4.18	4.18	4.26	4.31

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 profit or loss by the amounts shown below. The impact of the 10% strengthening or weakening of the Zloty against the EUR is not material for the consolidated financial statements.

December 31, 2015

(x 1 million euro)	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	2.8	(3.4)	1.1	(1.4)	0.1	(0.1)	-	-
Foreign currency hedge instruments	(1.9)	1.7	(0.8)	1.0	0.2	(0.3)	1.6	(2.0)
Effect Profit/(Loss) gross of tax	0.9	(1.7)	0.3	(0.4)	0.3	(0.4)	1.6	(2.0)
	OCI Debit/(Credit)		OCI Debit/(Credit)		OCI Debit/(Credit)		OCI Debit/(Credit)	
Foreign currency hedge instruments	3.3	(5.7)	1.1	(1.4)	(0.1)	0.1	(1.8)	2.1
Effect OCI net of tax	3.3	(5.7)	1.1	(1.4)	(0.1)	0.1	(1.8)	2.1

December 31, 2014

(x 1 million euro)	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)

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 2014 and 2015 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 10.2 million (2014: -/- EUR 11.1 million). The effective part of the fair value changes of the interest rate swaps amounts to EUR 3.1 million (2014: EUR 3.0 million profit) loss net of deferred taxes in Other comprehensive income.

In 2015 an amount of EUR 0.1 million (2014: EUR 0.1 million) was moved from the hedge reserve to financing costs. This amount includes EUR 2.4 million (2014: 0.0 million) due to the settlement of a hedge-instrument related to the repaid notes issued. The amounts deferred in equity at year-end are expected to affect financing costs within the coming six 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:

	Note	Carrying amount	
		2015	2014
(x 1 million euro)			
Fixed rate instruments			
Loans and borrowings	5.10	3.8	360.0
		3.8	360.0
Variable rate instruments			
Non-current investments	5.3	(3.2)	(5.7)
Loans and borrowings	5.10	554.6	333.4
		551.4	327.7
Notional amount interest rate swaps per year end (floating to fixed)		(495.9)	(194.0)
Net position		55.5	133.7

As at balance sheet date, interest rates were fixed on approximately 90.0% (2014: 80.6 %) of the financial liability positions excluding the cash position as per balance date. Per end of 2015 the position is in line with the Group policy to hedge 90 to 100 % of the forecasted 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 profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not have affected profit or loss.

Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have changed equity and profit or loss by the amounts shown in table below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Funding agreements on long-term loans includes a Euribor/Libor floor stipulating that Euribor/Libor cannot reduce below zero which is included in the sensitivity analysis.

December 31, 2015

(x 1 million euro)	Profit / (loss)		OCI Debit/(Credit)	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
Interest (paid)/received on variable rate instruments	(5.5)	0.2	-	-
Change fair value interest rate swaps	5.0	(5.0)	13.1	(13.0)
Total	(0.5)	(4.8)	13.1	(13.0)

December 31, 2014

EUR million	Profit / (loss)		OCI Debit/(Credit)	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
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

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 2015 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 fair value of this raw material derivative is recognized in profit and loss. The fair value per year end is -/- EUR 0.6 million (2014: -/- 0.4 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.

		2015	2014
(x 1 million euro)	Note		
Interest-bearing loans and borrowings	5.10	553.2	689.7
Trade and other payables	5.13	499.3	498.0
Less: cash and short-term deposits	5.7	(95.7)	(96.6)
Net debt		956.8	1,091.1
Equity	5.9	513.8	361.3
Total capital		513.8	361.3
Capital and net debt		1,470.6	1,452.4

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 carrying amounts of other financial assets and liabilities approximate their fair value as they have variable interest rates and the impact of discounting is therefore not significant.

The following table presents the Group's financial assets and liabilities that are measured at fair value at December 31, 2015. See note 5.8 for disclosures of assets held for sale that are measured at fair value.

December 31, 2015

	Level 1	Level 2	Level 3	Total
(x 1 million euro)				
Fx instruments (debit)	-	4.1	-	4.1
Fx instruments (credit)	-	(0.0)	-	(0.0)
Commodity swaps	-	(0.6)	-	(0.6)
Interest rate swaps	-	(10.2)	-	(10.2)
Total	-	(6.7)	-	(6.7)

December 31, 2014

	Level 1	Level 2	Level 3	Total
(x 1 million euro)				
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)

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 used for the finance leases is 4.6% for 2015 (2014: 4.8%).

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, 2015

(x 1 million euro)	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 instruments	Collateral	
Assets						
Cash and cash equivalents	113.2	(17.5)	95.7	-	-	95.7
Liabilities	(17.5)	17.5	-	-	-	-
Total	95.7	-	95.7	-	-	95.7

December 31, 2014

(x 1 million euro)	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 instruments	Collateral	
Assets						
Cash and cash equivalents	106.0	(9.4)	96.6	-	-	96.6
Liabilities	(9.4)	9.4	-	-	-	-
Total	96.6	-	96.6	-	-	96.6

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 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 2.20.

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

	2015	2014
(x 1 million euro)		
Private label and own brands	1,654.0	1,687.4
Contract manufacturing	362.4	349.5
	2,016.4	2,036.9

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

	2015	2014
(x 1 million euro)		
Benelux	410.2	431.8
Germany	439.7	451.4
France	312.4	320.2
Iberia	154.8	153.2
Italy	153.7	140.4
UK	377.0	363.2
Other	168.6	176.7
	2,016.4	2,036.9

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

	2015	2014
(x 1 litres million)		
Benelux	1,017.8	1,058.4
Germany	1,466.3	1,484.5
France	891.1	862.7
Iberia	571.5	544.8
Italy	860.3	783.6
UK	625.7	634.1
Other	662.8	600.8
	6,095.5	5,968.9

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

		2015	2014
(x 1 million euro)			
Raw materials and consumables		719.9	646.9
Packaging materials		413.0	524.2
Product tax		15.4	15.4
		1,148.3	1,186.5

4.4 Employee benefits expense

		2015	2014
(x 1 million euro)			
	Note		
Wages and salaries		183.5	182.0
Compulsory social security contributions		36.9	37.9
Pension contributions to defined contribution schemes		3.2	3.4
Pension costs of defined benefit schemes	5.11	5.0	3.5
Pension costs of defined benefit past service cost	5.11	(8.0)	-
Pension costs of defined benefit schemes other		1.1	-
		221.7	226.8

During 2015 the average number of fixed employees in the Group, in full-time equivalents (“FTEs”), was 4,029 (2014: 4,194), of which 3,499 (2014: 3,673) were employed outside the Netherlands.

Wages and salaries include EUR 2.3 million (2014: EUR 4.4 million) resulting from a provision for restructuring and EUR 3.7 million (2014: EUR 0.0 million) in bonus provision for management in relation to the IPO.

Pension costs of defined benefit schemes includes an income of EUR 8.0 million relating to the expiration of the defined benefit pension arrangement in the Netherlands.

4.5 Depreciation, amortization and impairments

		2015	2014
(x 1 million euro)			
	Note		
Depreciation of property, plant and equipment	5.1	81.1	83.9
Amortization of intangible assets	5.2	2.4	2.6
Impairments on tangible fixed assets	5.1	-	1.3
Impairment on assets held for sale	5.8	1.0	-
		84.5	87.8

The depreciation on property, plant and equipment in 2015 includes a reassessment of the useful life and residual value of the plant in Dachwig (Germany) for total EUR 3.1 million. The reassessment of the useful life and residual value is no change in accounting method and has no impact on the coming years.

The impairment on asset held for sale related to the impairment of the Heerlen plant bases on a reassessment of the purchase price and clean-up cost.

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 impairment on tangible fixed assets in 2014 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.

4.6 Other operating expenses

		2015	2014
(x 1 million euro)			
	Note		
Freight charges		100.9	94.8
Other cost of sales, including excise duties		62.6	64.0
Promotion costs		5.7	6.5
Temporary staff		20.0	18.8
Other personnel costs		14.6	12.3
Rent and leasing of machinery and equipment	6.2	25.4	22.3
Maintenance		52.7	49.5
Energy		48.8	47.5
Advice and legal costs		26.8	15.6
Housing costs, including rental of buildings	6.2	16.5	17.3
Storage costs		32.7	27.0
Other operating costs		45.2	53.4
		451.9	429.0

Advice and legal costs includes EUR 16.8 million related to the process to actively explore a new capital structure to support future growth (2014: EUR 5.8 million), EUR 1.3 million cost relating the refinancing (2014: nil) and EUR 0.1 million related to the business combination with Gerber Emig Ltd (2014: EUR 3.0 million). Other operating cost includes EUR 1.0 million cost relating to the plant closure in St Andrea (Italy) and ceased production in Dachwig (Germany).

4.7 Net finance costs

Net finance costs recognized in the income statement:

	2015	2014
(x 1 million euro)		
Interest income	0.4	0.2
Finance income	0.4	0.2
Interest expense on financial liabilities measured with effective interest method	(31.1)	(47.4)
Early repayment fee Bond loan	(13.3)	-
Cost of borrowings	(7.4)	(2.2)
Change in fair value of derivatives recognized in profit and loss	1.5	-
Finance costs	(50.3)	(49.6)
Net finance costs	(49.9)	(49.4)

The interest expense on financial liabilities measured with effective interest method includes an amount of EUR 2.4 million related to the settlement of a hedge-instrument related to the repaid notes issued.

The net change in fair value of derivative financial instruments of EUR 1.5 million (2014: EUR 0.0 million) relate 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. The amount 2015 includes the release of EUR 5.8 million related to the former capitalized finance cost relating Senior secured Notes and former Revolving Credit Facility.

	2015	2014
(x 1 million euro)		
Initial capitalized amount		
Notes issued 2011	-	11.5
Revolving credit facility 2013	-	1.5
Syndicated external loans 2015	5.1	-
Revolving credit facility 2015	1.5	-
Total	6.6	13.0
Capitalized amount		
Financing costs capitalized as at January 1,	6.8	9.0
Write down of financing cost related to the Senior secured notes and former Revolving credit facility	(5.8)	-
Financing costs Syndicate loan agreement 2015	6.6	-
Amortization	(1.6)	(2.2)
Financing costs capitalized as at December 31	6.0	6.8

Finance income and costs recognized in other comprehensive income

	2015	2014
(x 1 million euro)		
Foreign currency translation differences for foreign operations	21.4	2.6
Effective portion of changes in fair value of cash flow hedges	(0.1)	-
Tax effect	0.3	(0.2)
Net finance income/(costs) recognized in other comprehensive income, net of tax	21.6	2.4
Recognized in:		
Translation reserve	21.7	2.4
Hedging reserve	(0.1)	-
Net finance income/(costs) recognized in other comprehensive income, net of tax	21.6	2.4

4.8 Income tax expense

	2015	2014
(x 1 million euro)		
Current tax expense		
Current income tax	(24.4)	(20.2)
Other taxes	(2.0)	(2.5)
Withholding taxes	(0.4)	(0.3)
	(26.8)	(23.0)
Deferred tax expenses		
Deferred income tax current year	7.2	1.6
Deferred income tax previous years	0.8	-
Deferred portion other income taxes	-	0.5
	8.0	2.1
Total income tax (expense) / benefit	(18.8)	(20.9)

Reconciliation of effective tax rate

	2015		2014	
	(x 1 million euro)	%	(x 1 million euro)	%
Result before tax	60.6		57.4	
Income tax based on the Group's statutory rate	(15.2)	25.0%	(14.8)	25.8%
Non-deductible operational expenses	(0.9)	1.5%	(1.5)	2.6%
Non-deductible interest expenses	(1.1)	1.8%	(0.3)	0.5%
Investment allowances	1.0	(1.7%)	0.5	(0.9%)
Notional interest deduction	0.1	(0.2%)	0.1	(0.2%)
Non-deductible IPO related expenses	(2.5)	4.1%	(1.1)	1.9%
Participation related results	(0.2)	0.3%	(0.2)	0.3%
Tax rate change impact	(0.9)	1.5%	(1.2)	2.1%
(De)recognition (un)recognised deferred tax assets	4.7	(7.8%)	0.3	(0.5%)
Other taxes	(2.9)	4.8%	(2.6)	4.5%
Prior period taxes	0.8	(1.3%)	-	0.0%
Movement uncertain tax provision	(1.6)	2.6%	-	0.0%
Other reconciling items	(0.1)	0.2%	(0.1)	0.2%
Total income tax (expense) / benefits	(18.8)	31.0%	(20.9)	36.4%

The effective tax rate is 31.0%, compared to a blended Group tax rate of 25.0%. The higher effective tax rate is mainly explained by non-deductible transaction costs in the Netherlands, non-deductible interest expenses in France and non-deductible operational costs in all jurisdictions. Furthermore, the higher effective tax rate can be explained by the rate change impact in Italy, other taxes to be paid in France and Italy and the movement in provisions for uncertain tax positions. Finally, notional interest deduction in Belgium, investment allowances in several jurisdictions and the recognition of previously unrecognized deferred tax assets have a positive impact on the effective tax rate.

Income tax recognized in other comprehensive income

	2015	2014
(x 1 million euro)		
Changes in tax on currency translation adjustment	0.3	(0.2)
Changes in tax on hedging reserve foreign currency and interest hedge instruments	0.9	(1.7)
Changes in tax on actuarial gains and losses in OCI	1.2	1.2
Total income tax (expense)/benefit in other comprehensive income	2.4	(0.7)

5 NOTES TO THE CONSOLIDATED BALANCE SHEET

5.1 Property, plant and equipment

(x 1 million euro)	Note	Land and buildings	Machinery and equipment	Other fixed assets	Under construction	Total
Cost						
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
January 1, 2015		307.7	504.6	46.7	34.6	893.6
Additions		5.3	30.4	2.7	40.4	78.8
Reclassifications		7.0	39.9	2.0	(52.2)	(3.3)
Disposals		-	(18.5)	(2.9)	-	(21.4)
Effect of movements in exchange rates		4.6	4.8	0.1	-	9.5
December 31, 2015		324.6	561.2	48.6	22.8	957.2
Depreciation and impairment losses						
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)
January 1, 2015		(56.9)	(286.1)	(27.1)	-	(370.1)
Depreciation for the year	4.5	(15.8)	(60.3)	(5.0)	-	(81.1)
Reclassification		1.0	(0.7)	1.6	-	1.9
Disposals		-	18.2	2.9	-	21.1
Effect of movements in exchange rates		(0.3)	(2.2)	(0.1)	-	(2.6)
December 31, 2015		(72.0)	(331.1)	(27.7)	-	(430.8)
Carrying amounts						
January 1, 2014		248.6	237.7	18.0	21.1	525.4
December 31, 2014		250.8	218.5	19.6	34.6	523.5
December 31, 2015		252.6	230.1	20.9	22.8	526.4

Impairment losses

In 2014 the impairment is related to machinery which is impaired to nil.

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, 2015, the carrying amount of leased plant and machinery was EUR 4.1 million (2014: EUR 15.4 million).

Collateral

Collateral on the land and buildings in Bridgwater in the UK is given for the mortgage loan for an amount of EUR 68.9 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

	2015	2014
(x 1 million euro)		
Benelux	67.2	65.1
Germany	101.0	105.8
France	82.5	82.6
Iberia	51.6	104.5
Italy	77.3	49.6
UK	105.3	75.5
Other	41.5	40.4
Total property, plant and equipment	526.4	523.5

5.2 Intangible assets

(x 1 million euro)	Note	Goodwill	Brands and sales channels	Other	Under construction	Total
Cost						
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
January 1, 2015		439.9	7.6	15.8	0.4	463.7
Additions		-	-	1.2	0.8	2.0
Reclassifications		-	-	2.4	(1.0)	1.4
Effect of movements in exchange rates		16.9	-	-	-	16.9
December 31, 2015		456.8	7.6	19.4	0.2	484.0
Amortization and impairment losses						
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)
January 1, 2015		(18.0)	(4.4)	(12.9)	-	(35.3)
Amortization for the year	4.5	-	(0.7)	(1.7)	-	(2.4)
Effect of movements in exchange rates		(0.6)	-	-	-	(0.6)
December 31, 2015		(18.6)	(5.1)	(14.6)	-	(38.3)
Carrying amounts						
January 1, 2014		414.7	3.9	3.9	0.3	422.8
December 31, 2014		421.9	3.2	2.9	0.4	428.4
December 31, 2015		438.2	2.5	4.8	0.2	445.7

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:

	2015	2014
(x 1 million euro)		
Benelux	93.7	93.7
France	82.5	82.5
Germany	39.8	39.8
Iberia	35.7	35.7
Poland	22.1	22.1
UK	134.0	117.7
Finland	5.4	5.4
Italy	25.0	25.0
	438.2	421.9

The increase in goodwill in the UK during 2015 relates foreign currency translation differences of which EUR 7.9 million is relating to foreign currency movements in prior periods.

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 2016 and the 3-year business plan covering the period 2016-2018, both approved by the Executive and Supervisory Board. 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.

Pre-tax WACC	2015	2014
%		
Benelux	8.3	8.5
France	9.3	10.6
Germany	9.1	9.1
Iberia	11.2	11.7
Italy	11.2	11.2
Poland	9.5	10.0
UK	8.9	8.9
Finland	8.3	8.0

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.

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 different outcome of the impairment test.

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

	2015	2014
(x 1 million euro)		
Benelux	0.8	0.9
Germany	1.9	0.6
France	0.6	0.4
Iberia	0.1	0.1
Italy	2.7	3.2
UK	0.4	0.3
Other	1.0	1.0
	7.5	6.5

5.3 Other investments

Non-current investments

	2015	2014
(x 1 million euro)		
Deposits and other financial fixed assets	3.2	5.7
	3.2	5.7

The amount of 2014 includes a credit facility granted to the Executive Board of EUR 2.2 million with at arm's length conditions, which is repaid during the IPO.

Current investments

	2015	2014
(x 1 million euro)		
Derivatives used for foreign currency hedging	4.1	9.3
	4.1	9.3

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	
	2015	2014	2015	2014	2015	2014
(x 1 million euro)						
Property, plant and equipment	0.5	0.4	(33.0)	(38.7)	(32.5)	(38.3)
Intangible assets	1.7	1.9	(0.5)	(0.9)	1.2	1.0
Inventories	0.4	0.4	-	-	0.4	0.4
Trade and other receivables	1.3	0.9	-	-	1.3	0.9
Loans and borrowings	0.5	0.7	(1.1)	(2.1)	(0.6)	(1.4)
Derivatives	1.2	1.2	-	(0.7)	1.2	0.5
Employee benefits provision	6.3	6.4	-	-	6.3	6.4
Other provisions	1.2	1.1	-	-	1.2	1.1
Current liabilities	2.1	2.5	(0.2)	(0.9)	1.9	1.6
Tax loss carry forward	18.9	16.7	-	-	18.9	16.7
Deferred tax assets / (liabilities)	34.1	32.2	(34.8)	(43.3)	(0.7)	(11.1)
Deferred tax asset on balance sheet					8.6	4.2
Deferred tax liability on balance sheet					(9.3)	(15.3)
Net deferred tax assets / (liabilities)					(0.7)	(11.1)

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.

December 31, 2015

Movement 2015	January 1, 2015	Reported in profit and loss account	Reported in equity / OCI	Acquired in business combinations	Effect of movement in exchange rates	Other movements	December 31, 2015
(x 1 million euro)							
Property plant and equipment	(38.3)	6.2	-	-	(0.6)	0.2	(32.5)
Intangible assets	1.0	0.2	-	-	-	-	1.2
Inventories	0.4	-	-	-	-	-	0.4
Trade and other receivables	0.9	0.4	-	-	-	-	1.3
Loans and borrowings	(1.4)	0.1	0.8	-	-	(0.1)	(0.6)
Derivatives	0.5	(0.2)	0.9	-	0.1	(0.1)	1.2
Employee benefits provision	6.4	(1.3)	1.2	-	-	-	6.3
Other provisions	1.1	0.1	-	-	0.1	(0.1)	1.2
Current liabilities	1.6	0.4	-	-	-	(0.1)	1.9
Tax loss carry-forwards	16.7	2.1	-	-	-	0.1	18.9
Deferred tax assets / (liabilities)	(11.1)	8.0	2.9	-	(0.4)	(0.1)	(0.7)

December 31, 2014

Movement 2014	January 1, 2014	Reported in profit and loss account	Reported in equity / OCI	Acquired in business combinations	Effect of movement in exchange rates	Other movements	December 31, 2014
(x 1 million euro)							
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)

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 122.5 million (2015: EUR 106.0 million) as per December 31, 2015, of which EUR 23.8 million (2014: EUR 25.0 million) is not recognized.

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

	2015	2014
(x 1 million euro)		
2016	-	-
2017	-	-
After 2017 but not unlimited	5.8	5.5
Unlimited	17.9	16.4
Total	23.7	21.9
Recognized as deferred tax assets	18.9	16.7
Unrecognized	4.8	5.2

The increase in the deferred tax assets relating to tax attributes is due to the utilization of attributes in the France, Finland and the UK. Furthermore, additional tax losses are incurred in Spain, Germany, Italy and Poland. 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 8.6 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 will forfeit.

5.5 Inventories

	2015	2014
(x 1 million euro)		
Stock of raw materials and consumables	144.7	121.0
Stock of finished goods	61.9	68.3
	206.6	189.3

Inventory is shown net of a provision for obsolescence of EUR 11.6 million (2014: EUR 13.6 million).

5.6 Trade and other receivables

		2015	2014
(x 1 million euro)			
	Note		
Trade receivables		304.1	351.1
Other receivables, prepayments and accrued income		33.4	21.0
Other taxes and social security premiums		11.7	10.0
	3.1.1	349.2	382.1
Non-current		-	-
Current		349.2	382.1

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

	2015	2014
(x 1 million euro)		
Bank balances	95.7	96.6
Deposits	-	-
Cash and cash equivalents	95.7	96.6
Bank overdrafts (included in loans and borrowings)	-	-
Cash and cash equivalents in the consolidated cash flow statement	95.7	96.6

Total amount blocked for bank guarantees or issued letters of credits is EUR 10.1 million (2014: EUR 12.7 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 Assets classified as held for sale

	2015	2014
(x 1 million euro)		
Assets classified as held for sale	0.9	3.8
Liabilities classified as held for sale	-	-
Net balance	0.9	3.8

The assets held for sale end of 2015 consist of property, plant and equipment in Heerlen (Netherlands).

In 2014 the assets held for sale was related to Heerlen (Netherlands) and Durham (UK). Durham is sold in February 2015.

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. 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:

	2015	2014
(x 1 million euro)		
Assets classified as held for sale as at January 1	3.8	6.7
Transfer from / (to) property, plant and equipment	-	3.8
Impairment	(1.0)	-
Assets sold	(1.9)	(6.7)
Assets held for sale	0.9	3.8
Liabilities classified as held for sale as at January 1	-	2.1
Liabilities sold	-	(2.1)
Liabilities held for sale	-	0.0

In 2014 profit from discontinued operations was related to the former Gerber Emig plant in Waibstadt (Germany) which was sold in July 2014. Analysis of the result of discontinued operations and the result recognized on the re-measurement of assets or disposal group is as follows:

	2015	2014
(x 1 million euro)		
Revenue	-	110.8
Expenses	-	(108.7)
Profit/(loss) before tax of discontinued operations	-	2.1
Tax	-	(0.6)
Profit/(loss) after tax of discontinued operations	-	1.5
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

5.9 Equity

Share capital

Share capital as at December 31, 2015 consists of 81,160,915 ordinary shares of one class with a nominal value of EUR 0.12 each and the authorized capital consists of 300,000,000 ordinary shares with a nominal value of EUR 0.12 each.

As per December 31, 2014 Refresco Gerber had a share capital and authorized capital of 594,200,860 ordinary shares of more different classes with a nominal value of EUR 0.01 each representing a total share capital of EUR 5.9 million.

Before the IPO the company changed her share capital into 74,264,363 ordinary shares (one class) with a nominal value of EUR 0.12 each representing a share capital of EUR 8.9 million. The change in share capital is performed into three steps:

1. The company purchased 85,963 shares of the classes A1A, A1B, A2 and B1 from existing shareholders and issued 7 ordinary shares A to existing shareholders resulting in a share capital of only ordinary shares of class A, all with a nominal value of EUR 0.01 each. Shares of other classes are canceled.
2. The company increased the value per share to EUR 0.08 each by dividing the number of shares by 8 resulting in 74,264,363 outstanding shares.
3. The company increased the nominal value per share to EUR 0.12 each by transferring the corresponding amount of EUR 3.0 million from share premium reserve.

During the IPO and listing on Euronext Amsterdam on March 27, 2015 the company issued 6,896,552 new ordinary shares with a nominal value of EUR 0.12 each, resulting in a share capital of EUR 9.7 million.

	2015	2014
(x 1 million euro)		
Share capital as at January 1	5.9	5.9
Share capital change nominal value	3.0	-
Share capital issued	0.8	-
Share capital as at December 31	9.7	5.9

Share premium

The share premium amounts to EUR 440.7 million as per December 2014. Before the IPO the company purchased 85,956 shares of a value of EUR 0.01 each and increased the share capital by EUR 3.0 million which are accounted for in the share premium reserve.

During the IPO and listing on Euronext Amsterdam the company has issued 6.9 million new shares for a total share price of EUR 14.50 resulting in an increase in total equity value of EUR 100.0 million. Of this amount EUR 99.2 million is recorded in the share premium reserve and EUR 0.8 million in the share capital. The incremental costs directly attributable to the Newly issued shares amounts to EUR 4.5 million and is recorded in the share premium reserve, net of tax of EUR 0.6 million.

As per December, 2015 the share premium consist of ordinary shares only (December 31, 2014 of EUR 186.6 million from ordinary A1A and A1B shares and EUR 254.1 million from ordinary A and B shares).

	2015	2014
(x 1 million euro)		
Share premium as at January 1	440.7	440.7
Increase share capital	(3.0)	-
Issue 6.8 million new shares	99.2	-
Incremental costs new shares	(3.9)	-
Share premium as at December 31	533.0	440.7

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	Hedge reserve Interest rate swaps	Hedge reserve FX instruments	Currency translation reserve	Actuarial gains and losses on pensions	Total
(x 1 million euro)					
Balance as at January 1, 2015	(3.0)	4.3	2.0	(12.2)	(8.9)
Changes in cashflow hedge	(0.1)	(3.6)	-	-	(3.7)
Cumulative foreign exchange effects on goodwill	-	-	16.0	-	16.0
Translation results	-	-	5.4	-	5.4
Employee benefits mutation	-	-	-	(5.1)	(5.1)
Tax	-	0.9	0.3	1.2	2.4
Balance as at December 31, 2015	(3.1)	1.6	23.7	(16.1)	6.1
Balance as at January 1, 2014	(3.0)	(0.9)	(0.4)	(10.2)	(14.5)
Changes in cashflow hedge	-	6.9	-	-	6.9
Translation results	-	-	2.6	-	2.6
Employee benefits mutation	-	-	-	(3.2)	(3.2)
Tax	-	(1.7)	(0.2)	1.2	(0.7)
Balance as at December 31, 2014	(3.0)	4.3	2.0	(12.2)	(8.9)

The cumulative foreign exchange effects on goodwill relates to the goodwill UK and includes an amount of EUR 7.9 million is included which relates to prior periods (note 5.2).

Retained earnings

	2015	2014
(x 1 million euro)		
Retained earnings as at January 1	(117.8)	(89.4)
Appropriation of result	38.6	(28.4)
Buy non-controlling interest	2.0	-
Retained earnings as at December 31	(77.2)	(117.8)

Dividends

Company and the shareholders have agreed in the Written resolution of the General Meeting of Shareholders dated March 16, 2015 that the Company's intention is to apply a dividend pay-out policy that targets to pay out 35% to 50% of its annual adjusted net income.

In 2015 no dividends were paid and as per December 31, 2015 no unpaid cumulative dividend are recorded. As at December 31, 2014, the unpaid cumulative dividend on the ordinary shares A1A and A1B amounted to EUR 105.6 million and is settled among the existing shareholders in shares during the IPO.

The group will propose to the Annual General Shareholders Meeting on May 12, 2016, a final dividend for 2015 of EUR 0.34 per share.

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

Refresco Gerber group purchased as per March 31, 2015 the remaining 10% share in Emig GmbH for a purchase price of EUR 0.4 million. The net equity value of the acquired 10% share amounted to EUR 2.4 million as per settlement date. The result of EUR 2.0 million is accounted in the retained earnings as an equity transaction. Because the control was already there, no changes in the subsidiary's assets and liabilities are recognized.

	2015	2014
(x 1 million euro)		
Non-controlling interest as at January 1	2.8	3.6
Business combinations	-	(0.9)
Buy non-controlling interest	(2.4)	-
Results of the year	(0.4)	0.1
Non-controlling interest as at December 31	0.0	2.8

Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding.

As described above, on 27 March 2015, the company changed her share capital into 74.3 million shares. As the 1:8 reverse stock split was a change in the number of ordinary shares without a corresponding change in resources, 74.3 million shares are used in the calculation of the weighted average number of ordinary shares.

For the year ended December 31, 2015 the number of shares has been determined on 79.5 million by applying 74.3 million shares to the period until March 27, 2015 and applying 81.2 million shares to the period from March 27 until December 31. For the year ended December 31, 2014 the number of shares has been determined on 74.3 million shares.

The accrual for cumulative dividend on A1A and A1B shares is taken into account in the calculation of the earnings per share. These shares do not exist anymore after March 27, 2015. Therefore, the accrual for cumulative dividend relates to a shorter period in 2015 than in 2014 which affects the comparability of the earnings per share over 2015 and 2014. Therefore, a pro forma EPS is calculated based on a profit without adjustment for the accrual for cumulative dividend. Hence, this pro forma profit for the year attributable to ordinary equity holders of the parent is EUR 5.7 million and EUR 26.6 million higher in the pro forma EPS calculation for 2015 and 2014, respectively. The number of shares used in the pro forma EPS and regular EPS calculation are similar.

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

(x 1 million euro)	2015	2014
Profit attributable to ordinary equity holders of the parent:		
Continuing operations	41.8	36.5
Discontinued operations	-	2.2
Profit attributable to ordinary equity holder of the parent	41.8	38.7
Accrual for cumulative dividend A1A and A1B shares	(5.7)	(26.6)
Profit for the year attributable to ordinary equity holders of the parent	36.1	12.1
Profit from continuing operations attributable to ordinary equity holders of the parent	36.1	9.8
Weighted average number of ordinary shares for basic EPS	79,535,974	74,264,363
Basic and diluted profit for the year attributable to ordinary equity holders of the parent	0.45	0.16
Basic and diluted profit from continuing operations attributable to ordinary equity holders of the parent	0.45	0.13
Basic and diluted profit from discontinuing operations attributable to ordinary equity holders of the parent	-	0.03
Pro forma weighted average number of ordinary shares for basic EPS	79,535,974	74,264,363
Pro forma basic and diluted profit for the year attributable to ordinary equity holders of the parent	0.53	0.52
Pro forma basic and diluted profit from continuing operations attributable to ordinary equity holders of the parent	0.53	0.49
Pro forma basic and diluted profit from discontinuing operations attributable to ordinary equity holders of the parent	-	0.03

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

(x 1 million euro)	Notes	2015	2014
Non-current liabilities			
Notes issued (Eurobond on Luxembourg Stock Exchange)		-	660.0
Syndicated term loan		522.0	-
Revolving credit facility		-	-
Capitalized finance costs		(6.0)	(6.9)
Mortgage loan		29.2	30.3
Other long term loans		3.8	-
Finance lease liabilities		-	0.8
		549.0	684.2

The face value of the Syndicated term loan is EUR 522.0 million (2014 notes issued: EUR 660.0 million).

Current liabilities

(x 1 million euro)	Note	2015	2014
Current portion of finance lease liabilities		0.8	2.4
Current portion of mortgage loan		3.4	3.1
		4.2	5.5
Bank overdrafts	5.7	-	-
		4.2	5.5

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

	Currency	Nominal interest rate	Repayment	Face value 2015	Carrying amount 2015	Face value 2014	Carrying amount 2014
(x 1 million euro)		%					
Floating rate senior secured Notes	EUR	3M EURIBOR + 4.0%	2018	-	-	300.0	300.0
Fixed rate senior secured Notes	EUR	7.375%	2018	-	-	360.0	360.0
Syndicated term loan	EUR	3M EURIBOR + 2.0%	2020	522.0	522.0	-	-
Revolving credit facility	EUR	3M EURIBOR + 2.0%	2020	-	-	-	-
Capitalized finance costs	EUR		2020	(6.6)	(6.0)	(13.0)	(6.9)
Mortgage loan	GBP	3M GBP LIBOR + 0.75%	2036	38.5	32.6	38.5	33.4
Other long term loans	EUR	1.037%	2024	3.8	3.8	-	-
Finance lease liabilities	EUR/GBP	Various	Various	0.8	0.8	3.2	3.2
Total interest-bearing liabilities				558.5	553.2	688.7	689.7

On May 29, 2015 the Group closed a new Syndicated external loan of EUR 522.0 million and a new Revolving Credit Facility of EUR 150.0 million, both for a period of five years and against an interest rate of 3-months Euribor plus 2%. There are no securities released for the Syndicated external loan and Revolving Credit Facility. As per December 31, 2015 the Revolving Credit Facility is undrawn.

The Group repaid the Notes issued (Eurobond on Luxembourg Stock Exchange) of nominal EUR 660.0 million and the two (undrawn) Revolving Credit Facilities of EUR 75.0 million each are withdrawn. The securities related to the Notes issued and the former Revolving Credit Facilities are withdrawn per May 29, 2015.

Mortgage loan

The Group has a mortgage loan from HSBC Bank Plc for construction of 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 2026. The mortgage has been valued at fair value in the openings balance in November 11, 2014 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 and jubilee plans in the Netherlands, Germany and France. 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.

As per January 1, 2016 the defined benefit pension plan in the Netherlands has changed. The defined benefit plan will be closed for new accrual and new accrual will take place in a new defined contribution pension plan. The built defined benefit plans until December 31, 2015 will remain with the current insurer and will remain qualified as a defined benefit plan. Because new accruals in the defined benefit plan will cease, settlement accounting has been applied as per December 31, 2015. The past service cost within the cost recognized in income statement 2015 relating the change in the defined benefit plan amounts to EUR 8.0 million. As the Pension plan amendment is calculated as of December 31, 2015, the current service cost 2015 is not remeasured.

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

December 31, 2015

(x 1 million euro)	Pension plan the Netherlands	Pension plan Germany	Pension plan UK	Other	Total
Present value of obligation	60.1	24.1	9.8	-	94.0
Fair value of plan assets	(66.9)	(5.3)	(9.0)	-	(81.2)
Deficit of funded plans	(6.8)	18.8	0.8	-	12.8
Present value of unfunded obligations	-	4.8	-	7.9	12.7
Present value of net obligations	(6.8)	23.6	0.8	7.9	25.5
Impact of minimum funding requirement/asset ceiling	6.8	-	-	-	6.8
Present value of net obligations	-	23.6	0.8	7.9	32.3

December 31, 2014

(x 1 million euro)	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

Plan assets can be detailed as follows:

(x 1 million euro)	2015	2014
Equity instruments	-	3.2
Debt instruments	71.0	70.4
Assets held by insurance companies	5.3	5.2
Investment funds	4.5	-
Cash and cash equivalents	0.4	0.6
	81.2	79.4

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

December 31, 2015

(x 1 million euro)	Defined Benefit obligation	Plan assets	Total	Impact of minimum funding requirement / asset ceiling	Total
Defined benefit obligations as at January 1	114.1	(79.4)	34.7	-	34.7
Current service costs	4.3	-	4.3	-	4.3
Interest expense/(income)	2.6	(1.9)	0.7	-	0.7
Past service cost and gains and losses on settlements	(8.0)	-	(8.0)	-	(8.0)
Remeasurements of other long term benefits	(0.1)	-	(0.1)	-	(0.1)
Administrative expenses	0.1	-	0.1	-	0.1
Cost recognized in income statement	(1.1)	(1.9)	(3.0)	-	(3.0)
Return on plan assets	-	2.7	2.7	-	2.7
(Gain)/loss from change in demographic assumptions	0.1	-	0.1	-	0.1
(Gain)/loss from change in financial assumptions	(3.8)	-	(3.8)	-	(3.8)
Experience (gains)/losses	(0.7)	-	(0.7)	-	(0.7)
Change in asset ceiling, excluding amounts included in interest expense	-	-	-	6.8	6.8
Total remeasurements recognized in OCI	(4.4)	2.7	(1.7)	6.8	5.1
Benefits paid by the plan	(1.4)	1.4	-	-	-
Benefit payments from employer	(1.6)	1.6	-	-	-
Employer contributions	-	(4.4)	(4.4)	-	(4.4)
Plan participants contributions	0.4	(0.4)	-	-	-
Effect of movements in exchange rates	0.7	(0.8)	(0.1)	-	(0.1)
Business combinations	-	-	-	-	-
Defined benefit obligations as at December 31	106.7	(81.2)	25.5	6.8	32.3

December 31, 2014

(x 1 million euro)	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
Total remeasurements recognised 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
Defined benefit obligations as at December 31	114.1	(79.4)	34.7	-	34.7

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately EUR 16.7 million related to active employees, EUR 53.0 million related to deferred members and EUR 36.9 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, defined benefit obligation as per December 31, 2014 would be EUR 3.9 million higher and the cost recognized in the consolidated income statement in 2015 would be EUR 3.9 million lower because of a higher Pension plan amendment effect.

The Group applied asset ceiling for the plans in the Netherlands because the Group is not entitled to any surplus payments (refunds) from the plans.

Actuarial assumptions

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

	2015					Weighted averages	
						2015	2014
%	Netherlands	Germany	France	Italy	UK		
Discount rate as at December 31	2.6	2.4	2.4	2.1	3.9	2.6	2.3
Inflation	2	2.0	2.0	2.0	2.4	2.0	2.0
Salary growth rate	2.5-4.0	3.0	2.0-5.5	3.0	n/a	2.7	2.7
Pension growth rate	0.1	2.0	n/a	n/a	2.4	1.0	0.9

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 2015, for Germany Heubeck 2005G, for France TF/TH 0002, for Italy RG48 and for the UK 105%S1PXA CMI 2013.

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

December 31, 2015

	Change in assumption	2015	2014
		Impact on Defined benefit obligation	Impact on Defined benefit obligation
		(Debit)/(Credit)	(Debit)/(Credit)
	%	x 1 million euro	x 1 million euro
Discount rate	+0.25	4.7	5.6
	-0.25	(5.0)	(5.8)
Pension growth rate	+0.25	(4.3)	(4.4)
	-0.25	2.3	2.5
Salary growth rate	+0.25	(0.8)	(0.7)
	-0.25	0.3	0.8
Life expectancy	Increase by 1 year	(3.2)	(3.2)
	Decrease by 1 year	3.2	3.4

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 1.4 million in 2016 (2015: EUR 3.5 million).

The weighted average duration of the defined benefit obligation is 18.2 years.

Expected maturity analysis of undiscounted pension and other defined benefits:

	Less than one year	Year 2	Year 3 up to and including year 5	Year 6 up to and including year 10	Total
(x 1 million euro)					
Pensions & other	3.6	2.9	9.9	19.1	35.5

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 company's employees in the Netherlands, approximately 200 employees, participate in an industry-wide multi-employer plan, "Stichting Bedrijfstakpensioenfondsvoor de Drankindustrie". (the pension fund). The pension plan classifies as a multi-employer plan under IAS 19. This multi-employer plan covers approximately 300 companies and 4,000 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 policy funding ratio of the plan assets to its obligations. Since January 2015, a pension fund has the obligation to report the policy funding ratio, which is the average of the funding ratio of the last 12 months. This policy funding 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 Company 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 policy funding ratio of the multi-employer plan decreased to 113.9% as of December 31, 2015 as reported in January 2016 (December 31, 2014: 119.0%). The policy funding 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 new Ultimate Forward Rate as required by the Dutch Central Bank). The pension premium percentage is approximately 24.0% in 2015 (15.3% employer, 8.7% employee) and 26.9% in 2016 (17.1% employer, 9.8% employee). The multi-employer scheme is a defined benefit scheme but The Company accounts for the multi-employer plan as if it were a defined contribution plan, as the pension fund is not able to provide the Company with the required Company-specific information to allow the assets and liabilities to be separately identified. The Company'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

	Restructuring	Other	Total 2015	Total 2014
(x 1 million euro)				
January 1, 2015	11.1	7.7	18.8	16.8
Provisions made during the year	0.6	5.0	5.6	15.6
Provisions used during the year	(9.1)	(7.0)	(16.1)	(12.2)
Provisions reversed during the year	(0.2)	-	(0.2)	(2.0)
Effect of movements in exchange rates	(0.1)	-	(0.1)	0.6
December 31, 2014	2.3	5.7	8.0	18.8
Non-current	-	3.8	3.8	2.1
Current	2.3	1.9	4.2	16.7

Restructuring

The provision for restructuring relates to the Calvörde plant, the closure of the St. Andrea plant (Italy) and the ceased production in the Dachwig plant (Germany). There are no significant uncertainties about the amount or timing of outflow of resources.

5.13 Trade and other payables

	Note	2015	2014
(x 1 million euro)			
Trade accounts payable		304.1	305.0
Other taxes and social security premiums		34.1	31.8
Other payables, accruals and deferred income		161.1	161.2
	3.1.2	499.3	498.0

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

6 SUPPLEMENTARY NOTES

6.1 Commitments and contingent liabilities

Operating lease and rental obligations

	2015	2014
(x 1 million euro)		
Less than one year	33.9	32.4
Between one and five years	67.5	69.2
More than five years	6.6	10.9
	108.0	112.5

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 2015, EUR 35.5 million was recognized as expense in the income statement in respect of operating leases and rentals (2014: EUR 34.3 million).

Purchase and investment commitments

	Total 2015	Less than one year	One to five years	More than five years	Total 2014
(x 1 million euro)					
Property, plant and equipment	4.8	4.8	-	-	11.2
Raw materials, packaging and utilities	383.1	383.1	-	-	293.4
	387.9	387.9	-	-	304.6

Contingent liabilities

Banks have issued guarantees to suppliers and customers on behalf of the Group in the aggregate amount of EUR 3.2 million (2014: EUR 4.4 million). The Group has several facilities for issuing letters of credit and local overdraft facilities for cash pool purposes. At December, 31 there was EUR 6.5 million (2014: EUR 7.8 million) open letters of credit.

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 expected – partly on the basis of legal advice – that these will not have any significant impact on the Company's financial position.

6.2 Related parties

Shareholder structure

In the IPO, shares were offered to institutional and retail investors in the Netherlands and institutional investors in certain other jurisdictions. The listing significantly broadened Refresco Gerber's shareholder base, and Refresco Gerber's shares are widely spread over a large number of shareholders in various countries. Refresco Gerber's majority shareholders continue to be Ferskur Holding 1 (Stodir), Tamoá (GZ Trust) and 3i who collectively own 37.7% of the shares as of 31 December, 2015. Refresco Gerber's Executive Board and senior management currently hold 3.5% of the shares via Okil Holding.

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: 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.

Personnel compensation and transactions with Executive and Supervisory Board Members

Executive Board personnel compensation and transactions

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:

	JHW Roelofs		AC Duijzer		Total	
	2015	2014	2015	2014	2015	2014
(x 1 thousand euro)						
Short term						
Base salary	690.0	680.0	440.0	435.0	1,130.0	1,115.0
Short term incentive	863.0	1,151.0	550.0	676.0	1,413.0	1,827.0
Retention incentive	600.0	-	500.0	-	1,100.0	-
Social charges	40.0	40.0	40.0	40.0	80.0	80.0
Total	2,193.0	1,871.0	1,530.0	1,151.0	3,723.0	3,022.0
Post employment						
Pension cost	133.0	133.0	114.0	112.0	247.0	245.0
Total	133.0	133.0	114.0	112.0	247.0	245.0
Total compensation	2,326.0	2,004.0	1,644.0	1,263.0	3,970.0	3,267.0

The short-term incentive relates to the 2015 financial year which is payable in 2016. The retention incentive as incurred in the 2015 financial year and payable in 2 parts in 2016 (50%) and 2017 (50%), fully conditional to being employed at the Company.

The Executive Board members of the Group held (either directly or indirectly) 1.9% of the Company's ordinary shares.

Supervisory Board compensation and transactions

The remuneration for Supervisory Board members was EUR 0.7 million (2014: EUR 0.5 million).

	2015	2014
(x 1 thousand euro)		
Y Petrides	410.6	150.0
HT Kristinsson	50.6	45.0
J Sigurdsson	50.6	45.0
T Jonsson	9.4	45.0
NJ Schoenfeld	9.4	45.0
S Gorvy	50.6	45.0
A Dijkhuizen	50.6	45.0
T de Kool	39.4	0.0
P de Jong	45.0	45.0
Total	716.2	465.0

The chairman Y. Petrides was entitled to an amount of EUR 300 thousand payable by the company if the IPO was successful. Supervisory board member Theo de Kool owns 7,000 ordinary shares (0.0086%).

Transactions with related parties

	Transaction		Balance	
	2015	2014	2015	2014
(x 1 million euro)				
Increase of shareholders' equity/financing				
Tamoa Ltd.	-	-	-	-
Executive Board	(2.2)	0.1	-	2.2
3i	-	-	(0.7)	(0.7)
Okil Holding B.V.	(0.4)	-	-	0.4
Total	(2.6)	0.1	(0.7)	1.9
Buy non-controlling interest				
Okil Holding B.V.	2.0	-	-	-
Total	2.0	-	-	-
Management Fees (charged)				
Ferskur Holding 1 B.V.	0.1	0.3	-	-
3i	-	0.3	-	-
Tamoa Ltd	0.0	0.1	-	-
Total	0.1	0.7	-	-

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.

6.3 Group entities

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

6.4 Subsequent events

On February 24, 2016, Refresco Gerber N.V. announced that it has entered into an agreement to acquire the PepsiCo bottling facility in Hamburg, Germany. Included in the terms of agreement is a 10-year co-packing agreement with PepsiCo. At the date of announcement, the acquisition was subject to approval of German competition authority.

COMPANY INCOME STATEMENT

For the year ended December 31, 2015

		December 31, 2015	December 31, 2014
(x 1 million euro)			
	Note		
Share in results from participation interest after taxation	3.2	47.7	(101.7)
Company result after taxation	3.1	(5.5)	140.3
Profit (loss) for the year		42.2	38.6

COMPANY BALANCE SHEET

As at December 31, 2015

(Before appropriation of result)

		December 31, 2015	December 31, 2014
(x 1 million euro)			
	Note		
Assets			
Financial fixed assets	3.2	506.4	217.3
Loans to group companies	3.3	522.0	776.6
Total non-current assets		1,028.4	993.9
Receivables from group companies		26.4	36.7
Current income tax receivable		0.3	0.7
Trade and other receivables		0.1	0.5
Cash and cash equivalents		-	7.5
Total current assets		26.8	45.4
Total assets		1,055.2	1,039.3
Equity			
Issued share capital		9.7	5.9
Share premium		533.0	440.7
Legal reserves		22.2	3.3
Other reserves		(16.1)	(12.2)
Retained earnings		(77.2)	(117.8)
Result for the year		42.2	38.6
Total equity attributable to equity holders of the company	3.4	513.8	358.5
Liabilities			
Loans and borrowings	3.5	522.0	660.0
Deferred tax		-	0.4
Total non-current liabilities		522.0	660.4
Bank overdrafts		16.3	-
Trade and other payables		3.1	5.4
Payable to group companies		-	15.0
Total current liabilities		19.4	20.4
Total equity and liabilities		1,055.2	1,039.3

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 GENERAL

The financial statements of Refresco Gerber N.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

	2015	2014
(x 1 million euro)		
Other operating expenses	-	(0.1)
Finance income and expense	(5.8)	140.2
Income tax (expense) / benefit	0.3	0.2
Profit/(loss)	(5.5)	140.3

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:

	2015	2014
(x 1 million euro)		
January 1	217.3	314.0
Share in result of participating interests	47.7	(101.7)
Capital increase	225.0	-
Effect of movement in exchange rates	21.0	1.9
Changes in cashflow hedge reserve	(2.8)	5.1
Buy non-controlling interest	2.0	-
Other comprehensive income pensions	(3.8)	(2.0)
December 31	506.4	217.3

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

Company	Statutory seat	Note	Ownership	
			2015	2014
Consolidated companies				
Refresco Holding B.V.	Rotterdam (The Netherlands)	1	100%	100%
Refresco UK 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	Erfstadt (Germany)		100%	100%
EMIG GmbH	Rellingen (Germany)	2	100%	90%
Verwaltungsgesellschaft EMIG mbH	Rellingen (Germany)		100%	100%
EMIG Service GmbH	Rellingen (Germany)		Merged	100%
Refresco Deutschland Services & IT GmbH & Co KG	Mönchengladbach (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 Le Quesnoy SAS	Valenciennes (France)		100%	100%
Refresco Holdings GB Ltd.	London (UK)		100%	100%
Histogram Holdings Ltd.	Durham (UK)		100%	100%
Refresco Ltd.	Durham (UK)		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%
Refresco Poland Sp. z o.o.	Warsaw (Poland)		100%	100%
Refresco Sp. z o.o.	Kenty (Poland)		100%	100%
EMIG Sp.z o.o.	Warsaw (Poland)		Merged	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%
Non-consolidated companies				
Entsorgungs GmbH	Calvörde (Germany)	3	40%	36%
Polski System Recyclingu Organizacja Odzysku SA	Warsaw (Poland)	3	0%	15%
Genprobio Srl	Cadorago (Italy)	3	20%	20%

1. Refresco Gerber N.V. has issued a 403 liability statement for these companies.

2. During 2014 The Group owned 90% of Emig GmbH. The other 10% was held by Okil Holding B.V., a shareholder of the Group. During 2015 The Group bought the 10%, making the subsidiary 100% held in 2015.

3. The Non-consolidated companies are not material for the financial statements of Refresco Gerber N.V.

3.3 Loans to Group companies

	2015	2014
(x 1 million euro)		
January 1	776.6	701.6
Loans granted	522.0	-
Interest accrued	-	140.9
Repaid	(776.6)	(65.9)
December 31	522.0	776.6

Loans granted to Group companies have for majority be continued (paid back and new loan directly issued) during the refinancing at May 29, 2015 until the year 2020 in line with the Syndicated external loan. Interest charged is based on interest costs of the Syndicated external loan 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

	2015	2014
(x 1 million euro)		
Non-current liabilities		
Notes issues (Eurobond on Luxembourg Stock Exchange)	-	660.0
Syndicated term loan	522.0	-
	522.0	660.0

(x 1 million euro)	Currency	Nominal interest rate %	Repayment	Face value 2015	Carrying amount 2015	Face value 2014	Carrying amount 2014
Floating rate senior secured Notes	EUR	3M EURIBOR + 4.0%	2018	-	-	300.0	300.0
Fixed rate senior secured Notes	EUR	7.375%	2018	-	-	360.0	360.0
Syndicated term loan	EUR	3M EURIBOR + 2.0%	2020	522.0	522.0	-	-
Revolving credit facility	EUR	3M EURIBOR + 2.0%	2020	-	-	-	-
Total interest-bearing liabilities				522.0	522.0	660.0	660.0

For details on the Syndicated external loan 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 6.2 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:

	2015	2014
(x 1 million euro)		
Statutory audit of financial statements	0.8	0.7
Other audit services	0.3	0.1
Total	1.1	0.8

Rotterdam, March 9, 2016

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*
Pieter de Jong	May, 2010
Sean Gorvy	November, 2013
Theo De Kool	March, 2015

* In March 2010, Messrs. Dijkhuizen, Sigurdsson and Kristinsson became a member of the Supervisory Board of the Company. Before that date, they were members of the Supervisory Board of Refresco Holding B.V.

OTHER INFORMATION

STATUTORY PROVISION WITH RESPECT TO APPROPRIATION OF RESULT

The Executive Board, with the approval of the Supervisory Board, may decide that the profits realized during the financial year fully or partially appropriated to increase and/or for reserves. Profits remaining shall be put at the disposal of the General Meeting. The Executive Board, with the approval of the Supervisory Board, shall make a proposal for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting of Shareholders.

PROPOSAL FOR APPROPRIATION OF PROFIT

At the Annual General Meeting of Shareholders on May 12, 2016, the Executive Board will, with the approval of the Supervisory Board, absent unforeseen circumstances, propose a final dividend for 2015 of EUR 0.34 per common share. The final dividend will be paid in cash.

The Executive Board proposes, with the approval of the Supervisory Board, to add the remaining part of the profit to the other reserves as retained earnings. This proposal has not yet been reflected in the financial statements.

If the proposed dividend is approved by shareholders, Refresco Gerber shares will be quoted ex-dividend on May 13, 2016, for the shares listed on Euronext. The record date for the dividend on the shares listed on Euronext will be May 25, 2015.

SUBSEQUENT EVENTS

On February 24, 2016, Refresco Gerber N.V. announced that it has entered into an agreement to acquire the PepsiCo bottling facility in Hamburg, Germany. Included in the terms of agreement is a 10-year co-packing agreement with PepsiCo. At the date of announcement, the acquisition was subject to approval of German competition authority.

INDEPENDENT AUDITOR'S REPORT

To: the shareholders and Supervisory Board of Refresco Gerber N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2015

Our opinion

We have audited the financial statements 2015 of Refresco Gerber N.V. ('the company'), based in Rotterdam, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of Refresco Gerber N.V. as at 31 December 2015, and of its result and its cash flows for 2015 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the company financial statements give a true and fair view of the financial position of Refresco Gerber N.V. as at 31 December 2015, and of its result for 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated balance sheet as at 31 December 2015;
2. the following statements for 2015: the consolidated income statement, the consolidated statements of other comprehensive income, changes in equity and cash flows;
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2015;
2. the company income statement for 2015;
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Refresco Gerber N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Materiality

Materiality	€ 8.5 million
Benchmark used	1 per cent of consolidated gross margin.
Additional explanation	<p>The users of the financial statements of a for-profit entity typically focus on operating performance, particularly profit before tax. However, given the significant exceptional amounts in profit before tax over recent years, we applied the materiality on gross margin.</p> <p>Gross Margin is the most important parameter for (local) management for directing and supervising the company. All significant decisions, such as investment decisions, are based on gross margin.</p>

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 345,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Refresco Gerber N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Refresco Gerber N.V.

Our group audit included all eight components making up the Refresco Group. This means that an audit has been performed on the complete set of financial information of each component, thereby obtaining a 100% coverage over the group's total assets, revenue and result. The group audit team performed audit procedures with respect to certain accounts on the consolidated level, such as the valuation of goodwill.

All components are audited by EY and its international network, whereby the responsible partner of Refresco Gerber N.V. is also responsible for the Dutch component. The group audit team provided detailed instructions to all component auditors, that covered significant audit areas including the relevant risks of material misstatement, and set out the information required to be reported back to the group audit team. The group audit team visited certain component auditors, based on a rotation scheme. This year we visited Germany. In addition the group audit team attended all closing meetings of the component audit teams during the hard close and the year-end audit. During these visits and calls, the findings and observations reported to the group audit team were discussed in more detail. Any further work deemed necessary by the group audit team was subsequently performed.

By performing the procedures mentioned above, we were able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our audit response
<p>The measurement of revenue Refer to note 3.5 (Use of estimates and judgments), note 2.14 (Significant accounting policies - Revenue) and note 4.1 'revenue'.</p>	
<p>Refresco Gerber N.V. has individual contracts with clients which are unique for its co-packing and private label businesses. The uniqueness is borne by e.g. different delivery terms and rebates. We identified revenue recognition as a fraud risk, requiring special audit attention.</p>	<p>In our audit we have applied a mix of control-based audit procedures and substantive audit procedures on the revenue and revenue related accounts such as cost of goods sold, inventory and rebate accruals. These procedures, among others, consists of a detailed assessment of sales contracts, detailed analytical reviews, cut off testing in order to verify that sales have been recorded in the correct year, attendance of inventory counts in order to verify the existence and valuation of inventory and detailed testing of revenue related rebate accruals. We also tested manual journal entries around year-end to ensure that revenue journals were approved and supported with underlying documentation.</p>
<p><i>Valuation of goodwill</i> Refer to note 3.5 (Use of estimates and judgments) and note 5.2 (Intangible assets)</p>	

Risk	Our audit response
<p>Refresco Gerber N.V. has a significant amount of goodwill on its balance sheet amounting to € 438.2 million. In accordance with EU-IFRS, Refresco Gerber N.V. is required to perform a goodwill impairment test on an annual basis. The goodwill is allocated to eight Cash Generating Units (CGU). The annual goodwill test was performed in October 2015 and updated to 31 December 2015, consistent with prior year, resulting in sufficient headroom concerning the carrying value of goodwill.</p> <p>These impairment tests are significant to our audit because the assessment process is complex and requires management judgment, and is based on assumptions that are affected by expected future market conditions.</p>	<p>As part of our audit procedures we focused on the assumptions and methodologies used by the company, but also the robustness of the planning process and whether the company is able to prepare reliable estimates.</p> <p>Given the complexity around this topic, we have used an EY valuation specialist to assist us in evaluating the assumptions and methodologies.</p> <p>The company uses assumptions with respect to Weighted Average Cost of Capital, future market and economic conditions such as expected inflation rates, economic growth rates, volumes, gross margin and expenses. In order to assess the reasonability of input data, the valuation model and the Weighted Average Cost of Capital we have, among others, compared the data with external data such as expected inflation rates, external market growth expectations and we have analyzed sensitivities in the company's valuation model. In case of the sensitivities we specifically focused on the available headroom present in the CGUs and whether a reasonable possible change in assumptions (assumed to be 1%), such as the discount rate and the growth rate could cause the carrying amount to exceed its recoverable amount. We also focused on the adequacy of the company's disclosures regarding assumptions.</p> <p>As the goodwill test is performed on the 31 October 2015 numbers, per 31 December 2015, we have assessed management's assessment whether there are any impairment indicators.</p>

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and 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, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Executive Board Report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Executive Board Report and other information):

- 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 the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Executive Board Report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the supervisory board as auditor of Refresco Gerber N.V. on 25 June 2014, as of the audit for year 2014 and have operated as statutory auditor since that date.

Rotterdam, 9 March 2016

Ernst & Young Accountants LLP

Signed by M. Bangma-Tjaden

TEN YEARS OF REFRESCO GERBER

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
(x 1 million euro)										
Income statements										
Revenue	2,016.40	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
Gross margin % ²	34.9%	34.0%	30.7%	28.8%	29.0%	32.0%	46.1%	39.2%	42.1%	43.4%
Adjusted EBITDA ³	216.2	208.2	139.7	115.5	111.0	125.0	120.6	109.8	77.5	63.9
Adjusted EBITDA %	10.7%	10.2%	8.8%	7.5%	7.3%	10.2%	10.6%	9.6%	8.1%	9.7%
EBITDA ³	195.0	194.6	24.4%	35.1%	25.7%	61.2%	67.6%	64.9%	37.7%	38.1%
Adjusted EBIT ⁵	131.7	120.4	53.4%	43.1%	37.5%	71.0%	n/a	n/a	n/a	n/a
Profit / (loss) after income tax	41.8	38.7	(28.9)	(18.2)	(25.9)	8.8	7.6	(13.8)	(26.9)	(6.1)
Balance sheets										
Property, plant and equipment	526.4	523.5	525.4	391.4	412.0	351.7	328.8	323.0	333.6	226.1
Primary working capital	206.6	235.4	245.8	152.6	141.1	124.9	89.8	97.0	99.4	81.4
Capital employed excluding Goodwill	556.2	560.8	621.3	443.6	469.9	395.4	350.0	362.7	377.6	263.4
Other indicators										
Volume in liters (*1,000)	6,095.5	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
Employees in fte's (year end)	3,934	4,011	4,704	3,009	3,092	2,750	2,318	2,241	2,267	1,229
Return on capital employed % ⁴	n/a	n/a	n/a	n/a	N/A	15.5%	19.3%	18.1%	9.9%	14.4%
Return on capital employed based on adjusted EBIT % ⁶	13.6%	12.3%	5.6%	6.0%	5.4%	10.2%	n/a	n/a	n/a	n/a
Working capital days ⁴	37.4	42.2	37.2	36.2	33.8	37.3	28.7	30.9	38.1	45.0
Investments	80.8	82.9	47.8	43.6	41.6	48.2	48.5	36.8	40.1	30.3

1. Figures for 2008-2015 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.

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Definitions

In this Annual Report we Refresco Gerber N.V. and its subsidiaries are collectively referred to as Refresco Gerber or the Company or the Group.

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 noncash 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.

