

Heel Veel Snoepjes B.V.

Financial Statements 2010

Zeist, The Netherlands

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Directors report

Background of Heel Veel Snoepjes B.V.

Heel Veel Snoepjes B.V. (hereafter “HVS”) is a Dutch legal entity that is the holding company of French and Belgian sugar confectionary companies (Lamy Lutti Belgium and Lamy Lutti France). In January 2008, HVS acquired the Lamy Lutti companies which were both subsidiaries of Leaf International. HVS functions as a holding company for these Belgian and French companies.

The headquarters of Lamy Lutti is in France. Lamy Lutti has two production plants, one in France and one in Belgium. 70% of its products are sold in its core domestic markets with the remaining 30% sold as export.

Since February 2009 Lamy Lutti has developed a strategic alliance with the German sugar confectionary group Katjes. This alliance has contributed to continue the positive development of the group from an industrial and commercial perspective.

Highlights 2010

In 2010 HVS realized total revenue of 107M Euro and profit after tax of –0.1M Euro. The solvability of HVS was 34% (equity plus subordinated financing / net assets) and liquidity was 78% (current assets / current liabilities). During 2010 HVS cash position increased with 1M Euro.

Because of the good results of the strategic alliance with Katjes and of the improvement plan put in place since the separation from the Leaf Group in 2008, the German sugar confectionary group further increased its participation in Lamy Lutti from 33% to 66% in 2010 through legal entity FB Financière de Confiserie GmbH. As a result the cooperation between the two groups intensified in 2010 with a focus on industrial management, procurement and research & development.

The priority in 2010 was to continue to structurally improve the company by further developing the Lutti brand, by growing the private label business and by improving the profitability of the export business. In the Lutti Children segment a volume growth has been realized of 16% and in the Lutti Adults segment a volume growth of 11%. The growth was driven by new products, enlarged distribution by entering the hard discount channel in France, and by commercial support via a television campaign. Overall Lutti was able to increase its market share from 13.2% in 2009 to 14.1% in 2010. The private label business realized a growth of 9% which was driven by new product introductions and an improvement in commercial reactivity. The export business remained stable in volume as the main focus has been on rationalizing the client and product portfolio to increase the profitability and to establish a solid healthy platform for growth in 2011. For the total company the volume growth was 4.5% .

To expand the production capacity and to modernize production lines the strategic investment program that started in 2008 was further enlarged by another 3.5M Euro in 2010. The aim is to improve the efficiency, to enhance the quality of the products and to create new production capabilities such as filled hardboiled products. The new equipment was installed in the French

and Belgium plants. In addition to investing in machines. Lamy Lutti also invested in a re-look of the adult packaging and a relaunch of the year end chocolate range.

The French market in 2010 continued to show healthy growth in the children segment with 9% growth in value, but showed a slight decrease by 1% in the adult segment, thus, overall the market grew by approximately 6%.

Because of the good track record established during 2008 and 2009 and the reinforced shareholder structure, Lamy Lutti was able to attract new bank financing in 2010 to finance the required working capital associated with the growth of the business.

From a sourcing perspective the market trend changed in Q4 2010 with price increases for the main ingredients such as sugar, glucose and gelatin.

Future Outlook

The outlook for 2011 is positive as the subsidiaries of HVS expect to continue to grow the business and to further develop the synergy program with Katjes. For the brand the focus will be to continue the growth through innovation and by enlarging the distribution. Lutti now clearly secured the number two position in the market which gives it more leverage towards the trade to enhance the commercial positioning (e.g. more product listings). For the private label market the focus will be to introduce more value added products based on the Lutti expertise in citric jellies.

After three years of portfolio rationalization, 2011 will be the year to bring back growth in the export business. The export strategy is to develop markets in French speaking countries where Lutti has a more natural fit through existing historical links with France. One of the priority areas identified is the Maghreb region.

In order to better cope with the growth of the business and to ensure a good balance between supply and demand Lamy Lutti put in place in 2010 a sales and operations planning process (S&OP). In 2011 this process will be further improved and supported by a new sophisticated capacity planning tool. The aim is to offer a better service towards our clients, a more stable supply chain process and optimized stock levels.

Research and Development

Lamy Lutti has its own R&D team with a number of specialists in the different product segments. R&D activities encompass product and production technology developments to create new products & line extensions and to optimize existing processes. In 2010 the focus of the R&D team has been to transition towards non azoic colors and to develop new products, the transition was complex but has been completed successfully. In 2010 a true new innovation was launched in the hardboiled segment and new products have been developed to support the re-launch of the chocolate range in 2011.

Sustainable Development

Lamy Lutti and the Management is very well aware that in order to secure the long term future, it needs to ensure sustainable development. From an environmental perspective, Lamy Lutti remains focused on reducing its waste and towards the end of 2010 a 'first time right program' was launched by the quality department. Also together with the Service Provider of

the waste water station a program has been put in place to minimize the environmental impact of the production process.

From a human resources perspective, employees continue to be increasingly involved in improving work & safety conditions. A large investment has been made to reduce repetitive gestures on the lines, and a awareness program has started to increase safety.

Risk Management

In 2010 new financing was put in place through shareholder loans and through bank financing on stock. The aim is to reduce the liquidity risk of the company and to finance the growth of the company. In order to reduce the risk for the banks a guarantee from a government sponsored institution was obtained.

The growing confidence of the banks in Lamy Lutti is also illustrated through the granting of long term financing through a sale and lease back structure on machines. In 2010 it was the first time that banks granted such financing to Lamy Lutti since the take over in 2008 from Leaf by the new shareholders. The sales and lease back will be put in place beginning 2011 and the transactions costs will be less than 3k Euro which is assumed not to be material to capitalize and they will be expensed as part of the finance and interest charges.

To cope with raw material price volatility, Lamy Lutti secures its pricing and supply through medium term contracts. In 2010, to minimize supply risk and to achieve the best possible costs, all large commodities contracts have been negotiated in close cooperation with Katjes.

Personnel

The company is well aware that the motivation and knowledge of the employees are critical for the performance of the operations. Therefore at all levels of the company there is significant attention for training and development. The company has a policy to stimulate promotion from within and deploys a transparent recruitment policy. Given the success of the improvement program, management decided in 2010 to convert more than 40 temporary labor contracts at the factory in France into fixed contracts to create a more investable and stable workforce.

Conclusions

In 2011, Lamy Lutti's focus is to continue the implementation of the improvement program agenda with a focus on seizing the synergy potential from the strategic alliance with Katjes and by building on the work already completed since the take over in 2008. With a strengthened industrial, commercial, and strategic platform and no surpassing or extreme increases of estimated raw material prices, the board and the shareholders of HVS are confident that the subsidiaries of HVS will meet their budget objectives and that Lamy Lutti will maintain the positive trend started in 2008.

Zeist, May 24 2011

The Management Board,
Bestap B.V.
(Marc Renne)

Varova B.V.
(Maarten Vaessen)

PricewaterhouseCoopers Accountants N.V.
For identification purposes only



Financial statements

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Consolidated statement of comprehensive income

	Note	Year ended 31 December	
		2010	2009
		€ ('000)	€ ('000)
Revenue	19	106 528	103 540
Cost of sales	21	(90 205)	(91 367)
Gross profit		16 323	12 173
Selling costs	21	(4 245)	(3 780)
Administrative expenses	21	(12 057)	(11 473)
Other income	20	808	619
Operating profit		829	(2 461)
Finance income	25	108	169
Finance costs	25	(1 140)	(1 514)
Finance costs – net		(1 032)	(1 345)
Profit before income tax		(203)	(3 807)
Income tax expense	26	65	500
Profit for the year		(138)	(3 307)
Other comprehensive income:		0	0
Total comprehensive income for the year		(138)	(3 307)
Attributable to:			
Owners of the parent		(138)	(3 307)

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Consolidated balance sheet

	Note	As at 31 December	
		2010 € ('000)	2009 € ('000)
Assets			
Property, plant and equipment	5	32 073	31 006
Intangible assets	6	12 150	12 553
Deferred income tax assets	16	11 376	10 349
Financial assets	7	239	143
Non-current assets		55 838	54 051
Inventories	10	16 670	12 766
Trade and other receivables	9	24 056	22 379
Cash and cash equivalents	11	1 476	491
Current assets		42 202	35 637
Total assets		98 040	89 688
Equity and liabilities			
Ordinary shares	12	24	24
Share premium	12	2 994	2 994
Retained earnings	13	26 405	26 441
Total equity		29 423	29 459
Liabilities			
Borrowings	15	1 500	4 004
Deferred income tax liabilities	16	10 128	9 383
Retirement benefit obligations	17	2 118	2 910
Provisions for other liabilities and charges	18	636	601
Other non current liabilities		0	204
Non-current liabilities		14 382	17 102
Trade and other payables	14	24 800	21 234
Borrowings	15	29 435	21 893
Current liabilities		54 235	43 127
Total liabilities		68 617	60 228
Total equity and liabilities		98 040	89 688

Consolidated statement of changes in equity

	Share capital € ('000)	Share premium € ('000)	Retained earnings € ('000)	Total equity € ('000)
Balance at 1 January 2009	18	0	29 748	29 766
Comprehensive income:				
Profit or loss	0	0	(3 307)	(3 307)
Subscription of shares	6	2 994	0	3 000
Balance at 1 January 2010	24	2 994	26 441	29 459
Opening adjustment	0	0	102	102
Comprehensive income				
Profit or loss	0	0	(138)	(138)
Balance at 31 December 2010	24	2 994	26 405	29 423

The opening adjustments in 2010 correspond to a correction in deferred taxes related to the year 2009.

All equity is attributable to shareholders.

Consolidated statement of cash flows

	Note	Year ended 31 December	
		2010 € ('000)	2009 € ('000)
Cash flows from operating activities			
Cash generated from operations	27	1 760	9 223
Interest received	25	(1 140)	(1 515)
Interest paid	25	108	169
Net cash generated from operating activities		728	7 877
Cash flows from investing activities			
Acquisition of financial assets	7	(1 124)	(272)
Purchases of property, plant and equipment (PPE)	5	(3 451)	(3 495)
Proceeds from sale of PPE	5	44	69
Purchases of intangible assets	6	(46)	(37)
Net cash used in investing activities		(4 577)	(3 735)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	12	0	3 000
Proceeds from borrowings	15	5 834	(7 476)
Repayments of borrowings	15	(1 000)	(1 651)
Net cash used in financing activities		4 834	(6 127)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		985	(1 986)
Cash, cash equivalents and bank overdrafts at beginning of year	11	491	2 477
Cash, cash equivalents and bank overdrafts at end of year	11	1 476	491

Notes to the consolidated financial statements

1 General information

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Heel Veel Snoepjes B.V. (hereafter “HVS”) is a Dutch legal entity that is the holding company of French and Belgian sugar confectionary companies (Lamy Lutti Belgium and Lamy Lutti France). In January 2008, HVS acquired the Lamy Lutti companies which were both subsidiaries of Leaf International. HVS functions as a holding company for these Belgian and French companies.

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2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of Heel Veel Snoepjes B.V. have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and the IFRIC Interpretations. The financial statements have been prepared under the historical cost convention.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Adoption of new or revised standards and interpretations.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial periods beginning 1 January 2010 and are not relevant to the Group’s operations:

- Additional exemptions for first-time adopters (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual reports beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer in 2010.
- Amendment to IAS 39, 'Financial instruments: Recognition and measurement', on Eligible hedged items (effective 1 July 2009)
- ‘Group cash-settled share-based payment transactions’ – Amendments to IFRS2, Share – based payment
- IFRIC 17, ‘Distribution of non-cash assets to owners’
- IFRIC 18, ‘Transfers of assets from customers’

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial periods beginning 1 January 2010 and have not been early adopted.

- Amendment to IAS 24, 'Related party disclosures' (issued in November 2009 and effective for annual periods beginning on or after 1 January 2011).
- IFRS 9, 'Financial instruments Part I': classification and measurement (effective for annual periods beginning on or after 1 January 2013. The standard was not yet endorsed by EU.
- 'Classification of rights issues' (amendment to IAS 32) (issued 8 October 2009, effective for annual periods beginning on or after 1 February 2010).
- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14) (issued in November 2009 and effective for annual periods beginning on or after 1 January 2011).
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. (effective for annual periods beginning on or after 1 July 2010).
- Improvements to International Financial Reporting Standards (issued in May 2010, effective dates vary standard by standard, but most are effective for annual periods beginning on or after 1 January 2011).
- Limited exemption from comparative IFRS 7 disclosures for first-time adopters – Amendment to IFRS 1 (effective for annual periods beginning on or after 1 July 2010).
- Recovery of underlying assets – amendments to IAS 12 (issued in December 2010 and effective for annual periods beginning on or after 1 January 2012).

All international Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and effective as at 1 January 2010 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting).

2.2 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired

is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income (note 2.5).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

2.3 Foreign currency translation

(a) 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 company's functional and the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'.

2.4 Property, plant and equipment

Property, plant and equipment are valued at cost less accumulated depreciation and impairment charges. Costs include expenditures that are directly attributable to the acquisition of the asset, including financing expenses of capital investment projects under construction. Government grants to compensate for the cost of an asset are deducted from the cost of the related asset.

Depreciation is calculated using the straight-line method, based on the estimated useful life. In the majority of cases the useful life of plant equipment and machinery ranges from 5 to 30 years, and for buildings ranges from 27 to 40 years. Land is not depreciated. In the majority of cases residual value is assumed to be insignificant. Depreciation methods, useful lives and residual values are reassessed annually.

Parts of property, plant and equipment that have different useful lives are accounted for as separate items of property, plant and equipment. Cost of major maintenance activities is capitalized as a separate component of property, plant and equipment, and depreciated over the estimated useful life. Maintenance costs which cannot be separately defined as a

component of property, plant and equipment are expensed in the period in which they occur. Gains and losses on the sale of property, plant and equipment are included in the statement of comprehensive income.

We have identified conditional asset retirement obligations at a number of our facilities that are mainly related to plant decommissioning. We recognize these conditional asset retirement obligations in the periods in which sufficient information becomes available to reasonably estimate the cash outflow.

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 (see also note 2.6).

2.5 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(b) Trademarks and licences

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 40 years.

(c) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;

- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

2.7.1 Classification

The group classifies its financial assets as 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 included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet (notes 2.11 and 2.12).

2.7.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

2.8 Offsetting financial instruments

Financial assets and liabilities will only be 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.

2.9 Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

Impairment testing of trade receivables is described in note 2.11.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable

value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as noncurrent assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised 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 capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

The group recognises all borrowing costs as an expense immediately.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

(a) Pension obligations

The group has 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 recognised 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, together with adjustments for unrecognised past-service costs. 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 liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of comprehensive income in the period in which they arise

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.18 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer and substantial risks and rewards relating to the title of the goods have been transferred and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. There are no obligations of the Group after the goods have been dispatched to the customer locations, except for chocolate products which can be returned in a three month period.

Sales are recorded based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. No element of financing is deemed present as the sales are made with a credit term of 0-60 days, which is consistent with the market practice.

(b) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.20 Leases

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. Finance leases are capitalised 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 so as to achieve a constant rate on the finance balance outstanding. 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.

2.21 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's consolidated financial statements in the period in which the dividends are approved by the company's shareholders.

3 Financial risk management

3.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity 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.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in the European Union. The majority of positions are held in Euro's, the relative small currency risk relates to positions in the USD and to the Canadian Dollar. Given the small amount of the exposure (less than 1.5% of total revenue is in foreign exchange) there was no active hedging of the currency risk. In 2010 the company decided to reduce its currency risk by no longer invoicing to the UK clients in British pounds but only in Euro's. No forward contracts were open at the closing of the 2010 or 2009 financial year.

(ii) Commodity price risk

The Group is exposed primarily to the market fluctuations of the prices of the main raw material, chocolate, sugar, glucose and gelatin. The risk is covered by entering into contract varying from 3 to 12 months for these commodities. If the prices would have been 10% lower or higher for these commodities the post tax profit for the year would have been Euro 2.1 million lower/higher for 2010 and Euro 2.0 million for 2009.

(iii) Cash flow and fair value interest rate risk

The Group incurs interest rate risk on current liabilities being the factoring contract. The main risk the company is exposed to is the Euribor 3 month rate fluctuations which is the base for the factoring agreements with Eurofactor. If the 3 month Euribor rate would have been 1% lower / higher the post tax profit for the year 2010 would have been Euro 0.1 million higher / lower and for 2009 would have been Euro 0.1 million higher / lower.

(b) Credit risk

Credit risk is managed on group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transaction. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board.

The utilization of credit limits is regularly monitored. The Group does not have any significant concentrations of credit risk.

The group clients are subject to a credit policy. Sales are subject to payment conditions which vary per customer. In addition receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debt is not significant.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. Customer relationships are long term and with well established trustworthy companies. Management's policy is to demand coverage through a credit insurance and in case it's not possible to be paid in advance. Overall maximum risk exposure is estimated to be less than 0.5M Euro.

(c) Liquidity risk

The Group uses its shareholders in order to avail itself of a range of overdraft facilities. Cash flow forecasting is performed on a regular basis and is being updated at least once a month. Group finance monitors actual cash position and rolling forecast of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. In 2010 discussion with bank started to reduce the liquidity risk of the company by attracting longer term financing. Beginning 2011 these discussion were finalized to obtain 2.5M Euro of long term (5 year) financing through a sale and lease back on machines. Furthermore in October 2011 the financial lease of the building in France will be paid off completely which will reduce the annual cash out for the company with 1.9M Euro

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Comparative information has been restated as permitted by the amendments to IFRS 7 for the liquidity risk disclosures.

At 31 December 2010	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	€ ('000)	€ ('000)	€ ('000)	€ ('000)
Non Current Borrowings except Finance Lease	6 323	826	163	25
Non current non interest bearing debt	0	83	0	0
Current Borrowings except Finance Lease	21 467	0	0	0
Finance lease liabilities	1 644	403	0	0
Trade and other payables	24 800	0	0	0
At 31 December 2009				
Non Current Borrowings except Finance Lease	500	750	1 750	0
Non current non interest bearing debt	120	120	84	0
Current Borrowings except Finance Lease	19 742	0	0	0
Finance lease liabilities	1 651	1 504	0	0
Trade and other payables	21 114	0	0	0

The amounts stated in the table above are excluding interest.

3.2 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. The net debt includes available but not used factoring capacity and the reserves withheld by the factoring company, both of these elements are not interest bearing, and would not have to repaid in case the factoring financing would be stopped.

The gearing ratios at 31 December 2010 and 2009 were as follows:

	2010	2009
	€ ('000)	€ ('000)
Total borrowings (note 15) (including factoring)	30 935	25 897
Less: cash and cash equivalents (note 11)	(1 476)	(491)
Net debt	29 459	25 406
Total equity	29 423	29 459
Total capital	58 882	54 865
Gearing ratio	0.50	0.46

The increase in the gearing ratio during 2010 resulted primarily from the increase in borrowings. The expected gearing ratio for 2011 is 0.50 due to an increase of borrowings to finance the expected revenue growth offset by an increase in net profit.

4 Critical accounting estimates and judgements

Estimates and judgements 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.

4.1 Critical accounting estimates and assumptions

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.

(a) Income taxes

The group is subject to income taxes in France, Belgium and the Netherlands jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. The group recognises 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. In 2011 the financial lease of the real estate in France will come to end and Lamy Lutti France will buy back the building for 0.15 Euro cents. Under French Gaap as long as the building is under the financial lease structure it is not recognized on the balance sheet. As soon as the building is bought back management plans to conduct a revaluation of the assets which is estimated to result in taxable one-off result of 14M which will consume about one third of the existing deferred tax assets.

(b) 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 liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 17.

Were the discount rate used to differ by 10% from management's estimates, the carrying amount of pension obligations would be an estimated 4% lower or higher.

(c) Fixed assets

Management assesses every year if any impairment needs to be done on the fixed assets based on the utilization rate of the machines as well as the technological capabilities. Given the volume growth in 2010 as well as the new product introduction management believes no impairment on the fixed assets is required.

(d) Brand

Management evaluates the value of the brand based on a royalty fee model and on consumer studies to test the brand recognition. In 2010 the brand was again supported through a television campaign and multiple promotional activities. The overall result was a strong growth in the Lutti branded sales and a continued gain in market share (from 13.2% in 2009 to 14.1% in 2010 for the French market), management therefore believes no impairment is required.

4.2 Critical judgements in applying the entity's accounting policies

In preparing the financial statements management makes estimates and judgments that affect the reported amounts of assets and liabilities, net turnover and expenses and disclosures of contingent liabilities at the date of the financial statements. The accounting estimates and judgments are believed to be reasonable under the circumstances.

5 Property, plant and equipment

	Land and buildings € ('000)	Machinery and equipment € ('000)	Assets under construction € ('000)	Total € ('000)
At 1 January 2009				
Cost	18 585	11 017	2 092	31 694
Accumulated depreciation	(935)	(812)	0	(1 747)
Net book amount	17 650	10 205	2 092	29 947
Year ended 31 December 2009				
Opening net book amount	17 650	10 205	2 092	29 947
Additions	322	2 719	454	3 495
Disposals	(175)	(173)	(31)	(379)
Write-down on disposals	152	157	0	309
Depreciation charge	(760)	(1 608)	0	(2 367)
Transfer from under construction	0	1 965	(1 965)	0
Closing net book amount	17 190	13 266	550	31 006
At 31 December 2009				
Cost or valuation	18 884	15 686	550	35 120
Accumulated depreciation	(1 695)	(2 420)	0	(4 115)
Net book amount	17 190	13 266	550	31 006
Year ended 31 December 2010				
Opening net book amount	17 190	13 266	550	31 006
Additions	176	1 330	1 945	3 451
Disposals	0	(219)	0	(219)
Write-down on disposals	0	176	0	176

Depreciation charge	(799)	(1 542)	0	(2 341)
Transfer from under construction	0	489	(489)	0
Closing net book amount	16 567	13 500	2 006	32 073
At 31 December 2010				
Cost	19 061	17 462	2 006	38 528
Accumulated depreciation	(2 494)	(3 962)	0	(6 456)
Net book amount	16 567	13 500	2 006	32 073

No bank borrowings are secured on land and buildings.

Property, plant and equipment include the following amounts where the group is a lessee under a finance lease:

	2010 € ('000)	2009 € ('000)
Cost – capitalised finance leases	16 917	16 235
Accumulated depreciation	(7 153)	(6 695)
Net book amount	9 764	9 540

Tangible fixed assets under financial lease are: land and building (France) and heating equipment and part of the drying rooms (Belgium).

6 Intangible assets

	Computer Software € ('000)	Trade mark and licenses € ('000)	Assets under construction € ('000)	Total € ('000)
At 1 January 2009				
Cost	287	12 859	156	13 302
Accumulated amortisation and impairment	(20)	(321)	0	(341)
Net book amount	267	12 538	156	12 961
Year ended 31 December 2009				
Opening net book amount	267	12 538	156	12 961
Additions	37	0	0	37
Amortisation charge	(123)	(321)	0	(444)
Transfer from under construction	156	0	(156)	0
Closing net book amount	337	12 216	0	12 553

At 31 December 2009

Cost	480	12 859	0	13 338
Accumulated amortisation and impairment	(143)	(642)	0	(785)
Net book amount	337	12 216	0	12 553

Year ended 31 December 2010

Opening net book amount	337	12 216	0	12 553
Additions	47	0	0	47
Amortisation charge	(129)	(321)	0	(450)
Closing net book amount	255	11 895	0	12 150

At 31 December 2010

Cost	527	12 859	0	13 386
Accumulated amortisation and impairment	(272)	(964)	0	(1 236)
Net book amount	255	11 895	0	12 150

Amortisation expense of 450 (2009: 444) has been charged in 'cost of goods sold' for an amount of 321 (2009: 321) and in 'administrative expenses' for an amount of 129 (2009: 123) in the income statement.

The trademark is amortized over 40 years, at the closing of the 2010 accounts, 37 years of amortization are remaining. Software is amortized over maximum 5 years and the remaining amortization period is 2 years.

7 Financial instruments by category

	Loans and receivables € ('000)	Total € ('000)
31 December 2010		
Assets as per balance sheet		
Non current other receivables	239	239
Trade and other receivables excluding pre-payments	23 752	23 752
Cash and cash equivalents	1 476	1 476
Total	25 467	25 467

	Financial liabilities at amortised cost	Total
Liabilities as per balance sheet		
Borrowings (excluding finance lease liabilities)	28 887	28 887
Finance lease liabilities	2 047	2 047
Trade and other payables excluding statutory liabilities	24 800	24 800
Total	55 734	55 734

	Loans and receivables	Total
31 December 2009		
Assets as per balance sheet		
Non current other receivables	143	143
Trade and other receivables excluding pre-payments	22 379	22 379
Cash and cash equivalents	491	491
Total	23 013	23 013

	Financial liabilities at amortised cost	Total
Liabilities as per balance sheet		
Borrowings (excluding finance lease liabilities)	22 742	22 742
Finance lease liabilities	3 155	3 155
Trade and other payables excluding statutory liabilities	21 438	21 438
Total	47 335	47 335

8 Credit quality of financial assets

The credit quality of the accounts receivable balances is regularly monitored by the Group and there were no instances of any defaults for any of their receivable positions, other than the provision for impairment included in note 9. The credit period for the receivables are monitored on an ongoing basis and the past due balances are analysed for follow up and recovery of balances.

The cash positions of the Group are regularly monitored and are placed in bank accounts with high credit ratings.

9 Trade and other receivables

	2010 € ('000)	2009 € ('000)
Trade receivables	15 701	13 919
Less: provision for impairment of trade receivables	(57)	(101)
Trade receivables – net	15 644	13 818
Prepayments/Other receivables and accrued income	7 842	8 379
Taxes and other social security contributions	570	182
Current portion	24 056	22 379

The fair values of trade and other receivables approximate their carrying values.

As of 31 December 2010, trade receivables of 14 949 (2009:11 642) were fully performing.

As of 31 December 2010, trade receivables of 752 (2009: 1 412) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2010 € ('000)	2009 € ('000)
Up to 3 months	622	1 230
3 to 6 months	2	182
Over 6 months	128	0

As of 31 December 2010, trade receivables of 128 (2009: 101) were impaired and provided for. The amount of the provision was 57 as of 31 December 2010 (2009: 101). The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

	2010 € ('000)	2009 € ('000)
3 to 6 months	0	0
Over 6 months	128	101

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	2010 € ('000)	2009 € ('000)
UK pound	0	20
Euros	23 957	22 209
US dollar	99	150
Other currencies	0	0
Total	24 056	22 379

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The group does not hold any collateral as security.

Trade accounts receivables have been provided as collateral for the factoring facility with Eurofactor (>95%).

10 Inventories

	2010 € ('000)	2009 € ('000)
Raw materials and consumables	4 851	5 796
Work in progress	1 026	713
(Semi) Finished goods	10 793	6 257
Total	16 670	12 766

The cost of inventories recognised as expense and included in 'cost of sales' amounted to 47 792 (2009: 47 359).

11 Cash and cash equivalents

	2010	2009
	€ ('000)	€ ('000)
Cash at bank and on hand	1 476	491

12 Share capital and premium

	Number of shares (thousands)	Ordinary shares € ('000)	Share premium € ('000)	Total € ('000)
At 31 December 2009	25	24	2 994	3 018
Share issuance	0	0	0	0
At 31 December 2010	25	24	2 994	3 018

The total authorised number of ordinary shares is 90 990 shares divided into 89 990 ordinary shares A (2009 : 89 990 shares A) of € 1 each and 1 000 ordinary shares B of € 0.01 each (2009: 1 000 shares B). Of these, 24 000 ordinary shares A and 1 000 ordinary shares B have been issued.

Out of the 24,000 ordinary shares 8,000 ordinary shares have been transferred to a foundation called "Stichting Administratiekantoor Heel Veel Snoepjes BV" with its statutory seat in Zeist in the Netherlands. Attached to these shares are 8,000 depositary receipts that are held by one of the shareholders in HVS BV, FB Financière de Confiserie GmbH.

The common shares A are entitled to the entire profits of HVS BV with the exception of the net proceeds generated from the real property (being the real estate held by the French and the Belgium subsidiaries of HVS BV). The common shares B shall give the exclusive entitlements to (i) the value of the real property, and (ii) the profits (as defined between the shareholders in February 2009) resulting from the sale of (any part of) the real property, without any double counting between (i) and (ii).

No other distributions of profits on the common shares B will be made.

13 Retained earnings

	€ ('000)
At 1 January 2009	29 748
Loss for the year	(3 307)
At 31 December 2009	26 441
At 1 January 2010	26 441
Opening adjustment	102
Loss for the year	(138)
At 31 December 2010	26 405

The opening adjustments in 2010 correspond to a correction in deferred taxes related to the year 2009.

14 Trade and other payables

	2010	2009
	€ ('000)	€ ('000)
Trade payables	15 418	12 561
Social security and other taxes	7 173	7 516
Accrued expenses	2 184	1 132
Accounts payables to Shareholders	25	25
Total	24 800	21 234

15 Borrowings

	2010	2009
	€ ('000)	€ ('000)
Non-current		
Bank loans	1 014	0
Subordinated shareholder loan	0	2 000
Shareholder loan	0	500
Finance lease liabilities	403	1 504
Other non-current borrowing	83	0
	1 500	4 004
Current		
Bank loans	2 924	0
Subordinated shareholder loan	2 899	500
Shareholder loan	500	0
Finance lease liabilities	1 644	1 651
Debt to factoring company	21 468	19 742
	29 435	21 893
Total borrowings	30 935	25 897

(a) Bank loans

There are six bank loans which bear effective interest rates between 2,37 % and 5,56% (weighted average 3,3%) and fixed repayment schedules. Not all credit lines are fully utilized (635 undrawn end of 2010). Maturity dates are June 2011, July 2011, August 2011, September 2011, December 2011 and February 2012. The bank loans are expected to be rolled over at the expiration dates. There are no contractual repricing risks.

(b) Subordinated shareholders loan

The subordinated loans from shareholders have been subordinated to all of the Company's other existing and future debts. The interest on this loans amounts to 9%. No fixed repayment schedule is in place, repayment obligation of at least ten percent per year.

(c) Shareholders loan

This three years shareholders loan bears an interest of 10% and is redeemable in full if certain conditions are met (ultimately on 31 December 2011).

(d) Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Gross value of finance lease liabilities:	2010	2009
	€ ('000)	€ ('000)
Gross finance lease liabilities – minimum lease payments	2 127	3 479
No later than 1 year	1 697	1 897
Later than 1 year and no later than 5 years	430	1 581
Future finance charges on finance leases	44	324
Present value of finance lease liabilities:		
The present value of finance lease liabilities is as follows:	2 047	3 155
No later than 1 year	1 644	1 651
Later than 1 year and no later than 5 years	403	1 504

(e) Factoring

	2010	2009
	€ ('000)	€ ('000)
Debt to factoring company	21 468	19 742
- Guarantee reserve	(1 251)	(1 469)
- Marge Arriere Reserve	(569)	(422)
- Available but not used factoring capacity	(1 079)	(1 628)
Net debt factoring company	18 569	16 223

The other non current borrowing is related to a debt to local authorities in Belgium.

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2010 € ('000)	2009 € ('000)	2010 € ('000)	2009 € ('000)
Subordinated loan	0	2 000	0	2 000
Finance lease liabilities	403	1 504	403	1 504
Bank loan	1 014	500	1 014	500
Total	1 417	4 004	1 417	4 004

The carrying amounts of short-term borrowings equal's their fair value.

The carrying amounts of the group's borrowings are denominated in Euros.

16 Deferred income tax

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2010	2009
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months	6 708	10 349
– Deferred tax asset to be recovered within 12 months	4 668	0
	11 376	10 349

In 2011 the financial lease of the real estate in France will end and as a consequence Lamy Lutti France will buy back the building for 0.15 Euro cents. Under French Gaap, as long as the real estate is under a financial lease structure, it is not recognized on the balance sheet, and the yearly lease payments are fully expensed. As soon as the building is bought back management plans to conduct a revaluation of the fixed assets in France to ensure the true value of the building is reflected on the French Gaap balance sheet. This revaluation is estimated to result in taxable one-off result of 14M which will consume about one third of the existing deferred tax assets. Under French Gaap such a result is taxable and can be compensated through the deferred tax assets arising from past losses.

Deferred tax liabilities:		
– Deferred tax liability to be recovered after more than 12 months	10 128	9 383
– Deferred tax liability to be recovered within 12 months	0	0
	10 128	9 383
Deferred tax asset (net)	1 248	966

The gross movement on the deferred income tax account is as follows:

	2010	2009
At 1 January	966	978
Acquisition of subsidiary	0	0
Adjustment 2009	102	
Income statement charge/gain	181	(12)
At 31 December	1 248	966

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Finance lease	Fixed asset	Other	Total
At 1 January 2009	3 198	5 741	244	9 183
Acquisition of subsidiary				
Charged/(credited) to the income statement	356	(295)	139	200
At 31 December 2009	3 554	5 446	383	9 383
Charged/(credited) to the income statement	399	200	146	745
At 31 December 2010	3 953	5 646	529	10 128

Deferred tax assets	Pension plan	Losses carried forward	Other	Total
At 1 January 2009	804	8 981	376	10 161
Acquisition of subsidiary				
Charged/(credited) to the income statement	150	0	38	188
At 31 December 2009	954	8 981	414	10 349
Adjustment 2009	101			101
(Credited)/charged to the income statement	(380)	1 017	289	926
At 31 December 2010	675	9 998	703	11 376

17 Retirement benefit obligations

	2010	2009
Balance sheet obligations for:		
Pension benefits	2 118	2 910
Income statement charge for:		
Pension benefits	(791)	767

(a) Pension benefits

The group operates defined benefit pension plans in the France and Belgium based on employee pensionable remuneration and length of service. The majority of plans are externally funded. Plan assets are held in trusts, foundations or similar entities, governed by local regulations and practice in each country, as is the nature of the relationship between the group and the trustees (or equivalent) and their composition.

The amounts recognised in the balance sheet are determined as follows:

	2010	2009
Present value of funded obligations	153	212
Fair value of plan assets	(153)	(212)
Present value of unfunded obligations	2059	2 851
Actuarial losses/(gains)	59	59
Unrecognised past service cost	0	0

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Liability in the balance sheet	2 118	2 910
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The movement in the defined benefit obligation over the year is as follows:

	2010	2009
At 1 January	2 910	2 143
Current service cost	102	196
Interest cost	156	134
Actuarial losses/(gains)	59	470
Benefits paid	0	(3)
New insight in application of table of rights	(1 064)	0
Settlements	(45)	(30)
At 31 December	2 118	2 910

In the actuarial calculations it became apparent that for the subsidiary in France a different actuarial table of rights should be applied. This new insight had as an effect a reduction in the overall liability that Lamy Lutti has regarding its pension obligations of 1064.

The movement in the fair value of plan assets of the year is as follows:

	2010	2009
At 1 January	212	339
Expected return on plan assets	6	11
Benefits paid	(64)	(138)
At 31 December	154	212

The plan assets are a blocked bank account only to be used to fulfill pension obligation which gains interest of approximately 4% per year.

The amounts recognised in the statement of comprehensive income are as follows:

	2010	2009
--	------	------

Provision charges	(791)	767
Total	(791)	767

The principal actuarial assumptions used were as follows:

	2010		2009	
	France	Belgium	France	Belgium
Discount rate	4.25%	4%	4.5%	5%
Inflation rate	2%	3%	2%	2%
Expected return on plan assets				
Future salary increases	2 and 3%	3%	2 and 3%	2%
Future pension increases	2%	3%	2%	2%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	Change in assumption	Impact on overall liability
Discount rate	Increase/decrease by 0.5%	Increase/decrease by 5,1%
Inflation rate	Increase/decrease by 0.5%	included in the salary and discount rate sensitivity
Salary growth rate	Increase/decrease by 0.5%	Increase/decrease by 5.0%
Rate of mortality	Increase by 1 year	Increase by 0.1%

18 Provisions for other liabilities and charges

	Redundancy	Social security	Other	Total
	€ ('000)	€ ('000)	€ ('000)	€ ('000)
At 1 January 2010	213	194	194	601
Charged/(credited) to the income statement:				
– Additional provisions	30	0	254	284
Used during year	(213)	0	(36)	(249)
At 31 December 2010	30	194	412	636

Redundancy costs relate to changes in management to align the new organization with the strategy put in place after the acquisition from Leaf. The discussions started in 2009 were finalized in 2010 and the provision was used. At the end of 2010 there were still two discussions ongoing for which a provision was taken (30), the actual costs are expected to materialize within one year.

The provision for the social security charges relates to an inspection control in 2007 and 2008. As the outcome is still under discussion and therefore not finalized yet the provision remains unchanged.

In 2010 an additional provision was taken (250) which relates to the supply contract with the company Leaf. The contract with Leaf stipulates that the company must buy a minimum volume per year and that in case that the volume is not reached a compensation fee per kg is paid. This mechanism was put in place when Leaf sold Lamy Lutti in January 2008 in order to safeguard the continuity of the business. At the end of 2010 management estimated the compensation to be received from Leaf (250). However in 2010 discussion started with Leaf to extend the supply contract for a longer period of time, and in these commercial discussions it may well be that in return Lamy Lutti will waive the claim. Therefore in order to be prudent management decided to provision for such a waiver.

Finally in 2010 a provision (36) was cancelled which related to a litigation concerning the copying of one of Lamy Lutti sweets by competition competitor. In 2007 the court judged in favor of Lamy Lutti but as long as the time period to go into appeal had not elapsed a provision was kept in the books, at the end of 2010 the time period elapsed and the provision was cancelled.

19 Revenue

	2010	2009
	€ ('000)	€ ('000)
Breakdown by country / region		
France	72 640	68 246
Belgium	4 567	5 100
Other EU countries	23 181	27 239
Non EU countries	6 140	2 955
Total revenue	106 528	103 540

	2010	2009
	€ ('000)	€ ('000)
Breakdown by category		
Chocolate	18 851	20 602
Candies	26 639	23 786
Jellies	56 712	54 853
Other	4 326	4 299
Total revenue	106 528	103 540

20 Other income

	2010	2009
	€ ('000)	€ ('000)
Recharge of expenses	83	157
Recharge of penalty	250	0
Reimbursement insurance	11	0
Subsidies	464	325
Services charged	0	137
Total other income	808	619

21 Expenses by nature

	2010	2009
	€ ('000)	€ ('000)
Changes in inventories of finished goods and work in progress	(2 705)	(433)
Raw materials and consumables used	47 792	47 359
Trade products	11 518	11 226
Employee benefit expense	27 177	25 855
Depreciation, amortisation and impairment charges (notes 5 and 6)	2 791	2 812
Transportation expenses	3 627	3 369
Advertising costs	653	1 005
Operating lease payments	312	378
Other expenses	16 052	15 049
Total cost of sales, selling and administrative expenses	107 217	106 620
Cost of sales	90 205	91 367
Selling costs	4 245	3 780
Administrative expenses	12 767	11 473
Total cost of sales, selling and administrative expenses	107 217	106 620

22 Employee benefit expense

	2010	2009
	€ ('000)	€ ('000)
Wages and salaries, including redundancy costs (542; 2009: 427)	18 183	17 130
Social security costs	7 554	7 452
Pension costs – retirement benefit obligations	46	48
Other personnel expenses	1 394	1 225
	27 177	25 855

23 Average number of people employed

	2010	2009
Number of employees	625	617

24 Audit fees

The following audit fees were expensed in the income statement in the reporting period:

	2010 € ('000)	2009 € ('000)
Audit of the financial statements	195	96
Tax fees	6	0
Non – audit fees	151	0
	<u>351</u>	<u>96</u>

The fees listed above relate only to the procedures applied to the Company and its consolidated group entities by accounting firms and external auditors as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta).

25 Finance income and costs

	2010 € ('000)	2009 € ('000)
Interest expense:		
– Bank loan	99	0
– Shareholders loan	363	275
– Finance lease liabilities	257	398
– Eurofactor	318	338
– Cash discount	53	61
– Loan and transaction fees	1	0

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– Exchange rate differences	27	125
– Subsidy reimbursement	0	244
– Bank charges	22	23
– Other charges	0	50

Finance costs	1 140	1 514
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Finance income:

– Interest income on short-term bank deposits	5	15
– Financial discount	64	51
– Exchange rate differences	39	103

Finance income	(108)	(169)
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Net finance costs	1 032	1 345
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26 Income tax expense

	2010	2009
	€ ('000)	€ ('000)
Current tax:		
Current tax on profits for the year	116	512
Total current tax	116	512
Deferred tax:		
Origination and reversal of temporary differences	(181)	(12)
Total deferred tax	(181)	(12)
Income tax expense	65	500

2010 2009

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	€ ('000)	€ ('000)
Profit before tax	(202)	(3 807)
Tax calculated at domestic tax rates applicable to profits in the respective countries	67	1 260
Tax effects of:		
– Tax losses for which no deferred income tax asset was recognised	0	(760)
– Other	(2)	0
Tax charge	65	500

The weighted average applicable tax rate was 33% for 2009 and 2010.

27 Cash generated from operations

	2010 € ('000)	2009 € ('000)
Profit before interest and income tax including discontinued operations	829	(2 461)
Adjustments for:		
– Depreciation	2 341	2 368
– Amortisation	450	444
– Movements in provisions	155	1 333
Changes in working capital:		
– Inventories	(3 904)	(336)
– Trade and other receivables	(1 677)	10 185
– Trade and other payables	3 566	(2 311)
Cash generated from operations	1 760	9 223

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2010	2009
	€ ('000)	€ ('000)
Net book amount	44	79
Profit/(loss) on disposal of property, plant and equipment	(44)	(79)
Proceeds from disposal of property, plant and equipment	0	0

28 Contingencies

There are no contingencies to mention.

29 Commitments

(a) Capital commitments

Commitments include obligations for the purchase of raw materials amounting to € 13.8 million. All of these commitments expire within the course of 12 months. The purchasing strategy of Lamy Lutti has a maximum horizon of one year.

(b) Operating lease commitments – group company as lessee

The group does not lease any offices and warehouses under non-cancellable operating lease agreements.

The group leases company cars and forklifts under cancelable operating lease agreements.

For 2010 the company leased 10 company cars (87) and 9 company cars in 2009 (80).

For 2010 the company leased 58 forklifts (224) and 57 forklifts in 2009 (230).

The lease expenditure charged to the income statement during the year is disclosed in note 30.

There are operational lease obligations for 2011 (275) and operational lease obligations longer than one year but less than five years (432). There are no lease obligation beyond five years time period.

30 Related-party transactions

Shareholders in Heel Veel Snoepjes B.V. are FB Financière de Confiserie GmbH, Nimbus Investments B B.V., Varova B.V., Le Kef B.V., Best B.V. and Finorpa.

Related-party transactions between the Company and its group companies have been eliminated in the consolidation process. Transactions with shareholders can be disclosed as follows.

(a) Management fees

Management fees are being charged by the related parties to the Company and its group companies for part of the operational management of the operating companies and for hands on support.

	2010	2009
	€ ('000)	€ ('000)
Management fees	421	599

(b) Interest fees

Interest fees have been charged by the related parties to the Company and its group companies in relation to the subordinated loans.

	2010	2009
	€ ('000)	€ ('000)
Interest fees	363	238

(c) Key management compensation

Key management includes directors (executive and non-executive) and members of the Executive Committee. The compensation paid or payable to key management for employee services is shown above (management fees).

(d) Loans from related parties

	2010	2009
	€ ('000)	€ ('000)
<hr/>		
Total loans from related parties:		
At 1 January	3 000	2 500
Loans received during year	1 399	500
Loan repayed during year	(1 000)	0
<hr/>		
At 31 December	3 399	3 000
<hr/>		

Company annual accounts

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Company balance sheet as at 31 December 2010

(before profit appropriation)

		31 December 2010		31 December 2009	
	Note	€ ('000)	€ ('000)	€ ('000)	€ ('000)
Non-current assets					
Financial assets	3	32 912		31 958	
			32 912		31 958
Current assets					
Receivables	4	240		222	
Cash and cash equivalents	5	37		10	
			277		232
			33 189		32 190

		31 December 2010		31 December 2009	
	Note	€ ('000)	€ ('000)	€ ('000)	€ ('000)
<i>Equity and liabilities</i>					
Equity	6/7				
Share capital		24		24	
Share premium		2 994		2 994	
Retained earnings		26 543		29 748	
Result for the year		(138)		(3 306)	
			29 423		29 460
Non-current liabilities	8		0		2 000
Current liabilities	9		3 765		730
			<u>33 189</u>		<u>32,190</u>

Company income statement for 2010

	<u>2010</u>	<u>2009</u>
	€ ('000)	€ ('000)
Share of profit of subsidiaries after tax	452	(3 311)
Company profit after tax	<u>(590)</u>	<u>4</u>
Loss for the year	<u>(138)</u>	<u>(3 306)</u>

Notes to the company financial statements

1 General

General information

Heel Veel Snoepjes B.V. (hereafter “HVS”) is a Dutch legal entity that is the holding company of French and Belgian sugar confectionary companies (Lamy Lutti Belgium and Lamy Lutti France). In January 2008, HVS acquired the Lamy Lutti companies which were both subsidiaries of Leaf International. HVS functions as a holding company for these Belgian and French companies.

The headquarters of Lamy Lutti is in France. Lamy Lutti has two production plants, one in France and one in Belgium. 70% of its products are sold in its core domestic markets with the remaining 30% sold as export.

Basis of presentation of the company financial statements

The company financial statements of Company B.V. are presented pursuant to the legal stipulations of Title 9 Book 2 of the Dutch Civil Code. In this context use was made of the option provided under article 362(8), Book 2 of the Dutch Civil Code to apply the accounting principles for the recognition and measurement of assets and liabilities and determination of results (including principles for presentation of financial instruments such as equity or debt) to the company financial statements that are applied in the consolidated financial statements.

2 Accounting policies

General

The accounting policies for the Company financial statements are the same as for the consolidated financial statements. Where no specific policies are mentioned, reference should therefore be made to the accounting policies relating to the consolidated financial statements.

Since the income statement for 2010 of HVS is included in the consolidated financial statements, an abridged income statement has been disclosed in accordance with Section 402, Book 2, of the Netherlands Civil Code.

Changes in accounting policies

In 2010 there have been no changes in accounting policies.

Subsidiaries

Companies in which HVS is able to exercise control are carried at net asset value determined by measuring the assets, provisions and liabilities and results according to the policies applied in preparing the consolidated financial statements. If the share of losses attributable to HVS

exceeds the carrying amount of a subsidiary, losses over and above that amount are not recognised unless HVS has given guarantees to the entity concerned or other commitments have been entered into or payments have been made on behalf of that entity. In that case, a provision is made for the consequent liabilities. Results on transactions with subsidiaries are eliminated in proportion to the interest in the entities concerned, except where the results are realised via transactions with third parties. Losses are not eliminated if there are indications of impairment of the assets concerned.

In case of unprofitable subsidiaries any negative amounts are booked against receivables that are part of the net investment. Any unrealised revaluation will result in a legal reserve in case such revaluation leads to undistributable reserves in the country where the entity is incorporated.

3 Financial assets

Movements in financial assets can be broken down as follows:

	Subsidiaries	Loans to subsidiaries	Total
	€ ('000)	€ ('000)	€ ('000)
At 1 January 2010	26 458	5 500	31 958
Opening adjustment	102	0	102
Investments	0	400	400
Share of profit of subsidiaries	452	0	452
At 31 December 2010	27 012	5 900	32 912

The opening adjustment in financial assets is related to a correction in deferred taxes related to 2009 (102). The loans to subsidiaries consist of two loans with an interest rate of 9% that have need to be repaid in 2011, a loan with a conditional interest rate of 10% with no fixed repayment date and a loan which needs to be repaid in 2011 with an interest rate of 5,6%.

List of subsidiaries

Heel Veel Snoepjes B.V. has direct interests in the following subsidiaries:

Name, registered office*	Share in equity (%)
Fully consolidated	
Lamy Lutti SAS, Bondues, Lille, France	100.00
Lamy Lutti Holding SAS, Lille, France	100.00
Lamy Lutti SA, Bois d'Haine, Belgium	99.90

Heel Veel Snoepjes B.V. has not given a liability undertaking or any other guarantee for these companies.

4 Receivables

	31-12-2010	31-12-2009
	€ ('000)	€ ('000)
Interest fees and cost charges to be received	235	186
Value-added tax	5	36
	240	222

5 Cash and cash equivalents

	31-12-2010	31-12-2009
	€ ('000)	€ ('000)
Cash and cash equivalents	37	10

6 Equity

	Issued share capital	Share premium	Retained earnings	Result for the year	Total
	€ ('000)	€ ('000)	€ ('000)	€ ('000)	€ ('000)
At 1 January 2010	24	2 994	29 748	(3 306)	29 460
Changes					
Appropriation of result	0	0	(3 306)	3 306	0
Opening adjustment	0	0	102	0	102
Result this period	0	0	0	(138)	(138)
At 31 December 2010	24	2 994	26 544	(138)	29 423

The opening adjustments in 2010 correspond to a correction in deferred taxes related to the year 2009.

The reserves are all freely distributable.

7 Share capital

The total authorised number of ordinary shares is 90 990 shares divided into 89 990 ordinary shares A (2009 : 89 990 shares A) of € 1 each and 1 000 ordinary shares B of € 0.01 each (2009: 1 000 shares B). Of these, 24 000 ordinary shares A and 1 000 ordinary shares B have been issued.

Out of the 24,000 ordinary shares 8,000 ordinary shares have been transferred to a foundation called "Stichting Administratiekantoor Heel Veel Snoepjes BV" with its statutory seat in Zeist in the Netherlands. Attached to these shares are 8,000 depositary receipts that are held by one of the shareholders in HVS BV, namely FB Financière de Confiserie GmbH.

The common shares A are entitled to the entire profits of HVS BV with the exception of the net proceeds generated from the real property (being the real estate held by the French and the Belgium subsidiaries of HVS BV). The common shares B shall give the exclusive entitlements to (i) the value of the real property, and (ii) the profits (as defined between the shareholders in february 2009) resulting from the sale of (any part of) the real property, without any double counting between (i) and (ii).

No other distributions of profits on the common shares B will be made.

8 Non-current liabilities

	<u>31-12-2010</u>	<u>31-12-2009</u>
	€ ('000)	€ ('000)
Shareholder loans	0	2 000
	<u>0</u>	<u>2 000</u>

9 Current liabilities

	<u>31-12-2010</u>	<u>31-12-2009</u>
	€ ('000)	€ ('000)
Shareholder loans	2 899	500
Trade payables	34	0
Trade payables group companies	792	0
Other payables	40	230
	<u>3 765</u>	<u>730</u>

The subordinated loans from shareholders have been subordinated to all of the Company's other existing and future debts. The interest on this loans amounts to 9%. No fixed repayment schedule is in place, repayment obligation of at least ten percent per year.

The financial statements on pages 7 to 58 were authorized for issue by the board of directors on May 24 2011 and were signed on its behalf.

The Management Board,
Heel Veel Snoepjes BV
Driebergseweg 17
3708 JA Zeist

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Bestap B.V.
(Marc Renne)

Varova B.V.
(Maarten Vaessen)

Other information

Events after the reporting period

In 2011 the financial lease contract on the building in France which started in 1992 will come to an end. In the fourth quarter 2011 Lamy Lutti will buy back the building for 0.15 euro cents from the financial lease company.

Proposed profit appropriation

Following the profit appropriation proposed by the Management Board and pursuant to Article 33 of the Articles of Association, the Management Board proposes to add the total loss of € 138 000 to the other reserves.

Independent Auditor's report

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Independent auditor's report

To: the General Meeting of Shareholders of Heel Veel Snoepjes B.V.

Report on the financial statements

We have audited the accompanying financial statements 2010 as set out on pages 7 to 59 of Heel Veel Snoepjes B.V., Zeist, which comprise the consolidated and company balance sheet as at 31 December 2010, the consolidated and company income statement, the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility

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

Auditor's responsibility

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

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

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

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Heel Veel Snoepjes B.V. as at 31 December 2010, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

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

Amsterdam, 24 May 2011
PricewaterhouseCoopers Accountants N.V.



A.J. Broijer RA