FOUNTAIN

Message from the Chairman

2012 was a difficult year for our group, but it also helped to build the foundations for healthy growth in the years to come.

Turnover is stable, despite the integration of a full year of turnover generated by recent acquisitions.

The REBITDA fell by 22% compared with 2011, mainly due to the fact that the acquisitions of FG2 and FDE were incorporated into the group and, as a result, the plans to take these acquisitions to a level of profitability comparable with Fountain's, were delayed.

Despite these disappointing results, the net financial debt has fallen slightly, notwithstanding the acquisition of 50% of the shares in Fountain Soleil in Montpellier.

The purchase of our distributor for the Bordeaux region at the beginning of 2013 will complete the creation of a commercial framework across France that means we will be able to complete 70% of sales in this country through our own organisation.

In recent years, the group's turnover has seen negative growth if we exclude the impact of the acquisitions.

With the arrival of Paul Baeck as the new CEO, the company's strategy for the years to come will mainly focus on winning the market back and increasing our turnover. In September 2012, the Board of Directors approved a new business plan called "Kaffa 2017", which includes considerable commercial investment in French and Belgian markets, coupled with measures designed to simplify the group's organisation and improve efficiency. This plan will see positive results in the company's accounts over time, but the goal is to increase turnover by more than 50% between now and 2017, and double the REBITDA.

Implementing this plan will demand considerable financial resources. To contribute to this, the Board of Directors will recommend to the General Meeting that dividends are not distributed for 2012.

Lastly, I am delighted to welcome Anne-Sophie Pijcke to the Board of Directors. She will be able to contribute her considerable experience to the Board, particularly in terms of Corporate Governance.

Unfortunately, Bruno Lambert has stood down as Director following his departure from Syntegra Capital to take on an important role in the Grand Duchy of Luxembourg. Bruno joined Fountain's Board in 1997 and has played an active part in the group's development. We would like to thank him for all his hard work.

To sum up, I would like to thank all of our employees for their hard work this year, and also our shareholders for their confidence in our group.

Pierre VERMAUT

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Message from Paul Baeck[1], CEO of the Fountain group

2012 was a difficult year for Fountain. The economic environment was very complicated which, even more so than in 2009, had a huge impact on our business. Alongside this, we have also launched the Kaffa 2017 plan, which, like any programme introducing change, entails a period of uncertainty for employees, but also for all of our partners, which has also had an impact on our activities. To sum up, 2012 was a year of transition, but we are absolutely convinced that the launch of the plan in 2012 should help us limit and control these impacts in 2013.
The turnover for 2012, down by more than 6% at constant scope, is still heavily influenced by the economic difficulties encountered by small and medium-sized businesses; the loss of several hundred thousand jobs in our main markets automatically affects the number of consumers.
Today, we are not seeing any reduction in coffee consumption within the working population, but many small businesses have nevertheless taken drastic decisions about getting rid of distributors, going back to traditional coffee percolators. But they have also decided to reduce purchases of additional products such as milk, sugar, biscuits and cups.

This erosion of our group of smaller clients is hard to control, which makes it even more important to develop new business, on the basis of our current products and services, but also thanks to the launch of automatic distribution. The launch of this new range in the 4th quarter of 2012 is starting to show very encouraging results, allowing us to sign more than 40 contracts with new clients.
For larger clients, our presence on the ground as well as the quality of our service have helped to limit the erosion: under 1% of our key accounts have decided to stop working with us and, where they have, it is usually due to a cost-reduction plan or because they have ceased trading.
The integration of the businesses taken over in May 2011, namely FG2 and FDE in Lyon and Nancy, was particularly difficult because of the fundamental differences between Fountain's traditional business model and the business model introduced by the previous owners. This meant that we had to change the company's organisation and product range completely. The transfer of these businesses to our IT / SAP system began at the end of 2012, and was finalised during the 1st quarter of 2013.

When I arrived in April 2012, after a period of intense discovery, working with the management committee, we submitted a new strategy for the Fountain group to the board of directors. It is important to understand that this is above all a concerted plan to transform the company. Whether in terms of its legal structure, its way of working, its management of priorities or its commercial responsiveness, Fountain has had to find a new lease of life at all levels of the company, mainly on the 2 main markets of France and Belgium.

The Kaffa 2017 plan, launched at the end of September 2012, will mainly focus on 2 main aspects: transforming the operational model and focusing on a new commercial strategy, both supported by a marketing policy that really stands out.

The main goals are to re-establish Fountain's position in the business service market, develop business and increase turnover, with a target of over 50% by 2017.

The commercial strategy

In order to rekindle growth, a new commercial approach, based on an in-depth study of the market and the expectations of our current as well as prospective clients, has been finalised. This approach mainly includes focusing on what makes the company stand out, the quality of its services and its commitment to listening to the client. In order to rekindle the development of our client portfolio, we appointed 8 sales representatives at the beginning of 2013, and 16 more will be appointed at the end of 2013 and during the course of 2014. They will mainly be working with businesses with more than 50 employees, which has not previously been our target market. For this reason, we have also decided to pursue the development of automatic distribution within our range.

The distribution model

We are continuing to develop telesales, and have taken the decision to invest in a new online store with a view to developing our online sales. These two channels are supported by a reorganisation process that is currently being finalised, affecting various logistics platforms in the north of France, allowing delivery within 24 hours to our French, Belgian and Dutch clients. The product vendor model that we have known until now will evolve to become a high-end service incorporating a range of new services, such as supplying complete drinks solutions as well as cleaning and preventive maintenance for machines. This will also help support the development of the automatic distribution concept that has been growing since the takeover of 2 companies in the Lyon region in 2011. Automatic distribution involves providing businesses or communities with drinks machines that are maintained and

restocked by our teams.

Geographical location

France and Belgium remain the priority countries in terms of growing our business.
Business in the Netherlands is conducted by the Belgian organisation, thus creating a Benelux entity. This results in the achievement of economies of scale, but most importantly, it means that our Dutch independent distributors can enjoy the benefits of a more dynamic organisation and more comprehensive range. In Denmark we are continuing to develop our business and launching a market research study that should help us make a decision on our future strategy during the course of 2013.

Commercial, operational and administrative organisation

After several years of stagnation, the transformation of the operational model is the key to taking up the challenge of growth.
In 2013, the different French subsidiaries are in the process of regrouping into a single entity. This restructuring will improve the group's cohesion and the feeling of belonging, and will facilitate the national commercial approach as well as optimised financial and administrative management.
We have created a national commercial organisation for France, under the responsibility of a commercial director and organised into regional divisions, whose main goals are to improve customer relations and find new clients. The general services are in the process of being reorganised into specific areas of expertise, such as telesales for example.
Benelux has been reorganised using the same model as France.
Marketing, purchasing, logistics, IT and management control continue to be managed at group level.

To sum up, 2012 was all about questioning, changing, finding a new lease of life, making difficult decisions. Above all, it was about putting together an ambitious plan, supported by a strong team combining the experience of old hands with the creativity of newcomers.

(1) *representing Bluepack Consulting sprl*

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About Fountain

Profile, company details and declaration of compliance

Profile

The Fountain Group has a presence in France, Belgium and the Netherlands, as well as in other European countries and other countries outside Europe. It markets vending machines for coffee and other drinks, mainly aimed at businesses. The Group distributes its products via its subsidiaries as well as via a network of independent distributors.

Company details

The Fountain company (the “company”) is a société anonyme with registered offices in Belgium at 17 avenue de l’Artisanat, 1420 Braine-l’Alleud (Company number 0412.124.393).
The company’s annual financial statements for the years ending 31 December 2011 and 31 December 2012 include the company and its subsidiaries (the “Group”) and the Group’s interests in joint ventures and associated companies. The Board of Directors approved the publication of the consolidated financial statements on 19 March 2013.

Declaration of compliance

The company Pierre Vermaut Mgt sprl, Chairman, represented by Mr. Pierre Vermaut, the company Bluepack Consulting sprl, C.E.O., represented by Mr. Paul Baeck, and Mr. Eric Dienst, C.F.O., confirm, in accordance with article 12 of the AR of 14 November 2007, and to the best of their knowledge, that the consolidated financial statements, drawn up in accordance with the “International Financial Reporting Standards” (IFRS), faithfully reflect the assets, financial situation and results of Fountain SA and the companies included in its scope of consolidation.
They also confirm that, to their knowledge, the management report contains a faithful representation of the development of the business, results and situation of the issuer and the companies included in the consolidation, as well as a description of the main risks and uncertainties with which they are faced.

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Consolidated Management Report from the Board of Directors to the Ordinary General Meeting on 27 May 2013

Ladies and Gentlemen,

We are pleased to present the Group’s consolidated management report for the 2012 financial year as well as the consolidated financial statements for the year ended 31 December 2012.

The presentation of the results complies with the accounting standards and valuation criteria stipulated by the IAS / IFRS.

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1. Declaration

The company Pierre Vermaut Mgt sprl, Chairman, represented by Mr. Pierre Vermaut, the company Bluepack Consulting sprl, C.E.O., represented by Mr. Paul Baeck, and Mr. Eric Dienst, C.F.O., confirm, in accordance with article 12 of the Royal Decree of 14 November 2007, that, to their knowledge, the consolidated financial statements, drawn up in accordance with the "International Financial Reporting Standards" (IFRS), faithfully represent the financial situation and results of Fountain SA and the companies included in the scope of consolidation.

They also confirm that, to their knowledge, the management report contains a faithful representation of the development of the business, results and situation of the issuer and the companies included in the consolidation, as well as a description of the main risks and uncertainties with which they are faced.

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2. Business and consolidated results for 2012

By way of reminder, the consolidated financial statements as at 31 December 2011 include the statements for one business near Lyon, acquired on 1 April 2011, covering 9 months. The statements for a second business near Grenoble purchased on 30 June 2011 have also been included in the consolidated financial statements as at 31 December 2011. Furthermore, the consolidated financial statements as at 31 December 2011 also include the financial statements for the French companies FG2 and Française des Eaux for 7 months, two companies purchased in full on 1 June 2011 and completely integrated since that date.

There were no changes to the scope during the 2012 financial year.

On 19 April 2012, the company Fountain France s.a.s. acquired 50% of the shares in the company Fountain Soleil which were not already held by the Group, giving it total control of this subsidiary. This company was already consolidated by the full consolidation method. The non-controlling interests (minority interests) amounting to -€562.2 thousand on 31/12/2011 were thus acquired for €582.5 thousand. The impact of this acquisition, namely €1,144.7 thousand, was recognised as a deduction from the consolidated reserves pursuant to IFRS 3. Apart from this impact, this acquisition had no effect on the consolidated financial statements.

The consolidated turnover as at 31 December 2012 was €35.4 million down by €0.2 million, so a decrease of 0.4% compared with the end of December 2011. Considering the businesses and companies acquired in 2011, the turnover at constant scope was around €33.1 million, so a contraction of €2.5 million or 6.9%. This fall is due in part to the reduction in working days in the first half of 2012 and the drop in the number of clients using Fountain products, but also to the insufficient development of sales of other solutions and products in the range (Rapsody, Illy, automatic distribution), as well as a drop in sales of additional products in a difficult economic climate. The same phenomena occur with independent distributors marketing the Group's products.

The recurring operating cash-flow (REBITDA) for the 2012 financial year was €5.9 million (16.5% of revenue), a fall of 22.2% compared with the REBITDA of €7.5 million (21.2% of revenue) in 2011.
This recurring operating cash-flow is calculated before depreciation, provisions, debt costs, taxes and non-recurrent expenses of €292 thousand (earnouts and legal fees on acquisitions, severance pay and recruitment costs within the context of the reorganisation described in the Kaffa 2017 development plan), but after write-offs on current assets.

In relation to the embezzlement of funds at the subsidiary Fountain Ile-de-France in the years between 2005 and 2008, the company received total compensation of €293,000 following a judgement at first instance. The Fountain Group does not intend to pursue its appeal against this ruling, and is moving towards a settlement agreement.
Excluding acquisitions of businesses and companies, the recurring operating cash-flow as at 31 December 2012 was €5.6 million, down €2 million or 26.2% compared with 31 December 2011. The change in recurrent operating cash-flow at constant scope mainly results from the 6.9% drop in revenue.

The operational income as at 31 December 2012 was €1,153 thousand compared with €1,871 thousand as at 31 December 2011. The operational income was negatively affected by non-recurrent charges of €854 thousand, including those affecting the cash-flow from operations (see above), impairments on goodwill worth €1,275 thousand, partially compensated for by reversals of impairments on goodwill for €139 thousand and reversals of provisions for disputes for €572 thousand. The recurrent operational income was €2,007 thousand, so 5.7% of revenue.

The profit before taxes as at 31 December 2012 was €633 thousand following the recognition of non-recurrent elements and impairments described above.

The income tax charge for the 2012 financial year was €523 thousand.

The consolidated net profit at the end of December 2012 was €110 thousand.

The consolidated net debt at the end of December 2012 was €9.7 million, compared with €11.2 million at the end of December 2011. This net debt includes a debt of €2.1 million (€3.2 million at the end of December 2011), qualified as financial in accordance with the IFRS, and comprising discounted future rents for the supply of pre-financed machines by a banking institution. This debt will be offset against the recognition of rental income for these contracts, which will be paid by the clients to the banking institution, and so will not be received by the Group itself.

If we set this particular debt to one side, the consolidated net debt at the end of December 2012 was €7.6 million, down by €0.4 million or 5.2% compared with the previous year, despite the acquisition in 2012 of 50% of non-group shares in Fountain Soleil (Montpellier), the payment of the 2011 dividend of €1.5 million and the purchase of machines rented to clients. This positive change is the result of the free cash-flow generated and the ongoing improvements to the management of working capital.

Between 26 July 2011 and 31 March 2012, the company was managed jointly by Mr Eric DIENST, CFO, and Mr Jean-François BUYSSCHAERT, COO, who reported directly to Pierre VERMAUT, Chairman of the Board of Directors. As announced on 13 February 2012, the company Bluepack Consulting s.p.r.l., represented by Mr Paul Baeck, took over as CEO of the Group on 1 April 2012.

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3. Valuation rules

The valuation rules applied as of 31 December 2012 are exactly the same as those adopted at the end of December 2011, apart from the fact that drinks distributors acquired after 31 December 2011 are now subject to depreciation over 5 years rather than 3 years in accordance with the ruling of the Board of Directors on 15 March 2012, in order to comply more closely with market standards. Extending the depreciation period to 5 years in the 2012 accounts reduced the depreciation charge by €89 thousand.

In accordance with IFRS rules, the Group carried out impairment tests on intangible assets (goodwill, brands and consolidated goodwill). As well as the information below, more details are given in the notes for the consolidated financial statements for 2012 (see note 3).

The CGUs were redefined in December 2012 in order to reflect the group's new organisation as set out in the strategic plan (Kaffa 2017) (see press release of 6 November 2012).

The main criterion applied to define the CGUs is the non-divisible management entity. France has been divided into 5 regions. Each region is managed by a Regional Commercial Director (RCD) at the commercial level and by a Regional Operations Director (ROD) on the operational side (sales administration, deliveries, technics). Business in the Netherlands is conducted by the Belgian company Fountain Belgium (FBE), renamed Fountain Benelux s.a., thus creating a Benelux entity. The Netherlands Independents and "Rest of the world" (ROW) businesses are combined in the CGU Independents FIE. The Independents France and the Denmark CGUs remain unchanged.

Appling these principles, the following cash generating units have been identified:

- Independents France (Sales to French independents)
- Independents FIE (Sales to Benelux and ROW independents)
- France - Paris (Sales to customers in the Ile de France region)
- France - Nord (Sales to customers in the north of France)
- France - Centre-Est (Sales to customers in the centre of France: Lyon, Dijon, etc.)
- France - Ouest (Sales to customers in the west of France)
- France - Sud (Sales to customers in the Mediterranean region of southern France)
- Benelux (Sales to customers in Belgium – the Netherlands - Luxembourg)
- Denmark (Sales to customers in Denmark)

On the basis of these tests, the group's management and the Board of Directors felt it was necessary and prudent to apply the impairments described below.

Following the impairment test applied as at 31 December 2011, the Group confirmed impairments on the Fountain Île-de-France s.a.s. Paris, Fountain Distributie Nederland and Fountain Est CGUs for €152 thousand, €77 thousand and €292 thousand respectively, so a total of €521 thousand charged against the 2011 financial year. These additional impairments arise from the fact that these CGUs were less profitable than previous forecasts. Impairments on the Fountain Île-de-France s.a.s. Paris & Fountain Est CGUs were recognised on the carrying values for residual consolidated goodwill. For Fountain Distributie Nederland, the impairment was recognised on the goodwill acquired from third parties.

In 2012, after these tests were applied, the Group confirmed additional impairments of €170 thousand for FIE Independent Distributor CGUs, €467 thousand for France North, €308 thousand for France Centre East (Lyon) and €267 for Ile de France. These impairment adjustments are a result of the fall in turnover in 2012 and the increase in values to be tested for these CGUs. An impairment of €77 thousand was cancelled for the goodwill acquired from third parties in the Netherlands (formerly Fountain Distributie Nederland) given the internal reorganisation of this CGU and its expected progress.

As indicated above, in relation to the embezzlement of funds at the subsidiary Fountain Ile-de-France in the years between 2005 and 2008, the company received total compensation of €293,000 following a judgement at first instance. The Fountain Group does not intend to pursue its appeal against this ruling, and is moving towards a settlement agreement. Within this context, this amount is included in the profit.

Moreover, the provision of €225 thousand for a tax dispute involving the subsidiary Fountain France s.a.s. established in 2011 was cancelled given the positive developments expected in this case.

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4. Significant post-balance sheet events

On 6 February 2012, the Fountain Group signed a letter of interest about the acquisition of the company Côte d’Argent Distribution s.à r.l., its independent distributor in Bordeaux. The usual acquisition procedures are underway.

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5. Development expenses

No research and development expense as defined in IAS 38 has been recognised in expenses or included in the assets on the balance sheet.

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6. Absence of conflict of interest

No resolution was put before the Board during the 2012 financial year, which required action pursuant to articles 523 and 524 of the Belgian Companies Act.

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7. Share Capital

The total number of shares representing the capital of the company Fountain SA was 1,660,360, unchanged compared to 2011. The company capital also remained unchanged at €23,555.77 thousand. Consolidated shareholders' equity was €22,640.21 thousand as at 31/12/2012.

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8. Outlook for 2013

As announced in November 2012, the Board of Directors unanimously approved the new strategic KAFFA 2017 plan for the period 2013-2017 proposed by Paul Baeck, the new CEO who took up office in April 2012.

This plan, currently being implemented, primarily covers the commercial strategy, distribution model, geographical location and commercial, operational and administrative organisation. The plan is being implemented on the basis of a participative management model.

The main objectives are to reposition Fountain in the corporate services market, develop its business and increase the group's revenue, with a target of over 50% by 2017. This plan requires major investment over the next 2 years, which will have a negative impact mainly on the 2013 EBITDA. The investment being made relates primarily to strengthening the sales teams and to commercial budgets intended to support increased sales.

Negotiations for funding for the Kaffa 2017 plan are underway and the Board is confident that they will come to a conclusion soon. Once this new funding is in place, in the future, Fountain will continue to pursue its debt reduction policy begun in 2008, which will provide significant investment capacity in the event that an acquisition opportunity arises on the market.

The commercial strategy
In order to rekindle growth, a new commercial approach, based on an in-depth study of the market and the expectations of our current as well as prospective clients, has been finalised. This approach mainly includes focusing on what makes the company stand out, the quality of its services and its commitment to listening to clients. In order to rekindle the development of our client portfolio, we appointed 8 sales representatives at the beginning of 2013, and 16 more will be appointed at the end of 2013 and during the course of 2014. They will mainly be working with businesses with more than 50 employees, which has not previously been our target market. For this reason, we have also decided to pursue the development of automatic distribution within our range.

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Geographical location
France and Belgium remain the priority countries in terms of growing our business.
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Commercial, operational and administrative organisation.
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We have created a national commercial organisation for France, under the responsibility of a commercial director and organised into regional divisions, whose main goals are to improve customer relations and find new clients. The general services are in the process of being reorganised into specific areas of expertise, such as telesales for example.
Benelux has been reorganised using the same model as France.
Marketing, purchasing, logistics, IT and management control continue to be managed at group level.

The Board of Directors and the Management Committee believe that these measures as a whole will enable Fountain to regain the momentum necessary to strengthen its market position and meet ambitious, but realistic, financial targets.

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9. The group's exposure to risks and risk management policy

The Group has defined a method to identify and assess risks and determine measures to help reduce these risks and assess the remaining risks. This analysis is reviewed and the measures defined to reduce risks are adapted periodically. This risk analysis was analysed by the Audit Committee on 18 December 2012, and will be submitted to the Committee whenever major risks are identified, and at least once a year.

Owing to the fact that its business involves the sale, leasing and supply of machines for hot and cold drinks based on freeze-dried products or beans, the group is exposed to foodstuff risks. On this basis, the group sources products solely from certified producers and does not carry out any processing of the products, except in certain cases to repackage them in compliance with the applicable standards. Moreover, the group only sells drinks dispensers manufactured by specialist suppliers in compliance with the standards required by the countries in which such machines are sold.

The supply of products and machines is subject in certain cases to the fixing of prices with our suppliers for periods not exceeding one year.

The group rents out and makes available to its customers drinks dispensers which remain its own assets. The risk of loss of or damage to its machines is limited by regular monitoring of the contracts for machines located with customers and by regular visits to customers by product vendors and maintenance technicians.

As the group's revenue derives in limited amounts from a very large number of customers, the risk of bad debts can be contained within reasonable limits by applying procedures for the regular monitoring of the recovery of receivables. As a result, the group does not hedge its receivables against financial default by its customers.

The group uses external finance from financial institutions such as banks. The group's debt level is reasonable compared with its balance sheet structure. These loans are taken out at either fixed or floating rates. In the case of loans at floating rates, the group hedges the fundamental risk through IRS contracts. In this context, the group has partially hedged its interest rate risk through two IRS for nominal amounts of €4.2 million and €2.2 million respectively. The first contract matured in July 2012. The second will mature in June 2017. For bank loan contracts, the group is contractually obliged to respect certain ratios and other limits that are detailed in note 23 in the 2012 consolidated financial statements.

As the group operates primarily in Eurozone countries, with the exception essentially of its subsidiary in Denmark, exposure to exchange rate risks is not significant and no hedging has been undertaken in this context.

The concentration of all subsidiaries in one centralised IT system makes the group more dependent on the correct functioning and security of this system and the availability of the data recorded in it. As a consequence, systems to back-up, copy and restore the system in the event of serious failure are currently being redefined and upgraded.

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10. Internal control and risk management systems for consolidated companies

The internal control system established for all the companies involved in the process of drawing up the consolidated financial statements has the following features:

- establishment of an annual budget split by month for each entity in the Group,
- commitment of the group subject to two signatures within the authority limits defined by the Group's Board of Directors and primarily delegated to local managing directors and finance directors,
- system of internal procedures designed to ensure the proper functioning of the Group,
- periodic analyses (weekly, monthly depending on information availability) of the development of the Group's various entities by the Management Control Team and Management Committee,
- reports to the Audit Committee's quarterly meetings.

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11. Transactions with related parties

In accordance with the Belgian Corporate Governance Code, the company has adopted a code of conduct relating to transactions with a related party that contains the requirements applicable to members of the Board and the Management Committee, as well as requirements in terms of conflicts of interest.

More detailed information about transactions with related parties, as defined in the IFRS international accounting standards, are available in note 25 of the consolidated financial statements, in the remuneration report included in the statutory management report, and in point 2 of this report.

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12. Audit committee

The Audit Committee meets at least four times a year. It comprises at least one member, namely Pierre Vermaut Mgt sprl represented by Pierre Vermaut, whose competence in accountancy and audit results from his training, certified by his degree in accountancy, and from his experience in previous roles 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.

The composition of the Audit Committee has been modified as follows compared with that described in the 2011 annual report:

- Mr Paul Lippens’ term as Director was not renewed at the 2012 General Meeting.
- Mr Bruno Lambert was replaced on the Audit Committee by the company At Infinitum, Director, represented by Mr Dimitri Dufeleer.
- The Board is trying to extend this composition to another independent Director, who will be appointed Chairman.

During the 2012 financial year, the Audit Committee met four times and the auditors of the statutory and consolidated financial statements attended all these meetings.

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13. Appropriation of statutory earnings

This point is developed in the statutory management report.
The Board of Directors.
29 April 2013.

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Key figures

Consolidated key figures (in EUR millions)

	2012	2011	2010 (restated) [1]	2010	2009
Sales turnover	**35.427**	35.585	33.324	33.324	34.387
Operating cash-flow (REBITDA) [2]	**5.858**	7.532	7.321	7.321	6.765
Operating profit (EBIT)	**1.153**	1.871	2.883	3.074	3.108
Financial results	**-0.520**	-0.658	-0.597	-0.740	-1.013
Extraordinary results	**0.000**	0.000	0.000	-0.048	-0.760
Result before taxes [2]	**0.633**	1.212	2.285	2.285	1.245
Taxes	**-0.523**	-0.651	-0.862	-0.862	-0.673
Goodwill depreciation	**-2.474**	-1.924	-1.509	-1.509	-2.016
Profit after taxes	**0.110**	0.562	1.424	1.424	0.572
Net cash-flow [3]	**4.815**	6.223	5.862	5.671	4.319
Capitalisation on 31 December	**18.928**	20.771	21.336	21.336	20.755
Equity	**22.640**	24.581	25.383	25.383	25.161
Net debt	**9.749**	11.234	8.763	8.763	9.387
Enterprise value (EV)	**28.677**	32.005	30.099	30.099	30.142

(1) *Net Operating Cash Flow =REBITDA-Financial results - Extraordiny results - Taxes*

(2) *result before depreciation, provisions, debts, taxes and restructuring charges. As from 2010 : before recurring charges et after write-offs of current assets*

(3) *The other financial results amounting to 131 k€ in 2010 are reclassfied in operating charges. Results on assets sales and other non operating elements amounting to – 48 K€ are reclassifed in financial and operating results*

Sales turnover breakdown per market (excluding royalties)

	2012	2011	2010	2009
France	**67.14%**	64.51%	60.98%	61.3%
Benelux	**27.89%**	30.22%	33.01%	32.2%
Rest of the World	**4.97%**	5.27%	6.01%	6.5%

Key figures per share and financial ratios (in EUR)

	2012	2011	2010	2009
Equity per share	**13.636**	14.805	15.288	15.570
Enterprise value per share	**17.272**	19.276	18.128	18.653
Operating cash-flow per share	**3.516**	4.521	4.394	4.186
Net profit per share	**0.066**	0.338	0.858	0.354
Net cash-flow per share	**2.900**	3.748	3.416	2.673
Price earning ratio (PER)	**x 172.07**	x 36.96	x 14.98	x 36.32
Capitalisation on Equity	**83.6%**	84.5%	84.1%	82.5%
Capitalisation on EBITDA	**x 3.23**	x 2.76	x 2.91	x 3.07
Enterprise value on EBITDA	**x 4.90**	x 4.25	x 4.11	x 4.46

Number of shares

	2012	2011	2010	2009
Issued shares	**1,660,360**	1,660,360	1,660,360	1,660,360
Alloted stock options	**0**	0	0	0
Warrants exerçables	**0**	0	0	0
Total	**1,660,360**	1,660,360	1,660,360	1,660,360

Capitalisation (in EUR)

2007	31,899,050.40
2008	19,924,320.00
2009	20,754,500.00
2010	21,335,626.00
2011	20,771,103.60
2012	**18,928,104.00**

Shareholding (in 2012) (number of shares)

(nombre d'actions détenues)		
Syntegra Capital Fund I, LP [4]	500,844.00	30.16%
Electra Partner [5]	179,193.00	10.79%
Quaerocq SCRL [6]	200,036.00	12.05%
Degroof bank	86,000.00	5.20%
Public	694,287.00	41.82%

source : déclarations de transparence reçues par la société

[4] *Syntegra Capital Fund I, LP est un fonds de 'private equity' basé à Londres*

[5] *Electra Partners est un fonds d'investissement de droit français, filiale d'Electra Investment Trust*

[6] *Quaerocq SCRL est une société d'investissement de droit belge*

Listing

Euronext Brussels
Primary market, dual listing

1,660,360 issued shares

Code: BE 000 375 2665
Euronext code: FOU

Fountain was listed on the primary market of the Brussels stock exchange in April 1999.

Payment on capital (in EUR)

	2012	2011	2010
Gross dividend	**0**	0,88	0,88
Net dividend	**0**	0,66	0,66
Total gross dividend	**0**	1,461,116.80	1,461,116.80
Total gross dividend on EBITDA	**0.00%**	19.96%	21.60%
Capital reduction			

Financial agenda

Quarterly information - 1st quarter 2013	30 April 2013
Ordinary General Meeting of the Shareholders 2013	27 May 2013 at 10:00
Announcement of half-year results 2013	31 August 2013
Quarterly information - 1st quarter 2013	31 October 2013
Announcement of annual results 2013	Half March 2014
Ordinary General Meeting 2014	27 May 2014

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Auditor's report to the General Meeting of shareholders of the company on the consolidated statements for the year ended December 31st, 2012

Ladies and Gentlemen,

In accordance with the legal requirements, we report to you on the performance of our mandate of statutory auditor. This report includes our opinion on the consolidated financial statements. These consolidated financial statements comprise the consolidated statement of financial position as at December 31st, 2012, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year the ended, as well as the other explanatory notes and required declarations.

Report on the consolidated financial statements – unmodified opinion

We have audited the consolidated financial statements of Fountain, prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The total of the consolidated balance sheet amounts to 43.854 KEUR and the consolidated statement of income shows a profit for the year of 110 KEUR.

Board of director's responsibility for preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA).

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated 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 group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the company's officials and the board of directors the explanations and information necessary for performing our audit.

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

Unmodified Opinion

In our opinion, the consolidated financial statements give a true and fair view of the group's financial position as of December 31st, 2012, and of its results and cash flows for the year the ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the management report on the consolidated financial statements.

In the framework of our mandate our responsibility is to verify compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not modify our opinion on the consolidated financial statements:

- The management report on the consolidated financial statements deals with the information required by law and is consistent with the consolidated financial statements. We can 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 30th, 2013.

BST Réviseurs d'Entreprises, S.C.P.R. L. de réviseurs d'entreprises, represented by **Vincent DUMONT.**

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Consolidated annual financial statements 2012

These consolidated financial statements have been prepared fully in accordance with IFRS standards. The group has not waived any provision of the IFRS standards.

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Statement of financial position (before appropriation in EUR K)

Statement of financial position (before appropriation in EUR K)	note	2012	2011
ASSETS			
I. NON-CURRENT ASSETS		**33,189.19**	**36,205.35**
1. Tangible fixed assets	2	**4,386.58**	**5,254.19**
1.1 Tangible fixed assets in progress			27.59
1.2 Land and buildings		**739.95**	792.26
1.3 Plants, machinery and equipment		**49.36**	103.96
1.4 Motorised vehicles			
1.5 Furniture and fixtures		**353.21**	564.93
1.6 Other tangible fixed assets		**3,244.06**	3,765.45
2. Intangible fixed assets	3	**27,135.89**	**29,520.74**
2.1 Goodwill		**19,193.75**	20,227.17
2.2 Business premises		**7,340.72**	8,886.88
2.3 Other intangible fixed assets		**601.42**	406.69
of which SAP software		**246.10**	343.25
3. Deferred tax assets		**1,432.39**	**1,237.17**
4. Other financial fixed assets		**234.33**	**193.24**
4.1 Shares	4	**8.02**	8.09
4.2 Securities other than shares			
4.3 Loans	4		
4.4 Other financial assets	5	**226.30**	185.16
II. CURRENT ASSETS		**10,665.23**	**12,535.74**
5. Shares	7	**3,871.66**	**3,361.91**
6. Other financial current assets	4	**0.05**	**0.05**
6.1 Securities other than shares		**0.05**	0.05
7. Current tax receivables		**724.18**	**973.53**
8. Current trade and other receivables		**3,932.55**	**4,474.17**
8.1 Trade receivables	8	**3,431.96**	4,263.74
8.2 Other receivables		**500.59**	210.43
9. Cash and cash equivalents	9	**1,884.70**	**3,343.19**
10. Other current assets		**252.09**	**382.89**
TOTAL ASSETS		**43,854.42**	**48,741.09**

statement of financial Position (before appropriation in EUR K)	note	2012	2011
CAPITAL AND LIABILITIES			
I. TOTAL CAPITAL			
A. equity			
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		**-1,022.61**	**1,480.27**
2.1. Consolidated reserves		**-969.04**	1,526.65
2.2. revaluation surpluses		**-53.05**	-44.44
2.3. exchange adjustments		**-0.51**	-1.94
TOTAL GROUP CAPITAL		**22,640.21**	**25,143.09**
B. non-controlling interests		**0.00**	**-562.24**
TOTAL CAPITAL		**22,640.21**	**24,580.85**
II. LIABILITIES			
A. non-current liabilities		**4,635.88**	**6,774.91**
3. non-current interest-bearing liabilities (bank debts)	11	**4,102.48**	**6,021.41**
4. non-current provisions	12	**192.01**	**445.58**

5. non-current obligations resulting from post-employment benefits	13	227.21	238.37
6. non-current hedging instruments		80.38	44.44
7. deferred tax liabilities		32.28	23.43
8. suppliers and other non-current creditors		0.00	0.00
9. other non-current liabilities		1.53	1.67
B. current Liabilities		16,578.33	17,385.34
10. current interest-bearing liabilities (bank debts)	11	7,530.98	8,555.68
11. current provisions	12	0.00	250.17
12. receivable tax liabilities		1,636.52	1,621.54
13. suppliers and other current creditors	11	7,060.10	6,616.08
14. other current liabilities		350.73	341.87
TOTAL CAPITAL AND LIABILITIES		43,854.42	48,741.09

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Statement of total comprehensive income (in EUR K)

STATEMENT OF TOTAL COMPREHENSIVE INCOME (IN EUR K)	note	2012	2011
1 INCOME FROM ORDINARY ACTIVITIES		**35,475.73**	**35,651.19**
1.1. sales of goods and income from machines in service	15	**35,427.45**	35,584.78
1.2. income from fees		**48.28**	66.41
2 OTHER OPERATING INCOME		**925.46**	**936.23**
2.1. interest			
2.2. Other Operating income		**925.46**	936.23
3 OPERATING EXPENSES		**-35,247.79**	**-34,716.16**
3.1. raw materials and consumption		**-10,401.53**	-10,569.58
3.2. Change in finished products inventory and work in progress			
3.3. Personnel expenses	16 & 17	**-11,050.28**	-10,418.74
3.4. Depreciations		**-4,041.09**	-4,112.67
3.5. Loss in value		**-870.70**	-455.17
of which loss in value of inventory		**-28.54**	42.18
of which loss in value of receivables		**293.51**	23.85
of which loss in value of fixed assets		**-1,135.56**	-521.20
3.6. Other operating expenses	18 & 20	**-8,884.20**	-9,160.00
3.6.1. Allocations to/releases of provision		**521.27**	-166.61
3.7. Other non-recurring expenses			
4. OPERATIONAL RESULT		**1,153.40**	**1,871.27**
5. PROFIT (LOSS) ON DERECOGNITION OF AVAILABLE-FOR-SALE FINANCIAL ASSETS			
6. PROFIT (LOSS) ON TRANSFERS OF NON-CURRENT ASSETS NOT HELD FOR SALE	19	**0.00**	**0.00**
7. FINANCIAL EXPENSES		**-520.23**	**-658.90**
of which financial costs (debt costs)		**-526.04**	-660.58
8. PROFIT (LOSS) ON INVESTMENTS (FINANCIAL INSTRUMENTS OTHER THAN HEDGING INSTRUMENTS)			
9. SHARE IN NET RESULT OF INVESTMENTS AT EQUITY			
10. OTHER NON-OPERATING INCOME			
11. OTHER NON-OPERATING EXPENSES			
12. RESULTS BEFORE TAX		**633.17**	**1,212.37**
13. TAX EXPENSES (INCOME) ON RESULT	21	**-523.00**	**-650.78**
14. RESULT FROM CONTINUING OPERATIONS AFTER TAX		**110.17**	**561.59**
15. RESULT FROM DISCONTINUED OPERATIONS AFTER TAX			
16. FINANCIAL YEAR RESULT		**110.17**	**561.59**
16.1. Attributable to non-controlling interests			-57.77
16.2. Attributable to holders of parent company's equity		**110.17**	619.37
17. OTHER ITEMS OF NET RESULT		**0.00**	**97.10**
17.1. exchange adjustments			-0.68
17.2. IRS			97.78
18. TOTAL NET RESULT FOR THE FINANCIAL YEAR (Parent Company Share)		**110.17**	**716.47**
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		**0.07**	0.34
Number of diluted shares		**1,660,360**	**1,660,360**
1. Diluted earnings per share			
1.1. Diluted earnings per share resulting from continuing operations		**0.07**	0.34
II. OTHER DISCLOSURES			
1. exchange differences included in the financial statements			

2. lease and sub-lease payments recorded in the financial statements	18	**826.80**	854.18

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Consolidated cash flow statement (in EUR K)

	Note	2012	2011
OPERATING TRANSACTIONS		**EUR K**	**EUR K**
Financial year result		**110.17**	619.37
Earnings on non-controlling interests			-57.77
Earnings on companies at equity			
Depreciations		**4,041.09**	4,112.67
Decrease (increase) in write-offs		**670.41**	455.17
increase (decrease) in provisions		**-514.92**	164.63
Profit (loss) on disposal of assets (-)		**-33.84**	-50.40
Profit (loss) on foreign exchange (-)		**-6.36**	3.49
Increase (decrease) in deferred items		**-159.04**	84.83
Cash flow		**4,107.52**	**5,331.98**
Change in receivables		**1,493.20**	682.28
Change in inventory		**-465.29**	473.39
Change in prepaid expenses		**115.23**	-36.29
Change in financial debt			0.00
Change in trade debt		**1,045.10**	395.44
Change in tax and social security debts		**-164.20**	362.70
of which tax on the result for the period		**-44.57**	-56.69
Change in other debts		**-404.29**	-162.84
Change in prepaid income		**8.86**	-39.78
Change in working capital needs (increase -)		**1,628.61**	1,674.90
Operating cash flow		**5,736.13**	7,006.88
INVESTMENT TRANSACTIONS			
Acquisitions of intangible fixed assets (-)	3	**-165.62**	-396.68
Acquisitions of tangible fixed assets (-)	2	**-1,774.36**	-1,417.46
Acquisitions of financial fixed assets (-)	3	**-902.52**	-2,321.07
of which the acquisition of companies (*)			-2,318.86
New loans granted (-)		**-41.14**	-190.36
Transfers of intangible fixed assets (+)	3		15.00
Transfers of tangible fixed assets (+)	2	**49.05**	198.96
Transfers of financial fixed assets (+)	3		0.44
repayment of loans granted (+)			13.53
Investment cash flow		**-2,834.59**	-4,097.63
FINANCING TRANSACTIONS			
Capital increase (decrease)			0.00
Net change in loans contracted (increase +)		**-2,898.92**	-787.76
Dividends paid out (-)		**-1,461.12**	-1,461.12
Financing cash flow		**-4,360.03**	-2,248.87
CHANGE IN CASH FLOW		**-1,458.49**	**-1,658.48**
RECONCILIATION OF CASH ACCOUNTS			
Opening balance		**3,343.24**	**2,645.32**
Change in cash flow		**-1,458.49**	660.38
Exchange adjustments (favourable +)			0.00
Transfers to other headings			0.00
Changes in scope of consolidation (favourable +)			37.54
Closing balance		**1,884.75**	**3,343.24**
Composed of			

Other financial current assets		**0.05**	0.05
Cash and cash equivalents	9	**1,884.70**	3,343.19

The cash and cash equivalent balances are fully available to the group.
The net change in borrowings includes the debts for financing the sales referred to in note 21 below.

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Change in shareholders’ equity (in thousand euros)

	Share capital	Share premium account	Net result and dividends paid out	Total equity attributable to Fountain shareholders	Noncontrolling interest	Total equity
2010 closing balance	**23,555.77**	**107.05**	**2,224.92**	**25,887.74**	**-504.47**	**25,383.27**
Capital increase						0.00
Dividends			-1,461.12	-1,461.12		-1,461.12
Net result for period			716.47	716.47	-57.77	658.69
Profit not entered in profit and loss account (foreign currency exchanges)						0.00
Other increases (decreases)						0.00
2011 closing balance	**23,555.77**	**107.05**	**1,480.27**	**25,143.09**	**-562.24**	**24,580.84**
Capital increase						0.00
Dividends			-1,461.12	-1,461.12		-1,461.12
Net result for period			110.17	110.17		110.17
Profit not entered in profit and loss account (foreign currency exchanges)						0.00
Other increases (decreases)			-1151.93	-1,151.93	562.24	-589.69
2012 closing balance	**23,555.77**	**107.05**	**-1,022.61**	**22,640.21**	**0.00**	**22,640.21**

An IRS was concluded to hedge a loan taken out with a bank on 31/12/2011. This IRS is for an amount of €2.2 million.
This IRS is fully effective in relation to the loans to which it relates. The corresponding recognition in liabilities of the fair value of this IRS amounts to -€80,38 and is recognised separately through shareholders’ equity. In the case of the options, the fair value is the market value.
These instruments were valued by the issuing institution.

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Appropriation of earnings for the 2012 financial year

As at 31/12/2012, the equity was represented by 688,437 registered shares, 969,846 paperless securities and 2,077 securities to be made paperless, i.e. 1,660,360 shares in total.

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Notes to the consolidated accounts

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Note 1: Segment information

Pursuant to IFRS 8 and in accordance with the decision of the Board of Directors and the Audit Committee of 4 June 2009, the Group considers operating only in one primary segment, namely the OCS (Office Coffee System) market and in one geographic segment.

In fact, the secondary segment is based on geographic location. The Fountain Group achieves 95% of its revenues on the European market, and there is thus only one geographic segment.

Once business outside Europe passes the 10% mark, an additional secondary segment will be created.

Pursuant to the decisions of the Audit Committee of 14 March 2012 and the Board of Directors of 15 March 2012, the Group also considers only operating in one operational segment, the “automatic distribution” services which it has provided since its purchase of the companies Française des Eaux and FG2 on 1 June 2011 being considered as an extension of the services already of provided by the Group.

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Note 2: Statement of tangible fixed assets (in thousand euros)

	Land and buildings	Plants, machinery and equipment	Furniture and fixtures	Other tangible fixed assets Total	of which machines in storage	Total
I. TANGIBLE FIXED ASSET TRANSACTIONS						
1. tangible fixed assets, opening balance 01/01/2011	856.06	211.96	1,078.31	1,710.47	1,523.48	**3,856.80**
1.1. gross value	1,979.89	3,476.38	5,149.18	5,751.88	5,081.38	**16,357.32**
1.2. Accumulated depreciation	-1,123.83	-3,264.42	-4,070.87	-4,041.40	-3,557.90	**-12,500.53**
1.3. Accumulated loss in value						**0.00**
						0.00
2. investments		7.52	132.50	1,277.87	1,230.62	**1,417.90**
3. acquisitions through company mergers			115.21	5,329.16	5,251.12	**5,444.38**
4. transfers	-28.28		-88.17	-247.77	-243.77	**-364.22**
5. transfers to non-current assets and assets for sale		-1.96				**-1.96**
6. transfers of gross value to other headings		-14.33		-43.07	-343.02	**-57.40**
7. transfers through company demergers						**0.00**
8. depreciation	-52.56	-115.30	-644.62	-1,686.02	-1,623.98	**-2,498.51**
9. increase (decrease) resulting from revaluation entered as shareholders' equity						**0.00**
10. loss in value reinstated in shareholders' equity						**0.00**
11. accumulated depreciation transferred to other headings		14.33		0.00	297.28	**14.33**
12. loss in value reinstated in profit and loss account	17.04	1.74	76.70	133.21	129.21	**228.70**
13. increase (decrease) resulting from exchange rate fluctuations						**0.00**
14. other increases (decreases)			-105.00	-2,680.82	-2,639.66	**-2,785.82**
15. tangible fixed assets, closing balance 31/12/2011	792.26	103.95	564.93	3,793.04	3,581.29	**5,254.19**
16.1. gross value	1,951.61	3,467.60	5,308.72	12,068.07	10,976.34	**22,796.01**
16.2. Accumulated depreciation	-1,159.35	-3,363.65	-4,743.79	-8,275.03	-7,395.04	**-17,541.83**
16.3. Accumulated loss in value						
1. tangible fixed assets, opening balance 01/01/2011	792.26	103.95	564.93	3,793.04	3,581.29	**5,254.19**
1.1. gross value	1,951.61	3,467.60	5,308.72	12,068.07	10,976.34	**22,796.01**
1.2. Accumulated depreciation	-1,159.35	-3,363.65	-4,743.79	-8,275.03	-7,395.04	**-17,541.83**
1.3. Accumulated loss in value						**0.00**
						0.00
2. investments		11.77	128.27	1,634.32	1,339.47	**1,774.36**
3. acquisitions through company mergers						**0.00**
4. transfers		-60.11	-1,019.37	-2,304.27	-2,304.27	**-3,383.74**
5. transfers to non-current assets and assets for sale						**0.00**
6. transfers of gross value to other headings			1.53	640.39	960.44	**641.92**
7. transfers through company demergers						**0.00**
8. depreciation	-52.31	-66.23	-339.39	-1,851.55	-1,796.63	**-2,309.47**
9. increase (decrease) resulting from revaluation entered as shareholders' equity						**0.00**
10. loss in value reinstated in shareholders' equity						**0.00**

11. accumulated depreciation transferred to other headings						**0.00**
12. loss in value reinstated in profit and loss account						**0.00**
13. increase (decrease) resulting from exchange rate fluctuations			-0.26			**-0.26**
14. other increases (decreases)		59.99	1,017.48	1,332.13	1,332.43	**2,409.60**
15. tangible fixed assets, closing balance 31/12/2012	739.95	49.37	353.20	3,244.06	3,112.73	**4,386.58**
16.1. gross value	1,951.61	3,419.26	4,419.15	12,038.51	10,971.98	**21,828.28**
16.2. Accumulated depreciation	-1,211.66	-3,369.89	-4,065.95	-8,794.46	-7,859.25	**-17,441.70**
16.3. Accumulated loss in value						
II. OTHER INFORMATION						
1. finance leasing contract			814.69	0.00		**814.69**
1.1. gross book value			814.69	0.00		**814.69**
1.2. Depreciation			-773.84	0.00		**-773.84**

The depreciation on tangible fixed assets is recognised in line 3.4 of the comprehensive income statement. Used machines in stock are henceforth recognised in tangible fixed assets and are subject to linear depreciation over 3 years from their acquisition date.

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Note 3: Statement of intangible fixed assets (in thousand euros)

	Medium-term assets	Goodwill	Development costs	Trademarks	Patents and other rights	Software	Total
I. INTANGIBLE FIXED ASSET TRANSACTIONS							
1. Intangible fixed assets, opening balance 01/01/2011	5,436.61	20,025.66	72.03	0.00	24.30	639.29	**26,197.89**
1.1. Gross value	13,036.75	20,927.78	1,324.63	11,483.52	63.85	3,291.94	**50,128.48**
1.2. Accumulated depreciation	-7,599.13	0.00	-1,252.60	-11,483.51	-39.55	-2,652.65	**-23,027.45**
1.3. Accumulated loss in value	0.00	-902.12	0.00	0.00	0.00	0.00	**-902.12**
2. Internally generated investments							**0.00**
3. Investments	219.78	3,652.92	5.71			171.19	**4,049.60**
4. Acquisitions through company mergers	75.83					34.79	**110.63**
5. Transfers	-15.00						**-15.00**
6. Transfers to non-current assets and assets for sale	4,571.39	-2,930.25	7.27			35.81	**1,684.23**
7. Transfers through company demergers							**0.00**
8. Reclassification							
9. Exchange adjustements							
10. Adjustments resulting from subsequent recognition of deferred tax assets							**0.00**
11. Depreciation	-1,275.22		-41.39	0.00	-4.48	-537.83	**-1,858.91**
12. Increase (decrease) resulting from revaluation entered as shareholders' equity							**0.00**
13. Loss in value reinstated in shareholders' equity							**0.00**
14. Loss in value entered in profit and loss account		-521.17					**-521.17**
15. Increase (decrease) resulting from exchange rate fluctuations	-2.11						**-2.11**
16. Other increases (decreases)	-125.43						**-125.43**
17. Intangible fixed assets, closing balance 31/12/2011	8,886.88	20,227.17	43.62	0.00	19.82	343.25	**29,520.74**
17.1. Gross value	17,761.22	21,650.46	1,337.61	11,483.52	63.85	3,533.73	**55,830.39**
17.2. Accumulated depreciation	-8,876.45	0.00	-1,293.99	-11,483.51	-44.04	-3,190.48	**-24,888.47**
17.3. Accumulated loss in value	0.00	-1,423.29	0.00	0.00	0.00	0.00	**-1,423.29**
1. Intangible fixed assets, opening balance 01/01/2012	5,436.61	20,227.17	43.62	0.00	19.82	343.25	**26,070.47**
1.1. Gross value	17,761.22	21,650.46	1,337.61	11,483.52	63.85	3,533.73	**55,830.39**
1.2. Accumulated depreciation	-8,876.45	0.00	-1,293.99	-11,483.51	-44.04	-3,190.48	**-24,888.47**
1.3. Accumulated loss in value	0.00	-1,423.29	0.00	0.00	0.00	0.00	**-1,423.29**
2. Internally generated investments						320.05	**320.05**
3. Investments			8.81			156.80	**165.62**
4. Acquisitions through company mergers							**0.00**
5. Transfers						-99.66	**-99.66**

6. Transfers to non-current assets and assets for sale						-18.59	**-18.59**
7. Transfers through company demergers							**0.00**
8. Reclassification	227.60	-176.09				-12.23	**39.28**
9. Exchange adjustements	-3.86						**-3.86**
10. Adjustments resulting from subsequent recognition of deferred tax assets							**0.00**
11. Depreciation	-1,444.03		-29.42	0.00	-4.22	-253.95	**-1,731.61**
12. Increase (decrease) resulting from revaluation entered as shareholders' equity							**0.00**
13. Loss in value reinstated in shareholders' equity							**0.00**
14. Loss in value entered in profit and loss account	-24.95	-1,110.61					**-1,135.56**
15. Increase (decrease) resulting from exchange rate fluctuations	3.86						**3.86**
8. Reclassification	-225.50	176.09				12.23	**-37.18**
16. Other increases (decreases)	-77.19	77.19	-3.35			118.25	**114.90**
17. Intangible fixed assets, closing balance 31/12/2012	7,340.71	19,193.75	19.67	0.00	15.60	566.16	**27,135.88**
17.1. Gross value	17,984.96	21,474.37	1,343.07	11,483.52	63.85	3,880.11	**56,229.89**
17.2. Accumulated depreciation	-10,542.11	0.00	-1,323.41	-11,483.51	-48.26	-3,313.95	**-26,711.24**
17.3. Accumulated loss in value	-102.14	-2,280.62	0.00	0.00	0.00	0.00	**-2,382.76**

The depreciation on intangible fixed assets is recognised in line 3.4 of the comprehensive income statement. The impairment of intangible fixed assets is recognised in line 3.5 of the comprehensive income statement. Brands are depreciated at 100 %, their gross value being €11,483 thousand.

In 2011, the company Fountain Ile-de-France acquired an initial portfolio of customers from an independent distributor of Fountain products in the Lyon region on 1 April 2011, and a second portfolio of customers from another independent distributor of Fountain products in the Grenoble region on 30 June 2011. The 2011 consolidated financial statements include the income from these two portfolios with effect from their acquisition date.
On 1 June 2011, the company Fountain France acquired 100% of the shares constituting the equity of the companies Fountain Est (formerly Française des Eaux) near Nancy and Fountain Sud Est (formerly FG2) near Lyon. The consolidated financial statements as at 31 December 2011 include the income for 7 months from these companies which have been fully consolidated since their acquisition date.

Values to be tested

The Management tests at least once a year whether goodwill should be depreciated or as soon as signs of impairment are observed. If these tests show that the net book value of the asset is higher than its recoverable value, the net book value is reduced to the level of the economic value through recognition of an expense for the period. The recoverable value of an asset or a cash generating unit refers to its fair value minus sales costs or the utility value, whichever is higher.

The values to be tested are:

- All intangible fixed assets. Consolidated and commercial goodwill recognised with FIESA, FIF and FI but connected to the level of activities of distribution subsidiaries (investment for machines and consumable sales) are allocated to the various CGUs based on their initial attribution.
- The net book value of machines provided and owned or held under a financial lease
- The SAP software

Exception:

- The support asset comprising the registered office building in Braine l'Alleud is not tested, based in the principle that its market value is greater than its book value.

Goodwill :

- Historical consolidated goodwill relating to Fountain Nederland Holding (FNH) was reallocated to "licence" companies based on their size at the time of determination of the goodwill (31 December 1997). The "licence" companies are Fountain Industries

Europe (FIE), Fountain International (FI) and Fountain France (FIF).
- The consolidated goodwill from the licences is also reallocated to the CGUs (subsidiaries and independent distributors) based on the relative volume of business of each of them.
- All goodwill resulting from the grouping of companies has been assigned to CGUs.

Cash generating units:

The depreciation tests are performed by applying point 5.i. of the valuation rules. The CGUs were redefined in December 2012 in order to reflect the group’s new organisation as set out in the strategic plan (Kaffa 2017) (see press release of 6 November 2012).

The main criterion applied to define the CGUs is the non-divisible management entity.

Previously, the CGUs were:

- Fountain s.a. ROW (Sales to independents outside France and Benelux)
- Fountain International s.a. Bénélux (Sales to independents in Benelux)
- Fountain France s.a.s. France (Sales to independents in France)
- Fountain Ile-de-France s.a.s. Paris (Sales to customers in Paris)
- Fountain Nord s.a.s. (Sales to customers in the North of France)
- Fountain Soleil s.a.s. (Sales to customers in the Montpellier region)
- Fountain Est (Sales to customers in the East of France)
- Fountain Distributie Nederland (Sales to customers in the Netherlands)
- Fountain Danemark (Sales to customers in Denmark)

France has been divided into 5 regions following a change to the definition of regions for commercial and operational reasons. Each region is managed by a Regional Commercial Director (RCD) at the commercial level and by a Regional Operations Director (ROD) on the operational side (sales administration, deliveries, engineering). Business in the Netherlands is conducted by the Belgian company Fountain Belgium (FBE), renamed Fountain Benelux s.a., thus creating a Benelux entity. The Netherlands Independents and “Rest of the world” (ROW) businesses are combined in the CGU Independents FIE. The CGUs Independents France and Denmark remain unchanged.

Appling these principles, the following cash generating units have been identified:

- Independents France (Sales to French independents)
- Independents FIE (Sales to Benelux and ROW independents)
- France - Paris (Sales to customers in the Ile-de-France region)
- France - Nord (Sales to customers in the north of France)
- France – Centre-Est (Sales to customers in the central eastern area of France: Lyon, Dijon, etc.)
- France - Ouest (Sales to customers in the west of France)
- France - Sud (Sales to customers in the Mediterranean region of southern France)
- Benelux (Sales to customers in Belgium – the Netherlands - Luxembourg)
- Denmark (Sales to customers in Denmark)

This redefinition of the CGUs has not resulted in any compensation for relevant goodwill or impairment. The recoverable value of the CGUs is their utility value.

Test performed

The test performed for each CGU involves comparing the net book value of the tangible and intangible assets allocated to that CGU with the utility value/recoverable value.

Scenarios considered

Future free cash flows

The future free cash flows are obtained from the Kaffa 2017 plan. France and Belgium remain the priority countries for business development.

The “independents” business and Denmark and the Netherlands are considered to be constant over the 5 years.

The Kaffa 2017 plan is the strategic plan presented and approved by the Board of Directors in 2012. The plan covers the period

between 2013 and 2017 and mainly consists of a redefinition of the commercial model.

Growth rate:

Turnover

The growth rates come from the Kafka 2017 plan approved by the Board of Directors to which a prudent correction has been applied. They have been defined on the basis of an estimate of numbers and revenues by month and year for contracts to be signed by the sales teams in each CGU. This new estimate, which is different from previous commercial results, is justified by

- The replacement of regional commercial directors (RCDs)
- New coaching for sales teams, thanks to the new RCDs
- A bigger budget and a new marketing policy, including a redefinition of the products/services offered to suit the clients' needs.

The change in revenues relates only to the following CGUs:

- France - Paris (Sales to customers in the Ile de France region)
- France - Nord (Sales to customers in the north of France)
- France – Centre-Est (Sales to customers in the central eastern area of France: Lyon, Dijon, etc.)
- France - Ouest (Sales to customers in the west of France)
- France - Sud (Sales to customers in the Mediterranean region of southern France)
- Benelux (Sales to customers in Belgium – the Netherlands - Luxembourg)

Historically, the change in the group's revenues, excluding acquisitions, has been as follows:

- 2012: -6.9%
- 2011: -3.8%
- 2010: -3.1%
- 2009: -10.9%

The steps taken and action undertaken at the end of 2012 as part of the Kaffa 2017 plan are aimed at progressively restoring a positive momentum to the business.

The annual revenue growth rates are as follows:

- 2013: -1.5%
- 2014: + 3.9%
- 2015: +4.8%
- 2016: +4.8%
- 2017: +4.8%

Costs

Historically, costs, excluding non-recurring elements (restructuring, acquisition, etc.), have been well controlled in recent financial years.
The future change in costs is expected to be as follows:

- 2013: +5.9 %
- 2014: +2.3%
- 2015: +4.2%
- 2016: +4.0%
- 2017: +1.8%

The increase in costs results from taking into account the following factors

- General expenses
    - Annual indexation of costs in particular to take into account inflation
    - Annual salary increases (indexation in Belgium, salary increases in France)
    - Increase in efficiency and cost reductions (economy of scale)
- Marketing: budget increased from 1% to +/- 2.5 to 3 % of revenue in order to support business growth.

The change in costs comes from the Kaffa 2017 plan approved by the Board of Directors to which a correction in compliance with IAS36 has been applied.

Solely for the purposes of the impairment tests (IAS 36 §44 – 45 -46), the future cash flow forecasts have been drawn from the Kaffa 2017 plan, with adjustments to the following:

- The future costs and benefits related to the employment of 24 sales representatives (3 * 8) have been offset

A reasonable success rate among the current sales representatives in terms of their sales targets has been taken into consideration.
The Group feels that the utility value of each CGU needs to be determined by adding up

- the free cash flows for each CGU
- the free cash flows for licences on a prorata basis.

The free cash flows generated by licences (FI – FIF – FIE) are distributed proportionally by CGU according to their relative business volumes. The allocation criterion used is the purchase value (machines and products) from each CGU to Fountain SA.

Exit value

The exit value of the businesses at the end of 5 years was set at 6 months' revenue for OCS services and 12 months' revenue for Automatic Distribution services. These multiples are a benchmark in the market in these types of business.

Working capital

The working capital requirement comes from the application in the forecasts of the working capital requirement percentage in relation to the revenue on the basis of the latest consolidated financial statements.

Investments

Investments in subsidiaries are calculated on the basis of a percentage of the revenue (KAFFA). Investments essentially represent the purchase of machines.

IT investments are concentrated in the licence (FIE) and are taken into account for the CGUs via the licence free cash flows allocated to the CGUs.

WACC

- The weighted average cost of capital used for the discount rate was set at 5.90% (5.8 in 2011) based, pursuant to the valuation rules, on a share price on 31 December 2012 of €11.40, a risk-free rate of 2.81%, a net Belgian risk premium of 8.85% and a beta coefficient of 0.539, financial debts at 31 December 2012 and the estimated cost of these debts under the agreements governing them and the IRS used to hedge them.
- The discount period has been refined at 31 December 2012. All flows for a year can be discounted given that they are produced on average at the halfway point in the year (factor 0.5).
  - Discounting of the cash flow in n+5 takes the time factor 4.5
  - Discounting of the revenue in n+5 with the time factor 5.
- This precision led to an additional impairment of €205k.

Results of the tests performed on 31 December

Net Value to Test	FIESA Indep	FIF Indep	FNH	F BNL	FIDF P	F Ouest	F Nord	F Sud	F Centre-Est	FDK	Total
Trademarks	15.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**15.6**
Business Premises	3.7	-38.4	0.0	964.3	351.1	941.2	1,939.4	383.2	2,898.4	0.0	**7,442.8**
Goodwill	2,073.7	1,106.9	8,387.4	2,803.3	436.4	3,979.0	2,044.6	121.7	521.4	0.0	**21,474.4**
Impairment (before financial year)		0.0	0.0	0.0	-642.1	0.0		-236.0	-291.8	0.0	**-1,170.0**
Impairment (1st semester 2012)	-68.3	0.0	0.0	-61.9		0.0	-467.1			0.0	**-597.3**
Net Goodwill FIE on FNH	3,767.8	3,515.9	-7,436.7	0.0	0.0	0.0	0.0	0.0	0.0	153.1	**0.0**
Net Goodwill Allocation FI	-3,640.2	0.0	0.0	3,640.2	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Net Goodwill Allocation FIF	0.0	-3,382.9	0.0	0.0	371.0	1,137.3	858.7	283.9	732.1	0.0	**0.0**

Support Assets (IT)	16.7	16.7	8.4	150.6	50.2	175.7	75.3	58.6	33.5	0.0	**585.8**
Machines	0.0	0.0	0.0	371.6	137.0	185.8	856.4	97.4	1,338.4	126.1	**3,112.7**
Machines in leasing	0.0	0.0	0.0	0.0	21.1	0.0	13.0	1.3	5.4	0.0	**40.9**
Differed Taxes on Goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	**0.0**
Total Value tested	**2,169.0**	**1,218.2**	**959.0**	**7,868.2**	**724.6**	**6,418.9**	**5,320.3**	**710.1**	**5,237.4**	**279.2**	**30,904.9**
Test Valorisation	**2,067.2**	**3,022.4**	**1,813.5**	**8,367.7**	**457.2**	**8,422.4**	**7,183.3**	**1,752.2**	**4,929.2**	**503.3**	**38,518.4**
Gap vs. Tested Value	**-101.8**	**1,804.2**	**854.5**	**499.5**	**-267.4**	**2,003.5**	**1,863.0**	**1,042.1**	**-308.2**	**224.1**	**7,613.5**
Impairment (2nd semester)	-101.8	0.0	0.0	139.1	-267.4	0.0	0.0	0.0	-308.2	0.0	**-538.3**
Total Impairment 2012	**-170.1**	**0.0**	**0.0**	**77.2**	**-267.4**	**0.0**	**-467.1**	**0.0**	**-308.2**	**0.0**	**-1,135.6**

(in Ke)

In 2012, after these tests were applied, the Group confirmed additional impairments of €170 thousand for FIE Independent Distributer CGUs, €467 thousand for France Nord, €308 thousand for France Centre Est (Lyon) and €267 thousand for Ile de France. These impairment adjustments are a result of the fall in turnover in 2012 and the increase in values to be tested for these CGUs. An impairment of €77 thousand was cancelled for the commercial goodwill in the Netherlands (formerly Fountain Distributie Nederland) given the internal reorganisation of this CGU and its expected progress.

Sensitivity test

The sensitivity test on changes in the value of the CGUs based on changes in the key parameters used for these valuation tests, including the weighted average cost of capital, the inflation applicable to costs and the expected change in revenue, shows significant sensitivity to the last of these factors, as the table below shows.

in K€	**2014-2017**											
2013	-677,397	-4.5%	-4.0%	-3.5%	-3.0%	-2.5%	-2.0%	-1.5%	-1.0%	-0.5%	**0.0%**	0.5%	1.0%
	-4.5%	-24.004	-21.467	-18.946	-16.437	-13.901	-11.338	-8.749	-6.261	-3.892	**-2.834**	-2.137	-1.432
	-4.0%	-22.681	-20.135	-17.638	-15.115	-12.565	-9.988	-7.393	-5.015	-3.164	**-2.470**	-1.769	-1.061
	-3.5%	-21.359	-18.840	-16.330	-13.793	-11.229	-8.638	-6.160	-3.805	-2.804	**-2.107**	-1.402	-0.690
	-3.0%	-20.043	-17.546	-15.022	-12.471	-9.894	-7.306	-4.927	-3.138	-2.445	**-1.743**	-1.035	-0.356
	-2.5%	-18.762	-16.252	-13.714	-11.149	-8.558	-6.086	-3.741	-2.783	-2.085	**-1.380**	-0.667	-0.182
	-2.0%	-17.482	-14.957	-12.406	-9.828	-7.246	-4.867	-3.121	-2.427	-1.725	**-1.016**	-0.347	-0.008
	-1.5%	-16.201	-13.663	-11.098	-8.506	-6.039	-3.700	-2.769	-2.071	-1.365	**-0.653**	-0.175	0.000
	-1.0%	-14.920	-12.368	-9.790	-7.212	-4.832	-3.111	-2.416	-1.715	-1.006	**-0.342**	-0.002	0.000
	-0.5%	-13.639	-11.074	-8.482	-6.017	-3.681	-2.762	-2.064	-1.359	-0.646	**-0.171**	0.000	0.000
	0.0%	**-12.358**	**-9.779**	**-7.202**	**-4.823**	**-3.108**	**-2.414**	**-1.712**	**-1.003**	**-0.340**	**0.000**	**0.000**	**0.000**
	0.5%	-11.077	-8.485	-6.020	-3.683	-2.763	-2.065	-1.360	-0.647	-0.171	**0.000**	0.000	0.000
	1.0%	-9.796	-7.218	-4.838	-3.112	-2.418	-1.717	-1.008	-0.342	-0.002	**0.000**	0.000	0.000
	1.5%	-8.515	-6.048	-3.707	-2.771	-2.073	-1.368	-0.655	-0.174	0.000	**0.000**	0.000	0.000

Sensitivity to the discount rate is shown below.

	in K€
-4.0%	576.1
-3.5%	553.0
-3.0%	530.6
-2.5%	508.9
-2.0%	487.8
-1.5%	460.9
-1.0%	303.2
-0.5%	149.6
0.0%	**0.0**
0.5%	-145.6
1.0%	-287.5
1.5%	-456.1
2.0%	-738.8
2.5%	-1,014.4
3.0%	-1,282.9
3.5%	-1,544.7
4.0%	-1,800.0

Trademarks are tested on the basis of the royalties received.

As at the closing date, the Management and Board of Directors had no relevant information enabling them to consider that additional impairments should be taken into account in future.

No research and development expense as defined in IAS 38 has been recognised in expenses or included in the assets on the balance sheet.

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Note 4: Current and non-current financial assets (in thousand euros)

Other financial assets

	Shares	Securities other than shares	Loans	TOTAL
I. Financial asset transactions				
1. financial assets, opening balance 01/01/2011	5.30	0.05	0.01	**5.35**
2. investments	2.21	0.00		**2.21**
3. acquisitions through company mergers	1.05			**1.05**
4. transfers	-0.44			**-0.44**
5. transfers to other headings				**0.00**
6. transfers through company demergers			0.01	**0.01**
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	-0.03			**-0.03**
11 increase (decrease) resulting from exchange rate fluctuations				**0.00**
12 other increases (decreases)				**0.00**
13 financial assets, closing balance 31/12/2011	8.09	0.05	0.00	**8.14**
13.1.1 gross value	144.30	0.05	0.00	**144.35**
13.1.2 Accumulated loss in value	-136.21	0.00	0.00	**-136.21**
13.2.1 Net non-current financial assets	8.09	0.05	0.00	**8.14**
13.2.2 Net current financial assets				
1. financial assets, opening balance 01/01/2012	8.09	0.05	0.00	**8.14**
2. investments		0.00	0.00	**0.00**
3. acquisitions through company mergers				**0.00**
4. transfers				**0.00**
5. transfers to other headings				**0.00**
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	-0.11			**-0.11**
Depreciation transfert				**0.00**
11. increase (decrease) resulting from exchange rate fluctuations				**0.00**
12. other increases (decreases)				**0.00**
14. financial assets, closing balance 31/12/2012	7.98	0.05	0.00	**8.03**
14.1.1 gross value	144.30	0.05	0.00	**144.35**
14.1.2 Accumulated loss in value	-136.32	0.00	0.00	**-136.32**
14.2.1 Net non-current financial assets	7.98	0.05	0.00	**8.03**
14.2.2 Net current financial assets				

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Note 5: Current and non-current financial assets (in thousand euros)

	Historic cost valuation 12-31-12	12-31-11
I. OTHER NON-CURRENT FINANCIAL ASSETS	**234.33**	**193.24**
1. Financial assets at historic cost	**8.03**	8.09
1.1. Shares	**8.03**	8.09
1.2. Securities other than shares		
1.3. Other financial fixed assets		
2. Loans and receivables	**0.00**	0.00
3. Available-for-sale financial assets	**226.30**	185.15
3.1. Shares		
3.2. Securities other than shares		
3.3. Other financial fixed assets	**226.30**	185.15
II. OTHER FINANCIAL CURRENT 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 financial fixed assets	**0.05**	0.05

Other financial fixed assets comprised primarily deposits paid in cash.

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Note 6: Non-current assets held for sale (in thousand euros)

Not applicable

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Note 7: Inventories (in thousand euros)

	2012	2011
INVENTORY NET AMOUNTS	**3,871.66**	**3,361.91**
1 Gross book value	**4,880.28**	**4,324.66**
1.1. Goods held for resale	**4,880.28**	4,324.66
1.2. Production supplies		
1.3. Raw materials		
1.4. Work in progress		
1.5. Finished goods		
1.6. Other inventory		
2. Write-offs	**-1,008.62**	**-962.75**
2.1. Goods held for resale	**-1,008.62**	-962.75
2.2. Production supplies		
2.3. Raw materials		
2.4. Work in progress		
2.5. Finished goods		
2.6. Other inventory		

Given that processing of the items carried out by Fountain is limited to packaging, all inventory items are now classed under the heading Goods.

In view of the low turnover of certain items, their value has been reduced to €0.01 per item. As these items have no market value, they are held in stock for any future requirements.

Breakdown of the inventory was as follows:

Gross stock	2012	2011
Machines	**1,227.23**	1,132.99
Products	**1,909.65**	1,327.28
Other (accessories, …)	**1,743.40**	1,864.39
Total	**4,880.28**	**4,324.66**
Stock write-offs	**2012**	2011
Machines	**327.89**	281.49
Products	**23.33**	36.83
Other (accessories, …)	**657.40**	644.43
Total	**1,008.62**	**962.75**

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Note 8: Net current customers (in thousand euros)

Note 8: Net current customers (in thousand euros)

	2012	2011
I. CURRENT NET ACCOUNTS RECEIVABLE	**3,431.96**	**4,263.73**
1. Current gross receivable	**3,913.41**	4,808.99
2. Accumulated value corrections	**-481.45**	-545.26

The aged balance of trade and other receivables on 31 December 2012 was as follows.

Aged balance at 31/12/2012		
K€	**2012**	2011
Not due	**2,220.14**	2,719.76
1 to 30 days	**960.02**	1,047.08
31 to 60 days	**305.92**	460.26
61 to 90 days	**88.11**	121.57
> 90 days	**339.23**	460.31
Total	**3,913.41**	**4,808.99**

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Note 9: Cash and cash equivalents (in thousand euros)

	2012	2011
Cash on hand	**12.96**	12.00
Bank balance	**1,871.74**	3,331.19
Short-term accounts		
Other cash and cash equivalents		
Total	**1,884.70**	**3,343.19**

No balance of cash or cash equivalents is unavailable to the group.

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Note 10: Equity and warrant plans

	2012	2011
Number of shares issued	**1,660,360**	1,660,360
Number of warrants allotted	**0**	0
Number of diluted shares	**1,660,360**	1,660,360

The shares do not have a designated nominal value.

No resolution was put before the Board during the 2012 financial year, which required action pursuant to articles 523 and 524 and 524ter of the Belgian Companies Act.

The number of registered shares on 31/12/2012 was 688,437 shares.

On 31/12/2012, the capital was represented by 688,437 registered shares, 969,846 paper-free shares and 2,077 shares due to go paper-free, so 1,660,360 shares in total.
No shareholders have any special control rights.

There is no staff share scheme. As explained in the remuneration report included in the 2012 statutory management report, two share option plans for 100,000 and 10,000 shares were granted to the CEO and CFO respectively.

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Note 11: Liabilities and payables (in thousand euros)

	Situation december 2012				Situation december 2011			
	1 year or less	1 to 5 years	More than 5 years	TOTAL	1 year or less	1 to 5 years	More than 5 years	TOTAL
I. LIABILITIES WITH INTEREST ACCORDING TO TERM								
1. Bank loans	**7,435.06**	**4,102.48**		**11,537.54**	8,140.06	5,922.80		14,062.86
3. Lease finance contracts	**95.92**	**0.00**		**95.92**	271.75	98.62		370.36
4. Other loans				**0.00**	143.87			143.87
TOTAL	**7,530.98**	**4,102.48**	**0.00**	**11,633.46**	**8,555.67**	**6,021.41**	**0.00**	**14,577.09**
II. SUPPLIERS AND OTHER CREDITORS ACCORDING TO TERM								
1. Suppliers	**5,149.30**			**5,149.30**	4,106.39			4,106.39
2. Advances received		**1.53**		**1.53**		1.67		1.67
3. Other creditors	**1,910.79**			**1,910.79**	2,509.69			2,509.69
TOTAL	**7,060.10**	**1.53**	**0.00**	**7,061.63**	**6,616.08**	**1.67**	**0.00**	**6,617.75**

Bank loans comprised a debt at more than one year of €1,177 thousand, a debt at less than one year of €969 thousand relating to “sales financing” agreements with a bank as described in note 28. Bank loans at more than one year comprised fixed term loans of €4,446.32 thousand in existence on 31 December 2012.

The liabilities corresponding to financial lease agreements are recognised in the balance sheet as financial lease debt. Payments under leases are broken down into financial expenses and debt reduction in order to obtain a constant interest rate over the term of the lease agreement. The assets under financial lease agreements are depreciated over the term of the agreement.

finance leasing contract	2012	2013	Total
Minimum lease payments	**290.57**	101.65	392.22
Amounts representing the interest	**-16.17**	-5.72	-21.89
Discounted value of minimum future lease payments	**274.4**	95.93	370.33

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Note 12: Provisions (in thousand euros)

Provisions	As at 31/12/2011	Expense for the year	Changes in the consolidation scope	Reversal/ Utilisation	Other	As at 31/12/2012
Commercial disputes	88.50	20.18	42.97	33.38		**32.33**
Fiscal dispute	283.73		224.75	58.98		**0.00**
Social disputes	272.49	24.61	85.37	122.82	20.00	**108.92**
Technical guarantee	51.03		0.27			**50.75**
Total	**696**	**45**	**353**	**215**	**20**	**192**

A dispute exists between GEIE Fountain Distribution Center and the French tax authorities relating to a maximum amount of €0.2 million in respect of the 2003 and 2004 financial years. This dispute concerns business tax. In 2011, following a judgement at first instance, the company was ordered to pay this sum to the administrative authorities, following which an appeal was lodged against the decision. The 2011 income statement, therefore, had a negative effect amounting to €0.2 million relating to expenses from previous years. According to the reasoned opinion given by the lawyers defending the company, setting out a series of factual arguments, the corrections proposed by the French tax authorities are unfounded. For information, the company is appealing against the first instance judgement in order to try to recover the sums paid. This business tax no longer applies with effect from 1 January 2010.

The company Fountain France is in dispute with the French administrative authorities in relation to VAT in respect of the 2008 and 2009 financial years. Of the €250 thousand claimed by the administration, €25 thousand were paid at the beginning of 2012, in view of the fact that the administration’s arguments were accepted. The balance, i.e. €225 thousand, is disputed by the company. Work to justify the sums disputed by the administration is being finalised and suggest that the proceedings could be closed in the company’s favour. On this basis, the provision of €224 thousand initially made was reversed in the financial statements as at 31/12/2012.

The commercial disputes relate primarily to the 2 new subsidiaries acquired in 2011.

A number of employment related disputes are currently on-going in the French subsidiaries.
No reliable estimate can be made regarding the period for release of liquidity in relation to the provisions for risks and expenses.

Following a tax audit carried out on Fountain France, there is a risk of tax penalties on various transactions from previous years. On 31 December 2012, given the nature of the transactions involved and the work done to justify them, it was not deemed necessary to include a provision.

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Note 13: Non-current commitments resulting from post-employment benefits

The cost of retirement benefits is determined at the end of each financial year taking into account the length of service of employees and the probability of their being in company service on their retirement date. The calculation is based on an actuarial method involving assumptions on movements in salaries and retirement age. The discount rate used was 3% and the rate of salary increase was set at 2% per year and the staff turnover rate at 10% up to age 50 and 0% beyond that. The group's commitment is fully covered by the provision appropriated.

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Note 14: Liabilities included in groups to be divested held for sale

Not applicable

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Note 15: Net aggregate group turnover in Belgium (in thousand euros)

	2012	2011
Total sales in Belgium	**7,810.00,64**	8,014.00,58

Sales turnover breakdown	2012	2011
Products and services turnover	**35,427.45**	35,584.78
Charges	**48.28**	64.41
Other operating income	**829.68**	936.23
Turnover	**38,317.41**	**38,596.42**

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Note 16: Personnel costs and post-employment benefits (in thousand euros)

Personnel expenses	2012	2011
TOTAL	**-11,050.28**	-10,418.74

The Group is establishing a number of fixed contribution retirement plans for its employees. The Group's commitments in terms of contributions to these retirement plans are recognised in the income statement for the financial year relating thereto.
The expense relating thereto for the 2012 financial year was €231.4 thousand.

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Note 17: Average workforce numbers

(in full-time equivalents)	2012	2011
Average personnel head count in fully consolidated companies	**227.00**	214.67
Management staff	**8.00**	8.00
Employees	**214.00**	201.67
Workmen	**5.00**	5.00
Average personnel head count in belgium	**64.11**	**67.02**

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Note 18: Other operating expenses (in thousand euros)

	2012	2011
Rent	**826.80**	854.18
Transport, vehicle and related costs	**2,573.32**	2,324.75
Fees	**1,341.25**	1,319.40
Advertising and marketing expenses	**424.63**	405.64
Taxes (other than taxes on profit)	**241.13**	258.89
Allocation to/reversal of provision	**-521.27**	166.61
Other	**3,998.35**	3,830.53
TOTAL	**8,884.20**	**9,160.00**

Lease agreement:

Lease agreements are classified as financial lease agreements when they transfer to the Group almost all risks and benefits associated with the property. All other lease agreements are classified as simple lease agreements.

(in thousand euros)

Type of rent	Renting amount	Due amount within 12 months	Due amount within 1 to 5 years	Due amount after 5 years	Total
Others	56	144	113	0	**257**
Buildings	63	310	323	0	**633**
Cars	156	595	610	0	**1,205**
Gran Total	**274**	**1,049**	**1,046**	**0**	**2,095**

The assets under financial lease agreements are recognised as assets at the start of the lease agreements at the lower of the fair value and the present value of the minimum payments under the lease. The corresponding liabilities are recognised in the balance sheet as a financial lease debt. Payments under the lease are broken down into financial expenses and debt reduction in order to obtain a constant interest rate over the term of the lease agreement. The assets under financial lease agreements are depreciated over the term of the agreement.

No assignments of leases were made.

The rents paid under simple lease agreements are recognised in the income statement in other operating expenses on a linear basis over the term of the lease.

Fees:
The auditor's fees for 2012 amounted to €23 thousand for auditing the unconsolidated financial statements and €26 thousand for auditing the consolidated financial statements. The fees received by other members of the network (BST France) were €105 thousand.

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Note 19: Profit (loss) on sales of non-current assets held for sale (in thousand euros)

	2012	2011
PROFIT (LOSS) ON TRANSFERS OF NON-CURRENT ASSETS HELD FOR SALE	**0.00**	**0.00**
Transfers of participating interests		
Other transfers of assets	**0.00**	0.00

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Note 20: Non-recurring earnings

Details of non-recurring earnings are given below:

	2012	2011
Income from ordinary activities	**50**	**33**
Turnover		
Other operating income	**50**	33
Operating expenses	**-905**	**-1,881**
Raw materials and consumption	**0**	-162
Personnel expenses	**-341**	-171
Allocation to depreciation & losses in value	**-956**	-616
Other operating expenses	**391**	-932
Operating result	**-855**	**-1,848**

Other operating income comprised an indemnity amount of €50 thousand received in relation to the embezzlement. This amount is to cover legal costs.

Personnel costs of €341 thousand related to indemnities for the termination of employment contracts paid out in 2012.

Allocations to depreciation and impairment of €956 thousand comprised the following items:

- +€77 thousand reversal of impairment on commercial goodwill (Fountain Distributie Nederland)
- €102 thousand impairment on commercial goodwill (Fountain Ile de France)
- €1,110 thousand impairment on goodwill (cf. IAS36 note …) on intangible fixed assets
- €180 thousand reversal of depreciation potential bad debts recognised in relation to the embezzlement of funds.

Other operating income and expenses of €391 k thousand comprised the following items:

- +€517 thousand reversal of provisions (tax dispute and embezzlement of funds)
- €77 thousand lawyers' fees (buy-back of 50 % of Fountain Soleil, embezzlement)
- €48 thousand difference on earnouts (FG2 and Française des Eaux)

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Note 21: Recognition of financial instruments pursuant to IAS 39

The financial assets comprise deposits and guarantee deposits in cash, the fair value of which is close to the historic cost.
Trade receivables less impairment give a value close to the fair value of the receivables.
Liquid and quasi-liquid assets comprise primarily amounts available in euros at fair value.
Loans and debts were issued at market rates, which does not result in any major difference with the effective interest expenses.
Pursuant to IAS17 (lease agreements) and IAS 18 (income from normal business operations), agreements for the sale of machines to a bank intermediary for lease by the latter to the end customers, with the possibility of recourse to the group by the bank intermediary in the event of default by the end customer, were recognised as lease agreements with a term equivalent to the agreements between the bank intermediary and the customer. As a consequence, the machines under such agreements are shown in assets on the balance sheet and depreciated in accordance with the group's valuation rules, and the income from the sale of these agreements is recognised as a financing debt constituted by discounted future rents, the discharge of which over time is stated by recognition of the rental income relating to these agreements. This financing debt is discounted at a rate of 3.5% such that the value recognised is close to its fair value.

The group uses external finance from financial institutions such as banks.
The group's debt level is reasonable compared with its balance sheet structure. These loans are taken out at either fixed or floating rates. In the case of loans at floating rates, the group hedges the fundamental risk through IRS contracts. In this context, the group has partly hedged its interest rate risk through two IRSs, the nominal amounts of which are €4.2 million and €2.2 million respectively. The first contract matured in July 2012. The second will mature in June 2017.
Pursuant to IAS 39, the effectiveness of these 2 IRSs has been confirmed. This confirmation corroborated the effectiveness of the 2 IRSs outstanding on 31/12/2012 in question in accordance with IAS 39 and, as a result, the market value variation for the two IRSs was recognised in equity capital.
For bank loan contracts, the group is contractually obliged to respect certain ratios and other limits that are detailed in note 23 in the 2012 consolidated financial statements.

The share option plans mentioned in note 10 have so far not required particular recognition in the consolidated financial statements for 31 December 2012 in accordance with IFRS.

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note 22: income tax

ACCOUNTED FOR IN THE PROFIT AND LOSS ACCOUNT (in EUR K)	2012	2011
Corporate Taxes		
Current tax	**-682.0**	-565.9
Deferred tax	**159.0**	-84.8
Total tax burden	**-523.0**	-650.7
Summary (in EUR K)	**2,012**	**2,011**
Consolidated results before tax	**633**	1,212
Theoretical weighted average tax rate	**33%**	33%
Tax at the theoretical weighted average rate	**210**	398
		0
Adjustments (in EUR K)		**0**
Non-deductible expenses	**191**	230
Non-deductible expenses (Impairment)	**378**	177
Exempt income	**-314**	-111
Unrecognised deferred tax assets on companies making a loss over the financial year	**112**	193
Tax adjustments for previous financial years	**-28**	59
Difference on the opening reserve	**0**	-16
Change of tax rate applicable	**0**	-28
Correction of deferred taxes on previous financial years	**0**	-33
Miscellaneous	**-26**	-218
Total tax burden	**523**	**651**

Deferred tax assets were accounted for follwoing the recognition of previous tax losses for the company Slodadis (77,5 K€)

Fountain Distributie Nederlands' statutory tax assets recognised in 2010 were reversed as there were no prospects for their use in the foreseeable future

DEFERRED TAXES			2012			2011
Details on deferred taxes by kind	**Assets**	**Liabilities**	**Net**	Assets	Liabilities	Net
Balance sheet						
Trademarks	**409.53**		**409.53**	510.29		510.29
Business premises/goodwill	**1,139.54**	**-1,945.70**	**-806.16**	1,129.64	-2,391.27	-1,261.62
Fixed assets	**33.98**	**-13.21**	**20.77**	33.98		33.98
Shares	**180.40**	**-15.75**	**164.65**	253.35	-19.67	233.68
Provisions	**-31.52**	**-42.36**	**-73.88**	107.72	-23.43	84.30
Recognition of income on financed sales contracts	**389.44**	**-125.83**	**263.62**	389.44		389.44
Deferred statutory						
Total deferred tax related to temporary differences	**2,121.37**	**-2,142.85**	**-21.47**	**2,424.42**	**-2,434.36**	**-9.94**
Tax losses to carry forward	**1,913.37**		**1,913.37**	1,619.09		1,619.09
Unrecognised tax losses	**491.78**		**491.78**	395.41		395.41
Recognised tax losses to carry forward	**1,421.59**		**1,421.59**	1,223.68		1,223.68

Total deferred tax assets/liabilities	**3,542.96**	**-2,142.85**	**1,400.11**	**3,648.10**	**-2,434.36**	**1,213.74**
Compensation of assets and liabilities within the same fiscal entities	**-2,110.57**	**2,110.57**	**0.00**	-2,410.93	2,410.93	0.00
Net position	**1,432.39**	**-32.27**	**1,400.11**	**1,237.17**	**-23.43**	**1,213.74**

Profit and loss account	Charges	Revenues	Charges	Revenues
Trademarks	**124.76**		144.99	
Business premises/goodwill		**-468.86**		-385.35
Fixed assets	**13.21**			
Provisions	**185.49**	**-1.93**	23.03	-22.66
Long-term debts				
Shares	**263.20**	**-178.82**	294.31	-282.47
Use of deferred tax assets on tax losses	**125.83**			
Use of deferred tax assets on tax losses	**-221.91**		236.42	
Cancellation of deferred tax assets on previous tax losses			44.93	
Other			31.65	
Total	**490.57**	**-649.61**	**775.32**	**-690.48**
Compensation for charges and benefits within the same tax entities	**-49.27**	**49.27**	**-529.37**	**529.37**
Net position	**441.30**	**-600.35**	**245.94**	**-161.11**

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Note 23: Off-balance sheet entitlements and commitments (in thousand euros)

Rights and commitments	2011	2010
THIRD PARTY GOODS AND ASSETS HELD BY THE COMPANY	**29,187**	**49,807**
Dhavons building and installation	**29,187**	49,807
GUARANTEES GIVEN BY THIRD PARTIES ON BEHALF OF THE COMPANY	**15,370**	**15,370**
Guarantee given to customs and excise	**15,370**	15,370
GUARANTEES GIVEN ON BEHALF OF THIRD PARTIES	**6,283,811.49**	**8,069,344**
Interest Rate Swap of €4,200,000 - matures end July 2012	**630,000**	1,470,000
Interest Rate Swap of €2,381,818 - matures end June 2017	**2,381,818**	0
Interest Rate Swap of €3,000,000 - matures end October 2011	**0**	3,000,000
Security for Fountain Soleil	**35,763**	0
Security for Fountain Ouest	**740,517.49**	1,100,000
Security for one Axxor share	**0**	2,518
Letter of support to Fountain Belgium	**661,200**	661,200
Letter of support to Fountain Danmark	**134,513**	135,626
Letter of support to Fountain Nord	**1,700,000**	1,700,000
GUARANTEES RECEIVED	**630,000**	**490,190**
Liabilities guarantee received on the purchase of Fountain Nord	**0**	490,190.00
Liabilities guarantee received on the purchase of FG2	**480,000**	0
Liabilities guarantee received on the purchase of Française des Eaux	**150,000**	0
REAL GUARANTEES MADE ON OWN RESOURCES	**8,022,360**	**1,522,360**
Security mandate on Fountain Belgium business premises	**550,000**	550,000
Security on Fountain business premises	**3,412,500**	0
Collateral of Fountain Nord shares	**217,630**	217,630
Collateral of Fountain Est and Fountain Sud-Est shares	**3,087,500**	0
Collateral of Cofy business premises	**104,730.00**	104,730
Registration of a mortgage - purchase building	**150,000**	150,000
Power of attorney for establishing a mortgage - building	**500,000**	500,000
VARIOUS COMMITMENTS	**40,816.66**	**28,890**
Right to professional development	**40,816.66**	28,890
COMMITMENTS FOR THE ACQUISITION OF FIXED ASSETS	**351,799**	**351,799**
Commitment resulting from the leasing of vehicles	**51,799**	51,799
Commitment to acquire 50% of Fountain Soleil shares	**300,000**	300,000
Overall total	**15,373,344.15**	**10,527,760**

The guarantees for subsidiaries and letters of supports to certain subsidiaries relate to bank loans granted to the subsidiaries in question.

The Interest Rate Swaps are shown at the maximum value of the nominal capital hedged.

The liabilities guarantees received relate to acquisition agreements for companies.

The pledge on Fountain’s commercial goodwill and the cancellation of shares in Fountain Est (formerly Française des Eaux) and

Fountain Sud Est (formerly FG2) are the result of financing obtained in particular for the acquisition of these companies.

Under these financing arrangements, the Group undertakes to comply with the following covenants:

- Solvency 40 % minimum
- Shareholders' equity minimum €22.5 million
- Leverage ratio: max 2.8

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Note 24: Transactions with related parties (in thousand euros)

The group has no significant transactions with related parties

	2012	2011
With affiliated companies		
Long-term receivable	**0,00**	0,00
Short-term receivable	**0,00**	0,00
With companies in which the Group owns shares but which are not consolidated	**2,11**	**2,11**
Shares	**2,11**	2,11
Long-term receivable	**0,00**	0,00
Short-term receivable	**0,00**	0,00

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Note 25: Transactions with related parties (in thousand euros)

Board of Directors	2012	2011
Fixed part	121,12	122.4
Variable part (director's fees)	39,0	59,00
Total	160,12	181,4

The fixed remuneration comprised a sum of €21.61 thousand relating to the general secretariat and directorship service of Mr Alain Englebert invoiced by the company ICML sa in accordance with the contract, a sum of €12.64 thousand paid to Mr Pierre Vermaut as a benefit and a sum of €86.87 thousand invoiced by the company Vermaut P Mgt Co sprl in accordance with the contract.

Remuneration of the management and executive directors

Remuneration excluding social security contributions for management and that of the CEO, is structured as follows:

Basic Remuneration	Variable Remuneration	Pension	Other	Total
458.07	122.58	24,41	58,48	663,54

For information, the Remuneration Committee and the Board of Directors decided in March 2012 to grant an exceptional additional variable remuneration of €68,100 (cost to the company) charged against the 2012 financial year to two members of the management committee for their interim assumption of the duties of the CEO.
The cost to the company for recurrent annual variable remuneration for the management, excluding the CEO, was €108,960.

Since the beginning of 2013, the CFO has enjoyed the benefits of an option plan for the purchase of 10,000 shares over 3 years, the features of which are described in the remuneration report, which is included in the 2012 statutory management report.

The CEO's remuneration for 2012 is broken down as follows.

Basis salary	Variable salary	Post employment benefit	Others	Total
221,24	52,50	-	-	273,74

This remuneration is for the period from 1st April 2012, the date on which the new CEO took up his role. The variable remuneration mentioned corresponds to the annual nominal variable remuneration of €140,000.

Furthermore, the CEO has enjoyed the benefits of an option plan for the purchase of 100,000 actions shares over 3 years, the features of which are described in the remuneration report, which is included in the 2012 statutory management report.

By way of a reminder, there is no executive director.

The contractual severance pay for the management is as follows. No rights to recover the variable remuneration is provided for, where it paid on the basis of incorrect financial information.

Eric Dienst, CFO	See the Belgian legal provisions
Sorin Mogosan, Directeur Achats, Production et Technique	See the Belgian legal provisions
Jean-François Buysschaert, COO	See the Belgian legal provisions

The contractual payment for the termination of the CEO's contract with effect from 2012 is set at 12 months' fixed salary for the first two years and 18 months' fixed salary thereafter.

As announced on 26 July 2011, the Board of Directors of Fountain terminated on that date the agreements that linked Fountain s.a. to Syren s.p.r.l., CEO of the Group, represented by Pascal Wuillaume, and to the companies Hawthorne Management (Europe) Ltd) and Hawthorne Management s.àr.l. The decision to terminate this relationship resulted from differences of opinion on the implementation of company's strategy. In this context, in 2011 the Group paid indemnities for termination of contract of €435 thousand.

Syntegra Capital Fund I, LP (London) holds 30.2 % of the equity but has no contractual relationship with the companies in the group.

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Note 26: Post balance sheet events

On 6 February 2012, the Fountain Group signed a letter of interest about the acquisition of the company Côte d'Argent Distribution s.à r.l., its independent distributor in Bordeaux. The usual acquisition procedures are underway.

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Note 27: Additional information on acquisitions

The 2011 financial statements included consolidation for 7 months with effect from 1 June 2011 of the companies La Française de Eaux and FG2 acquired at the end of the first half of 2011. During the second half of 2011, the group acquired two portfolios of customers in the South-East region of France. These two portfolios of customers were incorporated in to the Lyon division of our subsidiary Fountain Ile de France.

On 19 April 2012, the company Fountain France s.a.s. acquired the 50% of the shares in the company Fountain Soleil which were not already held by the Group, giving it total control of this subsidiary. This company was already consolidated by the full consolidation method. The non-controlling interests amounting to -€562.2 thousand on 31/12/2011 were thus acquired for €582.5 thousand. The impact of this acquisition, namely €1,144.7 thousand was recognised as a deduction from the consolidated reserves pursuant to IFRS 3. Apart from this impact, this acquisition had no effect on the consolidated financial statements.

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Note 28: Additional information on business combinations

In 2012, the group did not enter into any business combination.

On 19 April 2012, the company Fountain France s.a.s. acquired 50% of the shares in the company Fountain Soleil which were not already held by the Group, giving it total control of this subsidiary. This company was already consolidated by the full consolidation method. The non-controlling interests amounting to €562.2 thousand on 31/12/2011 were thus acquired for €582.5 thousand. The impact of this acquisition, namely €1,144.7 thousand, was recognised as a deduction from the consolidated reserves pursuant to IFRS 3. Apart from this impact, this acquisition had no effect on the consolidated financial statement.

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Note 29: Post balance sheet reclassification

Not applicable

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Note 30: Transactions with related parties not conducted under market terms and conditions

In accordance with the Royal Decree of 10 August 2009 amending the Royal Decree of 30 January 2001 implementing the Belgian Companies Act and the Royal Decree of 12 September 1983 determining the content and presentation of a minimum standardised set of financial statements, it is confirmed, after examination and analysis, that the group did not conduct any transactions with related parties other than under market terms and conditions which would have to be referred to in this report. Moreover, after analysis by representatives of the audit and appointments/remuneration committees, it is confirmed that the group did not pay remuneration to its directors other than on market terms and conditions.

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Note 31: Risk management

The Group has established a method of identifying and assessing risks, determining measures to reduce such risks and assessing the residual risks. This analysis is subject to periodic review and adjustments to the risk reduction measures. This risk analysis was analysed by the Audit Committee whenever significant risks are identified and at least once a year.

Owing to the fact that its business involves the sale, leasing and supply of machines for hot and cold drinks based on freeze-dried products or beans, the group is exposed to foodstuff risks. On this basis, the group sources products solely from certified producers and does not carry out any processing of the products, except in certain cases to repackage them in compliance with the applicable standards. Moreover, the group only sells drinks dispensers manufactured by specialist suppliers in compliance with the standards required by the countries in which such machines are sold.

The supply of products and machines is subject in certain cases to the fixing of prices with our suppliers for periods not exceeding one year.
The group rents out and makes available to its customers drinks dispensers which remain its own assets. The risk of loss of or damage to its machines is limited by regular monitoring of the contracts for machines located with customers and by regular visits to customers by product vendors and maintenance technicians.

As the group's revenue derives in limited amounts from a very large number of customers, the risk of bad debts can be contained within reasonable limits by applying procedures for the regular monitoring of the recovery of receivables. As a result, the group does not hedge its receivables against financial default by its customers.

The group uses external finance from financial institutions such as banks. The group's debt level is reasonable compared with its balance sheet structure. These loans are taken out at either fixed or floating rates. In the case of loans at floating rates, the group hedges the fundamental risk through IRS contracts. In this context, the group has partially hedged its interest rate risk through two IRS for nominal amounts of €4.2 million and €2.2 million respectively. The first contract matured in July 2012. The second will mature in June 2017.
For bank loan contracts, the group is contractually obliged to respect certain ratios and other limits detailed in note 23 of the 2012 consolidated financial statements.

As the group operates primarily in Eurozone countries, with the exception essentially of its subsidiary in Denmark, exposure to exchange rate risks is not significant and no hedging has been undertaken in this context.

The concentration of all subsidiaries in one centralised IT system makes the group more dependent on the correct functioning and security of this system and the availability of the data recorded in it. As a consequence, systems to back-up, copy and restore the system in the event of serious failure are currently being redefined and upgraded.

Shareholder diary

MONDAY 30 APRIL 2013	QUARTERLY INFORMATION 1ST QUARTER 2013
MONDAY 27 MAY 2013	ANNUAL GENERAL MEETING
JUNE 2013	DIVIDEND PAYOUT SUBJECT TO THE APPROVAL OF THE ANNUAL GENERAL
FRIDAY 30 AUGUST 2013	QUARTERLY INFORMATION AT 30 JUNE 2013
END OCTOBER 2013	QUARTERLY INFORMATION 3RD QUARTER 2013
MID MARCH 2014	ANNOUNCEMENT OF 2013 ANNUAL RESULTS

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Appendices to the consolidated annual financial statements 2012

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1. Scope of consolidation

All the companies controlled by the Group, which is the case when the Group owns more than 50% of the capital or has a majority in the decision-making bodies, are consolidated using the full integration method. Companies in which the Group holds a significant interest without having complete control are integrated according to the equity method.

In 2011, the company Fountain Ile-de-France acquired an initial portfolio of customers from an independent distributor of Fountain products in the Lyon region on 1 April 2011, and a second portfolio of customers from another independent distributor of Fountain products in the Grenoble region on 30 June 2011. The 2011 consolidated financial statements include the income from these two portfolios with effect from their acquisition date.
On 1 June 2011, the company Fountain France acquired 100% of the shares constituting the equity of the companies Fountain East (formerly Française des Eaux) near Nancy and Fountain South-East (formerly FG2) near Lyon. The consolidated financial statements as at 31 December 2011 include the income for 7 months from these companies which have been fully consolidated since their acquisition date.

On 19 April 2012, the company Fountain France s.a.s. acquired 50% of the shares in the company Fountain Soleil which were not already held by the Group, giving it total control of this subsidiary. This company was already consolidated by the full consolidation method. The interests not controlled amounting to -€562.2 thousand on 31/12/2011 were thus acquired for €582.5 thousand. The impact of this acquisition, namely €1,144.7 thousand was recognised as a deduction from the consolidated reserves pursuant to IFRS 3. Apart from this impact, this acquisition had no effect on the consolidated financial statements.

Companies in which the Group does not have a significant stake or whose contribution to the Group is not material are not consolidated, and are.

- Fountain Consumer Appliances Ltd, based in Madras in India, in which the Group has a 17.98% stake and for which the Group has no financial information;
- Fountain Sud SARL, based in the South of France, a dormant company in liquidation, in which the Group owns 100% of the shares.
- Fountain Coffee Systems Finland OY, based in Helsinki in Finland, a dormant company since the end of 2004, in which the Group owns 100% of the shares.
- Fountain USA Inc. set up in 2005 and based in Chicago, wholly owned by the Group but not consolidated as it is not material.

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2. Consolidation Criteria

The income was balanced before allocations and deductions.
The inter-company financial statements between the Group’s companies have been excluded from the consolidated statements.
Any dividends between the Group’s companies have been eliminated from the consolidated income statement.
In order to help to eliminate inter-company transactions more quickly, the Group’s companies record their transactions at a fixed budget exchange rate. Any variations that this method might create between the costs of supplies (and so the gross margin) and financial expenses are corrected during consolidation.

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3. Accounting methods

The accounting policies that have been applied on December 31, 2012 are the same as those that were applied late December 2011, with the exception of the points set put below.

The drinks distributors acquired after December 31, 2011 will now be amortized over 5 years and no longer over three years, this is in line with the decision of the Board of Directors on March 15, 2012 in order to improve ourselves regarding industry standards. The impact of extending the depreciation period on the 2012 result, results in lower depreciation charges to 89 K €.

Regarding the tests of impairment on assets, the discount period was updated to 31 December 2012. All yearly flows can be updated in view of the fact that they are made in the half of the year (factor 0.5)

- Updating the CF n 5 takes the temporary factor of 4.5
- Updating the CA n 5 with the temporary factor of 5.

This resulted in an additional impairment of € 205,000.

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4. Consolidation principles

The consolidated financial statements integrate the accounts for FOUNTAIN S.A. (Fountain Industries Europe S.A. or FIESA) as well as those of all the companies that it controls directly or indirectly after the elimination of inter-company transactions. The consolidated financial statements are prepared in accordance with IFRS rules (International Financial Reporting Standards) and the interpretations published by the IFRIC (International Financial Reporting Interpretation Committee). When assets, liabilities or earnings in the financial statements of companies included in the consolidation are not valued according to international standards: for the purposes of consolidation, they are subject to the necessary restatement. As far as associated companies are concerned, these restatements are only carried out if the information is available.

A. Subsidiaries

A subsidiary is a company controlled by the Group. The criterion used to determine whether the Group controls a company is the Group’s ability to steer this company’s financial and operational policies to benefit from its activities.

B. Associated companies

The associated companies are those over which the Group has a significant influence when it comes to financial and operational decisions, without controlling them.
In principle this is the case when the Group owns between 20 and 50% of the voting rights.
When a security option is attached to a stake in an associated company, and this option potentially and unconditionally allows the Group to hold the majority of voting rights, then this associated company is considered to be a subsidiary and consolidated according to the full consolidation method.

C. Full consolidation

Subsidiaries are consolidated according to the full consolidation method.

D. Equity method

Associated companies are recognised on an equity basis. The carrying value of these investments is reduced, where appropriate, to reflect any impairment that is not temporary for each of these investments individually. When the Group’s share in the loss of an associated company exceeds the carrying value of the investment, the latter as well as any long-term receivables recognised as belonging to these associated companies are reduced to zero; losses beyond this amount are not recognised, apart from the Group’s total commitments to these companies.

E. Company excluded from consolidation

A company is excluded from consolidation when control is destined to be temporary, or when the company is subject to durable, considerable restrictions that significantly limit its ability to transfer funds to the parent company. Companies whose contribution to the Group is not material are also excluded.

The list of the Group’s subsidiaries and associated companies is attached.

F. Foreign currencies

During consolidation, all monetary and non-monetary assets and liabilities, rights and commitments of consolidated companies are converted into Euros at the closing rate for each foreign currency.

Income and expenses are converted into Euros at the average rate for the financial year for each foreign currency.

The resulting conversion adjustments, where applicable, appear under shareholders' equity, in the "conversion adjustments" section. These accumulated adjustments are recognised in the profit or loss when the company concerned is transferred.

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5. Accounting rules

A. Fixed assets

If there are events or changes in circumstances that mean that the intrinsic value (value-in-use or realisable value) of a fixed asset, whether tangible or intangible, runs the risk of being lower than its net carrying value, the Group systematically carries out the impairment test.

If this impairment test shows that the net carrying value of the asset is higher than its financial value and that there is nothing specific to demonstrate that this discrepancy is temporary, the net carrying value is reduced to the level of the financial value through recognition of an expense for the period.

B. Intangible fixed assets

Intangible assets will only be included in the accounts on the double condition of the probability that a profitable economic advantage to the company will result directly from it and the cost of the intangible asset can be determined reliably.

Further expenses related to intangible fixed assets will only be recorded if they increase the future financial benefits of the specific asset to which they relate. All other costs will be recognised.

C. Start-up expenses

In accordance with IFRS standards, start-up costs have not been capitalised since 1 January 2004.

D. Research expenses

Research expenses incurred with a view to acquiring new scientific or technical knowledge (market research for example) are recognised directly as expenses for the period.

E. Development expenses

Development expenses, with which the results of the research are actually applied as plans or concepts with a view to producing new or significantly improved products or processes, are only capitalised if the following criteria are all fulfilled:

- the products or processes are clearly identifiable and their costs isolated and accurately established;
- 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 (technical or financial for example) necessary for the completion of the project are available.

The development expenses will be subject to linear depreciation over the probable period during which they will represent an economic advantage from the date on which they are available. They are depreciated over a maximum period of five years.

F. Patents and licences

When justified by the total amount, the expenses associated with registering, submitting or acquiring a patent, a trademark or a licence are recognised with the asset at their cost minus accumulated depreciation. They are subject to linear depreciation over the contractual period if applicable, or the probable period during which the intangible asset represents an economic interest for the Group, whichever is shorter.

The expenses associated with acquiring multi-user software licences are recognised with the asset if justified by the total amount and are depreciated over a maximum period of three years.

G. Commercial goodwill

Commercial goodwill (client base) resulting from the allocation of the discrepancies from the first consolidation to transactions are valued on the basis of 6 months' revenue for OCS services (Office Coffee Systems) and on the basis of 12 months' revenue for "automatic distribution" services 12.

Commercial goodwill is subject to linear depreciation over ten years.

H. Trademarks

Trademarks acquired by third parties are recognised as intangible assets. Their lifespan is determined by the retention period they will enjoy with the client base in the absence of any additional marketing efforts, and is estimated to be limited to ten (10) years.

Their acquisition value is then subject to linear depreciation over a period of ten (10) years.

The costs of registering the trademarks are recognised over the financial year.

I. Goodwill

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

The net carrying value of goodwill is its value on the acquisition date, minus any impairments recognised following the annual impairment tests, as well as accumulated depreciation recognised as at 31 December 2003. In accordance with IAS 36, the impairment tests applied individually to different goodwill are calculated using the following method.

Investments are divided into cash generating units or CGUs, depending on the activities. For each CGU, the values to be tested include the relevant goodwill as well as all the long-term tangible and intangible assets specifically allocated to it (commercial goodwill, equipment, machines provided or held under a financial lease, trademarks etc.) and the proportion of the CGU in the Group's support asset from which it benefits. The values to be tested are then compared with the valuation of these CGUs determined by applying the free cash flow method over 5 years, calculated on the basis of the expected growth and inflation rates according to economic development, discounted, and by taking into account a discounted transfer value, where this value corresponds to a multiple of the annual revenue, and where this multiple is determined on the basis of current market criteria.

The rate used to discount future cash-flows is the weighted average cost of capital, which is calculated as the average rate of the cost of capital and the cost of financial debt, weighted between the capitalisation value of the company's shares, based on the share price on the closing date, and the amount of the group's financial debt on this same closing date. The cost of capital is calculated as the risk-free rate on the latest Belgian government 10-year loans, plus the net risk premium on the Belgian market, adjusted by the "beta" value of Fountain's share on the Euronext market, these last 2 items of information being provided by an independent specialist financial institution.

J. Tangible fixed assets

In accordance with IFRS standards, tangible fixed assets are only recognised if it is probable that the future economic benefits associated with this asset will go to the company and if the cost of this asset can be valued reliably.

Tangible fixed assets are included in the historic cost minus accumulated depreciation and accumulated impairments. The historic cost includes the initial purchase price or the manufacturing costs for capitalised production costs, plus the direct acquisition costs.

These assets are subject to linear depreciation depending on their estimated lifespan, up to their potential residual value.
Land is not depreciated.

Machines marketed by the Group in the form of despatch, storage and/or subscription are taken out of inventories and capitalised. They are valued at their most recent stock value and subject to linear depreciation over a maximum period of three years.

Further expenses (repairs and maintenance) for an asset are generally treated as an expense for the period. These costs will only be capitalised if they clearly increase the future economic value of using the asset above its initial value. In this case, these costs will be depreciated over the residual lifespan of the asset to which they relate.

The historic value of land, as well as of buildings before depreciation, but excluding any other tangible fixed asset, will, where applicable, be re-valued every three years by independent, recognised experts if elements that might change the fair value definitively and permanently have been brought to the Group's attention.

A drop in value (negative revaluation) will first be allocated to the revaluation reserve and, if this is not sufficient, the revaluation will immediately be recognised over the period, on balance or in full.

Each year, the difference between the depreciation calculated on the re-valued value and on the historic value of the asset will be transferred from the revaluation reserve to the earnings carried over.

Tangible fixed assets are depreciated as follows.

- buildings: between 5% and 10% per year
- facilities, machines and tools: between 10% and 33% per year
- rolling stock: between 25% and 33% per year
- office equipment and furniture: between 10% and 25%
- other fixed tangible assets: between 10% and 20% per year
- machines provided: 33% per year

K. Leases

Financial lease contracts, for which the Group assumes almost all the risks and advantages inherent to owning the leased item, are recognised in the balance sheet at the current value of repayments when the financial lease contract comes into effect and entered as a tangible fixed asset. Otherwise, the lease costs are treated as operational expenses and recognised over the period.

Repayments are partly treated as financial expenses and partly as repayments of the lease debt; so for the duration of the contract, there is a constant interest in relation to the capital to be repaid.

The financial expenses are directly recognised in the profit or loss for the period.

The financial expenses are directly recognised in the profit or loss for the period.
The rules for depreciation and lifespan depend on the type of asset involved. However, when the lease contract is shorter than the lifespan of the leased asset and, given the circumstances, it is not necessarily probable that the asset will be kept in the company's fixed assets at the end of the contract, it will be depreciated over the course of the contract.

Payments under the operational lease scheme are recognised as costs on a linear basis over the course of the contract.

L. Inventories

The value of inventories is determined by applying the weighted average price method.

When products appearing in the inventories have been the subject of transfers within the Group, their inventory value is taken back to their cost price, as though these transfers were at the cost value. This elimination or margins on inventory items is corrected in the tax charges for the financial year, when justified.

i. Raw materials, Works in progress & Finished products

The Fountain Group has not made drinks machines for several years. Until 31 December 2009 and 30 June 2010, the raw materials, works in progress and finished products were still included in separate items under Goods. Since 31 December 2010, given that processing of the raw materials is limited to packaging, these materials and items in the process of being packaged are treated as goods and recognised in this section.

The products marketed by the Group are machines (drinks distributors) and consumables.

ii. Goods

The goods are the machines and consumables bought by the Group with a view to reselling them on the market, possibly after repackaging.

The cost of goods includes the purchasing costs, plus, where applicable, a proportion of standard internal or external repackaging costs. This proportion is approved annually on the basis of the real data for the last complete financial year.

iii. Write-offs

The write-offs rates are calculated on a consolidated basis of the inventory and stock movements, by item, on the basis of a stock rotation ratio for items in relation to the actual use calculated on an annual basis.

For machines, machine accessories and non-food products, the following rates are applied:

- proportion of stock less than 12 months of use: 0%
- proportion of stock between 12 and 24 months of use: 15%
- proportion of stock between 24 and 36 months of use: 50%
- proportion of stock more than 36 months of use: 100%

For spare parts, the following rates are applied:

- proportion of stock less than 12 months of use: 0%
- proportion of stock between 12 and 24 months of use: 10%
- proportion of stock between 24 and 36 months of use: 20%
- proportion of stock between 24 and 36 months of use: 20%
- proportion of stock between 48 and 60 months of use: 40%
- proportion of stock between 60 and 72 months of use: 50%
- proportion of stock more than 72 months of use: 100%

For packaging, the following rates are applied:

- proportion of stock more than 24 months of use: 0%
- proportion of stock more than 24 months of use: 100%

An exemption from the standard impairment values for machines, machine accessories, non-food products, spare parts and packaging may be applied temporarily to items purchased in batches. In this case, the suitability of the standard rates is approved each time the consolidated financial statements are drawn up.

For products, the following rates are applied:

- proportion of stock less than 6 months of use: 0%
- proportion of stock more than 6 months of use: 100%

Moreover, products with less than 3 months of validity remaining are reduced to zero and destroyed.

For advertising material, this is reduced to zero value if not used within two years of being produced.

Additional write-offs may be recognised on top of those resulting from the application of the standard write-offs rates when the usage value so demands.

Write-offs calculated on the gross values before elimination of the intra-group margin are corrected to take into account the reduction in the value of the items involved to the Group’s cost price.

M. Trade and other receivables

Trade receivables are recognised at their nominal minus any impairment. At the end of the accounting period, the value of bad debts is estimated on the basis of all arrears and on the basis of all other objective elements showing that the Group will not be able to recover all the receivables recognised in full or according to the original terms.

The rules for provisions for trade receivables are as follows:

- if payment is more than 6 months late: 50% provision
- if payment is more than 12 months late: 100% provision
- in the event of bankruptcy, provision of 100% of the total amount that cannot be recovered.

Intra-group receivables are not subject to provisions for bad debts.

N. Liquid assets and cash investments

Cash and short-term deposits kept until maturity are recognised at their nominal value.

Liquid assets are defined as cash as well as demand deposits and cash investments that are quickly convertible to cash and exposed to an insignificant depreciation risk.

In cash flow statements, liquid assets are shown net of short-term debts (deficits or overdrafts) with the banking institutions. These deficits are however shown as bank debts on the balance sheet.

O. Own shares

For purchases of own shares, the shares purchased are deducted from the shareholders' equity.

P. Provisions

Provisions are established when the Group has to settle commitments resulting from previous events, when it is probable that an outflow of funds is required to fulfil the commitments and their extent can be estimated reliably. They are reviewed at the end of each financial year and adjusted to reflect the best estimate of the commitment.

When the Group expects a provision to be repaid (for example with an insurance policy), the resulting debt will be recognised when it is almost certain.

A warranty provision is established for all products under warranty on the balance sheet date.
No provision is made for "food risks".

In accordance with French legislation, there are also provisions for retirement benefits for staff working at French companies. These provisions are calculated on an actuarially equivalent basis by an independent expert. In accordance with French principles on this issue, the Group has chosen a calculation method based on a hypothesis of 100% voluntary departures at the age of 65, or before if a full career has been completed on this date.

Q. Employee benefits

The Group is establishing a number of fixed contribution retirement plans for its employees. The Group's commitments in terms of contributions to these retirement plans are recognised in the income statement for the financial year relating thereto. The Group does not currently have any variable contribution retirement plans and/or whose current value would not be covered in full.

The bonuses received by certain employees and management staff are based on financial or quantitative targets and included as an expense based on an estimate on the balance sheet date.

R. Stock options

The fair value of stock options is recognised in the profit & loss statement and credited in the shareholders' equity over the vesting period and on the basis of the number of stocks granted. This estimate is reviewed on a quarterly basis. The fair value of the stock options granted is assessed on the grant date on the basis of the Black-Scholes model.

S. Deferred taxes

The deferred taxes are calculated according to the "liability method" for all temporary differences between the tax basis for assets and liabilities and their carrying value as entered in the financial reports. The calculation for the deferred taxes is based on a standard tax rate of 34%.

The deferred taxes are calculated according to the "liability method" for all temporary differences between the tax basis for assets and liabilities and their carrying value as entered in the financial reports. The calculation for the deferred taxes is based on a standard tax rate of 34%.

When new companies are purchased, provisions for deferred taxes are established on the basis of the temporary difference between the net purchased actual value and its tax base.

In accordance with IFRS 3 and IAS 12 standards, deferred tax liabilities are recognised on the basis of the time differences resulting from intangible assets valued at their fair value at the time of changes to the company groups since December 2004.

In accordance with the same standards, the Group recognises deferred tax assets on the basis of the deductible time differences resulting from the recognition, in the consolidated financial statements, of allocations to depreciation for statutory French commercial goodwill acquired from third parties.

The Group also recognises deferred tax assets on its companies' fiscally recoverable deficits, whether these deficits are specific to the companies concerned or resulting from tax consolidation affecting certain companies.

T. Financial and other debts

Interest-bearing loans are initially valued at their nominal value, subject to the deduction of any related transaction charges. They are then valued at their depreciated cost on the basis of the actual interest. Any difference between the cost and the repayment value is recognised in the financial statements over the loan period on the basis of the actual interest rate.

Commercial or other debts are included at their nominal value.

U. Subsidies received

Subsidies received are only recognised if there is a reasonable assurance that the company will comply with the conditions attached to the subsidies and that they will be received.

Subsidies are recognised as income in the financial years to which the associated costs that they are supposed to offset apply.

V. Income tax

Income tax for the financial year includes current taxes, calculated at the actual rate for the consolidated companies, and deferred taxes, calculated at the average consolidated rate for the period.

W. Income

Revenue is deemed to have been generated when it is likely that the economic advantages associated with the transaction will return to the Group and the income can be determined reliably. As far as products and goods are concerned, revenue is deemed to have been generated when the advantages and risks of the sale have been transferred in full to the purchaser.

Pursuant to IAS17 (lease agreements) and IAS 18 (income from normal business operations), agreements for the sale of machines to a bank intermediary for lease by the latter to the end customers, with the possibility of recourse to the group by the bank intermediary in the event of default by the end customer, are recognised as lease agreements with a term equivalent to the agreements between the bank intermediary and the customers. As a consequence, the machines under such agreements are shown in assets on the balance sheet and depreciated in accordance with the group's valuation rules, and the income from the sale of these agreements is recognised as a financing debt constituted by discounted future rents, the discharge of which over time is stated by recognition of the rental income relating to these agreements over the period over the contract period for the agreements between the financial intermediary and the end customers.

X. Derivatives designated as hedging instruments

Hedge accounting is applicable if and only if the following conditions are met:

- a hedging relationship is clearly identified, formalised and documented as soon as it is established,
- the effectiveness of the hedging relationship is demonstrated from the start.

For future cash flow hedging instruments, variations in the fair value corresponding to the effective portion are directly recognised as other elements of the overall profit, until the hedged transaction affects the Group's profit. Variations corresponding to the ineffective portion are recognised as financial profit.

Interest rate swaps are also qualified as future cash flow hedging instrumentswhen their purpose is to cover the floating rate of the debt.

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6. Segment information

Pursuant to IFRS 8 and in accordance with the decision of the Board of Directors and the Audit Committee of 4 June 2009, the Group considers operating only in one primary segment, namely the OCS (Office Coffee System) market and in one geographic segment.

In fact, the secondary segment is based on geographic location. The Fountain Group achieves over 95% of its revenues on the European market, and there is thus only one geographic segment.

Once business outside Europe passes the 10% mark, an additional secondary segment will be created. Pursuant to the decisions of the Audit Committee of 14 March 2012 and the Board of Directors of 15 March 2012, the Group also considers only operating in one operational segment, the “automatic distribution” services which it has provided since its purchase of the companies Française des Eaux and FG2 on 1 June 2012 being considered as an extension of the services already provided by the Group.

List of directors and auditors

(in alphabetical order)		Start of term	End of term
ADMINISTRATEURS			
Ad Infinitum SA, represented by Mr. Dimitri Duffeleer		31-May-10	30-May-16
Mr. Jean DUCROUX		24-Mar-99	30-May-16
ICML Sa, représentée par Monsieur Alain Englebert	independent	24-Mar-99	30-May-16
Mr. Bruno LAMBERT		24-Mar-99	30-May-16
OL2EF SPRL , représentée par Madame Anne Sophie Pijcke	independent	18-Dec-12	30-May-16
Mr. Philip Percival	take-over mandate of Philippe Renié	27-Dec-08	30-May-16
Mr. Philippe SEVIN		24-Mar-99	30-May-16
Vander Putten Philippe SCS, represented by Mr. Philippe Vander Putten		30-May-11	26-May-14
Pierre Vermaut MGT SPRL, represented by Mr.Pierre VERMAUT, Président	independent	2-Feb-00	30-May-16
AUDITORS			
B.S.T. Réviseurs d'Entreprises SCPRL Auditor on the statutory accounts, represented by Mrs. Pascale TYTGAT		25-May-09	25-May-15
B.S.T. Réviseurs d'Entreprises SCPRL Auditor on the consolidated financial statements represented by Mr. Vincent Dumont		31-May-10	27-May-13

List of shareholdings

1. Consolidated companies

Company	Adress	Country	Proportion of capital held	% Change from 2010
Fountain Belgium SA (anciennement Fountain First NV)	Avenue de l’Artisanat 13, B-1420 Braine l’Alleud anciennement : Eeklostraat 81 à B-9971 Lembeke	Belgium	100.00%	0%
Fountain SA	Avenue de l’Artisanat 17, B-1420 Braine-l’Alleud	Belgium	100.00%	0%

Fountain Denmark A/S	Hammerholmen 18E, DK-2650 Hvidovre	Denmark	100.00%	0%
Fountain France SAS	Boulevard de la Libération 6, F-93200 Saint Denis (Paris)	France	100.00%	0%
Fountain International SA	Avenue de l'Artisanat 17, B-1420 Braine-l'Alleud	Belgium	100.00%	0%
Fountain Nord SAS	Rue Clément Ader 391, Parc d'Activité du Moulin F-59118 Wambrechies	France	100.00%	0%
Fountain Netherlands Holding BV	Baronielaan 139, NL-4818 PD Breda	Netherlands	100.00%	0%
Fountain Ouest SAS	Rue de l'Atlantique, Z.A. Pôle Sud, F- 44115 Basse Goulaine	France	100.00%	0%
Fountain Soleil SAS (1)	Roland Garros 165, F-34130 Mauguio	France	50.00%	0%
Okole SARL	Rue Charles de Gaulle 676, F-59840 Premesques	France	100.00%	0%
Fountain Est SAS	Rue des Blanches Terres 26, F-54250 Champigneules	France	100.00%	0%
Fountain Sud Est SAS	Rue du Champ de Course – ZI Monplaisir, F-38780 Pont-Eveque			0%
Fountain Ile de France SAS	Boulevard de la Libération 6, F-93200 Saint Denis (Paris)	France	100.00%	0%
Fountain Distributie Nederland BV, constitué fin décembre 2011	Pottenbakkerstraat, 9, NL – 4871 Etten-Leur	Netherlands	100.00%	0%
Slodadis SAS	Route de Marigarde 23, F-06131 Grasse Cedex	France	100.00%	0%

2. Associates

None

3. Companies excluded from consolidation (interests of minor importance)

Company	Adress	Country	Proportion of capital held	% Change from 2010
Fountain Coffee Systems Finland OY (dormant company)	Pakilantie 61, SF-00660 Helsinki	Finland	100.00%	0%
Fountain Consumer Appliances Ltd (Company which has not communicated any recent reliable financial information)	"Belmont" Upasi Road, Coonor 643 101, India	India	17.98%	0%
Fountain Sud (France) SARL (in liquidation)	ZA les Ferrailles, Route de Caumont, F-84800 Isle sur la Sorgue	France	100.00%	0%
Fountain USA, Inc (This company is not material)	5,458.00 North Magnolia, chicago II, USA-60640	USA	100.00%	0.00%

The only one of these associated companies (or joint ventures) with significant activity is Fountain Consumer Applicances Ltd in India, of which the Group holds 17.98 %. This company's blance sheet total was €2,237.6 Thousand in 2008 (€ 3,072.4 Thousand in 2007), the net result being - €73.4 Thousand in 2008 (€ 462.4 Thousand in 2007). Faced with little visibility, the value of this investment was depreciated by 100 % at 31 December 2007.

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Management report from the board of directors to the annual ordinary general meeting on 27 may 2013 (statutory financial statements)

Ladies and Gentlemen,

We are pleased to present our statutory management report for the 2012 financial year and to submit for your approval the company's financial statements for the year ended 31 December 2012 which show a balance sheet total of 46,256 thousand Euros before distribution and a net loss after tax of 12,572 thousand Euros. We also submit for your approval our proposal for the appropriation of earnings and we request discharge from our mandate for the financial year in question.

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1. Financial information for the period

The financial statements break down as follows in table form:

A. Balance sheet structure (after appropriation).

(IN EUR K)	2012	2011	VAR
Balance sheet total	**45.256**	**56.995**	**-20,6%**
Fixed assets	39.441	**50.215**	-21,5%
Current assets	5.815	**6.780**	-14,2%
Equity	28.047	**40.618**	-30,9%
Provisions and deferred taxes	51	**51**	0,0%
Creditors	**17.158**	**16.326**	**5,1%**

B. Income statement

(in EUR K)	2012	2011	VAR
Turnover	**13.937**	**14.884**	**-6,4%**
Cost of sales and services	**-12.859**	-13.656	-5,8%
Operating Profit	**1.078**	**1.228**	**-12,2%**
Net finance costs	**-48**	-204	-76,5%
Operating profit before tax	**1.031**	**1.024**	**0,7%**
Extraordinary results	**-13.309**	-3.299	303,4%
Profit before tax	**-12.278**	**-2.275**	**439,7%**
Net profit for the year after tax	**-12.572**	**-2.649**	**374,6%**
Profit for the year for appropriation	**-12.572**	-2.649	374,6%

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2. Comments

A. Share capital

The total number of shares representing the capital of the company Fountain SA was 1,660,360 at 31 December 2012. The company capital remained unchanged at €23,555.77 thousand.

B. Financial debt

Financial debt at the end of 2012 amounted to €8.301 thousand (€9.303 thousand at 31 December 2011).

C. Income statement

Sales and services in 2012 were €13.9 million compared with €14.9 million in 2011, i.e. a decrease of 6.4%.

The operating profit for the period under review was €1.1 million, down 12.1% compared with the previous year, i.e. 7.7% of sales and services, compared with 8.2% for the previous year. This reduction is primarily the result of the decline in sales and services.

Financial earnings were -€48 thousand, an improvement compared with 2011.

The tax expense was €293 thousand compared with €374 thousand for the previous year.

Extraordinary expenses comprise an allocation of €13,309 thousand for impairment to equity investments based on the company's asset valuation test performed in accordance with the valuation rules drawn up by the company (see below). The value of investments in and receivables from companies in which such investments are held, or their subsidiaries, were tested by comparison with the present value of the free cash-flows expected over the 5 years of the investments plus a final sale value at the end of these 5 years. This final sale value is defined as a fraction of the revenue.

The earnings for the year in 2012 were -€12,572 thousand. This amount is primarily the result of recognition of the impairment to investments which had no impact on the company's taxable income.

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3. Research and Development

No development expenses received from third parties were recognised in assets in the 2012 balance sheet (costs of development of new products and machines).

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4. Significant post-balance sheet events

No significant events occurred after the closing date.

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5. Information in relation to the existence of branches

The company does not have any branches.

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6. The Company's risk exposure and risk management policy

The Group has established a method of identifying and assessing risks, determining measures to reduce such risks and assessing the residual risks. This analysis is subject to periodic review and adjustments to the risk reduction measures. This risk analysis is analysed by the Audit Committee whenever significant risks are identified and at least once a year.

Owing to the fact that its business involves the sale, leasing and supply of machines for hot and cold drinks based on freeze-dried products or beans, the group is exposed to foodstuff risks. On this basis, the group sources products solely from certified producers and does not carry out any processing of the products, except in certain cases to repackage them in compliance with the applicable standards. Moreover, the group only sells drinks dispensers manufactured by specialist suppliers in compliance with the standards required by the countries in which such machines are sold.

As the Group's revenue comes mainly from its own subsidiaries and their subsidiaries, the risk of bad debts is limited. As a result, the group does not hedge its receivables against financial default by its customers.

The supply of products and machines is subject in certain cases to the fixing of prices with suppliers for periods not exceeding one year.

The group uses external finance from financial institutions such as banks. The group's debt level is reasonable compared with its balance sheet structure. These loans are taken out at either fixed or floating rates. In the case of loans at floating rates, the group hedges the fundamental risk through IRS contracts. In this context, the group has partially hedged its interest rate risk through two IRS for nominal amounts of €4.2 million and €2.2 million respectively. The first contract matured in July 2012. The second will mature in June 2017.
Various credit lines are subject to the condition that there is no significant change in the shareholder structure of the issuer. Furthermore, for bank loan contracts, the company is contractually obliged to respect certain ratios and other limits detailed in the appendices of the statutory financial statements.

The concentration of all subsidiaries in one centralised IT system makes the group more dependent on the correct functioning and security of this system and the availability of the data recorded in it. As a consequence, systems to back-up, copy and restore the system in the event of serious failure are currently being redefined and upgraded.

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7. Valuation rules

Each year, the company performs impairment tests on its intangible, tangible and financial fixed assets. If these tests show that the net carrying value of the asset is higher than its financial value and there is nothing specific to demonstrate that this discrepancy is temporary, the net carrying value is reduced to the level of the financial value through recognition of an expense for the period.
The depreciation tests are based on discounting of the cost of the capital of the free cash-flows generated over 5 years by the assets taking into account the estimated exit value of the asset. In view of the industrial vertical integration of the Fountain Group's business, with the result that the revenues of Fountain s.a. cannot be dissociated from the revenues of its subsidiaries which sell its products, it was considered appropriate to perform these impairment tests on a consolidated basis and not on the separate revenues of the assets tested. Thus all intangible, tangible and financial fixed assets (in particular the stake held in the company Fountain Nederlands Holding) were subject to a single, overall test.
The rate used to discount future cash-flows was defined as the weighted average cost of capital, which is calculated as the average rate of the cost of capital and the cost of financial debt, weighted between the capitalisation value of the company's shares, based on the share price on the closing date, and the amount of the group's financial debt on this same closing date. The cost of capital is calculated as the risk-free rate on the latest Belgian government 10-year loans, plus the net risk premium on the Belgian market, adjusted by the "beta" value of Fountain's share on the Euronext market, these last 2 items of information being provided by an independent specialist financial institution.
The projections of free cash-flows were established on the basis of the following assumptions.

- Annual revenue growth rates as follows at constant consolidation scope
  - 2013: -1.5%
  - 2014: +3.9%
  - 2015: +4.8%
  - 2016: +4.8%
  - 2017: +4.8%
- These growth rates come from the Kaffa 2017 plan approved by the Board of Directors to which a prudent correction has been applied.
- The expected change in future costs is as follows:
  - 2013: +5.9%
  - 2014: +2.3%
  - 2015: +4.2%
  - 2016: +4.0%
  - 2017: +1.8%
- The rise in costs is a result of taking the following into account:
  - General costs
    - Indexing costs by year, particularly to take inflation into account
    - Salary rise by year (Belgium index, rise in salaries in France)
    - Increase in efficiency and reduction in costs (economies of scale)
  - Marketing: budget increased by 1% to +/- 2.5 to 3% of the turnover to support commercial development
- The change in costs comes from the Kaffa 2017 plan approved by the Board of Directors to which a correction has been applied to comply with IAS36.
- The exit value of the businesses at the end of 5 years was set at 6 months' revenue for OCS (Office Coffee System) services and 12 months' revenue for Automatic Distribution services.
- The weighted average cost of capital used for the discount rate was set at 5.90% (5.8% in 2011) based, pursuant to the valuation rules, on a share price on 31 December 2012 of €11.40, a risk-free rate of 2.81%, a net Belgian risk premium of 8.855% and a beta coefficient of 0.539, financial debts at 31 December 2012 and the estimated cost of these debts under the agreements governing them and the IRS used to hedge them.
- The discount period has been refined. All flows for a year can be discounted given that they are produced on average at the halfway point in the year (factor 0.5).
  - Discounting of the cash flow in n+5 takes the time factor 4.5
  - Discounting of the revenue in n+5 with the time factor 5.

Strict and prudent application of this valuation test led the Board of Directors to take into account the impairment of €13.309 thousand shown in its investments.

From 26 July 2011 to 31 March 2012, the company was managed jointly by Mr Eric DIENST, CFO, and Mr Jean-François BUYSSCHAERT, COO, both of whom reported directly to Pierre VERMAUT, Chairman of the Board of Directors. As announced on 13 February 2012, the company Bluepack Consulting s.p.r.l., represented by Mr Paul Baeck has undertaken the role of Group CEO since 1 April 2012.

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8. Absence of conflict of interest

No resolution was put before the Board during the 2012 financial year, which required action pursuant to articles 523, 524 and 524ter of the Belgian Companies Act.

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9. Appropriation of earnings

At the end of the financial year, the company's statutory loss amounted to €12,571,722.62. As the profit carried forward from the previous year was €11,552,724.41, the profit for appropriation as at 31 December 2012 amounted to -€1,018,998.21.

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

- Dividend (none): €0.00
- Allocation to statutory reserve: €0.00
- Carried forward: -€1,018,998.21

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10. Justification for application of the going concern accounting rules

The Board of Directors takes note of the fact that due to the impairment to investments recognised in the 2011 and 2012 financial years, the company has shown losses in two consecutive years and as a result, in accordance with article 96, para. 6 of the Belgian Companies Act, it must justify application of the going concern accounting rules in preparing the company's annual financial statements.

The Board of Directors notes below that in the second half of 2012 it approved plan for restructuring the group's business known as the Kaffa 2017 Plan. This plan resulted from the work of the new CEO, who took up office on in the 1st half of 2012, together with the management team. Based on this plan, the assumptions and parameters of which were approved by the Board of Directors, 2013 will be a year of transition and the start of restructuring of the business, primarily in terms of revenues. The plan should show results from 2014 with improved earnings. Based on this plan, the Board of Directors is of the opinion that continuation of the company's business has been ensured and that the company's accounting valuation rules can continue to be applied to it as a going concern.

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11. Circumstances liable to have a significant influence on the developement of the company and outlook for the current financial year

As announced in November 2012, the Board of Directors unanimously approved the new strategic plan KAFFA 2017 for the period 2013-2017 proposed by Paul Baeck, the new CEO who took up office in April 2012.

This plan, currently being implemented, covers primarily the commercial strategy, distribution model, geographical location and commercial, operational and administrative organisation. The plan is being implemented on the basis of a participative management model.
The main objectives are to reposition Fountain in the corporate services market, develop its business and increase the group's revenue, with a target of over 50% by 2017. This plan requires major investment over the next 2 years, which will have a negative impact mainly on the 2013 EBITDA. The investment being made relates primarily to strengthening the sales teams and to commercial budgets intended to support increased sales.

Negotiations for funding for the Kaffa 2017 plan are underway and the Board is confident that they will come to a conclusion soon. Once this new funding is in place, in the future, Fountain will continue to pursue its debt reduction policy begun in 2008, which will provide significant investment capacity in the event that an acquisition opportunity arises on the market.

The Board of Directors and the Management Committee believe that these measures as a whole will enable Fountain to regain the momentum necessary to strengthen its market position and meet ambitious, but realistic, financial targets.

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12. Corporate governance statement

A. Governance code

The Fountain Group intends to apply the Belgian Corporate Governance Code 2009. The Corporate Governance Code is available on the company's website.

The Board of Directors has observed that two directors have exceeded the 12-year limit of their term of office, thus eradicating their independence and, as a result, meaning that the Corporate Governance Code is now not fully respected in terms of the following points:

- The Board of Directors does not have at least 3 independent members.
- The Remuneration Committee does not have a majority of independent directors.
- The Audit Committee does not have a majority of independent directors.

A search is underway to extend membership of the Board of Directors to a third independent director (see point 12c).

The composition of the Remuneration Committee will soon be extended to a second independent Director (see point 12c.ii).

The composition of the Audit Committee will soon be extended to form a majority of independent directors (see point 12c.iv).

B. Shareholder structure

The controlling shareholding in the company is held by Syntegra Capital Fund I, LP (London). There is no reciprocal shareholding greater than 5%.

On the basis of transparency statements, the Group's main shareholders are:

- Syntegra Capital Fund I, LP (London): 30.2%
- Quaeroq (Belgium): 12.0%
- Electra Partner (France): 10.8%
- Banque Degroof (Belgium): 5.0%

The capital is made up of a single category of shares.
There is no legal or statutory restriction on the transfer of shares.
No shareholder has special control rights.
There is no employee shareholding scheme (see in this context, the share option proposal in the remuneration report below).
There is no legal or statutory restriction on the exercise of voting rights.
To the issuer's knowledge, there is no agreement between shareholders.
There are no specific rules applicable to the appointment and replacement of members of the administrative body or to a change in the issuer's articles of association.
The Board of Directors is authorised to increase the share capital in one or more steps up to a maximum amount of €7,500 thousand. Within this limit, the Board of Directors may issue bonds which can be converted into shares or share subscription rights. This authorisation is valid for a period of 5 years with effect from 25 May 2009.

C. Administrative bodies and committees

In order to ensure high-quality management, the Fountain group is organised on the basis of the following bodies:

- Board of Directors
- Appointments Committee
- Remuneration Committee
- Audit Committee
- Management Committee

i. Board of Directors

The Board of Directors currently comprises 9 directors including two independent directors. A search is underway to extend membership of the Board of Directors to a third independent director.

The criteria for assessing the independence of the directors are those set out in the Corporate Governance Code. There is no Executive Director.

Pierre Vermaut and Alain Englebert were each directors as individuals and members of the Audit Committee until the general meeting on 29 May 2012. At the Ordinary General Meeting on 29 May 2012, they were replaced by the companies Pierre Vermaut Mgt sprl represented by Pierre Vermaut and ICML s.a. represented by Alain Englebert respectively. Their independence was confirmed in terms of the independence criteria stipulated in article 526ter of the Belgian Companies Act, and it is worth pointing out that as they were appointed in 2000 and 1999 respectively, each of them has exceeded the period of 12 years stipulated in the same article 526 ter of the Companies Code, so that the criteria for their capacity as independent director are not officially fulfilled.

No director's term of office expires at the Annual Ordinary General Meeting in May 2013.
The articles of association provide that only the General Meeting can appoint the directors by simple majority. The Board of Directors presents the independent directors to the General Meeting and bases its choice on predetermined criteria. There is no age limit.

The Board of Directors is currently made up as follows:

AT INFINITUM n.v., represented by DIMITRI DUFFELEER, Director,
Dimitri Duffeleer is a director of companies.

ICML s.a., represented by Mr ALAIN ENGLEBERT
Director,
Alain Englebert is a director of companies.

BRUNO LAMBERT
Director,
Bruno Lambert is a director of companies.

JEAN DUCROUX,
Director,
Jean-Ducroux is a director of companies.

PHILIP PERCIVAL
Director,
Philip Percival is director of a company affiliated to Syntegra Capital Fund I, LP (London) and a director of companies.

PHILIPPE SEVIN
Director,
Philippe Sevin is director of a company affiliated to Syntegra Capital Fund I, LP (London) and a director of companies.

PIERRE VERMAUT MGT s.p.r.l., represented by Mr PIERRE VERMAUT,
Chairman,
Director,
Pierre Vermaut has chaired the Fountain Group's Board of Directors since February 2000. He is also a director of companies.

SCS PHILIPPE VANDER PUTTEN, represented by Philippe Vander Putten,
Independent Director,
Philippe Vander Putten is a director of companies.

OL2EF SPRL, represented by Ms Anne Sophie Pijcke,
Independent Director,

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

The Board of Directors meets as many times as required to manage the company. On average it meets 6 times a year.

The main functions of the Board of Directors are the following: strategy, annual and longer-term budgets, basic organisation, monitoring of the management, appointment and remuneration of the permanent members of the Group's Management Committee, establishing valuation results and rules, long-term financial commitments, mergers, acquisitions, strategic alliances, divestments, communications policy, stock options.

The Board of Directors is also responsible for arranging effective external and internal audits of the company.

The articles of association provide that decisions of the Board of Directors are taken by a simple majority of votes. In the event of a tied vote, the Chairman of the Board has the casting vote.

The Board of Directors is informed periodically of the sales results, profit and loss account, cash position, investments and all relevant factors which enable it to assess the company's development and performance.

The Board of Directors also receives all relevant information on each topic which will enable it to take decisions in the areas for which it has responsibility.

The Board of Directors has agreed a procedure which provides for its members to call on independent experts at the company's expense.

The Board has also agreed a procedure in relation to the internal information which must be provided to all its members.

The Board has also approved rules relating to the performance of the role of director and those relating to the holding of Board Meetings.

In 2013, the Board of Directors will conduct a review initially planned for 2012 covering in particular its own composition, the way it operates, the information it receives, its interaction with the executive management and the composition and operation of the Committees established by it.
The members of the Board of Directors will be invited to express their opinions on these various points based on a questionnaire. The Chairman of the Board of Directors will hold an individual meeting with each of the Board members, which in addition to the items listed above, will cover the individual contribution of the Directors to the Board's work and, if applicable, renewal of their term of office.

ii. Remuneration Committee

The Remuneration Committee, incorporating the Appointments Committee, comprises:

- Pierre Vermaut Mgt sprl represented by Pierre Vermaut, replacing Pierre Vermaut since the General Meeting of 29 May 2012
- Paul Lippens until the General Meeting of 29 May, Independent Director.
- SCS PHILIPPE VANDER PUTTEN represented by Philippe Vander Putten, Independent Director.

It is chaired by Mr Philippe Vander Putten, Independent Director.

The composition of the Committee will soon be extended to a second Independent Director.

The Committee sets the remuneration and other benefits accorded to members of the Board of Directors and members of the Management Committee.

Its internal rules of procedure specify the frequency and method of convening meetings as well as the method of taking and recording decisions.

iii. Appointments Committee

An Appointments Committee was set up within the Remuneration Committee.

The Committee defines the criteria for the selection and appointment of Directors.

Its internal rules of procedure specify the frequency and method of convening meetings as well as the method of taking and recording decisions.

In future, in assessing suitable candidates, the Appointments Committee will try to comply with the aim that one third of the members of the Board of Directors are, eventually, of a different gender from the other members.

iv. Audit Committee

The Audit Committee comprises:

- Paul Lippens until the General Meeting of 29 May 2012
- Pierre Vermaut Mgt sprl represented by Pierre Vermaut, replacing Pierre Vermaut as an individual since the General Meeting of 29 May 2012,
  At Infinitum represented by Dimitri Duffeleer
- ICML s.a., represented by Mr. Alain Englebert, replacing Alain Englebert as an individual since the General Meeting of 29 May 2012, who chairs the committee

It comprises at least one member, namely Pierre Vermaut Mgt sprl represented by Pierre Vermaut, whose competence in accountancy and audit results from his training, certified by his degree in accountancy, and from his experience in previous roles 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.

The composition of the Committee will soon be extended to have a majority of Independent Directors.

The CEO, CFO, external auditors and any member of the management or corporate control team may be invited to attend Audit Committee meetings.

The Audit Committee ensures the integrity of the financial information issued by the company. The management informs it of the methods used to recognise significant and unusual transactions where several accounting treatment options are possible. The Committee discusses important questions relating to financial reporting with both the management and the auditor.

At least once a year, the Audit Committee examines the internal control and risk management systems established by the management to ensure that the main risks are correctly identified, managed and communicated.

The Audit Committee meets at least four times a year, in the presence of the external auditors.

The Audit Committee rules of procedure specify the frequency of meetings, the extent of the Committee’s responsibilities, its powers of investigation and its relationship with the Auditors, CEO, CFO and Board of Directors. They also set out the procedure for the Committee’s self-assessment and record keeping.

The Committee has also established a specific mechanism whereby the company’s employees can confidentially raise concerns with regard to potential irregularities in financial reporting or other matters.

The Committee met 4 times in 2012. It focused primarily on the half-yearly and annual financial statements, compliance with IFRS standards, write-offs on inventories and trade receivables and impairment to assets, the methods of management and recognition of machines located with customers and analysis of the group’s risks as prepared by the management.

v. Management Committee

The Management Committee is not a management body as defined in article 524 a of the Belgian Companies Act. The Management Committee comprises the CEO, CFO, COO and the Purchasing, Production and Technical Director. It is chaired by the CEO.

The Committee operates at Group level. It takes management decisions, provides co-ordination, establishes common rules of conduct, monitors different projects and determines priorities.
It normally meets fortnightly.

Its internal rules of procedure specify the frequency of meetings, the keeping of diaries and records and the method of taking decisions.

In 2012, the Management Committee was made up as follows:

- Bluepack Consulting sprl CEO, represented by Paul Baeck, since April 2012,
- Eric Dienst, CFO, member of the Group since February 2010,
- Sorin Mogosan Purchasing, Production and Technical Director, member of the Group since 1985,
- Jean-François Buysschaert, COO, member of the Group since September 2004,

Following the departure of the CEO in July 2011, the Group was managed jointly on an interim basis by Eric Dienst, CFO, and Jean-François Buysschaert, COO, under the direct supervision of Pierre Vermaut, Chairman of the Board of Directors.
On 1 April 2012, the company Bluepack Consulting sprl, represented by Mr Paul Baeck, took over the role of CEO.

vi. Attendance at Board and Committee meetings

During the year, members’ attendance at the various committees was as follows.

	Board of Directors meetings	Audit Committee meetings	Nomination/ Remuneration Committee meetings
Name			
Pierre Vermaut	2	2	1
Pierre Vermaut Mgt s.p.r.l. represented by P. Vermaut	2	2	1
A. Englebert	2	2	

ICML n.v. represented by A.Englebert	2	2	
P. Lippens	1	1	1
B. Lambert	4	1	0
P. Percival	3	not applicable	
P. Sevin	4	not applicable	
J. Ducroux	4	not applicable	
OL2EF b.v.b.a. represented by Mevrouw Anne Sophie Pijcke	1	not applicable	
At Infinitum s.a.	3	4	
Represented by D. Duffeleer			
SCS Philippe Van der Putten represented by Philippe Van der Putten	4	not applicable	2

D. Internal control and risk management systems

The internal control system established has the following features:

- Establishment of an annual budget split by month for each entity in the Group
- Commitment of the group subject to two signatures within the authority limits defined by the Group's Board of Directors and primarily delegated to local managing directors and finance directors and
- System of internal procedures designed to ensure the proper functioning of the Group
- Periodic analyses (weekly, monthly depending on information availability) of the development of the Group's various entities by the Management Control Team and Management Committee
- Reports to the Audit Committee's quarterly meetings.

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13. Remuneration report

A. Procedure for the remuneration policy and for setting the individual remuneration of directors and managers

The remuneration policy is reviewed annually by the Remuneration Committee. The individual remuneration of the directors and members of the management committee is set on the basis of market practice and standards. In order to do this, the Remuneration Committee may refer to independent studies published by Guberna in the case of the directors and by specialist companies in the recruitment industry in the case of the members of the management committee. Remuneration levels are proposed by the Chairman of the Remuneration Committee, which discusses and votes on them. The Remuneration Committee organisation is described in section 11.C.ii above.

B. Remuneration policy for directors and managers in respect of the year

The Directors' offices are remunerated by means of attendance fees, fixed remuneration and contractual remuneration. This remuneration is listed in detail in section 12.c below.
The remuneration or fees paid to members of the management committee comprise a fixed element and a variable element. The Group's policy is to offer remuneration or fees in line with similar roles in companies of comparable size and complexity. The variable element is determined annually on the basis of the Group's annual performance and the achievement of personal targets.
The Group's performance is primarily defined in terms of revenue and recurring cash-flow from operations (REBITDA). The targets for the year are based on the annual budget.
Until 2011, this variable element was less than 26% of the total gross compensation and in no case comprised shares, options or rights to purchase the company's shares. The remuneration policy applied in 2012 remained the same as in the previous financial year except for the introduction in 2012 of an option plan for the CEO to buy 100,000 shares in Fountain s.a.. Since 2013, the CFO has also benefited from an option plan to buy 10,000 shares. The technical features of these 2 plans are identical. They are as follows.

- The share option plan concerns the granting of options to be allotted over a period of 3 years, at a rate of one third per year at an exercise price corresponding to the average closing price on the 20 market days preceding the respective allotment date.
- The annual allotment date is the date of the Ordinary General Meeting of the shareholders of FIESA approving the annual financial statements.
- The first allotment date is fixed as the date of the Ordinary General Meeting of the shareholders of FIESA approving the annual financial statements for the financial year ended 31/12/2012. The number of options granted will be 1/3 of the total number of options under the plan.
- The second allotment date is fixed as the date of the Ordinary General Meeting of the shareholders of FIESA approving the annual financial statements for the financial year ended 31/12/2013. The number of options granted will be 1/3 of the total number of options under the plan.
- The third allotment date is fixed as the date of the Ordinary General Meeting of the shareholders of FIESA approving the annual financial statements for the financial year ended 31/12/2014. The number of options granted will be 1/3 of the total number of options under the plan plus one option.
- The options cannot be exercised before the expiry of a period of three years dating from their allotment, except in the case of a takeover bid when they can be exercised immediately. In this latter case, all options not yet allotted shall be allotted on the date of the public announcement of the takeover bid by the FSMA; the options not yet allotted shall be allotted at the exercise price equivalent to the average closing price on the 20 days preceding the public announcement of the takeover bid.

In the case of the CEO, the nominal variable element excluding share options is 34% of total compensation.
The remuneration policy for the next two financial years currently is the same as that described above, unless decided otherwise in future.

C. Remuneration of the non-executive directors

The directors' remuneration of for the 2012 financial year is detailed below. This remuneration includes fees for attendance at meeting of the Board of Directors, the Audit Committee and the Appointments/Remuneration Committee.

	Amount	Comments
P, Vermaut	12.640	Annual non-indexed amount
Pierre Vermaut Mgt s,p,r,l,	86.870	
A, Englebert		Annual indexed amount
ICML s,a, représentée par Alain Englebert	21.610	
P, Lippens	3.250	To be agreed at the Committee meeting
B, Lambert	6.000	To be agreed at the Committee meeting
P, Percival	3.750	To be agreed at the Committee meeting
P, Sevin	5.000	To be agreed at the Committee meeting
J, Ducroux	5.000	To be agreed at the Committee meeting
At Infinitum représentée par D, Duffeleer	7.750	To be agreed at the Committee meeting
S,C,S Philippe Van der Putten représentée par Philippe Van der Putten	7.000	To be agreed at the Committee meeting
OL2EF s,p,r,l. représentée par Madame Anne Sophie Pijcke	1.250	To be agreed at the Committee meeting
Total	**160.120**	

The remuneration due to Mr Bruno Lambert, Mr Philippe Percival and Mr Philippe Sevin is invoiced by the company Syntegra Capital Fund I, LP (London).

D. Remuneration of the management and executive directors

The remuneration of the management, excluding social security contributions and that of the CEO, is structured as follows.

Basic Remuneration	Variable Remuneration	Pension	Other	Total
458.065	122.580	24.413	58.481	663.540

For information, the Remuneration Committee and the Board of Directors decided in March 2012 to grant an exceptional additional variable remuneration of €68,100 (cost to the company) charged against the 2012 financial year to the two members of the management committee for their interim assumption of the duties of CEO.

The cost to the company for recurrent annual variable remuneration for the management, excluding the CEO, was €108,960.

Since the start of 2013, the CFO has benefited from an option plan for the purchase of 10,000 shares over 3 years, the features of which are described above.

The remuneration of the CEO for the 2012 financial year was structured as follows.

Basic Remuneration	Variable Remuneration	Pension	Other	Total
221.238	52.500	-	-	273.738

This remuneration related to the period since 1 April 2012 when the new CEO took up office. The annual variable nominal remuneration is €140,000.

In addition, the CEO benefits from an option plan for the purchase of 100,000 shares over 3 years, the key features of which are described above.

By way of reminder, there is no executive director.

E. Severance payments for the management and non-executive directors

The contractual severance pay for the management is as follows. No right to recover the variable remuneration is provided for, where it was paid on the basis of incorrect financial information.

Eric Dienst. CFO	See the Belgian legal provisions
Sorin Mogosan. Purschasing. Production and Technical Director	See the Belgian legal provisions
Jean-François Buysschaert. COO	See the Belgian legal provisions

The contractual payment for the termination of the CEO’s contract with effect from 2012 is set at 12 months’ fixed salary for the first two years and 18 months’ fixed salary thereafter.

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14. Term of office of directors and auditors

The Board of Directors has appointed, subject to ratification by the General Meeting of Shareholders, the company OL2EF sprl, registered in the Brussels Commercial Register under number 0892.268.356, having its registered office at 111 chaussée de Tervuren, 1160 Brussels, represented by Ms Anne-Sophie Pijcke, registered in the national register under number 68.05.17-092.85 and domiciled at 111 chaussée de Tervuren, 1160 Brussels, as Director for a term to expire at the 2018 general meeting.

The following directors' and auditors' terms of office expire in 2013.

- BST, Réviseurs d'Entreprises S.C.P.R.L., represented by Vincent DUMONT, Auditor of the consolidated financial statements

The Board proposes to ratify the appointment of the company OL2EF sprl, registered in the Brussels Commercial Register under number 0892.268.356, having its registered office at 111 chaussée de Tervuren, 1160 Brussels, represented by Ms Anne-Sophie Pijcke, registered in the national register under number 68.05.17-092.85 and domiciled at 111 chaussée de Tervuren, 1160 Brussels, as Director for a term to expire at the 2018 general meeting.

In addition, the Board proposes to appoint as Auditor of the consolidated financial statements the company BST Réviseurs d'Entreprises S.C.P.R.L., having its registered office at 88 rue Gachard, PO Box 16, 1050 Brussels, registered in the Brussels Commercial Register under number 0444.708.673, registered with the Institut des Réviseurs d'Entreprises (Institute of Statutory Auditors) under number b000158, represented by Vincent Dumont, Statutory Auditor, registered with the Institut des Réviseurs d'Entreprises under number A01905, with the fees for this office fixed at €32,000 excluding VAT, for 3 years until the 2016 statutory general meeting called to approve the annual financial statements as at 31 December 2015.

In consultation with BST, and given the benefit to the company of aligning the terms of office for the Statutory Auditor and the Auditor for the Consolidated Financial Statements, this alignment will be proposed at the statutory general meeting in 2015.

We would ask you to approve the annual financial statements for the year ended 31 December 2012 and the proposed appropriation of earnings, and to issue a discharge to the directors and auditor in respect of the exercise of their duties in 2012.

Braine-l'Alleud, 29 April 2013,
For the Board of Directors,

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Auditor’s report to the ordinary general shareholders’ meeting on the annual financial statements for the year ending 31 december 2012

Ladies and Gentlemen,

In accordance with legal and statutory provisions, we are reporting to you within the context of our role as auditor. This report includes our opinion of the balance sheet as at 31 December 2012, the financial statements for the year ending 31 December 2012 and the appendix, as well as the additional declarations required.

Report on the annual financial statements – unqualified audit opinion

We have carried out an audit on the company’s annual financial statements for the financial year ending 31 December 2012, drawn up on the basis of the accounting standards in force in Belgium, whose balance sheet total was 45,255,509 EUR and whose P&L statement showed a loss for the year of 12,571,723 EUR

Responsibility of the management body in relation to preparing the annual financial statements

The management body is responsible for preparing faithful annual financial statements in accordance with accounting standards in force in Belgium, as well as for implementing internal control procedures that it deems necessary for the establishment of the annual financial statements without any significant anomalies, whether arising from fraud or errors.

Auditor’s responsibility

Our responsibility is to express an opinion of these annual financial statements on the basis of our audit. We have carried out our audit according to international auditing standards (ISA). These standards demand that we comply with ethical requirements and that we plan and carry out the audit with a view to obtaining a reasonable assurance that the annual financial statements do not include significant anomalies.

An audit involves implementing procedures to collect audit evidence about the total amounts and the information provided in the annual financial statements. The auditor can choose the procedures implemented, including for the assessment of risks that the annual financial statements contain significant anomalies, whether arising from fraud or errors. When carrying out this risk assessment, the auditor takes into consideration the internal control procedures of the entity for the establishment of faithful annual financial statements, in order to define the appropriate auditing procedures for the circumstances, and not to express an opinion of the effectiveness of the entity’s internal control procedures. An audit also involves evaluating the appropriate nature of the assessment criteria chosen, the reasonable nature of the accounting estimates made by the management body, and the appropriate nature of the presentation of all the annual financial statements.

We obtained the explanations and information required for our audit from the management body and the entity’s employees.

We feel that the audit evidence collected is sufficient and appropriate to establish our opinion.

Unqualified audit opinion

In our opinion, the annual financial statements faithfully represent the company’s financial situation as at 31 December 2012, as well as its financial statements for the year ending on this date, in accordance with accounting standards in force in Belgium.

Report on other legal and regulatory obligations

The management body is responsible for the establishment and content of the management report, respect for the legal and regulatory provisions applicable to keeping accounting records, and respect for the Belgian Companies Act and the company’s articles of association.

Within the context of our role, our responsibility is to make sure that certain legal and regulatory obligations have been fulfilled, in

all significant aspects. On this basis, we make the following additional declarations, which are not such that they modify the scope of our opinion of the annual financial statements:

- The management report includes the sections required by law, corresponds to the annual financial statements, and does not contain any significant inconsistencies in relation to the information that we saw within the context of our role.

- Without prejudice to minor formal aspects, the accounts are kept in accordance with legal and regulatory requirements applicable in Belgium.

- The appropriation of earnings proposed at the general meeting complies with legal and statutory provisions.

- For the financial year under review, the recommendations of articles 526bis and 526quater of the Belgian Companies Act have not been respected insofar as they stipulate the presence of one independent director on the Audit Committee and a majority of independent directors on the Remuneration Committee respectively. We would refer you to the management report, which summarises the measures taken by the company to remedy this.

Our report could not be submitted a minimum of thirty days before the general shareholders' meeting, given the lack of final details for certain information, in breach of article 533bis of the Belgian Companies Act.

- Otherwise, there are no other transactions or decisions that breach the articles of association or the Belgian Companies Act to report to you.

Brussels, 30 April 2013.

BST Réviseurs d'Entreprises, S.C.P.R.L. de Réviseurs d'Entreprises, represented by **Pascale TYTGAT.**

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Annual accounts 2012 (abbreviated version)

The annual accounts of Fountain SA (previously Fountain Industries Europe SA) for the financial year 2011 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.

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1. Statutory balance sheet (after appropriation)

(in EUR K)	2012	2011
FIXED ASSETS	**39.441**	**50.215**
I, Formation expenses	**0**	0
II, Intangible fixed assets	**599**	424
III, Fixed assets	**874**	925
IV, Financial fixed assets	**37.969**	48.867
CURRENT ASSETS	**5.815**	**6.780**
V, Long-term debt	**0**	0
VI, Inventory and orders in progress	**2.380**	1.841
VII, Short-term debt	**2.419**	3.966
VIII, Investments	**0**	0
IX, Cash at bank	**898**	784
X, Prepaid expenses	**118**	189
TOTAL ASSETS	**45.256**	**56.995**
(in EUR K)	**2012**	**2011**
EQUITY	**28.047**	**40.618**
I, Capital and reserves	**23.556**	23.556
II, Share premium account	**107**	107
III, Revaluation surpluses		
IV, Reserves	**5.403**	5.403
V, Profit carried forward	**-1.019**	11.553
VI, Investment subsidies		
PROVISIONS. DEFERRED TAXES	**51**	**51**
VII, VII, Provisions for liabilities and charges	**51**	51
VII, VII, Deferred taxes	**0**	0
CREDITORS	**17.158**	**16.326**
VIII, Long-term debt	**2.889**	3.080
IX, Short-term debt	**14.257**	13.228
X, Prepaid expenses	**12**	18
TOTAL LIABILITIES	**45.256**	**56.995**

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2. Statutory Profit and Loss (after appropriation)

(in EUR K)	2012	2011
I, TURNOVER	**13.937**	**14.884**
A, Turnover	**13.130**	13.943
B, Increase (+). decrease (-) of goods in progress. finished products and orders in progress		
C, Capitalised production costs		3
D, Other operating expenses	**807**	938
II, COST OF SALES AND SERVICES	**12.859**	**13.656**
A, Procurement	**7.913**	8.231
B, Services and miscellaneous goods	**2.639**	2.698
C, Compensation. social security charges and pensions	**1.730**	1.813
D, Depreciations and write-offs on fixed assets (allocations +. reversals -)	**425**	765
E, Depreciation and write-offs on inventory and receivables (allocations +. reversals -)	**129**	81
F, Increase (+). decrease (-) in provisions for liabilities and charges		-2
G, Other operating expenses	**23**	70
III, OPERATING PROFIT (LOSS)	**1.078**	**1.228**
IV, Financial income	**358**	327
V, Financial expenses	**-406**	-530
VI, OPERATING PROFIT (OPERATING LOSS)	**1.031**	**1.024**
VII, Extraordinary income	**0**	0
VIII, Extraordinary charges	**-13.309**	-3.299
IX, PROFIT (LOSS) BEFORE TAXES	**-12.278**	**-2.275**
IX,bis Transfers to/from deferred taxes & latent taxation		
X, Tax on profit	**-293**	-374
XI, Profit (LOSS) FOR THE YEAR	**-12.572**	**-2.649**
XII, Transfers to/from immune reserves		
XIII, PROFIT (LOSS) FOR APPROPRIATION	**-12.572**	**-2.649**
A, Transfer to legal reserve	**0**	0
B, Transfer to other reserves		
C, Dividend		-1.461
D, To be carried forward	**-1.019**	11.552

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3. Capital history

		Number of shares	Total number of shares	Amount of capital	
A. SUBSCRIBED CAPITAL					
23/mrt/72	Incorporation	600	600	600 000	BEF
26-Sep-80	Inclusion of reserves in capital	0	600	5 000 000	BEF
24-Dec-86	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-Feb-95	Split of shares; 125 new for one old	0	4 000	1 250 000	BEF
19-Dec-97	Capital increase	1 328 000	1 332 000	416 250 000	BEF
24/mrt/99	Capital increase (exercise of warrants)	88 730	1 420 730	490 525 883	BEF
27-Apr-99	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	EUR
26-Dec-01	Cancellation of shares	(54 770)	1 615 960	26 159 819,01	EUR
16-Aug-06	Capital decrease		1 615 960	22 927 899,01	EUR
16-May-08	Capital increase (exercise of warrants)	44 400	1 660 360	23 355 772,98	EUR

B. UNSUBSCRIBED AUTHORISED CAPITAL		
Extraordinary General Meeting of 24 March 1999 confirmed by Extraordinary General Meetings of 30 May 2001 and 14 December 2005	7 500 000,00	EUR
Autorisation renewed by Extraordinary General Meeting of 25 Mei 2009		

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4. Securities portfolio

	Number of shares held	Share of capital held	Equity at 31 December 2011(*)	Result of 2012
Fountain France SAS	6	0,57%	4.789,24	575,51
Fountain International SA	1	0,08%	1.948,77	329,39
Fountain Netherlands Holding BV	60 000	100,00%	19.521,33	494,04

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