ANNUAL REPORT 2015/16

LUCAS BOLS

1575

PUBLIC BAR NEW YORK

1575

LUCAS BOLS

ANNUAL REPORT 2015/16

Lucas Bols is a leading global cocktail and spirits player with a strong position in the bartending community and a unique heritage dating back to 1575 in Amsterdam. Our portfolio includes Bols, the world's oldest distilled spirits brand. Building on this heritage, we have mastered the art of distilling, mixing and blending, creating new flavours and adapting old recipes in line with today's cocktail trends. We offer a portfolio of premium and super-premium global brands, together with strong regional brands in over 110 countries around the world.

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2015/16 was an important year for Lucas Bols in many respects, a year in which the company further built on its foundation for growth. Part of that process was the listing in February 2015, which brought about one of the most notable changes for the company in the year under review. CEO Huub van Doorne and CFO Joost de Vries reflect on this remarkable year.

How do you look back on the past year?

Huub van Doorne explains that 2015/16 can largely be characterised as a year in which the seeds were sown for the future. Many strategic initiatives to continue building the global brands were taken to the next level in 2015/16. "We took several steps in the optimization of our distribution network. We have renewed contracts with various of our existing distributors as well as signed distribution agreements with new partners. This also opened up a number of new markets for us, such as The Philippines and Cambodia and recently Turkey and The Caucasus. Furthermore, in the past year we have launched six new flavours to the Bols Liqueurs range and extensions to the Galliano and Pisang Ambon ranges. But the past 12 months also saw one-off stock reductions due to supply chain adjustments in the US, Australia and South East Asia. This significantly impacted our results, leading to lower revenue and operating profit. As our debt levels were significantly reduced after the IPO, and consequently our financing costs are much lower, we were able to realize a significant increase in net profit."

Joost de Vries adds: "Not only our debt structure changed after the IPO. In the past year, we also had to embed the new requirements that come with a listing. Furthermore we devoted quite some time to building relationships with our new stakeholders. The listing also raised our brand recognition in the sector."

What made you feel proud?

Huub van Doorne is first and foremost very proud of his team. "Every individual has the drive to go the extra mile. We are only a small team, but with our shared passion for our brands we are able to conquer the world."

Lucas Bols made sustainable progress in the US, which is the company's top priority. "We are winning, slowly but steadily, state by state. We were able to turn around our depletions from a mid single-digit decline to a modest increase. This underpins our confidence in the long-term potential of our company in the US."

What strategic steps have been taken?

In addition to the important steps in the route to market and the new product introductions, the further expansion of the so-called white spirits has also been an important focus in the last year, as Huub van Doorne explains. "Gin and vodka have a traditional position in the cocktail markets, with genever in particular gaining ground in the global cocktail market. It takes time to build a category, but acceptance amongst bartenders is increasing rapidly. Genever is experiencing a real revival and now even appeals to hipsters. Bols Genever is becoming more widely acknowledged and already has a presence in key cities in 20 countries across the globe. At the same time Bols Vodka and Damrak Gin have shown a very strong development in the Netherlands."

Furthermore, steps have been taken in terms of the capital structure, adds Joost de Vries. "After refinancing the company with the proceeds of the IPO, we further reduced our debt level in the past year. We have a solid balance sheet and are very pleased with the distribution of our first dividend in November last year. We are also proud to be able to propose a final dividend of € 0.23 per share for 2015/16, bringing the total dividend to € 0.54 per share."

How important was R&D in the past year?

"We continued to focus on innovations to drive future growth. We introduced new flavours in our Bols Liqueurs range and extended our Galliano and Pisang Ambon product ranges", stresses Huub van Doorne. He highlights the launch of Galliano L'Aperitivo: "L'Aperitivo is a real extension of our portfolio, allowing us to enter the segment of the bitters, targeting different consumers and tapping into a new consumption moment."

What were the biggest challenges?

In addition to the aforementioned one-off stock reductions and changes in the distribution platform, Huub van Doorne highlights the challenge of being present in many markets, with all their different dynamics. "We operate across the globe in a highly regulated market. Changes in regulations can come overnight, like the sudden significant rise in excise duty in Belgium this year." Joost de Vries cites the effects of currencies, which impact the company both commercially and financially. "Currency fluctuations not only impact our results due to translation differences, an unstable currency environment also influences the trade, particularly in emerging markets. At the same time our widespread global presence is also a risk mitigator: We can benefit from economic upturn in one market to offset the downturn in another."

Huub van Doorne emphasises that Lucas Bols always acts in accordance with its vision and strategy, looking through economic cycles. "Like in Russia, where we fundamentally believe in the market and took the decision to continue our activities. Now we are the first to benefit from the early signs of economic recovery in that region."

What do you consider to be your priorities going forward?

Huub van Doorne: "We believe in the strong fundamentals of the cocktail market and therefore continue to foresee medium-term growth for the global brands. Going forward we will gradually increase our investments in the global brands as well as in expanding the commercial organisation. These investments, combined with the steps we have taken this year to strengthen our distribution platform, will support the medium-term growth of our global brands. For the coming year we foresee no further impact from the stock reductions that took place in the financial year 2015/16. We expect a recovery in performance in the Asian Pacific region, while the Western European market will remain challenging. We are confident about the growth prospects for the US market and Emerging Markets."

LUCAS BOLS
TIMELINE

1575

The Bols family establish their distillery 't Lootsje on the Rozengracht in Amsterdam and start distilling liqueurs.

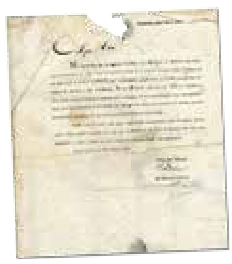
1664

The Bols family start producing genever.

1652

1652 - 1719 Lifetime of Lucas Bols, the founder's grandson who was responsible for expanding the distillery into an international company during Amsterdam's Golden Age.

1816



The widow of the last male Bols heir sells the company on condition that the Bols name be used in perpetuity on all its products, thereby ensuring its status as the world's oldest distilled spirits brand.

1820

1820 - 1862 Bols creates a new genever recipe witch played an important role in the emergence of the cocktail culture in the US in the 19th century. The world's first cocktail recipe book in 1862, included many genever based cocktail recipies.

1883

1883 - 2006 Bols rapidly expands to a large international spirits player. Several changes of ownership follow, including a public listing in 1954 and a take-over by a French multinational in 2000.

2006

2006 - 2007 Lucas Bols returns to Amsterdam under Dutch ownership following a buyout in 2006. In 2007 the Bols Bartending Academy opens in Amsterdam, Europe's largest bartending school, training 3,000 professionals a year. The same year sees the opening of the House of Bols Cocktail & Genever Experience.

2008

International relaunch of Bols Genever, based on the original Bols Genever recipe from 1820 which stood at the basis of the cocktail revolution in the 19th century.

2016

In 2016 Lucas Bols launched various new flavours and range extensions.

2015

Celebration of 440 years of Lucas Bols history and listing on the Amsterdam Stock Exchange.

2010

Establishment of Lucas Bols USA.


BOLS
ANNO 1575
Natural
Yoghurt
Liqueur
BOLS
AMSTERDAM 1575
BOLS
ANNO 1575
Sour
Apple
LIQUEUR
BOLS
AMSTERDAM 1575
BOLS
ANNO 1575
Bols
Blue
curacao
LIQUEUR
BOLS
AMSTERDAM 1575
Apricot
Brandy

LUCAS BOLS
AT A GLANCE

Lucas Bols is a leading global cocktail and spirits player with a strong position in the bartending community and a unique heritage dating back to 1575 in Amsterdam.

Our product portfolio includes Bols, the world's oldest distilled spirits brand. Building on this heritage, we have mastered the art of distilling, mixing and blending, creating a portfolio of premium and super-premium global brands, together with strong regional brands. Lucas Bols is active in over 110 countries worldwide with the Bols brand as the number one liqueur range globally (excluding the US). Lucas Bols is also the world's largest player in the genever segment.

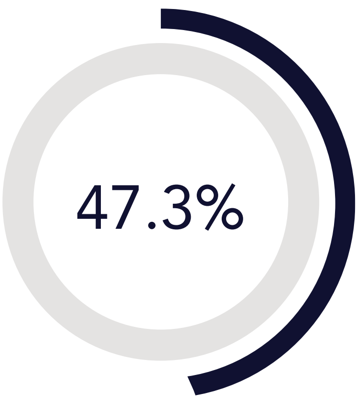
We conduct our business by investing in strong production and distribution partnerships. Our flexible and asset-light business model enables us to focus fully on innovation and strategic marketing to build the Lucas Bols brands. Key aspects of our business model are the House of Bols Cocktail & Genever Experience, the Bols Bartending Academy, Europe's largest bartending school and the Lucas Bols distillery where we create new flavours and adapt old recipes, in line with the cocktail trends of today.

Lucas Bols has been listed on the Euronext Amsterdam stock exchange since 4 February 2015, and is included in the AScX index.

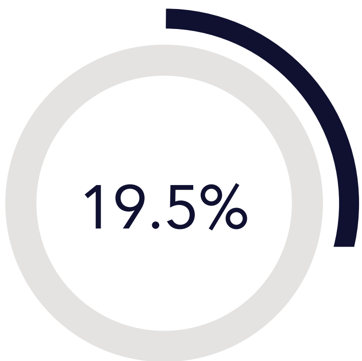
LUCAS BOLS BRANDS
GLOBAL PRESENCE

GLOBAL REVENUE SPLIT

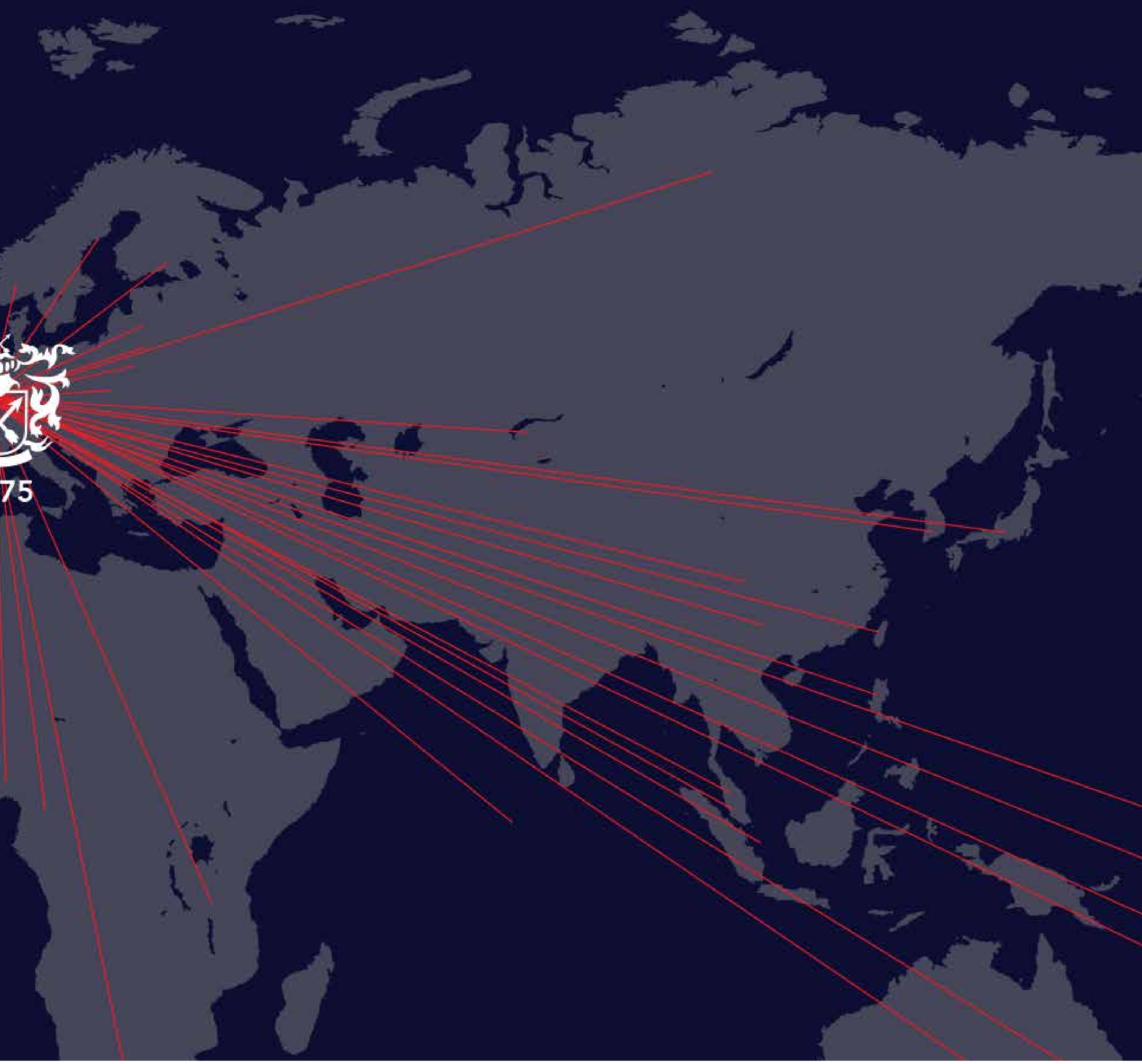
% of total 2015/16 revenue

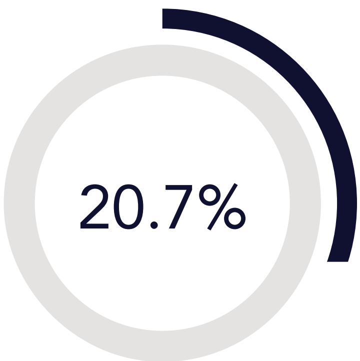


Western Europe



Asia-Pacific





North America

Emerging Markets

THE COMPANY HIGHLIGHTS

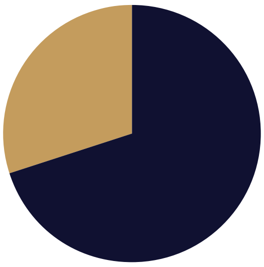
1575

OLDEST DISTILLED SPIRITS BRAND IN THE WORLD SINCE 1575

441

MORE THAN 440 YEARS OF CRAFTSMANSHIP & COCKTAIL HISTORY

31%
REGIONAL BRANDS



69%
GLOBAL BRANDS

> 20
More than 20 brands

> 110
More than 110 countries

#1
LIQUEUR RANGE
The world's No.1 liqueur range*

#1
GENEVER
The world's No.1 genever

> 3,000
3,000 bartenders trained at the Bols Bartending Academy per year

> 50,000
Over 50,000 visitors House of Bols Cocktail & Genever Experience per year

* outside the USA

KEY FIGURES

(IN € MILLION UNLESS OTHERWISE STATED, FOR THE YEAR ENDED 31 MARCH)	2016	2015	REPORTED CHANGE	ORGANIC CHANGE*
Results				
Revenue	72.6	77.7	-6.5%	-5.9%
Gross profit	42.7	46.9	-9.0%	-7.0%
EBIT [1]	17.6	20.0	-11.9%	-6.2%
EBIT, excluding IPO costs	17.6	22.2	-20.7%	-15.5%
EBIT margin	24.2%	25.7%	-150 bps	-10 bps
Net result	11.7	0.2		
Cash flow				
Operating free cash flow	16.7	18.0	-6.8%	-0.4%
Cash conversion ratio [2]	97.3%	88.0%		
Balance sheet				
Working capital [3]	13.0	12.5		
Total equity	161.8	153.2		
Net debt	51.0	61.2		
Net debt/EBITDA ratio	2.8	2.6		
Shares				
# of shares issued at 31 March	12,477,298	12,477,298		
Weighted average # of shares	12,477,298	9,025,558		
Net earnings per share	0.94	0.02		
Total dividend per share [4]	0.54	N/A		
Employees				
Number of FTEs	60	66		

* at constant currency

1 EBIT is defined as operating profit plus share of profit of joint ventures

2 Cash conversion ratio defined as Operating free cash flow / (operating profit + D&A); Operating FCF defined as net cash from operating activities minus CAPEX

3 Working capital defined as 'inventories + accounts receivable trade – accounts payable trade'

4 Assuming the proposed final dividend is approved by the AGM

OUR BRANDS

Lucas Bols's revenue derives predominantly (69%) from its global brands with global growth potential, with the remainder (31%) coming from its portfolio of stable, cash generating regional brands with healthy operating margins.

GLOBAL
BRANDS

REGIONAL
BRANDS


BOLS

LUCAS BOLS
GLOBAL BRANDS

1575

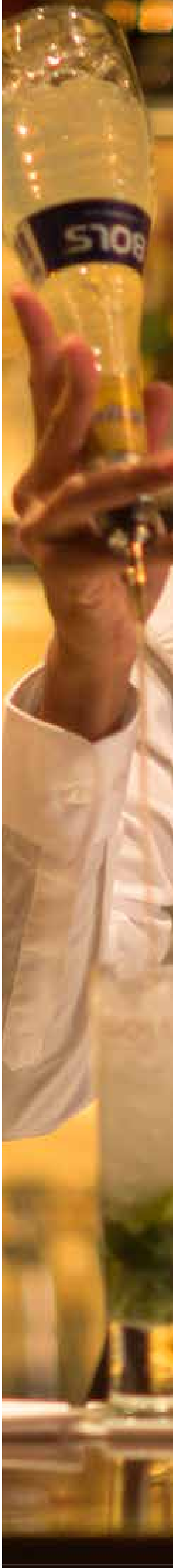
The global brand portfolio consists of Bols Liqueurs, Bols Genever, Bols Vodka, Damrak Gin, Galliano and Vaccari. Bols Liqueurs holds a number one position in range liqueurs globally (outside the US). We are also the number 1 genever player in the world with our Bols Genever, the original Dutch spirit, which was first created in 1664.

BOLS LIQUEURS

Bols Liqueurs comprises 45 unique flavours, divided into six different groups; citrus, orchard, berries, tropical, indulgent and herbs & botanicals. These premium liqueurs that Bols has been making since 1575 are widely used by bartenders to create cocktails and are also consumed at home. They are made from high-quality natural ingredients such as herbs, spices and fruits. Bols Liqueurs are inspired by 400-year-old recipes and techniques, perfected and adapted to today's tastes. We extract flavour from the natural ingredients using ancient techniques such as distillation, percolation and maceration. Key markets are the US, Canada, Argentina, Japan, China, Germany, the UK, Russia, Poland and Scandinavia.

BOLS GENEVER

The Bols family first produced genever, the original Dutch spirit, in 1664. Genever played an important part in the rise of the cocktail in the 19th century in America, when one in four cocktails was made with genever. It is the high content of a unique triple grain distillate that gives Bols Genever its characteristic smooth malty taste, making it perfect for mixing and making cocktails, such as the original Collins. Nowadays Lucas Bols is the number 1 genever player in the world with Bols Genever, Bols Genever Barrel-Aged and Bols Genever 21. The US, the Netherlands, Russia, the UK, Japan and Australia are the most important markets for Bols Genevers.



BOLS
VODKA

Bols Vodka is made from wheat and goes through a distillation and filtration process to ensure an exceptionally smooth high-quality and well-balanced vodka with a slight accent at the end. Bols Vodka is filtered through charcoal filters, resulting in a high level of purity. Bols Vodka was awarded the Superior Taste Award (3 stars) by the International Taste & Quality Institute (iTQi) in 2010. Key markets for Bols Vodka are Scandinavia, Argentina, Canada and the Netherlands.

DAMRAK
GIN

Damrak Gin combines 17 botanicals and is distilled five times to give Damrak Gin ultimate purity and an exquisite taste. Botanicals used include juniper berry, Valencia orange peel and coriander, as well as a few of the Lucas Bols master distiller's secret botanicals. Damrak Gin is exceptionally smooth and has a twist of orange, making it a widely appreciated and easy-mixing gin. The US and the Netherlands are the most important markets for Damrak Gin.

GALLIANO

Galliano traces its roots back to 1896, when Arturo Vaccari first made the iconic liqueur in Tuscany. The liqueur gained international fame in the 1970s as a key ingredient in the Harvey Wallbanger cocktail. Galliano owes its outstanding taste to a complex and unique process involving seven infusions and distillations from 30 meticulously selected herbs and spices. These infusions and distillates have been produced in Italy since 1896. Blending and bottling takes place at our joint venture Avandis. Besides the classic Galliano L'Autentico, the Galliano range comprises Galliano Ristretto, Vanilla, Amaretto and the recently introduced Galliano L'Aperitivo. Galliano's key markets are the US, Australia, New Zealand, Scandinavia, Canada, Germany, the UK and the Netherlands where Galliano is used in cocktails and as a single serve. Galliano is one of the 'must-have' stock brands in any bar around the world.

VACCARI
SAMBUCA

Vaccari Sambuca was launched in 1990 and named after the creator of Galliano, the distiller Arturo Vaccari. Distilled in Italy, the spirit owes its soft and pure anise flavour to a unique distilling process using a very rare Chinese star anise. Vaccari Sambuca has distinctive packaging reflecting its product and brand quality. Mexico, the Netherlands and Ireland are Vaccari's key markets, where it is traditionally consumed neat with three coffee beans for good luck.


BOLS
BOLS
ADVOCAAT
T.Mizuta
12
18

LUCAS BOLS
REGIONAL BRANDS

In addition to the global brands, Lucas Bols offers a wide range of more than 15 regional brands of which Pisang Ambon, Bokma, Hartevelt and Coebergh are the largest.

The regional portfolio, which can be divided into the Dutch genever portfolio, regional liqueurs and value brands, has proved itself to be a resilient business with strong and stable cash generation. Lucas Bols believes some of the regional brands with their strong heritage have the key attributes for developing internationally, particularly in the Emerging Markets. Other regional brands and products include the Wynand Fockinck brand, artisanal genevers and more than 70 liqueurs, the exclusive KLM Delft Blue miniature houses given to business class passengers travelling with KLM Royal Dutch Airlines and the spirits concentrates that are being sold in the African continent.

DUTCH GENEVER PORTFOLIO

With its Dutch genever portfolio Lucas Bols is market leader in the Netherlands. This consists of a domestic Dutch portfolio comprising a wide range of genever and vieux brands, including Hartevelt, Corenwyn, Parade, Hoppe and Bokma, with the last two being known for their rich taste and high quality. The Dutch genever portfolio also includes trading brands such as Henkes, which plays an important role in West Africa (Togo, Ghana and Benin).

REGIONAL LIQUEURS

The regional liqueurs portfolio includes Coebergh, Zwarte Kip and Pisang Ambon, a green banana-based liqueur predominantly sold in the Benelux, France, Scandinavia and Portugal. Coebergh and Pisang Ambon have strong positions in regional and local markets, mainly in the off-premise segment. Other regional liqueurs are Regnier and La Fleurette, which are popular brands of crème de cassis in Japan.

VALUE BRANDS

Value brands are sold in specific regions around the world. They include Bols Brandy, which is an important brand in South Africa and India due to premiumisation and Bootz Rum in India.

WE AIM TO CREATE GREAT COCKTAIL EXPERIENCES AROUND THE WORLD

MISSION & STRATEGY

MISSION & STRATEGY

MISSION

We aim to create great cocktail experiences around the world by taking our more than 440 years of history as inspiration for developing our brands, maintaining our innovation leadership and becoming the undisputed bartending authority.

STRATEGY

It is our objective to strengthen and grow our global brands in the international cocktail market while maintaining the competitiveness of our regional brands in regional and local markets. To accomplish this, we focus on the key strategic initiatives set out below.

BUILD THE BRAND EQUITY

Enhance the market position of our global brands and maintain the competitiveness of our regional brands.

We position our global brands as leading brands for the international cocktail market. We target the global bartending community through a variety of marketing initiatives and through our extensive network of brand ambassadors. We continuously optimise our global brands, introducing new products and flavours to create new trends in the cocktail market and extend our global brands into new and developing markets. Our established regional brands have strong market positions in regional and local markets. We actively manage our regional brands by continuously updating and enhancing the portfolio and where possible launch them in new countries.

LEAD THE DEVELOPMENT OF THE COCKTAIL MARKET

Use marketing techniques and strategic innovation to optimise the product offering and positioning.

Lucas Bols has an active innovation program, continuously updating and launching new flavours and bringing new concepts around the world. We employ various business-to-business (B2B) and business-to-consumer (B2C) initiatives. B2B initiatives – such as the Bols Bartending Academy, Bols Around The World and our cocktail recipe database – are used to capture the interest of the bartending community and create an ambassador network, while B2C initiatives – like the House of Bols Cocktail & Genever Experience raise awareness of Lucas Bols's high-quality products among consumers. Our strong social media network on various platforms enables direct communications with our community.

ACCELERATE GLOBAL BRAND GROWTH

Tailor growth strategies for the brands to the markets within four geographic segments.

We aim to grow our global brands in all geographic markets. In North America, and in particular the US, a key market for us, we aim to increase our market share through our wholly-owned subsidiary Lucas Bols USA. In Emerging Markets we aim for continued growth of our global brands and we pursue selective growth opportunities for the regional brands. In Asia-Pacific, we build the super-premium brands Bols Genever and Galliano as well as accelerate growth of the Bols Liqueurs range. In Western Europe we focus on growth of our global brands, to compensate the decline in regional brands in that market.

LEVERAGE OPERATIONAL EXCELLENCE

Optimise and leverage the current business model with a mix of in-house and outsourced activities.

Our current business model with a mix of in-house and outsourced activities provides optimum flexibility and creates a strong platform. We believe we can further leverage our strong platform, for instance by winning bottling contracts from third parties to leverage our production capacity at our Avandis bottling and blending joint venture. Furthermore, the pursuit of our strategic focus to accelerate global brand growth, may eventually lead to selective acquisitions as add-ons to our strong platform.

CRAFTMANSHIP
& INNOVATION

Extracting and creating flavours and spirits is the heart of our company. Building on our heritage dating back to 1575, Lucas Bols has mastered the art of distilling, mixing and blending natural ingredients into a wide range of exciting flavours.

What we call 'the art of distilling, mixing and blending' is based on four pillars:

- The craftsmanship, expertise and knowledge of the Lucas Bols master distiller and his team;
- Original recipes that have been handed down for the last 4 centuries, as well as innovative recipes created by our team today;
- High-quality natural ingredients that have been carefully selected by the Lucas Bols master distiller and his team;
- The three flavour extraction methods that we have been practicing for over four centuries: distillation, maceration and percolation.

The Lucas Bols master distiller and his team are masters in the art of selecting the right ingredients, and our expertise and curiosity have led to the creation of hundreds of recipes suited to modern-day consumers and bartenders. In 2014 we reopened the Lucas Bols distillery, in the centre of Amsterdam, which produces the essential flavour distillates for the various Bols Genevers, Bols Liqueurs, Damrak Gin and other brands. The Lucas Bols distillery is a modern yet authentic distillery, where the craftsmanship of extracting flavours from natural ingredients through distillation, percolation and maceration is still practised as it has been for the last four centuries. Here we experiment to create new flavours and exciting new products.

History as an inspiration for the future

The original recipes of the Lucas Bols products have been passed down from master distiller to master distiller and are updated to suit contemporary tastes. The Lucas Bols master distiller uses our rich heritage and history as an inspiration for the future, to develop new products or relaunch old recipes for today's tastes and trends. The basis of our products: natural ingredients and the craftsmanship of extracting flavours from those ingredients remains the same. Distillation of herbs and spices will extract the flavour molecules through heated evaporation into a clear and flavourful distillate. Maceration extracts both colour and flavour essences from fruit peels and herbs through an alcohol and water mixture like making tea, and percolation also extracts flavour and colour from natural ingredients like making coffee, by continuously pouring hot alcohol and water over a filter with ingredients. This gives yet another taste and colour for the master distiller to create new flavours with.

Product development

Throughout the years, product innovation has been key to the success of Lucas Bols. We work in close collaboration with professional bartenders from all over the world to develop new products, create new flavours and adapt old recipes in line with today's cocktail trends.

Innovations can start by a trend that is signalled through our international network of bartenders, a trend signalled by a local market team or with an idea originating from the creative minds of the master distiller and his product development team. This has resulted in product innovations such as the relaunch of Bols Genever original 1820 recipe (awarded Best Cocktail Initiative 2008 by Drinks International Magazine), Bols Natural Yoghurt (awarded the IWSR Gold Award in 2011) and Bols Foam (awarded the 2012 Innovation Award at Horecava, the largest Dutch on-trade fair). The past year saw a large number of product innovations. We have added six new flavours to our Bols Liqueurs range. From the exotic Bols Date and Bols Ginger, to the spicy Bols Pineapple Chipotle and the fruity Bols Pink Grapefruit, Bols Pear and Bols Blackberry. We also extended both the Galliano range, with Galliano L'Aperitivo and Pisang Ambon, with Spicy Banana. In all these new products our master distiller and his team have played the leading role, in co-creation with expert bartenders and local market team members.

STRATEGIC MARKETING AT LUCAS BOLS

Marketing at Lucas Bols can be described as ‘Think global, act local’. The brand strategy is created by the global marketing team at head-quarters, with the various local marketing teams at our distributors then tailoring these plans to the local market for the local sales forces.

Marketing is key in the execution of the company’s strategy. Each year brand plans are drawn up for all Lucas Bols brands. These global brand plans, together with ‘brand bibles’ for each brand, are made at the Lucas Bols headquarters in Amsterdam. The annual brand plans are primarily based on the long-term strategy for each brand and our mid-term company plans, although the markets also contribute, with local distributors, brand ambassadors and our network of bartenders all providing valuable input. Input is gathered at every event, from Bols Around the World to bartending courses and brand reviews with distributors across the globe. The result is a vivid brand plan that is realistic, inspired by the markets and up-to-date in terms of trends and experiences compared to the previous year.

These global plans are then communicated to all the relevant markets, where the local marketing teams translate them into practical local brand plans. These are discussed and signed off by the Lucas Bols commercial directors in close cooperation with the global marketing team in Amsterdam.

Once approved, the plans are executed and best practices are fed back to the global marketing team. Best practices are also stored on the central intranet platform, available to all local teams working with the brand around the world. These best practices and feedback from the markets, together with trends and commercial insights, provide the basis for the new global brand plans when the cycle restarts in the following year.

The process is illustrated in the graphic below:

Launching new products

New product introductions (NPIs) are developed either following a request from a local marketing team that has signalled a local trend or demand, or based on insights and global trends analysed by the global marketing team and their network of bartenders. Key influencers within our network of ambassadors and bartenders are involved in the development process, with this co-creation process ensuring the best possible fit with our target group. All new introductions require the drafting of a local marketing plan that is based on the global brand plan and must be approved by the commercial director and the global marketing team.

Many of our new and existing products are rewarded with medals from tasting institutes each year, for example Bols Parfait Amour liqueur won a Gold medal and best Buy from the Beverage Tasting Institute in the US, Damrak Gin won a 'Highly recommended' award and Bols Genever its 3rd Gold Medal 'Exceptional' award.

Strategic marketing initiatives

The mission of Lucas Bols is to create great cocktail experiences around the world.

We do this by taking our more than 440 years of history as inspiration for developing our brands, maintaining our innovation leadership and becoming the undisputed bartending and cocktail authority. How? By focusing on key strategic initiatives, based on our strategic platform. The following strategic marketing initiatives illustrate how our strategy is executed. For each pillar we highlight an initiative that shows how our strategy is brought to life.

Leading the development of the cocktail market – Bols Business Class

Bartenders are important influencers and prescribers of cocktails. However, the decision to list a certain brand or product is often made by a bar owner or Food & Beverage manager.
That is why the Bols Bartending team launched a new concept called Bols Business Class. Bols Business Class is an open platform that inspires and educates bar owners/managers, as well as the global bartending community. Featuring talks by the industry's best, it covers a wide range of topics from industry insights and future trends in the industry to social media, happiness & wellbeing, bar technology and cocktail menu design. This innovative concept has proven very successful. The Business Class event in Manchester in 2015 created stronger relationships with 38 key hospitality venues and generated extra volume and visibility for our brands.

Business Class events were held in 2015/16 in Amsterdam, Manchester, Moscow, Dubai and St. Petersburg.

Building the brand equity - Rejuvenation of Bols Genever in the Netherlands

Rejuvenation of the traditional genever market in the Netherlands is crucial and Lucas Bols re-introduced the Dutch ritual of slurping. 'Slurping' is the traditional way of drinking genever from a Dutch tulip glass, filled to the rim in order not to spill a drop.
We promote both the traditional 'kopstootje' (a slurper next to a beer) as well as more modern mixed slurpers (genever and liqueur mini-cocktails). This is how Lucas Bols creates a remarkable drink experience, and claims a unique proposition versus competitive categories like vodka and gin.

As a result local, small-scale genever initiatives are popping up in Amsterdam and Rotterdam, and the Dutch media take pride in writing about genever and are eager to take up on the trend.

We are promoting the genever rituals in 29 hipster outlets in Amsterdam and slowly, genever is becoming trendy with a younger target audience and re-embraced in the bartending scene in the Netherlands.

Bols Genever is part of the on-trade cocktail program called Flavour Selection of Maxxium the Netherlands, listed in 33 outlets. The Pinned-up Cocktail with Bols Genever is the nr. 5 serve of this program. This cocktail is co-created with the well-known Dutch designer Marcel Wanders, and is a combination of Bols Genever, Ginger beer and Bols Elderflower.

Accelerating global brand growth – Marketing Driver programmes in the US

The Margarita is the no.1 cocktail in the US and one of its main ingredients is Bols Triple Sec. With the Add Flavour to the World campaign, we aim to bring that message and experience to life in all our efforts including our signature cocktails. In the case of the Margarita, we therefore add flavour to it by adding additional Bols Liqueurs flavours to the cocktail; like the Strawberry Margarita with Bols Strawberry, the Ultimate Margarita with Bols Orange Curacao or the Watermelon Margarita with Bols Watermelon.

The Add Flavour to the Margarita initiative reaches thousands of our on and off premise accounts and results in menu features and cocktail inspiration in the liquor stores through shelf activation and tastings. We also aim to reach the consumer through PR and events like the Margarita Festivals around the US.

LATION
MACERATION
PERCOLATION
BOLS

LUCAS BOLS
EXPERIENCES

1575

Lucas Bols has created the Lucas Bols Experiences, including the Bols Bartending Academy and the Bols Around the World (BATW) competition, which are aimed at creating brand ambassadors, particularly in the bartending community. The House of Bols Cocktail & Genever Experience in Amsterdam aims to create brand awareness among end consumers and also welcomes our distributors, clients and bartenders from around the world. This targeted marketing approach fosters an exchange of information, cultures and experiences between our visitors, distributors and bartenders.

HOUSE OF BOLS
COCKTAIL & GENEVER EXPERIENCE

The House of Bols Cocktail & Genever Experience, located in the heart of Amsterdam is open daily for tourists, Dutch nationals, bartenders and our distributors around the world.

The House of Bols tour takes around 50,000 visitors each year on an interactive journey into the world of cocktails, the Dutch spirit genever, the history of the world's oldest distilled spirit brand: Lucas Bols and the craftsmanship used to make our products. The tour includes a free audio guide and a cocktail of your choice, prepared by highly trained Bols bartenders. In the past year, 50% of the experience was revamped and updated, including the stunning extraction room which displays and explains the heart of our company: how we extract flavour from natural ingredients.

www.houseofbols.com

BOLS AROUND THE WORLD
BARTENDING COMPETITION

The annual BATW competition, is aimed at creating Bols ambassadors in the global bartending community.

The competition has been held for 12 years and provides a platform for bartenders to demonstrate their bartending skills and earn a place in the ultimate Bols Amsterdam Experience. Over 3,000 bartenders from around 80 countries in 16 regions take part in this innovative programme. The competition has been rated as one of the top 3 competitions in the world of spirits. It has grown brand awareness and the Bols brand image in the bartending community round the world.

www.bolsaroundtheworld.com

BOLS BARTENDING
ACADEMY

The Bols Bartending Academy is Europe's largest bartending school and provides a unique learning environment with 12 professionally equipped bars and a dedicated team of experienced trainers.

We train our students in all aspects of the bartending profession including industry-wide knowledge of drinks and spirits, speed and efficiency techniques, responsible drinking, hygiene and of course cocktail mixology. Students come here privately from around the world, or are invited through our distributors, to visit Bols in Amsterdam. At the Bols Bartending Academy we work in close collaboration with those global professional bartenders to develop new products that are in line with today's cocktail trends.

www.bolsbartendingacademy.com

WYNAND FOCKINK
TASTING TAVERN

The Wynand Fockink tasting tavern is located in Pijlsteeg, an alley off Dam Square in Amsterdam. Wynand Fockink started distilling liqueurs here in 1679.

He later added a tasting tavern and a shop where his products could be sampled and bought. Today you can still experience Wynand Fockink's artisanal genevers and more than 70 liqueurs in the authentic tasting room at exactly the same location in the heart of Amsterdam. Due to the craft and local spirits trend, the number of visitors at the tasting tavern has grown double digit in the last year as well as sales of the Wynand Fockink products in Amsterdam bars. In the past year all Wynand Fockink liqueur and genever packagings have been restyled, respecting tradition yet ready for the future.

www.wynand-fockink.nl

SHADOW BAR (AOMORI) TOKYO

COMPOSITION OF THE SUPERVISORY BOARD

MR. D.C. (DERK) DOIJER

1949, Dutch nationality

Chairman

Current term commenced on first day of listing and expires in 2019. Re-election will be scheduled at the AGM in 2018.

Other positions

Member of the Supervisory Boards of Royal Ahold N.V. (scheduled retirement at closing merger Ahold-Delhaize) and the Stiho Groep B.V.

MRS. M.M. (MARINA) WYATT

1964, British nationality

Member

Current term commenced on 6 February 2015 and expires in 2019. Re-election will be scheduled at the AGM in 2018.

Other positions

Chief Financial Officer UBM plc

Non-executive director of Shanks Group plc

The composition of the Supervisory Board changed during the year under review. In October 2015, Mr. Marc Staal resigned due to the transfer of the shares held by AAC Capital Partners. After the balance sheet date, at the beginning of April 2016, Mr. Bert Meerstadt announced his resignation from the Supervisory Board for personal reasons. The Supervisory Board is pleased to nominate Mrs. Alexandra Oldroyd for appointment to the Supervisory Board at the general meeting of 1 September 2016. The Supervisory Board has one vacancy, for which a search has been initiated.

REPORT OF THE SUPERVISORY BOARD

2015/16, the first full year as a listed company, was a year with many facets for Lucas Bols. The company benefited from increased name recognition in the sector, but its performance was impacted by a number of external factors, such as currency fluctuations and changes at distributors. At the same time, the company took a number of steps to further strengthen its platform for growth.

New distribution agreements were signed, in both existing as well as new markets, and the company introduced a number of new flavours and range extensions. Steps were also taken to further strengthen the commercial organisation. These trends will continue in 2016/17, with additional investments having been announced in the brands and the sales force, measures designed to support and accelerate growth.

2015/16 was also the year in which the long-term relationship with AAC Capital Partners as a shareholder came to an end. Consequently Marc Staal stepped down from his position as a non-independent member of the Supervisory Board. The Supervisory Board wishes to express its gratitude to both AAC Capital Partners and Mr. Staal for their important contribution to the development of Lucas Bols.

Activities of the Supervisory Board in 2015/16

The Supervisory Board held six ordinary meetings and three extraordinary meetings (conference calls) during the year under review. All members were present at all meetings. All meetings were held in the presence of the Management Board, with the exception of one, at which the Supervisory Board discussed and decided on the performance appraisal and associated variable remuneration of the individual Management Board.

All but one meeting took place at the company's offices in Amsterdam. Between meetings, the chairman maintained contact with the Management Board on a regular basis.

Topics discussed in the various meetings included the financial performance of the company and market, brand and distribution developments in the various markets in which Lucas Bols operates with special attention to the US, as well as the mid and long-term strategy of the company. In addition, the Supervisory Board regularly discussed the following topics with the Management Board:

- Management development, including changes in the organisational structure;
- The assessment of strategic, operational, financial and compliance risks, including internal control systems and risk approach;
- Investor relations, including the view of analysts and investors as well as changes in the shareholder base;
- CSR policy and developments;
- The budget for the 2016/17 financial year;
- The selection of and transfer process to the new auditor, Ernst & Young Accountants LLP (hereinafter: 'EY');
- The preparation, evaluation and follow-up of the general meeting of shareholders.

The Supervisory Board met with the external auditors on two occasions. KPMG, the auditor of the 2014/15 accounts, was present at the meeting in June 2015 to discuss the 2014/15 financial statements as well as the external auditor's report and findings. EY was present at the Supervisory Board meeting in November 2015 to discuss the key items for the audit of the financial statements 2015/16. The company's accounting policies and reporting and financing structures were discussed on both occasions.

Based on the evaluation of the Management Board of Lucas Bols's internal control system, it is the opinion of the Supervisory Board that internal control elements are effectively integrated within the company's operations. Furthermore and in accordance with best practice provision V.3.3 of the Code, based on these observations it is the opinion of the Supervisory Board that there is currently no reason to recommend the installation of a dedicated internal audit function. The Supervisory Board will review this decision annually.

Composition of the Supervisory Board and Management Board

The composition of the Supervisory Board changed during the year under review, with Marc Staal resigning due to the transfer of the shares held by AAC Capital Partners. Following his resignation the Supervisory Board in conjunction with the Management Board started the selection procedure for the vacancy, with industry knowledge and international experience being the most important criteria. The Supervisory Board is very pleased to nominate Alexandra Oldroyd for appointment to the Supervisory Board at the general meeting of 1 September 2016. Mrs. Oldroyd's in-depth industry knowledge and international experience will be of great added value to the Board.

After the balance sheet date, on 8 April 2016, Bert Meerstadt announced his resignation from the Supervisory Board for personal reasons. The Supervisory Board wishes to thank Mr. Meerstadt for his significant contribution to Lucas Bols since joining the Supervisory Board in 2006. Following Mr. Meerstadt's resignation the Supervisory Board has one vacancy, for which a search has been initiated. There were no changes in the composition of the Management Board during 2015/16.

Supervisory Board committees

Since the Supervisory Board consists of not more than four members it has decided not to appoint any committees from among its members in the interest of efficiency. However, audit-related meetings are chaired by Mrs. Wyatt and during the year under review meetings regarding remuneration were chaired by Mr. Meerstadt. For now this responsibility has been taken over by Mr. Doijer.

Report of the Annual General Meeting of shareholders

At the Annual General Meeting of shareholders held on 3 September 2015 the Management Board gave an account of the general state of affairs at Lucas Bols and its financial performance in 2014/15. The meeting adopted the 2014/15 financial statements. The members of the Management Board were discharged from liability for their management and the members of the Supervisory Board for their supervision thereof. The meeting appointed EY as external auditor for a period of three years, starting from the 2015/16 financial year. The meeting authorised the Management Board to issue ordinary shares, limited to a maximum of 10% of the total number of issued shares outstanding, for a period of 18 months as well as to repurchase ordinary shares limited to 10% of the total number of issued shares outstanding. Mr. Kees Bakker, lead partner of KPMG and the auditor of the 2014/15 financial statements, gave a presentation on the auditor's opinion.

The presentation included the scope of the audit and the definition of materiality. The most important matters in the audit concerned the valuation of the Lucas Bols brands as well as the company's IPO in February 2015, more specifically the issuance of the new shares and the accounting for IPO-related costs.

Remuneration

The remuneration of the members of the Management Board for 2015/16 was determined by the Supervisory Board, with due observance of the remuneration policy adopted by the general meeting on 3 February 2015. The policy is aimed at attracting, motivating and retaining highly qualified executives and offering members of the Management Board a balanced and competitive remuneration package that is focused on sustainable results and is consistent with the strategy of the company. The fixed and variable remuneration package of the Management Board is set around the median of comparable Dutch listed companies and international companies operating in the industry. The remuneration package consists of both fixed and variable components.

Service agreements and remuneration levels for the individual members of the Management Board, effective as of 4 February 2015, were determined by the Supervisory Board and approved by the shareholders. The main features of the remuneration policy and remuneration are described in the corporate governance section and are set out in detail in the Supervisory Board's remuneration report, which is included on page 78 of this report and published on the Lucas Bols corporate website.

On 3 February 2015, the general meeting approved a Supervisory Board proposal for annual fixed fee levels for the individual Supervisory Board members.

Information on the costs of the remuneration of the Management Board and Supervisory Board in 2015/16 is contained in note 8 to the company's financial statements.

Self-assessment of the Supervisory Board

A self-assessment was carried out in 2016, with all Supervisory Board and Management Board members completing a questionnaire. Items assessed and subsequently discussed included (i) composition of the Supervisory Board, (ii) effectiveness of the meetings of the Supervisory Board, (iii) adequacy of the information supplied to the Supervisory Board and (iv) training of the Supervisory Board. The large majority of these items were assessed positively. Key points for follow-up were:

- The Board would benefit from the appointment of a member with industry knowledge;
- The level of governance-related training of the Supervisory Board needs to be enhanced.

2015/16 financial statements and dividend

The Supervisory Board reviewed and discussed the 2015/16 annual report and financial statements. The 2015/16 financial statements, as prepared by the Management Board, have been audited by EY, whose auditor's report is included in this report, and were extensively discussed in June 2016 by the Supervisory Board and the external auditor in the presence of the Management Board.

The Management Board will present the financial statements for 2015/16 and its report at the Annual General Meeting on 1 September 2016. The Supervisory Board recommends that the AGM adopt the 2015/16 financial statements and discharge the Management Board and the Supervisory Board from liability for their management in the year under review and the supervision thereof, respectively. The Supervisory Board endorses the Management Board's proposal to the AGM to pay an all-cash final dividend of € 0.23 per share for 2015/16, bringing the total dividend for the year 2015/16 to € 0.54 per share.

The members of the Supervisory Board wish to express their appreciation to the employees of Lucas Bols and the Management Board for their commitment, valuable contribution and hard work to put Lucas Bols on the road to sustainable long-term growth.

Amsterdam, 8 June 2016

On behalf of the Supervisory Board, **Derk Doijer, Chairman**

THE TAILOR BAR AMSTERDAM


Bols
Genever
Amsterdam
est. 1575

COMPOSITION OF THE MANAGEMENT BOARD

HUUB VAN DOORNE
CHIEF EXECUTIVE OFFICER

MR. H.L.M.P. (HUUB) VAN DOORNE – CEO
(current term expires in 2019, re-election will be scheduled at the AGM in 2018).

Huub van Doorne (1958) initiated a buyout of Lucas Bols in 2006, as a result of which Lucas Bols became independent and returned to Amsterdam.

In addition Huub is vice-chairman of Spirits NL, the Dutch spirits industry organisation, and board member of STIVA, the Dutch foundation for responsible alcohol consumption. Huub also holds board positions within the Lucas Bols joint ventures: he is member of the supervisory board of Avandis, chairman of the supervisory board of Maxxium and member of the board of Bols Kyndal. Furthermore, Huub is chairman of the supervisory board of Het Aambeeld N.V., a company based in the Netherlands Antilles.

JOOST DE VRIES
CHIEF FINANCIAL OFFICER

MR. J.K. (JOOST) DE VRIES – CFO
(current term expires in 2019, re-election will be scheduled at the AGM in 2018).

Joost de Vries (1963) teamed up with Van Doorne in 2005 to prepare the buyout of Lucas Bols, which was effected in 2006.

In addition, Joost holds board positions within the Lucas Bols joint ventures: he is chairman of the supervisory board of Avandis, member of the supervisory board of Maxxium and member of the board of Bols Kyndal.

REPORT OF THE MANAGEMENT BOARD

Introduction

In the year under review, our first full year as a listed company, we worked hard on executing our strategy. We took a number of steps to strengthen our brand equity, introducing several new flavours and range extensions, renovating the House of Bols and completely restyling the Wynand Fockink brand. The last 12 months saw a large number of product launches in new countries, for example the introduction of Bols Genever and Bols Vodka in China. A wide variety of brand activation programmes were executed across the brands, all over the world. In addition we optimised our route to market, signing new distribution agreements as well as renewing existing ones.

The past year has seen one-off stock reductions due to supply chain adjustments in the US, Australia and South East Asia. Although this has impacted the company's results in the short term, as is reflected in lower revenue and operating profit in 2015/16, we do see an improvement in the underlying in-market performance in these regions. The level of investment in the global brands was increased, particularly in the US and Russia.

Following the strong debt reduction after the IPO and lower ensuing interest costs, we were able to realise a significant increase in net profit. As a result, we are able to propose a final dividend of € 0.23 per share, bringing the total dividend for the 2015/16 full year to € 0.54.

Operational developments

Global brands

The growth trend in the global cocktail market is continuing, although each region is at a different stage of development. The bartending community is expanding and innovations play an increasingly important role as they enable a swift response to changes in consumer tastes. We continue to see a distinct continuous revival of the classic cocktail – a development which Bols Genever is clearly accommodating – while Damrak Gin is benefitting from the gin & tonic trend. Furthermore the Lucas Bols products in general fit perfectly with the worldwide craftsmanship and authenticity movement. This positive underlying development strengthens our confidence in the long-term potential of our global brands.

An important driver for future growth is our base spirits segment, comprising Bols Genever, Damrak Gin and Bols Vodka. These white spirits have claimed their position as cocktail staples and we have extended their distribution to a number of new countries. In 2015/16 the contribution of base spirits to group revenue increased and the foundation was laid for a further rollout in 2016/17.

We have introduced a number of new flavours to our Bols Liqueurs range as well as extending our Galliano range with a new product: L'Aperitivo.

Regional brands

We remain the undisputed category leader in the traditional genever and vieux segment in the Netherlands. While the market for domestic spirits remains challenging and continues to decline, we are holding our leading position in terms of market share. Growth in other markets, for instance through our Henkes and Bootz brands outside the Netherlands, is increasingly compensating for the decline. Despite positive signs in West Africa, India and southern Africa on balance we still see a decrease in overall turnover in the regional brands segment, although we do see the operating result stabilising.

In the regional liqueurs segment we extended our Pisang Ambon range with Pisang Ambon Spicy Banana, with the launch taking place in Belgium.

The Bols Liqueurs range

In the 2015/16 financial year we added a large number of new flavours to our Bols Liqueurs range in a bid to further inspire bartender creativity. Three additions to the Bols Liqueurs range were launched in September: an old favourite, Bols Blackberry, made a comeback and two new liqueurs, Bols Date and Bols Pineapple Chipotle, were introduced. Bols Pineapple Chipotle, made from fresh pineapple juice and macerated peppers, was first launched in Canada. Bols Date, made from a special maceration of dried dates and inspired by the Middle East, provides a completely new and smooth cocktail experience. In February 2016 we launched three further additions to the Bols Liqueurs range: Bols Pink Grapefruit, Bols Pear and Bols Ginger. These new flavours will be gradually introduced in various markets around the world.

The expansion of the Bols Liqueurs range not only involved these new flavours, but also the launch of existing flavours in various new markets, in response to local trends. For example, in the US we introduced Maraschino and Parfait d'Amour in response to the classic cocktail revival. These flavours are imported liqueurs and were awarded medals and scores in the US, where we are benefitting from the premiumisation trend; this supports us in our aim to become the leading branded Liqueurs range in the US.

White Spirits

Bols Genever

As the undisputed global market leader, Lucas Bols has succeeded in opening up the market for genever, which is being embraced by the bartending community on the back of the continuing classic cocktail trend. While it takes time to create a market, Bols Genever expanded rapidly in the past year and was already available in 20 countries at the end of the 2015/16 financial year.

Damrak Gin

Fuelled by the gin & tonic trend, Damrak Gin reported strong growth in the US and the Netherlands and was introduced in Canada. Optimisation of the brand, with a solid brand identity and campaign platform, has put Damrak Gin firmly on the map.

Bols Vodka

The transfer of the production of Bols Vodka to our joint venture Avandis in the Netherlands has been an important step for the growth of Bols Vodka in the Dutch market, with volumes having almost tripled. The transfer has made logistics more efficient and has created a much stronger platform for expansion to other markets.

Italian liqueurs

The Galliano range has gained an important addition with Galliano L'Aperitivo, a new product that has seen Lucas Bols enter the Bitters segment. This product introduction not only opens up a new category of consumers, it is also targeted at a different consumption moment. A new visual identity and brand strategy have been developed for the Galliano range, specifically focusing on these different, typical Galliano moments: the Classic cocktails, Aperitivo and Digestivo.

Lucas Bols Experiences

The House of Bols has been upgraded, with a greater emphasis on quality and craftsmanship. We have introduced a complementary audio tour for our visitors, which allows us to teach them even more about the art of mixing and blending. The quality of our training programme at the Bols Bartending Academy was upgraded in the past year and this is reflected in a clear increase in applications for the year ahead.
Since the takeover of Wynand Fockink both the tasting tavern in Amsterdam and the brand have experienced strong growth. The Wynand Fockink brand was restyled during the year under review, with the redesign being nominated for best packaging design 2016. This handcrafted brand fits perfectly with the craft and artisanal trend of today, and is available not only at the tasting tavern but also increasingly at top-end bars in Amsterdam.

Bols Business Class

In the year under review we launched a new innovative concept called Bols Business Class, an open platform that inspires and educates bar owners/managers, as well as the global bartending community. Events are hosted in cities all around the world and feature a series of talks on improving cocktail and bar business performance. In 2015/16 Business Class events were held in Amsterdam, Manchester, Moscow, Dubai and St. Petersburg.

Route to market

In the year under review we focused on optimising our global distribution platform, renewing contracts with several of our existing distributors as well as signing distribution agreements with new partners.

These new agreements have opened up a number of new markets for Lucas Bols. In Eastern Europe Lucas Bols recently made its debut in Turkey and the Caucasus (comprising eight countries) through new distribution agreements. Other new markets include the Philippines and Cambodia.

New contracts, effective 1 January 2016, were signed in South East Asia with Edrington Singapore (for Singapore, Malaysia, Indonesia and the Philippines) and with Alchemy Asia Trading (for Vietnam, Cambodia, Laos and Thailand).

In Mexico a contract was signed with Monarq for Bols Liqueurs, Bols Vodka, Bols Genever, Damrak Gin and Galliano.
The contract, effective 1 April 2016, significantly broadens Lucas Bols's portfolio of global brands in Mexico's emerging cocktail market. Also in Mexico, the contract for Vaccari was renewed with Cuervo, while the contract with Campari in Argentina was also renewed.

In South Africa a new contract was signed with ABV Brands, effective 1 April 2016, with a contract being signed with an experienced sales agent for the other countries of southern Africa.

Contracts with a number of existing distributors elsewhere were renewed, for example with Beam Suntory in Australia and New Zealand. Contract renewals with the current sales agent also took place in Togo, Ghana, Benin, Cameroun and Nigeria. A new contract was signed for the Caribbean and Central America, effective 1 April 2016.

The joint venture in the European travel retail segment between Edrington and its partner was ended and we decided to continue our cooperation with Edrington through its newly established independent European Travel Retail unit.

Financial review

Revenue

Lucas Bols's revenue for the financial year ended 31 March 2016 amounted to € 72.6 million, a decrease of 6.5% compared to € 77.7 million in the previous financial year. The impact of currencies was € 0.4 million negative, as the effect of the lower Japanese yen, Russian rouble and Australian dollar was largely mitigated by a stronger US dollar.

The decline of 5.9% at constant currency was influenced by the one-off reduction of in-market stocks in Australia and South East Asia. Furthermore in the second half of the year revenue was negatively impacted by one-off stock reductions in the US following the merger of two main distributors and as a result of increased efficiency within the supply chain of Lucas Bols. Excluding one-off effects and at constant currency, revenue was 3.5% below last year, mainly as a result of the declining Dutch market for domestic spirits and lower shipments to Asia.

Gross profit

Gross profit for the full year 2015/16 amounted to € 42.7 million, a 9.0% decrease compared to the year before (€ 46.9 million). The gross margin decreased 70 bps organically, mainly as a result of lower margins at the regional brands.

EBIT

EBIT for the full year 2015/16 was down 6.2% at constant currency to € 17.6 million. Excluding the IPO costs in 2014/15 the decrease was 15.5%. Currency effects had a negative impact of € 1.1 million on EBIT. The one-off effect of stock reductions in the different markets amounted to € 1.4 million. EBIT excluding one-off effects and at constant currency decreased by 9.4% in 2015/16 compared to the previous year, excluding IPO costs. This decline was attributable to lower revenue while at the same time the level of investment in the global brands increased, particularly in the US and Russia. Distribution & administrative expenses (D&A) increased by 3.8%, mainly due to listing costs and the aforementioned investments.

Developments in global brands and regional brands

Global brands

Our portfolio of global brands consists of Bols Liqueurs, Bols Genever, Bols Vodka, Damrak Gin and our Italian liqueurs Galliano and Vaccari Sambuca.

(IN € MILLION UNLESS OTHERWISE STATED, FOR THE YEAR ENDED 31 MARCH)	2016	2015	% CHANGE REPORTED	% CHANGE ORGANIC*
Revenue	50.4	53.9	-6.5%	-6.0%
Gross profit	31.9	34.9	-8.6%	-6.4%
% of total revenue	*63.3%*	*64.8%*	*-150 bps*	*-30 bps*
EBIT	19.7	22.9	-14.2%	-11.7%
% of total revenue	*39.1%*	*42.6%*	*-350 bps*	*-260 bps*

* at constant currency

Revenue of the global brands for the full year 2015/16 amounted to € 50.4 million, a decrease of 6.0% at constant currency compared to € 53.9 million in 2014/15. Currencies had a negative impact of € 0.3 million on revenue.

The decline in revenue was mainly caused by one-off in-market stock reductions in Australia & New Zealand, South East Asia and the US, with a total impact amounting to € 1.7 million. In Australia our local distributor adjusted its supply chain structure in the market, leading to a reduction of the number of warehouses. This mainly affected shipments of Galliano. In South East Asia stocks were reduced in anticipation of a change in distribution partner effective 1 January 2016. In the second half of the year one-off stock reductions were experienced in the US relating to the merger of two main distributors and due to increased efficiency within the supply chain of Lucas Bols.

Excluding these one-off effects and at constant currency revenue was down 3.0%, largely explained by lower shipments to Asia.

The performance of both Bols Liqueurs and Galliano was impacted by these one-off effects. On the other hand, our white spirits - Bols Genever, Bols Vodka and Damrak Gin - showed double-digit revenue growth in the year under review as a result of growth in the US and the Netherlands and new markets such as Canada and China.

Revenue in Western Europe was slightly down compared to last year. In the Netherlands, sales of global brands by Maxxium Nederland increased mainly on the back of the recently introduced Bols Vodka and Damrak Gin. The performance of European Travel retail was weak and revenue in Belgium was impacted by an increase in excise duties. Other markets performed in line with last year.

The greatest impact of both currencies and one-off stock reductions was felt in Asia Pacific. These effects are the main reasons for the decline in revenue and results in this region. In addition Japan (following the price increase at the beginning of the year 2015/16) and China saw lower shipments. Since the fourth quarter we have seen positive underlying results in Australia and New Zealand after the integration of the two distribution partners, and the brands are returning to growth. In South East Asia we are also seeing the first positive effects of the changes in the distribution network.

In North America reported revenue grew 4.8% as a result of the strengthened US dollar. At constant currency revenue decreased by 4.1%, mainly attributable to lower shipments in the US following the in-market one-off stock reductions. The underlying performance was nevertheless positive as the depletions show a reversal from a mid-single-digit decline at the beginning of the year to a slight increase towards the end of the 2015/16 financial year. The Bols Liqueurs range gained market share as a result of an increasing number of customers and states where growth was realised. We are also seeing positive signs of new listings at national on-premise accounts.

Emerging markets showed a slight increase in revenue at constant currency compared to last year. Revenue in Eastern Europe (including Russia) was higher compared to the previous year (at constant currency). In Russia we realised an increase in revenue following continued investments in this market, while performance was impacted by the weak rouble. Revenue in the African/Middle East region was stable, while revenue in Latin America was down on the high comparable numbers achieved last year. The fourth quarter saw the first shipments to the newly entered markets of the Caucasus and Turkey.

Gross profit decreased to € 31.9 million in the year under review from € 34.9 million in 2014/15, a reported decline of 8.6%. Excluding the aforementioned one-off stock reductions and currency effects (€ 0.8 million negative), gross profit was down 3.2%. The gross margin was slightly down by 30 bps organically (2014/15: 64.8%).

Reported EBIT for the global brands segment amounted to € 19.7 million (2014/15: € 22.9 million), with the decrease mainly attributable to the one-off in-market stock reductions. Currencies had a negative effect of € 0.6 million on EBIT. At constant currency and excluding one-off stock reductions, EBIT was 6.9% lower than the year before. This was the result of the decrease in gross profit as well as an increase of 4.0% in D&A expenses following increased investments behind the brands, particularly in the US.

Regional brands

Our regional brand portfolio contains the portfolio of Dutch Genevers and Vieux (which enjoy market leadership in the Dutch market), the Pisang Ambon and Coebergh brands as well as a broader range of products that are sold on one continent or in a specific country such as Henkes Star Schnapps in West Africa or Regnier Crème de Cassis in Japan.

(IN € MILLION UNLESS OTHERWISE STATED, FOR THE YEAR ENDED 31 MARCH)	2016	2015	% CHANGE REPORTED	% CHANGE ORGANIC*
Revenue	22.3	23.8	-6.5%	-5.7%
Gross profit	10.8	12.0	-10.1%	-8.7%
% of total revenue	*48.4%*	*50.3%*	*-190 bps*	*-150 bps*
EBIT	9.5	9.9	-4.5%	-2.9%
% of total revenue	*42.5%*	*41.7%*	*+80 bps*	*+120 bps*

* at constant currency

Revenue of the regional brands for the full year 2015/16 amounted to € 22.3 million compared to € 23.8 million for 2014/15. The decline in revenue was mainly the result of a one-off negative impact from the steps taken to improve our route to market in South Africa and challenging market circumstances for domestic spirits in the Netherlands. Lucas Bols – market leader in this segment – reported a stable market share but the market itself showed a further decline. Currencies, especially the Japanese yen, had a negative impact of € 0.2 million on revenue.

Gross profit declined from € 12.0 million in 2014/15 to € 10.8 million in the year under review. Of this decrease, € 0.2 million was attributable to currencies. The gross margin decreased by 150 bps organically, mainly as a result of a relatively lower share of higher margin products. At the same time the EBIT margin increased to 42.5% (2014/15: 41.7%). EBIT was impacted favourably by good results from our joint venture Maxxium Nederland, which was able to leverage its market leading position.
The strong results were supported by a one-off € 0.2 million pension gain. Our Indian joint venture also developed favourably, reversing a negative result last year to break even in 2015/16.

EBIT for the regional brands segment amounted to € 9.5 million, slightly lower than in the previous financial year, attributable to the one-off impact in South Africa as explained above.

Finance costs

Finance costs decreased from € 17.5 million in 2014/15 to € 2.6 million this year as a result of the reduction of debt at the time of the IPO in February 2015 as well as the further reduction achieved in 2015/16.

Taxes

Income tax expenses amounted to € 3.3 million in 2015/16. This includes two positive one-off effects of € 0.3 million in total. One related to taxes in the US and the other related to taxes paid on the ESA programme (extraordinary share award for employees at the IPO). The effective tax rate was approximately 21.8% for the full year 2015/16. Without the mentioned one-off effects it was approximately 24.0%, in line with the nominal tax rate.

Profit for the period

The net result increased to € 11.7 million for the full year 2015/16 from € 0.2 million in 2014/15 as a result of the reduction in interest costs following the IPO. The net earnings per share amounted to € 0.94 for 2015/16 (2014/15: € 0.02).

Cash flow

The operating free cash flow was in line with last year at constant currency and amounted to € 16.7 million (2014/15: € 18.0 million). Cash flow was supported by an improvement in working capital

compared to 2014/15. The strong cash flow enabled a further reduction of the net debt.

(IN € MILLION UNLESS OTHERWISE STATED, FOR THE YEAR ENDED 31 MARCH)	2016	2015
Total equity	161.8	153.2
Net debt	51.0	61.2
Net debt / EBITDA ratio	2.8	2.6

Equity

Equity increased by € 8.6 million to € 161.8 million, mainly as a result of the net profit of € 11.7 million and a distribution of the interim dividend of € 3.9 million.

Net debt

Net debt was reduced by € 10.2 million to € 51.0 million at 31 March 2016 (31 March 2015: € 61.2 million). The net debt to EBITDA ratio stood at 2.8 as at 31 March 2016 (2.6 as at 31 March 2015).

Dividend

Lucas Bols will propose to the Annual General Meeting of Shareholders to be held on 1 September 2016 that a final dividend of € 0.23 per share in cash be distributed for the 2015/16 financial year. Following the distribution of an interim dividend of € 0.31 in November 2015, the total dividend for the financial year would amount to € 0.54. This represents a payout ratio of 57.5% of net profit and is in line with our dividend policy of a payout of at least 50% of net profit.

Outlook

Looking ahead we maintain our positive view on the development of the global cocktail market. We believe in the strong fundamentals of the cocktail market and therefore continue to foresee medium-term growth for the global brands. Lucas Bols will gradually step up investments in the expansion of its global commercial organisation (including Lucas Bols USA) and Advertising & Promotion in core markets to support the growth of the global brands.

For the coming year we foresee no further impact from the stock reductions that took place in the financial year 2015/16. We expect a recovery in performance in the Asian Pacific region, while the Western European market will remain challenging. We are confident about the growth prospects for the US market and Emerging Markets.

Management Board statement

The Management Board of Lucas Bols N.V. declares that, to the best of its knowledge, the financial statements give a true and fair view of the assets, liabilities, financial position and the result of Lucas Bols and its subsidiaries, and that the annual report provides a true and fair view of the situation as at 31 March 2016, and of the company's state of affairs for 2015/16, as well as the principal risks faced by Lucas Bols N.V. For a detailed description of the risk factors, please refer to the risk management section in this report.

Amsterdam, 8 June 2016 | Management Board
Huub van Doorne & Joost de Vries

HUMAN RESOURCES MANAGEMENT

At Lucas Bols we recognise that strong brands require strong people, which means that our top priority is to provide a vital and dynamic work environment. We constantly seek to create a positive work environment where all employees have equal rights and opportunities, regardless of their gender, age, sexual orientation or background.

Entrepreneurship is a very important element in Lucas Bols's culture. We have a flat, project-oriented organisation and we constantly encourage our people to come forward with ideas. If their ideas turn out to be feasible, they are given all the room they need to execute them. In an entrepreneurial environment, where decision-making is rapid, ideas can be turned into marketable products within a matter of weeks. We believe that Lucas Bols is only able to perform at the high level it does thanks to being organised in this unique way. We believe it is essential to continue to invest in this culture and that it is very important to have the right mix of people in each project team.

At Lucas Bols, we have a number of values and working principles to define that way of working together. You will find those principles on the following pages. We believe that by adhering to these values and principles Lucas Bols and our employees can really make the difference.

Talent development

We encourage and support employees who wish to further develop their career by learning new skills and we challenge them to grow towards new positions. Working with a relatively small but dedicated team of professionals enables us to focus fully on the personal growth and individual development of our employees. We manage talent and ambitions and resolve HR issues directly with line managers in order to optimise the use of talent within the company. Work enjoyment is also high on our agenda. Various staff events are held throughout the year to increase solidarity and optimise team spirit within the group.

People in numbers

At the end of 2015/16 Lucas Bols had 37 FTEs in the Netherlands (2014/15: 43 FTEs). This decrease is mainly related to the timing of people leaving and new hires. As of April 1 2016 the number of FTEs already increased to a more normalized level. In addition Lucas Bols also works with flexible staff, in particular in The House of Bols and Wynand Fockinck. In the US, the number of FTEs was 23, at the same level as at the end of 2014/15.

Employee benefits

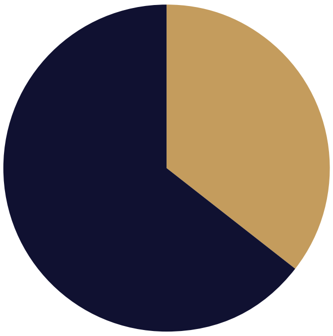
Employee Share Participation Plan

As of 24 June 2015 all Lucas Bols employees on a permanent contract are eligible to invest in Lucas Bols shares via an Employee Share Participation Plan (ESPP), with a maximum amount of one annual salary per three years. Shares can be purchased at a 13.5 per cent discount to the share price twice a year, with the exact timeframe being communicated at the start of the financial year (commencing 1 April). These shares are subject to a three-year lock-up period during which the employee is entitled to receive dividends. In 2015/16, 10 employees participated in the plan.

TOTAL EMPLOYEES
2015 - 2016

Number of employees

42
HEAD OFFICE AMSTERDAM

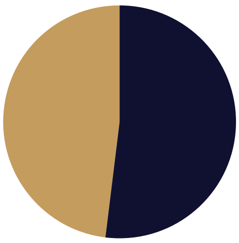


23
LUCAS BOLS USA

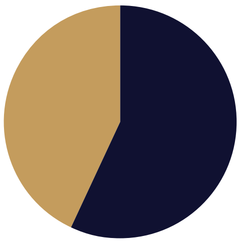
Head office Amsterdam

♀ **48%**
FEMALE EMPLOYEES

♂ **52%**
MALE EMPLOYEES



Lucas Bols USA



43% ♀
FEMALE EMPLOYEES

57% ♂
MALE EMPLOYEES

VALUES & WORKING PRINCIPLES

Make a difference by being creative, innovative and inspiring in all aspects of our business to create accelerated growth for Lucas Bols and personal development for our employees.

LEADERSHIP
& ENERGY

THINKING IN
POSSIBILITIES

LUCAS BOLS PEOPLE
1575

INFORMAL, FUN
& CONFIDENT

SET STRETCH
GOALS

Day to day, this means

- Business as usual is not good enough
- Everyone participates and supports
- It's a day to day commitment
- Talk to the person who can make the difference
- Projects will be well defined and team members appointed with a clear leadership role
- Let's celebrate success and learn from mistakes
- We all win together as a team

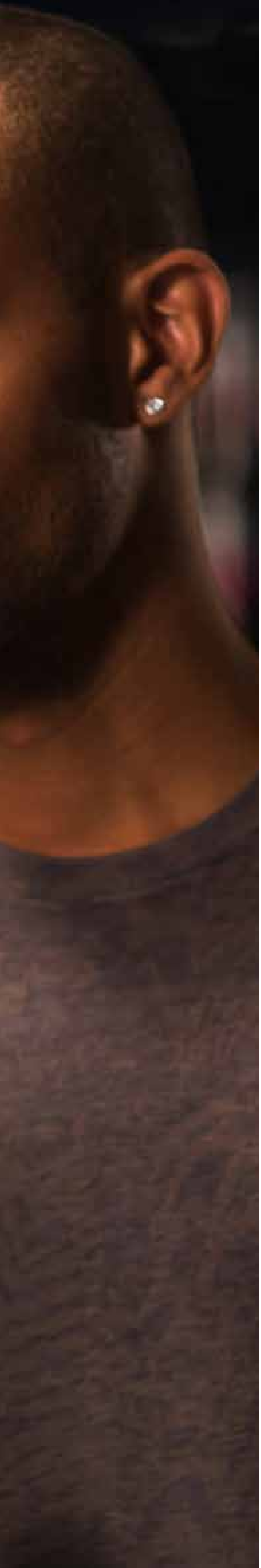
LIVE SPEED
& ACTION

EXCELLENCE IN
EXECUTION

MAKE A DIFFERENCE

QUALITY IS
OUR JOB

CLIENT &
CONSUMER DRIVEN



CORPORATE
SOCIAL RESPONSIBILITY

1575

Lucas Bols recognises that corporate social responsibility (CSR) is a key area for the spirits industry. We have a policy in place that reflects that we take our role in society seriously.

Our CSR and sustainability strategy is focused on our primary stakeholders – our employees, our consumers, our supply chain, our (local) communities – but starts by addressing the role of spirits in society as a whole. We participate in responsible drinking programmes and sustainability is high on our agenda. We work continuously to optimise our products and processes, both within the organisation and with our suppliers. We take our role in society seriously, both as an employer and as a supportive member of local communities.

CORPORATE SOCIAL RESPONSIBILITY

Responsible drinking

Promoting responsible consumption of alcohol is a cornerstone of our business. We advocate responsible consumption and encourage socially responsible communication as part of our CSR strategy. This is done with and through our local partners, who share our vision to ensure responsible consumption everywhere around the world.

A crucial aspect in this respect is adhering to the marketing code and contributing to avoidance of alcohol misuse. In the Netherlands Lucas Bols holds a key position in STIVA (Stichting Verantwoorde Alcoholconsumptie), the Dutch industry board responsible for setting guidelines for socially responsible communication and marketing of alcoholic beverages. Our CEO Huub van Doorne has been a member of the STIVA board since 2006. Responsible consumption of alcohol is also an important topic at the Bols Bartending Academy, our bartending school where we train over 3,000 bartenders a year and educate them about the principles of responsible drinking and how to contribute to this.

Sustainable supply chain

Lucas Bols addresses its entire supply chain in its goal to be the driving force in contributing to a more sustainable environment. We have a framework in place to implement this, which addresses the following key areas.

Sustainable sourcing

We invite our suppliers to be our partners in providing responsibly sourced materials and services, which have a positive impact on the communities and environment in which we operate. For a number of years we have monitored our suppliers' progress in terms of sustainability on an annual basis with the outcome being a fully integrated part of our contract discussions with our suppliers. Our joint venture production site Avandis is BRC 6 certified, a key compliance certificate for production organisations. In cooperation with its purchasing group Columbus, Avandis has included CSR as part of the annual supplier evaluation. CSR in the chain is driven from this platform.

Reducing environmental impact

We constantly challenge our main suppliers of glass, sugar and alcohol to reduce their carbon footprint. They have intensive programmes in place to limit waste through cradle-to-cradle management of their chains. Overall our suppliers are achieving the sustainability goals they have set for themselves:

- Our production joint venture Avandis has optimised its recycling processes and now recycles almost all packaging materials and has cut the use of rinsing fluid by 40 per cent.
- Our biggest supplier of glass is moving towards achieving its clear CSR goals.
- Our main supplier of sugar is making good progress with regard to its targets for reducing greenhouse gas emissions, reducing energy usage and cutting CO2.
- Our biggest supplier of alcohol has a long history of working on reducing its environmental footprint, and resets its goals every five years.
- Our main supplier of carton is working diligently to reduce CO2 production, cut its water usage and on certified sourcing of raw materials.

We also make an ongoing effort to reduce our environmental impact by optimising our logistics. Initiatives include:

- Minimising the distance between bottling and the customer (for example in the Netherlands and Canada).
- Shipping on a multimodal basis (i.e. rail and short-sea shipping) to utilise the most energy-efficient routes.
- Moving production sites to cut transportation (for example, production of Bols Vodka has been moved from Poland to Zoetermeer in the Netherlands).
- Bottling locally (for example Bols Liqueurs for the US market and Bols Vodka for Canada).
- Reducing the number of pallets used in transportation by increasing the number of cases per pallet as well as combining shipments when possible.
- Delivering more full pallets to end customers by shipping less frequently.
- Using full truckloads and larger trucks for transportation of raw materials.
- Sourcing closer to our production sites to reduce transportation.

Lucas Bols in society

Lucas Bols supports various social initiatives in the Netherlands and other countries where our products are distributed, with and through our local partners. These programmes range from providing support for senior citizens to sustainability programmes. In the year under review our central project and main focus was dance4life.

dance4life

Lucas Bols is proud to be involved with dance4life, an international initiative which empowers and educates young people in 20 countries around the world. dance4life provides them with the knowledge, skills and confidence they need to protect their health and promote safe sexual choices.

As part of the organisation's exclusive friends4life network, Lucas Bols donates each year to support the organisation and its activities. This year, the employees of Lucas Bols were offered the opportunity to take action themselves and raise funds for dance4life through various (sports) activities, including running events such as the New York Marathon.

A group of enthusiastic employees organised their own 330 km cycling tour around the IJsselmeer lake, to raise money and build team spirit. All funds raised by employees were doubled by Lucas Bols.

More than 50% of all Lucas Bols headquarters employees joined the programme, and almost € 35,000 was raised for dance4life. These funds were used to set up a new campaign to end child marriage in India.

RISK MANAGEMENT AND CONTROL

There are inherent risks related to Lucas Bols's business activities and organisation. We see sound risk management as an integral element of good business practice, which is why the Management Board promotes a transparent, company-wide approach to risk management and internal controls, allowing the company to operate effectively.

This approach is aimed at finding the right balance between maximising the business opportunities and managing the risks involved. The Management Board considers this to be one of its most important tasks. Below you will find an outline of Lucas Bols's approach to risk management and control and an overview of the main risks facing the company.

Risk management approach

General

Our risk management policies are designed to identify and analyse the risks facing Lucas Bols, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. In general Lucas Bols has a low risk appetite. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and our activities. Our risk management framework has been developed to provide reasonable assurance that the risks facing us are properly evaluated and mitigated, and that management is provided with the information it needs to make informed and timely decisions. While the framework is designed to manage risks it cannot prevent with absolute certainty such things as human error, fraud or infringements of laws and regulations. Management has assessed whether the risk management and control systems provide reasonable assurance that the financial reporting does not contain any material misstatements. Based on the approach outlined above the Management Board is of the opinion that, to the best of its knowledge, the internal risk management and control systems are of sound design and functioned effectively in the year under review, and hence provide reasonable assurance that the financial statements are free of any material misstatement.

Risk management system

Product development and quality control

Bringing excellent products to the market at a consistently high level of quality as well as innovation forms the core of our activities and is key to maintaining our company's single most important asset: our brands. This process is driven by our master distiller and his team, who develop our products, make our recipes and decide which ingredients and suppliers to use. Only once recipes have been finalised and thoroughly tested are they handed over to our bottlers, who blend and bottle the product as stipulated. Our bottlers' quality assurance procedures are subject to constant screening, and product samples from bottling locations around the world are routinely tested for compliance with our recipes. The process includes numerous checkpoints to ensure that our products meet the highest standards, every single time. This enables us to live up to the Bols family motto: Semper Idem – always the same.

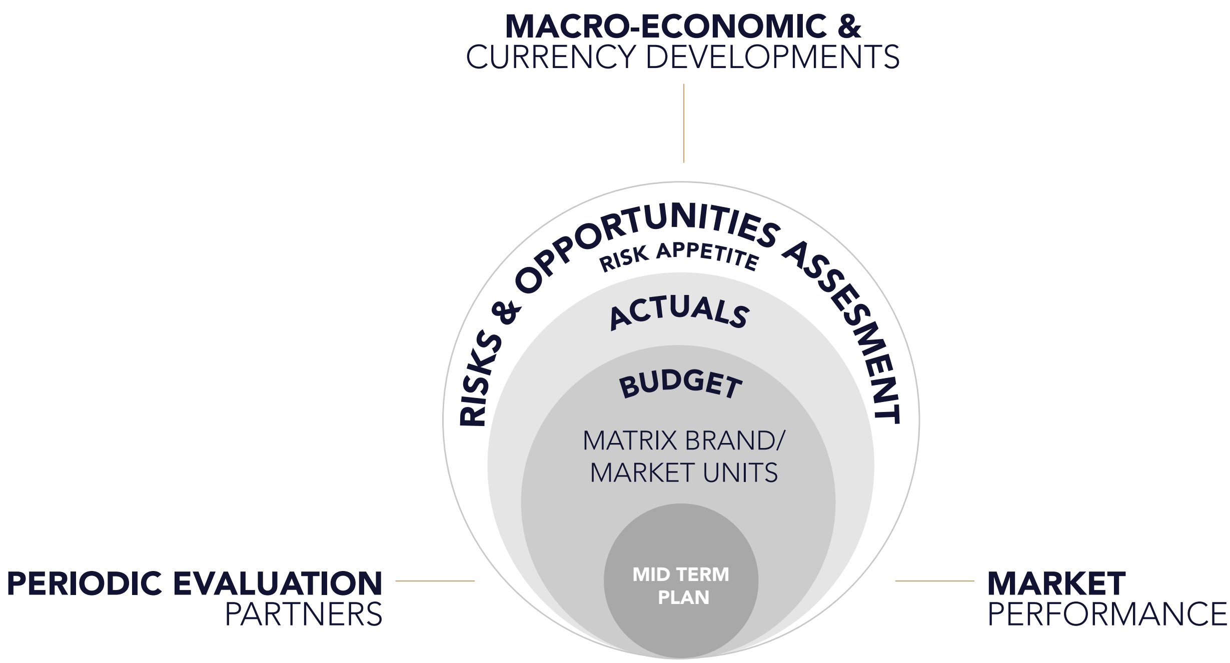
Reporting cycle and management information systems

Our reporting cycle and management information systems are at the heart of our internal risk management and control system.

As is illustrated in the figure below the control system is largely embedded in the company's information systems. Our medium-term plan forms the basis for our annual budget. Our budget is extremely detailed with a separate budget made for each brand in each country, resulting in a matrix of brand/ market units. Largely based on forecasts by our distributors and suppliers, the annual budget is the result of a diligent process.

The actual performance is closely monitored in detail and all risks and opportunities that arise are evaluated and acted upon. This cycle includes managing the currency effects, which arise from our worldwide operational activities.

To ensure that the system is accurate, the input for the reports is drawn from various sources including our distributors, actual shipment data for Lucas Bols and market performance data based on publicly available information (such as market share developments). This is further substantiated with macro-economic and currency developments and our periodic evaluation of the performance of our distributors.



Code of conduct and brand protection

Both our own communication and business practices and those of our distributors across the globe are characterised by integrity and corporate social responsibility. In order to maintain these high standards we have established a code of conduct, and we monitor compliance with this code. We keep track of all marketing activities, including those of our (distribution) partners, as well as monitoring the social media activities of our company and partners in this respect. Protecting the value of our brands is furthermore driven by extensive brand registration across the globe, with potential infringements being constantly monitored and appropriate legal action taken where necessary.

Risk management responsibilities

The Management Board is responsible for establishing and maintaining sound internal risk management and control systems. While implementation and monitoring of the risk management function is organised centrally, Lucas Bols has a culture of clear responsibilities, open communication and short communication lines that supports the effectiveness of the group's risk management.

External auditor

An annual audit plan is drawn up by the external auditor. The audit of the annual financial statements by the external auditor includes an assessment of the structure and presence of the most important internal controls on the financial processes.

Policies

As referred to above, Lucas Bols has a code of conduct drawn up by the Management Board and approved by the Supervisory Board. The code of conduct describes how Lucas Bols's employees should behave and do business in various circumstances and situations. The code of conduct applies to all employees of Lucas Bols and is published on the corporate website. Lucas Bols also has a whistle-blower policy in place which ensures that any violations of existing policy and procedures can be reported without negative consequences for the person reporting the violation. The whistle-blower policy can also be found on the corporate website.

Monitoring

Lucas Bols's risk management systems are constantly monitored, upgraded where necessary and adapted to reflect changes in internal and external circumstances. Over the past 12 months Lucas Bols further formalised its risk control systems, mainly by documenting the internal control framework, with a focus on the finance and reporting risks.

Risk and opportunities assessment

Risk appetite

Management distinguishes the following risk areas: strategic, operational, finance & reporting and compliance. The risk-reward appetite in these four areas can be described in the following terms:

Strategic risks – moderate risk appetite

Strategic risks for Lucas Bols are primarily related to the risk that investments in markets (mainly in A&P and working capital) will ultimately not produce adequate returns. Lucas Bols has a moderate appetite for strategic risks: we allow some risk in this area, but there must be an appropriate balance between risk and reward.

Operational risks – low risk appetite

Our appetite for operational risks is low: we allow little to no risk as the quality of our products is paramount and must not be jeopardised in any way.

Financial and reporting risks – low risk appetite

We take a prudent stance with regard to financial risks, hedging (part of) our exposure to currencies and interest in order to limit our risk. Our reporting risk is limited to the minimal risk associated with errors in our reporting.

Compliance risk – low risk appetite

Lucas Bols operates in a market that is strongly regulated world-wide. Compliance with laws and regulations is a fundamental condition for producing and distributing our high-quality products, so we allow only minimal risk in this area.

Risks and uncertainties that had a significant impact on the company in 2015/16

In the past year we experienced significant stock reductions following organisational and strategic changes at a number of our distributors. Although these developments do not impact the underlying marker performance, such stock reductions influence our shipments and consequently have a short-term impact on our results. Lucas Bols does not regard this as a risk factor, as the impact is short-term and does not affect the long-term performance of our company. Lucas Bols will, however, work on an even closer relationship with its distribution partners in order to increase the visibility and predictability of these developments.

Key risk factors

The key risks as perceived by the Management Board are outlined below, along with an overview of how these risks are mitigated. The order in which the risks are presented is in no way a reflection of their importance, probability or materiality. The actual occurrence of any of the following risks could have a material adverse effect on the company's business, prospects, financial condition or results of operations.

Although management believes that the risks and uncertainties described below are the most material risks, they are not the only ones Lucas Bols may face. All of these risks are contingencies, which may or may not occur. Additional risks and uncertainties which are not presently known to management or which are currently deemed immaterial may also have a material adverse effect on Lucas Bols's results of operations or financial condition.

Risk	Mitigation
STRATEGIC	
Economic and political conditions in the global markets in which we operate The company's global business is subject to a number of commercial, political and financial risks. The company also operates in emerging markets where the risk of economic and regulatory uncertainty is greater. Lucas Bols's results are dependent on general economic conditions and can therefore be affected by deterioration of the economic conditions in its markets.	Lucas Bols activities are well diversified, in terms of product categories as well as geographically. Lucas Bols sells over 20 brands in more than 110 countries in four regions. In addition Lucas Bols has a sound financial position which can act as a cushion against an economic downturn.
OPERATIONAL	
Business continuity and competition risk Lucas Bols operates in a highly competitive industry and competitive pressures could have a material adverse effect on its business, results of operations, financial condition and prospects.	We have policies and processes in place which allow us to respond to competitive factors (including pricing and industry conditions) and to carefully select our partners. Managing these factors, as well as maintaining mutually beneficial relationships with our key customers, enables us to compete effectively.

Risk	Mitigation
OPERATIONAL	
Changes in consumer preferences Demand for the company's spirits products may be significantly adversely affected by changes in customer and consumer preferences.	Lucas Bols's close ties both with its distributors and with the bartender community mean that the company is alerted to changes in consumer preferences at an early stage. The innovative nature of the company enables Lucas Bols to respond to such changes with new flavours and products. Thanks to our focused organisation the time-to-market of new products is relatively short.
Dependency on key products A few key products contribute a significant portion of the company's revenue, and any reduction in revenue from these products could have a material adverse effect on the company's business, results of operations, financial condition and prospects.	Sales of these products are generally spread across multiple countries and continents.
Joint ventures Lucas Bols's involvement in joint ventures (JVs) over which it does not have full control could prevent the company from achieving its objectives.	Managing and monitoring partnerships and joint ventures is at the heart of the company's business. JVs are monitored through direct board involvement, with a focus on achieving long-term objectives.
Quality controls Inconsistent quality or contamination of the company's products or similar products in the same categories as Lucas Bols products could harm the integrity of, or customer support for, the company's brands and adversely affect the sales of those brands.	The recipes in which the ingredients and procedures are defined are fully controlled by Lucas Bols. The company only partners with certified bottlers and in general our joint venture partners also work exclusively with certified suppliers. The company samples and tests all its products.
Reliance on distribution agreements Lucas Bols is reliant on the performance of its distributors and its operations may be adversely affected by poor performance of its distributors or by the company's inability to enter into or maintain distribution agreements on favourable terms or at all.	The company applies very strict criteria for selecting distribution partners. In addition each distributor and each agreement is subject to annual evaluation and if this evaluation shows that action is needed, that action will be taken, within the contractual terms agreed.
Human capital Lucas Bols's success depends on retaining key personnel and attracting highly skilled individuals, especially given its relatively small number of employees.	Lucas Bols is able to attract, motivate and retain knowledgeable and experienced employees thanks to our reputation and market position, our strategic partnerships and our strong entrepreneurial company culture.

Risk	Mitigation
FINANCIAL	
Currency fluctuations Exchange rate fluctuations could have a material adverse effect on the company's business, financial condition and results of operations.	Each year the company seeks to mitigate the impact of fluctuations in foreign currency exchange rates on its cash flow and earnings by entering into hedging agreements for approximately 60% to 80% of its total currency exposure at the start of the financial year. The company's strategy is to hedge the currency risk through the application of standard forward contracts.
Liquidity risk Liquidity risk is the risk that the company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The company's approach to managing liquidity through its treasury process is aimed at ensuring, insofar as is possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.
Interest rate risk Changes in interest rates affect the company's results and cash flow.	Lucas Bols applies a policy which ensures that at least 80% of its medium-term interest rate risk is fixed-rate exposure. This involves entering into and designating interest rate swaps to hedge fluctuations in cash flows attributable to interest rate movements.
Credit risk Credit risk arises from liquid assets, derivative instruments and balances with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and agreed transactions.	The company has implemented a credit policy and monitors its exposure to credit risk on an ongoing basis.
COMPLIANCE	
Regulatory conditions in the markets in which the company operates Lucas Bols's business and production facilities are subject to significant governmental regulation and failure to comply with relevant regulations or any changes in such regulations could result in interruptions to supply and increased costs. In addition, the company is subject to extensive regulations regarding advertising, promotions and access to its products, and these regulations or any changes to these regulations could limit its business activities, increase costs and decrease demand for its products.	Lucas Bols closely monitors the legal developments in the markets where it is active. In its home country the Netherlands the company is actively involved in the relevant industry bodies, for example through representation on the board of STIVA, the foundation that actively promotes and controls responsible marketing of alcoholic products.
Taxes Increases in taxes, particularly increases in excise tax rates, could adversely affect demand for the company's products.	Consequences of tax changes and resulting changes in buying behaviour are constantly monitored in close cooperation with our distributors and market positioning is adjusted where necessary.

ZHIZN PI BAR MOSCOW


BOLS
Crème de Cassis
BOLS

CORPORATE GOVERNANCE

Lucas Bols is committed to be a responsible corporate citizen, committed to meeting the needs of all its stakeholders and as such acknowledges the importance of good corporate governance. Our corporate governance is based on principles of integrity, transparency, and clear and timely communication.

The Management Board and the Supervisory Board are jointly responsible for the corporate governance structure at Lucas Bols, thereby adhering to the Dutch Corporate Governance Code (the Code).

Lucas Bols is a public limited company (NV) incorporated and based in the Netherlands and is therefore subject to Dutch legislation as well as its own articles of association, internal policies and procedures. Responsibility for the management of Lucas Bols lies with the Management Board, under supervision of the Supervisory Board.

Corporate governance declaration

Lucas Bols acknowledges the importance of good corporate governance and agrees with the principles of the Code. Lucas Bols complies with the principles and best-practice provisions of the Code. There are a small number of practices where Lucas Bols is not in compliance with the Code, which are explained in this report.

Shares - voting rights

The authorised share capital of Lucas Bols comprises a single class of registered shares. Shares that are traded via the giro-based securities transfer system are registered under the name and address of Euroclear Nederland. All issued shares are fully paid up and each share confers the right to cast a single vote at the general meeting. As at the end of 2015/16 Lucas Bols held no shares in the company.

General meeting

Important matters that require the approval of the (annual) general meeting include:

- Adoption of the annual accounts;
- Declaration of dividends;
- Remuneration policy;
- Discharge from liability of the members of the Management Board in respect of their management activities for Lucas Bols;
- Discharge from liability of the members of the Supervisory Board in respect of their supervision of the management of Lucas Bols;
- Appointment of the external auditor;
- Appointment, suspension or dismissal of members of the Management Board and the Supervisory Board;
- Remuneration of the Supervisory Board;
- Any Management Board resolution regarding a significant change in the identity or nature of Lucas Bols or its enterprise;
- Issuance of shares (whereby the Management Board is authorised, subject to prior approval by the Supervisory Board, to issue shares up to a maximum of 10% of the issued share capital as at the date of issue and an additional 10% as at that date in connection with or on occasion of mergers, acquisitions and strategic alliances and to restrict or exclude

the pre-emptive rights in relation to any issuance referred to above. This authorisation is granted until 2 March 2017);
- Acquisition and redemption of shares, whereby the Management Board is authorised, subject to the approval by the Supervisory Board, to acquire up to a maximum of 10% of the shares in the capital of the company, at a price not higher than 10% above the average closing price of the shares on Euronext Amsterdam over the five days preceding the date on which the purchase is made. This authorisation is granted until 2 March 2017;
- Adoption of amendments to the articles of association.

Further details can be found in the articles of association, which are published on the corporate website (**www.lucasbols.com**).

This year the annual general meeting is scheduled to take place on 1 September. Each shareholder may attend the general meeting, address the general meeting and exercise voting rights pro rata to their shareholding, either in person or by proxy. Shareholders may exercise these rights provided they are holders of shares on the record date, which is 28 days before the date of the general meeting, and they or their proxy have notified Lucas Bols of their intention to attend the general meeting. Draft minutes of the meeting will be released within three months of the meeting and will be available for comments for three months thereafter. The final version of the minutes will be published on the corporate website.

In accordance with provision IV.3.1, Lucas Bols shall announce meetings with analysts, presentations to (institutional) investors and press conferences in advance on the corporate website and by means of a press release. The presentations will be made available on the corporate website after the meetings. Lucas Bols will regularly examine the desirability of extending these facilities to webcasting or other communication tools and may amend its policy in this respect.

Management Board

The Management Board is collectively responsible for the management of Lucas Bols. This includes the day-to-day management and general affairs of the company as well as formulating its strategies and policies, and setting and achieving the corporate objectives. The Management Board is also responsible for identifying and managing the risks associated with Lucas Bols's activities, and for the financial performance and corporate social responsibility issues relevant to the business. The Management Board consists of two members, each having duties related to their specific responsibilities and area of expertise. The members of the Management Board are individually authorised to represent Lucas Bols.

The general meeting appoints the members of the Management Board, with the Supervisory Board permitted to make non-binding nominations for such appointments. Where the Supervisory Board has made a nomination, the resolution of the general meeting to appoint the nominee must be adopted by an absolute majority of the votes cast. Where the nomination has not been made by the Supervisory Board, the general meeting resolution to appoint a member of the Management Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital. This is stricter than what the Code in best practice provision IV.1.1 prescribes.

The Supervisory Board may at any time suspend a member of the Management Board. The general meeting may at any time suspend or dismiss a member of the Management Board.

The general meeting may only adopt a resolution to dismiss such a member by an absolute majority of the votes cast and at the proposal of the Supervisory Board. Without such proposal, the resolution to suspend or dismiss a member of the Management Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued capital. This provision deviates from the Code (best practice provision IV.1.1). Lucas Bols believes this to be justified in the interest of the continuity of Lucas Bols and its group companies.

Remuneration

The remuneration policy was approved by the general meeting on 3 February 2015 at the proposal of the Supervisory Board.

The remuneration policy is aimed at attracting, motivating and retaining highly qualified executives and rewarding members of the Management Board with a balanced and competitive remuneration package that is focused on sustainable results and is consistent with the strategy of Lucas Bols.

Pursuant to the remuneration policy the remuneration packages of the Management Board consist of fixed and variable components. The fixed annual salary of the Management Board members has been set at the current level for a period of four years from the date of the listing of the shares of Lucas Bols on Euronext Amsterdam, i.e. 4 February 2015.

In compliance with the Code the service agreements of the Management Board members contain a provision relating to severance arrangements to compensate for the loss of income resulting from a non-voluntary termination of the service agreement, up to a maximum equal to one time the fixed gross annual base salary of the Management Board member.

In line with applicable legislation and good governance, the service agreements of the members of the Management Board include a claw back clause, allow for a test of reasonableness and do not include a 'change of control' clause.

Each year the Supervisory Board reports on the implementation of the remuneration policy in the past financial year and the intended implementation in the current year and subsequent years in its remuneration report. This report can be found on page 78 of this report and the corporate website.

Supervisory Board

The Supervisory Board supervises the Management Board and the general course of business of Lucas Bols.

The Supervisory Board also provides advice to the Management Board. In performing their duties the members of the Supervisory Board must be guided by the interests of Lucas Bols and take into account the relevant interests of all of the company's stakeholders (including its shareholders) as well as the corporate social responsibility issues that are relevant to the business of Lucas Bols. The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board currently consists of two members, following the resignation of Mr. Staal in October 2015 and Mr. Meerstadt in April 2016.
Mrs. A. Oldroyd shall be nominated for appointment as a member of the Supervisory Board at the general meeting on 1 September 2016 and the search for a successor of Mr. Meerstadt has been initiated. All members of the Supervisory Board are 'independent' as defined in best practice provision III.2.2.
The Supervisory Board has adopted a profile for its size and composition, taking into account the nature of the Lucas Bols business and activities and defining the desired back-ground and expertise of members. Members of the Supervisory Board are appointed for a term of four years and may be reappointed up to a maximum of two other periods of four years.

In view of its size the Supervisory Board has decided not to appoint any committees in the interest of efficiency. However, audit-related meetings are chaired by Mrs. Wyatt and meetings on remuneration were chaired by Mr. Meerstadt, which respon-sibility temporarily has been taken over by Mr. Doijer. Specific duties, such as the monitoring of the financial reporting process and the effectiveness of the internal control systems are the responsibility of the Supervisory Board as a whole, there is no separate body been set up.

The members of the Supervisory Board are appointed by the general meeting. The Supervisory Board is permitted to make a non-binding nomination for the appointment of a member of the Supervisory Board. The resolution of the general meeting to appoint the nominee must be adopted by an absolute majority of the votes cast. If the Supervisory Board has not made a nomination, a resolution of the general meeting for the appointment of a member of the Supervisory Board must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital.

The general meeting may suspend or dismiss a member of the Supervisory Board at any time. In the event the Supervisory Board proposes the dismissal of one of its members, the resolution of the general meeting to dismiss such a member must be adopted by an absolute majority of votes cast. In the absence of a proposal from the Supervisory Board to dismiss one of its members the general meeting resolution to make such a dismissal must be passed by a two-thirds majority of the votes cast, representing over 50% of the issued share capital.

Lucas Bols ensures that there are structured reporting lines to its Supervisory Board. The Supervisory Board meets regularly throughout the year, with a minimum of four meetings a year. The chairman of the Supervisory Board ensures the proper functioning of the Supervisory Board and acts as the main contact for the Management Board.

The Supervisory Board has adopted its own regulations with regard to objectives, composition, duties, responsibilities and working methods; it has also adopted a profile as well as a retirement and resignation schedule. The regulations and other documents are available on the corporate website.

Diversity

In order to achieve a desired balance the Supervisory Board aims for a diverse composition of both the Management Board and the Supervisory Board in terms of for example gender and age, but does not strictly follow best practice provision III.3.1 of the Code to formulate an explicit diversity target in these areas. The Supervisory Board's overriding principle is for both boards to be composed of members who can make a valuable contribution in terms of experience and knowledge of the industry Lucas Bols operates in. In determining profiles for new board members, Lucas Bols will pay close consideration to the aforementioned best practice provisions as well as the provisions of article 2:166 section 2 of the Dutch civil code which requires companies to pursue a policy of having at least 30% of the seats on the Management Board and Supervisory Board held by men and at least 30% of the seats on the Management Board and Supervisory Board held by women.

Conflict of interest

Any potential or actual conflict between Lucas Bols and a member of the board should be reported to the chairman of the Supervisory Board and the other board members.
Any board member holding shares in Lucas Bols must do so for the purpose of long-term investment. Board members must at all times comply with the provisions set out in the insider trading rules of Lucas Bols. There were no conflicts of interest between Lucas Bols and a member of the boards during the financial year 2015/16. As a result, Lucas Bols complies with the best practice provision III.6.I to III.6.4.

Internal audit

The Management Board discussed the need for an internal audit function with the Supervisory Board. Also this year the conclusion was that an internal audit function is unnecessary, given the size of the company and the relatively simple and centralized structure of the company. It is the opinion of the Supervisory Board that the discussions with the Management Board and the external auditor regarding both the conclusions of the external auditor and the company's control environment provide enough assurance. We will continue to evaluate the need for an internal audit function. Lucas Bols performs periodical audits at its distributors, with the main focus being on A&P spending and how this is accounted for.

Auditor

At the annual general meeting held on 3 September 2015, Ernst & Young Accountants LLP (EY) was appointed as auditor for the company for a three year period, starting with the audit of the financial statements for the period ending 31 March 2016.

The Management Board ensures that the external auditor is able to properly perform its audit work. The Management Board reported to the Supervisory Board on EY's functioning as external auditor and its fee. Ernst & Young Accountants LLP confirmed its independence from Lucas Bols in accordance with the professional standards applicable to Ernst & Young Accountants LLP.

REMUNERATION REPORT 2015/16

The remuneration policy of Lucas Bols is in accordance with the Dutch Corporate Governance Code. It was adopted at the general meeting of 3 February 2015.

Remuneration policy

The remuneration policy is aimed at attracting, motivating and retaining highly qualified executives and rewarding members of the Management Board with a balanced and competitive remuneration package that is focused on sustainable results and is aligned with the company's strategy. The policy is reviewed annually.

The current remuneration policy is proposed by the Supervisory Board and approved by the general meeting on 3 February 2015.

Within the scope of the remuneration policy as adopted by the general meeting of Lucas Bols, the remuneration and other terms of employment of the Management Board are determined by the Supervisory Board. The remuneration of the members of the Management Board consists of the following components:

- fixed annual base salary
- annual variable remuneration in cash
- allowance for pension and fringe benefits

The remuneration policy does not provide for incentives by way of remuneration in shares in the capital of Lucas Bols, since the members of the Management Board already hold a significant amount of shares in Lucas Bols for long term investment.

Fixed annual base salary

The base salary of the Management Board members is set around the median of remuneration levels payable within relevant markets and comparable Dutch listed and international companies in our industry, which the Supervisory Board analysed. This base salary is fixed for a period of four years following the date of the IPO.

Annual variable remuneration in cash

The objective of the annual variable remuneration in cash is to ensure that the Management Board members will be focused on realising their short-term operational objectives, leading to longer term value creation. The annual variable remuneration amount will be paid-out when predefined targets are realised, while the maximum variable remuneration amount may be paid out in case of outperformance of the predefined targets. If realised performance is below a threshold level, no variable remuneration will be paid out. On an annual basis, performance criteria are set by the Supervisory Board, at the beginning of the relevant financial year.

These performance criteria include the company's financial performance and qualitative criteria related to the company's and/or individual performance.

Allowance for pension and fringe benefits

Both Management Board members are entitled to a pension allowance. For Mr. van Doorne this allowance is included in his general allowance. For Mr. de Vries the company contributes an amount equal to 10% of the base salary to his pension scheme.

None of the members of the Management Board participate in a collective pension scheme. The members of the Management Board are entitled to customary fringe benefits, such as expense allowances and reimbursement of costs.

Test of reasonableness and claw back clause

In line with Dutch law and the Code, the variable remuneration may be reduced or (partly) recovered if certain circumstances apply. For any variable remuneration component conditionally awarded to a member of the Management Board in a previous financial year which would in the opinion of the Supervisory Board, produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the Supervisory Board will have the power to adjust the value downwards or upwards (test of reasonableness). In addition, the Supervisory Board will have the authority under the Code and Dutch law, to recover from a member of the Management Board any variable remuneration awarded on the basis of incorrect financial or other data (claw back). In case of a share price increase due to a public offer on the company's shares, Dutch law prescribes to reduce the remuneration of a Management Board member by an amount equal to the value increase of the shares. This provision only applies to shares received by means of remuneration (currently the ESA shares awarded to Mr. de Vries at the occasion of the IPO) and not to shares that the Management Board member has obtained other than by means of remuneration. Similar provisions apply in the situation of an intended legal merger of demerger, or in other significant transactions.

Severance payment

Finally, the service agreements with the Management Board contain severance provisions, which provide for a compensation for the loss of income resulting from a non-voluntary termination of employment equal to a maximum amount of the gross fixed annual base salary of the Management Board member.

Lucas Bols nor any of its group companies provided any loans, advances or guarantees for the benefit of the Management Board members.

Remuneration of the Management Board in 2015/16

In the financial year ending 31 March 2016, Mr. van Doorne and Mr. de Vries served Lucas Bols N.V. via a service agreement with a management company controlled by Mr. van Doorne and Mr. de Vries respectively. The terms of these service agreements were determined by the Supervisory Board and approved by the general meeting on 3 February 2015, based on the remuneration policy as set out before. The costs for the remuneration of the Management Board members in 2015/16 are as follows:

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	MR. H.L.M.P. VAN DOORNE 2016	2015
Salary	470	470
Variable remuneration	47	202
Pension	-	-
Other	95	77
ESA	-	-
	612	**749**

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	MR. J.K. DE VRIES 2016	2015
Salary	320	264
Variable remuneration	32	110
Pension	31	32
Other	24	22
ESA	-	233
	407	**661**

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	TOTAL MANAGEMENT BOARD 2016	2015
Salary	790	734
Variable remuneration	79	312
Pension	31	32
Other	119	99
ESA	-	233
	1,019	**1,410**

Fixed base salary

The fixed base salary of Mr. de Vries was adjusted at the time of the IPO and approved by the general meeting on 3 February 2015. The annual base salary for Mr. van Doorne is set at EUR 470,000 and for Mr. de Vries at EUR 320,000.

Annual variable remuneration

The maximum annual variable remuneration for 2015/16 amounts to 50% of the annual base salary.

The performance targets and objectives for the variable remuneration were set by the Supervisory Board for each member of the Management Board, at the beginning of 2015/16.

These performance targets and objectives form a balanced mix of financial, qualitative and personal measures as follows:

- 50-70% - Financial targets. These targets are the same for both members of the Management Board.
- 30-50% - Qualitative and personal targets ranging from increasing depletions in a specific region to multiple year plans and from commercial programmes to back office optimisation.

The targets are measurable and realistic for the members of the Management Board.

During the financial year 2015/16, the financial targets were aimed at increasing revenue growth and net profit whereas the qualitative and personal targets were aimed at specific subjects referred to above. The thresholds for the revenue and financial targets were not met during the financial year 2015/16 and the targets for the qualitative and personal targets were partly realized. As a result, the variable remuneration component with regard to the performance in 2015/16 amounted to 20% of the total achievable variable remuneration, i.e. 10% of the annual base salary for both Mr. van Doorne and Mr. de Vries.

Share-awards

In 2014/15 (as a reward for the successful IPO), Mr. de Vries has been offered a one-off remuneration component consisting of 7,840 depositary receipts of shares in the capital of Lucas Bols. The shares are held by a trust foundation. The shares are subject to a retention period of 5 years during which the shares cannot be disposed of. This retention period ends 5 February 2020.

The value of the ESA shares at 31 March 2016 amounted to EUR 140,963 (31 March 2015 140,100).

Remuneration policy 2016/17

No changes to the remuneration policy are planned for 2016/17.

Remuneration of the Supervisory Board members

The general meeting determines the remuneration of the members of the Supervisory Board. The Supervisory Board periodically submits proposals to the general meeting in respect of the remuneration of the chairman, vice-chairman and the other members of the Supervisory Board. The remuneration of the Supervisory Board is not dependent on Lucas Bols's results.

On 3 February 2015, the general meeting approved a proposal of the Supervisory Board for annual fixed fee levels for the individual Supervisory Board members that are in line with Supervisory Board remuneration levels payable within comparable companies. The annual fee for the Supervisory Board members is set as follows:

REMUNERATION OF THE SUPERVISORY BOARD MEMBERS	
Chairman of the Supervisory Board	EUR 40,000
Vice-chairman of the Supervisory Board	EUR 35,000
Other members of the Supervisory Board	EUR 30,000

Remuneration of the Supervisory Board in 2015/16

AMOUNTS IN EUR '000	2015/16	2014/15
Mr. D.C. Doijer	40	40
Mr. A. Meerstadt	35	30
Mrs. M.M. Wyatt	30	5
Mr. M.W. Staal	15	5
Total	**120**	**80**

Remuneration policy 2016/17

During 2016/17 a benchmark as to the remuneration of the Supervisory Board with similar listed companies is planned.

SHAREHOLDER INFORMATION

Share listing

The shares of Lucas Bols N.V. have been listed on the Euronext Amsterdam stock exchange since 4 February 2015. The Lucas Bols shares are included in the small cap index. Lucas Bols shares are traded under the symbol BOLS under ISIN code: NL0010998878.

The Lucas Bols share

THE LUCAS BOLS SHARE	2015/16	2014/15
Number of outstanding ordinary shares at 31 March	12,477,298	12,477,298
Share price low	EUR 16.60	EUR 15.75
Share price high	EUR 22.30	EUR 18.00
Closing share price on 31 March	EUR 18.00	EUR 17.87
Proposed total dividend per share	EUR 0.54	N/A
Market capitalisation at 31 March	EUR 224,528,978	EUR 222,969,315

Share capital

All of the issued shares of Lucas Bols are ordinary shares with a nominal value of EUR 0.10 each. At 31 March 2016 the share capital of Lucas Bols consisted of 12,477,298 ordinary shares which have been fully paid-up.

Major shareholders

Pursuant to Dutch Financial markets Supervision Act (Wet op het financieel toezicht) the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten) was notified of the following statement of interests of 3% and over in Lucas Bols up to 31 March 2016:

SHAREHOLDER	SHAREHOLDING
Boron Investments N.V.	5.01%
Delta Lloyd Deelnemingen Fonds N.V.	5.01%
Dreamspirit B.V. (controlled by mr. H.L.M.P. van Doorne)	6.06%
Lazard Frères Gestion SAS	4.97%
Lucerne Capital Management LLC	10.01%
Nolet Holding B.V.	25.00%
Old Mutual plc	5.06%

Dividend policy

The Lucas Bols dividend policy takes account of both the interests of the shareholders and the expected further development of the company. We plan to pay dividends in two semi-annual instalments, with a target dividend of at least 50% of the company's net profit realised during the financial year.

We intend to distribute an interim dividend in the third quarter of each financial year after the publication of the first-half results, and following adoption of the annual accounts by the general meeting a final dividend in the second quarter of the following financial year will be declared. There can be no assurance that a dividend will be proposed or declared in any given year.

Financial calendar

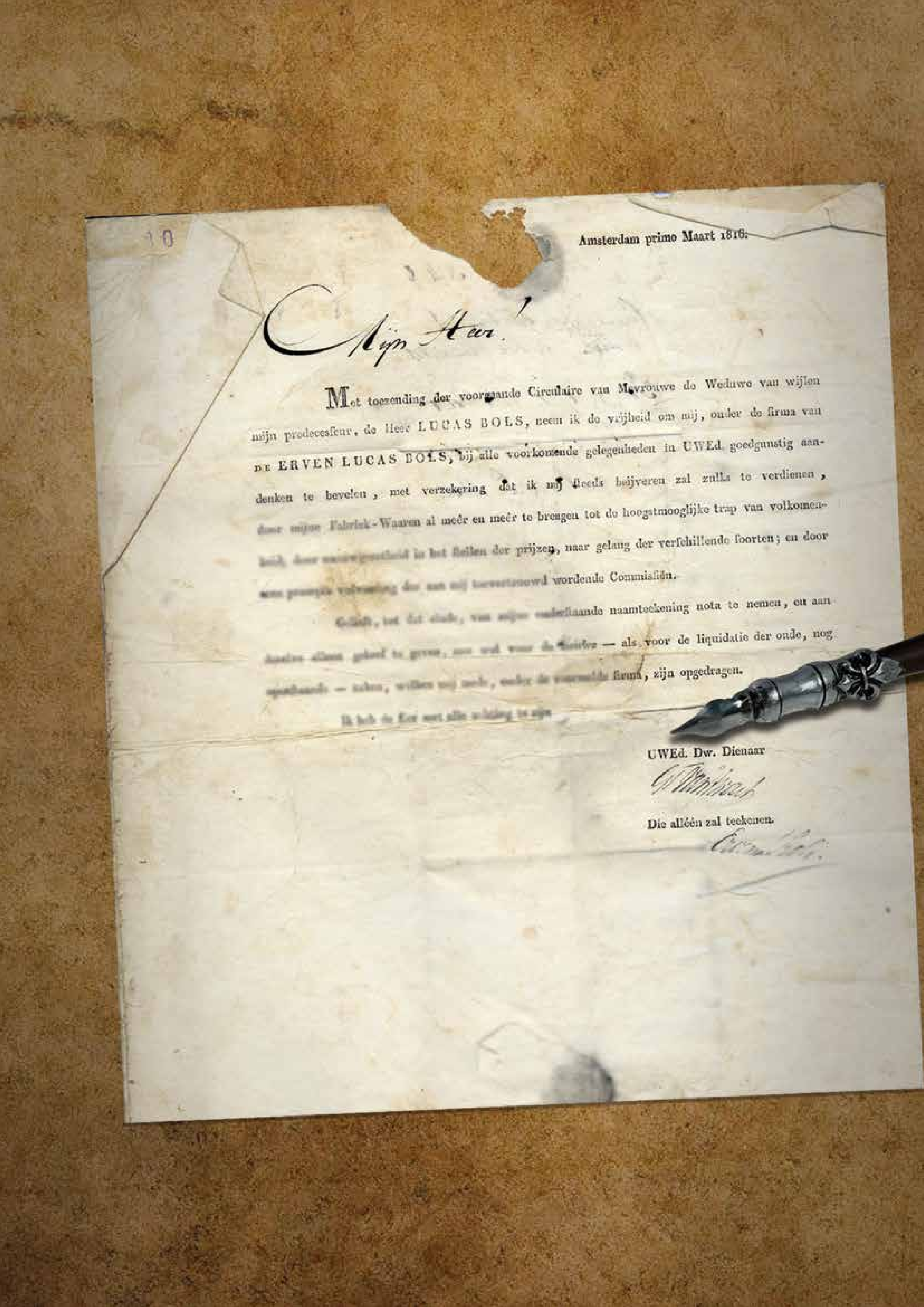
Date	Event
September 01	Annual General Meeting 2016 2016
November 17	Publication half year results 2016/17 2016
June 08	Publication full year results 2016/17 2017
September 07	Annual General Meeting 2017 2017

Prevention of insider trading

In consequence of its listing on Euronext Amsterdam Lucas Bols is obliged to have a regulation in place to prevent the use of insider knowledge by its managers, employees or other ‘insiders’. Lucas Bols has adapted its existing insider trading regulation to comply with the regulations for listed companies in the Netherlands. Mr. Joost de Vries (CFO) serves as the company’s compliance officer and sees to it that the legislation relating to insider knowledge is adhered to and other compliance risks are observed. Lucas Bols has an employee share participation plan (see pag 58).

Investors relations

Lucas Bols attaches great importance to maintaining an active dialogue with its shareholders. The aim is to give our (potential) shareholders, analysts and the financial press a broader insight into the company and the sector we operate in. We do this by providing relevant financial and other information in a timely manner and to the best of our ability. To this end Lucas Bols ensures that relevant information is provided equally and simultaneously to all interested parties and that they can access it. From time to time Lucas Bols may engage in bilateral contacts with (potential) shareholders and analysts. These contacts can have the form of (reversed) road shows, investors conferences, company visits and one-on-ones. The purpose of these contacts is to explain the strategy and performance of Lucas Bols and thus ensure that correct and adequate information is disseminated about the company. On 24 March 2016 Lucas Bols organized a Capital Markets Day for investors and analysts.



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Amsterdam primo Maart 1816.

Mijn Heer!

Met toezending der voorstaande Circulaire van Mevrouwe de Weduwe van wijlen mijn predecesseur, de Heer LUCAS BOLS, neem ik de vrijheid om mij, onder de firma van DE ERVEN LUCAS BOLS, bij alle voorkomende gelegenheden in UWEd. goedgunstig aandenken te bevelen, met verzekering dat ik mij steeds beijveren zal zulks te verdienen, door mijne Fabriek-Waaren al meêr en meêr te brengen tot de hoogstmooglijke trap van volkomenheid, door [illegible] in het stellen der prijzen, naar gelang der verschillende soorten; en door eene [illegible] der aan mij toevertrouwd wordende Commissiën.

[illegible] naamteekening nota te nemen, en aan [illegible] — als voor de liquidatie der oude, nog openstaande — zaken, [illegible] firma, zijn opgedragen.

Ik heb de Eer met alle achting te zijn

UWEd. Dw. Dienaar

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Die alléén zal teekenen.

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FINANCIAL STATEMENTS
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CONSOLIDATED FINANCIAL STATEMENTS 2015/16

Consolidated statement of profit or loss

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	NOTE	2016	2015
Revenue	5	72,643	77,705
Cost of sales	5	(29,964)	(30,796)
Gross profit		**42,679**	**46,909**
Distribution and administrative expenses	6	(25,980)	(27,029)
Operating profit		**16,699**	**19,880**
Share of profit of joint ventures	17	880	82
Finance income		37	28
Finance costs		(2,639)	(17,569)
Net finance costs	8	**(2,602)**	**(17,541)**
Profit before tax		**14,977**	**2,421**
Income tax expense	11	(3,263)	(2,201)
Profit/(loss)		**11,714**	**220**
Result attributable to the owners of the Company		**11,714**	**220**
Weighted average number of shares	9	12,477,298	9,025,558
Earnings per share			
Basic earnings per share (EUR)		0.94	0.02
Diluted earnings per share (EUR)		0.94	0.02

The notes on page 91 to 125 are an integral part of the consolidated financial statements.

Consolidated statement of other comprehensive income

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	NOTE	2016	2015
Result for the year		11,714	220
Other comprehensive income - Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liability	10	283	(476)
Related tax		(71)	119
Equity accounted investees – share of other comprehensive income	17	243	(128)
		455	(485)
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		(31)	94
Equity accounted investees – share of other comprehensive income	17	(69)	108
Net change in hedging reserve		563	(1,944)
Related tax		(141)	486
		322	(1,255)
Other comprehensive income for the year, net of tax		777	(1,740)
Total comprehensive income for the year, net of tax		12,491	(1,520)
Total comprehensive income attributable to the owners of the Company		12,491	(1,520)

The notes on page 91 to 125 are an integral part of the consolidated financial statements.

Consolidated statement of changes in equity

AMOUNTS IN EUR `000	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	CURRENCY TRANSLATION RESERVE	HEDGING RESERVE	OTHER LEGAL RESERVES	RETAINED EARNINGS	RESULT FOR THE YEAR	TOTAL EQUITY
Balance as at 1 April 2015	1,248	130,070	-	32	(1,536)	295	22,853	220	**153,182**
Transfer result prior period	-	-	-	-	-	-	220	(220)	-
Total comprehensive income									
Profit (loss) for the year	-	-	-	-	-	-	-	11,714	**11,714**
Other comprehensive income	-	-	-	(100)	422	-	455	-	**777**
Total comprehensive income	-	-	-	(100)	422	-	455	11,714	12,491
Dividend paid	-	-		-	-	-	(3,868)	-	**(3,868)**
Purchase own shares (ESPP)	-	-	177	-	-	-	-	-	**177**
Own shares delivered (ESPP)	-	-	(177)	-	-	-	-	-	**(177)**
Transfer to legal reserves	-	-	-	-	-	82	(82)	-	-
Balance as at 31 March 2016	1,248	130,070	-	(68)	(1,114)	377	19,578	11,714	161,805

AMOUNTS IN EUR `000	SHARE CAPITAL	SHARE PREMIUM	TREASURY SHARES	CURRENCY TRANSLATION RESERVE	HEDGING RESERVE	OTHER LEGAL RESERVES	RETAINED EARNINGS	RESULT FOR THE YEAR	TOTAL EQUITY
Balance as at 1 April 2014	8,400	-	-	(171)	(78)	594	22,816	223	**31,784**
Transfer result prior period	-	-	-	-	-	-	223	(223)	-
Total comprehensive income									
Profit (loss) for the year	-	-	-	-	-	-	-	220	**220**
Other comprehensive income	-	-	-	203	(1,458)	-	(485)	-	**(1,740)**
Total comprehensive income	-	-	-	203	(1,458)	-	(485)	220	(1,520)
Adjustment of par value from € 1.00 to € 0.10 per share	(7,560)	7,560	-	-	-	-	-	-	-
Reversed split	(420)	420	-	-	-	-	-	-	-
Issue of warrant shares	22	412	-	-	-	-	-	-	**434**
ESA (employee share award)	6	1,003	-	-	-	-	-	-	**1,009**
Issue of new shares	800	125,188	-	-	-	-	-	-	**125,988**
Cost related to the issuance of shares, net of taxes	-	(4,513)	-	-	-	-	-	-	**(4,513)**
Total transactions with owners of the Company	(7,152)	130,070	-	-	-	-	-	-	122,918
Transfer to retained earnings	-	-	-	-	-	(299)	299		-
Balance as at 31 March 2015	1,248	130,070	-	32	(1,536)	295	22,853	220	153,182

The notes on page 91 to 125 are an integral part of the consolidated financial statements.

Consolidated statement of financial position

(before profit appropriation)

AMOUNTS IN EUR `000 AS AT 31 MARCH	NOTE	2016	2015
Assets			
Property, plant and equipment	15	1,546	1,398
Intangible assets	16	214,943	214,943
Investments in joint ventures	17	5,766	5,116
Other investments, including derivatives	18	599	600
Non-current assets		222,854	222,057
Inventories	12	7,024	7,564
Trade and other receivables	13	15,152	18,328
Derivative financial instruments	24	88	-
Cash and cash equivalents	14	6,477	2,503
Current assets		28,741	28,395
Total assets		251,595	250,452
Equity			
Share capital		1,248	1,248
Share premium		130,070	130,070
Treasury shares		-	-
Currency translation reserve		(68)	32
Hedging reserve		(1,114)	(1,536)
Other legal reserves		377	295
Retained earnings		19,578	22,853
Result for the year		11,714	220
Total equity	19	161,805	153,182
Liabilities			
Other loans and borrowings	21	49,749	52,705
Other non-current financial liabilities – other	22	916	940
Employee benefits	10	220	738
Deferred tax liabilities	11	22,169	20,044
Total non-current liabilities		73,054	74,427
Loans and borrowings	21	7,135	10,273
Trade and other payables	23	8,854	11,343
Derivative financial instruments	24	747	1,227
Total current liabilities		16,736	22,843
Total liabilities		89,790	97,270
Total equity and liabilities		251,595	250,452

The notes on page 91 to 125 are an integral part of the consolidated financial statements.

Consolidated statement of cash flows

AMOUNTS IN EUR `000 AS AT 31 MARCH	NOTE	2016	2015
Cash flows from operating activities			
Profit		11,714	220
Adjustments for:			
• Depreciation of property, plant and equipment	15	489	515
• Net finance costs	8	2,602	17,541
• Release net-realised hedging reserve		-	(1,270)
• Share of profit of joint ventures, net of tax		(880)	(82)
• Income tax expense	11	3,263	2,201
• Provision for employee benefits	10	(235)	(203)
		16,953	18,922
Change in:			
• Inventories		540	41
• Trade and other receivables		1,958	(3,123)
• Trade and other payables		(2,785)	1,591
Net changes in working capital		(287)	(1,491)
Dividends from joint ventures	28	900	850
Interest received		32	28
Income tax paid		(228)	(109)
Income tax received		-	-
Net cash from operating activities		17,370	18,200
Cash flows from investing activities			
Acquisition of/additions to joint ventures	17	(429)	-
Acquisition of property, plant and equipment	15	(638)	(248)
Net cash from (used in) investing activities		(1,067)	(248)
Cash flows from financing activities			
Proceeds from issue of share capital, net of related cost		-	121,414
Charges settlement IRS surplus in post-IPO situation		-	(806)
Proceeds from new loans		-	63,300
Payment of transaction costs related to loans and borrowings		-	(719)
Repayment of borrowings	21	(7,500)	(124,070)
Repayment of cumulative preference shares		-	(64,794)
Cash dividend paid to shareholders		(3,868)	-
Interest paid		(2,205)	(14,810)
Net cash from (used in) financing activities		(13,573)	(20,485)
Net increase/(decrease) in cash and cash equivalents		2,729	(2,533)
Cash and cash equivalents at 1 April		630	3,120
Effect of exchange rate fluctuations		(18)	43
Net cash and cash equivalents at 31 March	14	3,341	630
Cash and cash equivalents (asset)		6,477	2,503
Less: bank overdrafts included in current loans and borrowings		(3,135)	(1,873)
Net cash and cash equivalents at 31 March		3,341	630

The notes on page 91 to 125 are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements for the years ended 31 March 2016 and 31 March 2015

1. Reporting entity

Lucas Bols N.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Paulus Potterstraat 14 in Amsterdam. The consolidated financial statements of the Company for the years ended 31 March 2016 comprise the Company and its subsidiaries (together referred to as 'the Group') and the Group's interest in jointly controlled entities.

A summary of the main subsidiaries and jointly controlled entities is included in note 26.

The Company is primarily involved in managing the product development, bottling, distribution, sales and marketing of the brands Bols, Galliano, Vaccari, Damrak Gin, Pisang Ambon, Bokma, Hartevelt, Coebergh and a large group of Dutch jenevers and liqueurs.
The Company was incorporated on 27 February 2006.
On 11 April 2006 the Company acquired, through its subsidiary Lucas Bols Amsterdam B.V., 100% of the economic rights of the global Bols brand as well as the shares of Galliano B.V., Pisang Ambon B.V., and Bokma Distillateurs B.V. Through its subsidiary Lucas Bols Amsterdam B.V., the Company acquired 100% of the shares of Lucas Bols USA Inc. on 21 May 2008 and 100% of the shares of Pijlsteeg B.V. on 3 September 2013, respectively.

As from 4 February 2015 the shares of the Company have been listed on Euronext Amsterdam.

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU and Part 9 of Book 2 of the Netherlands Civil Code.

With reference to the income statement of the Company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements were authorised for issue by all members of the Management Board and the Supervisory Board on 8 June 2016.

(b) Basis of measurement

The consolidated financial statements have been prepared on each reporting date on a historical cost basis, except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value;
- interests in the joint ventures are accounted for using the equity method; and,
- the defined benefit asset is recognised as the fair value of plan assets less the present value of the defined benefit obligation, and is as explained in note 3(e).

(c) Functional and presentation currency

These consolidated financial statements are presented in euros, which is the Company's functional currency. All financial information presented in euros has been rounded to the nearest thousand, unless otherwise indicated.

(d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(I)Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 17 – classification of joint arrangements;
- Note 27 – lease classification.

(II) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment are included in the following notes:

- Note 10 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 11 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used; and
- Note 16 – impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs.

(III) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair value for both financial and non-financial assets and liabilities.

The Group has a control framework with respect to the measurement of fair value. This mainly consists of third party information that is used to measure fair value. Management subsequently assesses the evidence obtained from third parties to support the conclusion that such valuations meet the requirements of EU-IFRS, including the level in the fair value hierarchy at which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair value is included note 25 – financial instruments.

(e) Changes in accounting policies

The Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements. Accounting pronouncements, which became effective for the financial year 2015/2016, had no material impact on the Consolidated financial statements.

(f) Changes in comparative figures

The presentation of last year's financial information has been modified to be consistent with the current year financial presentation. These modifications have no impact on the Group's result and/or equity of the previous year.

3. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements. Certain comparative amounts have been reclassified to align with current-year presentation.

(a) Basis of consolidation

(I) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment or when a trigger is identified. Any gain on a bargain purchase is recognised immediately in profit or loss. Transaction costs are recognised when incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.
The Group measures goodwill at the acquisition date as:

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

(II) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. If the Group loses control over a subsidiary it derecognises the assets and liabilities of the subsidiary, and any non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value if control is lost.

(III) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement rather than rights to its assets and obligations for its liabilities.

Interests in the joint venture are accounted for using the equity method. These are recognised initially at cost and include transaction costs. Subsequent to initial recognition the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income (OCI) of equity-accounted investees until the date on which significant influence or joint control ceases.

(IV) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue

Revenue comprises predominantly the sale of goods. In addition a non-significant amount of revenue relates to royalty income and services rendered.

(I) Sale of goods

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, 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.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

(II) Royalties and services rendered

Royalties are proceeds from royalty agreements, net of sales tax, that are recognised in the income statement on an accrual basis in accordance with the substance of the relevant agreement.

Services rendered by the Group are proceeds from ticket sales, training courses and special events and are recognized as the services are rendered.

(c) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense, including amortisation of deferred finance fees;
- dividends on issued cumulative preference shares classified as financial liabilities;
- the net gain or loss and early settlement of interest hedging instruments that are recognised in profit or loss.

(d) Foreign currency

(I) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate on the transaction date.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currency are re-corded on historical cost using the exchange rate at the date of the initial transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

(II) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euros at the exchange rates on the transaction date. Foreign currency differences are recognised in OCI and accumulated in the translation reserve.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign currency differences arising from such item form part of the net investment in the foreign operation. Accordingly, such differences are recognised in OCI and accumulated in the translation reserve.

If a foreign operation is disposed of in its entirety or in part such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, the relevant proportion of the cumulative amount is reattributed to NCI. If the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) Employee benefits

(I) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under any short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(II) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(III) Defined benefit plans

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. Remeasurements of the net defined benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI.

The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

If the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(IV) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

(f) Employee share purchase plan

In 2015 the Group set up an employee share purchase plan. Under this plan, employees are entitled to buy shares of the Company from own payment two times a year following publication of the half-year and full-year results, whereas the first time occurred after publication of the full year 2014/15 results. The employees are entitled to buy the shares at a discount of 13.5% of the share price at that time. A three-year lock up period is applicable, in which the employees cannot sell their shares. No other vesting or performance conditions are applicable. The plan qualifies as share based arrangement (equity settled) under IFRS 2. No share based payment costs are recognized in the profit and loss account as the fair value of the share based payment is zero.

(g) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss, except to the extent that it relates to a business combination or items recognised directly in equity or in OCI.

(I) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are only offset if certain criteria are met.

(II) Deferred tax

Deferred tax is recognised in respect of 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:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. In accordance with the Initial Recognition Exemption (IRE) of IAS12 a part of the deferred tax asset is not recognized. For subsequent transactions where the Initial Recognition Exemption has been applied, deferred taxes will be recognized when temporary differences arise;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted, or substantively enacted, at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the entity has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realise the asset and settle the liability at the same time.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Property, plant and equipment

(I) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

(II) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(III) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment.

The estimated useful life is as follows:

- Fixtures and leasehold improvements — 10 years
- Furniture — 10 years
- Equipment — 5 years
- Computers — 3 years

The depreciation methods, residual value and useful life are reviewed annually and adjusted if appropriate.

(j) Intangible assets

(I) Brands

Brands acquired are capitalised as part of a brand portfolio in case the portfolio meets the definition of an intangible asset and the recognition criteria are satisfied. The brands and brand portfolios have an indefinite useful life because it is expected that the brands contribute to net cash inflows indefinitely. Therefore, the brands are not amortised and are tested annually for impairment and whenever there is an indication that the brands may be impaired. The brands are valued at cost less accumulated impairment losses if and when applicable.

(II) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

(k) Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables. The Group classifies non-derivative financial liabilities into the other financial liabilities category.

(I) Non-derivative financial assets and financial liabilities – recognition and de-recognition

The Group initially recognises loans and receivables and debt securities issued on the date that they are originated. All other financial assets and financial liabilities are recognised initially on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(II) Non-derivative financial assets – measurement

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents and statement of cash flows

In the statement of cash flows, cash and cash equivalents are repayable on demand. The Group uses the indirect method to prepare the statement of cash flows.

(III) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost using the effective interest method.

(IV) Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(V) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures, both accounted for as cash flow hedges. Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

Derivatives are initially recognised at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition derivatives are measured at fair value and changes therein are generally recognised in profit or loss.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, or if it expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

(I) Impairment

(I) Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and other non-financial assets with an indefinite life are tested annually for impairment or when a triggering event is identified.

For impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating unit (CGUs).
Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. An impairment loss in respect of goodwill is not reversed. For other assets an impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(II) Non-derivative financial assets
Non-derivative financial instruments comprise trade and other receivables and cash and cash equivalents. Financial assets not classified at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:
- default or delinquency by a debtor;
- indications that a debtor or issuer will enter bankruptcy;
- observable data indicating that there is a measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortised cost
The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between the carrying amount of an asset and the present value of the estimated future cash flows discounted at the original effective interest rate of the asset. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss s ubsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Equity-accounted investees
In respect of an equity-accounted investee an impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(m) Leases

(I) Leased assets
Assets held by the Group under leases that transfer substantially all of the risks and rewards of ownership to the Group are

classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

(II) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

4. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these consolidated financial statements. The most important upcoming changes to the Group are set out below. The Group does not plan to adopt these standards early.

- IAS 7 Statement of cash flows

The amendments require a reconciliation of the amounts in the opening and closing statements of financial position for each item classified as financing in the statement of cash flows. The amendments are effective for financial years beginning on or after 1 January 2017 and will consequently be incorporated in the annual account 2017/18.

- IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairments on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted (not yet endorsed by the European Union).

The Company is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

- IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted (not yet endorsed by the European Union).

The Company is in the process of assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

- IFRS 16 Leases

IFRS 16 replaces existing guidance on lessee accounting for leases. It requires lessees to bring most leases on balance sheet in a single lease accounting model, recognizing a right of use asset and a lease liability.

The Company will be assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 16.

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted (not yet endorsed by the European Union).

5. Operating segments

The products that the Group sells can be divided into two reportable segments. This segmentation is also the structure in which the brands are managed within the Group, as they require different marketing and sales strategies. Within the Group separate financial information is available internally and used by the main operational decision-makers, based on the resources allocated.

Brand information

The Group identifies global and regional brands:

(I) Global brands

The global brands represent the Group's brands which in general are sold on more than one continent, on which the Group achieves a relatively high margin and which have an on-premise character. The main global brands consist of the Bols Liqueur range, Italian Liqueurs (Galliano and Vaccari) and the white spirits portfolio (Bols Vodka, Bols Genever and Damrak Gin).

(II) Regional brands

The regional brands represent the Group's brands which in general are sold on one continent and predominantly have an off-premise character. The main regional brands are the Group's jenever/vieux portfolio, Pisang Ambon, Coebergh, the Strike brands, Regnier and La Fleurette. The Group's management reviews internal management reports of each segment. Information regarding the results of each reportable segment is set out below.

Allocation to the brand segments takes place on specific brand contribution level. Items managed on a group basis (i.e. overheads, finance and tax items) are not allocated to the segments. Only direct brand allocated assets and liabilities are allocated to the brand segments, all other assets and liabilities are managed on a group basis and not allocated to the segments.

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	Global brands		Regional brands		Unallocated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue	50,353	53,875	22,290	23,830	-	-	72,643	77,705
Cost of sales	(18,455)	(18,961)	(11,509)	(11,835)	-	-	(29,964)	(30,796)
Gross profit	**31,898**	**34,914**	**10,781**	**11,995**	**-**	**-**	**42,679**	**46,909**
A&P and distribution expenses	(12,377)	(12,091)	(2,009)	(2,021)	-	-	(14,386)	(14,112)
Personnel and other expenses	-	-	-	-	(11,594)	(10,711)	(11,594)	(10,711)
Personnel and other expenses related to the IPO	-	-	-	-	-	(2,206)	-	(2,206)
Total result from operating activities	**19,521**	**22,823**	**8,772**	**9,974**	**(11,594)**	**(12,917)**	**16,699**	**19,880**
Share of profit of joint ventures and associates	167	126	713	(44)	-	-	880	82
	19,688	**22,949**	**9,485**	**9,930**	**(11,594)**	**(12,917)**	**17,579**	**19,962**
Intangible assets *)	124,031	124,031	90,912	90,912	-	-	214,943	214,943
Inventories	5,969	6,286	1,055	1,278	-	-	7,024	7,564
Other assets	-	-	-	-	29,628	27,945	29,628	27,945
Total segment assets	**130,000**	**130,317**	**91,967**	**92,190**	**29,628**	**27,945**	**251,595**	**250,452**
Total segment liabilities	**-**	**-**	**-**	**-**	**(89,790)**	**(97,270)**	**(89,790)**	**(97,270)**

*) The economic title to all intangible assets is held by the Dutch companies within the Group.

Geographical information

From a geographical perspective management has identified the following regions in which the business is managed:

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	Revenue by region of destination 2016	2015	Gross profit 2016	2015
Western Europe *)	34,397	35,716	18,390	19,441
Asia Pacific **)	14,152	17,619	10,109	12,772
North America ***)	15,022	14,365	8,333	8,128
Emerging markets	9,072	10,005	5,847	6,568
Consolidated totals	72,643	77,705	42,679	46,909

*) of which revenue attributed to the Netherlands: EUR 16,015 thousand (2015/16) and EUR 16,921 thousand (2014/15).
**) of which revenue attributed to distributor in Japan: EUR 7,318 thousand (2015/16) and EUR 8,786 thousand (2014/15).
***) of which revenue attributed to the USA: EUR 12,102 thousand (2015/16) and EUR 11,315 thousand (2014/15).

6. Distribution and administrative expenses

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	NOTE	2016	2015
Advertising and promotional expenses		(11,037)	(10,955)
Distribution expenses		(3,350)	(3,157)
Personnel expenses *)	7	(8,164)	(9,390)
Other administrative expenses **)		(2,940)	(3,012)
Depreciation and amortisation		(489)	(515)
		(25,980)	(27,029)

*) An amount of EUR 1.89 million in personnel expenses 2014/15 is a result of shares awarded to employees as a result of the IPO.
**) An amount of EUR 0.32 million in other administrative expenses 2014/15 is a result of IPO-related expenses.

7. Personnel expenses

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	2016	2015
Wages and salaries *)	(6,876)	(8,158)
Social security contributions	(797)	(765)
Contributions to defined contribution plans	(169)	(75)
Expenses related to post-employment defined benefit plans	140	56
Temporary staff	(462)	(448)
	(8,164)	(9,390)

*) Wages and salaries 2014/15 include costs for shares awarded to employees as a result of the IPO. At the time of the IPO the shareholders decided that the employees of the Group should be rewarded for their contribution to the Group's success since the buyout in 2006. To this end a net amount of approximately EUR 1 million was made available and converted into shares. The Group recognised the taxes payable on these shares awarded, making the total cost for these shares EUR 1.89 million.

At 31 March 2016 the Group had 37 FTEs in The Netherlands (31 March 2015: 43 FTE) and 23 FTEs in the USA (31 March 2015: 23 FTE).

For the disclosure on key management personnel remuneration refer to note 7 of the company financial statements.

8. Net finance costs

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	2016	2015
Total interest income arising from financial assets not measured at fair value through profit or loss (loans receivable)	37	28
Finance income	37	28
Financial liabilities measured at amortised cost – interest expense	(2,639)	(9,072)
Cost related to unwinding of former finance structure at IPO	-	(1,872)
Interest on cumulative preference shares	-	(6,625)
Finance costs	(2,639)	(17,569)
Net finance costs recognised in profit or loss	(2,602)	(17,541)

9. Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the following profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding.

Diluted earnings per share

The calculation of diluted earnings per share is based on the following profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, being warrants.

Weighted average number of ordinary shares (basic)

IN THOUSANDS OF SHARES	NOTE	2016	2015
Issued ordinary shares at 1 April	20	12,477	8,400
Effect of reverse share split and 8,277,298 shares issued in February 2015	20	-	626
Weighted average number of ordinary shares at 31 March		12,477	9,026

Weighted average number of ordinary shares (diluted)

IN THOUSANDS OF SHARES	NOTE	2016	2015
Weighted average number of ordinary shares (basic)		12,477	9,026
Potential effect of conversion of warrants	20	-	367
Weighted average number of ordinary shares (diluted) at 31 March		12,477	9,393

10. Employee benefits

The Group has 3 pension schemes in place for its members of staff. One of them qualifies as defined benefit plan, whereas it is an average pay pension scheme. 43 employees participate in this defined benefit plan, whereas 19 of those employees also participate in the defined contribution plans, which is applicable for incomes above the threshold of the defined benefit plan. All pension schemes have been fully insured, therefore no risk of additional premiums is expected. As the plans are fully secured the Group has no influence on the plan assets. During the year one pension scheme was changed to an average pay pension scheme, which is reported as part of the past service gain of EUR 367 thousand.

Movement in net defined benefit (asset) liability

	Defined benefit obligation		Fair value of plan assets		Fair value of plan assets	
AMOUNTS IN EUR `000	2016	2015	2016	2015	2016	2015
Balance at 1 April	2,619	1,534	(1,881)	(1,069)	738	465
Included in profit or loss						
Current service cost	208	153	-	-	208	153
Past service cost	(367)	(244)	-	-	(367)	(244)
Interest cost/(income)	47	63	(44)	(49)	3	14
	(112)	(28)	(44)	(49)	(156)	(77)
Included in OCI						
Effect of changes in economic assumptions	(389)	1,211	-	-	(389)	1.211
Effect of changes in demographic assumptions	-	23	-	-	-	23
Effect of experience adjustments	247	(145)	-	-	247	(145)
Costs of asset management	-	-	9	5	9	5
Premium correction	-	-	(58)	54	(58)	54
Return on plan assets (excluding interest)	-	-	(92)	(672)	(92)	(672)
	(142)	1,089	(141)	(613)	(283)	476
Other						
Contributions paid by employee	31	32	(31)	(32)	-	-
Contributions paid by the employer	-	-	(91)	(147)	(91)	(147)
Benefits paid	(8)	(8)	8	8	-	-
Administration costs	-	-	12	21	12	21
	23	24	(102)	(150)	(79)	(126)
Balance at 31 March	2,388	2,619	(2,168)	(1,881)	220	738

Plan assets

Plan assets comprise qualifying insurance policies.

Defined benefit obligation

Actuarial assumptions

At the reporting date the principal actuarial assumptions (expressed as weighted averages) were as follows:

AS AT 31 MARCH	2016	2015
Discount rate	2.35%	2.10%
Expected return on plan assets	2.35%	2.10%
Future salary growth	1.50%	1.50%
Future pension growth	0.00%	0.00%
Price inflation	1.80%	1.80%

Assumptions regarding future mortality are based on published statistics and mortality tables. The following tables are used for both financial years:

- Prognosetafel AG 2014

The duration of the defined benefit obligation is 24,4 years (2014/15 33,1 years).

The Group expects EUR 124 thousand in contributions to be paid to its defined benefit plan in the 2016/17 financial year (31 March 2015: EUR 150 thousand).

Sensitivity analysis

Reasonably possible changes to one of the relevant actuarial assumptions at the reporting date, while holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below. Note: an opposite movement would have an equal but opposite effect on the following amount:

Defined benefit obligation at 31 March 2016

AMOUNTS IN EUR `000	INCREASE	DECREASE
Discount rate (+1%)	-	720
Future salary growth (+1%)	16	-
Future pension growth (+1%)	752	-
Future mortality (+1 yr)	-	76

Although the analysis does not take into account the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

11. Income taxes

Income tax recognised in profit or loss

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	2016	2015
Current tax expense	(133)	(109)
Deferred tax expense		
Tax loss carried forward / (reduction of)	(2,892)	310
Origination and reversal of temporary differences	(568)	(2,402)
Adjustment for prior years	330	-
	(3,130)	(2,092)
Tax expense	(3,263)	(2,201)

Tax expense on operations excluded the Group's share of tax expense of the Group's equity-accounted investees of EUR 308 thousand (2014/15: EUR 218 thousand), which has been included in 'share of profit of equity accounted investees, net of tax'.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Reconciliation of effective tax rate

	2016		2015	
FOR THE YEAR ENDED 31 MARCH	%	EUR 1,000	%	EUR 1,000
Profit before tax		14,977		2,421
Tax at the Company's domestic tax rate	25.0	(3,744)	25.0	(605)
Effect of tax rates in foreign jurisdictions	-	-	2.3	(55)
Non-deductible cumulative preference interest	-	-	68.4	(1,656)
Non-deductible expenses *)	-	-	20.0	(484)
Effect of share of profits of equity-accounted investees	(1.5)	220	(0.8)	20
Changes in recognised temporary differences	-	-	(33.7)	816
Changes in estimates related to prior years	(2.2)	330	8.9	(216)
Other	0.5	(69)	0.9	(21)
	21.8	(3,263)	90.9	(2,201)

*) In 2014/15 the non-deductible expenses are mainly related to non-deductible expenses for the shares awarded to employees as a result of the IPO .

Movement in deferred tax balances

2015/16 AMOUNTS IN EUR `000	NET BALANCE AT 1 APRIL 2015	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OCI/EQUITY	RECLASSIFI-CATION	NET BALANCE AT 31 MARCH 2016	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Intangible assets	(29,360)	(568)	-	400	(29,528)	-	(29,528)
Derivative financial liability	-	-	(22)	-	(22)	-	(22)
Derivative financial asset	512	-	(119)	-	393	393	-
Employee benefits	155	-	(71)	-	84	84	-
Tax loss carry forward	8,649	(2,562)	-	279	6,366	6,366	-
Tax credits carry forward	-	-	-	538	538	538	-
Tax assets (liabilities)	(20,044)	(3,130)	(212)	1,217	(22,169)	7,381	(29,550)

2014/15 AMOUNTS IN EUR `000	NET BALANCE AT 1 APRIL 2014	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OCI/EQUITY	RECLASSIFI-CATION	NET BALANCE AT 31 MARCH 2015	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Intangible assets	(26,958)	(2,402)	-	-	(29,360)	-	(29,360)
Derivative financial liability	(27)	-	27	-	-	-	-
Derivative financial asset	457	-	55	-	512	512	-
Employee benefits	36	-	119	-	155	155	-
Tax loss carry forward	6,928	310	1,411	-	8,649	8,649	-
Tax assets (liabilities)	(19,564)	(2,092)	1,612	-	(20,044)	9,316	(29,360)

On 31 March 2016 the total tax loss carry forward amount of EUR 25.4 million has been capitalised as deferred tax asset (31 March 2015: EUR 35.4 million). Tax credits carry forward of EUR 538 thousand will not expire. The deferred tax asset will be gradually realized in the course of the next two years.

As a result of an internal financial restructuring a deferred tax asset amounting to EUR 2.7 million has been realized in the financial year 2015/16. At the same time this led to the recognition of a deferred tax asset linked to intangible assets, related to a temporary difference, for a similar amount.

12. Inventories

AMOUNTS IN EUR `000 AS AT 31 MARCH	2016	2015
Finished goods	7,024	7,564

During 2015/16 inventories of EUR 263 thousand were written down to net realisable value (2014/15: EUR 118 thousand). The write-down is included in 'cost of sales'.

13. Trade and other receivables

AMOUNTS IN EUR `000 AS AT 31 MARCH	2016	2015
Trade receivables	11,625	12,924
Other receivables	274	1,416
Accrued income due from joint ventures	14	609
Prepaid expenses and accrued income	3,239	3,379
	15,152	**18,328**

The entire balance of trade and other receivables is classified as current. As at 31 March 2016 and 2015 there was no allowance for doubtful debts.

Receivables denominated in currencies other than the functional currency amounted to EUR 8,344 thousand at 31 March 2016 (31 March 2015: EUR 8,376 thousand).

Information about the Group's exposure to credit and currency risks as well as impairment losses for trade and other receivables is included in note 25.

14. Cash and cash equivalents

AMOUNTS IN EUR `000 AS AT 31 MARCH	2016	2015
Bank balances	6,472	2,470
Cash balances	5	33
Cash and cash equivalents in the statement of financial position	6,477	2,503
Bank overdrafts	(3,135)	(1,873)
Cash and cash equivalents in the statement of cash flows	3,341	630

All cash and cash equivalents are available on demand.

15. Property, plant and equipment

AMOUNTS IN EUR `000	EQUIPMENT	FIXTURES AND FITTINGS	FURNITURE	TOTAL
Cost				
Balance at 1 April 2015	763	3,035	261	4,059
Investments	106	497	35	638
Balance at 31 March 2016	869	3,532	296	4,697
Accumulated depreciation				
Balance at 1 April 2015	(517)	(1,951)	(194)	(2,662)
Depreciation for the year	(152)	(305)	(32)	(489)
Balance at 31 March 2016	(669)	(2,256)	(226)	(3,151)
Carrying amounts				
At 1 April 2015	246	1,084	68	1,398
At 31 March 2016	200	1,276	70	1,546

AMOUNTS IN EUR `000	EQUIPMENT	FIXTURES AND FITTINGS	FURNITURE	TOTAL
Cost				
Balance at 1 April 2014	650	2,919	242	3,811
Investments	113	116	19	248
Balance at 31 March 2015	763	3,035	261	4,059
Accumulated depreciation				
Balance at 1 April 2014	(336)	(1,633)	(178)	(2,147)
Depreciation charge for the year	(181)	(318)	(16)	(515)
Balance at 31 March 2015	(517)	(1,951)	(194)	(2,662)
Carrying amounts				
At 1 April 2014	314	1,286	64	1,664
At 31 March 2015	246	1,084	68	1,398

Security

At 31 March 2016 properties with a carrying amount of EUR 1,546 thousand (31 March 2015: EUR 1,398 thousand) were subject to a registered debenture that serves as security for bank loans (see note 21).

16. Intangible assets

AMOUNTS IN EUR `000	BRANDS	GOODWILL	TOTAL
Balance at 1 April 2014	214,743	200	214,943
Acquisitions through business combinations	-	-	-
Balance at 31 March 2015	214,743	200	214,943
Acquisitions through business combinations	-	-	-
Balance at 31 March 2016	214,743	200	214,943

Brands with a book value of EUR 102.1 million were obtained under a multi-annual hire-purchase agreement that ended in April 2016. The hire-purchase agreement was fully prepaid by the Company. The legal title of these brands have been obtained unconditionally in April 2016. At the date of the balance sheet the legal title lies with a third party. The economic title lies with the Company since 2006 and therefore the brands have been capitalised as brands on the statement of financial position. The brands serve as security to bank loans (see note 21).

Goodwill

Goodwill was recognised as a result of the acquisition of Pijlsteeg B.V. in September 2013. The difference between the purchase price and the fair value is recognised as goodwill, which is subject to an annual impairment test.

AMOUNTS IN EUR `000	2016	2015
Balance at 1 April	200	200
Additions/Amortisation/Impairment/Other movements	-	-
Balance at 31 March	200	200

Impairment testing for cash-generating units (CGUs) containing brand value

For the purpose of impairment testing the total brand value has been allocated to the Group's CGUs as follows:

AMOUNTS IN EUR `000 AS AT 31 MARCH	2016	2015
Bols	102,097	102,097
Galliano	39,076	39,076
Dutch brands	48,583	48,583
Other brands	24,987	24,987
	214,743	214,743

Brands are regarded as having an indefinite useful economic life and are therefore not amortised. Such brands are protected by trademarks, which are renewable indefinitely in all of the major markets in which they are sold. There are not believed to be any legal, regular or contractual provisions that limit the useful life of these brands. The nature of the premium drinks industry is that obsolescence is not a common issue, with indefinite brand lives being commonplace.

The recoverable amount of the CGUs was determined based on a value in use analysis and estimated using discounted cash flows as per period end of the financial year.
The key assumptions used for the impairment test are as follows:

- Cash flows were projected based on the budget for the coming financial year and the next four years based on the mid-term business plan on net contribution margin level. Cash flow forecasts take into account expected revenue growth based on actual experience, an analysis of volume growth and expected market share development, as well as expected margin developments.
- Cash flows after the first five-year period are extrapolated using a terminal average value growth rate of 1.50 percent.
- The discount rate was determined based on external sources (see below):

PERCENTAGE AS AT 31 MARCH	2016	2015
Discount rate	7.70	8.50
Pre-tax WACC	9.69 - 10.32	10.80 - 11.49
Terminal value growth rate	0.00 - 2.00	0.00 - 2.00

Management performed a sensitivity analysis on (i) a revenue decrease of 5%, (ii) a discount rate increase of 1% and (iii) a terminal growth rate of 0% for each CGU. The outcome of these individual sensitivity analyses is that no impairment was necessary for any of the CGUs (all other assumptions remained unchanged).

17. Joint ventures

AMOUNTS IN EUR `000	2016	2015
Opening balance	5,116	5,926
Share in profit	880	82
Dividend received	(900)	(850)
Additions to joint ventures	429	-
Actuarial result through OCI	243	(128)
Adjustments from currency translation through OCI	(69)	108
Other adjustments	67	(23)
Balance as at 31 March	5,766	5,116
Avandis (CV & BV) (33.3%)	3,630	3,630
Maxxium Nederland BV (50.0%)	1,423	1,134
BolsKyndal India Pvt Ltd (50.0%)	713	352
Balance as at 31 March	5,766	5,116

Avandis is structured as a separate entity and the Group has a 33.33 percent interest in the net assets of Avandis together with two other partners who each hold 33.33 percent interest. Accordingly, the Group has classified its interest in Avandis as a joint venture. The Avandis joint venture has been contracted for blending and bottling services. Avandis is a cost joint venture and consequently Avandis operates on a zero-base result.

Maxxium Nederland B.V. is structured as a separate entity and the Group has a 50.0 percent interest in the net assets of Maxxium Nederland B.V. Accordingly, the Group has classified its interest in Maxxium Nederland B.V. as a joint venture. The principal activity of Maxxium Nederland B.V. is the distribution of distilled products.

BolsKyndal India Pvt. Ltd. is structured as a separate entity and the Group has a 50.0 percent interest in the net assets of BolsKyndal India Pvt. Ltd. Accordingly, the Group has classified its interest in BolsKyndal India Pvt. Ltd. as a joint venture. The principal activity of BolsKyndal India Pvt. Ltd. is the blending, bottling and distribution of distilled products.

For all three joint ventures the agreements between partners in decision making fully reflects the shared interest as mentioned.

As both Avandis and Maxxium Nederland B.V. are joint ventures which are of significant importance to the Group, a summary of their respective financial information is set out below:

<u>Avandis</u>

The following is a summary of the financial information of Avandis, based on its financial statements prepared in accordance with IFRS and modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	2016	2015
Revenue	34,373	36,343
Profit from continuing operations *)	-	-
Other comprehensive income	-	-
Total comprehensive income	**-**	
Current assets	7,288	6,186
Non-current assets	16,171	15,574
Current liabilities	(7,865)	(6,440)
Non-current liabilities	(4,703)	(4,429)
Net assets (100%)	**10,891**	**10,891**
Group interest in net assets of investee at beginning of year	3,630	3,630
Share of total comprehensive income	-	-
Dividends received during the year	-	-
Group interest in net assets of investee at year-end	**3,630**	**3,630**
Elimination of unrealised profit on intercompany sales	-	-
Carrying amount of interest in investee at year-end	**3,630**	**3,630**

*) Avandis operates as a cost joint venture on a zero result basis

Maxxium Nederland B.V.

The following is a summary of the financial information for Maxxium Nederland B.V., based on its financial statements prepared in accordance with IFRS and modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	2016	2015
Revenue	63,341	64,484
Profit from continuing operations	1,485	663
Other comprehensive income	904	(287)
Total comprehensive income	**2,389**	**376**
Current assets	17,592	17,261
Non-current assets	2,692	3,776
Current liabilities	(15,963)	(15,948)
Non-current liabilities	(1,182)	(2,539)
Net assets (100%)	**3,139**	**2,550**

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	2016	2015
Group interest in net assets of investee at beginning of year	1,134	1,819
Share of total comprehensive income	1,123	188
Dividends received during the year	(900)	(850)
Group's interest in net assets of investee at year-end	1,357	1,157
Elimination of unrealised profit on intercompany sales	67	(23)
Carrying amount of interest in investee at year-end	1,423	1,134

BolsKyndal India Pvt Ltd

The profit from continuing operations included in the Group's result is break even (2014/15 loss of EUR 233 thousand). This joint venture has not accounted for any other elements in comprehensive income.

18. Other investments, including derivatives

AMOUNTS IN EUR `000 AS AT 31 MARCH	2016	2015
Loan to Avandis C.V. joint venture	599	599
Forward exchange contracts for hedging purposes	-	1
	599	600

The loan with an undefined duration relates to the payment conditions as agreed with Avandis C.V. The loan bears an interest of 4.0 % per annum. Derivative financial instruments consist of hedged foreign exchange contracts. The duration of these foreign exchange contracts is more than one year. See note 25 for disclosure on financial instruments.

Information about the Group's exposure to credit and market risks and fair value measurement is included in note 25.

19. Capital and reserves

At 31 March 2016 the authorised share capital comprised 21.0 million ordinary shares of EUR 0.10 each. A total of 12.48 million of these shares was issued and fully paid at the balance sheet date.

AMOUNTS IN EUR `000	Ordinary shares 2016	Ordinary shares 2015
In issue at 1 April	1,248	8,400
4 February 2015 (IPO):		
Adjustment of par value from EUR 1.00 to EUR 0.10 per share	-	(7,560)
Reverse split	-	(420)
Issue at IPO	-	822
Shares awarded to employees as a result of the IPO*)	-	6
In issue at 31 March – fully paid	1,248	1,248
Authorised – par value in EUR	0.10	0.10

*) see note 7

Ordinary shares

Holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share in the General Meeting of Shareholders of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued. At 31 March 2015 the authorised share capital comprised 21.0 million ordinary shares of EUR 0.10 each. A total of 12.48 million of these shares was issued and fully paid at that date.

NUMBER OF SHARES IN THOUSANDS	2016	2015
Balance at 1 April	12,477	8,400
4 February 2015 (IPO):		
Reverse split	-	(4,200)
Issue of new shares	-	7,999
Conversion of warrants into shares after reverse split	-	217
Shares awarded to employees as a result of the IPO *)	-	61
Balance at 31 March	12,477	12,477

*) see note 7

Treasury shares

In 2015/16 the Group purchased own shares under the Employee share purchase plan (see note 3 (f)). All purchased own shares have been delivered to employees.

Share premium

AMOUNTS IN EUR `000	2016	2015
Balance at 1 April	130,070	-
4 February 2015 (IPO):		
Adjustment of par value from EUR 1.00 to EUR 0.10 per share	-	7,560
Reverse split	-	420
Issued for cash net of related cost	-	121,087
Shares awarded to employees as a result of the IPO *)	-	1,003
Balance at 31 March	130,070	130,070

*) see note 7

In 2014/15 an amount of EUR 4.5 million from the cost related to the issuance of 6.0 million shares was deducted from the share premium, with an amount of EUR 1.5 million recognised as deferred tax assets.

Nature and purpose of legal reserves

Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation (see note 3(d)).

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value, net of tax, of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss (see note 3(d)).

Other legal reserve

The other legal reserve comprises undistributed profits from joint ventures.

20. Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders, also taken into account economic conditions and the requirements of the financial covenants. The Group monitors capital using net debt and adjusted equity (see table below). For this purpose, net debt is defined as interest-bearing loans and borrowings less cash and cash equivalents. Adjusted equity comprises all components of equity other than amounts accumulated in the hedging reserve.

Following the listing on Euronext Amsterdam, the Group expects to continue to generate strong and stable cash flows, which it believes will support its dividend policy and further deleverage with an average mid-term leverage target of approximately two times EBITDA, subject to temporarily increase following eventual investments made.

The Group's net debt and adjusted equity at 31 March was as follows:

AMOUNTS IN EUR `000 AS AT 31 MARCH	2016	2015
Short-term debt	4,000	8,400
Long-term debt	50,300	53,400
Interest-bearing debt	**54,300**	**61,800**
Less: cash and cash equivalents	(6,477)	(2,503)
Plus: bank overdrafts	3,135	1,873
Net debt	**50,959**	**61,170**
Total equity	161,805	153,182
Undo: hedging reserve	1,114	1,536
Equity adjusted for hedging reserve	**162,919**	**154,718**

21. Loans and borrowings

Non-current liabilities

The Group used the net proceeds of the IPO in February 2015 to repay the outstanding amounts under the existing credit facilities and to fully redeem the outstanding balance of the cumulative preference shares. Furthermore in February 2015 the Group agreed new senior credit facilities totalling EUR 80 million for a period of five years.

AMOUNTS IN EUR `000 AS AT 31 MARCH	2016	2015
Secured bank loans	49,749	52,705
Subordinated loan – Mezzanine bank loan	-	-
Cumulative preference shares	-	-
	49,749	52,705

Current liabilities

AMOUNTS IN EUR `000 AS AT 31 MARCH	2016	2015
Current portion of secured bank loans	4,000	8,400

The Group is obliged to meet the covenants required by the new senior credit facilities as from February 2015. These requirements relate to interest cover and maximum leverage ratios. Calculated based on the definitions used in the loan documentation, the actual leverage was 2.8 at 31 March 2016 (31 March 2015 2.6) with a requirement of no more than 3.5. The interest cover ratio was 7.4 at 31 March 2016 with a requirement of at least 4.0. At 31 March 2015 there was no interest cover testing. Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in note 25.

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

AMOUNTS IN EUR `000 AS AT 31 MARCH	Currency	Nominal interest rate % P.A.	Year of maturity	Unused facility *) 2016	Face value 2016	Carrying amount 2016	Face value 2015	Carrying amount 2015
Secured bank loan – Term loan	EUR	Euribor + 2.6 %	2020	-	20,000	19,835	24,000	23,792
Secured bank loan – Rollover Facility	EUR	Euribor + 2.6 %	2020	11,700	34,300	33,914	37,800	37,313
Total interest-bearing liabilities				11,700	54,300	53,749	61,800	61,105

*) In addition the Group had a revolving credit facility of EUR 10 million in place, which is mainly used for guarantees. As at 31 March 2016 a total of approximately EUR 2.1 million was used for guarantees, leaving an extra amount of EUR 7.9 million of the facility unused at 31 March 2016.

Floating rates were hedged for a substantial part by means of interest-rate swap agreements. The bank loans are secured for approximately EUR 80 million by a pledge on most non-current assets, such as shares in the wholly-owned subsidiaries of the Company and material intellectual property of the Group, as well as trade receivables and stock.

22. Other non-current financial liabilitiess

AMOUNTS IN EUR `000 AS AT 31 MARCH	2016	2015
Fair value of derivatives	826	822
Other loans	90	118
	916	940

Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates. The model used under hedge accounting is the cash-flow hedge model. The other loan bears an interest of 5% per annum and matures in 2018.

23. Trade and other payables

AMOUNTS IN EUR `000 AS AT 31 MARCH	2016	2015
Trade payables	5,610	7,991
Other payables	56	109
Accrued expenses	3,188	3,243
Trade payables	8,854	11,343

At 31 March 2016 trade payables denominated in currencies other than the functional currency totalled EUR 3,593 thousand (31 March 2015: EUR 3,386 thousand).

24. Derivative financial instruments

Derivative financial instruments consist of hedged foreign exchange contracts and interest rate swaps, both valued at 31 March 2016. The duration of these foreign exchange contracts and interest contracts is less than one year. See note 25 for disclosure on financial instruments. Information about the Group's exposure to currency and liquidity risks is also included in note 25.

25. Financial instruments

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

AMOUNTS IN EUR '000 AS AT 31 MARCH 2016	NOTE	FAIR VALUE -HEDGING INSTRUMENTS	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2
Financial assets measured at fair value							
Interest rate swaps used for hedging		-	-	-	-	-	-
Forward exchange contracts used for hedging		88	-	-	88	-	88
		88	-	-	88	-	88
Financial assets not measured at fair value							
Loan to joint venture Avandis CV	18	-	599	-	599	-	599
Trade and other receivables	13	-	15,152	-	15,152	-	15,152
Cash and cash equivalents	14	-	6,477	-	6,477	-	6,477
		-	22,228	-	22,228	-	22,228
Financial liabilities measured at fair value							
Interest rate swaps used for hedging		(1,481)	-	-	(1,481)	-	(1,481)
Forward exchange contracts used for hedging		(92)	-	-	(92)	-	(92)
		(1,573)	-	-	(1,573)	-	(1,573)
Financial liabilities not measured at fair value							
Secured bank loans	21	-	-	(53,749)	(53,749)	-	(53,749)
Other long term loan	22	-	-	(90)	(90)	-	(90)
Bank overdrafts	14	-	-	(3,135)	(3,135)	-	(3,135)
Trade and other payables	23	-	-	(8,854)	(8,854)	-	(8,854)
		-	-	(65,828)	(65,828)	-	(65,828)

AMOUNTS IN EUR '000 AS AT 31 MARCH 2015	NOTE	FAIR VALUE -HEDGING INSTRUMENTS	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2
Financial assets measured at fair value							
Interest rate swaps used for hedging		-	-	-	-	-	-
Forward exchange contracts used for hedging		-	-	-	-	-	-
		-	-	-	-	-	-
Financial assets not measured at fair value							
Loan to joint venture Avandis CV	18	-	599	-	599	-	599
Trade and other receivables	13	-	18,328	-	18,328	-	18,328
Cash and cash equivalents	14	-	2,503	-	2,503	-	2,503
		-	21,430	-	21,430	-	21,430
Financial liabilities measured at fair value							
Interest rate swaps used for hedging		(1,366)	-	-	(1,366)	-	(1,366)
Forward exchange contracts used for hedging		(682)	-	-	(682)	-	(682)
		(2,048)	-	-	(2,048)	-	(2,048)
Financial liabilities not measured at fair value							
Secured bank loans	21	-	-	(61,105)	(61,105)	-	(61,105)
Other long term loan	22	-	-	(118)	(118)	-	(118)
Bank overdrafts	14	-	-	(1,873)	(1,873)	-	(1,873)
Trade and other payables	23	-	-	(11,343)	(11,343)	-	(11,343)
		-	-	(74,439)	(74,439)	-	(74,439)

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts and interest rate swaps	Market comparison technique: the fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments	n/a	n/a

Financial instruments not measured at fair value:

Type	Valuation technique	Significant unobservable inputs
Financial assets	Discounted cash flows	n/a
Financial liabilities	Discounted cash flows	n/a

Financial assets include trade and other receivables and cash and cash equivalents. Other financial liabilities include bank loans, short-term financial liabilities, trade and other payables. The book values of the secured bank loans are considered to be the best approximation of their fair value. For all other financial instruments the fair value is considered to be consistent with the book value.

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk.

Risk management framework

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

Almost all of the Group's customers have been transacting with the Group for several years, and no impairment loss has been recognised against these customers.

The Group closely monitors the economic environment in the Eurozone and is taking actions to limit its exposure to customers in countries experiencing particular economic volatility.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. Otherwise the Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables (see note 3(j)).

At year-end, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

AMOUNTS IN EUR `000 AS AT 31 MARCH	Carrying amout 2016	Carrying amout 2015
Western Europe	3,336	5,456
North America	3,778	3,149
Asia-Pacific	2,570	3,540
Emerging markets	2,215	2,195
	11,899	14,340

At year-end, the ageing of trade and other receivables that were not impaired was as follows:

AMOUNTS IN EUR `000 AS AT 31 MARCH	2016	2015
Neither past due nor impaired	10,246	12,337
1 – 30 days past due	914	1,640
31 – 90 days past due	557	269
90 days and more past due	182	94
	11,899	14,340

Management believes that the unimpaired amounts that are more than 30 days past due are still collectible in full based on historic payment behaviour and extensive analysis of customer credit risk, including the underlying customers' credit ratings if available.

No impairment loss on trade and other receivables was recognised in 2015/16 (2014/15: nil).

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 3,341 thousand at 31 March 2016 (31 March 2015: EUR 630 thousand). The cash and cash equivalents are held with bank and financial institution counterparties which are rated AA- to AA+, based on ratings assigned by rating agencies.

Derivatives

Derivatives are entered into with bank and financial institution counterparties which are rated AA- to AA+ based on ratings assigned by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it generally has sufficient cash on demand to meet the expected operational expenses for the next few months, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

In addition, the Group maintains the following line of credit: a revolving credit facility of EUR 10 million which is used mainly for guarantees. One guarantee has been issued in relation to the investment of the Company in the joint venture in India (EUR 1.9 million) and one guarantee has been issued for our lessor (EUR 0.14 million).

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments:

31 MARCH 2016 AMOUNTS IN EUR `000	CARRYING AMOUNT	TOTAL	LESS THAN 1 YEAR	1 -2 YEARS	Contractual Cash flows 2 -4 YEARS	5 YEARS
Derivative financial liabilities						
Interest rate swap contracts	(1,481)	(1,569)	(638)	(367)	(564)	-
Forward exchange contracts	(180)	(180)	(180)	-	-	-
Non-derivative financial liabilities						
Secured bank loans	(53,749)	(68,491)	(5,642)	(5,581)	(57,268)	-
Other loans	(90)	(96)	(34)	(34)	(28)	-
Bank overdrafts	(3,135)	(3,135)	(3,135)	-	-	-
Trade payables	(8,854)	(8,854)	(8,854)	-	-	-
	(67,489)	(82,326)	(18,483)	(5,982)	(57,860)	-

31 MARCH 2015 AMOUNTS IN EUR `000	CARRYING AMOUNT	TOTAL	LESS THAN 1 YEAR	1 -2 YEARS	Contractual Cash flows 2 -4 YEARS	5 YEARS
Derivative financial liabilities						
Interest rate swap contracts	(1,366)	(1,572)	(536)	(456)	(387)	(193)
Forward exchange contracts	(682)	(682)	(682)	-	-	-
Non-derivative financial liabilities						
Secured bank loans	(61,105)	(81,502)	(10,721)	(7,952)	(3,554)	(59,275)
Other loans	(118)	(130)	(34)	(34)	(62)	-
Bank overdrafts	(1,873)	(1,873)	(1,873)	-	-	-
Trade payables	(11,343)	(11,343)	(11,343)	-	-	-
	(76,487)	(97,102)	(25,189)	(8,442)	(4,003)	(59,468)

The Group has a secured bank loan that contains a loan covenant. A breach of this covenant may require the Group to repay the loan earlier than indicated in the above table. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or be significantly different amounts.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by management. Generally the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Currency risk

The Group is exposed to currency risk, mainly on sales that are denominated in a currency other than the euro. The currencies in which these transactions are primarily denominated are JPY, USD and AUD.

At the start of the financial year the Group hedges 60 to 80% of its estimated foreign currency exposure in respect of forecast sales for that year. The Group uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date. Such contracts are generally designated as cash flow hedges. The Group's investment in its US subsidiary and its joint venture in India are not hedged

Exposure to currency risk

The summary of quantitative data about the Group's exposure to currency risk as reported to management is as follows:

Trade and other receivables

AMOUNTS IN EUR `000 AS AT 31 MARCH	2016	2015
EUR	6,446	9,251
USD	3,079	3,606
JPY	2,112	1,138
AUD	741	1,323
Other currencies	2,774	3,010
	15,152	18,328

In accordance with external market sources, not taking into account the hedge rates, the following significant exchange rates were applied during the year:

	Average rate against euro		Year end spot rate against euro	
FOR THE YEAR ENDED 31 MARCH	2016	2015	2016	2015
USD	1,1036	1,2560	1,1385	1,0759
JPY	132,58	138,41	127,90	128,95
AUD	1,5017	1,4488	1,4807	1,4154

Sensitivity analysis

A strengthening of the JPY, USD and AUD against the euro at 31 March 2016 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. A weakening would have the same, but opposite effect. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

AMOUNTS IN EUR '000	Profit or loss, net of tax IMPACT
31 March 2016	
JPY (1 % movement)	54
USD (1 % movement)	35
AUD (1 % movement)	23
31 March 2015	
JPY (1 % movement)	61
USD (1 % movement)	41
AUD (1 % movement)	29

Interest rate risk

The Group adopts a policy of ensuring that at least 80% of its interest rate risk exposure is at a fixed rate. To achieve this the Group enters into and designates interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

Cash flow sensitivity analysis for variable rate instruments

As a result of the Group's hedging policy for changes in interest rates, the impact of a change of 100 basis points in interest rates would be limited.

26. List of subsidiaries

A list of material subsidiaries of the Group is set out below.

AS AT 31 MARCH		Place and country of incorporation	Ownership interest 2016	2015
Lucas Bols Amsterdam B.V.	*)	Amsterdam, Netherlands	100%	100%
Galliano B.V.	*)	Amsterdam, Netherlands	100%	100%
Vaccari B.V.	*)	Amsterdam, Netherlands	100%	-
Pisang Ambon B.V.	*)	Amsterdam, Netherlands	100%	100%
Bokma Distillateurs B.V.	*)	Amsterdam, Netherlands	100%	100%
Beleggingsmaatschappij Honthorst II B.V.		Amsterdam, Netherlands	100%	100%
Pijlsteeg B.V.	*)	Amsterdam, Netherlands	100%	100%
Lucas Bols USA Inc.		Wilmington, U.S.A.	100%	100%

For the subsidiaries marked with an *) the Company has issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Netherlands Civil Code.

27. Commitments and operating leases

Leases as lessee

The Group leases an office under an operating lease arrangement. The lease for the head office was renewed on 30 June 2014 for a period of five years as from March 2016 (i.e. when the current contract expires). Furthermore another rental contract was renewed for a period of two years.

The Group determined that the office lease is an operating lease. The rent paid to the owner is adjusted to market rent at regular intervals, and the Group does not have an interest in the residual value of the office building. As a result it was determined that all of the risks and rewards of the office buildings are substantially with the owner.

Future minimum lease payments

At 31 March 2016 the future minimum lease owed payments under non-cancellable leases were as follows.

AMOUNTS IN EUR `000 AS AT 31 MARCH	2016	2015
Less than 1 year	611	641
Between 1 and 5 years	1,978	2,156
5 years and more	-	433
	2,589	3,230

The amount of lease expenses recognised in the 2015/16 consolidated statement of profit or loss amounts to EUR 673 thousand (2014/15: EUR 677 thousand). For the lessor a guarantee has been issued for an amount of EUR 138 thousand.

28. Related parties

Transactions with key management personnel

The members of the Management Board and the Supervisory Board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to note 8 of the Company financial statements.

Other related party transactions

31 MARCH	Transaction values for the year ended 2016	2015	Balance outstanding as at 2016	2015
Sale of goods and services				
Joint ventures	12,335	13,581	42	988
Purchase of goods and services				
Joint ventures	(19,140)	(21,185)	(1,160)	(856)
Others				
Joint ventures dividends received	900	850		
Joint ventures loan and related interest	24	24	599	599

All outstanding balances with these related parties are priced on an arm's length basis and are expected to be settled in cash within two months of the end of the reporting period, except for the long-term loan receivable from Avandis C.V. (undefined duration). None of the balances is secured. No expense was recognised in the current year or prior years for doubtful debts in respect of amounts owed by related parties. In relation to the investment in the joint venture in India a guarantee has been issued for an amount of EUR 1.96 million (INR 132.0 million).

29. Subsequent events

There were no material events after 31 March 2016.

COMPANY FINANCIAL STATEMENTS 2015/16

Company balance sheet of Lucas Bols N.V.

(before profit appropriation)

AMOUNTS IN EUR `000 AS AT 31 MARCH	NOTE	2016	2015
Assets			
Investments in subsidiaries	3	107,581	98,958
Deferred tax assets	4	3,045	3,045
Total non-current assets		110,626	102,003
Receivables from group companies	5	51,179	51,179
Cash and cash equivalents		-	-
Total current assets		51,179	51,179
Total assets		161,805	153,182
Equity			
Share capital		1,248	1,248
Share premium		130,070	130,070
Treasury shares		-	-
Currency translation reserve		(68)	32
Hedging reserve		(1,114)	(1,536)
Other legal reserves		377	295
Retained earnings		19,578	22,853
Result for the year		11,714	220
Total equity	6	161,805	153,182
Liabilities			
Other non-current liabilities		-	-
Total non-current liabilities		-	-
Trade and other payables		-	-
Total current liabilities		-	-
Total liabilities		-	-
Total equity and liabilities		161,805	153,182

The notes on pages 128 - 131 are an integral part of the Company financial statements.

Company profit and loss account of Lucas Bols N.V.

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	2016	2015
Share of profit of participating interests, after income tax	11,714	7,084
Other profit / (loss) after income tax	-	(6,864)
Net profit	11,714	220

The notes on pages 128 - 131 are an integral part of the Company financial statements.

Notes to the Company financial statements for the years ended 31 March 2016 and 2015

1. Basis of preparation

The Company's financial statements are prepared in accordance with the provisions of Part 9, Book 2, of the Netherlands Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2, of the Netherlands Civil Code to prepare the Company financial statements, using the same accounting policies as those used for the consolidated financial statements. Valuation is based on recognition and measurement requirements of accounting standards adopted by the EU (i.e. only IFRS which is adopted for use in the EU at the date of authorisation), as explained further in the notes to the consolidated financial statements.

For the principles of valuation of assets and liabilities and for the determination of the result, reference is made to the notes to the consolidated financial statements.

The Company presents a condensed income statement using the facility of Article 402 of Part 9, Book 2 of the Netherlands Civil Code.

2. Significant accounting policies

Financial fixed assets

Participating interests (subsidiaries, joint ventures and associates) are accounted for in the Company financial statements according to the equity method. Reference is made to the basis of consolidation accounting policy in the consolidated financial statements.

Profit of participating interests

The share in the result of participating interests consists of the share of the Company in the results of these participating interests. In so far as gains or losses on transactions involving the transfer of assets and liabilities between the Company and its participating interests or between participating interests themselves can be considered unrealised, they have not been recognised.

3. Investments in subsidiaries

AMOUNTS IN EUR `000	2016	2015
Balance at 1 April	98,958	93,901
Dividend received from subsidiary	(3,868)	(288)
Effective portion of changes in fair value of cash flow hedges, net of tax	422	(1,458)
Currency translation of foreign interests	(100)	203
Actuarial gains / (losses) through equity	455	(484)
Profit of participating interests	11,714	7,084
Balance at 31 March	**107,581**	**98,958**

The Company only holds a direct interest in Lucas Bols Amsterdam B.V. A list of other (indirect) participating interests is disclosed in note 26 of the consolidated financial statements.

4. Deferred tax asset

Deferred tax assets on fiscal losses that have been recognised are expected to be utilised as from the year 2015/16. The increase in deferred tax losses relates entirely to the addition of the taxable loss of the financial year for which a deferred tax asset was recognised.

5. Receivables from Group companies

The balance is a receivable from a Group company. The receivable is classified as current if it is expected to be recovered within twelve months. The amount is not due yet, nor has any impairment risk been identified.

6. Equity

For a specification of shareholders' equity, see note 19 of the consolidated financial statements.
The retained earnings at 31 March 2016 amount to EUR 19.6 million (31 March 2015: EUR 22.9 million). The legal reserves of EUR 0.8 million (31 March 2015: EUR 1.2 million) limit the distribution of retained earnings by the same amounts.

7. Compensation of the Management Board and the Supervisory Board

The members of the Management Board and the Supervisory Board are considered key management personnel as defined in IAS 24 'Related party disclosures'. For details on their remuneration, reference is made to the remuneration report in the annual report. The Management Board and the Supervisory Board member's compensations, as well as the pension obligations as referred to in Section 2:383(b) of the Netherlands Civil Code, which in 2015/16 were charged to the Company and Group companies are as follows:

	Huub L.M.P. van Doorne		Joost K. de Vries		Total Management Board	
AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	2016	2015	2016	2015	2016	2015
Compensation of the Management Board						
Salary	470	470	320	264	790	734
Variable remuneration	47	202	32	110	79	312
Pension	-	-	31	32	31	32
Other	95	77	24	22	119	99
ESA	-	-	-	233	-	233
Total	612	749	407	661	1,019	1,410

The total compensation of the Management Board in 2015/16 amounted to EUR 1,019 thousand (2014/15: EUR 1,410 thousand). Huub L.M.P. van Doorne has no separate pension agreement with the Company. Joost K. de Vries has a defined contribution pension agreement.

In February 2015, Joost K. de Vries was one of the employees who received shares awarded to employees as a result of the IPO, the cost is mentioned under "ESA" (see note 7 of the consolidated financial statements).

The Management Board of the Company controls 6,96% of the voting shares of the Company.

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	2016	2015
Compensation of the Supervisory Board		
Derk C. Doijer	40	40
Bert Meerstadt *)	35	30
Marina M. Wyatt	30	5
Marc W. Staal **)	15	5
Total	120	80

*) Bert Meerstadt stepped down as Supervisory Board member in April 2016.
**) Marc W. Staal stepped down as Supervisory Board member in October 2015 and only received remuneration in the first 6 months of 2015/16.

8.Fees for audit and other services

In accordance with article 382.a of Part 9, Book 2, of the Netherlands Civil Code, the total audit cost can be specified as follows:

AMOUNTS IN EUR `000 FOR THE YEAR ENDED 31 MARCH	Ernst& Young Accountants LLP 2016	KPMG Accountants NV 2015	Other EY firms 2016	Other KPMG firms 2015	Total 2016	Total 2015
Fees for audit and other services						
Audit of financial statements	115	125	-	-	115	125
Other assurance services *)	-	330	-	51	-	381
Other non-audit services **)	-	-	-	36	-	36
Total	115	455	-	87	115	542

*) Other assurance services relate to the IPO.
**) Other non-audit services relate to services provided by KPMG before Lucas Bols became a listed company.

9. Contingent liabilities

The Company forms part of a Dutch fiscal unit with its consolidated subsidiaries in respect of corporate income tax and value added tax. Consequently, the Company is jointly and severally liable for all debt arising from the fiscal unit. The Company is fully liable for all obligations in relation to bank loans of its subsidiaries. The Company has issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Netherlands Civil Code for its subsidiary Lucas Bols Amsterdam B.V. and for the subsidiaries of Lucas Bols Amsterdam B.V., namely Bokma Distillateurs B.V., Galliano B.V., Vaccari B.V., Pisang Ambon B.V. and Pijlsteeg B.V. respectively.

10. Subsequent events

There were no material events after 31 March 2016.

Amsterdam, 8 June 2016

Management Board:

Huub L.M.P. van Doorne (CEO)

Joost K. de Vries (CFO)

Supervisory Board:

Derk C. Doijer (Chairman)

Marina M. Wyatt

OTHER INFORMATION

Statutory provision with respect to appropriation of result

Proposal for appropriation of result

At the Annual General Meeting of Shareholders on 1 September, 2016 the Management Board will, with the approval of the Supervisory Board, propose a final dividend for 2015/16 of € 0.23 per common share in addition to the interim dividend of € 0.31 per common share already paid on 30 November. The final dividend will be paid in cash. The Management Board proposes, with the approval of the Supervisory Board, to add the remaining part of the result to the other reserves as retained earnings. This proposal has not yet been reflected in the financial statements.

If the proposed dividend is approved by shareholders, Lucas Bols shares will be quoted ex-dividend on 5 September, 2016, for the shares listed on Euronext. The record date for the dividend on the shares listed on Euronext will be 6 September, 2016.

REPORT ON THE AUDIT
OF THE FINANCIAL STATEMENTS 2015/16

Independent auditor's report

To: the shareholders and supervisory board of Lucas Bols N.V.

Report on the audit of the financial statements 2015/2016

Our opinion - We have audited the financial statements 2015/2016 of Lucas Bols N.V., based in Amsterdam. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Lucas Bols N.V. as at 31 March 2016 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The company financial statements give a true and fair view of the financial position of Lucas Bols N.V. as at 31 March 2016 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 March 2016
- The following statements for the year ended 31 March 2016: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:

- The company balance sheet as at 31 March 2016
- The company profit and loss account for the year ended 31 March 2016
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

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

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

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

Materiality

MATERIALITY	
Materiality	€ 745,000
Benchmark used	5% of profit before tax
Additional explanation	We assume the primary focus of the shareholders is profit before tax.

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

We agreed with the supervisory board that misstatements in excess of € 37,500, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

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

We have performed audit procedures ourselves at the entities in the Netherlands and United States of America. We used the work of other auditors when auditing the non-consolidated joint ventures Avandis C.V. and Maxxium Nederland B.V.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

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

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

Risk	Our audit response
FIRST YEAR AUDIT LUCAS BOLS N.V.	
Initial audit engagements involve audit procedures which are not performed in a recurring audit engagement. Additional procedures are planned and performed to obtain sufficient appropriate audit evidence about whether: • Opening balances contain misstatements that materially affect the current period's financial statements; and • Appropriate accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements, or changes thereto are appropriately accounted for and adequately presented and disclosed in accordance with the applicable financial reporting framework. Since the audit of the opening balances including the accounting policies of Lucas Bols N.V. was important to us, we have identified this as a key audit matter.	The additional procedures performed by us included amongst others: • Gathering an initial understanding of Lucas Bols N.V. and its business and control environment; • Evaluating prior year's accounting position papers; • Reviewing the file of the previous auditor and discussing prior year's audit findings as prescribed by our professional standards.

Risk	Our audit response
VALUATION OF INTANGIBLE ASSETS (BRANDS)	
As at 31 March 2016 brands amount to € 215 million or 86% of the balance sheet total and exceed total equity. As disclosed in note 3.i and 16, brands are not amortized and are annually tested for impairment since management assumes an indefinite useful life of their brands. Management performs their annual impairment test at the cash generating unit level which include individually larger brands and buckets of smaller brands. Management uses assumptions in respect of future market growth and economic conditions such as economic growth, expected inflation rates, expected tax rate, Weighted Average Cost of Capital, demographic developments, expected market share, revenue and margin development. The impairment test was important for our audit as the related asset amounts are significant and the impairment test itself is complex and requires judgment. The impairment test includes assumptions that are affected by future market conditions.	Our audit procedures included, amongst others, using EY valuation experts to assist us in verifying the assumptions and methodologies used by Lucas Bols N.V. We compared forecasted revenue and profit margins for all cash generating units with the medium term plan. We also verified the assumptions to which the outcome of the impairment test is most sensitive and reviewed the sensitivity analysis as referred to in Note 16 of the Consolidated Financial Statements.
VALUATION OF DEFERRED TAX ASSETS	
At 31 December 2015, the deferred tax assets are valued at € 7.4 million. Related disclosures and accounting policies are included in Note 11 of the Consolidated Financial Statements. The main element in the deferred tax assets is related to tax loss carry forward. This item was significant to our audit because the assessment process is complex and judgmental and is based on assumptions that are affected by expected future market or economic conditions.	Our audit procedures related to the deferred tax assets included, amongst others, using EY tax specialists to assist us in evaluating the assumptions, such as expected future taxable income and methodologies used by Lucas Bols N.V. This entailed reviewing Lucas Bols N.V.'s latest approved long term plan. We discussed the medium term plan with management to determine the reasonableness of the assumptions used regarding the recoverability of the deferred tax assets.

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our responsibilities for the audit of the financial statements

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

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

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

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on other legal and regulatory requirements

Report on the management board report and the other information

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

- We have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed
- We report that the management board report, to the extent we can assess, is consistent with the financial statements

Engagement

We were engaged by the supervisory board as auditor of Lucas Bols N.V. on 3 September 2015, as of the audit for year 2015/2016 and have operated as statutory auditor since that date.

The Hague, 8 June 2016
Ernst & Young Accountants LLP

Signed by M. de Kimpe

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BOLS
BOLS
VODKA
DAMRAK
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GALLIANO
GALLIANO
VACCARI