annual**report**2009

KEY FIGURES

CONSOLIDATED MAIN FIGURES (in EUR million)

	2009	2008	2007	2006
Sales turnover	34.387	38.577	37.974	33.749
Operating cash-flow (EBITDA)(1)	6.765	8.246	7.143	5.004
Operating profit (EBIT)	3.108	2.503	3.318	0.376
Financial results	-1.013	-1.119	-1.034	-0.625
Extraordinary results	-0.760	0.000	0.000	0.000
Result before taxes(1)	1.245	1.326	1.645	3.396
Taxes	-0.673	-0.308	-0.801	-1.601
Goodwill depreciation	-1.776	-1.292	-2.122	-1.991
Profit after taxes	0.572	1.018	0.804	1.795
Net cash-flow	4.319	6.820	5.308	6.404
Capitalisation on 31 December	20.755	20.755	31.899	29.588
Equity	25.161	25.972	24.775	25.576
Net debt	9.387	11.346	10.779	7.033
Enterprise value (EV)	30.142	32.100	42.678	36.621

(1) Result before depreciation, write-downs, interest of the debt, taxes and restructuration (out of which the costs resulting from the cash misappropiation discovered in 2008, dismissals and reorganisation for -1.219 K€ in 2008 and -760 K€ in 2009).

SALES TURNOVER BREAKDOWN PER MARKET (excluding royalties)

	2009	2008	2007	2006
France	61.3 %	61.3 %	54.1 %	51.9 %
Benelux	32.2 %	31.2 %	37.6 %	37.5 %
Rest of the World	6.5 %	7.5 %	8.3 %	10.7 %

KEY FIGURES PER SHARE AND FINANCIAL RATIOS (in EUR)

	2009	2008	2007	2006
Equity per share	15.570	16.072	15.331	15.827
Enterprise value per share	18.653	19.865	26.410	22.662
Operating cash-flow per share	4.186	5.103	4.420	3.097
Net profit per share	0.354	0.630	0.498	1.111
Net cash-flow per share	2.673	4.220	3.285	3.963
Price earning ratio (PER)	x 36.32	x 20.39	x 39.67	x 16.48
Capitalisation on Equity	82.5 %	79.9 %	128.8 %	115.7 %
Capitalisation on EBITDA	x 3.07	x 2.52	x 4.47	x 5.91
Enterprise value on EBITDA	x 4.46	x 3.89	x 5.97	x 7.32

NUMBER OF SHARES

	2009	2008	2007	2006
Issued shares	1 660 360	1 660 360	1 615 960	1 615 960
Alloted stock options	134 545	134 545	134 545	134 545
Exercisable warrants	0	0	66 485	66 485
Total	1 660 360	1 660 360	1 682 445	1 682 445

PAYMENT ON CAPITAL (in EUR)

	2009	2008	2007	2006
Gross dividend	0.80	0.80	0.80	0.60
Net dividend	0.60	0.60	0.60	0.45
Total gross dividend	1 328 288	1 328 288	1 292 768	969 576
Total gross dividend on EBITDA	19.63 %	16.11 %	18.10 %	19.38 %
Capital reduction				

FINANCIAL AGENDA

Ordinary General Meeting of the Shareholders 2010	25/05/2010 at 10.00 am
Payment of 2009 dividend	15/06/2010
Announcement of half-year results 2010	26/08/2010
Announcement of annual results 2010	Mid-March 2011
Ordinary General Meeting 2011	30/05/2010

CAPITALISATION (in EUR)

2006	29 588 228
2007	31 899 050
2008	19 924 320
2009	20 754 500

SHAREHOLDING (in 2009) (number of shares)

Syntegra Capital Fund I, LP	500 844	30.2 %
Electra Partner	179 193	10.8 %
Quaerocq SCRL	200 036	12.0 %
Public	780 287	47.0 %

Source: transparency statements received by the company.

Syntegra Capital Fund I, LP is a private equity fund based in London.

Electra Partners is an investment fund governed by French law, a subsidiary of Electra Investment Trust.

Quaerocq SCRL is an investment company governed by Belgian law.

Listing

Euronext Brussels
Primary spot market, double fixing

1.660.360 issued shares
134,545 warrants allocated of which 134.545 can no longer be exerciced.

Code: BE 000 375 2665
Euronext code: FOU

Fountain was listed on the Brussels spot primary market in April 1999.

INTERVIEW WITH PASCAL WUILLAUME, CEO, AND PIERRE VERMAUT, PRESIDENT

FOUNTAIN WILL CELEBRATE ITS 40TH ANNIVERSARY IN TWO YEARS. WHAT WAS THE CONCEPT BEHIND THE COMPANY'S FOUNDING?

Pascal Wuillaume: Everything took off from the American concept of the 60s and 70s: the idea was to be able to have coffee at the office any time, quickly and without a lot of bother. The real genius of Fountain's founders was to team up with distributors who were already in the business. Fountain manufactured sturdy machines and, building on an independent and motivated network, offered its new products to businesses and organisations of up to 50 people.

Pierre Vermaut: The great merit of the concept was its simplicity and it experienced 20 to 30 years of uninterrupted success. The arrival on the market of compact coffee machines meeting the needs of very small businesses changed consumers' habits and prompted Fountain to review its market positioning.

P.W.: In 2004, the loss of our exclusive distribution contract for Nespresso on the business market accelerated this reflection process. The strategy we decided to implement was to operate a transformation from a company with a single product manufactured in a plant in England and distributed by an independent network to a company with its own distribution network offering a whole range of products sourced elsewhere. In the early 2000s, we seized opportunities to acquire companies in Belgium, Denmark and France. From 2007, we continued this approach, but applied it more systematically and pro-actively. We now have our own network, which represents around 74% of Fountain's turnover. Our product range has grown tenfold. Our automatic machines have enabled us to switch over a whole set of customers from the standard range to the Rapsody range and to win new customers that used to be inaccessible.

WITH HINDSIGHT, AMONG THE ACCOMPLISHMENTS OF RECENT YEARS THAT ENABLED FOUNTAIN TO COMPLETE THIS TRANSFORMATION SUCCESSFULLY, WHICH ARE YOU PROUDEST OF?

P.V.: Probably, and even if this experience only lasted a certain time, what we achieved with Nespresso, starting from scratch and earning a key position in a buoyant market, in a high price range. The company's transformation, initiated and set up by Pascal, from a captive product and non-exclusive market to an open product range and our own network, which we therefore control, has been extremely successful. Our network has a large commercial platform for every major geographical area where we operate. This enables us to centralise logistics and administration and to be closer to our customers. In Belgium, we are our own distributor and have two regional platforms. In France, we have a major platform in Paris and two others in the west and north regions. The next step, following the acquisition of the outstanding shares in Slodadis SAS last December, is the creation of the same type of platform in the south-east region, around Lyon.

P.W.: There is generally a huge step between taking a decision and initiating a project. So what we are also proud of is that with each of our acquisitions, we quickly integrated the company into the Group in terms of human resources, processes and management. We pushed this approach to its limits in 2009 with our decision not to have a general management per country, so that in 2010 there are now only subsidiaries on the one hand and a subsidiary support structure on the other.

WHAT WERE THE KEY EVENTS OF 2009?

P.V.: We were all marked at the end of the year by the tragic death of Michel Malschalck, our chief financial officer who was doing a remarkable job.

P.W.: Michel was a close collaborator and a friend as well. His passing affected us all the more. We sensed a great spirit of solidarity in the profession to help us cope.

HAS FOUNTAIN BEEN HARD HIT BY THE CRISIS?

P.W.: The year 2009 was characterised by an economic recession. We did not feel the effects of the crisis of October 2008 until the first quarter of 2009. Indeed, the great majority of our customers are SMEs. The major industrial firms were the first to be struck by the crisis. Our customers felt its impact later than the large companies and will necessarily emerge from it later because they are generally subcontractors to large groups. The positive side of the crisis is that we took advantage of this period to reorganise the Group completely, especially in France.

P.V.: By removing surplus hierarchy, we discovered latent problems and malfunctionings, especially in Paris. Pascal and Jean-François, the newly appointed COO, took radical measures to put this branch back in battle order.

P.W.: Results were mixed in our subsidiaries, but most are weathering the crisis well.

P.V.: The only one that is still posing a problem is Paris. All the rest is acceptable. This proves that the strategy works and that Paris is simply a local problem that is causing concern. Our Paris subsidiary suffered the most from the loss of the Nespresso contract, which represented more than 80% of its sales. It did not act quickly enough to set in motion the new strategy, particularly for the Table Top line.

P.W.: The other subsidiaries have traditionally always been proactive in telesales… In Paris, there were incoming calls but not outgoing calls. But a new dynamic has been put in place with the hiring of a new acting director for this branch.

P.V.: Other key events in 2009 included a number of small acquisitions, which may seem insignificant because they concern limited amounts. But they are very important in our long-term strategy. In the Netherlands, we acquired a small business that enables us to introduce the Table Top range in this country, which has a growing market under our direct control. Fountain Distributie Nederland will also serve as a platform, via our traditional dealers, for marketing the traditional Fountain range.

P.W.: The great advantage of buying small companies is to have a base, whether logistical, technical or commercial, so as not to have to start from scratch. We can build on an existing clientele and quickly start serving new customers.

WHAT SETS FOUNTAIN APART FROM ITS COMPETITORS TODAY?

P.W.: In terms of products, we are the only company in Europe to offer such a wide range, from 'top of the line' with illy, to water fountains and our range of coffee and soup machines. We have very specific competitors in each market but we are the only company with a complete offer.

P.V.: We also cover the needs of a clientele ranging from SMEs to larger structures.

P.W.: Another characteristic is our geographical coverage in Europe. We are the only firm operating throughout all of France and Belgium, for instance. This presence and the extent of our range have made us very successful in France and in other countries with major accounts. In 2009, we signed a contract with Loxam. In just a few months, we equipped their dealerships in France, Belgium and Denmark and we are now preparing to equip all the Loxam dealers in the Netherlands. We have few competitors for this category of customers capable of providing the same service. In every region where we operate, there are local competitors, small independent distributors offering different brands of products. In contrast, Fountain proposes its own brands, apart from its partnership with illy.

HOW DO YOU SEE FOUNTAIN'S EVOLUTION OVER THE MEDIUM TERM?

P.V.: The establishment of our platforms will enable us, with the aid of the SAP project, to continue making small local acquisitions, which previously did not make sense but which now can be easily integrated into an existing platform. In the case of Belgium, last year we acquired Fountain Sud, which was integrated very easily. This can be reproduced in other regions, particularly in France. So it is a growth option. Furthermore, the announced recovery from the crisis is expected to give fresh impetus to our turnover. The difficult economic context we have been through did not cause us to lose customers but had an impact on the volume of their consumption.

SO YOU ARE CONFIDENT ABOUT THE GROUP'S FUTURE?

P.V.: In the past, even during hard times, we have always been able to produce considerable cash flow. We mustn't forget that the company was seriously shaken by the loss of the Nespresso contract. And in spite of that, we got back on our feet. Our capacity to generate significant cash flow, even in times of crisis as in 2009, also enables us to keep our shareholders happy with the distribution of significant dividends, but also to ensure the Group's growth. Our balance sheet structure is sound and our debt is kept to an acceptable low level.

P.W.: When we compare the company today to its risk profile in the early 2000s, the situation is now considerably more comfortable. A large part of our turnover is generated by our own subsidiaries. That represents more than 50,000 direct customers.

P.V.: Up until 2005, a large part of our turnover depended on exogenous factors, in particular a decision by a third party not to renew a product distribution contract. Today only 7% of our turnover is earned through a distribution contract with a third party.

HAVE CUSTOMERS' EXPECTATIONS EVOLVED IN TERMS OF SERVICE?

P.W.: For reasons of profitability and costs, we are moving towards larger customers. Demand among the customers with which we have a fair volume of business is increasingly evolving towards full service, such as full management of the machine including filling, management of payment devices, etc. Fountain does not have a strong presence in this niche yet.

P.V.: It's almost a separate business. It's an activity that has to be performed at night… The cash drawer has to be emptied, for example, and cash has to be handled, with all the problems that entails.

AND WHAT NEW TRENDS ARE YOU SEEING IN TERMS OF TASTES?

P.W.: The younger working generation practically never drinks black coffee. Our Table Top range gives these customers a choice among café latté, cappuccino and mokaccino. And this year, we're going to roll out a new machine with more compartments and thus a wider range of possibilities. Hazelnut coffee and mint green tea complete the range.

P.V.: Starbucks launched the trend of flavoured coffees, particularly vanilla-flavoured. Everything that is trendy has an influence in offices. Our latest products respond to this trend impact.

P.W.: The trend is slowly evolving towards machines with a designer look. The machine's presentation is starting to take on more importance. Particular attention is paid to lighting, for instance, and LEDs are being introduced, like those used in televisions.

Pascal Wuillaume
CEO

Pierre Vermaut
President

AUDITOR'S REPORT TO THE GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31ST, 2009

Ladies and Gentlemen,

In accordance with legal and statutory requirements, we report to you on the performance of the audit mandate that has been entrusted to us.

This report contains our opinion on the consolidated financial statements of the group as well as the required additional comment.

UNQUALIFIED OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements for the year ended December 31st, 2009, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and which show total assets of 47.116 KEUR and a profit for the year of 572 KEUR.

The statutory financial statements of the companies included in the consolidation have been audited either by their statutory auditors or by external certified public accountants as regards the companies situated in foreign countries. We have checked their qualification and their independence. Our opinion is based on their attestations.

The Board of directors is responsible for the preparation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with legal requirements, and the auditing standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement, whether due to fraud or error.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our 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, we have considered 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. We have assessed the basis of the accounting policies used, the reasonableness of accounting estimates made by the company and the presentation of the financial statements, taken as a whole. Finally, the Board of Directors and responsible officers of the company have replied to all our requests for explanations and information. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements for the year ended December 31st 2009 give a true and fair view of the Group's financial position as at December 31st 2009 and of the results of its operations and its cash flows in accordance with IFRS as adopted by the European Union.

ADDITIONAL COMMENT

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the Board of directors.

Our responsibility is to include in our report the following additional comment, which does not modify the scope of our opinion on the consolidated financial statements:

The directors' report on the consolidated financial statements deals with the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the entities included in the consolidation are facing, and on their financial situation, their foreseeable evolution or the significant influence of certain facts on their future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, April 26th, 2010.
BST Réviseurs d'Entreprises, S.C.P.R.L. de réviseurs d'entreprises, represented by Pascale TYTGAT Statutory Auditor.

BOARD OF DIRECTORS' CONSOLIDATED

MANAGEMENT REPORT TO THE ORDINARY GENERAL MEETING OF 31 MAY 2010

Ladies and Gentlemen,

We are pleased to present the Group's consolidated management report for 2009 and the consolidated annual accounts closed on 31 December 2009. We also submit for your approval the proposal for the appropriation of profit and for the discharge for our mandate for the completed financial year.

The results presented here comply with IAS/IFRS accounting methods and valuation criteria.

1. ACTIVITY AND CONSOLIDATED RESULTS 2009

The Group continued to implement merger transactions and the reorganisation of its participating interests in order to simplify its organisation chart.

The Belgian, French and Dutch territories represent the bulk of the Group's consolidated sales.

The results for 2009 reflect six months of consolidation, from 1 July 2009, of Fountain Sud (Belgium), acquired in June.

On 29 December 2009, the Group acquired all of the 66% remaining shares in Slodadis, a Fountain products distributor in the Provence-Alpes-Côte d'Azur Region in France.

The Group also set up a subsidiary, Fountain Distributie Nederland, in late December 2009, which became operational in 2010. Its results will be consolidated from 1 January 2010 and consequently have no impact on results for 2009.

Consolidated turnover for 2009 was €34.4 million, a 10.9% decrease (€-4.2 million) from 2008. The latter half of 2009 saw a downturn in sales compared with the first six months of the year as a result of the poorer economic environment for SMEs.

The volume of sales by our subsidiaries dropped by 4.9%, while that of independent distributors decreased by 14.4%.

The integration of Fountain Sud in Fountain Belgium from 1 July 2009 resulted in an increase in turnover estimated at €0.1 million, keeping in mind that the takeover of these activities did not lead to a significant increase in structural costs.

The operating result for 2009 was €3.1 million (€2.5 million in 2008). This figure takes account of €3.2 million in depreciation (€2.7 million in 2008) and €0.6 million in impairments (€1.3 million in 2008).

Operating cash flow (EBITDA) for 2009 amounted to €6.8 million, or 19.6% of sales, compared with €8.2 million in 2008, or 21.4% of sales. Operating cash flow is made up of earnings before depreciations, impairments, debts, taxes and restructuring costs, and non-recurring costs. In 2008, the Group registered a loss of €1.1 million as a result of a misappropriation of funds in France. In 2009, exceptional costs for the legal action over the misappropriation were incurred in the amount of €123,000. The Group also had exceptional restructuring costs in 2009 in the amount of €637,600 related to reorganisation of management of its activities.

Result before taxes came to €1.3 million (-5.1% compared to 2008).

Taxes for 2009 include the effect of activation of deferred taxes of €0.1 million related to the tax integration of the French subsidiaries. The tax burden for 2008 had been favourably impacted in the amount of €0.2 million by a tax reimbursement in the Netherlands and a carry-back on the French companies.

Fountain Group's consolidated net result for 2009, after taxes, amounted to €572,000, a 43.8% decrease from the previous year (€1,018,000).

Net consolidated financial debt at end 2009 amounted to €9.4 million (€11.3 million at end 2008), a reduction of €1.9 million or 17.3%.

2. VALUATION RULES

In conformity with IFRS rules, the Group conducted impairment tests on its intangible assets (goodwill and trademarks). These gave rise to asset adjustments in the amount of €240,000 for 2009.

Fountain Distribution Center is in litigation with the French tax authorities over the professional tax for financial years 2003 to 2007 for a maximum amount of €0.4 million. Based on the risk evaluation by our counsel, no provision has been set aside for this dispute.

Further to a change in French retirement legislation, with effect from 1 January 2010, the provision for pension commitments in the French companies is established on the basis of the new rules from 2010. This results in a cancellation of provision in the income statement in the amount of €217,000.

3. KEY EVENTS AFTER THE CLOSE OF THE FINANCIAL YEAR

No important events occurred after the close of the financial year.

4. DEVELOPMENT COSTS

Additional costs during 2009 amounted to €13,500 for the development of new products and machines.

5. ABSENCE OF CONFLICT OF INTEREST

During financial year 2009, the Board of Directors did not adopt any resolutions pertaining to conflicts of interest covered by the provisions of Articles 523 and 524 of the Company Code.

6. SHARE CAPITAL

On 31 December 2009, Fountain SA's capital was unchanged from the previous year at 1,660,360 shares.

7. OUTLOOK FOR 2010

The Board of Directors remains confident for 2010, particularly as a result of the internal reorganisation carried out in late 2009 and early 2010 to optimise cost structure and develop turnover. The Group has a very wide clientele which makes it possible to spread risk.

The Group's operating cash flow is expected to be significantly higher in 2010 than in 2009.

Fountain also remains attentive to all acquisition opportunities on its traditional markets.

Apart from the general economic slump, the Board of Directors has not identified any other risk or uncertainty that the company may have to face as part of the evolution of its business, earnings or financial situation.

8. GROUP'S RISK EXPOSURE AND RISK MANAGEMENT POLICY

Through its sales, leasing and hiring-out of machines for hot and cold drinks based on freeze-dried or fresh products, the Group is exposed to food risks. Accordingly, it only purchases from certified producers and does not perform any processing apart from repackaging in some cases in respect of applicable standards. The Group sells only drink dispensers manufactured by specialised suppliers, in application of standards in the countries where the machines are marketed.

There is no hedging on the supply of products or machines, given the limited risks of scarcity or impact of price fluctuations.

The Group leases and hires out to its customers drink dispensers that remain its property. The risk of loss or damage to its machines is kept to a minimum through regular follow-up of contracts on the machines placed with customers and regular visits to customers by product sales representatives and maintenance technicians.

The Group's turnover is earned with a very large number of customers in small amounts, so the risk of non-recovery of debt claims can be kept within reasonable limits through the application of regular monitoring of claim recovery. Consequently, the Group does not hedge against the risk of payment default.

The Group resorts to external financing from financial institutions like banks. Its indebtedness is reasonable compared to its balance sheet structure. This financing is contracted either at fixed or floating rates. For financing with a floating rate, the group covers the bulk of risk through IRS contracts. It partially hedged its interest-rate risks through two IRS contracts with nominal amounts of €3.0 million and €4.2 million respectively, expiring in October 2011.
Since Fountain Group is active primarily in euro zone countries, with the main exception of its subsidiary in Denmark, exposure to exchange-rate risk is insignificant. There is consequently no hedging against such risk.

9. APPROPRIATION OF PROFIT

At the end of the financial year, the Group's profits amounted to €1,132,952. Profits carried forward from the previous year amounted to €16,167,157, giving a total of €17,300,109 for appropriation at 31 December 2009.

Subject to your approval, the Board proposes to allocate this profit as follows:

Dividend (€0.80 per share): 1,328,288.00 €
Contribution to legal reserve: 56,648.00 €
Carried forward: 15,915,173.00 €

10. MISCELLANEOUS

The Audit Committee meets at least four times a year. It is composed of at least one member, namely Mr Pierre Vermaut, whose independence has been confirmed on the basis of the independence criteria established by Article 526(b) of the Company Code, and whose competence in accounts and auditing results from his education, certified by his diploma in accounting, and his former experience as a chartered accountant and member of the Institute of Chartered Accountants and as chairman of the audit committee of a major food sector group.

We kindly ask you to review the consolidated annual accounts for the year ended 31 December 2009, to approve the statutory accounts and the proposed appropriation of profit and to issue a discharge to the Board and the Auditors for their mandates for financial year 2009.

The Board of Directors.
18 March 2010.

MANAGEMENT AND CORPORATE GOVERNANCE

BOARD OF DIRECTORS

Pierre Vermaut
Chairman and Independent Director
Pierre Vermaut has chaired Fountain Group's Board of Directors since February 2000. He is also a corporate officer.

Jean Ducroux
Director
Jean Ducroux is a representative of Electra Investissement, President of Aryon and a corporate officer.

Alain Englebert
Independent Director
Alain Englebert is a corporate officer.

Bruno Lambert
Director
Bruno Lambert is a Director of Syntegra Capital Fund I, LP (London) and a corporate officer.

Paul Lippens
Independent Director
Paul Lippens is President of Groupe Sucrier (Belgium) and a corporate officer.

Philip Percival
Director
Philip Percival is a Director of Syntegra Capital Fund I, LP (London) and a corporate officer.

Philippe Sevin
Director
Philippe Sevin is a Director of Syntegra Capital Fund I, LP (London) and a corporate officer.

The secretariat of the Board of Directors is provided by ICML S.A., represented by Mr Alain Englebert

The Board of Directors met six times in 2009.

The start and end dates of the directorships are shown in the table on the next page.

Name	Board of Directors meetings	Audit Committee meetings	Nomination/ Remuneration Committee meetings
P. Vermaut	6	4	1
A. Englebert	6	4	
P. Lippens	5	3	1
B. Lambert	6	4	1
P. Percival	1		
P. Sevin	4		
J. Ducroux	4		

MANAGEMENT COMMITTEE

The Management Committee is not a management body according to Article 524(a) of the Company Code.

Pascal Wuillaume
CEO, a member of the Group since September 2002

Eric Dienst
CFO, a member of the Group since February 2010

Sorin Mogosan
Purchasing, Production and Technical Director, a member of the Group since 1985

Jean-François Buysscchaert
COO, a member of the Group since September 2004

CORPORATE GOVERNANCE

The Group complies with the provisions of the Corporate Governance Code apart from the disclosure of individual remuneration. In order to respect the confidentiality of this information, the individual remuneration of the Directors and CEO will not be disclosed.

REMUNERATION COMMITTEE

A Remuneration Committee, made up of Messrs Pierre Vermaut, Bruno Lambert and Paul Lippens, Directors, determines remuneration policy for members of the Management Committee.

Remuneration of the Board of Directors: €161,556

Remuneration of the Management Committee: €823,190 including social security contributions

NOMINATION COMMITTEE

A Nomination Committee is included in the Remuneration Committee. It makes recommendations to the Board of Directors for the nomination of members of the Management Committee.

The Nomination/Remuneration Committee met once in 2009.

AUDIT COMMITTEE

The Audit Committee, made up of four directors, namely Messrs Pierre Vermaut, Bruno Lambert, Paul Lippens and Alain Englebert, assists the Board of Directors with its task of supervising financial matters, internal and external controls and compliance with laws and regulations.

It meets at least four times a year to review the half-yearly and annual accounts. It can be convened by any of its members. The CEO, the CFO, the external auditors and any member of management or corporate control may be invited to participate in Audit Committee meetings.

The Committee met four times in 2009. It reviewed the half-yearly and annual accounts at these meetings.

INTERNAL AND EXTERNAL AUDIT

In the interest of clarity and transparency, and given the Group's large number of subsidiaries, the Board of Directors took the initiative of setting up a dual system of external control.

At the local level, every six months, each Group company is put through an external audit that meets Belgian legal obligations for a group listed on Euronext. At Group level, the consolidated accounts are audited externally by B.S.T. Réviseurs d'entreprise, which is independent from the local auditors.

External control by local auditors is carried out directly with the chief financial officers for the countries concerned. The quality of the performance of the local auditors is assessed periodically by the Group's auditor, who also determines for each audit the scope of the minimum controls to be implemented.

Internal audit rules applied in Fountain Group impose the double signature principle. These powers of signature are usually held by local general managers and their financial officers.

In conformity with the Corporate Governance Code, the necessity of establishing an internal audit function was first debated in 2005 and reviewed in March 2009.

At the meeting in March 2009, it was decided to set up a permanent internal audit programme. This programme is implemented by the Corporate Finance unit, which reports directly to the Audit Committee for these specific tasks.

CONSOLIDATED ANNUAL ACCOUNTS 2009

The financial statements comply with all IFRS authoritative literature.

BALANCE SHEET (before appropriation)

ASSETS	note	2009	2008
I. NON-CURRENT ASSETS		34 292.03	33 563.31
1. TANGIBLE FIXED ASSETS	2	3 879.43	3 078.58
1.1 Tangible fixed assets in progress		895.17	201.48
1.2 Land and buildings		382.69	430.68
1.3 Plants, machinery and equipment		430.68	535.64
1.4 Motorised vehicles			
1.5 Furniture and fixtures		1 204.00	1 100.48
1.6 Other tangible fixed assets		1 397.57	1 345.94
2. Intangible fixed assets	3	27 708.14	27 774.53
2.1 Goodwill		20 411.75	20 294.83
2.2 Business premises		5 964.58	5 964.64
2.3 Other intangible fixed assets		1 331.81	1 515.06
of which SAP software		1 144.98	1 211.39
3. Deferred tax assets		2 508.60	2 477.29
4. Other financial fixed assets		195.86	232.91
4.1 Shares	4,5	5.16	4.51
4.2 Securities other than shares			
4.3 Loans	4,5		14.23
4.4 Other financial assets	5	190.70	214.17
II. CURRENT ASSETS		12 824.22	15 075.69
5. Shares	7	3 218.30	3 952.58
6. Other financial current assets	4,5	0.05	0.05
6.1 Securities other than shares		0.05	0.05
7. Current tax receivables		1 408.60	1 010.40
8. Current trade and other receivables		4 656.71	5 938.90
8.1 Trade receivables	8	4 138.35	5 520.27
8.2 Other receivables		518.36	418.64
9. Cash and cash equivalents	9	3 228.96	3 538.71
10. Other current assets		311.60	635.05
TOTAL ASSETS		47 116.25	48 639.00

BALANCE SHEET (before appropriation)

CAPITAL AND LIABILITIES	note	2009	2008
I. TOTAL CAPITAL			
A. CAPITAL AND RESERVES			
1. Paid-up capital	10	23 662.82	23 662.82
1.1 Share capital		23 555.77	23 555.77
1.2 Share premium account		107.05	107.05
2. Reserves		1 936.15	2 629.46
2.1 Consolidated reserves		2 206.29	2 845.39
2.2 Revaluation reserves		-268.63	-214.53
2.3 Exchange adjustments		-1.51	-1.40
TOTAL GROUP CAPITAL		25 598.97	26 292.28
B. MINORITY INTERESTS		-438.02	-320.35
TOTAL CAPITAL		25 160.95	25 971.93
II. LIABILITIES			
A. NON-CURRENT LIABILITIES		6 801.26	10 149.40
3. Non-current interest-bearing liabilities (bank debts)	11	5 461.46	8 193.80
4. Non-current provisions	12	374.87	121.78
5. Non-current obligations resulting from post-employment benefits	13	210.00	479.12
6. Non-current hedging instruments		268.63	214.53
7. Deferred tax liabilities		340.58	353.56
8. Suppliers and other non-current creditors		87.42	735.28
9. Other non-current liabilities		58.30	51.33
B. CURRENT LIABILITIES		15 154.02	12 517.67
10. Current interest-bearing liabilities (bank debts)	11	7 154.90	6 690.72
11. Current provisions	12		
12. Receivable tax liabilities		552.93	377.51
13. Suppliers and other current creditors	11	7 026.30	4 890.93
14. Other current liabilities		419.89	558.51
TOTAL CAPITAL AND LIABILITIES		47 116.23	48 638.99

INCOME STATEMENT BY TYPE

		note	2009	2008
1.	**INCOME FROM ORDINARY ACTIVITIES**		**34 439.41**	**38 654.48**
	1.1 Sales of goods and income from machines in service	15	34 387.47	38 577.21
	1.2 Income from fees		51.94	77.27
2.	**OTHER OPERATING INCOME**		**797.85**	**724.65**
	2.1 Interest		22.12	54.29
	2.2 Other operating income		775.73	670.35
3.	**OPERATING EXPENSES**		**-32 129.21**	**-36 876.16**
	3.1 Raw materials and consumption		-11 190.03	-15 442.93
	3.2 Change in finished products inventory and work in progress		324.46	2 098.27
	3.3 Personnel expenses	16, 17	-9 961.45	-9 910.64
	3.4 Depreciations		-3 227.95	-2 754.12
	3.5 Loss in value		-618.43	-1 255.99
	of which loss in value of inventory		118.99	-508.02
	of which loss in value of receivables		-494.28	-358.45
	of which loss in value of fixed assets			-389.52
	3.6 Other operating expenses	18	-7 455.81	-9 610.75
	3.6.1 allocations to/releases of provision		-18.10	-557.98
	3.6.2 exceptional impairment due to misappropriation of funds		0.00	-1 126.51
4.	**OPERATING RESULT**		**3 108.05**	**2 502.96**
5.	**Profit (loss) on derecognition of available-for-sale financial assets**			
6.	**Profit (loss) on disposal of non-current assets not held for sale**	19	**-24.03**	**-20.57**
7.	**Financial expenses**		**-1 016.77**	**-1 151.44**
	of which financial costs (debt costs)		-845.66	-1 048.00
8.	**Profit (loss) on investments (financial instruments other than hedging instruments)**		**6.21**	**32.79**
9.	**Share in net result of investments at equity**		**-68.41**	**-58.14**
10.	**Other non-operating income**		**27.63**	**41.45**
11.	**Other non-operating expenses**	20	**-788.08**	**-21.34**
12.	**RESULTS BEFORE TAX**		**1 244.60**	**1 325.72**
13.	**Tax expenses (income) on result**	21	**-673.10**	**-307.72**
14.	**RESULT FROM CONTINUING OPERATIONS AFTER TAX**		**571.50**	**1 018.00**
15.	**Result from discontinued operations after tax**			
16.	**FINANCIAL YEAR RESULT**		**571.50**	**1 018.00**
	16.1 Attributable to minority interests		-117.68	-94.64
	16.2 Attributable to holders of parent company's equity		689.18	1 112.64
17.	**OTHER ITEMS OF NET RESULT**		**-54.20**	**-227.22**
	17.1 Exchange adjustments		-0.09	-4.50
	17.2 IRS		-54.11	-222.72
18.	**TOTAL NET RESULT FOR THE FINANCIAL YEAR (Parent company share)**		**634.98**	**885.42**
I. EARNINGS PER SHARE				
NUMBER OF SHARES			**1 660 360**	**1 660 360**
1.	**Basic earnings per share**			
	1.1 Basic earnings per share from continuing operations		0.34	0.61
NUMBER OF DILUTED SHARES			**1 660 360**	**1 660 360**
1.	**Dilutes earnings per share**			
	1.1 Diluted earnings per share resulting from continuing operations		0.34	0.61
II. OTHER DISCLOSURES				
1.	**Exchange differences included in the financial statements**		**6.13**	**-32.88**
2.	**Lease and sub-lease payments recorded in the financial statements**		**782.95**	**909.81**

CONSOLIDATED CASH FLOW STATEMENT

	2009	2008
OPERATING TRANSACTIONS		
Financial year result	689.18	1 112.64
Earnings on minority interests	-117.68	-94.64
Earnings on companies at equity	68.41	58.14
Depreciations	3 378.52	2 959.12
Decrease (increase) in impairments	618.43	129.49
Exceptional impairment due to misappropriation of funds		1 126.51
Increase (decrease) in provisions	-132.48	1 479.49
Profit (loss) on disposal of assets (-)	21.34	20.57
Profit (loss) on foreign exchange (-)	-2.67	
Increase (decrease) in deferred items	-226.03	-417.90
Cash flow	**4 297.03**	**6 373.41**
Change in receivables	-1 628.53	-898.30
Change in inventory	973.22	46.21
Change in prepaid expenses	336.86	276.22
Change in financial debt	-979.00	1 180.29
Change in trade debt	760.35	-1 795.26
Change in tax and social security debts	127.28	-429.13
Change in other debts	1 966.39	-812.69
Change in prepaid income	-160.54	-18.86
Change in working capital needs (increase -)	1 396.03	-2 451.52
Operating cash flow	**5 693.06**	**3 921.89**
INVESTMENT TRANSACTIONS		
Acquisitions of intangible fixed assets (-)	-1 143.28	-467.88
Acquisitions of tangible fixed assets (-)	-2 395.76	-1 831.94
Acquisitions of financial fixed assets (-)	-342.29	-332.82
New loans granted (-)	-284.02	-35.54
Transfers of intangible fixed assets (+)	0.00	26.93
Transfers of tangible fixed assets (+)	39.45	17.61
Transfers of financial fixed assets (+)		0.24
Repayment of loans granted (+)		34.94
Investment cash flow	**-4 125.90**	**-2 588.45**
FINANCING TRANSACTIONS		
Capital increase (decrease)	0.00	703.33
Net change in loans contracted (increase +)	-620.41	-332.76
Dividends paid out (-)	-1 328.29	-1 279.15
Financing cash flow	**-1 948.70**	**-908.58**
CHANGE IN CASH FLOW	**-381.54**	**424.86**
RECONCILIATION OF CASH ACCOUNTS		
Opening balance	**3 538.76**	**3 233.87**
Change in cash flow	-381.54	424.86
Exchange adjustments (favourable +)	0.11	0.13
Transfers to other headings		
Changes in scope of consolidation (favourable +)	71.68	-120.10
Closing balance	**3 229.01**	**3 538.76**
Other current financial assets	0.05	0.05
Cash and cash equivalents	3 228.96	3 538.71

TABLE OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium account	Reserve for SOP	Net result and dividends paid out	Shares of Fountain share-holders	Minority interests	Total share-holders' equity
2007 closing balance	**22 927.90**	**31.96**	**3.77**	**3 036.81**	**26 000.44**	**-225.71**	**25 774.73**
Capital increase	627.87	75.09			702.96		702.96
Dividends				-1 292.77	-1 292.77		-1 292.77
Net result for period				885.42	885.42	-94.64	790.78
Profit not entered in profit and loss account (foreign currency exchanges)							0.00
Other increases (decreases)			-3.77		-3.77		-3.77
2008 closing balance	**23 555.77**	**107.05**	**0.00**	**2 629.46**	**26 292.28**	**-320.35**	**25 971.93**
Capital increase					0.00		0.00
Dividends				-1 328.29	-1 328.29		-1 328.29
Net result for period				634.98	634.98	-117.68	517.30
Profit not entered in profit and loss account (foreign currency exchanges)							0.00
Other increases (decreases)							0.00
2009 closing balance	**23 555.77**	**107.05**	**0.00**	**1 936.15**	**25 598.97**	**-438.03**	**25 160.94**

Retroactive application of IAS 27 amended: negative minority interests are now presented in the "minority interests" line rather than in decrease in consolidated reserves (Group's share). In the accounts for the period ended 31/12/2008, an amount of €356.57 K was reclassified from consolidated reserves (Group's share) to minority interests (minority share)

The periods of the different warrant plans were all closed as of 30 June 2008. There are consequently no warrant plans active since 1 July 2008.

In 2007, two IRS (interest rate swaps) contracts were signed to cover interest rates on loans contracted for the acquisition of different companies, in the amount of €3 million and €4.2 million.

The counterpart of this entry on the liabilities side of the fair value of these IRS amounts to €-268.6 K and is entered separately under shareholders' equity.

The fair value of financial instruments is based on the update of future cash flows; for options, the fair value is the market value.

The valuation of these instruments was performed by the issuer (ING)

APPROPRATION OF PROFIT FOR 2009:

The Board of Directors will propose to the General Meeting deliberating on the 2009 accounts to distribute a dividend of €0.80 per share.

DESCRIPTIVE DATA AND COMPLIANCE REPORT

Fountain (the «company») is a public limited liability company having its registered office in Belgium, 17 avenue de l'Artisanat, 1420 Braine l'Alleud (business number 0412.124.393).

The company's annual consolidated accounts for the financial years ended 31 December 2008 and 31 December 2009 cover the company and its subsidiaries (the «Group») as well as the Group's interests in joint ventures and associated companies. The Board of Directors approved the consolidated accounts for publication on 17 March 2010.

The consolidated annual accounts are prepared in accordance with International Financial Reporting Standards (IFRS).

APPENDICES TO THE CONSOLIDATED ACCOUNTS 2009

SCOPE OF CONSOLIDATION

All companies in which the Group holds a controlling interest, which is the case when it has more than 50% of a company's capital or a majority in its governing bodies, are fully consolidated. Companies in which the Group holds a significant interest without having a majority interest are consolidated under the equity method.

Compared with 2008, the scope of consolidation was altered through various transactions:

(i) acquisition of Fountains Sud s.a. (Belgium) at end June 2009 and consolidation from 1 July 2009.

(ii) acquisition of all 66% outstanding shares in Slodadis sarl on 28 December 2009, with full consolidation of the balance sheet at 31 December 2009 and equity consolidation of the profit and loss account at 31 December 2009.

(ii) constitution of Fountain Distributie Nederland at end December 2009 and full consolidation of the balance sheet at 31 December 2009.

The companies in which the Group owns an insignificant share or whose contribution to the Group is non-material are not consolidated. In 2009, these included:

(i) **Fountain Consumer Appliances Ltd**, based in Madras, India, in which the Group holds a 17.98% interest;

(ii) **Fountain Sud SARL, based in southern France**, not currently trading and in liquidation, in which the Group owns a 100% interest.

(iii) **Fountain Coffee Systems Finland OY**, based in Helsinki, Finland, not trading since the end of 2004, in which the Group holds a 100% interest

(iv) **Fountain USA Inc**, set up in 2005 and based in Chicago, wholly owned by the Group

CONSOLIDATION CRITERIA

The results are balanced before appropriations and withdrawals.

The inter-company accounts that exist between Group companies are excluded from the consolidated accounts. Any dividends between Group companies are eliminated from the consolidated profit and loss account. Charges and income between Group companies are also eliminated from the consolidated profit and loss account.

To accelerate the elimination of transactions between companies, Fountain Group companies post their transactions at a fixed budgetary currency exchange rate. Any distortions that this method may create between supply costs (and hence the gross margin) and financial costs are corrected on consolidation.

From 1 January 2009, the Group changed its accounting methods in the following areas:

- IFRS 8 - Operating segments (applicable for annual periods beginning on or after 1 January 2009)
- IAS 1 - Presentation of financial statements (applicable for annual periods beginning on or after 1 January 2009). This standard replaces IAS 1 Presentation of financial statements (revised in 2003) as amended in 2005.

VALUATION RULES APPLICABLE TO THE ANNUAL CONSOLIDATED ACCOUNTS

CONSOLIDATION PRINCIPLES

The consolidated accounts include the accounts of FOUNTAIN S.A. (Fountain Industries Europe S.A. or FIESA) and those of all the companies that it controls directly or indirectly after the elimination of inter-company transactions.

The consolidated accounts are prepared in accordance with IFRS (International Financial Reporting Standards) rules and the interpretations published by the IFRIC (International Financial Reporting Interpretation Committee).

When items related to assets, liabilities or results in the financial statements of consolidated companies are not valued in accordance with international standards, they are restated as required for consolidation.

Regarding associated companies, such restatements only take place if the information is available.

Subsidiaries

A subsidiary is a company in which the Group holds a controlling interest. The criterion used to determine whether the Group holds a controlling interest in a company is the Group's capacity to direct the financial and operational policies of this company in order to gain from its activities.

Associated companies

Associated companies are companies in which the Group has significant influence over financial and operational decisions, without controlling them.

This is in principle the case when the Group holds between 20 and 50% of voting rights.

When an option to purchase securities is attached to an interest in an associated company, and this option would potentially and unconditionally allow the Group to hold the majority of voting rights, such an associated company is considered a subsidiary and is fully consolidated.

Full consolidation:

Subsidiaries are fully consolidated.

Companies at equity

Associated companies are consolidated under the equity method.

For each of these investments, the book value is reduced individually, where necessary, to reflect any loss in value.

When the Group's portion of an associated company's losses exceeds the book value of these investments, it is entered as zero, as are their long-term receivables; losses in excess of this amount are not entered into the accounts, with the exception of the amount of the Group's commitments to these companies.

Company excluded from consolidation:

A company is excluded from consolidation when a controlling interest is meant to be temporary or when the company is subject to long-term and strict restrictions that significantly limit its ability to transfer funds to the parent company. Also excluded are companies whose contribution to the Group is immaterial.

The list of the Group's subsidiaries and associated companies is found in the appendix.

Foreign currencies

At consolidation, all assets and liabilities (monetary and non-monetary), rights and commitments of the consolidated companies are converted to euros at the closing exchange rate for each currency.

Income and expenses are converted to euros using the average exchange rate for the financial year for each foreign currency.

Resulting conversion differences, where applicable, are entered as shareholders' equity under the heading "exchange adjustments". These accumulated differences are entered in results when the company concerned is transferred.

ACCOUNTING RULES

Fixed assets

If there are events or changes in circumstances that put the intrinsic value (value in use or realisable value) of a fixed asset (tangible or intangible) at risk of being lower than its net book value, the Group systematically applies the impairment test.

In the case where the impairment test shows that the net book value of a fixed asset is higher than its economic value and there is nothing to show that this variance is temporary, the net book value is reduced to its economic value by entering a charge for the period.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are only listed in the accounts when two conditions are met: there is likely to be an economic gain for the company as a direct result, and the cost of the intangible asset can be reliably determined.

Subsequent expenditure for intangible fixed assets are not entered in the balance sheet unless they increase future economic gains for the specific asset to which they are linked. All other expenses are listed as charges.

Formation expenses

In accordance with IFRS rules, formation expenses are no longer capitalised as of 1 January 2004.

Research costs

Research costs incurred for the purpose of acquiring new scientific or technical knowledge (market studies, for example) are entered directly as expenses for the period.

Development costs

Development costs, aimed at effective implementation of plans or concepts through the development of new or significantly improved products or processes, are only capitalised if all the following conditions are met:

- the products or processes are clearly identifiable and their costs isolated and accurately defined;
- the technical feasibility of the product or process is demonstrated;
- the product or process will be used internally or sold;
- the product or process gives the Group an economic advantage;
- the resources (e.g. technical or financial) needed to bring the project to successful completion are available.

Development costs are depreciated on a straight-line basis for the period in which they are likely to represent an economic gain, as from their date of availability. They are depreciated over a maximum of five years.

Patents and licenses

When their amount so justifies, the expenses incurred for the registration, introduction or acquisition of a patent, trademark or license are entered on the assets side at cost less cumulative depreciation. They are depreciated using the straight-line method for the shortest of the following options: either the contractual duration or the likely period in which the immaterial asset will represent an economic interest for the Group.

Expenses related to the acquisition of multi-user technology licenses are entered on the assets side if the amount so justifies and are depreciated over a maximum of three years.

Medium-term assets

Medium-term assets (clientele) acquired from third parties are depreciated on a straight-line basis over ten years.

Trademarks

Trademarks acquired from third parties are recorded under intangible fixed assets. Their life expectancy is determined by the customer retention period from which they would benefit in the absence of any marketing efforts, and is limited to ten (10) years.

Their acquisition value is therefore depreciated on a straight-line basis over a period of ten (10) years.

Trademark registration costs are entered as expenses for the financial year.

Goodwill

Goodwill represents the positive difference between the acquisition price of an investment and the fair value of the assets, liabilities and identifiable unrealised liabilities of the subsidiary or associated company, on the date of its acquisition.

The net book value of goodwill is its value on the date of acquisition, less losses of value that are entered following the annual impairment tests and cumulative depreciation entered as of 31 December 2003.

TANGIBLE FIXED ASSETS

In conformity with IFRS, tangible fixed assets are only entered as assets if the future economic advantages associated with the asset are likely to benefit the company and if the cost of the asset can be reliably assessed.

Tangible fixed assets are entered at their historic cost less cumulative depreciation and cumulative loss in value. The historic cost includes the initial purchase price or the manufacturing cost price if capitalised production is involved, plus direct acquisition costs.

These assets are depreciated on a straight-line basis based on their estimated life expectancy, until their potential residual value is reached.

Land is not depreciated.

The machines marketed by the Group on consignment, on deposit and/or by subscription are removed from inventory and moved to fixed assets. They are valued at their last inventory value and are depreciated on a straight-line basis for a maximum period of three years.

Subsequent expenses (repair and maintenance) are generally considered an expense for the period. They are only capitalised if they clearly increase the future economic value of the use of the good above its initial value.

In this case, the expenses are depreciated over the duration of the remaining life of the relevant asset.

The historic value of land and buildings before depreciation, excluding all other tangible fixed assets, is revalued where appropriate every three years by recognised, independent experts if factors that could permanently affect the fair value are brought to the Group's attention.

A decrease in value (negative revaluation) will first be entered to the revaluation reserve and if that is insufficient, the revaluation (balance of fully) will be immediately entered for the period.

Every year, the difference between the calculated depreciation of the revaluation value and that calculated on the asset's historic value will be transferred from the revaluation reserve to results carried forward.

Tangible fixed assets are depreciated as follows:

- buildings: 5% to 10% per year
- plants, machinery and equipment: 10% to 33% per year
- rolling stock: 25% to 33% per year
- office supplies and furniture: 10% to 25%
- other tangible fixed assets: 10% to 20% per year

Lease financing

When the Group assumes almost all the risks and benefits inherent to ownership of the leasing assets covered by lease financing contracts, the current reimbursement value at the start of the lease financing contract is entered in the balance sheet as a tangible fixed asset. If the opposite is true, the leasing expenses are considered operational and are entered for the period.

Repayments are considered partly as financial charges and partly as repayment of leasing debt; there is consequently a constant interest expense on the capital to be repaid for the full duration of the contract.

Financial expenses are directly entered as an expense for the period.

Depreciation and expected life rules vary according to the type of asset. However, when the leasing contract length is shorter than the expected life of the leased asset and when circumstances are such that the asset is not likely to remain a fixed asset of the company at the end of the contract, it is depreciated for the duration of the contract.

Payments under the operating lease financing scheme are entered as expenses on a straight-line basis for the full term of the contract.

Inventory

The value of inventory is determined using the weighted average price method. In practice, quick rotation results in use of the last purchase price, which leads to a virtually equivalent valuation.

When inventory items have been transferred between different Group companies, their inventory value is brought down to their cost price, as if the transfers had taken place at cost price. This elimination of margin change on inventory is corrected in taxation for the year, when justified.

The value of inventory held by the distribution companies is increased by a flat-rate charge for distribution costs. This flat-rate charge is confirmed annually on the basis of real data from the last closed financial year.

Raw materials

Raw materials include all materials and components used in the manufacture of finished goods.

Finished goods

The good manufactured by the Group can be machines (drink dispensers) or consumables.

The cost of finished goods includes the cost of raw materials and direct labour as well as a standard share of direct production costs. This share is confirmed annually based on data from the last completed financial year.

Goods for resale

Goods for resale are the machines and consumables bought by the Group for the purpose of reselling them virtually unchanged on the market.

Write-offs

Write-offs for central inventory and license inventory are only taken on items for which there has been no rotation over the last 12 months or for damaged items or those removed from the catalogue. In these cases, the write-off is 100%.

For parts with rotation of more than 12 months - 10% for 5 years and after 60 months, remaining 50%

For machines with inventory value of:

- more than 12 months of consumption, the write-off is 25%
- more than 24 months of consumption, the write-off is 50%
- more than 36 months of consumption, the write-off is 75%
- more than 48 months of consumption, the write-off is 100%

In the distribution subsidiaries, to ensure that the value of inventory items represents their real economic value as accurately as possible, these items are systematically written off using automatic values according to the relevant product's type and characteristics:

- for "dispenser" machines, progressive write-offs are applied based on the shelf life:
- 15% after one year,
- 50% after two years,
- 100% after three years.
- for machines used for "testing" that are returned to inventory, progressive write-offs are applied in terms of the service life of the machine:
- 15% if the machine has less than one year of service life,
- 50% if the machine has more than one year of service life,
- 100% if the machine has more than two years of service life.
- for cartridges of consumables: when their expiry date no longer allows them to be placed in the normal distribution circuit, they are destroyed and entered as expenses for the period
- for parts: when their corresponding dispenser machines have no longer been manufactured for a significant amount of time and the active inventory of these dispensers is greatly reduced due to their replacement by newer machines, a 100% write-off is applied.
- promotional material is reduced to zero value if not used within two years of its release.

Work in progress

Work in progress only concerns machines manufactured by the Group.

Work in progress is valued on the basis of production series and includes:

- real raw material costs according to a nomenclature adapted to the volume of the series,
- the standard cost of direct labour
- a standard share of indirect production costs.

Trade debts and other

Trade debts are entered at their face value less any write-downs. At the end of the financial year, bad debts are estimated using all overdue payments and all objective information showing that the Group will not be able to recover fully all recorded debt, or recover it based on the original terms.

Provision rules for trade debt are as follows:

- payment delayed by more than 6 months: 50% provision
- payment delayed by more than 12 months: 100% provision
- in the event of bankruptcy, provision of 100% of the non-recoverable amount

Provisions for bad debts are not entered for debts within the Group.

Cash at bank and in hand and investments

Cash and short-term deposits held to term are entered at their face value.

Cash at bank is defined as cash and sight deposits and investments that can rapidly be converted into cash and are exposed to an insignificant risk of depreciation.

In cash flow tables, cash at bank is shown net of short-term debt (overdrafts) owed to banks. These overdrafts are however shown as bank debt in the balance sheet.

Own shares

When own shares are purchased, the shares acquired are deducted from equity.

Provisions

Provisions are established when the Group must pay liabilities resulting from previous events, when an outlay of funds is likely to be necessary to extinguish the liability and when their scope can be estimated accurately.

They are reviewed at closing and adjusted to reflect the best estimate of the obligation.

When the Group anticipates that a provision will be repaid (e.g. under an insurance policy), the ensuing debt is recognised when it is virtually certain.

A warranty provision is established for all products under warranty as of the balance sheet date.

No food-related risks provision has been established.

Benefits

The Group offers a number of fixed-contribution retirement plans to its employees. The Group's contributions to these plans are entered in the results of the relevant financial year.

The Group does not currently foresee any variable-contribution retirement plan and/or for which the face value would not be fully covered.

The premiums paid to certain employees and managers are based on financial or quantitative objectives and are entered as an expense based on an estimate at the balance sheet date.

Stock options

The fair value of stock options is entered in the financial statement as capital for the rights acquisition period and based on the number of options issued. This estimate is revised every six months. The fair value of the stock options is assessed at the date of issue based on the Black & Scholes model.

Deferred taxes

Deferred taxes are calculated under the liability method for all temporary differences between the taxable base of assets and liabilities and their book value entered in the financial reports. The deferred tax is calculated at a standard rate of 34%.

Deferred tax assets are only entered if they are likely to produce sufficient future taxable earnings that offer a tax benefit. Deferred tax assets are reduced to the extent that a related tax benefit is unlikely.

When companies are acquired, provisions for deferred taxes are established on the temporary difference between the real value of the net asset acquired and its taxable base.

Pursuant to IFRS 3 and IAS 12, deferred tax liabilities are entered on the temporary differences resulting from intangible fixed assets valued at their fair value at the time of different corporate groupings effected since December 2004.

Pursuant to the same standards, the Group enters deferred tax assets on the deductible temporary differences resulting from the entry in the consolidated accounts of depreciation of French statutory medium-term assets acquired from third parties.

Financial debt and other

Interest-bearing loans are initially valued at their face value, less related transaction costs. They are subsequently valued at their depreciated cost based on real interest. Any difference between cost and repayment value is entered in the profit and loss account for the lift of the loan based on the real interest rate.

Trade or other debt is entered at face value.

Subsidies received

Subsidies received are only entered if there is reasonable assurance that the company meets the conditions attached for the grant of subsidies and will in all likelihood receive them.

Subsidies are entered on the income side for the years corresponding to the related costs they are meant to offset.

Taxes

Taxes for the year's profits include current tax calculated at the actual rates for the consolidated companies, and deferred tax calculated at the average consolidated rate for the period.

Revenue

Turnover is considered realised when it is likely that the economic gains linked to the transaction will be returned to the Group and when it is possible to determine the revenue accurately. Concerning products and goods for resale, turnover is considered realised when the advantages and risks of the sale are entirely the buyer's responsibility.

LIST OF DIRECTORS AND AUDITORS

(in alphabetical order)		Start of term	End of term
DIRECTORS			
Mr Jean DUCROUX		24 March 1999	28 May 2012
Mr Alain ENGLEBERT	independent	24 March 1999	28 May 2012
Mr Bruno LAMBERT		24 March 1999	28 May 2012
Mr Paul LIPPENS	independent	24 March 1999	28 May 2012
Mr Philippe RENIE		resigned in October 2008	
Mr Philip Percival	took up Philippe Renié's directorship	27 December 2008	28 May 2012
Mr Philippe SEVIN		24 March 1999	28 May 2012
Mr Pierre VERMAUT, President	independent	2 February 2000	28 May 2012
AUDITORS			
B.S.T. Réviseurs d'Entreprises SCPRL (for the statutory accounts), represented by Mrs Pascale TYTGAT		25 May 2009	28 May 2012
B.S.T. Réviseurs d'Entreprises SCPRL (for the consolidated accounts), represented by Mrs Pascale TYTGAT		1 April 1998	24 May 2010

LIST OF PARTICIPATING INTERESTS

1. FULLY CONSOLIDATED COMPANIES

Company	Address	Country	Share of capital held	% change from 2008
Fountain Belgium SA (formerly Fountain First NV)	Avenue de l'Artisanat 13, B-1420 Braine l'Alleud anciennement : Eeklostraat 81 à B-9971 Lembeke	Belgium	100.00 %	
Fountain SA	Avenue de l'Artisanat 17, B-1420 Braine-l'Alleud	Belgium	100.00 %	
Fountain Denmark A/S	Hammerholmen 18E, DK-2650 Hvidovre	Denmark	100.00 %	
Fountain France SAS	Boulevard de la Libération 6, F-93200 Saint Denis (Paris)	France	100.00 %	
Fountain International SA	Avenue de l'Artisanat 17, B-1420 Braine-l'Alleud	Belgium	100.00 %	
Fountain Nord SAS	Avenue de la République 82, F- 59113 Seclin	France	100.00 %	
Fountain Netherlands Holding BV	Baronielaan 139, NL-4818 PD Breda	Netherlands	100.00 %	
Fountain Ouest SAS	Rue de l'Atlantique, Z.A. Pôle Sud F- 44115 Basse Goulaine	France	100.00 %	
Fountain Soleil SAS (1)	Roland Garros 165, F-34130 Mauguio	France	50.00 %	
Okole SARL	Rue Charles de Gaulle 676, F-59840 Premesques	France	100.00 %	
NewCaffé SAS	Avenue du Plateau 18, F-93340 Le Raincy	France	100.00 %	
Fountain Distributie Nederland BV, set up in late December 2009	Pottenbakkerstraat, 9 NL - 4871 Etten-Leur	Netherlands	100.00 %	100.00 %
Slodadis SAS (2)	Chemin de Saint Marc 51-53, F-06530 Pleymeinade	France	100.00 %	66.00 %

(1) Fountain Group has de facto control over the company under a shareholders agreement and a firm call option on its securities
(2) Full balance sheet consolidation at 31/12/2009 following the acquisition in late 2009 of all 66% outstanding shares in this company

2. COMPANIES AT EQUITY

None

3. COMPANIES EXCLUDED FROM CONSOLIDATION (NEGLIGIBLE PARTICIPATING INTERESTS)

Company	Address	Country	Share of capital held	% change from 2008
Fountain Coffee Systems Finland OY (dormant company)	Pakilantie 61, SF-00660 Helsinki	Finland	100.00 %	
Fountain Consumer Appliances Ltd	«Belmont» Upasi Road, Coonor 643 101, India	India	17.98 %	
Fountain Sud (France) SARL (in liquidation)	ZA les Ferrailles, Route de Caumont, F-84800 Isle sur la Sorgue	France	100.00 %	
Fountain USA, Inc	5458 North Magnolia, Chicago Il, USA-60640	USA	100.00 %	

The only one of these associated companies (or joint ventures) with significant activity is Fountain Consumer Appliances Ltd in India, in which the Group owns 17.98%. This company's balance sheet total was 2,237.6 K€ in 2008 (3,072.4 K€ in 2007) and its net result - 73.4 K€ in 2008 (462.4 K€ in 2007). Given the limited visibility of this interest, its value was written off 100% as of 31 December 2007.

NOTES TO THE CONSOLIDATED ACCOUNTS

NOTE 1: SEGMENT INFORMATION

Pursuant to IFRS 8 and in conformity with the decision of the Board of Directors and the Audit Committee of 4 June 2009, the Group considers that it is active in only one primary segment, namely the OCS (Office Coffee System) market, and in a single geographical segment.

Indeed, the secondary segment is based on geographical location. Fountain Group earns more than 95% of its turnover on the European market so there is consequently only one geographical segment. When non-European activity reaches more than 10%, a secondary segment will be created.

NOTE 2: STATEMENT OF TANGIBLE FIXED ASSETS

	Land and buildings	Plants, machinery and equipment	Furniture and fixtures	Other tangible fixed assets	Total
I . TANGIBLE FIXED ASSET TRANSACTIONS					
1. Tangible fixed assets, opening balance 01/01/2008	247.36	541.11	441.04	1 307.99	2 537.51
1.1 Gross value	1 207.01	3 579.86	3 581.21	3 126.73	11 494.82
1.2 Accumulated depreciation	-959.65	-3 038.75	-3 140.17	-1 818.74	-8 957.31
1.3 Accumulated loss in value					
2. Investments		563.88	1 028.64	239.41	1 831.93
3. Acquisitions through company mergers		-13.64	14.08		0.44
4. Transfers		-16.93	-21.25		-38.18
5. Transfers to non-current assets and assets for sale					
6. Transfers to other headings	-0.52	-193.66	159.92	34.26	0.00
7. Transfers through company demergers		-0.20	-0.24		-0.44
8. Depreciation	-45.37	-449.88	-523.99	-235.72	-1 254.96
9. Increase (decrease) resulting from revaluations entered in shareholders' equity					
10. Loss in value reinstated in shareholders' equity					
11. Increase (decrease) resulting from revaluations entered in profit and loss account					
12. Loss in value reinstated in profit and loss account					
13. Increase (decrease) resulting from exchange rate fluctuations			0.01		0.01
14. Other increases (decreases)			2.26		2.26
15. Tangible fixed assets, closing balance 31/12/2008	201.48	430.68	1 100.48	1 345.94	3 078.58
15.1 Gross value	1 206.50	3 627.91	4 254.91	3 623.40	12 712.72
15.2 Accumulated depreciation	-1 005.02	-3 197.24	-3 154.43	-2 277.45	-9 634.14
15.3 Accumulated loss in value					
1. Tangible fixed assets, opening balance 01/01/2009	201.48	430.68	1 100.48	1 345.94	3 078.58
1.1 Gross value	1 206.50	3 627.91	4 254.91	3 623.40	12 712.72
1.2 Accumulated depreciation	-1 005.02	-3 197.24	-3 154.43	-2 277.45	-9 634.14
1.3 Accumulated loss in value					0.00
2. Investments		505.39	675.49	1 272.89	2 453.77
3. Acquisitions through company mergers		65.94	55.11	10.58	131.63
4. Transfers		-15.07	-350.59	-203.47	-569.13
5. Transfers to non-current assets and assets for sale					0.00
6. Transfers to other headings	766.70	-284.49	-14.36	-753.09	-285.24
7. Transfers through company demergers					0.00
8. Depreciation	-73.01	-309.76	-569.40	-451.02	-1 403.19
9. Increase (decrease) resulting from revaluations entered in shareholders' equity					0.00
10. Loss in value reinstated in shareholders' equity					0.00
11. Increase (decrease) resulting from revaluations entered in profit and loss account		14.82	307.23	175.73	497.77
12. Loss in value reinstated in profit and loss account					0.00
13. Increase (decrease) resulting from exchange rate fluctuations					0.00
14. Other increases (decreases)		-24.81	0.05		-24.76
15. Tangible fixed assets, closing balance 31/12/2009	895.17	382.69	1 204.00	1 397.56	3 879.42
15.1 Gross value	1 973.20	3 692.61	4 702.00	4 411.86	14 779.67
15.2 Accumulated depreciation	-1 078.03	-3 309.92	-3 498.00	-3 014.29	-10 900.24
15.3 Accumulated loss in value					
II. OTHER DISCLOSURES					
1. Finance leasing contract	895.17	670.09	0.00	0.00	1 565.26
1.1Net book value	895.17	670.09	0.00	0.00	1 565.26
1.2 Tangible fixed assets acquired under a finance leasing contract	0.00	0.00	0.00	0.00	0.00

The finance leasing contracts entered under “land and buildings” concern the building that is the Group’s registered office (€232 K)

The purchase option at a cost of €514 K + €252.7 K in related expenses was waived in 2009. The amount was transferred in March 2010 to tangible fixed assets.

The finance leasing contracts entered under “plant, machinery and equipment” concern “automatic dispenser” machines. The contracts run for 36 months and contain a purchase option equal to 1% of the financed value.

NOTE 3: STATEMENT OF INTANGIBLE FIXED ASSETS

	Business premises	Goodwill	Development costs	Trademarks	Patents and other rights	Software	Total
I . INTANGIBLE FIXED ASSET TRANSACTIONS							
1. Intangible fixed assets, opening balance 01/01/2008	6 994.94	20 512.35	303.69	94.93	39.77	1 130.95	29 076.63
1.1 Gross value	10 806.07	20 594.47	1 238.03	11 483.52	63.84	2 353.81	46 539.74
1.2 Accumulated depreciation	-3 811.13	0.00	-934.34	-11 388.59	-24.07	-1 222.86	-17 380.98
1.3 Accumulated loss in value	0.00	-82.12	0.00	0.00	0.00	0.00	-82.12
2. Internally generated investments							0.00
3. Investments	7.25	112.48	65.58			395.05	580.36
4. Acquisitions through company mergers							0.00
5. Transfers						-26.67	-26.67
6. Transfers to non-current assets and assets for sale							0.00
7. Transfers through company demergers							0.00
8. Adjustments resulting from subsequent recognition of deferred tax assets							0.00
9. Depreciation	-1 022.67		-139.05	-31.64	-5.23	-327.57	-1 526.16
10. Increase (decrease) resulting from revaluation entered as shareholders' equity							0.00
12. Loss in value reinstated in shareholders' equity							0.00
13. Loss in value entered in profit and loss account		-330.00					-330.00
14. Increase (decrease) resulting from exchange rate fluctuations	0.37						0.37
15. Other increases (decreases)	-15.25				-24.39	39.63	0.00
16. Intangible fixed assets, closing balance 31/12/2008	5 964.64	20 294.83	230.23	63.29	10.16	1 211.39	27 774.53
16.1 Gross value	10 701.39	20 706.95	1 303.61	11 483.52	39.45	2 664.28	46 899.20
16.2 Accumulated depreciation	-4 736.75		-1 073.39	-11 420.23	-29.29	-1 452.89	-18 712.55
16.3 Accumulated loss in value		-412.12					-412.12
1. Intangible fixed assets, opening balance 01/01/2009	5 964.64	20 294.83	230.23	63.29	10.16	1 211.39	27 774.53
1.1 Gross value	10 701.39	20 706.95	1 303.61	11 483.52	39.45	2 664.28	46 899.20
1.2 Accumulated depreciation	-4 736.75	0.00	-1 073.39	-11 420.23	-29.29	-1 452.89	-18 712.55
1.3 Accumulated loss in value	0.00	-412.12	0.00	0.00	0.00	0.00	-412.12
2. Internally generated investments							0.00
3. Investments	600.00	356.92	13.50			450.62	1 421.04
4. Acquisitions through company mergers	915.54						915.54
5. Transfers							0.00
6. Transfers to non-current assets and assets for sale	222.61						222.61
7. Transfers through company demergers							0.00
8. Adjustments resulting from subsequent recognition of deferred tax assets							0.00
9. Depreciation	-1 739.48		-117.86	-31.64	-5.23	-517.04	-2 411.25
10. Increase (decrease) resulting from revaluation entered as shareholders' equity							0.00
12. Loss in value reinstated in shareholders' equity							0.00
13. Loss in value entered in profit and loss account		-240.00					-240.00
14. Increase (decrease) resulting from exchange rate fluctuations	0.20						0.20
15. Other increases (decreases)					24.40		24.40
16. Intangible fixed assets, closing balance 31/12/2009	5 963.51	20 411.75	125.87	31.64	29.33	1 144.97	27 707.08
16.1 Gross value	12 439.74	21 063.87	1 317.11	11 483.52	63.85	3 114.90	49 482.99
16.2 Accumulated depreciation	-6 476.23	0.00	-1 191.25	-11 451.87	-34.52	-1 969.92	-21 123.79
16.3 Accumulated loss in value	0.00	-652.12	0.00	0.00	0.00	0.00	-652.12

The Group conducts impairment tests every year. If these tests show that the net book value of a fixed asset is higher than its economic value and that there is nothing to show that this difference is temporary, the net book value is reduced to its economic value by entering a charge for the period.

Impairment tests are based on updates of the capital costs (9.37% after taxes in 2008 and 8.13% in 2009) of free cash flows over five years generated by intangible assets, taking account of the asset's estimated withdrawal value. Since these (goodwill and business premises) are generated at different Group levels, they are brought back down to licenses and the distribution companies in proportion to their percentage of the whole. The net book value of machines provided under leasing arrangements are also entered at the level of the distribution companies.

Since Fountain Group is integrated in industrial terms, free cash flows generated upstream at the license level are taken into account for the impairment test of each distributor.

The Group entered an impairment of €240 K in 2009 on the goodwill of its subsidiaryNewCaffè sa (France).

Trademarks are tested on the basis of the royalties collected.

At the transition date to IFRS (31/12/2003), the intangible values (business premises, trademarks and goodwill) represented a net book value of 41.4% of their gross book value.

Software: the SAP project launched in 2007 was amortised from its production start-up date (May 2008).

NOTE 4: CURRENT AND NON-CURRENT FINANCIAL ASSETS

Other financial assets	Shares	Securities other than shares	Loans	TOTAL
I. FINANCIAL ASSET TRANSACTIONS				
1. Financial assets, opening balance 01/01/2008	3.50	8.19	84.04	95.73
2. Investments	202.45		16.61	219.05
3. Acquisitions through company mergers	-2.74			-2.74
4. Transfers	-197.39			-197.39
5. Transfers to other headings		-8.14		-8.14
6. Transfers through company demergers				0.00
7. Goodwill in associated companies				0.00
8. Increase (decrease) resulting from change in fair value				0.00
9. Share in net result				0.00
10. Loss in value			-168.17	-168.17
11. Increase (decrease) resulting from exchange rate fluctuations				0.00
12. Other increases (decreases)	-1.30		81.76	80.46
13. Financial assets, closing balance 31/12/2008	4.51	0.05	14.23	18.79
13.1.1 Gross value	140.55	0.05	182.40	323.00
13.1.2 Accumulated loss in value	-136.04	0.00	-168.17	-304.21
13.2.1 Net non-current financial assets	4.51	0.05	14.23	18.79
13.2.2 Net current financial assets				
1. Financial assets, opening balance 01/01/2009	4.51	0.05	14.23	18.79
2. Investments	0.06		284.02	2 865.32
3. Acquisitions through company mergers	0.00			0.00
4. Transfers				-2 526.01
5. Transfers to other headings			-353.47	-353.47
6. Transfers through company demergers				0.00
7. Goodwill in associated companies				0.00
8. Increase (decrease) resulting from change in fair value				0.00
9. Share in net result				0.00
10. Loss in value	0.54			0.54
11. Increase (decrease) resulting from exchange rate fluctuations				0.00
12. Other increases (decreases)	0.05			0.05
13. Financial assets, closing balance 31/12/2009	5.16	0.05	0.01	5.21
13.1.1 Gross value	140.65	0.05	168.17	308.88
13.1.2 Accumulated loss in value	-135.50	0.00	-168.17	-303.67
13.2.1 Net non-current financial assets	5.16	0.05	0.00	5.21
13.2.2 Net current financial assets				

NOTE 5: CURRENT AND NON-CURRENT FINANCIAL ASSETS

	Historic cost valuation	
	31/12/09	31/12/08
I. OTHER NON-CURRENT FINANCIAL ASSETS	195.86	232.91
1. Financial assets at historic cost	5.16	4.51
1.1 Shares	5.16	4.51
1.2 Securities other than shares		0.00
1.3 Other fixed financial assets		
2. Loans and receivables	0.00	14.23
3. Available-for-sale financial assets	190.70	214.17
3.1Shares		
3.2 Securities other than shares		
3.3 Other fixed financial assets	190.7	214.17
II. OTHER CURRENT FINANCIAL ASSETS		
1. Available-for-sale financial assets	0.05	0.05
1.1 Shares		
1.2 Securities other than shares	0.00	0.00
1.3 Other fixed financial assets	0.05	0.05

NOTE 6: AVAILABLE-FOR-SALE NON-CURRENT ASSETS

	2009	2008
Business premises	0.00	0.00
of which gross value	0.00	0.00
of which accumulated depreciation	0.00	0.00
Companies for sale	0.00	0.00

NOTE 7: INVENTORY

	2009	2008
I. INVENTORY NET AMOUNTS	3 218.30	3 952.58
1. Gross book value	4 950.63	5 764.87
1.1 Goods for resale	2 742.42	2 719.74
1.2 Production supplies		
1.3 Raw materials	204.82	421.21
1.4 Work in progress		
1.5 Finished goods	2 003.39	2 623.92
1.6 Other inventory		
2. Write-downs	-1 732.33	-1 812.29
2.1 Goods for resale	-439.15	-488.61
2.2 Production supplies		
2.3 Raw materials	0.00	-87.80
2.4 Work in progress		
2.5 Finished goods	-1 293.18	-1 235.88
2.6 Other inventory		

NOTE 8: CURRENT NET ACCOUNTS RECEIVABLE

	2009	2008
I. CURRENT NET ACCOUNTS RECEIVABLE	4 138.35	5 519.97
1. Current gross receivable	6 157.02	7 705.61
2. Accumulated value corrections	-2 018.67	-2 185.64

NOTE 9: CASH AND CASH FLOW EQUIVALENTS

	2009	2008
Cash on hand	15.49	10.09
Bank balance	3 213.47	3 528.62
Short-term accounts		
Other cash and cash equivalents		
TOTAL	3 228.96	3 538.71

NOTE 10: CAPITAL AND WARRANT PLANS

(in EUR)	2009	2008
Number of shares issued	1 660 360	1 660 360
Number of warrants allotted	0	134 545
Number of warrants exercisable at 31 December	0	0
Number of diluted shares	1 660 360	1 660 360

The shares do no have face value.

There have been no active warrant plans since financial year 2008.

In 2009, the Board did not deliberate on any resolutions pertaining to the provisions of Articles 523, 524 and 524(b) of the Company Code.

NOTE 11: LIABILITIES AND CREDITORS

Situation December 2009	1 year or less	1 to 5 years	More than 5 years	TOTAL
I. LIABILITIES WITH INTEREST ACCORDING TO TERM				
1. Bank loans	6823.67	4626.62		11 450.29
3. Lease finance contracts	331.23	338.86		670.09
4. Other loans	0.00	495.93		495.93
TOTAL	7 154.90	5 461.41	0.00	12 616.31
II. SUPPLIERS AND OTHER CREDITORS ACCORDING TO TERM				
1. Suppliers	3769.28			3 769.28
2. Advances received		58.30		58.30
3. Other creditors	3257.02	87.42		3 344.44
TOTAL	7 026.30	145.72	0.00	7 172.02

Situation December 2008	1 year or less	1 to 5 years	More than 5 years	TOTAL
I. LIABILITIES WITH INTEREST ACCORDING TO TERM				
1. Bank loans	6 246.43	6 831.60		13 078.03
3. Lease finance contracts	147.94	266.80		414.74
4. Other loans	296.34	1 095.40		1 391.74
TOTAL	6 690.72	8 193.80	0.00	14 884.52
II. SUPPLIERS AND OTHER CREDITORS ACCORDING TO TERM				
1. Suppliers	2 871.56			2 871.56
2. Advances received		51.33		51.33
3. Other creditors	2 019.37	735.28		2 754.65
TOTAL	4 890.93	786.61	0.00	5 677.54

NOTE 12: PROVISIONS

	Guarantee provisions	Restructuring provisions	Litigation provisions	Other provisions	Total
I. PROVISIONS					
1. Provisions, opening balance	60.56	61.22			121.78
2. Supplementary provisions	19.69	291.83			311.52
3. Increase (decrease) in existing provisions	-66.87	-61.22			-128.09
4. Other increases (decreases)	69.66				69.66
5. Provisions, closing balance	83.04	291.83	0.00	0.00	374.87
5.1 Non-current provisions, closing balance	83.04	291.83			374.87
5.2 Current provisions, closing balance					0.00

The EEIG Fountain Distribution Center is in litigation with the French tax authorities over an amount of € 0.2 million at most for financial years 2003 and 2004. This amount was entered as debt and tax claims.

The litigation concerns the business tax. According to the reasoned opinion drawn up by the company's counsel, which presents a number of arguments, the rectifications proposed by the French tax administration are ill-founded. The business tax is no longer applied from 1 January 2010. The estimated risk for the years from 2003 to 2009 is €400 K.

NOTE 13: NON-CURRENT OBLIGATIONS RESULTING FROM POST-EMPLOYMENT BENEFITS

Due to a change in French legislation on conditions for the retirement of employees, with effect from 1 January 2010, the provision for pension commitments in French companies is established on the basis of the new regulation applicable from 2010. This resulted in a cancellation of provision in the profit and loss account in the amount of € 217 K.

NOTE 14: LIABILITIES INCLUDED IN GROUPS TO BE TRANSFERRED, HELD FOR SALE

Not applicable in 2009

NOTE 15: GROUP AGGREGATE NET TURNOVER IN BELGIUM

	2009	2008
Addition of sales in Belgium	8 367.70	8 816.61

NOTE 16: PERSONNEL EXPENSES AND POST-EMPLOYMENT BENEFITS

Personnel expenses	2009	2008
TOTAL	-9 961.45	-9 910.64

The Group is implementing a number of fixed-contribution pension plans for its employees. The Group's mandatory contributions to these retirement plans are entered in the profit and loss account of the related financial year.

The expenses under this heading for financial year 2009 amounted to €152.19 K.

NOTE 17: AVERAGE PERSONNEL HEAD COUNT

Average personnel head count (in full-time equivalents)	2009	2008
Average personnel head count in fully consolidated companies	207.42	228.68
Management staff	12.00	10.00
Employees	177.52	205.95
Workmen	17.90	12.73
Average personnel head count in Belgium	72.34	76.63

NOTE 18: OTHER OPERATING EXPENSES

	2009	2008
Rent	782.95	909.81
Transport, vehicle and related costs	2 292.42	2 528.48
Fees	972.32	954.57
Advertising and marketing expenses	385.95	669.65
Taxes (other than taxes on profit)	268.05	283.61
Allocation to/reversal of provision	18.10	557.98
Exceptional impairment due to a misappropriation of funds (see above)	0.00	1 126.51
Other	2 736.01	2 580.13
TOTAL	7 455.81	9 610.75

For 2009, the fees paid to the auditor amounted to €23 K for the statutory accounts and €26 K for consolidated accounts.

EXCEPTIONAL IMPAIRMENT AS A RESULT OF A MISAPPROPRIATION OF FUNDS (SEE ABOVE)

"The exceptional impairment recorded in 2008 is related to a misappropriation of funds brought to light in 2008, notwithstanding the legal and administrative actions under way.

In 2009, the company in which the misappropriation occurred was completely reorganised and new internal audit procedures were put in place.

A complaint was lodged against the presumed offenders and the judicial procedures are under way."

NOTE 19: PROFIT (LOSS) ON TRANSFERS OF NON-CURRENT ASSETS NOT HELD FOR SALE

	2009	2008
Profit (loss) on transfers of non-current assets not held for sale	**-24.03**	**-20.57**
Transfers of participating interests		
Other transfers of assets	-24.03	-20.57

In 2008, the Group entered a loss of €20.6 K on transfers of assets related primarily to the merger of Fountain Océan and FODIS.

In 2009, the Group entered losses on the transfer of various intangible assets in France.

NOTE 20: OTHER NON-OPERATING EXPENSES

	2009	2008
Other non-operating expenses	**-788.08**	**-21.34**
Expenses related to the reorganisation of companies	-504.32	-21.34
Expenses related to the cessation of NESPRESSO collaboration	-107.00	
Expenses related to the misappropriation	-122.85	
Other	-53.91	

These expenses include costs resulting from the misappropriation of funds detected in 2008, costs of the internal reorganisation and restructuring following this misappropriation, costs relating to the merger and integration of companies in the Group and costs related to the cessation of collaboration with Nespresso in 2007.

NOTE 21: RECOGNITION OF FINANCIAL INSTRUMENTS PURSUANT TO IAS 39

The company partially hedged its interest rate risks through two Interest Rate Swaps (IRS) with nominal amounts of €3 million and €4.2 million respectively and expiring in October 2011. Pursuant to IAS 39, the effectiveness of these two IRS was checked with the assistance of an independent specialised firm. This verification concluded that the two IRS were effective within the meaning of IAS 39 and the change in market value of the two IRS was therefore entered as equity.

NOTE 22: TAX ON PROFIT

DETAILS OF TAX EXPENSES IN PROFIT AND LOSS ACCOUNT

	2009	2008
Current tax for the year in progress	-1 707.32	-1 210.43
Current tax for previous years	808.19	484.81
Deferred tax for the year in progress	-509.98	-1 150.18
Deferred tax for previous years		
Transfers to deferred tax	736.01	1 568.08
TOTAL	-673.10	-307.72

DEFERRED TAX ASSETS NOT RECOGNISED

	2009	2008
Fountain Denmark	76.10	31.94
Fountain Soleil	71.32	50.22
Slodadis	84.22	0.00
TOTAL	231.64	82.17

DETAILS ON DEFERRED TAXES BY KIND

	2009		2008	
BALANCE SHEET	Assets	Liabilities	Assets	Liabilities
Provisions	240.31		630.56	
Inventory	253.87		215.25	
Unprofitable companies	218.87		869.10	
Statutory [1]	976.26		1 154.02	
Business premises	720.07	340.00	612.09	1 357.29
Other	99.22			
TOTAL	2 508.60	340.00	3 481.02	1 357.29
PROFIT AND LOSS ACCOUNT	Charges	Incomes	Charges	Incomes
Inventory	239.63	253.87	408.88	215.25
Provisions [2]	88.49		83.24	157.12
Unprofitable companies		81.77		395.19
Statutory	177.76		658.01	0.00
NCF litigation		99.22		382.00
Other	4.10			
Business premises and goodwill		301.16		418.52
TOTAL	509.98	736.02	1 150.13	1 568.08

(1) Deferred tax assets for Fountain Netherlands Holding, corresponding to the difference between amortisation and tax depreciation of brands.
(2) Deferred taxes calculated on provisions for pension commitments.

Deferred tax assets are recognised for unprofitable companies in year N only if the budget stipulates a return to a net profit in the short term. If this is not the case, no deferred tax asset is recognised.

Fountain Group applies the integrated profits system in France, which has given rise to a deferred tax asset amounting to €0.8 million at end 2009.

On the basis of the favourable opinion of our counsel in France, a deferred tax asset of 33% (€0.4 million) was calculated on the impairment recognised in 2008 resulting from the misappropriation of funds.

The Group has recoverable tax losses on Fountain Denmark, Fountain Brussels and Fountain France.

RECONCILIATION OF TAX EXPENSES:

	2009	2008
Profit before tax:	**1 244.60**	**1 325.72**
Parent company tax rate: 33.99 %		
Theoretical taxes	-423.04	-450.61
Tax refund in Netherlands (NL)		53.97
Statutory deferred taxes NL	-177.76	0.00
France: Carry back	0.00	98.50
Unprofitable company without allocation of deferred tax assets	-149.47	-82.17
Depreciations of goodwill	-81.60	-112.20
Unlisted expenditure and other differences	158.77	184.79
TAXES ENTERED IN PROFIT AND LOSS ACCOUNT	-673.10	-307.72

NOTE 23: RIGHTS AND COMMITMENTS OFF-BALANCE SHEET

(in EUR)	2009	2008
Personnel guarantees established or irrevocably promised as debt collateral	10 727.56	13 644.18
Actual guarantees established or irrevocably promised by the Group on its assets as a commercial company, consolidated by credit institutions	5 314.50	4 095.64
Assets held by third parties in their name but at the risk and profit of the Group, if not entered in the balance sheet	299.90	1 747.46
Commitments for the transfer of fixed assets		
Commitments for the acquisition of fixed assets		
Rights resulting from transactions relating to company acquisitions		
Interest rate swap	7 200.00	7 200.00
Other commitments	293.41	142.33
Rights resulting from the transfer of business premises	0.00	0.00
Commitments resulting from transactions relating to stock option plans	0	0 0 warrants

NOTE 24: RELATIONS WITH AFFILIATED COMPANIES

	2009	2008
With affiliated companies		561.98
Long-term debt	0.00	0.00
Short-term debt	0.00	561.98
With companies in which the Group owns shares but which are not consolidated	1.72	1.19
Shares	1.72	1.19
Long-term debt	0.00	0.00
Short-term debt	0.00	0.00

The Group acquired in 2009 all 66% outstanding shares in Slodadis s.a. in France. As a result, the balance sheet of Slodadis was fully consolidated for the first time as at 31/12/2009.

NOTE 25: FINANCIAL RELATIONS WITH THE DIRECTORS OF THE CONSOLIDATING COMPANY

(in EUR)	2009	2008
Total compensation for service	161.5	150.0
Total advances and credits granted by the consolidating company or a subsidiary		

Further to the capital increase of €0.7 million on 16 May 2008 (issue of 44,400 shares further to the exercise of 44,400 warrants by Syren SPRL represented by Mr Pascal Wuillaume C.E.O. of Fountain Group), the total number of shares making up the share capital of Fountain SA rose to 1,660,360.

NOTE 26: EVENTS AFTER THE END OF THE FINANCIAL YEAR

No important event occurred after the end of the financial year.

NOTE 27: ADDITIONAL INFORMATION ON ACQUISITIONS

“The 2009 results include the six-month integration from 1 July 2009 of Fountain Sud (Belgium), acquired in June.

On 29 December 2009, the Group acquired all 66% outstanding shares in Slodadis, a distributor of Fountain products in the Provence-Alpes-Côte d'Azur region in France.

The Group also created a subsidiary, Fountain Distributie Nederland, at the end of December 2009. Its activities were launched in 2010. Its results will be consolidated from 1 January 2010 and consequently have no impact on results for 2009.”

NOTE 28: ADDITIONAL INFORMATION ON BUSINESS COMBINATIONS

The different business combinations implemented by the Group are intended to simplify organisation and to allow management savings over the longer term.

In 2009, Fountain Sud s.a. (Belgium), acquired on 30 June 2009, was merged with Fountain Belgium s.a. as from 1 July 2009.

NOTE 29: RESTATEMENT OF POSITIONS AFTER THE END OF THE YEAR

Not applicable

NOTE 30: TRANSACTIONS WITH AFFILIATED PARTIES ON OTHER THAN MARKET TERMS

In accordance with the Royal Decree of 10 August 2009 amending the Royal Decree of 30 January 2001 implementing the Company Code and Royal Decree of 12 September 1983 determining the content and presentation of a standardised minimum system of accounts, after review and analysis, it is confirmed that the Group did not effect any transactions with affiliated parties on other than market terms that must be disclosed in this report. Furthermore, after analysis by the representatives of the Audit and Nomination/Remuneration Committee, it is confirmed that no remuneration was paid by the Group to its directors on other than market terms.

NOTE 31: RISK MANAGEMENT

The Group, through its activity of selling and hiring out machines serving hot and cold drinks made from freeze-dried or fresh products, is exposed to food risks. Accordingly, it only purchases from certified producers and does not perform any processing apart from repackaging in some cases in respect of applicable standards. The company applies HACCP procedures to control food risks and is registered with the Federal Agency for Food Chain Safety, which carries out regular inspections in this area. Furthermore, the Group only sells drink dispensers manufactured by specialised suppliers, in application of standards in the country where the machines are marketed. The Group also has post-delivery civil liability insurance.

There is no hedging on the supply of products or machines given the limited risks of shortages and the limited risk of price fluctuations.

The Group hires out to its customers drink dispensers that remain its property. The risk of loss or damage to these machines is kept to a minimum through regular follow-up of contracts on the machines placed with customers and through regular visits to customers by product sales representatives and maintenance technicians.

The Group's turnover is earned with a very large number of customers in small amounts, so the risk of non-recovery of debt claims can be kept within reasonable limits through the application of regular monitoring of claim recovery. Consequently, the Group does not hedge against the risk of payment default.

The Group resorts to external financing from financial institutions like banks. Its indebtedness is reasonable compared to its balance sheet structure. Financing is contracted at either fixed or floating rates. For financing with a floating rate, the Group covers the bulk of risk through IRS contracts. It partially hedged its interest-rate risks through two IRS contracts with nominal amounts of €3.0 million and €4.2 million respectively, expiring in October 2011.

Since Fountain Group is active primarily in euro zone countries, with the main exception of its subsidiary in Denmark, exposure to exchange-rate risk is insignificant. There is consequently no hedging against such risk.

SHAREHOLDERS AGENDA

	Date
Publication of Annual Report 2009	1 May 2010
Annual General Meeting	31 May 2010
Dividend payout	June 2010
Announcement of 2010 half-yearly results	26 August 2010
Announcement of 2010 annual results	mid-March 2011

ANNUAL ACCOUNTS 2009 (ABBREVIATED VERSION)

The annual accounts of Fountain SA (previously Fountain Industries Europe SA) for financial year 2009 are reproduced in their abbreviated version in conformity with Article 105 of the Company Code.

Pursuant to Belgian law on corporations, the company's management report and annual statutory accounts, as well as the auditor's report, are filed with the National Bank of Belgium and kept at the company's registered office, at the disposal of its shareholders.

The auditor gave an unqualified audit opinion on Fountain SA's accounts.

1. STATUTORY BALANCE SHEET (after appropriation)

(in EUR K)	2009	2008	2007
FIXED ASSETS	47 082	46 727	50 121
I. Formation expenses	0	0	0
II. Intangible fixed assets	1 282	1 475	437
III. Tangible fixed assets	1 458	1 058	2 064
IV. Financial fixed assets	44 341	44 194	47 620
CURRENT ASSETS	10 945	11 386	14 092
V. Long-term debt	0	450	5 169
VI. Inventory and orders in progress	1 857	2 530	494
VII. Short-term debt	7 981	8 090	8 338
VIII. Investments	0	0	0
IX. Cash at bank and in hand	1 012	214	9
X. Prepaid expenses	94	102	82
TOTAL ASSETS	58 026	58 113	64 213

(in EUR K)	2009	2008	2007
CAPITAL	44 917	45 113	44 201
I. Capital and reserves	23 556	23 556	22 928
II. Share premium account	107	107	32
III. Revaluation surpluses			
IV. Reserves	5 339	5 283	5 206
V. Profit carried forward	15 915	16 167	16 035
VI. Investment subsidies			
PROVISIONS, DEFERRED TAXES	53	58	82
VII. A. Provisions for liabilities and charges	53	58	82
VII. B. Deferred taxes	0	0	0
CREDITORS	13 056	12 942	19 930
VIII. Long-term debt	3 358	4 365	8 670
IX. Short-term debt	9 621	8 492	11 145
X. Prepaid income	77	86	115
TOTAL LIABILITIES	58 026	58 113	64 213

2. PROFIT AND LOSS ACCOUNT (after appropriation)

(in EUR K)	2009	2008	2007
I. TURNOVER	16 410	20 472	19 359
A. Turnover	15 976	17 889	17 671
B. Increase (+), decrease (-) of goods in progress, finished products and orders in progress	-405	1 577	-7
C. Capitalised production costs	0	101	105
D. Other operating income	840	905	1 590
II. OPERATING EXPENSES	14 207	17 605	15 083
A. Procurement	8 911	12 108	10 223
B. Services and miscellaneous goods	2 283	2 150	2 670
C. Compensation, social security charges and pensions	1 948	1 773	1 864
D. Depreciations and write-offs on fixed assets (allocations +, reversals -)	1 124	743	456
E. Depreciation and write-offs on inventory and receivables (allocations +, reversals -)	-93	772	-126
F. Increase (+), decrease (-) in provisions for liabilities and charges	-5	-24	-34
G. Other operating expenses	39	84	29
III. OPERATING PROFIT (LOSS)	2 204	2 867	4 276
IV. Financial income		343	404
V. Financial expenses		-795	-886
VI. OPERATING PROFIT (OPERATING LOSS)		2 415	3 795
VII. Extraordinary income		149	204
VIII. Extraordinary charges		-192	-1 024
IX. PROFIT (LOSS) BEFORE TAXES		2 373	2 974
IX.bis Transfers to/from deferred taxes & latent taxation			23
X. Tax on profit		-836	-1 071
XI. PROFIT (LOSS) FOR THE YEAR		1 537	1 926
XII. Transfers to/from immune reserves			46
XIII. PROFIT (LOSS) FOR APPROPRIATION		1 537	1 972
A. Transfer to legal reserve	-57	-77	-99
B. Transfer to other reserves			
C. Dividend	-1 328	-1 328	-1 293
D. To be carried forward	15 915	16 167	16 035

3. CAPITAL HISTORY

		Number of shares	Total number of shares	Amount of capital
A. SUBSCRIBED CAPITAL				
23 March 1972	Incorporation	600	600	600 000 BEF
26 September 1980	Inclusion of reserves in capital	0	600	5 000 000 BEF
24 December 1986	Capital increase	12	612	5 100 000 BEF
	Capital decrease	-580	32	266 675 BEF
	Inclusion of reserves in capital	0	32	1 250 000 BEF
15 February 1995	Split of shares; 125 new for one old	0	4 000	1 250 000 BEF
19 December 1997	Capital increase	1 328 000	1 332 000	416 250 000 BEF
24 March 1999	Capital increase (exercise of warrants)	88 730	1 420 730	490 525 883 BEF
27 April 1999	Capital increase (IPO)	250 000	1 670 730	576 842 176 BEF
	Inclusion of reserves in capital	0	1 670 730	1 055 284 483 BEF
	Conversion of capital into euros	0	1 670 730	26 159 819.01 €
26 December 2001	Cancellation of shares	(54 770)	1 615 960	26 159 819.01 €
16 August 2006	Capital decrease		1 615 960	22 927 899.01 €
16 May 2008	Capital increase (exercise of warrants)	44 400	1 660 360	23 355 772.98 €
B. UNSUBSCRIBED AUTHORISED CAPITAL				
Extraordinary General Meeting of 24 March 1999 confirmed by Extraordinary General Meetings of 30 May 2001 and 14 December 2005				7 436 806 €

4. SECURITIES PORTFOLIO

	Number of shares held	Percentage participation	Equity on 31 December 2009(1)	2009 result
Fountain France SAS	6	0.06 %	11 356.21 K€	1 076.82 K€
Fountain International SA	1	0.08 %	858.40 K€	292.53 K€
Fountain Netherlands Holding BV	60 000	100.00 %	18 165.68 K€	728.81 K€

(1) Any dividends with respect to 2009 are not deducted from the equity of the companies concerned.

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