Bondholder information pack

Quarter 3 2011

28 November 2011

Contents

- **Introduction and Operating and Financial Review**
- **R&R Ice Cream plc consolidated financial information**

INTRODUCTION

In November 2010 R&R Ice Cream plc incorporated as a public limited company under the laws of England and issued €350.0 million aggregate principal amount of its 8.375% Senior Notes due 2017 (the "Notes"). The Notes are admitted to listing on the Official List of the Luxembourg Stock Exchange and for trading on the Euro MTF market.

The Notes and the guarantees thereof have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the ''U.S. Securities Act''). The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the U.S. Securities Act and to certain persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

This report is provided to the holders of the Notes pursuant to Section 4.15 of the indenture dated November 5, 2010 governing the Notes.

Forward-Looking Statements

This report contains "forward-looking statements" that reflect, when made, our expectations or beliefs concerning future events that involve risks and uncertainties. Forward-looking statements frequently are identified by the words "believe," "anticipate," "expect," "estimate," "intend," "project," "will be," "will continue," "will likely result" or other similar words and phrases. Similarly, statements herein that describe our objectives, plans or goals also are forward-looking statements. Actual results could differ materially from those projected, implied or anticipated by our forward-looking statements. All forward-looking statements are qualified in their entirety by this cautionary statement, and we undertake no obligation to revise or update this report to reflect events or circumstances after the date hereof.

Unless the context otherwise indicates, all references in this report to the "Company," "Group," "we," "us" or "our" collectively refer to R&R Ice Cream plc and its subsidiaries (including any of their respective predecessors), except where the context requires otherwise.

OPERATING AND FINANCIAL REVIEW

Overview

Overview

We are the third largest ice cream manufacturer in Europe, with leading market shares in each of the U.K., German and French ice cream markets. We are the largest private label ice cream manufacturer in Europe and we believe that our large scale and ability to develop new products make us a key supplier of private label ice cream to the major national retailers we serve. We serve most of the major retailers in each of our markets, including Tesco and Asda in the United Kingdom, Aldi and Edeka in Germany and Leader Price and Carrefour in France. We have a highly efficient manufacturing and operating structure, to which we have made significant capital improvements over a number of years, and as a result we believe that we are one of the lowest cost ice cream manufacturers in Europe.

We primarily produce take-home ice cream products, including ice cream tubs and multi-packs of ice cream cones, ice lollies, ice cream sticks and ice cream desserts. We sell these products largely to national retailers as either branded or private label products. We also produce similar ice cream products for the impulse segment of the ice cream market, where the consumer buys an individual item on impulse for immediate consumption. We produce both private label and branded ice cream products. Private label products involve the manufacture of ice cream for offer under a retailer's own brand, and are generally sold at a lower price than branded products. Branded products bear a specific brand that is owned or licensed by the manufacturer and has value based on customer awareness of, and loyalty to, that particular brand.

Comparing results for the 9 months ending September 30, 2011 and the 9 months ending September 30, 2010

The Rolland Group of companies ('Rolland') was acquired on June 25, 2010. The results of Rolland have therefore been consolidated into the results of the R&R Group for the 9 months ending September 30, 2011 but only contribute three months into the results of the R&R Group for the 9 months ending September 30, 2010. Direct comparability of the results of the two periods presented is impacted by this difference.

Due to the effect of a 53 week year in 2010, 2011 and 2010 saw different Q1 lengths in the UK side of our business, with 2010 benefiting from an extra week as a result. Over the course of a year, the 53rd week makes little difference being a relatively quiet week around New Year and the Adjusted EBITDA effect is negligible. However at the end of Q1, Q2 and Q3 this one week can creates significant EBITDA differences and created differences of €0.7 million, €1.4 million and €0.8 million to each of the quarter year-to-date results respectively.

On September 1, 2011 the Group acquired 100% of the ordinary share capital of Pilpa SAS, the ice cream division of Maison Boncolac, from 3A Co-op for an initial cash consideration of €26.6 million. The agreed final stock valuation lifted the total consideration by €0.3 million to €26.9 million. Pilpa SAS had previously acquired the trade, and certain assets and liabilities of the Maison Boncolac ice cream business pursuant to a contribution agreement effective September 1, 2011.

The acquisition balance sheet of Pilpa SAS, at September 1, 2011, has been consolidated into this condensed consolidated interim financial information based on that contribution agreement. No fair value adjustment has, as yet, been made to these assets and liabilities. A full fair value exercise will be performed as part of our year end accounts procedure and these balances may change as a result.

We have not sought to consolidate the post-acquisition trading of Pilpa SAS into the consolidated trading results of the R&R Ice Cream plc since the reporting capabilities of Pilpa SAS are not yet up to the required standard to allow this to be done free from error, unreasonable delay or expense as it was not an autonomous division of Maison Boncolac and did not have separate accounts. Pilpa SAS is anticipated to generate approximately €5 million of Adjusted EBITDA for the 2011 calendar year and so the omission of this quiet, single month from the consolidated results of R&R Ice Cream plc for the nine months ending September 30, 2011 will not have a material effect on the Group result for that period. Since Pilpa was created as a carve-out of assets from a single entity, Pilpa SAS has no trading results prior to its acquisition by R&R and so we are unable to provide acquired company financials.

Overview for the YTD period

The Q3 headline metrics are as follows:

	Nine Months Ended September 30, 2011	**Nine Months Ended September 30, 2010**	**Year-on-year**	**% Year-on-year**
Consolidated revenue	406,618	370,369	36,249	*9.8%*
Consolidated EBITDA	59,788	62,364	-2,576	*-4.1%*
Consolidated EBITDA%	*14.7%*	*16.8%*	-2.1%	
Free cash flow[(1)]	5,041	11,407	-6,366	

Note (1): defined as cash flows from operating activities + investing activities (excluding acquisitions)

Source: management information

Sales in mainland Europe (comprising our Germany/Poland, France and Rolland divisions) were lower than budgeted in Q3 2011, largely driven by a sustained period of poor weather. The weather throughout northern Europe was unseasonably wet which inevitably impacts our sales in what are usually our peak selling months. As a result, our peak sales month this year was April, a unique occurrence in the history of R&R or any of its predecessors. July, in particular, was a very good month in 2010 for mainland Europe and 2011 was much less fortunate; Deutscher Wetterdienst stated that July 2011 was one of the wettest and coolest Julys on record with 24.3% less hours of sunshine. All 3 of the major weather metrics (sunshine, rainfall, temperature) remained worse than the average with 22.6% more precipitation. This compounding of continuing poor weather across the key summer months inevitably hit the market.

YTD Group margin is down from 26.2% in 2010 to 23.1% in 2011. Whilst some of this is down to the dilution effect of lower margins of Rolland, the rest is down to higher levels of promotions in the UK and sales price increases not recovering all cost price increases in Europe. At Rolland, despite under-recovery of cost-price increases as France continues to be one of R&R's toughest markets, we have managed to drive factory efficiencies up and production-related overheads down. Rolland's management accounts for the 9 months year-to-date suggest that EBITDA-affecting overheads have reduced by €3.1 million. The year-on-year improvement in Rolland's Q3 margin (+2.0 percentage points per management accounts), despite the under-recovery of cost increases demonstrates R&R's ability to transform a business through operational excellence, better buying, production efficiencies and lower costs.

Throughout the Group, the margin pressure we were experiencing earlier this year through commodity price increases has continued into and throughout Q3. The rising commodity costs experienced in the early part of the year have stabilised a little (see 'Changes in Prices of raw materials' section below), although there is no doubt they have been significantly higher than in previous years and we can see no reason for them to fall back to the levels of previous years. These cost price pressures are not unexpected; indeed we budgeted for this increase. It has been the passing of these costs on to customers that has been the challenge. In the UK, in addition to the price increases at the start of the 2011 season, sales prices have again been increased in late-September and October as we attempt to recover more of these cost increases from the retailers. In Europe, although we have managed to push through some price increases to recover costs during the year, the sales price increases have not been achieved to the same extent in part due to the contractual annual fixing of sales prices. The market is seeking to recover the recent cost price increases and so further sales price increases will be implemented in Europe as part of the annual price negotiations.

Cumulatively at the end of Q3, the Group Adjusted EBITDA stands at €59.8 million, €5.7 million adverse to our budgeted expectations (retranslated to actual exchange rates), but we perceive that this is much better than many of our competitors in what has been an extremely challenging market throughout the key summer selling months.

Taking Q2 YTD from Q3 YTD to give an illustrative Q3 performance year-on-year yields the following comparison:

	Three Months Ended September 30, 2011	**Three Months Ended September 30, 2010**	**Year-on-year**	**% Year-on-year**
Consolidated revenue	140,457	160,510	-20,053	*-12.5%*
Consolidated EBITDA	18,770	25,632	-6,862	*-26.8%*
Consolidated EBITDA%	*13.4%*	*16.0%*	-2.6%	
Free cash flow[(1)]	38,502	40,328	-1,826	

Note (1): defined as cash flows from operating activities + investing activities (excluding acquisitions)

Source: management information

It should be noted that July 2010 was hot and sunny across northern Europe whilst the weather in July 2011 was much less favourable and in the UK, the Met Office commented that July 2011 was the coolest July since 2000.

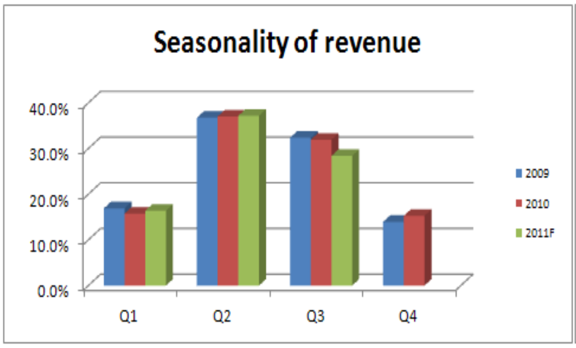
This table is provided for indicative purposes and does not seek to strip out the impact of the additional week in the UK in 2010 or take account of exchange rate differences.

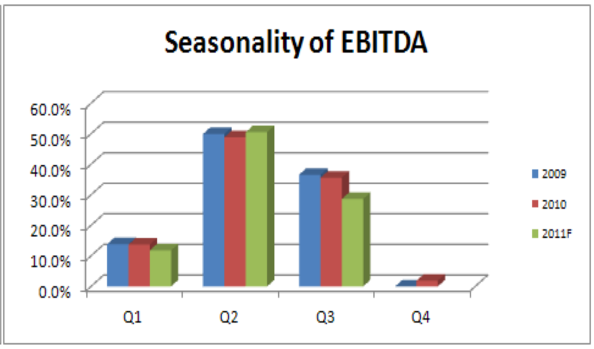
Beyond the Q3 quarter-end, our results have been more encouraging. Our October management accounts show Adjusted EBITDA €1.9 million above October 2010 and €1.3 million above budget.

General factors affecting our Business

Various factors affect our operating results during each period, including:

Seasonality. Our business is seasonal, and a large percentage of our sales are generated in the second and third quarters each year, which often affects the comparability of our results between quarterly periods. The graphs below also demonstrate that the majority of our EBITDA and Adjusted EBITDA is generated in second and third quarters each year.





As a result of this seasonality, these accounts for the nine months ended September 30, 2011, are not directly comparable with full year accounts, although the vast majority of a full year's EBITDA has usually been generated by the end of Q3. The table below shows summary revenue and Adjusted EBITDA for Q3 YTD 2011 and illustrative comparisons for 2010:

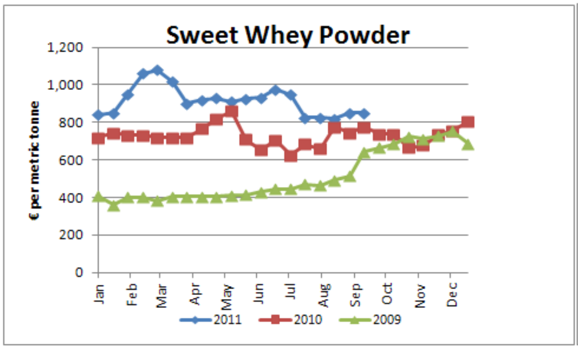
	Nine months Ended September 30, 2011	Nine months Ended September 30, 2010	Twelve Months Ended December 30, 2010
Average EUR:GBP exchange rate	1.1407	1.1724	1.1712
Revenue			
Consolidated result	406,618	370,369	450,787
YTD as % of full year		*82.2%*	
Adjusted EBITDA			
Consolidated result	59,788	62,364	63,896
YTD as % of full year		*97.6%*	

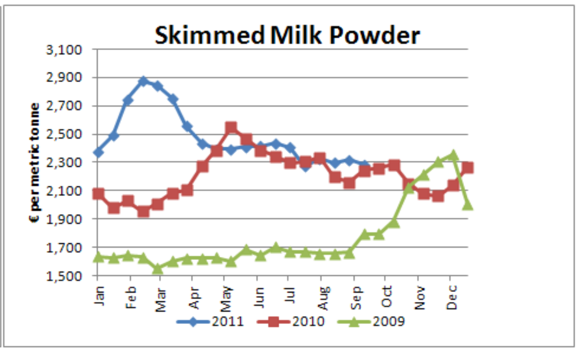
Source: management information

Changes in Prices of Raw Materials. Raw materials used as ingredients and for packaging account for a significant portion of our cost of sales and accounted for approximately 67% of our cost of sales in 2010. The principal raw materials we use to manufacture our products are cream, milk, whey protein, sugar, glucose, cocoa, butter, coconut oil and palm oil. Many of the raw materials we use in our manufacturing processes are commodities and are subject to significant price volatility.

We are able to hedge against many of our raw material costs. However, the ability to hedge is much more limited for dairy commodities, which account for approximately 10% of our overall cost of sales.

Dairy prices increased year on year. For example, the cost price of sweet whey powder increased from an average of approximately €730 per tonne in the nine months ended September 30, 2010 to an average of approximately €916 per tonne in the nine months ended September 30, 2011 and the cost price of skimmed milk powder increased from an average of approximately €2,220 per tonne in the nine months ended September 30, 2010 to an average of approximately €2,475 per tonne in the nine months ended September 30 2011, increases of 25% and 11% respectively, as shown in the charts below:





Source: USDA (for USD cost per metric tonne) and Bank of England (for USD:EUR exchange rates)

The cost price of sugar has also increased markedly year-on-year. Additionally, the sugar price also affects the cost price of some of our other raw material purchases (e.g. chocolate, wafers, sauces and ripples). The market price of sugar in the nine months ended September 30, 2011 is significantly higher than the equivalent period of 2010.

These cost increases, among others, have adversely affected our cost of sales and margin. The table below summarizes how our ingredient and other costs have impacted our year to date results:

	Nine months Ended September 30, 2011 €000	Nine months Ended September 30, 2010 €000	Nine months Ended September 30, 2011 *% of CoS*	Nine months Ended September 30, 2010 *% of CoS*
Ingredients	131,849	108,051	*42.2%*	*39.5%*
Packaging	67,609	58,849	*21.6%*	*21.5%*
Total Cost of sales(1)	312,786	273,245	*100.0%*	*100.0%*
Gross margin(1)	*23.1%*	*26.2%*		

Note (1): excluding exceptional items

Source: management information

Our gross margin (excluding exceptional items) has declined by 3.1 percentage points year on year, principally as a result of these increased costs, the rest being competitive or market pressures on selling prices resulting in more promotions in the UK, typically a market displaying high levels of promotionally driven sales, and the impact of the acquisition of the Rolland business which currently has lower margins than the rest of the group. Ingredients costs account for approximately 2.7 percentage points more of our costs of sales in the nine months ended September 30, 2011 than in the comparable period of 2010.

Although packaging costs have increased, they account for a similar proportion of our cost of sales year on year because selling prices have also increased.

Weather Trends. Sales of ice cream are generally positively impacted by warm, sunny, dry weather and are negatively impacted by cool, overcast, rainy weather. Hours of sunshine, temperature and rainfall are the most important weather factors during the summer selling season.

In the UK, it was the coolest June across the UK since 2001, the coolest July since 2000 and the coolest August since 1993. The summer season was the coolest since summer 1993. There were only around ten days when the temperature exceeded 25°C widely. The UK summer rainfall was 18% above normal. The UK was generally wetter than summer 2010, but not as wet as summers 2007 to 2009. Sunshine totals over the UK were close to average and similar to summer 2010 (Source: Met Office).

In France, spring was exceptionally hot, dry, and remarkably sunny. Weather conditions were less favourable in summer 2011 which was particularly rainy. The weather was hot but often stormy in June, cool and rainy in July, and slightly warmer than normal with geographical variations in rainfall in August (Source: Météo France).

In Germany, a very dry and sunny spring 2011 was followed by changeable summer weather. Most of the infrequent periods of fair weather lasted for only a few days at a time. Summer 2011 was both overcast and very wet across the whole of Germany. It was a wet summer throughout the whole of Germany, particularly in the north and east (Source: Deutscher Wetterdienst).

Competition and Market Trends. The ice cream industry is highly competitive, and our products compete based on a variety of factors, including design, quality, price and customer service. Levels of competition and the ability of our competitors to more accurately address consumer tastes, predict trends and otherwise attract customers through competitive pricing or other factors impact our results of operations. Our competitors' ability to identify and encourage changes in consumer trends, as Unilever has with its Ben & Jerry's brand, may impact our decision regarding what types of ice cream to develop and sell.

Certain actions by our competitors may impact our operating results, such as changes in their pricing or marketing or levels of promotional sales, which may cause us to take certain actions that impact our profitability, such as reductions in our prices or increases in our marketing expenditures. Some of our competitors will from time to time reduce their prices significantly in order to enhance their brand recognition. The levels at which we are able to price our products are influenced by a variety of factors, including the quality of the product, cost of production for those products, prices at which our competitors are selling similar items, our willingness to sell at low margins and willingness of our customers to pay for higher priced items. These factors may limit our ability to respond to such price reductions. For example, in the United Kingdom, we are able to discount our prices from time to time, while in Germany we often have less discounts because the market place generally reflect "every day low prices" and there are generally less promotions as a result. We have also sought to enhance our competitive position by increasing our scale, diversifying our products and enhancing and acquiring brands and brand licenses. In the nine months ended September 30, 2011, we have run more promotions than we typically do, particularly in the UK. This has meant we have generated greater volumes, but our margin has suffered as a result.

Foreign Currency Exchange Rates. As a result of having operations in various countries, we generate a significant portion of our sales and incur a significant portion of our expenses in currencies other than the euro, including the British Pound and the Polish Zloty. During the nine months ended September 30, 2011 33% (nine months ended September 30, 2010: 35%) of our revenue was generated in British Pounds, the reliance on British Pounds being diluted by the inclusion of nine months of Rolland's Euro revenues in 2011 compared to only three months in 2010, and 4.3% (nine months ended September 30, 2010: 4.0%) was generated in Polish Zloty.

We present our consolidated financial statements in Euros. As a result, we must translate the assets, liabilities, revenue and expenses of all of our operations with a functional currency other than the euro into Euros at then-applicable exchange rates. Consequently, increases or decreases in the value of the euro may affect the value of these items with respect to our non-euro businesses in our consolidated financial statements, even if their value has not changed in their original currency. For example, a stronger euro will reduce the reported results of operations of the non-euro businesses and conversely a weaker euro will increase the reported results of operations of the non-euro businesses. These translations could significantly affect the comparability of our results between financial periods and/or result in significant changes to the carrying value of our assets, liabilities and stockholders' equity.

A summary of the EUR:GBP exchange rates during the nine months ended September 30, 2010 and 2011 is shown below:

	Nine months Ended September 30, 2011	Nine months Ended September 30, 2010
Average for the period	1.1407	1.1724
Opening balance sheet rate	1.1618	1.1255
Closing balance sheet rate	1.1539	1.1629

Source: www.bankofengland.co.uk

Consequently the trading of our UK business has been translated at a less favourable rate within the Group's consolidated income statement for the nine months ended September 30, 2011 than for the nine months ended September 30, 2010, adversely impacting the reported revenue and EBITDA results year-on-year.

Acquisitions of Complementary Businesses. We plan to continue to evaluate acquisition opportunities to selectively acquire businesses that may improve our market share and product offerings, or allow us to enter new geographic markets. We have completed eight acquisitions since 1998. Following any acquisition, our results of operations will be impacted by the results of the newly acquired business, any additional debt incurred (if necessary) to acquire the business and expenditures made to integrate the newly acquired business into our company. In general, when looking to integrate and improve a newly acquired business, we look to several main areas: (i) reviewing current prices and product engineering or changing recipes to achieve acceptable margins on products sold; (ii) researching ways to enhance our purchasing to benefit from economies of scale; (iii) reducing duplicated overhead; (iv) moving production to the most efficient locations, subject to geography and logistics; (v) sharing knowledge and experience; (vi) creating synergies with and benefits to the existing businesses; and (vii) improving management of working capital. Many of these integration measures will require expenditures by us.

We recently acquired Pilpa SAS, the ice cream division of Maison Boncolac from 3A Co-op for €26.65 million including stock. Pilpa SAS operates from a factory in Carcassonne, France, and, in 2011, will generate annual revenues of approximately €46 million and annual Adjusted EBITDA of approximately €5 million. The acquisition strengthens our position in the French own-label market and we're also excited by the potential to improve and grow our branded portfolio. We ultimately hope to further improve on the synergies we have already achieved in France as a result of this acquisition but it is early days yet.

Although we acquired Pilpa SAS on September 1, 2011, the available management reporting is not yet up to the R&R standard and so we have excluded the post-acquisition results of Pilpa from the R&R Ice Cream plc consolidated accounts for the nine months ended September 30, 2011. Pilpa's results for the post-acquisition period are not expected to have a material impact on 2011 Group Adjusted EBITDA.

With our combined business in France at Vayres, Rolland and Pilpa, we are number one with 58-60% of the French private label ice cream market and are in the process of integrating all functions in order to run these 3 businesses as one. Pilpa also brings some strong brands, particularly Disney, Oasis and the Pilpa brand itself, which specialises in festive products.

Retailer Customer and Consumer Preferences. Our revenues are also impacted by our ability to continue to produce ice cream that is demanded by our retailer customers. Retailer customers purchase our private label ice cream primarily based on price, quality, the location of our facilities, our ability to deliver our products on a timely basis and our ability to manufacture various types of ice cream in large volumes. Our ability to meet these demands impacts our ability to sell to new and existing private label customers. In addition, our ability to effectively sell our branded products to our customers is driven by consumer demand for our products, as a result of, among other things, our marketing campaigns and the taste and quality of our products.

Components of Revenue and Expenses

Revenue

We generate revenue from the sale of ice cream and related products.

We generate sales under contracts with retailers, and by individual orders through sales personnel and independent brokers. In the United Kingdom, we generally enter into purchase orders or other contracts for sale that have a rolling thirteen week term. In Germany and France we generally enter into longer-term contracts, typically for twelve months. In many cases, subject to certain exceptions, these contracts have fixed prices for products but do not provide for specific volumes to be purchased. Rather, the terms in the contracts govern individual purchase orders to be delivered to us as required by the retailer. In our contracts for sale of goods in Germany, certain of our prices for our goods vary based on our costs of raw materials, allowing us to pass some of our increased costs through to consumers.

Revenues include sales of products less allowances, trade discounts and volume rebates. Revenue from sales of products is recognised when the significant risks of ownership have been transferred to the buyer (which is when the goods are dispatched). Our relationships with our retailer customers do not include a right of return for unsold merchandise.

During the nine months ended September 30, 2011, our ten largest customers, by revenue, represented approximately 55% (nine months ended September 30, 2010: 62%) of our sales, the acquisition of Rolland diluting our reliance on the key customers pre-acquisition. No customer accounted for more than 9% of our total sales in the nine months ended September 30, 2011 (nine months ended September 30, 2010: 13%) and this will further dilute when we include Pilpa's customer base in the Group figures.

Expenses

Our operating expenses primarily consist of:

- cost of sales;
- distribution expenses;
- administrative expenses; and
- finance expenses.

Of the foregoing, cost of sales, distribution expenses and administrative costs are our primary operating expenses. Each component of our operating expenses is described in further detail below.

Cost of Sales. Cost of sales comprise the costs of products that we sell. Cost of sales includes directly attributable costs such as material, labour, energy, product-specific research and development, maintenance and consumables. Our costs of sales are primarily variable in nature based on the amount of products we are selling at a given time. Cost of sales accounted for approximately 77.1% of our revenues for the nine months ended September 30, 2011 (nine months ended September 30, 2010: 74.6%).

Our raw material costs are the primary driver of our cost of sales, accounting for approximately 64% of our cost of sales for the nine months ended September 30, 2011 (nine months ended September 30, 2010: 60%). Personnel expenses, which are salaries and wages paid to our officers and employees, also significantly impact our cost of sales, accounting for approximately 12% of our cost of sales for the nine months ended September 30, 2011 (nine months ended September 30, 2010: 11%). Our raw material costs and personnel expenses are expected to continue to be key components of our operating expenses.

Distribution Expenses. Distribution expenses represent the costs associated with the storage and shipping of our products. These costs include freight, storage and other related distribution costs.

Administrative Expenses. Administrative expenses represent overhead costs associated with support functions, such as finance, human resources, IT, professional fees (legal and accounting) and senior management, and also include costs relating to impairment and amortisation of intangibles.

Typically, costs of these support functions are salaries and benefits, systems costs, insurance and professional services. Administrative costs are relatively fixed in nature and were approximately 8% of our sales for the nine months ended September 30, 2011 (nine months ended September 30, 2010: 10%).

Finance Expenses. Finance expense consists primarily of cash interest expense on financial debt, interest rate derivative instruments, capital lease and other financing obligations in addition to non-cash interest on loans from our shareholders.

Income Tax Expenses. Our income tax provision includes U.K. and foreign income taxes and is based on pre-tax income or loss. The effective rate is higher than the income tax rate in our countries of operation because of the non-deductibility of interest expense on some of our existing related party debt.

EBITDA and Adjusted EBITDA. We define EBITDA as profit / (loss) for the period before income tax (credit)/ charge, net finance expenses and depreciation and amortisation. Adjusted EBITDA is calculated by excluding the impact of the exceptional items described in note 4 of our interim financial information included in this report and Oaktree Capital Management fees. See note 5 to our interim financial information included in this report for a reconciliation from loss for the period to Adjusted EBITDA.

Results of Operations

Nine months Ended September 30, 2011 Compared to the Nine months Ended September 30, 2010

The table below presents consolidated statement of income data, including the amount and percentage changes for the periods indicated:

(in thousands of euros)	**Nine months Ended September 30, 2011**	**Nine months Ended September 30, 2010**	**Favourable /(adverse) change**	**% change**	**% change excl. FX[(2)]**
Revenue	406,618	370,369	36,249	9.8%	11.0%
Cost of sales	(313,438)	(276,377)	(37,061)	(13.4%)	(14.5%)
Gross profit[(1)]	93,180	93,992	(812)	(0.9%)	0.4%
Gross profit %[(1)]	*22.9%*	*25.4%*			
Distribution expenses	(26,350)	(24,356)	(1,994)	(8.2%)	(9.5%)
Administrative expenses	(31,026)	(36,231)	5,205	14.4%	13.4%
Results from operating activities	35,804	33,405	2,399	7.2%	8.8%
Finance income	1,209	933	276	29.6%	30.0%
Finance expenses	(44,491)	(25,633)	(18,858)	(73.6%)	(74.4%)
(Loss) / profit before income tax	(7,478)	8,705	(16,183)	(185.9%)	(182.1%)
Income tax charge	(3,510)	(6,112)	2,602	42.6%	43.0%
(Loss) / profit for the period	(10,988)	2,593	(13,581)	(523.8%)	(510.0%)
Other Financial Information:					
Adjusted EBITDA	59,788	62,364	(2,576)	(4.1%)	(2.9%)

Note (1): including exceptional items.

Note (2): the "% change excl FX" has been calculated by retranslating the UK actual results for the nine months ended September 30, 2011, from the average GBP:EUR exchange rate prevailing for the nine months ended September 30, 2011 to the average GBP:EUR exchange rate prevailing for the nine months ended September 30, 2010, and comparing this retranslated result to the reported result for the nine months ended September 30, 2010.

Revenue

On a consolidated basis, revenue increased €36.2 million or 9.8% to €406.6 million for the nine months ended September 30, 2011 as compared to €370.4 million for the nine months ended September 30, 2010. Excluding FX, our revenue increased €40.6 million, or 11.0%.

This increase was principally attributable to the inclusion of nine months of Rolland trading in the September 2011 results with only three months of Rolland trading in the September 2010 results (impact €39.2 million (after stripping out intra-Group sales with Rolland) therefore on a like-for-like basis revenue decreased by €3.0 million. If the 2010 period had also only been 38 weeks long as it is in 2011, the year-on-year Adjusted EBITDA of the UK Group in 2010 would have been €26.9 million, €0.8 million lower than the €27.7 million reported for that period, meaning the UK's underlying year-on-year decline was only €1.2 million.

By geographical segment on the management accounts basis (as disclosed in note 1), our:

- UK revenues increased €10.5 million or 8.1% to €140.8 million for the nine months ended September 30, 2011 as compared to €130.3 million for the nine months ended September 30, 2010, even with one less week. This growth is attributable principally to sales price increases which were required to offset cost price increases; volumes are up 2.9% despite one fewer week in the nine months ended September 30, 2011. On a like-for-like 38 week basis, we estimate the turnover in the UK to be up 10.1% year-on-year, in a market (retail only) which is up only 2.4% year-on-year (based on market data for the 36 weeks to 1 October, 2011).
- Germany/Poland revenues decreased €9.1 million or 5.1% to €169.8 million for the nine months ended September 30, 2011 as compared to €179.0 million for the nine months ended September 30, 2010. The decline in Germany/Poland was largely due to the wet and overcast weather throughout July and August and to the loss of some sales to the enlarged Edeka Group which could have been retained but at single digit margins.
- Existing French revenues decreased €0.9 million or 2.7% to €33.9 million for the nine months ended September 30, 2011 as compared to €34.8 million for the nine months ended September 30, 2010. Like the rest of the Group, this drop was mainly as a direct result of the poor weather in France throughout July and August.
- Additionally, Rolland revenues contributed €72.2 million to the overall Group revenue for the nine months ended September 30, 2011.

Cost of Sales

Cost of sales increased €37.1 million or 13.4% to €313.4 million for the nine months ended September 30, 2011 as compared to €276.4 million for the nine months ended September 30, 2010. Excluding FX, our cost of sales increased €40.2 million, or 14.5%. This increase was primarily attributable to Rolland (€34.3 million) for which only three months were included in the prior year figures. The remainder of the increase was driven by higher variable costs due to rising raw material prices.

Our gross margin (after exceptional items) declined from 25.4% in the nine months ended September 30, 2010 to 22.9% in the nine months ended September 30, 2011 (before exceptional items, the gross margin decline is from 26.2% to 23.1%). This is partly due to the inclusion of the lower margin Rolland business in the 2011 figures, whose margin is typically lower, in part due to the different characteristics of its dairy business, but also due to margin decline across the rest of the business. This is partly due to incremental promotions in the UK, entered into to secure additional sales volumes. The fall in margin is also due to the increasing costs of many of our key raw materials, particularly dairy costs - which cannot be hedged. These dairy price increases can be seen in the graphs in the "Changes in Prices of Raw Materials" section above, peaking shortly after the year end, and now showing signs of stabilising.

Distribution Expenses

Distribution expenses increased €2.0 million or 8.2% to €26.4 million for the nine months ended September 30, 2011 as compared to €24.4 million for the nine months ended September 30, 2010. Excluding FX, our distribution expenses increased €2.3 million, or 9.5%. principally attributable to the inclusion of nine months of Rolland trading in the September 2011 results with only three months of Rolland trading in the September 2010 results (impact €2.6 million). Despite rising fuel costs, we have managed to keep a check on distribution costs with year-on-year distribution costs as a percentage of sales falling from 6.6% to 6.5%.

Administrative Expenses

Administrative expenses decreased €5.2 million or 14.4% to €31.0 million for the nine months ended September 30, 2011 as compared to €36.2 million for the nine months ended September 30, 2010. Excluding FX, our administrative expenses decreased €4.9 million, or 13.4%, principally due to the €3.7 reduction in exceptional costs from €5.1 million for the nine months ended September 30, 2010 (comprising principally €2.5 million property impairments and €2.2 million of professional fees) to €1.4 million for the nine months ended September 30, 2011 (includes principally €0.8 million of brand impairments), and savings generated throughout the Group, particularly in marketing costs, but is offset by 2011 Rolland overheads which have increased by €2.0 million (due to 9 months included in the nine months ended September 30, 2011 versus 3 months included in the nine months ended September 30, 2010). Rolland's underlying overheads (distribution + administrative expenses) for the nine months ended September 30, 2011 including the pre-acquisition period of 2010 are down €1.1 million year-on-year.

Net finance Expenses

Net finance expenses increased €18.6 million or 75.2% to €43.3 million for the nine months ended September 30, 2011 as compared to €24.7 million for the nine months ended September 30, 2010. Excluding FX, our finance expenses increased €18.8 million, or 76.0%. This increase is principally attributable to the differing financing structure of the Group in the two periods. The €350m loan notes incur interest at 8.375%. The proceeds of the notes were used in part to replace the Rolland acquisition loan of €60m, to pay fees of €12m and to provide an acquisition fund of circa €80m, contributing an incremental €9.5 million to the interest expense for the nine months ended September 30, 2011 compared to the nine months ended September 30, 2010. The remainder of the increase is principally due to the loans of circa €150m, previously hedged at approximately 4%, being replaced by loan notes at 8.375%, contributing incremental interest of €4.9 million to the nine month period, increases in exchange losses of €1.0 million (Poland's unrealised exchange losses have been €1.5 million in the nine months ended September 30, 2011 due to volatility in the EUR:PLN exchange rate) and incremental amortisation of the November 2011 refinancing fees (€1.0 million).

Income Tax charge

The income tax charge decreased €2.6 million or 42.6% to €3.5 million for the nine months ended September 30, 2010 as compared to €6.1 million for the nine months ended September 30, 2010. Excluding FX, our income tax charge decreased by €2.6 million, or 43.0%. This is principally due to a decline in profits before tax which generates a decrease in the income tax charge of €4.5 million. However, this is offset by an increased charge arising from prudent assumptions around the deductibility of interest accruing on our new related party debt post-refinancing (impact €0.9 million) – we hope and expect to agree a more favourable outcome than this assumption with HMRC in the UK but as yet we have no clarity on the deductibility position

Adjusted EBITDA

Adjusted EBITDA decreased €2.6 million or 4.1% to €59.8 million for the nine months ended September 30, 2011 as compared to €62.4 million for the nine months ended September 30, 2010. Excluding FX, our Adjusted EBITDA decreased only €1.8 million, or 2.9%. The decrease is directly attributable to a lower gross margin brought about by the higher raw materials (particularly dairy) costs which we have not yet been able to pass on in Europe and increased incremental promotions in the UK. This decrease was offset by incremental Adjusted EBITDA contributed by the Rolland Group (impact €4.5 million), which contributed €6.6 million in the nine months ended September 30, 2011, and only contributed €2.1 to the nine months ended September 30, 2010 having only been owned for three months in that period. The shortfall in year-on-year EBITDA would have been smaller if not for the presence of the extra UK week in the nine months ended September 30, 2010 which contributed €0.8 million to Adjusted EBITDA in that period.

By geographical segment on the management accounts basis (i.e. as disclosed in note 1), our:

- UK Adjusted EBITDA has decreased from €27.7 million to €25.6 million, a decrease of €2.1 million. This decrease is principally attributable to margin decline, despite strong revenue performance, which would have been even stronger with the extra week. Based on 2010 KPIs, we estimate that the extra week in 2010 contributed €0.8 million of EBITDA, and so the like-for-like story is not too different year-on-year.
- Germany/Poland Adjusted EBITDA has decreased from €30.4 million to €25.7 million. This decrease is principally attributable to the lower gross margin as a result of sales prices fixed in contracts which, in the main, run from 1 April to 31 March each year meaning we can't easily recover cost price increases, together with increasing raw material cost prices throughout that period. Because we have relatively smaller shares of the German private label market than we do in our other markets, it makes it more difficult to obtain these sales price increases to recover costs. The shortfall in revenue, particularly in Q3 2011 experienced throughout the market as a result of the poor weather, has also had a significant impact.
- The Adjusted EBITDA of the original French business has increased from €2.7 million to €2.8 million. This improvement is principally attributable to a reduction in administrative expenses brought about by improved synergies with Rolland. This improvement has been achieved despite the challenges in the margin.
- Rolland contributed €6.6 million to the Adjusted EBITDA performance of the Group in the nine months ended September 30, 2011 compared to €2.1 million in the nine months ended September 30, 2010.

The Adjusted EBITDA for the nine months ended September 30, 2011 is €5.7 million behind budget (retranslated to actual exchange rates) but our October Group management accounts show that approximately €1.1 million of ground has been caught up against the budgeted cumulative EBITDA shortfall in the month of October, and October 2011 Adjusted EBITDA has outperformed October 2010 Adjusted EBITDA by €1.9 million.

Cash Flows

Nine months Ended September 30, 2011 Compared to Nine months Ended September 30, 2010

The following summarises our primary sources of cash in the periods presented (in thousands):

(in thousands of euros)	Nine months Ended September 30, 2011	Nine months Ended September 30, 2010	Increase/ (Decrease) to Net Cash Flow Amount
Cash generated from / (used in):			
Operating activities	14,300	25,196	(10,896)
Investing activities	(35,909)	(52,621)	16,712
Financing activities	(6,291)	18	(6,309)
Total	**(27,900)**	**(27,407)**	**(493)**

Operating Activities

Cash generated from operating activities decreased €10.9 million or 43.2% to €14.3 million for the nine months ended September 30, 2011 as compared to €25.2 million for the nine months ended September 30, 2010. Our cash from operating activities is generally negative during the first five months of each year as we purchase materials to produce products for our summer selling season and positive for the next nine months as we reap the rewards of our spring and summer sales. The decline has been driven principally by interest payments which have increased by €7.8 million as a result of the changes to the Group post-refinancing.

This refinancing created a surplus of approximately €100 million of cash. In the medium-term, this cash is essential for Group development but in the short-term when it has not been invested, it bears a borrowing cost. The incremental cost for the nine month ended September 30, 2011 compared to the nine month ended September 30, 2010 is approximately €6 million. We have used approximately €27 million of this on the Pilpa acquisition and have plans to utilise the balance soon in the pursuance of our strategy.

Looking at the component parts of cash generated from operating activities, the acquisition of Rolland on June 25, 2010, close to the seasonal peak in working capital, means that the nine months ended September 30, 2010 benefited from a release from debtors and inventories but also suffered from a decrease in creditors. These three items largely cancel out in the net cash generated from operating activities figure.

Investing Activities

Cash used in investing activities decreased €16.7 million or 31.8% to €35.9 million for the nine months ended September 30, 2011 as compared to €52.6 million for the nine months ended September 30, 2010. The decrease year-on-year is directly attributable to the differing costs of our acquisitions year-on-year. In the nine months ended September 30, 2010 we acquired Rolland (€38.8 million) whilst in the nine months ended September 30, 2011 we acquired Pilpa (€26.7 million). Investment in the fixed asset base is the other major contributor to this caption and capital expenditure has remained fairly constant year-on-year.

Financing Activities

Cash used in financing activities increased €6.3 million to €6.3 million for the nine months ended September 30, 2011 as compared to €0.0 million for the nine months ended September 30, 2010. In the nine months ended September 30, 2011, the key contributor was the repayment of €5.3 million of interest to our parent company.

R&R Ice Cream plc

Registered No. 05777981

Condensed consolidated interim financial information (unaudited) for the nine months ended 30 September 2011

Contents

Condensed consolidated income statement

For the nine months ended 30 September 2011

In thousands of Euros

	Note	Before exceptional items, amortisation and non-cash interest	Exceptional items, amortisation and non-cash interest[(a)]	**Nine months ended 30 Sept 2011 Total**	Before exceptional items, amortisation and non-cash interest	Exceptional items, amortisation and non-cash interest[(a)]	**Nine months ended 30 Sept 2010 Total**
Revenue	*1*	406,618	-	**406,618**	370,369	-	**370,369**
Cost of sales		(312,786)	(652)	**(313,438)**	(273,245)	(3,132)	**(276,377)**
Gross profit		**93,832**	**(652)**	93,180	**97,124**	**(3,132)**	93,992
Distribution expenses		(26,318)	(32)	**(26,350)**	(24,356)	-	**(24,356)**
Administrative expenses		(22,083)	(8,943)	**(31,026)**	(23,673)	(12,558)	**(36,231)**
Results from operating activities		45,431	(9,627)	**35,804**	49,095	(15,690)	**33,405**
Finance income	*5*	999	210	**1,209**	513	420	**933**
Finance expenses	*5*	(23,648)	(20,843)	**(44,491)**	(8,446)	(17,187)	**(25,633)**
Net finance costs	*5*	(22,649)	(20,633)	**(43,282)**	(7,933)	(16,767)	**(24,700)**
(Loss) / profit before income tax		22,782	(30,260)	**(7,478)**	41,162	(32,457)	**8,705**
Income tax charge	*6*			**(3,510)**			**(6,112)**
(Loss) / profit from continuing operations				**(10,988)**			**2,593**
Attributable to:							
Equity holders of the Company				**(10,988)**			**2,593**
(Loss) / profit for the period				**(10,988)**			**2,593**

Note (a): in order to aid understanding of the financial results, the Directors have presented additional analysis prior to the effect of exceptional items, amortisation of intangible assets and non-cash interest income/(charges). These items are analysed in detail in note 3.

The notes on pages 8 to 23 are an integral part of this condensed consolidated interim financial information.

All operations are continuing.

Condensed consolidated statement of comprehensive income

For the nine months ended 30 September 2011
In thousands of Euros

		Nine months ended 30 Sept 2011	Nine months ended 30 Sept 2010
(Loss) / profit for the period		(10,988)	2,593
Other comprehensive (expense)/income			
Exchange differences on retranslation of foreign operations	*7*	(1,756)	4,639
Total comprehensive (expense)/income for the period		(12,744)	7,232

Condensed consolidated statement of changes in equity

For the nine months ended 30 September 2011
In thousands of Euros

	Share capital	Currency translation	Accumulated losses	Subtotal	Non-controlling interests	Total equity
Balance at 1 January 2011	50,886	(26,064)	(101,416)	**(76,594)**	-	**(76,594)**
Comprehensive expense for the period						
Loss for the period	-	-	(10,988)	**(10,988)**	-	**(10,988)**
Exchange differences on retranslation of foreign operations	-	(1,756)	-	**(1,756)**	-	**(1,756)**
Total comprehensive expense for the period	**-**	(1,756)	(10,988)	**(12,744)**	-	**(12,744)**
Balance at 30 September 2011	**50,886**	**(27,820)**	**(112,404)**	**(89,338)**	**-**	**(89,338)**

For the nine months ended 30 September 2010
In thousands of Euros

	Share capital	Currency translation	Accumulated losses	Subtotal	Non-controlling interests	Total equity
Balance at 1 January 2010	50,886	(32,064)	(71,848)	**(53,026)**	1,462	**(51,564)**
Comprehensive income for the period						
Profit for the period	-	-	2,593	**2,593**	-	**2,593**
Exchange differences on retranslation of foreign operations	-	4,639	-	**4,639**	-	**4,639**
Total comprehensive income for the period	-	4,639	2,593	**7,232**	-	**7,232**
Acquisition of non-controlling interest in controlled subsidiary	-	-	(1,844)	**(1,844)**	(1,462)	**(3,306)**
Balance at 30 September 2010	**50,886**	**(27,425)**	**(71,099)**	**(47,638)**	**-**	**(47,638)**

Condensed consolidated statement of financial position

As at 30 September 2011
In thousands of Euros

Assets	*Note*	30 Sept 2011	30 Sept 2010	31 December 2010
Non-current assets				
Property, plant and equipment		**135,082**	134,261	132,746
Intangible assets		**270,133**	268,750	266,756
Investments in equity-accounted investees	12	**1,385**	-	-
Deferred tax assets		**2,956**	7,004	5,517
Total non-current assets		**409,556**	410,015	405,019
Current assets				
Inventories		**72,994**	73,965	51,986
Current tax assets		**22**	497	1,307
Trade and other receivables		**91,134**	85,581	64,700
Cash and cash equivalents		**84,478**	27,526	113,932
		248,628	187,569	231,925
Assets classified as held for sale		**462**	757	1,671
Total current assets		**249,090**	188,326	233,596
Total assets		**658,646**	598,341	638,615
Equity and liabilities				
Equity				
Equity share capital	7	**50,886**	50,886	50,886
Currency translation reserve	7	**(27,820)**	(27,425)	(26,064)
Accumulated loss	7	**(112,404)**	(71,099)	(101,416)
Total equity	7	**(89,338)**	(47,638)	(76,594)
Non-current liabilities				
Financial liabilities	8	**621,076**	439,725	608,053
Deferred tax liabilities		**29,377**	34,038	32,359
Total non-current liabilities		**650,453**	473,763	640,412
Current liabilities				
Financial liabilities	8	**19,264**	79,832	13,324
Trade and other payables		**74,156**	82,886	57,855
Current tax liabilities		**2,104**	6,217	1,915
Provisions	9	**2,007**	3,281	1,703
Total current liabilities		**97,531**	172,216	74,797
Total liabilities		**747,984**	645,979	715,209
Total equity and liabilities		**658,646**	598,341	638,615

These financial statements were approved by the Board of Directors on 28 November 2011 and were signed on its behalf by:

James Lambert
Director

Condensed consolidated statement of cash flows

For the nine months ended 30 September 2011

In thousands of Euros

	Note	Nine months ended 30 Sept 2011	Nine months ended 30 Sept 2010
Cash flows from operating activities			
Operating cash flow before changes in working capital and provisions	*4*	58,094	56,414
Increase in inventories		(12,127)	(10,221)
Increase in trade and other receivables		(26,298)	(14,453)
Increase in trade and other payables		14,856	2,500
(Decrease) / increase in provisions	*9*	(522)	1,337
Cash generated from operations		34,003	35,577
Interest paid		(17,014)	(9,180)
Income tax paid		(2,689)	(1,201)
Net cash generated from operating activities		14,300	25,196
Cash flows from investing activities			
Interest received		984	205
Proceeds from sale of property, plant and equipment		1,161	43
Acquisition of subsidiary, net of cash acquired	*12*	(26,650)	(38,832)
Acquisition of property, plant and equipment		(10,939)	(10,582)
Acquisition of intangible assets		(465)	(115)
Disposal of subsidiary		-	(3,340)
Net cash used in investing activities		(35,909)	(52,621)
Cash flows from financing activities			
Repayment of loan from related party	*11, 8*	(5,300)	(28,294)
Repayment of borrowings	*8*	-	(30,348)
		(5,300)	(58,642)
Acquisition of non-controlling interests			
Repayment of finance lease liabilities		(910)	(358)
Drawdown of bridge facility	*8*	-	60,000
Factoring repayment		(81)	(982)
Net cash (outflow) / inflow from financing activities		(6,291)	18
Net decrease in cash and cash equivalents		**(27,900)**	**(27,407)**
Cash and cash equivalents at 1 January		113,932	53,823
Effect of exchange rate fluctuations on cash held		(1,554)	1,110
Cash and cash equivalents at 30 September		84,478	27,526
Closing cash and cash equivalents reconciled by:			
Cash		84,478	27,526
Cash and cash equivalents at 30 September		84,478	27,526

The notes on pages 8 to 23 are an integral part of this condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information

Basis of preparation

This condensed consolidated interim financial information presents the consolidated financial records for the nine months ended 30 September 2011 of R&R Ice Cream plc and its subsidiaries, together the ‘‘Group’’.

The condensed consolidated interim financial information for the nine months ended 30 September 2011 has been prepared in accordance with the International Accounting Standard (“IAS”) 34 ‘Interim financial reporting’ as adopted by the European Union.,

The condensed consolidated interim financial information for the nine months ended 30 September 2011 does not constitute statutory financial statements under the definition of Section 434 of Part 15, chapter 7 of the Companies Act 2006, and does not include all of the information and disclosures required for full annual financial statements. It should be read in conjunction with the consolidated report and financial statements for the group for the year ended 31 December 2010.

The condensed consolidated interim financial information has not been audited.

The comparative figures for the financial year ended 31 December 2010 are not the Company’s statutory accounts for that financial year. Those accounts have been reported on by the Company’s auditors and delivered to the registrar of companies. The auditor’s report on those financial statements was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going concern

At 30 September 2011, the Group has consolidated net liabilities of €89.3 million (30 September 2010: €47.6 million). Net liabilities are typical in private equity backed businesses such as ours largely due to the rolling up of non-cash interest on parent company loans, which is not payable until 2110 at the earliest. During 2010 the business undertook a major refinancing, securing loan notes providing absolute certainty over future interest charges until 2017. The Directors believe that the rates are competitive and reduce the exposure of the business to increases in interest rates for the medium term to almost zero. This gives the Board further comfort as to the going concern status, understanding the related cash requirements and the lack of additional unknown risk.

The Directors have considered this position, together with the Group’s budgets and positive net current assets position, and after making appropriate enquiries, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore continue to adopt the Group going concern basis for the preparation of this condensed consolidated interim financial information.

Seasonality

This condensed consolidated interim financial information was approved for issue on 28 November 2011. Except as described below, the basis of preparation and accounting policies applied in this condensed consolidated interim financial information for the nine months ended 30 September 2011 is consistent with those of the annual financial information for the year ended 31 December 2010, as described in that annual financial information.

For the purposes of this condensed consolidated interim financial information, it should be noted that the Group’s sales are subject to significant monthly fluctuations as a result of the seasonal weather patterns experienced in our core geographical markets. As a result of these seasonal fluctuations, the Group has historically made the majority of its revenue and profits in the second and third quarters of the year and this trend is expected to continue in this, and future, years. The balances of inventories, trade debtors and trade creditors at 30 September each year are also higher than at the financial year end as a result of these seasonal fluctuations.

Basis of measurement

The Group consolidated financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments.

The methods used to measure fair values are discussed further below.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other judgements reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

Adoption of new standards in the period

The following accounting standards, interpretations and amendments, issued by the IASB or IFRIC, have been adopted by the group with no significant impact on its consolidated results or financial position:

- IFRIC 14 – Limit on a Defined Benefit Asset
- IAS 32 – Financial Instruments presentation: Amendments relating to classification of rights issues.

The following standards, interpretations and amendments, issued by the IASB or IFRIC and endorsed by the EU, unless otherwise stated, have not yet been adopted by the group. The Directors do not expect that the adoption of these Standards and Interpretations will have a material impact on the financial statements of the Group.

- Amendment to IFRS 7 – Improving disclosures about financial instruments.
- IFRS 9 – Financial instruments
- Amendment to IAS 12 – Recovery of underlying assets

Material accounting policies

Basis of consolidation

Subsidiaries

The consolidated financial statements include the financial statements of the Company and its subsidiaries up to 31 December each year and the condensed consolidated interim financial information includes financial information up to 31 March, 30 June or 30 September each year, as appropriate. The results of the subsidiaries acquired or disposed of during the year, are included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the date that common control was established. The Group has a policy of applying book value accounting using the book value of the Transferor.

The acquisition of Soparo SAS was accounted for under this method in 2010. The Soparo SAS sub-group was acquired on 25th June 2010 by R&R Rolland France SAS, a company owned by R&R Ice Cream Sarl, before R&R Rolland France SAS was transferred to R&R Holdings France SAS (94%) and R&R Ice Cream plc (6%) on 5th November 2010 for a total cash consideration of €1. R&R Holdings France SAS is a subsidiary company of R&R Ice Cream Plc.

The consolidated financial statements are therefore presented as if R&R Ice Cream plc had been the parent Company of the Soparo SAS sub-group throughout the period of R&R Rolland France SAS's ownership of Soparo SAS.

Foreign currency

The functional currency of each group company is the currency of the primary economic environment in which the group company operates. The financial information is presented in Euros which is the functional and presentational currency of the Group.

Transactions denominated in foreign currencies are translated into the functional currency of each group company at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Euros at the rate of exchange ruling at the balance sheet date.

Foreign exchange gains and losses arising on the settlement of such transactions and translation of monetary assets and liabilities are recognised in the income statement.

On consolidation, the financial statements of subsidiaries with a functional currency other than Euro are translated into Euros as follows:

- The assets and liabilities in their balance sheets plus any goodwill are translated at the rate of exchange ruling at the balance sheet date.
- The income statements and cash flow statements are translated at the average rate of exchange for the period.
- Currency translation movements arising on the translation of the net investments in foreign subsidiaries are recognised in the translation reserve, which is a separate component of equity.

Notes to the condensed consolidated interim financial information *(continued)*

Other accounting policies

Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer (which is when the goods are despatched), recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. The amount of deferred tax provided is based on the carrying amount of assets and liabilities, using the prevailing tax rates. The deferred tax balance has not been discounted.

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

Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due.

Share based payments

For cash settled share based payment transactions, the fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value is measured based on an option pricing model taking into account the terms and conditions upon which the instruments were granted. The liability is re-valued at each balance sheet date and settlement date with any changes to fair value being recognised in the Consolidated Income statement.

For equity settled share based payment transactions, the fair value of the amount payable to the employee is measured at the date of grant and is recognised as an expense with a corresponding increase in equity. The fair value is based on an option pricing model taking into account the terms and conditions upon which the instruments were granted. The fair value of equity settled share based payments is not restated at each balance sheet date.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.
Depreciation on property, plant and equipment is provided using the straight line method to write off the cost less any estimated residual value, as follows:

• Land	nil depreciation	nil depreciation
• Buildings	40-50 years	2% - 2½%
• Plant and equipment	3-15 years	6.67% - 33.33%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

Leased assets

Assets financed by means of a finance lease are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases. Depreciation on such assets is charged to the income statement, in accordance with the stated accounting policy, over the shorter of the lease term or the asset life. The finance element of payments to leasing companies are calculated so as to achieve a constant rate of interest on the remaining balance over the lease term, and charged to the income statement accordingly.

Amounts payable under operating leases are charged to operating expenses on a straight line accruals basis over the lease term.

Intangible assets - other intangible assets

An intangible asset acquired as part of a business combination is recognised outside of goodwill if the assets are separable or arises from contractual or other legal rights and its fair value can be measured reliably. Following initial recognition, the historic cost model is applied, with intangibles being carried at cost less accumulated amortisation and impairment losses.

Intangible assets with a finite life have no residual value and are amortised on a straight line basis over their useful lives with charges included in cost of sales, distribution expenses and administrative expenses as appropriate as follows:

Customer relationships	10-20 years	5% - 10%
Brands and trademarks	20 years	5%
Licences	20 years	5%
Recipes	2-3 years	33% - 50%
Computer software and development costs	3-10 years	10% - 33%

The valuation methodologies applied by professionals in arriving at values for intangible assets on acquisition of subsidiaries are as follows:

Customer relationships – Multi-period excess earnings
Brands and trademarks - Royalty relief
Recipes – Cost to recreate

Internally generated brands are not held on the balance sheet. Acquired brands are initially valued using discounted cash flow models. No amortisation on UK brands is charged as the Group believes that the value of those brands is maintained indefinitely. Brands are tested annually for impairment. Acquired software licenses and software developed in house are capitalised on the basis of the costs incurred to acquire and bring into use the specific software.

The carrying value of intangible assets is reviewed for impairment wherever events or changes in circumstances indicate the carrying value may not be recoverable.

Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement.

Impairment losses recognised in respect of cash-generating units (not relating to other intangible assets specifically) are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash-generating unit is the group of assets identified on acquisition that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment (continued)
The recoverable amount of assets or cash-generating units is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

Inventories
Inventories are stated at the lower of cost and net realisable value. Work in progress comprises direct materials, labour costs, site overheads and other attributable overheads.

Trade and other receivables
Trade and other receivables are held at cost less any impairment in realisable value.

Cash and cash equivalents
Cash and cash equivalents are defined as cash balances in hand and at the bank (including short term cash deposits). The Group routinely utilises short term revolving credit facilities, which are repayable on demand, as an integral part of its cash management policy. Offset arrangements across the Group business have been applied to arrive at the cash figure.

Non current assets held for sale and discontinued operations
A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies.

Bank and other borrowing
Interest bearing borrowings, bank and other borrowings are carried at amortised cost. Finance charges, including issue costs are charged to the income statement using an effective interest rate method.

Trade and other payables
Trade payables on normal terms are not interest bearing and are stated at their nominal value

Provisions
A provision is recognised in the balance sheet if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Non-IFRS measures

Exceptional items

The Group presents as exceptional items on the face of the income statement, those material items of income or expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation. This allows users of the accounts to better understand the elements of financial performance in the year, so as to better assess trends in financial performance.

EBITDA and Adjusted EBITDA

Management uses EBITDA and Adjusted EBITDA to monitor the ongoing performance of the Group. We define EBITDA as earnings before interest charges, taxation, depreciation and amortisation. Adjusted EBITDA also excludes any other exceptional items and OCM management charges.

Fair values

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant and equipment is based on the quoted market prices for similar items or depreciated replacement cost where quoted market prices are not available.

Intangible assets

The fair value of intangible assets is calculated using methods which reflect the value that the Group would have paid for the assets in an arm's length transaction. Such methods include where appropriate, discounting estimated future net cash flows from the asset and applying multiples to royalty streams that could be obtained by licensing the intangible asset.

Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of the amounts to be received, determined at appropriate interest rates less allowance for bad debts. Discounting has not been applied to current receivables.

Financial Instruments

The fair value of interest rate swaps and caps is the estimated amount that the Group would receive or pay to terminate the swap or cap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap and cap counterparties.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of the amounts to be paid, determined at appropriate interest rates. Discounting has not been applied to current payables.

Notes to the condensed consolidated interim financial information *(continued)*

1. Operating Segments

The results of the Group under the key management reporting segments as reported to the Management Board of the Group are as follows:

In thousands of Euros	Nine months ended 30 Sept 2011	Nine months ended 30 Sept 2010
Revenue		
- UK	140,835	130,326
- Germany / Poland	169,846	178,966
- France	33,906	34,835
- Group excluding Rolland	344,587	344,129
- Rolland[2]	72,249	29,595
- Intra-group	(6,427)	(3,962)
- Sub-total as reported to management	410,409	369,762
- Translation differences[1]	(3,791)	607
	406,618	370,369
Adjusted EBITDA		
- UK	25,635	27,671
- Germany / Poland	25,741	30,356
- France	2,804	2,699
- Group excluding Rolland	54,180	60,726
- Rolland[2]	6,596	2,050
- Sub-total as reported to management	60,776	62,776
- Translation differences[1]	(853)	(178)
- Other reconciling items	(135)	(234)
	59,788	62,364

Note (1): Translation differences is the impact of translating the results of subsidiaries in currencies other than EUR (GBP and PLN) to the average rate for the period under IFRS, rather than the budgeted exchange rates used in the management accounts.
Note (2): Includes only post-acquisition trading of Rolland. There are nine months included in the 2011 and only three months in 2010.

Refer to note 4 for a reconciliation of (Loss) / profit for the period to Adjusted EBITDA.

2. Number of trading weeks covered by this quarterly information

Because of the interaction between our trading year end dates and keeping our monthly period end dates as close as possible to the calendar month end, Q1 2010 comprised 13 weeks in the UK, whereas Q1 2011 comprises 12 weeks. Q2 and Q3 were of comparable length in each year (both 13 weeks in both years) and as a result the year-to-date numbers are still 1 week out of sync.

Note that the calendar year end is the year end cut-off date in mainland Europe and so this is only an issue for our UK business.

Based on our KPI reports, the additional week in 2010 contributed €2.4 million to revenue and €0.8 million to Adjusted EBITDA for the nine months ended 30 September 2010 which would mean like-for-like sales for the UK would be 10.1% up and for the Group 1.2% (excluding the impact of the Rolland acquisition).

Notes to the condensed consolidated interim financial information *(continued)*

3. Exceptional items, amortisation and non-cash interest

The table below shows an analysis of the items separately disclosed on the face of the condensed Consolidated income statement.

In thousands of euros	Nine months ended 30 Sept 2011	Nine months ended 30 Sept 2010
Exceptional operating items		
- closure of Struckhausen	26	(3,132)
- impairment of Haltern property	-	(2,500)
- professional fees in respect of acquisitions	(84)	(2,218)
- cessation of business with overseas agents	(106)	(225)
- impairment of brands	(800)	(200)
- redundancies and restructuring costs	(781)	-
- exceptional stock write off on disputed bought in products	(375)	-
Total operating exceptional items	(2,120)	(8,275)
Amortisation of intangibles	(7,507)	(7,415)
Total operating exceptional items and amortisation	(9,627)	(15,690)
Exceptional cash finance costs		
- Fees relating to voluntary debt prepayments	-	(1,002)
- Interest accrued and paid to parent undertakings	(5,300)	(235)
Accrued but unpaid interest to parent undertakings	(12,380)	(18,457)
Non-cash foreign exchange losses (net)	(1,630)	(287)
Non-cash movement in fair value of derivatives	113	3,214
Non-cash amortisation of 2017 loan note deal fees	(1,436)	-
	(30,260)	(32,457)

Notes to the condensed consolidated interim financial information *(continued)*

4. (Loss) / profit for the period reconciliation to Adjusted EBITDA

In thousands of Euros

	Nine months ended 30 Sept 2011	Nine months ended 30 Sept 2010
(Loss) / profit for the period	(10,988)	2,593
Adjustments for:		
Net finance costs	3,510	6,112
Taxation	43,282	24,700
Results from operating activities	35,804	33,405
Depreciation of property, plant & equipment	13,935	12,817
Amortisation of intangible assets	7,507	7,415
Loss on disposal of property, plant and equipment	48	77
Impairment of property, plant & equipment	-	2,500
Impairment of intangible assets	800	200
Operating cash flow before changes in working capital and provisions ('EBITDA')	58,094	56,414
Adjustments for:		
Closure of Struckhausen	(26)	3,132
Professional fees in respect of acquisitions	84	2,218
Cessation of business with overseas agents	106	225
Redundancies and restructuring costs	781	-
Exceptional stock write off on disputed bought in products	375	-
OCM management charges	374	375
Adjusted EBITDA	59,788	62,364

5. Finance income & expense

	Nine months ended 30 Sept 2011	Nine months ended 30 Sept 2010
Finance income	1,209	933
Finance expense		
Interest accruing to parent undertakings	(17,680)	(18,692)
Fees relating to voluntary debt prepayments	-	(1,002)
Interest expense on 2017 loan notes	(21,924)	-
Amortisation of transaction costs	(1,436)	(503)
Foreign exchange losses	(1,727)	(707)
Movement in fair value of derivatives	-	3,214
Other finance expenses	(1,724)	(7,943)
	(44,491)	(25,633)
Net finance income and expense	(43,282)	(24,700)

6. Income tax expense in the income statement

In thousands of Euros	Nine months ended 30 Sept 2011	Nine months ended 30 Sept 2010
Current tax charge		
Current period	4,146	3,195
Adjustments for prior periods	18	(270)
Total current tax charge	4,164	2,925
Deferred tax (credit) / charge		
Origination and reversal of temporary differences	(777)	3,193
Adjustments for prior periods	123	(6)
Total deferred tax (credit) / charge	(654)	3,187
Total income tax charge	3,510	6,112

Reconciliation of effective tax rate *In thousands of Euros*	Nine months ended 30 Sept 2011	Nine months ended 30 Sept 2010
(Loss) / profit for the period before income tax	(7,478)	8,705
Total income tax using UK domestic corporation tax rates	(2,019)	2,437
Non deductible expenses	2,463	1,523
Impact of change of tax rate on deferred tax	-	(8)
Losses de-recognised from deferred tax provision	2,353	2,087
Difference between local tax rates and UK standard rate	572	349
Over / (under) recovery in prior periods – current tax	18	(270)
Over / (under) recovery in prior periods - deferred tax	123	(6)
	3,510	6,112

7. Reconciliation of movement in capital and reserves

Reconciliation of movement in capital and reserves for the nine months ended 30 September 2010

In thousands of Euros	Share capital	Currency Translation reserve	Accumulated losses	Non-controlling interests	Total
Balance at 1 January 2010	50,886	(32,064)	(71,848)	1,462	(51,564)
Exchange differences on retranslation of foreign operations	-	4,639	-	-	4,639
Acquisition of non-controlling interests	-	-	(1,844)	(1,462)	(3,306)
Profit for the period	-	-	2,593	-	2,593
Balance at 30 September 2010	50,886	(27,425)	(71,099)	-	(47,638)

Reconciliation of movement in capital and reserves for the nine months ended 30 September 2011

In thousands of Euros	Share Capital	Currency Translation reserve	Accumulated losses	Non-controlling interests	Total
Balance at 1 January 2011	50,886	(26,064)	(101,416)	-	(76,594)
Exchange differences on retranslation of foreign operations	-	(1,756)	-	-	(1,756)
Loss for the period	-	-	(10,988)	-	(10,988)
Balance at 30 September 2011	50,886	(27,820)	(112,404)	-	(89,338)

Currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations and the Company's net investment in those operations, as shown in the table below:

		Nine months ended 30 Sept 2011		Nine months ended 30 Sept 2010
UK opening net assets:				
- at opening exchange rate (1.1618)	111,085		148,429	
- at closing exchange rate (1.1539)	110,330		153,361	
		(755)		4,932
UK result:				
- at average exchange rate (1.1407)	11,236		(21,352)	
- at closing exchange rate (1.1539)	11,366		(21,183)	
		130		169
Reverse intra-Group items included in above translations		(562)		(611)
Polish exchange differences on retranslation		(569)		149
Total exchange differences on retranslation		(1,756)		4,639

As can been seen from the figures in the table above, relatively small changes in the UK:EUR exchange rate can result in large changes to the currency translation reserve. To a much lesser extent, Group Adjusted EBITDA is also affected by changes in the UK:EUR exchange rate.

Non-controlling interests

Non-controlling interests represents the share of the Group's net assets attributable to the non controlling shareholders of its subsidiaries. On 4 January 2010, the Group acquired the remaining 25% of Kelly's of Cornwall Limited, the only non-controlling interest in the Group, and so the non-controlling interest reserve has been realised.

Notes to the condensed consolidated interim financial information *(continued)*

8. Financial liabilities

In thousands of euros	30 Sept 2011	30 Sept 2010
Non-current liabilities		
2017 loan notes	350,000	-
Less prepaid transaction costs	(9,697)	-
	340,303	-
Secured bank loans	-	133,606
Finance leases	3,400	4,143
Derivative financial instruments	-	2,044
Loans from parent undertakings	277,373	299,932
	621,076	439,725
Current liabilities		
Factored borrowings	7,452	7,815
2017 loan note accrued interest	10,951	-
Secured bank loans	-	70,579
Current portion of finance leases	861	1,438
	19,264	79,832
Total financial liabilities	650,037	522,262
Less prepaid transaction costs	(9,697)	(2,705)
Total secured financial liabilities	**640,340**	**519,557**

Summary of net debt

In thousands of euros		30 Sept 2011		30 Sept 2010
Fixed rate third party				
2017 loan notes	(350,000)		-	
2017 loan note accrued interest	(10,951)		-	
	(360,951)		-	
Finance leases	(4,261)		(5,581)	
Total fixed rate third party		(365,212)		(5,581)
Floating rate third party				
Cash	84,478		27,526	
Factored borrowings	(7,452)		(7,815)	
Factor guarantee funds	9,748		7,896	
Secured bank loans	-		(206,890)	
Total floating rate third party		86,774		(179,283)
Total third party net debt		(278,438)		(184,864)
Other				
Prepaid transaction costs		9,697		2,705
Parent company loans		(277,373)		(299,932)
Total net debt		**(546,114)**		**(482,091)**

Reconciliation from financial liabilities to net debt

In thousands of euros	30 Sept 2011	30 Sept 2010
Total financial liabilities	**(640,340)**	**(519,557)**
Cash	84,478	27,526
Factor guarantee funds	9,748	7,896
Derivative financial instruments	-	2,044
Total net debt	**(546,114)**	**(482,091)**

8. Financial liabilities (continued)

Prior to the refinancing of 5 November 2010, under the banking facilities available to the Group at the time, on 31 March and 30 September each year, the Group was required to make scheduled repayments on its existing syndicated debt facilities. In March 2010 this repayment amounted to €4.5 million and in September 2010 this repayment amounted to €5.2 million.

On 29 January 2010, the Group also made two voluntary repayments of debt. €12.2 million was paid in respect of existing syndicated debt facilities, and €28.3 million was paid in partial settlement of various loans from its immediate parent at that time, OCM Luxembourg Ice Cream Holdings Sarl.

In July 2010, shortly after the acquisition of Rolland, existing debt of €8.5 million was refinanced using a bridge facility loan of €60.0 million.

The existing Group banking facilities were refinanced on 5 November 2010 (see note 21 of our annual financial statements for the year ended 31 December 2010).

9. Provisions

In thousands of Euros	Pilpa employment provisions (note 12)	Retirement indemnity provisions	Transfer of Struckhausen	Transfer of Haltern	Total
Balance at 1 January 2010	-	-	-	606	**606**
Provisions acquired	-	1,338	-	-	**1,338**
Provisions created in the period	-	38	3,515	-	**3,553**
Provisions used during the period	-	-	(2,151)	(65)	**(2,216)**
Balance at 30 September 2010	-	1,376	1,364	541	**3,281**
Balance at 1 January 2011	-	1,010	300	393	**1,703**
Provisions acquired	826	-	-	-	**826**
Provisions created in the period		110	-	-	**110**
Provisions used during the period		-	(300)	(332)	**(632)**
Balance at 30 September 2011	826	1,120	-	61	**2,007**

10. Contingent liabilities

From time to time in the normal course of trading, the group may become subject to claims. The nature of claims means they can take a long time to resolve. It is the group's policy to investigate claims, and in the event a financial settlement is considered probable and the amount reliably estimable provision is made.

11. Related parties

Parent and ultimate controlling party

At 30 September 2011, the immediate parent company of R&R Ice Cream plc was New R&R Ice Cream Limited. The ultimate parent company was Oaktree Capital Management LLC, Los Angeles, CA, USA.

Transactions with related parties

At 1 January 2011, the Group owed €265.0 million in long term loans to New R&R Ice Cream Limited. During the nine months ended 30 September 2011, the Group recognised an expense of €17.7 million in respect of interest accruing to New R&R Ice Cream Limited and paid €5.3 million of interest to New R&R Ice Cream Limited. Consequently, as at 30 September 2011, the Group owed €265.0 million in long term loans and €12.4 million in accrued interest to New R&R Ice Cream Limited.

The Group owed €0.3 million in respect of unpaid management fees and expenses to OCM Luxembourg Ice Cream Holdings Sarl. During the nine months ended 30 September 2011, a management fee of €375 thousand (2010: €375 thousand) was charged by OCM Luxembourg Ice Cream Holdings Sarl and €500 thousand was paid to OCM Luxembourg Ice Cream holdings Sarl. Consequently, as at 30 September 2011, the Group owed €0.1 million in respect of unpaid management fees and expenses to OCM Luxembourg Ice Cream Holdings Sarl.

Key management personnel compensation comprised: *In thousands of Euros*	Nine months ended 30 Sept 2011	Nine months ended 30 Sept 2010
Short-term employee benefits	**1,387**	1,117

Key management personnel are defined as the R&R Ice Cream plc Directors and the Company Secretary as at 30 September 2011.

12. Acquisitions of subsidiaries

Business combination – Pilpa

On 1 September 2011 the Group acquired 100% of the ordinary share capital of Pilpa SAS, the ice cream division of Maison Boncolac, from 3A Co-op for a cash consideration of €26.65 million.

Pilpa SAS had itself been incorporated on 29 June 2011 and had acquired the trade, and certain assets and liabilities which were carved-out from Maison Boncolac pursuant to a contribution agreement effective 1 September 2011.

The acquisition balance sheet as at 1 September 2011 of Pilpa SAS, as shown below, has been consolidated into this condensed consolidated interim financial information based on that contribution agreement. No fair value adjustment has been made to these assets and liabilities. A full fair value exercise will be performed as part of our year end accounts procedure and these balances may change as a result.

The acquisition had the following effect on the Group assets and liabilities at acquisition date.

In thousands of euros	Contribution Agreement
Property, plant and equipment	7,000
Goodwill and other intangible assets	12,501
Inventories	9,000
Trade and other receivables	309
Trade and other payables	(1,334)
Provisions	(826)
Net identifiable assets and liabilities	26,650
Discharged by :	
Cash	26,650
Net cash outflow on acquisition	26,650

The post-acquisition trading of Pilpa SAS has not been incorporated into this condensed consolidated interim financial information on the grounds of immateriality to Group results and expense. On an annualised basis, Pilpa SAS is anticipated to contribute circa €46 million of incremental revenue and circa €5 million of incremental Adjusted EBITDA to the consolidated results of R&R Ice Cream plc.

Joint venture – YooMoo

On 23 July 2011, the Group agreed to invest £1.2 million in a Joint venture, YooMoo International Limited, a business in which the R&R Group has a 25% equity stake and 50% management control.

This Joint venture has exclusive European rights to an exciting, frozen yoghurt brand in retailers across Europe and we will also be responsible for the manufacture of product for the joint venture and YooMoo Limited, a company in which our Joint venture partners manage frozen yoghurt franchises.

This investment is included on the Consolidated statement of financial position within Investments in equity-accounted investees. The Joint venture has not yet commenced trading and so there is no impact on the Consolidated income statement.