ANNUAL REPORT 2017/18

LUCAS BOLS

1575

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ANNUAL REPORT

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COMPANY PROFILE

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 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 and its portfolio includes the number one Passion fruit liqueur Passoã.

Our flexible and asset-light business model enables us to focus fully on innovation and strategic marketing to build the Lucas Bols brands. At the Lucas Bols distillery we create new flavours and adapt old recipes, in line with the cocktail trends of today. The House of Bols Cocktail & Genever Experience and the Bols Bartending Academy play a leading role in the development of the cocktail market.

LUCAS BOLS MISSION

We 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.

1575

OUR HERITAGE

For more than 440 years we have been mastering the art of mixing and blending, creating beautiful flavours for our genevers and liqueurs. We invite you to open your senses and experience the past, present and future of Lucas Bols.

1575
The Bols family establish their distillery 't Lootsje on the Rozengracht in Amsterdam and start distilling liqueurs.

1652
Lucas Bols, the founder's grandson, was responsible for expanding the distillery into an international company.

1664
The Bols family start producing genever.

1820
Bols creates a new genever recipe which played an important role in the emergence of the cocktail culture in de US in the 19th century.

2004
Relaunch of the Bols Liqueurs bottle, made by & for bartenders, marks the focus of the brand on the bartending community.

2008
International relaunch of Bols Genever, based on the original recipe from 1820.

2015
Celebration of 440 years of Lucas Bols history and listing on the Euronext Amsterdam stock exchange.

2018
Current portfolio of more than 25 brands sold in over 110 countries worldwide.

SHARING TASTES EXPERIENCE NEW FLAVOURS

KEY FIGURES

	Unit	2017/18	2016/17	Change
Revenue	In million euros	92.2	80.5	+14.5%
EBIT	In million euros	23.6	18.2	+29.6%
Normalised Net Profit	In million euros	14.7	12.3	+20.1%
Dividend Per Share	In euros	0.60	0.57	+5.3%

SHARING MOMENTS
EXPERIENCE THE UNUSUAL

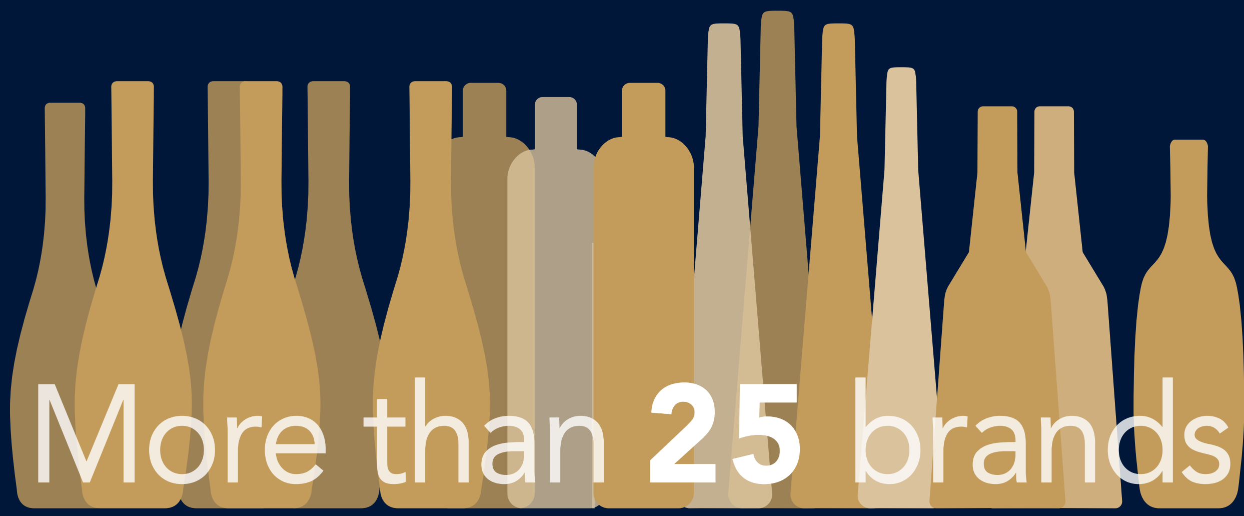
BRANDS HIGHLIGHTS

1575

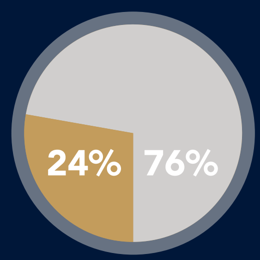
Oldest distilled spirits brand in the world

443

More than 440 years of craftsmanship & cocktail history



Revenue split 2017/18

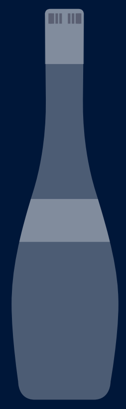


Regional brands   Global brands

Sold in more than 110 countries around the world

SHARING CRAFTSMANSHIP
EXPERIENCE QUALITY

MARKET POSITION

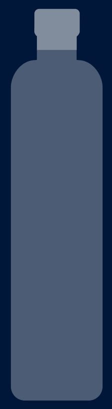


LIQUEURS

#1

World's No.1
liqueurs range*

*outside the US



GENEVER

#1

World's No.1
genever

> 40,000

The Bols Liqueurs range is sold in
more than 40,000 bars in the US

The No.1 Passion Fruit
liqueur Passoã

INTERVIEW WITH THE MANAGEMENT BOARD

In the 2017/18 financial year one of the main focus areas for Lucas Bols was the integration of Passoã. The addition of the Passoã brand was the main driver of the strong revenue and gross margin growth of the global brands, which also posted revenue growth and higher gross margins on an organic basis. The year also saw the addition of another brand to the global brands portfolio – Nuvo. CEO Huub van Doorne and CFO Joost de Vries reflect on the financial year.

HOW WOULD YOU CHARACTERISE THE 2017/18 FINANCIAL YEAR FOR LUCAS BOLS?

"2017/18 was a good year for us," Huub van Doorne said. "The growth trend of our global brands – one of our key strategic metrics – continued with organic growth at 3.3%. Passoã performed well in its first full year as part of our portfolio of global brands and we strengthened the foundation of the brand to enable Passoã to continue to thrive as part of Lucas Bols."

The integration of Passoã into the Lucas Bols organisation was clearly a major undertaking in the past year. The commercial organisation has taken over all distribution contracts, and new agreements with distribution partners were signed including in the US where the full commercial infrastructure for Passoã has been set up. Distribution was expanded from 15 states at the beginning of the financial year to 35 states at the end of March 2018. Joost de Vries added: "We managed to run this huge operation without losing focus on the rest of the business. It eminently illustrates how our business model works: with limited additional overheads we have been able to add this brand to our platform and significantly increase revenue and profit. This is an achievement that we are proud of."

"Passoã is clearly delivering on its promise"

JOOST DE VRIES

"We are pleased with the continued growth trend of our global brands"

HUUB VAN DOORNE

SO PASSOÃ DELIVERED ON ITS PROMISE?

Huub van Doorne: "Passoã is certainly living up to the expectations and really took the company to the next level. The launch of a strong new visual identity, boosted by a campaign, reinvigorated the brand in the more traditional markets such as the Netherlands." The ongoing success of the Passoã signature cocktail 'Porn Star Martini' was a key driver of strong growth in the UK. Joost de Vries adds: "We will launch this highly successful cocktail concept in other markets as well. And we will continue to expand Passoã by introducing the brand in markets where Lucas Bols already has a presence to leverage our synergies to the maximum. So yes, it is absolutely fair to say that Passoã is clearly delivering on its promise."

CAN YOU TAKE US AROUND THE WORLD?

"Let's start with the market that is of particular strategic interest to us," Huub van Doorne said. "The US showed revenue growth of 11.5%, with the liqueurs range gaining market share. We have expanded the number of flavours and our position in the retail market is clearly growing. We took important steps towards our longer-term objective of 10% market share for our liqueurs range in the US. Damrak Gin and Bols Genever also performed strongly in the US market, achieving double-digit growth. We are very pleased not only that our top line is growing but also that we have been able to increase our margins in the US at the same time."

Joost de Vries continued with his view on emerging markets. "Emerging markets continued their growth path, with important contributors being Russia and the Caucasus. In Russia, our persistence to remain present in the market – also in challenging times – has clearly paid off. Revenue is back at the level it was before the crisis hit the country and profitability is gradually returning. We entered the Caucasus only two years ago and we are very pleased with the developments in the region so far."

The Asia-Pacific region is also showing good underlying trends with relatively stable and solid business in Japan and Australia and the potential for growth in markets like China and Vietnam. "China is a particularly interesting market for Lucas Bols, as we already have a long history in this country where Bols Liqueurs is the number two brand in the overall liqueurs category."

When reflecting on Western Europe, Huub van Doorne indicated that while a number of markets are doing well, including the UK and the Netherlands, market conditions in other markets, like France and Belgium, remain challenging. "The overall performance is satisfactory, especially of the global brands," he concluded.

CAN YOU REFLECT ON THE STRATEGIC PROGRESS YOU MADE IN 2017/18?

"We already elaborated on the integration of Passoã, which was very important for the company. Furthermore we added another promising brand to our strong platform by entering into a strategic partnership for the sparkling liqueur Nuvo." Lucas Bols obtained the global distribution rights for Nuvo and will further build and distribute the brand together with spirit entrepreneur Raphael Yakoby. Huub van Doorne continued: "We relaunched Nuvo in the US in the spring of 2018 and we see ample opportunities for the brand. We see Nuvo as one of the future growth pillars in the US, along with Passoã and our Bols Liqueurs range."

Joost de Vries proceeded to highlight the important steps that the Avandis joint venture is taking. "Avandis is in the process of becoming one of the leading European spirits bottling plants. The transformation process includes modernising the plant, installing a new state-of-the-art can packaging line, opening up additional capacity and integrating the Cooymans distillery operations that were acquired last year. As one of the joint venture partners, Lucas Bols has a substantial involvement in this process."

In the past financial year Lucas Bols also made further progress in the field of capital management. "We managed to bring down our debt by roughly € 8 million in 2017/18 thanks to the company's continued high cash conversion ratio," Joost de Vries said.

Another highlight this past year was the effort that management put into further defining the organisation and its culture by engaging all employees with the help of organisational and personal development tools. Huub van Doorne: "We strongly believe in the strength of a company's culture. The efforts made clearly lifted team spirit throughout the organisation."

WHAT TRENDS DO YOU SEE IN THE MARKET?

"Overall we see positive economic developments in most of the markets we are active in, most notably in Western Europe and the US. The Asia-Pacific region seems to be stabilising somewhat after a long period of economic growth," Huub van Doorne said. "In the emerging markets we see opportunities for growth as consumers trade up from local spirits to international premium spirits. The underlying market dynamics in the global cocktail market remain healthy. We see the trend towards pure and simple cocktails continuing, with increased demand for low-alcohol cocktails. With our new flavours, including Bols Cucumber, we are responding to this trend because they mix perfectly with tonic, for example, for a refreshing, light cocktail."

WERE THERE ANY CHALLENGES OR ADVERSE DEVELOPMENTS THAT HAD AN IMPACT IN 2017/18?

As a global player with a presence in the Caribbean, Lucas Bols was impacted by the aftermath of the hurricane season. "Puerto Rico has not yet fully recovered from the devastating effects of the hurricane Maria. Although the local production and distribution of Passoã is recovering step by step, the island and its people are still struggling with major electricity issues and the reconstruction of many buildings." Also other markets, including St. Martin, are still severely hampered. But we do not expect to see any further impact in the 2018/19 financial year," Huub van Doorne said.

Regulatory change in the southern part of Africa also had an impact in the past year. "Our regional brands reported significantly lower revenue from concentrates due to local regulatory packaging changes. This was more or less compensated by the strong performance of other brands in the region, but it did impact profitability," Joost de Vries explained.

Another dynamic that Lucas Bols always has to deal with is currency movements. "In the past year the euro strengthened significantly versus other currencies. Although the impact this year is still limited, due to our hedging policy and the natural hedge in the US, the impact will be important in 2018/19 if the euro remains strong," he added.

WHAT WILL YOU FOCUS ON NEXT YEAR?

"Our focus will continue to be on further growing our global brands," Huub van Doorne responded resolutely. "The growth path in the US and overall growth in Emerging Markets will contribute to that. Furthermore, we expect further organic growth from the Passoã brand, not only in the US but also in other existing and new markets." The ambition to grow the global brands will be supported by A&P investments. "We continue to invest in A&P for brands that show strong growth potential in various strategic markets. Furthermore we will continue to monitor potential add-ons for our platform."

THREE YEAR OVERVIEW

IN € MILLION UNLESS OTHERWISE STATED FOR THE YEAR ENDED 31 MARCH	2018	2017	2016
Results			
Revenue	92.2	80.5	72.6
Gross profit	57.1	48.4	42.7
Gross margin	62.0%	60.1%	58.8%
EBIT [1]	23.6	18.2	17.6
EBIT margin	25.6%	22.7%	24.2%
Normalised net result [2]	14.7	12.3	11.7
Reported net result	20.4	15.1	11.7
Cash flow			
Operating free cash flow	18.7	17.5	16.7
Cash conversion ratio [3]	81.0%	106.2%	97.3%
Balance sheet			
Working capital [4]	14.4	12.7	13.3
Total equity	183.6	170.8	161.8
Net debt [5]	46.8	50.7	51.0
Net debt/EBITDA ratio	2.8	2.8	2.8
Shares			
# of shares issued at 31 March	12,477,298	12,477,298	12,477,298
Weighted average # of shares	12,477,298	12,477,298	12,477,298
Net earnings per share	1.64	1.21	0.94
Total dividend per share [6]	0.60	0.57	0.54
Employees			
Number of FTEs	73	70	60

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

2 Normalised net profit is excluding one-off items in 2016/17 (tax benefit of € 3.2 million, one-off transaction and advisory costs of € 2.0 million and a one-off gain of € 1.4 million related to the acquisition of Distillery Cooymans by Avandis).

3 Cash conversion ratio defined as Operating free cash flow / (operating profit + depreciation); Operating FCF defined as net cash from operating activities minus CAPEX.

4 Working capital defined as 'inventories + trade and other receivables – trade and other payables'.

5 Net debt is calculated as per the financing agreements (excluding impact of Passoã).

6 Assuming the proposed final dividend is approved by the AGM.

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

	2017/18	2016/17
Number of outstanding ordinary shares at 31 March	12,477,298	12,477,298
Share price low	€ 17.00	€ 15.11
Share price high	€ 20.79	€ 18.25
Closing share price on 31 March	€ 18.00	€ 17.20
Proposed total dividend per share	€ 0.60	€ 0.57
Market capitalization at 31 March	€ 224,591,364	€ 214,609,526

SHARE CAPITAL

All of the issued shares of Lucas Bols are ordinary shares with a nominal value of € 0.10 each. At 31 March 2018 the share capital of Lucas Bols consisted of 12,477,298 ordinary shares which have been fully paid-up.

MAJOR SHAREHOLDERS

Pursuant to the Dutch Financial markets Supervision Act (Wet op het financieel toezicht) the Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten) was notified of the following statements of interests of 3% and over in Lucas Bols up to 31 March 2018:

SHAREHOLDER	SHAREHOLDING
Dreamspirit B.V. (controlled by mr. H.L.M.P. van Doorne)	6.06%
Enix NV	5.41%
Lazard Frères Gestion SAS	5.04%
Lucerne Capital Management LLC	8.74%
NN Group N.V.	5.73%
Nolet Holding B.V.	25.00%
John and Marine Van Vlissingen Foundation	5.01%

DIVIDEND POLICY

The Lucas Bols dividend policy takes into account both the interests of the shareholders and the expected further development of the company. Our policy is 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

SEPTEMBER 06	Annual General Meeting of Shareholders
NOVEMBER 20	Publication half year results 2018/19
MAY 2019 23	Publication full year results 2018/19
JULY 2019 10	Annual General Meeting of Shareholders

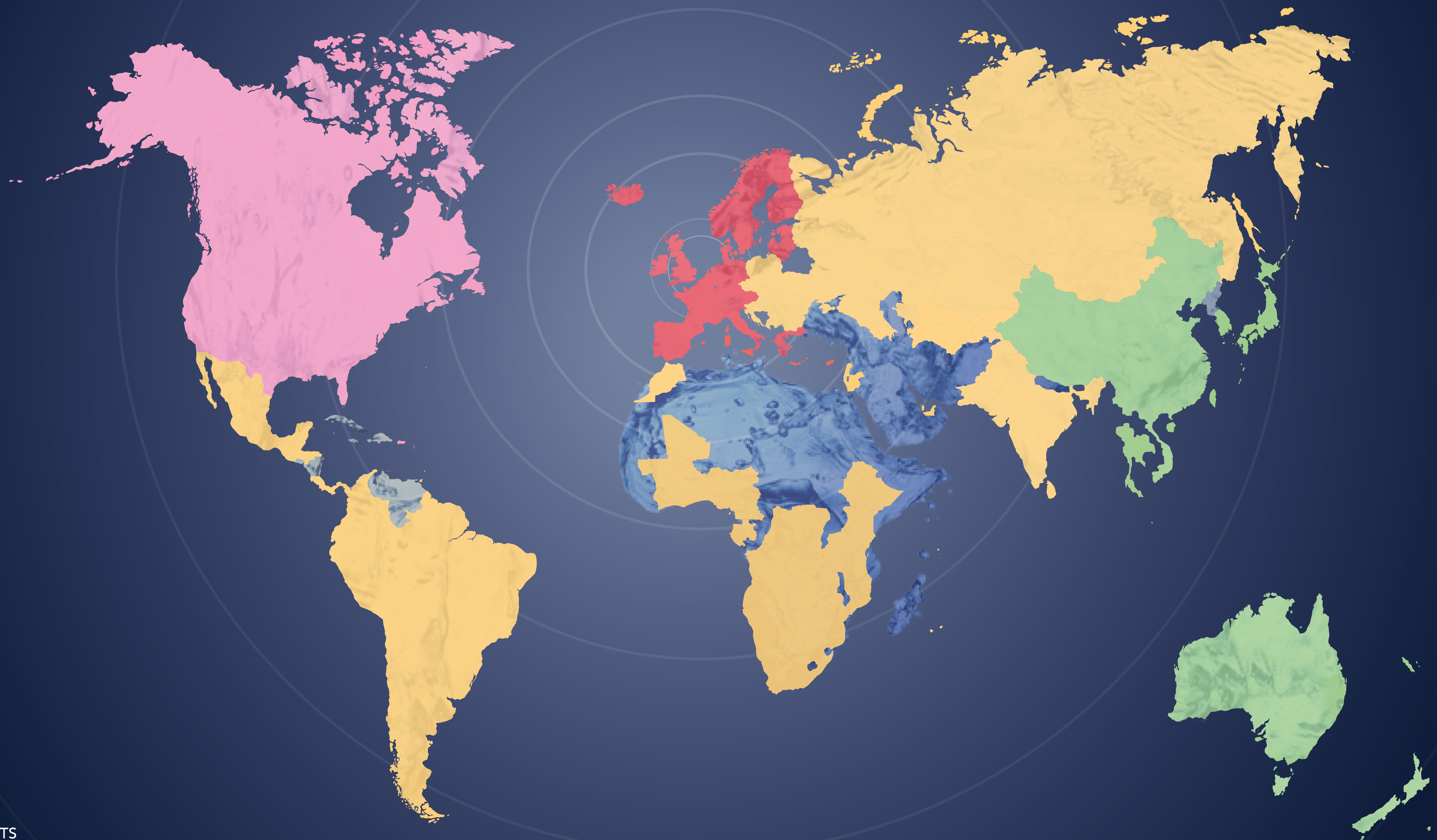
PREVENTION OF INSIDER TRADING

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 page 52).

INVESTOR RELATIONS

Lucas Bols attaches great importance to maintaining an active dialogue with its shareholders. The aim is to give existing and 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 engages in bilateral contacts with existing and potential shareholders and analysts. These contacts can have the form of investor 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.

LUCAS BOLS BRANDS
GLOBAL PRESENCE



GLOBAL
REVENUE SPLIT

52.1%		WESTERN EUROPE
18.0%		NORTH AMERICA
17.6%		ASIA-PACIFIC
12.3%		EMERGING MARKETS

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 local markets. Building brands is the essence of what we do at Lucas Bols, that is how we create long term value. 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 closely engage with the global bartending community, creating new trends in the cocktail market together. We share our knowledge and expertise through our extensive network of brand ambassadors. We continuously optimise our global brands portfolio and extend our global brands into new and developing markets. Our established regional brands have strong positions in regional and local markets.

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. Our wholly-owned subsidiary Lucas Bols USA plays an important role in increasing our market share in key market the US. In the different regions around the world we aim for continued growth of our global brands and pursue selective growth opportunities for the regional brands.

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 introducing new concepts. Initiatives such as the Bols Bartending Academy and the Bols Around The World global competition capture the interest of the bartending community, while the House of Bols Cocktail & Genever Experience raises awareness of Lucas Bols's products among consumers. Social media presence on various platforms enables direct communication with our communities.

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 by adding brands, as we have done with the addition to our portfolio of the world's number one passion fruit liqueur Passoã and more recently Nuvo. We believe our platform allows for more selective add-ons to support the further execution of our strategy.

LUCAS BOLS
GLOBAL BRANDS

The global brand portfolio consists of the Bols brand (Bols Liqueurs, Bols Genever and Bols Vodka), Damrak Gin, Passoã, Galliano and Vaccari. All these brands hold significant or leading positions in the spirits industry. Bols Liqueurs is the number one Range Liqueur worldwide (outside the US), Bols Genever is leading the genever category worldwide, as the Original Spirit of Amsterdam, which was first created in 1664 and Passoã is the number one passion fruit liqueur, growing fast due to the strong Porn Star Martini trend.

BOLS BRAND

The Bols brand is the world's oldest distilled spirits brand. It dates back to 1575, when the Bols family began distilling liqueurs in the heart of Amsterdam, and expanded to distilling genever in 1664. In the last century Bols Vodka was added to the Bols range. Bols's iconic products blend over four centuries of craftsmanship, passion and experience. With its consistent high quality of the products, Bols still lives up to the centuries' old family motto 'semper idem', always the same. Being a real bartender brand, Bols engages the international bartender community in creating new drinks and experiences for their customers with the wide variety of Bols products and flavours.

BOLS LIQUEURS

Bols Liqueurs comprises 48 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. The Lucas Bols Master Distiller extracts flavour from the natural ingredients using ancient techniques such as distillation, percolation and maceration.
Key markets are the US, Argentina, Japan, China, Germany, the Netherlands, the UK and Russia.

BOLS GENEVER

The Bols family first produced genever, the Original spirit of Amsterdam, 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 our unique Bols malt spirit; a triple grain distillate, that gives Bols Genever its characteristic smooth malty taste, making it perfect for mixing and making cocktails, such as the Red Light Negroni. Nowadays Lucas Bols is the leading genever player in the world with Bols Genever Original, Bols Genever Barrel Aged and Bols Genever 100% Malt Spirit.
Bols Genever is back in bars in over 30 countries around the world with the US and the Netherlands as the most important markets.

BOLS VODKA

With our Lucas Bols craftsmanship and distillation expertise Bols Vodka was developed in order to create the best mixable vodka. Bols Vodka, with a wheat distillate base, is super natural and is filtered through charcoal filters, resulting in an extraordinary high level of purity. This extraordinary level of purity makes Bols Vodka perfect for mixing and the preparation of cocktails.
Key markets for Bols Vodka are Scandinavia, Argentina, Canada and the Netherlands.

DAMRAK
GIN

Damrak Gin is made in our distillery on the Damrak square in the heart of Amsterdam. It 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. During the Golden Age, the Damrak harbour in Amsterdam was the mooring place for merchant ships where herbs, fruits and spices were traded, and some of those botanicals are still used in Damrak Gin today. 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.

PASSOÃ

Passoã is the world's number one Passion Fruit Liqueur and was created in 1985. The Master Distiller discovered unique passion fruits in Brazil and created Passoã with it, now a key ingredient for cocktails. It is known for its iconic black bottle and its fresh red colour and easy mixability. Many easy to make and low alcohol cocktails can be made with it at home, such as the refreshing signature drink: Passoã Fresh with tonic or a refreshing Sangria, to be shared with friends. Passoã is mainly a retail brand but is also very suitable for bartenders to be used in cocktails. One of the most popular cocktails in the UK, The Porn Star Martini is the number 1 searched cocktail on internet and is based on Passoã. The cocktail is starting to grow outside the UK as well.
Key countries for Passoã are France, the UK, the Netherlands, Belgium, Puerto Rico and Japan.

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 L'Aperitivo. Galliano is used in cocktails and as a single serve and is one of the 'must-have' stock brands in any bar around the world.
Galliano's key markets are the US, Australia, New Zealand, Scandinavia, Canada, Germany and the UK.

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 to 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.

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, Coebergh, Kontiki, Bokma, Henkes and Hartevelt 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 Fockink brand (with a range of artisanal genevers and more than 70 liqueurs), the exclusive Bols KLM Delft Blue miniature houses 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, Floryn, Corenwyn, Parade, Hoppe, Legner and Bokma. The Dutch genever portfolio also includes brands such as Henkes, which plays an important role in Africa.

REGIONAL LIQUEURS

The regional liqueurs portfolio includes Pisang Ambon, Coebergh and Zwarte Kip. Pisang Ambon is a green banana-based liqueur predominantly sold in the Benelux, France and Scandinavia. Coebergh and Pisang Ambon have strong positions in regional and local markets, mainly in the retail segment. Other regional liqueurs are Regnier and La Fleurette, which are popular brands 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, that benefits from trade-up to accessible international brands. Other brands are Henkes Gin and Henkes Whisky in a number of countries in Africa and Bootz Brandy and Bootz Rum in India.

THE LUCAS BOLS ESSENCE

At Lucas Bols the brands form the heart of our company. We conquer the world with our brands. How do we do that? With our age-old craftsmanship which is key in creating the perfect products for today's bartenders and consumers. By sharing the Lucas Bols experience with inspiration, education and trend enforcement to tell our story. And by working in long-term partnerships which are essential to supplying our products and brands around the world. Together they form the Lucas Bols Essence – the magic of our brands.

CRAFTSMANSHIP – THE MAGIC OF BLENDING

Building on our heritage that dates back to 1575, Lucas Bols has mastered the art of distilling, mixing and blending natural ingredients to create a wide range of exciting flavours. Our products have been perfectly blended over four centuries of craftsmanship, passion and experience.

Our products are based on the Bols family motto: Semper Idem – always the same. This means that we always follow the recipe and use first-class ingredients for the extraction of flavours. The result is high quality products with the same characteristics and taste, time and time again. This process of ensuring the same quality is even more complicated for our aged products, such as Bols Barrel Aged Genever with its soft, complex and more pronounced taste. To create that unique taste, we apply the art of aging and blending, an approach that requires the Lucas Bols Master Distiller and his blending team to lean on their years of knowledge and experience.

To create the base spirit for Bols Genever Barrel Aged, in this case the original 19th century Bols Genever, we start in the same way we do with any of our products, with a unique recipe and using flavour extraction methods such as distillation, maceration and percolation. The next step in creating Bols Genever Barrel Aged is ageing the genever distillate at a high alcohol percentage in French oak casks for at least two years and then blending the aged spirits from different casks.

During the maturation of Bols Genever in French oak casks a rich palette of flavours is extracted, including vanilla and apricot tones, and the liquid obtains colour. We use oak casks specifically from the French Limousin region, the most expensive wood barrels in the world, because they impart a beautiful pale golden colour and a rich, oaky, sweet flavour. While the genever distillate is ageing in a wooden cask, part of the liquid evaporates through the porous wood into the air. We call this the 'Angels' share'.

During the ageing process the genever liquid is also moved between barrels of different ages, some new, some old, as they each bring different flavour notes to the genever. After at least two years of ageing, the magical blending process starts. The blending committee of Lucas Bols comes together at the cask storage under the leadership of our Master Distiller Piet van Leijenhorst. The blending committee consists of ten men and women who blend, taste and compare the genevers from the different casks. They know all too well how the final Bols Genever Barrel Aged product should taste. We call this the Golden Standard and it consists of a blend from the different casks that recreates that specific and unique Bols Genever Barrel Aged taste. Some of the liquids used may be even more than two years old, just to add that extra complexity that Bols Genever Barrel Aged is known for. Although it is not a scientific process, it is essential to control all variables. But the most important element is finding the magic – the perfect taste – time and time again. Extensive experience is therefore essential, experience our Master Distiller gained in Scotland and France in his younger years and at Lucas Bols in the last three decades. Experience he shares with his blending team each time they recreate our Bols Genever Barrel Aged.

EXPERIENCE – HOW WE TELL OUR STORY

It is our aim to truly be the number one cocktail destination and number one cocktail brand for bartenders and consumers alike. Marketing is key to achieving this. We create strong brand strategies and provide our local marketing teams at distributors around the world with sales and promotion tools. But our marketing strategy is more than that. At Lucas Bols we share experiences with consumers and bartenders to inspire and educate them. And if we see a trend emerging we do our utmost to ride the trend, hitting the sweet spot with an appealing signature drink or innovative drink strategy.

Sharing the experience

The House of Bols Cocktail & Genever Experience in Amsterdam plays a key role in marketing the Bols brand. For over a decade it has helped create Bols fans and brand ambassadors among consumers, distributors and bartenders from around the world. The House of Bols provides a journey into the history of the Lucas Bols brand and the craftsmanship used to create our products. It initiates the visitors into the world of cocktails and the Dutch spirit of genever. We also ensure brand visibility at events, festivals, bars and clubs because we are convinced that tasting is believing.

Education

Our Bols Bartending Academy trains bartenders to make the best cocktails and to create the best cocktail experience. Bartenders are trained in all aspects of the bartending profession, from industry-wide knowledge of drinks and spirits to responsible serving and of course cocktail mixology. We also give cocktail workshops for consumers in the Bols Bartending Academy to show how cocktails are fun and easy to create, lowering the threshold to make cocktails at home. Our Bols Bartending Academy in Amsterdam and 'on tour' around the world reinforces Lucas Bols as a true cocktail brand and an authority on cocktails. In addition to the Bols Bartending Academy On Tour we also travel around with Bols Business Class, a day of inspiring and educational talks for bar owners and managers provided by leading industry figures who share their enthusiasm, knowledge and experience.

Inspiration

Along with the inspiration provided by the Bols Bartending Academy and Bols Business Class we offer bartenders and consumers everything to 'add flavour' through our programmes. We provide bartenders with new products and innovative drink recipes, such as the Red Light Negroni with genever and our new Low Bols cocktails and Passoã Fresh drinks that serve lighter and low-alcohol drinks to a new target group. We also try to inspire the bartender in consumers to make cocktails at home with programmes such as the 'add flavour to your margarita' programme with Bols Liqueurs in retail stores across the US.

Trend enforcement

Trends in our sector are unpredictable and not easy to grasp. Something is stirring in the market, something happens between the bartender and the consumer. And then several things come together and all of a sudden it takes off. Sometimes we initiate, sometimes we respond. The Porn Star Martini, with Passoã as the key ingredient, is an excellent example of how a drink and a product come together in a perfect cocktail that becomes a hit. The Porn Star Martini is the most researched cocktail online on Difford's guide and one of the fastest growing cocktails in the world. Its name, easy taste and beautiful presentation make it a favourite with bartenders and consumers. The Negroni trend is another example where we responded with our own signature cocktail: the Red Light Negroni made with Bols Genever, the Original Spirit of Amsterdam. We add a complex and smooth edge to an already popular drink and serve it in an eye-catching bulb glass – a nod to Amsterdam.

LONG-TERM PARTNERSHIPS

Long-term partnerships form an integral part of Lucas Bols's asset-light business model. There are three areas where such partnerships are essential to achieving our business objectives: the blending and bottling of our products, the distribution of our brands and the influencing of our key target groups – bartenders and bar owners.

Blending and bottling partners

The creation of new products and recipes and the selection and extraction of ingredients are the responsibility of Lucas Bols. The final blending and bottling of our products is outsourced to strategic partners in various countries around the globe, including the US, Argentina, India, South Africa and the Netherlands. The blending and bottling process takes place under the auspices of and is subject to quality control by the Lucas Bols Master Distiller and the product development and quality team.

Distribution partners

Lucas Bols operates a distribution model tailored to the specific needs of each market where the company is present. In the Netherlands the distribution of our brands is handled by our joint venture Maxxium, while the Lucas Bols brands in the US are distributed through our wholly-owned subsidiary Lucas Bols USA Inc. In other markets we have strong, longstanding relationships with distribution partners to assure the route-to-market for our products.

Bartending partners

Lucas Bols operates in the business-to-business market, with bartenders and bar owners as our key target groups. Our network of Bols brand ambassadors – key players in the bartender community – is vital in developing the Lucas Bols brands. The brand ambassadors, all bartenders themselves, are fully dedicated to transferring knowledge and promoting the Lucas Bols brands among their network of bartenders and bar owners.

Next to these official brand ambassadors we also have a group of Bols fans who act as unofficial ambassadors, people who have been trained by the Bols Bartending Academy team, have experienced a Bols Business Class or have visited the House of Bols. We see that our programmes create a lot of loyalty and fans for our brands. We also create strong relationships and ambassadors with our yearly Bols Around the World programme in which bartenders from around the world can compete with one another.

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 a board member of STIVA, the Dutch foundation for responsible alcohol consumption. Huub also holds board positions within the Lucas Bols joint ventures: he is a member of the supervisory board of Avandis B.V., chairman of the supervisory board of Maxxium Nederland B.V. and a member of the board of Bols Kyndal India Pvt. Ltd. Furthermore, Huub is chairman of the supervisory board of NL Het Aambeeld N.V.

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.

Joost is member of the supervisory board of De Stiho Groep B.V. In addition, Joost holds board positions within the Lucas Bols joint ventures: he is chairman of the supervisory board of Avandis B.V., a member of the supervisory board of Maxxium Nederland B.V. and a member of the board of Bols Kyndal India Pvt. Ltd.

REPORT OF THE MANAGEMENT BOARD

In the 2017/18 financial year an important development for Lucas Bols was the integration of Passoã. The addition of this brand was the main driver of strong revenue and gross margin growth of the global brands, which also posted revenue growth and higher gross margins on an organic basis. The US posted good growth, with the liqueurs range gaining market share. We have expanded the number of flavours and our position in the retail market is clearly growing in the US. We also experienced successful expansion in retail chains in the UK. Towards the end of the year we added another global brand to the portfolio: the sparkling liqueur Nuvo, which we relaunched in the US in the spring of 2018. The year also saw the introduction of the Bols Genever 100% Malt Spirit and a number of new flavours in the Bols Liqueurs range.

THE LUCAS BOLS ORGANISATION

In the past year we took important steps to further define our organisation and culture and to refine our way of working. The whole organisation participated in Management Drives, an extensive programme that provides insights into the drive and motivation of teams as well as individuals. This clearly enhanced team efficiency throughout the organisation. We also redefined our values and working principles. In our CSR chapter we further elaborate on this new way of working, as well as the redefined values and working principles. In the 2017/18 financial year we appointed an executive director of global marketing responsible for the global marketing and innovations of the Lucas Bols brand portfolio and hired two commercial managers for Central and Eastern Europe. We also established a dedicated team for Passoã SAS in Paris.

NUVO

In December 2017 the company entered into a strategic partnership for the sparkling liqueur brand Nuvo. The partnership entails the global distribution rights as well as agreements to further build and distribute the Nuvo brand. The transaction fits within our asset-light business model as it strengthens the company's existing distribution platform with limited additional overhead investments required. The agreement also includes a put and call option structure that enables Lucas Bols to acquire the brand in full in the midterm.

Created in 2007, Nuvo is made of vodka, sparkling wine and a blend of fruit nectars. It brings together the luxurious and celebratory nature of champagne with the sophistication of an aperitif. The brand is primarily consumed by women and is mostly sold in the retail trade. Nuvo was reintroduced in the US in the spring of 2018 by our own organization and could be expanded to other markets in the future, benefitting from Lucas Bols's global distribution network.

ROUTE TO MARKET

In the past year we further optimised our route to market in a number of regions. In South America we took important steps moving from royalty-based agreements handled out of Argentina to direct dealings with the importers and wholesalers in about ten South American countries, including Peru and Chile. This shift will be gradually implemented as from April 2018. Having our own commercial agent in South America enables us to move closer to the markets there, thus strengthening our position in this region.

In the 2017/18 financial year we signed distribution contracts for Passoã, safeguarding a strong and motivated distribution network as the basis for the envisaged further roll-out of the brand to new markets.

In 2019 a substantial number of distribution contracts are up for renewal, so we already made some initial preparations in the past financial year and will embark on the real groundwork in the coming year to ensure the route to market remains optimal. We are confident that we will be able to renew the successful agreements and find new partners where we see opportunities for improvement. Our brand portfolio continues to be complementary to the portfolios of our distribution partners around the world, reinforcing one another in creating a strong combined proposition.

GLOBAL BRANDS

The Bols brand

Building the Bols brand is a global ambition as it is sold in over 110 countries. With the Bols brand we create great cocktail experiences using the skills of well-trained bartenders around the world. Bols is a leading brand in the global cocktail market, both in mature and emerging markets. We will continue to invest in the Bols brand to further build brand equity and accelerate revenue growth. A broad spectrum of events and actions have increased the brand's presence and awareness. An important network of brand ambassadors has been set up and numerous brand activation programmes have been launched in cooperation with these ambassadors and our distributors.
Bols workshops are provided in the majority of our markets, both bartender training and motivational programmes. We also cooperate with other bartending schools, in Italy for example, where we have a strong partnership with the top bartender schools to educate through masterclasses. This safeguards our connection with the new bartender generation.
Our Bols Business Classes were also organised around the globe in 2017/18. Focused on education, these seminars address the various aspects of how to run a bar, including creating the menu, building loyalty and promoting a healthy lifestyle for bartenders.

Bols Liqueurs range

In the past year the 'Low Bols' concept was developed, responding to the trend for fresh, low-alcohol drinks. This new drink strategy positions various Bols Liqueurs flavours as a base spirit in fresh low-alcohol recipes. The concept will be trialled and rolled out further in the 2018/19 financial year.

This past year saw the further implementation of the Bolsini drink strategy (Bols Liqueur with sparkling wine) that is gaining ground in a number of markets including the UK, Germany and Switzerland.

We have been able to expand our market share in the liqueurs range in the US. We have successfully extended our consumer reach there with our 'Add flavour to your Margarita' campaign and three new flavours (Pineapple Chipotle, Mango and Ginger) were introduced in March 2018. Furthermore new Bols Liqueurs labels were introduced in the US. The traditional Amsterdam typography and addition of the brand's birthplace (Amsterdam), date of inception (1575), and Bols family crest to the iconic logo display the deep brand heritage more clearly. We significantly strengthened our retail position in the US by winning two large retail chain accounts in the last quarter of the year.

Bols Genever

Genever is step by step gaining momentum in a number of markets around the globe and Lucas Bols – as the undisputed global market leader of the genever category – is reinforcing this trend in a number of ways. With signature cocktails, new drink strategies, new activation programmes and the launch of the Bols Genever 100% Malt Spirit.

The new brand identity and drink strategy of Bols Genever was finalised in 2017/18, taking Bols Genever to the next level as the original Spirit of Amsterdam with its own unapologetic look and feel. The brand identity is translated into sales-oriented materials, including short videos and a pitch deck. Furthermore a new signature drink for Bols Genever was launched, the Red Light Negroni, for which a sales kit has been developed with tailor-made glassware: the lightbulb. The Red Light Negroni is starting to gain momentum in the US, where a number of distributors are running activation programmes. Another drink strategy, the traditional *Kopstootje* ('little headbutt'), has also been activated with glassware and a new set of visuals to be used both online and offline.

Online activations, such as the Polish 'Barstreet platform' on Facebook and the 'Bols Genever club for bartenders', also contribute to growing brand awareness for Bols Genever around the world.

Bols Genever Barrel Aged was introduced in the Netherlands as aged genevers increasingly appeal to a new and younger target audience.

The 2017/18 financial year also saw the launch of Bols Genever 100% Malt Spirit, a true classic genever from the 17th century, specifically focused on the high-end bartending scene. This new genever has been launched in various markets including the US.

Bols Genever Original has been named the winner of the best Dutch genever award for 2018.

Bols Vodka

Bols Vodka continues to perform well in its main markets such as the Netherlands and Argentina. The brand is further expanding into new markets, with the first shipments to South Korea in the 2017/18 financial year. In Canada Bols Vodka is still seeing a decline as a result of heavy price competition.

Damrak Gin

As of July 2017, Damrak Gin is the official premium gin for Delta Sky Clubs in the US, with 12 million visitors a year. Over 5.8 million readers of Delta Sky Club Magazine are exposed to Damrak Gin ads, with a call to action to try Damrak Gin, the Flavor of Amsterdam, at Delta Sky Club. On the back of this and other retail wins, Damrak Gin is performing very well in the US. It also continues to grow in the Netherlands.

Damrak Gin was well represented at the Gin Day in Italy, a true business-to-bartender event born at the start of the gin era in 2012.

Passoã

2017/18 was Passoã's first full financial year of inclusion in the global brands portfolio of Lucas Bols. Passoã has been successfully incorporated into the Lucas Bols organisation: the commercial organisation has taken

over all distribution contracts and new agreements have been signed. Lucas Bols USA took over the distribution of Passoã in the US from Rémy Cointreau, expanding the distribution from 15 to 35 states in this first year.

A strong new visual identity and campaign were developed and implemented. The new 'fresh' campaign was activated in the retail market, particularly in France and Belgium. The cocktail proposition with the signature 'Porn Star Martini' has been an ongoing success in the UK. The cocktail has also been launched in other markets such as the US and the Netherlands.

Passoã was also launched in a number of African countries and in Eastern Europe in the second half of 2017/18, with further expansion planned for 2018/19.

Italian Liqueurs

Galliano is clearly on trend given a number of developments, including the classical cocktail revival with the Espresso Martini and the Negroni, the bitters trend and the craft and premiumisation movement.

The brand has seen a further roll-out in the US with the Famiglia concept – the full Galliano range – and new range extensions launched in various markets around the world, including Ristretto and Amaretto in China. In Italy the launch of Galliano L'Aperitivo in 2016 successfully revamped the brand and the campaign continues with various events and activation programmes.

Sweden has seen a revival of the Galliano Hot Shot, which Lucas Bols promotes with a large number of events and other brand activations.

To activate the Galliano brand in new areas we hosted the Galliano L'Aperitivo cocktail competition in Tel Aviv along with training programmes by global ambassador Ago Perrone.

Vaccari's new brand identity was launched in July 2017, featuring a premium look and feel focused on the traditions and history of the brand and its ongoing ties to the Vaccari family. This new identity has been well received in key markets including Mexico and Scandinavia.

REGIONAL BRANDS

In the past financial year we maintained our strong market-leading position with our Dutch domestic portfolio. The full-year addition of Legner and Floryn to our portfolio contributed to our strong position in the Dutch genever and vieux segment.

In Western Africa we expanded the distribution of Henkes Gin and Henkes Whisky, further strengthening our market position in the region. We also launched Henkes Gin in the Middle East, where the initial response has been positive. We have been building our distribution platform in Southern Africa and that is paying off now with good growth of our global brands on the back of a solid performance of Bols Brandy.

Our concentrates business in the Southern part of Africa was severely impacted by a change in local packaging regulations, which had a significant negative impact on the revenue and profit of the regional brands.

The 2017/18 financial year also saw some product launches and relaunches, including a new innovative 'smoked' genever (Lage Landen Genever, aged in smoked wood barrels from Wynand Fockink) and the relaunch of the Kontiki Sour Spiritz in the Netherlands. In South Africa Bols Zeer Oude Genever was reintroduced after a 20-year absence of a real genever in the country. Furthermore our Silver Top Gin was launched in a number of new markets in South East Asia, including Vietnam and Thailand.

FINANCIAL REVIEW

Revenue

Lucas Bols's revenue for the financial year ended 31 March 2018 amounted to € 92.2 million, an increase of 14.5% compared to € 80.5 million in the previous financial year. Foreign currencies had a negative impact of € 1.6 million as a result of the stronger euro. On an organic basis, excluding currencies and the first eight months of Passoã in 2017/18 (Passoã was consolidated as of December 2016), revenue increased by 1.8%.

Revenue in our global brands segment increased by 21.0% as a result of the consolidation of Passoã and 3.3% organic revenue growth of the global brands. The aftermath of the hurricane season in the Caribbean had a negative impact of around 1% on revenue growth of the global brands. Revenue of the regional brands decreased by 1.8% compared to last year (down 2.0% organically).

Including Passoã, Western Europe achieved strong revenue growth of 27.8%. Western Europe also posted organic growth (+1.4%) on the back of a continued solid performance of the global brands. Emerging Markets performed well with revenue up 5.1% (+5.6% organically), and Asia-Pacific was up 1.3% (-4.9% organically). After a decline in the first half of the year due to the phasing of shipments to Asia, Asia-Pacific returned to growth in the

GLOBAL BRANDS

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

IN € MILLION UNLESS OTHERWISE STATED, FOR THE YEAR ENDED	31 MARCH 2018	31 MARCH 2017	% CHANGE REPORTED	% CHANGE ORGANIC*
Revenue	69.9	57.8	21.0%	3.3%
Gross profit	46.9	37.0	26.6%	7.2%
% of total revenue	67.1%	64.1%		
EBIT	29.5	23.0	28.3%	6.1%
% of total revenue	42.2%	39.8%		

* At constant currencies, excluding one-off items and the first eight months of Passoã in 2017/18.

second half. North America continued the growth trend with reported revenue growth of 3.1% (organic growth of 7.0%, driven by 11.5% organic growth in the strategic US market).

Gross profit
Gross profit for the full year 2017/18 amounted to € 57.1 million, an 18.0% increase compared to € 48.4 million in the 2016/17 financial year. Gross profit was up 3.1% organically. The reported gross margin increased by 190 bps to 62.0% (organic growth of 70 bps). Both the higher gross margin of the Passoã brand and gross margin growth of the other global brands contributed to this increase.

EBIT
EBIT for the full year 2017/18 came in at € 23.6 million (2016/17: € 18.2 million). Currency effects had a limited negative impact of € 0.5 million on EBIT as the company was still benefiting from favourable hedging contracts. In 2017/18 the level of Advertising & Promotion (A&P) expenses to support the growth of the global brands was slightly higher than the year before. As a result of the addition of Passoã, total overhead as a percentage of revenue decreased from 16.5% to 15.5%. The EBIT margin rose by 290 bps from 22.7% last year to 25.6% in 2017/18.

DEVELOPMENTS IN GLOBAL BRANDS AND REGIONAL BRANDS

Global brands
Revenue of the global brands for the 2017/18 financial year amounted to € 69.9 million, an increase of 21.0% compared to € 57.8 million in 2016/17. The increase is mainly attributable to the addition of the Passoã brand. Currencies had a negative impact of € 1.7 million on revenue. Revenue increased by 3.3% organically.

The Passoã brand continued to perform strongly in the UK, and distribution in the US was expanded to 35 states. Bols Genever and Damrak Gin are continuing their positive growth path with double-digit revenue growth. Bols Vodka is still experiencing pressure in Canada due to fierce price competition. The Bols Liqueurs range continued to show low single-digit revenue growth. After a strong recovery in 2016/17, the Italian Liqueurs performed slightly below last year.

Revenue of the global brands in Western Europe increased substantially, mainly as a result of the addition of Passoã. Western Europe also grew organically due to a strong performance in the UK and the Netherlands.

Asia-Pacific reported growth for the full year after posting a slight decline in revenue in the first half of the year. Passoã contributed to the growth, mainly in Japan. Organic revenue was slightly down mainly as a result of the still challenging circumstances in Indonesia.

In North America we saw a continuation of the growth path driven by 11.5% organic growth in the US including the Duty Free market. Results were particularly good for our higher priced brands such as Bols Genever and Damrak Gin. The retail position of Bols Liqueurs in the US was significantly strengthened by the listing of the brand in two large retail chain accounts in the last quarter of the year. Three new flavours were recently introduced. All this contributed to a further growth in the market share of Bols Liqueurs in the US. In Canada heavy price competition with respect to Bols Vodka resulted in lower revenue while sales of Passoã in Puerto Rico were negatively influenced by the hurricane season.

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 the Henkes brand in Africa or Regnier Crème de Cassis in Japan.

IN € MILLION UNLESS OTHERWISE STATED, FOR THE YEAR ENDED	31 MARCH 2018	31 MARCH 2017	% CHANGE REPORTED	% CHANGE ORGANIC*
Revenue	22.3	22.7	(1.8%)	(2.0%)
Gross profit	10.2	11.4	(9.9%)	(10.4%)
% of total revenue	45.9%	50.1%		
EBIT	9.0	11.0	(18.5%)	(11.7%)
% of total revenue	40.2%	48.4%		

* At constant currencies and excluding one-off items.

The Emerging Markets region achieved good growth, attributable to the strong performance of Eastern Europe (mainly Russia). The new markets in this region, including the Caucasus, showed good growth too. The Caribbean was hit by the impact of hurricanes and revenue in Central America declined following an intentional decrease in shipments to some customers in the first half of the year.

Gross profit increased to € 46.9 million in the year under review from € 37.0 million in 2016/17, a reported increase of 26.6%. The gross margin rose significantly by 300 bps to 67.1% (2016/17: 64.1%) due to the positive impact of Passoã. Gross profit was up 7.2% on an organic basis.

Reported EBIT for the global brands showed a strong increase of 28.3% to € 29.5 million (2016/17: € 23.0 million), mainly attributable to the addition of Passoã. As a result the EBIT margin increased by 240 bps. Currencies had a negative effect of € 0.5 million on EBIT. On an organic basis EBIT was up 6.1% compared to the year before, mainly due to a more favourable product mix.

Regional brands
Revenue of the regional brands for the full year 2017/18 amounted to € 22.3 million compared to € 22.7 million for 2016/17. The distribution of Henkes Gin and Henkes Whisky was expanded in Western Africa, further strengthening our market position in that region. The distribution network in Southern Africa was further expanded, resulting in good growth on the back of a solid performance by Bols Brandy. The strong market share of the regional brands in the Dutch domestic market was maintained. These positive developments were offset by significantly lower sales of concentrates in the Southern part of Africa due to a change in local packaging regulations and a weaker performance of our regional liqueurs. Currencies had a small positive impact of € 0.1 million on revenue.

Gross profit declined by 9.9% from € 11.4 million in 2016/17 to € 10.2 million in the year under review mainly as a result of the significantly lower concentrates business. Currencies had a small positive impact of € 0.1 million. The gross margin decreased by 430 bps on an organic basis.

EBIT for the regional brands segment came in at € 9.0 million, a decrease of 18.5% compared to the previous year (€ 11.0 million). Organically, excluding the one-off gain in 2016/17, following the acquisition of Distillery Cooymans by the Avandis joint venture, EBIT for the regional brands decreased by 11.7%. This was fully attributable to the concentrates business, of which no further negative impact is expected.

Finance costs
Finance costs increased from € 2.9 million in 2016/17 to € 3.5 million in the year under review due to higher interest expenses as a result of the full-year inclusion of assumed debt related to the Passoã entity.

Taxes
Normalised tax expenses amounted to € 5.3 million in 2017/18 compared to normalised tax expenses of € 3.2 million in 2016/17. Reported taxes in 2017/18 amounted to a gain of € 0.3 million and include a one-off profit of € 5.6 million, mainly due to the positive impact on the company's deferred tax liabilities of upcoming reductions in the French corporate tax rate, in accordance with the French Finance Law for 2018. Reported taxes in 2016/17 included a one-off tax benefit of € 3.2 million relating to the application of the research and development tax incentive in previous fiscal years. The effective tax rate, excluding the one-off tax benefit, was 26.5%, higher than the Dutch nominal tax rate, as the profits of Passoã are taxed at a higher tax rate in France.

Profit for the period

Normalised net profit for the 2017/18 financial year amounted to € 14.7 million, an increase of 20.1% compared to a normalised net profit of € 12.3 million in 2016/17. Reported net profit for 2017/18 came in at € 20.4 million and includes a € 5.6 million one-off tax gain. Reported net profit for 2016/17 amounted to € 15.1 million and included one-off items related to non-recurring transaction and advisory costs of € 2.0 million which were offset by a one-off gain of € 1.4 million related to the acquisition of Distillery Cooymans by Avandis and a one-off tax benefit of € 3.2 million. Normalised earnings per share came in at € 1.18, compared to normalised earnings per share of € 0.98 in 2016/17 (reported earnings per share for 2017/18: € 1.64 and for 2016/17: € 1.21).

Cash flow

The operating free cash flow increased to € 18.7 million (2016/17: € 17.5 million) as a result of EBIT growth compared to the 2016/17 financial year. Cash flows were used to pay dividends (€ 7.6 million) and reduce the net debt position.

FINANCIAL POSITION

Equity

Equity increased by € 12.7 million to € 183.6 million, at the end of the financial year 2017/18, mainly as a result of the recorded net profit of € 20.4 million and the € 7.6 million dividend distribution.

Net debt & liquidity position

Net debt decreased by € 3.9 million to € 46.8 million at 31 March 2018 (31 March 2017: € 50.7 million). The net debt to EBITDA ratio was 2.8 as at 31 March 2018 (2.8 as at 31 March 2017).

In December 2016, as part of the Passoã transaction, the company assumed a debt related to the exercise of the call/put option, with a net present value of € 68.1 million as of 31 March 2018. The total net debt of the company, including assumed debt, was reduced from € 112.1 million at 31 March 2017 to € 104.2 million at 31 March 2018. The net debt to EBITDA ratio including the assumed debt was 4.3 at 31 March 2018.

Based on the current operating performance and liquidity position, Lucas Bols believes that cash provided by operating activities and available cash balances will be sufficient for working capital, capital expenditures, interest payments, dividends, and scheduled debt repayments for the next 12 months and the foreseeable future.

Capex

Lucas Bols expects the CAPEX levels to increase to around € 1.5 million next year, mainly related to the refurbishment of the head office in Amsterdam together with an extension of the lease of the Amsterdam office until 2028, with an option to further extend to 2033.

Dividend

Lucas Bols will propose to the Annual General Meeting of Shareholders to be held on 6 September 2018 that a final dividend of € 0.25 per share in cash be distributed for the 2017/18 financial year. Following the distribution of an interim dividend of € 0.35 in November 2017, the total dividend for the financial year would amount to € 0.60, up 5.3% compared to last year. This represent a pay-out of 51% of the normalised net profit, in line with our dividend policy of a pay-out of at least 50% of net profit.

Outlook

The underlying market dynamics in the global cocktail market remain healthy. We continue to believe in the potential of our global brands in all four regions around the world and focus on further growing our global brands, in line with our strategy. We continue to invest in A&P for global brands that show strong growth potential in various strategic markets.

Lucas Bols has a hedging policy in place. Taking into account the foreign currency position already hedged and assuming the current level of the euro, foreign currencies are expected to have a negative impact of around € 1.2 million on EBIT in 2018/19 vs the 2017/18 financial year.

Lucas Bols USA relaunched the Nuvo brand in the spring of 2018, which will contribute to the revenue growth of the global brands in the US. Given the initially higher A&P investments behind Nuvo and the royalty payments, the contribution to EBIT will be limited while the impact on Lucas Bols's earnings per share is expected to be neutral to slightly positive in the short term.

We will continue to monitor potential add-ons of brands which can be integrated into our platform.

CSR FOCUS AREAS

- The promotion of responsible alcohol consumption, a cornerstone of our business
- Sustainable supply chain management, by stimulating all suppliers and third-party contract partners in the chain to operate in a sustainable manner
- People management, by creating a stimulating and dynamic working environment that enables people to make a difference at Lucas Bols
- Contributing to society through social involvement and volunteering initiatives

CORPORATE SOCIAL RESPONSIBILITY AT LUCAS BOLS

At Lucas Bols Corporate Social Responsibility (CSR) is fully integrated into the company's strategy. Being socially responsible is critical in creating long term value, particularly for a company operating in the spirits industry. We take our role in society seriously and have a policy in place that reflects this.

The CSR focus areas for Lucas Bols are:

- the promotion of responsible alcohol consumption, a cornerstone of our business;
- sustainable supply chain management, by stimulating all suppliers and third-party contract partners in the chain to operate in a sustainable manner;
- people management, by creating a stimulating and dynamic working environment that enables people to make a difference at Lucas Bols;
- contributing to society through social involvement and volunteering initiatives.

At Lucas Bols the CEO has ultimate responsibility for the CSR strategy. The implementation and execution of the strategy is a company-wide responsibility.

RESPONSIBLE DRINKING

Responsible drinking, ensuring that alcohol plays a positive role in society is an essential element in our strategy to create long term value. That is why we advocate responsible alcohol consumption and encourage socially responsible communication on this.

Drink less but better

Lucas Bols's growth strategy is driven by people drinking better, not more. We promote responsible drinking by educating consumers on moderation and advocating for policies that reduce the misuse of alcohol. This is done with and through our local partners, who share our vision to ensure responsible consumption all around the world. Adhering to the marketing code to ensure that campaigns are only targeted at adults above the legal drinking age is key in this. Contributing to the prevention of alcohol misuse is another element.

STIVA

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 on and marketing of alcoholic beverages. Lucas Bols CEO Huub van Doorne has been a member of the STIVA board since 2006. STIVA focuses on responsible marketing, responsible alcohol consumption and clear communication. For instance, STIVA actively promotes the anti-drink drive campaign BOB, a joint initiative of the Dutch Ministry of Infrastructure and the Environment, STIVA and the Dutch traffic safety association *Veilig Verkeer Nederland*. Since the launch of the campaign in 2001, the number of alcohol-related traffic incidents has decreased significantly.

Together with other industry players in the Netherlands we develop websites dedicated to spreading knowledge about the health risks of alcohol, such as *Drinkwijzer* and *genietmaardrinkmetmate.nl*.

International
Outside the Netherlands our local distribution partners all adhere to local legislation and marketing codes. Together with our partners around the world we continue to improve the consumer information provided on our packaging, such as the inclusion of the 'Pregnant? Don't drink' logo on our products.

Training bartenders
Responsible alcohol consumption is also an important topic at the Bols Bartending Academy, our bartending school where we train and teach bartenders. We educate bartenders on the principles of responsible drinking and responsible serving and how to promote them. During our training courses we also promote healthy living for the bartenders, teaching them how they can live a responsible lifestyle.

Promote low-alcohol drinks
At Lucas Bols we see the trend towards low-alcohol drinks and are dedicated to promoting this. We launched a number of new flavours in our Bols Liqueurs range that are a perfect base for a light alcohol drink. For instance, our Bols Cucumber-flavoured liqueur is an excellent fit with tonic to create a very refreshing, low-alcohol drink.

SUSTAINABLE SUPPLY CHAIN

Lucas Bols focuses on its entire supply chain in its pursuit to be a driving force behind a more sustainable environment. The company manages the supply chain from raw materials to distributors but has outsourced the execution of many of the activities. This includes having the suppliers of raw materials and packaging materials managed by joint venture Avandis in cooperation with its purchasing group Columbus, and logistics service provider NedCargo managing our warehousing and transportation operations.

In the context of our strategy for long term value creation, 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.

Suppliers of ingredients and packaging materials
For a number of years we have monitored our suppliers' progress in terms of sustainability and environmental impact on an annual basis. In our supply chain Avandis is responsible for all sourcing and buying of product-related raw materials, while purchasing group Columbus is our buyer of supportive goods. Suppliers are asked to commit to the Supplier Code of Columbus. All suppliers signed and agreed to do so.

The vast majority of our ingredients are sourced in the Netherlands and other countries in Western Europe.

Ingredients
Our ingredients include grains, herbs and spices, sugar and alcohol. Our supplier of sugar has a sustainability programme in place which is underpinned by three guiding principles: good stakeholdership care for people, sustainable sourcing and agriculture, and environmental sustainability. They cooperate with farmers and partners to shape a better future. With respect to their environmental impact they make every possible effort to prevent or minimise emissions, reusing water and saving energy in all areas of the supply chain. An example of an initiative resulting in a more efficient and sustainable process is the investment in facilities for sugar beet washing in 2017.

LUCAS BOLS SUPPLY CHAIN FROM RAW MATERIAL SUPPLIERS TO DISTRIBUTORS

Packaging
The main components of our packaging materials are glass and paper-based materials. Our glass supplier is the first food and beverage packaging company to achieve a gold rating in material health on the cradle-to-cradle product scorecard. Certification is based on five categories: material health, material reutilisation, water stewardship, renewable energy use and social fairness. In addition, glass is made from natural ingredients, so all Lucas Bols bottles can therefore be recycled. All our paper-based products are made from a renewable resource and are 100% recyclable.

Avandis production site
Environmental impact
The advanced bottling plant in the Netherlands operated by the Avandis joint venture is working to minimise its environmental footprint.
This has resulted in:
- lower energy consumption and more responsible water use;
- reduced residual waste (e.g. separated substrate can be recycled into reusable paper).

Health and safety
The health and safety of staff at the production plant is enhanced by:
- stressing the need for staff to always report dangerous situations and incidents. In the year under review only three accidents resulted in absenteeism, none of which required medical treatment;
- promoting healthier living and sustainable employability through a programme supporting sports activities for staff and the provision of fruit at the workplace.

Warehousing and transport
Environmental impact
The main storage location of the Lucas Bols products located next to the production site in the Netherlands is operated by NedCargo, which is a member of the Lean & Green sustainable logistics programme. NedCargo reduced its energy consumption by 50% by investing in LED lighting at the entire location. All electricity used in the warehouse is sourced from windfarms. As a consequence the operations are now 100% energy-neutral.

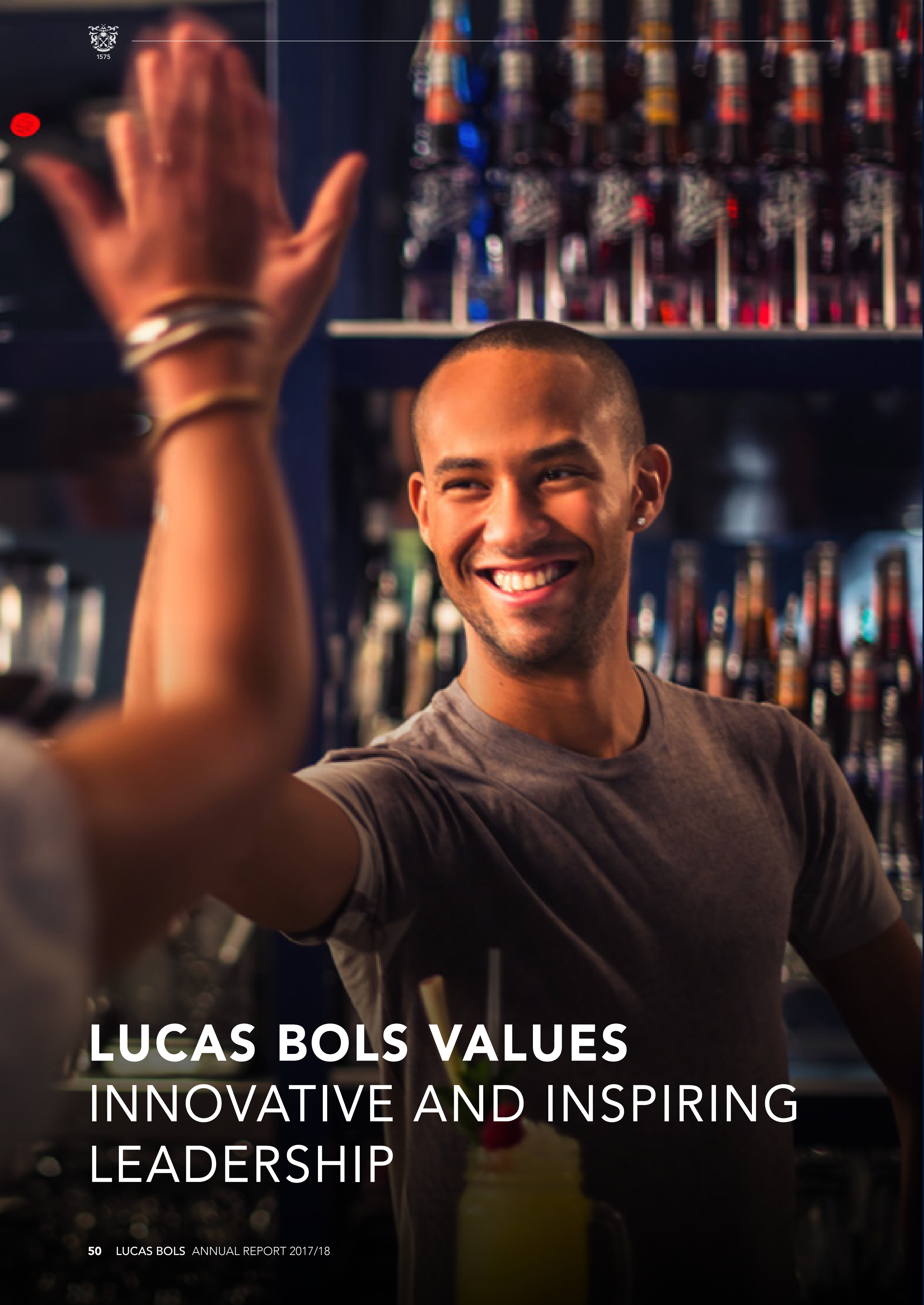
Health and safety
NedCargo is committed to ensuring good and safe working conditions and aims to achieve an accident-free environment at its locations. In the year under review no accidents were reported at the location in Zoetermeer. In the transportation part of the supply chain, activities outsourced to NedCargo, various initiatives are in place to reduce the fuel consumption of trucks and to increase driver safety.

BEING A GOOD EMPLOYER

At Lucas Bols we recognise that strong brands require strong people, which means that our top priority is to provide a vital culture and dynamic work environment.

Our values and working principles
In the past year we took important steps to further define our organisation and culture and to refine our way of working. The whole organisation, i.e. all teams, participated in Management Drives, an extensive programme that provides insights into the drive and motivation of all team members. This greatly increases mutual understanding, which in turn impacts how teams work together in a positive way. This clearly lifts team spirit throughout the organisation. We have also redefined our values and working principles, which is expanded on in the following pages. We believe that by adhering to these values and working principles we build a culture focused on long term value creation.

Further to our values we also have a code of conduct which includes behaviour and values relating to advocating responsible alcohol consumption and encouraging socially responsible communication on this. Respect for human rights is embedded in the code of conduct. Discrimination, sexual harassment or other intimidation, aggressiveness, violence and bullying are unacceptable behaviour and will not be tolerated. Lucas Bols strives to deal with all of its customers, suppliers and business partners in a straightforward and above-board manner and in strict compliance with any legal requirements. We are confident that the code of conduct works effectively and have not identified any indication of non-compliance to our code of conduct in the past financial year.



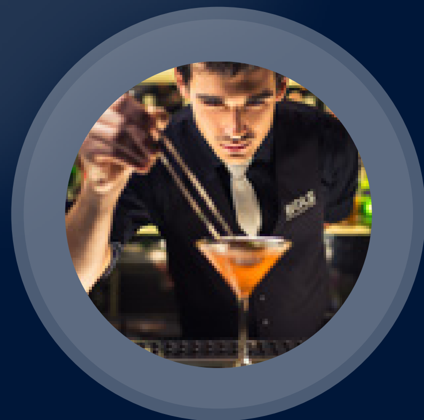
LUCAS BOLS VALUES
INNOVATIVE AND INSPIRING LEADERSHIP

LUCAS BOLS VALUES

CLIENT & CONSUMER DRIVEN

TEAMWORK & TRUST

ENTREPRENEURSHIP



EXCELLENCE IN EXECUTION

New performance review cycle

As part of the new way of working, a new performance review cycle has been introduced which focuses on personal development and setting objectives. Employees are coached to set clear objectives and translate them into smaller targets spread throughout the year.
A progress review halfway through the year and a year-end assessment interview complement the review cycle. Talent development is an important element, so we encourage and support employees who wish to develop their career by learning new skills and challenge them to grow into new positions. We promote their development, either through training focused on job-specific skills or on personal development and/or coaching. The outcome of the Management Drives programme provides valuable input for the personal development process of our people.

Employee well-being

We aim to create a healthy work environment for our employees. The working space is of course an important element of their well-being. In the summer of 2018 our head office will be completely renovated. The new workspaces will support and stimulate an agile and flexible new way of working. There will be flexible work spaces and ample teamwork facilities, creating an inspiring meeting place to work. Different working possibilities will be encouraged – from sitting down to standing and moving around the office – promoting a healthy, integrated way of working.

The environmental impact of our head office in Amsterdam will also be taken into consideration in the renovation project.

Furthermore a healthy work-life balance is highly valued. At Lucas Bols time off means time off. Holiday entitlement is higher than average and there is ample room for flexibility. It is embedded in the company's culture that reaching objectives is what matters and not the number of hours worked. A healthy lifestyle is also promoted by offering healthy daily lunches and fresh fruit.

Work enjoyment is also high on our agenda. Various staff events are held throughout the year to increase solidarity and build team spirit within the group.

In the year under review the average rate of absenteeism was further reduced to 1.68% (2016/17: 2.90%). Our continued focus on prevention and internal support, combined with good cooperation with the external health and safety service had a positive impact on this rate.

Diversity

At Lucas Bols we believe in a diverse workforce. Inclusion is the foundation of a sustainable, strong culture. We constantly seek to create a positive corporate culture where all employees have equal rights and opportunities, regardless of their gender, age, sexual orientation or background. Our attitude to diversity and inclusion also reflects our business values and how we interact with our colleagues, partners and consumers. With respect to gender equality we are fairly balanced, with 41 male employees and 37 female employees. In 2016/17 Lucas Bols had 40 male and 35 female employees. In terms of gender equality there is no difference in the base salary and total remuneration between women and men across all employee categories.

Furthermore Lucas Bols employees represent a great number of nationalities and the age composition within the organisation is quite balanced.

People in numbers

At the end of the year under review Lucas Bols had a total of 73 FTEs (78 employees), an increase compared to the 70 FTEs (75 employees) at year-end 2016/17.

In the Netherlands Lucas Bols employed 48 people (year-end 2016/17: 44 employees), along with additional flexible staff, particularly at The House of Bols and Wynand Fockinck. Another 30 people work for Lucas Bols outside the Netherlands. This number remained stable compared to last year. The majority of these employees are located in the US and this number also includes employees of Passoã SAS in France.

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 the Employee Share Participation Plan (ESPP). The objective is to increase involvement and engagement by making employees owners of the company. Under the plan, shares can be purchased twice a year at a 13.5% discount to the share price, up to a maximum amount of one annual salary per three years. The shares purchased are subject to a three-year lock-up period during which the employee is entitled to receive dividends. In the year under review 2 employees participated in the plan, bringing the total participants since the start of the plan to 15.

LUCAS BOLS IN SOCIETY

Lucas Bols supports various social initiatives in the Netherlands and other countries where our products are distributed, both with and through our local partners. These programmes range from providing support for senior citizens to sustainability programmes. Our partnership with Dance4Life is the company's most important programme.

Dance4Life works with young people to combat one of the greatest health risks to young people: unprotected sex. Dance4Life does so using the Journey4Life, an international educational programme given by and for young people. This educational programme is rolled out by local partners in nearly 20 countries across five continents. The Journey4Life programme is based on research results about behavioural change in young people, but also on their personal experience and stories. The focus of the programme is on building self-esteem, equality and being critical about existing social norms and values.

Dance4Life sets itself apart as an organisation with a highly innovative business model known as 'social franchising'. Independent local NGOs become owners of the Journey4Life. After receiving the Dance4Life learning material, they adjust it to their local context and apply it. Their findings are later used by Dance4Life to further improve the Journey4Life programme. The result is an innovative business relationship with local partners based on equality, in line with the spirit of the times. The Dance4Life target for 2030 is to reach 5 million young people worldwide together with these local partners.

Lucas Bols is inspired by Dance4Life's objective to empower and change the behaviour of young people and, in doing so, to help build healthy and positive lives. In recent years we have enjoyed working with Dance4Life, seeing first-hand how effective the programme is both in the Netherlands and elsewhere. As a company we identify well with the working methods of Dance4Life's local partners, methods that resemble Lucas Bols's own business model. Lucas Bols is a partner of Dance4Life, providing donations and advice and supporting the Friends4Life donor network with Bols cocktails at festive events. Lucas Bols's employees can also raise funds for Dance4Life through sponsored sporting achievements.

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. In the 2017/18 financial year Lucas Bols set up a risk management committee. The committee adjusted and further formalised the risk management framework. Responsibilities and reporting lines are now defined in more detail, with a bottom-up approach that involves risk ownership further down the organisation. The adjusted framework is elaborated on below.

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 any developments in the risk environment of the company.

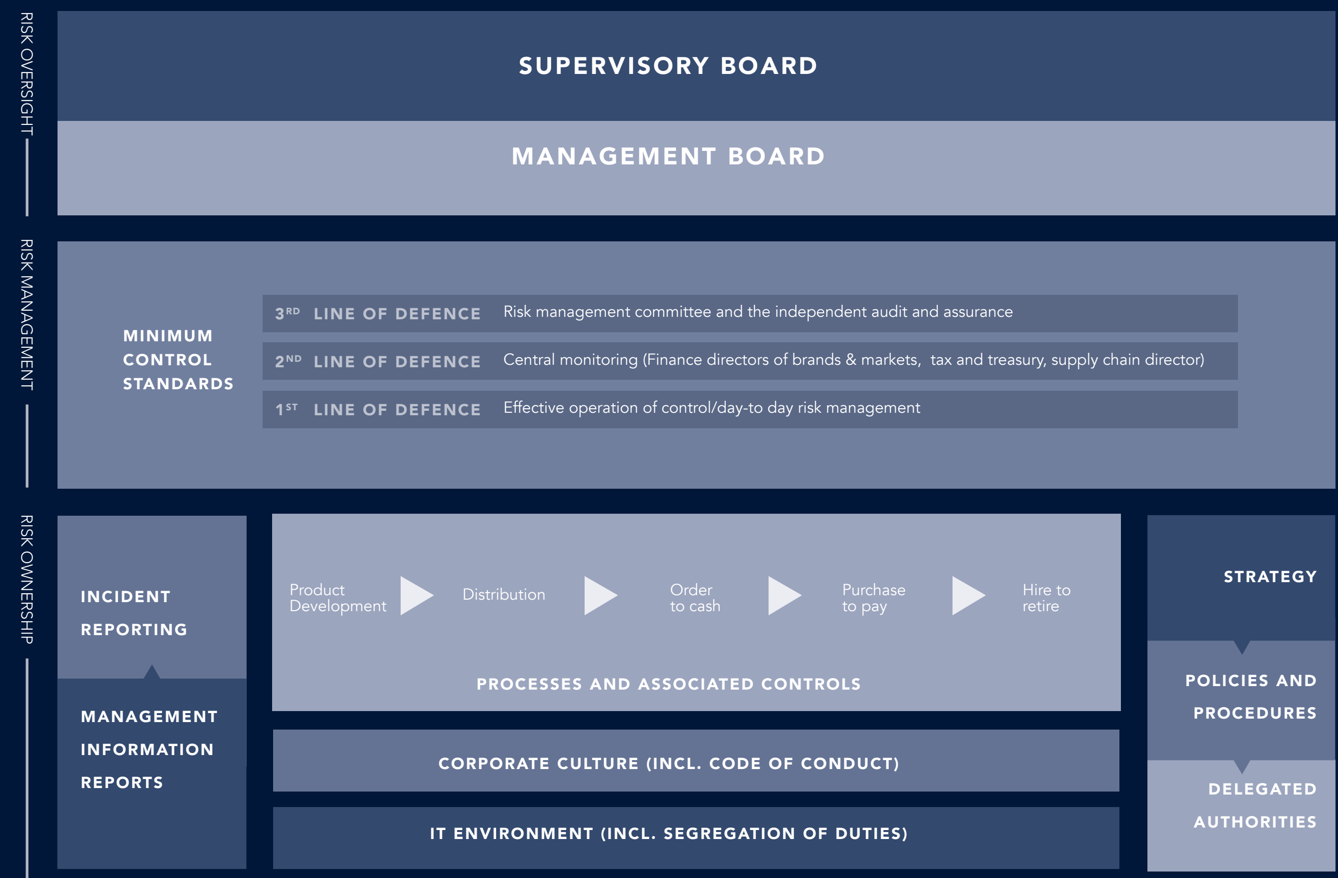
In general Lucas Bols has a low risk appetite. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and our activities. Our risk management framework is the foundation for the mitigation of corporate business risks and has been developed to provide reasonable 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. The risk management committee is responsible for the establishment, performance and monitoring of the risk management framework. The committee is headed by the CFO of Lucas Bols and also consists of the finance director internal and external reporting and the legal counsel.

RISK MANAGEMENT FRAMEWORK

The Management Board is ultimately responsible for establishing and maintaining sound internal risk management and control systems. Management leads by example. Overseeing risks and monitoring the risk management function is the responsibility of the Supervisory Board and the Management Board. Risk management is a topic that is regularly discussed at the Supervisory Board meetings. Risk management is performed with the 'three lines of defence' approach, with an effective day-to-day risk management system as first line of defence. The central monitoring of key people in the organisation acts as second line of defence, covering all critical business processes, such as the supply chain. The risk management committee, together with the external independent audit and assurance, forms the third and last line of defence. The framework ensures that risk ownership becomes part of everyday operations, across all departments and processes. Key in detecting and monitoring risks is the management information reports, including developments on brands and regions, the Management Board receives on a

RISK MANAGEMENT GOVERNANCE

The Governance framework acts as the foundation for the mitigation of corporate business risks and enables to achieve our strategic objectives and maintain our company's long-term viability and reputation.



monthly basis. In addition deep dives are performed into specific subjects. Furthermore Lucas Bols has a culture of clear responsibilities, open communication and short communication lines that supports the effectiveness of the group's risk management. Lucas Bols's risk management systems are constantly monitored, upgraded where necessary and adapted to reflect changes in internal and external circumstances.

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 the product development and quality 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. The control system is largely embedded in the company's information systems.

Brand Market Units (BMU) structure

Our medium-term plan forms the basis for our annual budget. Our budget is detailed with a separate budget made for each brand in each country, resulting in a matrix of brand/ market units. The annual budget is the result of a diligent process, whereby our distributors provide forecasts, which are challenged by Lucas Bols management and subsequently agreed. The budget is largely based on these forecasts.

Actual performance is closely monitored in detail and all risks and opportunities that arise are evaluated and acted upon on a monthly basis. This cycle includes monitoring the currency effects, which arise from our worldwide operational activities.

To ensure that the management information 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.

Passoã SAS

In December 2016 we established Passoã SAS, a jointly owned entity with Rémy Cointreau, to operate the global Passoã brand. The supply chain is fully outsourced to Lucas Bols and has consequently been integrated into our systems. While Passoã SAS is a standalone entity, its reporting structure is fully compliant with the Lucas Bols models and is integrated in our budget and monitoring cycle. The entity reports on a monthly basis and these reports are discussed with the Lucas Bols Management Board.

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.

Policies

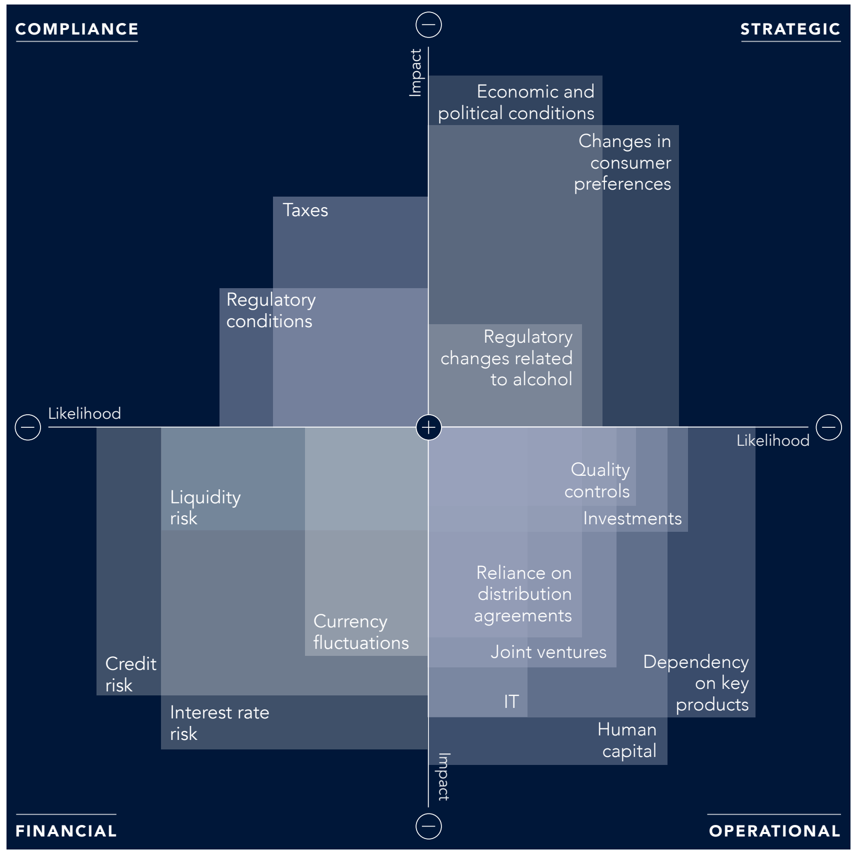
As referred to above, Lucas Bols has a code of conduct drawn up by the Management Board and approved by the Supervisory Board. The code of conduct describes how Lucas Bols's employees should behave and do business in various circumstances and situations. The code of conduct applies to all employees of 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. No incidents have been reported in 2017/18.

Developments in risk management and control system in 2017/18

In the 2017/18 financial year the risk management framework was adjusted, further expanded and formalized. The monitoring of risks has been extended to the level of senior management, who were trained in December 2017. These so-called risk reporters report to the Management Board four times a year. The Management Board reports to the Supervisory Board on a semi-annual basis regarding the developments in the risk management and control system. Urgent risks or impactful issues are reported and discussed without delay. During the past financial year there were no significant deficiencies in the risk management system.

Cyber security

In the past financial year we devoted more attention to risks related to cyber security. An extensive assessment was conducted together with an external advisor. Important areas of attention are data integrity, security and continuity. Furthermore data privacy is a focus area, also given the new legislation that came into effect in May 2018. Training programmes are being set up to increase awareness of



This diagram illustrates the principal risks grouped by category – the closer to the nucleus the higher the likelihood and the impact.

cyber security-related topics. These programmes will be executed in 2018/19. A new data security policy is drafted and will be implemented in 2018/19.

RISKS AND UNCERTAINTIES THAT HAD A SIGNIFICANT IMPACT ON THE COMPANY IN 2017/18

In the 2017/18 financial year the overall macro and geopolitical environment was stable for the spirits sector. Although currencies had a larger impact than in the previous year on our top line, the effect of the currency fluctuations on our EBIT was still limited due to our hedging policy. In 2018/19 currencies will have a more significant impact on the EBIT level if the Euro remains strong versus our most important other currencies (USD, YEN and AUD). The impact of government regulations was limited, although in the southern part of Africa regulations regarding certain packaging sizes impacted the concentrates business and did have a major negative impact on the performance of the regional brands portfolio. There were no disruptions to the supply of goods and no adverse cost developments. The fierce hurricane season impacted our business in the Caribbean.

For more details on the developments in 2017/18 and the potential impact of material changes in both internal and external circumstances on the company's results, please refer to the risk overview on the following pages. For the sensitivity analysis please refer to note 26 of the consolidated financial statements.

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. The overview also lists the risk appetite of Lucas Bols for each of the main categories.

The likelihood and impact of the different risks in 2017/18 is illustrated in the diagram above.

Although management believes that these risks 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.

STRATEGIC

Risk appetite – moderate

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.

RISK	MITIGATION
Regulatory changes related to alcohol Alcohol remains under scrutiny in a number of markets around the world with some countries having a more negative regulatory approach towards alcohol.	Lucas Bols supports a responsible approach to alcohol and considers this a core element of its strategy to grow a sustainable, long-term business. We advocate responsible consumption and encourage socially responsible communication as part of our CSR strategy.
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. Also geopolitical issues and trade and import restrictions could have negative consequences for our businesses. 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 25 brands in more than 110 countries in four regions. In addition, Lucas Bols has a sound financial performance with strong operating margins, which can act as a cushion against an economic downturn.
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 means 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 swiftly to such changes with new flavours and products. *In the 2017/18 financial year, for example, Lucas Bols responded to the 'light' trend with its successful Low Bols campaign, promoting low-alcohol cocktails.*

OPERATIONAL

Risk appetite – low

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.

RISK	MITIGATION
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. *Our Avandis joint venture took important steps in the modernisation of its production facility in Zoetermeer, with environmental compliance being an important element. This modernisation process also enables the company to expand its third-party contracts, a key pillar of its business strategy. This process, which requires investments and swift decision-making, is running smoothly in good cooperation with all three joint venture partners. Furthermore the integration of Distillery Cooymans is progressing well.*
Investments Transactions that the company engages in, such as acquisitions or investments in joint ventures or associates, might not produce the expected returns.	Potential investments and acquisitions are aligned with our strategy. Decisions to invest or acquire are based on thorough processes, where necessary with external support. New brands are integrated in our management information and reporting systems. *In 2017/18 Lucas Bols made a limited investment in the sparkling liqueur brand Nuvo for which the company entered into a strategic partnership. This investment is well-considered and the Nuvo brand has the potential to grow substantially in the coming years. In addition, the brand's management has a successful track record in building spirits brands.*
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.

RISK	MITIGATION
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 by the commercial team and if this evaluation shows that action is needed, that action will be taken, within the contractual terms agreed. *In 2019, a number of our distribution agreements will come up for renewal. Management is confident that it will be able to successfully renew contracts with existing distribution partners or enter into agreements with new distribution partners if management deems that to be more beneficial to the company's brands.*
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. *In the year under review we further strengthened our organisation. Towards the end of the year we appointed a new executive director global marketing who will be responsible for global marketing and innovations of the Lucas Bols brand portfolio. We also strengthened our commercial organisation in Eastern Europe to accelerate the growth of our brands in this region.*
IT IT security threats and levels of sophistication in computer crime are increasing globally, posing a risk to the confidentiality, availability and integrity of data and information and going as far as posing a risk to the order to cash process.	We have invested in protection measures to prevent damage from cyberattacks and ensure that we have secure and well-controlled IT systems. Furthermore, we have further increased our internal controls on outgoing payments. *As indicated above cybersecurity has our ongoing attention. An assessment was conducted with an external advisor and the findings resulted in an action plan that will be implemented in the coming year.*

FINANCIAL

Risk appetite – low
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.

RISK	MITIGATION
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 short term 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. *In the past year the impact of foreign currency exchange rates on our operating result was limited due to the hedging policy. In the 2018/19 financial year the hedging policy is unchanged, however, the impact of foreign currencies will be significant if the euro remains strong.*
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	
Risk appetite – low Lucas Bols operates in a market that is strongly regulated worldwide. 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.	
RISK	MITIGATION
Regulations 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 and consumption of alcoholic products. *In the past financial year, the profitability of the regional brands portfolio was impacted by a change in local regulations in the southern part of Africa which resulted in significantly lower sales of concentrates.*
Taxes Increases in taxes, particularly increases in excise tax rates, could adversely affect demand for the company's products.	Excise tax increases which are significant in a given market tend to have a negative impact for a period of 12 months, followed by stabilisation and often recovery of the business. 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.

IN CONTROL STATEMENT

The Management Board is responsible for the design and operation of the internal risk management and control systems. Management has assessed whether the risk management and control systems provide reasonable assurance that the financial reporting does not contain any material misstatements. In accordance with best practice 1.4.3 of the Dutch corporate governance code of December 2016 and with reference to the risk management and control chapter and the financial review on pages 41 to 45 the Management Board is of the opinion that, to the best of its knowledge:

- the report provides sufficient insights into any deficiencies in the effectiveness of the internal risk and control systems; no deficiencies in the effectiveness of the internal risk and control systems have been identified.
- the internal risk management and control systems of the company provide reasonable assurance that financial reporting as included in the Financial Statement on pages 80 to 126 does not contain any material inaccuracies;
- there is a reasonable expectation that Lucas Bols will be able to continue its operations and meet its liabilities for at least twelve months, therefore, it is appropriate to adopt the going concern basis in preparing the financial reporting;
- there are no material risks or uncertainties that could reasonably be expected to have a material adverse effect on the continuity of Lucas Bols's operations in the coming twelve months.

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 2018, and of the company's state of affairs for 2017/18, 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, 6 June 2018

Management Board
Huub van Doorne & Joost de Vries

COMPOSITION OF THE SUPERVISORY BOARD

DERK DOIJER
CHAIRMAN

MR. D.C. (DERK) DOIJER
1949, Dutch nationality

Current term commenced on 4 February 2015 and expires in 2019. Re-election will be scheduled at the AGM in 2018.

Other positions
Member of the Supervisory Board of De Stiho Groep B.V.

MARINA WYATT
MEMBER

MRS. M.M. (MARINA) WYATT
1964, British nationality

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 Renewi plc

ALEXANDRA OLDROYD
MEMBER

MRS. A.L. (ALEXANDRA) OLDROYD
1967, British nationality

Current term commenced on 1 September 2016 and expires in 2020. Re-election will be scheduled at the AGM in 2020.

Other positions
Managing Director Fluxion Advisors
Non-executive director of Brockmans Gin

RALPH WISBRUN
MEMBER

MR. R. (RALPH) WISBRUN
1957, Dutch nationality

Current term commenced on 7 September 2017 and expires in 2021. Re-election will be scheduled at the AGM in 2021.

Other positions
Founding Partner and co-owner JWT Amsterdam
Board member of the Foundation to support the Emma children's hospital
Board member of the Carré Fonds

REPORT OF THE SUPERVISORY BOARD

In the 2017/18 financial year Lucas Bols further strengthened its market position and achieved revenue growth of the global brands, particularly in Western Europe, the US and emerging markets.

The year under review was marked by the successful incorporation of Passoã SAS into the Lucas Bols organisation. The Passoã brand performed well, in line with expectations, and was an important driver of the strong revenue and gross margin growth of the global brands. The global brands portfolio posted good growth in the US. New listings, the expansion of flavours and the growing position of the global brands in the retail market translated not only into revenue growth but also into increased margins. The hurricane season had a negative impact on the company's results, but the markets affected started to normalise towards the end of the financial year. In the second half of the year the company entered into a strategic partnership with London Group for the sparkling liqueur Nuvo. This partnership demonstrates how Lucas Bols can leverage its strong marketing and distribution platform, one of the company's main strategic themes.

COMPOSITION OF THE SUPERVISORY BOARD

On 31 March 2018 the Supervisory Board of Lucas Bols consisted of four members: Derk Doijer (chairman), Marina Wyatt, Alex Oldroyd and Ralph Wisbrun. Mr. Wisbrun was appointed for a term of four years at the Annual General Meeting of Shareholders of 7 September 2017.

The composition of the Supervisory Board is in line with the Supervisory Board profile as drawn up by the Supervisory Board and published on the Lucas Bols corporate website. With the appointment of Mr. Wisbrun the gender ratio of the Supervisory Board is balanced at 50:50. However, Lucas Bols feels that gender is only part of diversity and future members of the Supervisory Board will continue to be selected on the basis of their expertise, background, independence and diversity as described in the Supervisory Board profile. For more information on gender diversity please refer to the Corporate Governance Section.

The Supervisory Board confirms that all its members are independent as defined in best practice provisions 2.1.7 to 2.1.9. of the Dutch Corporate Governance Code. No member of the Supervisory Board holds more than five directorships at Dutch 'large companies', in accordance with section 2:142a of the Dutch Civil Code.

With the Supervisory Board consisting of four members, in the interest of efficiency it has been decided not to appoint any committees from within its ranks. However, audit-related meetings are chaired by Mrs. Wyatt and in the year under review meetings regarding remuneration were temporarily chaired by Mr. Doijer and subsequently by Mr. Wisbrun (following his appointment).

As set forth in the current rotation plan Mr. Derk Doijer and Mrs. Marina Wyatt are eligible for reappointment at the Annual General Meeting of Shareholders of 6 September 2018. Both Mr. Doijer and Mrs. Wyatt have been members of the Supervisory Board since the listing of Lucas Bols in February 2015 and are available for reappointment. In addition, the members of the Management Board, Mr. Huub van Doorne and Mr. Joost de Vries, are also eligible for reappointment at the Annual General Meeting of Shareholders of 6 September 2018. The members of the Supervisory Board are pleased that the two Management Board members are also available for reappointment. Accordingly, Mr. Doijer, Mrs. Wyatt, Mr. Van Doorne and Mr. De Vries will be nominated for reappointment at the following Annual General Meeting.

EVALUATION

The Supervisory Board reviewed and discussed its own functioning during the 2017/18 financial year. In preparation for this discussion the members of the Supervisory Board and the Management Board provided feedback through a written assessment. The assessment included reviews of the composition of the Supervisory Board, the Supervisory Board's profile including the competence and expertise, the effectiveness of the meetings of the Supervisory Board, the lessons learned from this year's experiences, the adequacy of the information supplied to the Supervisory Board and the training of the Supervisory Board. Overall these items were assessed positively. A key point for follow-up will be a further increase of the Supervisory Board's exposure to young talent and people who report to the Management Board.

The composition, functioning and succession planning of the Management Board and the performance of its individual members were also assessed and discussed.

MEETINGS AND ATTENDANCE IN 2017/18

The Supervisory Board held five ordinary meetings and one extraordinary meeting (conference call) during the year under review. All members were present at all meetings (either in person or via video conference on one occasion). 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 members.

All but one physical meeting took place at the company's offices in Amsterdam. Between meetings, Supervisory Board chairman Derk Doijer maintained contact with the Management Board on a regular basis and Supervisory Board member Marina Wyatt was in regular contact with CFO Joost de Vries on audit-related matters.

Topics discussed in the various meetings included the financial performance of the company as well as market, brand and distribution developments in the various markets in which Lucas Bols operates, with special attention for the US. The Supervisory Board devoted considerable time to discuss the company's strategy and the objectives with respect to its long-term value creation with the Management Board as well as the execution and progress achieved. During these sessions the Management Board's ideas were tested and challenged by the members of the Supervisory Board in order to ensure that decisions were reached that underpin Lucas Bols's strategy and are aligned with the long-term value creation pursued by the company.

Furthermore, the Supervisory Board was kept informed of Lucas Bols's strategic, financial, operational, legal and compliance risks, of the internal control and management systems in place, and of the actions taken to manage the risks. The Supervisory Board was informed extensively on developments at the Company's joint ventures.

In addition, the Supervisory Board discussed management developments, including changes in the organisational structure, investor relations (including the view of analysts and investors), the budget for the 2017/18 financial year, changes in regulations and applicable IFRS standards (with specific attention for the impact of IFRS 15 and IFRS 16), the implications of the revised Dutch Corporate Governance Code for Lucas Bols and the preparation, evaluation and follow-up with respect to the Annual General Meeting of Shareholders.

During the 2017/18 financial year the Supervisory Board met with the external auditors on two occasions. The auditors were present at the meeting in June 2017 to discuss the 2016/17 financial statements and the external auditor's report and findings. Furthermore the auditors were present at the Supervisory Board meeting in November 2017 to discuss the key items for the audit of the 2017/18 financial statements. The company's accounting policies, reporting and financing structures were discussed on both occasions.

REPORT OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

At the Annual General Meeting of Shareholders held on 7 September 2017 the Management Board gave an account of the general state of affairs at Lucas Bols and of its financial performance in the 2016/17 financial year. The meeting adopted the 2016/17 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 Ralph Wisbrun as a member of the Supervisory Board for a four-year term. The meeting authorised the Management Board to issue ordinary shares, limited to a maximum of 10% of the total number of outstanding shares for a period of 18 months, and an additional 10% in connection with mergers and acquisitions, as well as to repurchase ordinary shares limited to 10% of the total number of shares outstanding. EY Accountants, the auditor of the 2016/17 financial statements, gave a presentation on the auditor's opinion.

INTERNAL AUDIT FUNCTION

Based on the evaluation by the Management Board of Lucas Bols's internal control system and the discussions of the Supervisory Board with the Management Board, it is the opinion of the Supervisory Board that internal control elements are effectively integrated within the company's operations, also taking into account the size of the company and its relatively simple and centralised structure. Furthermore Lucas Bols performs periodical audits at its distributors, focusing mainly on A&P spending and how this is accounted for.

In accordance with best practice provision 1.3.6 of the Dutch Corporate Governance Code and 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 reviews this decision annually.

2017/18 FINANCIAL STATEMENTS AND DIVIDEND

The Supervisory Board has reviewed and discussed the 2017/18 annual report and financial statements. The 2017/18 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 2018 by the Supervisory Board and the external auditor in the presence of the Management Board.

The Supervisory Board believes the 2017/18 financial statements of Lucas Bols meet all requirements for correctness and transparency. All members of the Supervisory Board and the Management Board have signed the 2017/18 financial statements pursuant to the statutory obligations under article 2:101 (2) of the Dutch Civil Code.

The Management Board will present the financial statements for 2017/18 and its report at the Annual General Meeting of Shareholders on 6 September 2018. The Supervisory Board recommends that the Annual General Meeting of Shareholders adopt the 2017/18 financial statements and discharge the Management Board and the Supervisory Board from liability for their management and supervision in the year under review. The Supervisory Board endorses the Management Board's proposal to the Annual General Meeting of Shareholders to pay an all-cash final dividend of € 0.25 per share for 2017/18, bringing the total dividend for the 2017/18 financial year to € 0.60 per share.

The members of the Supervisory Board wish to thank the employees of Lucas Bols and the Management Board for their continued dedication and commitment to the company. The members would also like to thank the company's business partners for their long-term relationship with the company and the Lucas Bols shareholders for their trust in the company and its people.

Amsterdam, 6 June 2018

On behalf of the Supervisory Board

Derk Doijer, Chairman

CORPORATE GOVERNANCE

Lucas Bols acknowledges the importance of good governance and its vital role in ensuring integrity and maintaining open and transparent communications with stakeholders and other parties interested in Lucas Bols. 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).

CORPORATE GOVERNANCE DECLARATION

Lucas Bols fully endorses the core principles of the Code and is committed to following the best practices of the Code to the furthest extent possible. However, considering our interests and the interests of our stakeholders, we deviate from a limited number of best practice provisions, which will be specified and explained later in this chapter.

GENERAL

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.

LONG-TERM VALUE CREATION AND CULTURE

Lucas Bols's strategy and culture are aimed at long-term value creation. For Lucas Bols long term value creation is all about building brands and building our strategic platform. To create value Lucas Bols constantly and consciously invests in its brands, through investments in A&P, product development, quality and long term partnerships. For an elaboration on creating long term value reference is made to the strategy paragraph, the Lucas Bols Essence and the operational review of the report of the Management Board. Furthermore, as a spirits company Lucas Bols takes its role in society very seriously, advocating responsible alcohol consumption and encouraging socially responsible communication on this. Throughout the company entrepreneurship, client & consumer driven, excellence in execution and teamwork & trust are the main drivers to build future, sustainable success. More detail on culture and our company values can be found in the Corporate Social Responsibility chapter in the report of the Management Board.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The company promotes a transparent, company-wide approach to risk management and internal controls, enabling it to operate effectively. This approach is aimed at finding the right balance between maximising business opportunities and managing the risks involved. The Management Board adopts a bottom-up approach which involves risk ownership further down the organisation. The risk management and internal control framework is outlined in more detail in the risk management and control paragraph as of page 54 of this annual report.

SHARES – VOTING RIGHTS

The authorised share capital of Lucas Bols comprises a single class of registered shares. All issued shares are fully paid up and each share confers the right to cast a single vote at the general meeting. At the end of 2017/18 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 6 March 2019;
- 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 6 March 2019;
- 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 6 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 4.2.3 of the Code, Lucas Bols announces meetings with analysts, presentations to (institutional) investors and press conferences in advance on the corporate website. The presentations are made available on the corporate website after the meetings. Lucas Bols will extend these facilities to webcasting as of June 2018.

MANAGEMENT BOARD

Responsibilities

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 the long term value creation strategy, execution 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.

Appointment and dismissal

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 prescribed in best practice provision 4.3.3 of the Code. Lucas Bols believes it is important that a diligent process can be safeguarded, that is why we deviate from the Code in this respect.

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 a member of the Management Board 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 4.3.3). Lucas Bols believes this to be justified in the interest of the continuity of Lucas Bols and its group companies.

Remuneration

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 long-term value creation strategy of Lucas Bols. The performance criteria on which the variable remuneration is based are aligned with the company's objectives to create long term value.

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. up to and including the financial year 2018/19.

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 clawback clause, that allows for a test of reasonableness and do not include a 'change of control' clause.

The remuneration policy was approved by the general meeting on 3 February 2015 at the proposal of the Supervisory Board. 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 as of page 74 of this report and on the corporate website.

SUPERVISORY BOARD

Responsibilities

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 four members, Mr. Derk Doijer, Mrs. Marina Wyatt, Mrs. Alex Oldroyd and Mr. Ralph Wisbrun. All members of the Supervisory Board are 'independent' as defined in best practice provision 2.1.7 to 2.1.9 of the Code.

In view of its size the Supervisory Board has decided not to appoint any committees in the interest of efficiency. However, audit-related discussions are chaired by Mrs. Wyatt and discussions on remuneration are chaired by Mr. Wisbrun. 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.

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 background and expertise of members. Members of the Supervisory Board are appointed for a term of four years and may be reappointed for a next period of four years and subsequently for a maximum of two other terms of two years.

Appointment and dismissal

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 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 2.1.6 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 provision as well as the provisions of article 2:166 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.

In the year under review, no changes were made to the composition of the Management Board and there is no intent to amend the composition or expand the Management Board in the foreseeable future. As such, the company does not expect to meet the 30% target at the level of the Management Board on the short term. At the AGM in 2017, Mr. Wisbrun was appointed as member of the Supervisory Board, which results in a 50-50 male-female division of the Supervisory Board.

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 any member of the boards during the financial year 2017/18. Lucas Bols complies with best practice provisions 2.7.3 and 2.7.4.

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, ending with the audit of the financial statements for the period ending 31 March 2018.

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. The Supervisory Board evaluated EY's functioning based on the input of the Management Board. Ernst & Young Accountants LLP confirmed its independence from Lucas Bols in accordance with the professional standards applicable to EY.

It shall be proposed to the Annual General Meeting of Shareholders on 6 September 2018 to re-appoint EY for the audit of the financial statements of the company.

AMENDMENT OF THE ARTICLES OF ASSOCIATION

The general meeting may resolve to amend the Articles of Association at the proposal of the Management Board and subject to the prior approval of the Supervisory Board. When a proposal to amend the Articles of Association is to be made at a general meeting, the notice of such meeting must state so and a copy of the proposal shall be deposited and kept available at the company's office for inspection by, and must be made available free of charge to, shareholders until the conclusion of the meeting. An amendment of the Articles of Association shall be laid down in a notarial deed.

AGREEMENTS IN THE SENSE OF ART. 1.J. OF THE DECREE OF 5 APRIL 2006 (CHANGE OF CONTROL)[1]

The credit facility of Lucas Bols incorporates what is known as a 'change of control' provision. If a party acquires more than 50% of the company's issued share capital or voting rights, the company is subject to a repayment commitment. The agreements entered into with Remy Cointreau S.A. regarding the Passoã SAS also contain a change of control clause. If a party obtains 50.01% or more of the shares in the company's capital, Lucas Bols will be obliged to issue Remy Cointreau with a security in the form of a bank guarantee or an escrow deposit for an amount equal to the exercise price of the call/put option.

CLOSING STATEMENT

The information required to be included in the annual report pursuant to article 2a of the Decree on additional requirements for annual reports (*Besluit inhoud bestuursverslag*) is included in this corporate governance chapter as well as the risk management & control chapter of this annual report.

[1] This decree implements article 10 of the EU Takeover Directive.

REMUNERATION REPORT

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 long-term value creation strategy. 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. These holdings date back to before Lucas Bols obtained a stock market listing in 2015. While developing the remuneration policy, we conducted scenario analyses to determine the risks to which variable remuneration may expose the Company.

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, i.e. up to and including the financial year 2018/19.

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 maximum annual variable remuneration amounts to 50% of the gross annual base salary.

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. The threshold percentages, which are equal for both board members, vary per performance criteria.

On an annual basis, performance criteria are set by the Supervisory Board, at the beginning of the relevant financial year. These performance criteria consist of 50-70% financial targets, related to the company's financial performance. These targets are equal to both management board members. Qualitative criteria, 30-50% of the total performance criteria, are related to the company's and/or individual performance (measurable personal targets).

Pension

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.

General allowance

Both Management Board members receive a fixed amount for reimbursement of costs, including car, healthcare insurance etc. For Mr. van Doorne the general allowance also includes the costs of accruing a pension.

TEST OF REASONABLENESS AND CLAW BACK CLAUSE

In line with Dutch law, the variable remuneration may be reduced or (partly) recovered if certain circumstances apply. For any variable remuneration component 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 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 or demerger, or in other significant transactions.

SEVERANCE PAYMENT

In line with the Dutch Civil Code, 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.

REMUNERATION OF THE MANAGEMENT BOARD IN 2017/18

In the financial year ending 31 March 2018, Mr. van Doorne and Mr. de Vries served Lucas Bols 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 2017/18 are as follows:

MR. H.L.M.P. VAN DOORNE

AMOUNTS IN € '000 FOR THE YEAR ENDED 31 MARCH	2018	2017
Salary	470	470
Variable remuneration	145	189
Pension	–	–
General allowance	95	95
Total	**710**	**754**

MR. J.K. DE VRIES

AMOUNTS IN € '000 FOR THE YEAR ENDED 31 MARCH	2018	2017
Salary	320	320
Variable remuneration	94	129
Pension	31	31
General allowance	24	24
Total	**469**	**504**

TOTAL MANAGEMENT BOARD		
AMOUNTS IN € '000 FOR THE YEAR ENDED 31 MARCH	2018	2017
Salary	790	790
Variable remuneration	239	318
Pension	31	31
General allowance	119	119
Total	1,179	1,258

Fixed base salary
The gross annual base salary for Mr. van Doorne is set at € 470,000 and for Mr. de Vries at € 320,000.

Annual variable remuneration
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 the financial year 2017/18.

These performance targets and objectives form a balanced mix of financial, qualitative and personal performance criteria.

During the financial year 2017/18, the financial targets were aimed at increasing revenue growth and net profit. The financial targets made up 60% of the total performance criteria. The minimum thresholds for both financial targets were met, whereby both the revenue and normalised net profit targets were realized for 55% of the maximum achievable target.

The qualitative and personal targets, accounting for 40% of the total criteria, included for the CEO the successful integration of Passoã, revenue growth in the US as well as various marketing and commercial related targets. For the CFO these targets included the successful integration of Passoã, operational optimization of Avandis and successful integration of Cooymans as well as various operational targets including cost saving projects. For both management board members these targets were mostly realized.

As a result, the variable remuneration component with regard to the performance in 2017/18 amounted to 31.0% of the annual base salary for Mr. van Doorne and to 29.5% of the annual base salary for Mr. de Vries.

Share-awards
In 2014/15 (as a reward for the successful IPO), Mr. de Vries was granted 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 2018 amounted to € 141,120 (31 March 2017 € 134,848).

Pay ratio
The new Corporate Governance Code requires Lucas Bols to report on the pay ratio within the Company. The pay ratio used by Lucas Bols reflects the average total compensation of all Lucas Bols employees, globally (€ 110,366 in 2017/18) relative to the total average remuneration package (fixed and variable) of both the CEO and CFO (as included in this report). This resulted in a pay ratio for the CEO of 6.4 and for the CFO of 4.2.

Furthermore the Supervisory Board took note of the individual views of the Management Board regarding the structure and the level of their own remuneration.

REMUNERATION POLICY MANAGEMENT BOARD 2018/19

During the financial year 2018/19, the Supervisory Board will initiate an external benchmark with respect to the remuneration policy for and level of remuneration of the Management Board.

REMUNERATION OF THE SUPERVISORY BOARD MEMBERS

The general meeting determines the remuneration of the members of the Supervisory Board. On 7 September 2017, 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 remuneration of the Supervisory Board is not dependent on Lucas Bols's results.

The annual fee for the Supervisory Board members is set as follows:

REMUNERATION OF THE SUPERVISORY BOARD MEMBERS	
Chairman of the Supervisory Board	45,000
Vice-chairman of the Supervisory Board	40,000
Other members of the Supervisory Board	35,000

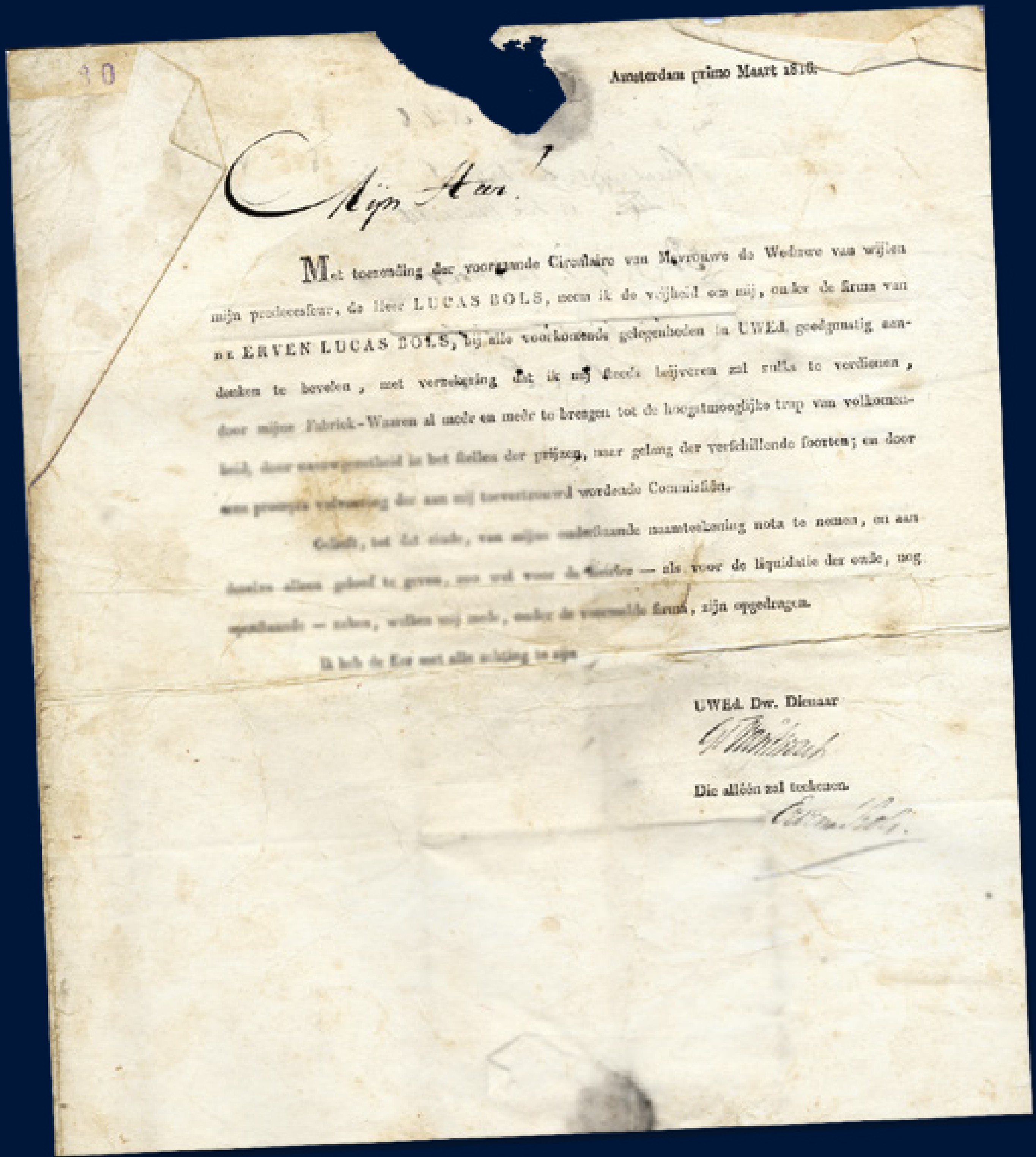
REMUNERATION OF THE SUPERVISORY BOARD IN 2017/18		
AMOUNTS IN € '000 FOR THE YEAR ENDED 31 MARCH	2018	2017
Mr. D.C. Doijer	43	40
Mrs. M.M. Wyatt	32	30
Mrs. A. Oldroyd	32	30
Mr. R. Wisbrun*	32	–
Mr. B. Meerstadt**	–	1
Total	139	101

* Ralph Wisbrun has been appointed as Supervisory Board member at the general meeting of shareholders of September 2017.

** Bert Meerstadt stepped down as Supervisory Board member in April 2016.

REMUNERATION POLICY SUPERVISORY BOARD 2018/19

No changes to the remuneration policy for the Supervisory Board are planned for 2018/19.



Mijn Heer.

Met toezending der voorgaande 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 aan- denken te bevelen, met verzekering dat ik mij steeds beijveren zal zulks te verdienen, door mijne Fabriek-Waaren al meer en meer te brengen tot de hoogstmogelijke trap van volkomen- heid, ... in het stellen der prijzen, naar gelang der verschillende soorten; en door ... der aan mij toevertrouwd wordende Commissiën.

Gelieft, tot dit einde, van mijne onderstaande naamteekening nota te nemen, en aan ... als voor de liquidatie der oude, nog ... zijn opgedragen.

UWEd. Dw. Dienaar

Die alléén zal teekenen.

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FINANCIAL STATEMENTS 2017/18

CONSOLIDATED FINANCIAL STATEMENTS 2017/18

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2018	2017
Revenue	5	92,191	80,486
Cost of sales	5	(35,064)	(32,074)
Gross profit		**57,127**	**48,412**
Distribution and administrative expenses	6	(34,477)	(32,385)
Operating profit		**22,650**	**16,027**
Share of profit of joint ventures	18	991	2,218
Finance income		23	37
Finance costs		(3,550)	(2,975)
Net finance costs	8	**(3,527)**	**(2,938)**
Profit before tax		**20,114**	**15,307**
Income tax expense	11	288	(248)
Net profit		**20,402**	**15,059**
Result attributable to the owners of the Company		**20,402**	**15,059**
Weighted average number of shares	9	12,477,298	12,477,298
Earnings per share			
Basic earnings per share (EUR)		1.64	1.21
Diluted earnings per share (EUR)		1.64	1.21

The notes on page 85 to 121 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	2018	2017
Result for the year		20,402	15,059
Other comprehensive income – Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liability	10	(64)	91
Related tax		16	(23)
Equity accounted investees – share of other comprehensive income	18	144	69
		96	**137**
Items that are or may be reclassified to profit or loss			
Foreign operations – foreign currency translation differences		(128)	47
Equity accounted investees – share of other comprehensive income	18	(184)	61
Net change in hedging reserve		221	618
Related tax		(55)	(154)
		(146)	**572**
Other comprehensive income for the year, net of tax		**(50)**	**709**
Total comprehensive income for the year, net of tax		**20,352**	**15,768**
Total comprehensive income attributable to the owners of the Company		**20,352**	**15,768**

The notes on page 85 to 121 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 TRANS-LATION RESERVE	HEDGING RESERVE	OTHER LEGAL RESERVES	RETAINED EARNINGS	RESULT FOR THE YEAR	TOTAL EQUITY
Balance as at 1 April 2017	1,248	130,070	–	40	(650)	1,650	24,468	14,009	170,835
Transfer result prior period	–	–	–	–	–	–	14,009	(14,009)	–
Total comprehensive income									
Profit (loss) for the year	–	–	–	–	–	–	–	20,402	20,402
Other comprehensive income	–	–	–	(312)	166	–	96	–	(50)
Total comprehensive income	**–**	**–**	**–**	**(312)**	**166**	**–**	**96**	**20,402**	**20,352**
Dividend paid	–	–	–	–	–	–	(7,611)	–	(7,611)
Purchase own shares (ESPP)	–	–	5	–	–	–	–	–	5
Own shares delivered (ESPP)	–	–	(5)	–	–	–	–	–	(5)
Transfer to legal reserves	–	–	–	–	–	5,092	129	(5,221)	–
Balance as at 31 March 2018	**1,248**	**130,070**	**-**	**(273)**	**(484)**	**6,742**	**31,091**	**15,181**	**183,575**
Balance as at 1 April 2016	1,248	130,070	–	(68)	(1,114)	377	19,578	11,714	161,805
Transfer result prior period	–	–	–	–	–	–	11,714	(11,714)	–
Total comprehensive income									
Profit (loss) for the year	–	–	–	–	–	–	–	15,059	15,059
Other comprehensive income	–	–	–	108	464	–	137	–	709
Total comprehensive income	**–**	**–**	**–**	**108**	**464**	**–**	**137**	**15,059**	**15,768**
Dividend paid	–	–	–	–	–	–	(6,738)	–	(6,738)
Purchase own shares (ESPP)	–	–	62	–	–	–	–	–	62
Own shares delivered (ESPP)	–	–	(62)	–	–	–	–	–	(62)
Transfer to legal reserves	–	–	–	–	–	1,273	(223)	(1,050)	–
Balance as at 31 March 2017	**1,248**	**130,070**	**–**	**40**	**(650)**	**1,650**	**24,468**	**14,009**	**170,835**

The notes on page 85 to 121 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AMOUNTS IN EUR '000 AS AT 31 MARCH	NOTE	2018	2017
Assets			
Property, plant and equipment	16	1,987	1,912
Intangible assets	17	306,918	306,495
Investments in joint ventures	18	7,363	7,840
Other investments	19	599	599
Non-current assets		**316,867**	**316,846**
Inventories	13	8,720	7,951
Trade and other receivables	14	21,247	21,065
Other investments, including derivatives	25	50	316
Cash and cash equivalents	15	12,420	8,359
Current assets		**42,437**	**37,691**
Total assets		**359,304**	**354,537**
Equity			
Share capital		1,248	1,248
Share premium		130,070	130,070
Treasury shares		–	–
Currency translation reserve		(273)	40
Hedging reserve		(484)	(650)
Other legal reserves		6,742	1,650
Retained earnings		31,091	24,468
Result for the year		15,181	14,009
Total equity	20	**183,575**	**170,835**
Liabilities			
Loans and borrowings	22	43,885	48,704
Other non-current financial liabilities	23	68,482	67,605
Employee benefits	10	280	216
Deferred tax liabilities	11	43,120	46,456
Total non-current liabilities		**155,767**	**162,981**
Loans and borrowings	22	4,040	4,000
Trade and other payables	24	15,522	16,349
Derivative financial instruments	25	400	371
Total current liabilities		**19,962**	**20,720**
Total liabilities		**175,729**	**183,702**
Total equity and liabilities		**359,304**	**354,537**

The notes on page 85 to 121 are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2018	2017
Cash flows from operating activities			
Profit		20,402	15,059
Adjustments for:			
• Depreciation of property, plant and equipment	16	465	471
• Net finance costs	8	3,527	2,938
• Share of profit of joint ventures, net of tax		(991)	(2,218)
• Income tax expense	11	(288)	248
• Provision for employee benefits	10	–	38
		23,115	**16,536**
Change in:			
• Inventories		(767)	(92)
• Trade and other receivables		(446)	(6,104)
• Trade and other payables		(2,363)	6,901
Net changes in working capital		**(3,576)**	**705**
Dividends from joint ventures	29	1,450	1,150
Interest received		22	39
Income tax paid		(1,749)	(78)
Net cash from operating activities		**19,262**	**18,352**
Cash flows from investing activities			
Acquisition of/additions to joint ventures	18	–	(914)
Acquisition of property, plant and equipment	16	(542)	(835)
Acquisition of intangible assets	17	(423)	(1,250)
Loans issued and other investments	25	281	(281)
Net cash from (used in) investing activities		**(684)**	**(3,280)**
Cash flows from financing activities			
Proceeds from loans and borrowings	22	5,000	9,100
Payment of transaction costs related to loans and borrowings		–	(301)
Repayment of loans and borrowings	22	(10,032)	(10,030)
Cash dividend paid to shareholders		(7,611)	(6,738)
Interest paid		(1,784)	(2,127)
Net cash from (used in) financing activities		**(14,427)**	**(10,096)**
Net increase/(decrease) in cash and cash equivalents		**4,151**	**4,976**
Cash and cash equivalents at 1 April		8,359	3,341
Effect of exchange rate fluctuations		(130)	42
Net cash and cash equivalents as at 31 March	15	**12,380**	**8,359**
Cash and cash equivalents (asset)		12,420	8,359
Less: bank overdrafts included in current loans and borrowings		(40)	–
Net cash and cash equivalents as at 31 March		**12,380**	**8,359**

The notes on page 85 to 121 are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2018 AND 31 MARCH 2017

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 year ended 31 March 2018 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 27.

The Company is primarily involved in managing the product development, bottling, distribution, sales and marketing of the brands Bols, Galliano, Vaccari, Damrak Gin, Passoã, 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 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. On December 1, 2016, Lucas Bols Amsterdam B.V. acquired 7% interest in Passoã SAS, over which it has, following shareholders agreements, full operational and financial control. Based on the contractual terms between the shareholders, the Company assessed that the voting rights in the Passoã SAS are not the dominant factor in deciding who controls the entity. Therefore, the Company concluded Passoã SAS is a jointly owned entity that the Company controls with no non-controlling interests.

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.

The consolidated financial statements were authorised for issue by all members of the Management Board and the Supervisory Board on 6 June 2018.

(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 obligation is recognised as the fair value of the defined benefit obligation less the present value of the plan assets, 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

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Consolidation of Passoã

On 1 December 2016 Lucas Bols and the Rémy Cointreau Group formed Passoã SAS, a jointly owned entity based in France, to operate and further develop the global activities of the iconic Passoã brand. At that date Lucas Bols acquired 7% interest in Passoã SAS and started performing the day to day management of the jointly owned entity and running the Passoã brand in the ordinary course of business. Lucas Bols assumes operational and financial control of Passoã SAS.

Passoã SAS is fully controlled by Lucas Bols, which is entitled to the jointly owned entities economic benefits based on contractual arrangements between the shareholders. As a result, the Company consolidates its jointly owned entity and attributes no interest to the non-controlling interests.

Rémy Cointreau Group has been granted some minority protection rights to prohibit fundamental changes in the activities of the jointly owned entity, namely to protect the interest of Rémy Cointreau Group. In the normal course of business, these rights will not affect the way Lucas Bols intends to run the operations and therefore Lucas Bols has operational and financial control over the Passoã SAS.

In addition to *Consolidation of Passoã*, information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included in the following notes:

- Note 18 – classification of joint arrangements;
- Note 28 – lease classification.

(II) Assumptions and estimation uncertainty

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;
- Note 12 – Business combinations: brand valuation and the valuation of the call/put option; and
- Note 17 – impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs.

(III) Measurement of fair value

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 uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 in note 26 – 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.
In 2017/18, the Group adopted the amendments to IAS 7 Cash Flow and IAS 12 Income taxes that were issued as a part of the IASB's Disclosure Initiative. The amendments to IAS 7 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Disclosures are included in note 22.

Other accounting pronouncements, which became effective for the financial year 2017/18, had no material impact on the Consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(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 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 in profit or loss 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 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.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

Passoã SAS is fully controlled by the Company, which is entitled to the jointly owned entity economic benefits based on contractual arrangements between the shareholders. As a result, the Company consolidates it as a subsidiary and attributes no interest to the non-controlling interests.

(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.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

(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 profit or loss 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.

Nuvo

In December 2017, Lucas Bols and London Group entered into strategic partnership for liqueur brand Nuvo. As part of the strategic partnership Lucas Bols obtains the global distribution rights for Nuvo, and will work with London Group to further build and distribute the brand. Lucas Bols will be responsible for buying, sourcing and commercial activities, as well as defining the appropriate distribution channels for the brand. London Group, controlled by spirit entrepreneur Mr. Raphael Yakoby, will be responsible for strategic marketing, including social media and product development. The transaction fits Lucas Bols's asset light business model, as it strengthens the company's existing distribution platform with limited additional investments required. As part of the transaction, Lucas Bols made an upfront payment amounting to USD 0.5 million and shall pay London Group yearly royalties. The agreement also includes a put and call option structure that enables Lucas Bols to acquire the brand in full in the mid-term.

(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;
- 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 recorded 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 non-controlling interest.
If the Group disposes of only part of a 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 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 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 profit or loss 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 profit or loss 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 the period during which it is expected that the brands contribute to net cash inflows is indefinite. 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 if and when applicable.

(k) Financial instruments

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, 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 derecognition

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, 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 available on demand, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

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.

The call/put option related to Passoã, i.e. option over the shares held by the non-controlling interest, is classified as a financial liability fair-valued initially and subsequently measured at amortised cost, with the interest costs being recognised in the profit or loss.

(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.

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.

(l) 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 post-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 subsequently 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 2018 and have not been applied in preparing these consolidated financial statements. The most important upcoming changes to the Group are set out below.

IFRS 9 Financial Instruments

IFRS 9, published in July 2014, replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The new standard contains revised rules for the classification and measurement of financial assets and liabilities, impairments of financial assets, and hedge accounting. IFRS 9 defines three instead of four measurement categories for capitalized financial instruments, with classification to be based partly on the company's business model and partly on the characteristics of the contractual cash flows from the respective financial asset.

The new impairment model is based on the principle of accounting for an expected loss from the date of first-time recognition of a financial asset, before a loss event occurs.

IFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model aims to provide a better link between an entity's risk management strategy, the rationale for hedging and the impact of hedging on the financial statements.

The IASB provided entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 for all hedge accounting. The Company shall continue to apply the existing hedge accounting requirements under IAS 39. IFRS 9 is effective for annual reporting period beginning on or after 1 January 2018 (endorsed by the European Union in November 2016).

Based on the assessment performed, the Company does not expect this new standard to have a significant impact on our consolidated financial statements.

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.

The new standard provides a single, principles-based five-step model to be applied to all contracts with customers. Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. It also provides more guidance on the measurement of revenue contracts which have discounts, rebates, payments to suppliers and consignment stock. Furthermore, it provides new guidance on whether revenue should be recognized at a point in time or over time.

The Company has completed an initial assessment of the potential impact of the adoption of the new revenue recognition standard IFRS 15 Revenue from Contracts with Customers on its consolidated financial statements. At this time, we are in the final stage of determining the exact financial impact of this new standard. However, IFRS 15 is expected to primarily trigger the re-classification of certain advertising and promotional expenses as reduction of revenue, with an estimated mid-single digit percentage impact on revenue. Overall, we currently do not expect any material effects on the presentation of the Company's financial position or results of operations as a whole, or on earnings per share. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.

The Company will adopt IFRS 15 in its consolidated financial statements for the year ending 31 March 2019 and intends to apply the modified transition approach and will not restate the comparative figures for 2017/18.

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 completed its initial assessment of the potential impact on its consolidated financial statements resulting from the application of IFRS 16. So far, the most significant impact identified is that the Company will recognize assets and liabilities for its operating leases of real estate. In this respect, the Company identified EUR 2,5 million of off-balance operating lease obligations (undiscounted) per March 31, 2018. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of use assets and interest expense on lease liabilities.

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted. The Company will adopt IFRS 16 in its consolidated financial statements for the year ending 31 March 2019 and intends to apply the modified retrospective approach.

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), the white spirits portfolio (Bols Vodka, Bols Genever and Damrak Gin) and Passoã.

(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, 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	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	69,896	57,788	22,295	22,698	–	–	92,191	80,486
Cost of sales	(23,001)	(20,739)	(12,063)	(11,335)	–	–	(35,064)	(32,074)
Gross profit	**46,895**	**37,049**	**10,232**	**11,363**	–	–	**57,127**	**48,412**
A&P and distribution expenses	(17,655)	(14,638)	(2,037)	(2,026)	–	–	(19,692)	(16,664)
Personnel and other expenses	–	–	–	–	(14,785)	(15,721)	(14,785)	(15,721)
Total result from operating activities	**29,240**	**22,411**	**8,195**	**9,337**	**(14,785)**	**(15,721)**	**22,650**	**16,027**
Share of profit of joint ventures	229	561	762	1,657	–	–	991	2,218
EBIT	**29,469**	**22,972**	**8,957**	**10,994**	**(14,785)**	**(15,721)**	**23,641**	**18,245**
Intangible assets *	214,756	214,334	92,162	92,162	–	–	306,918	306,496
Inventories	7,516	6,738	1,204	1,213	–	–	8,720	7,951
Other assets	–	–	–	–	43,667	40,091	43,667	40,091
Total segment assets	**222,271**	**221,072**	**93,366**	**93,375**	**43,667**	**40,091**	**359,304**	**354,538**
Total segment liabilities	–	–	–	–	**(175,729)**	**(183,702)**	**(175,729)**	**(183,702)**

* 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		GROSS PROFIT	
	2018	2017	2018	2017
Western Europe *	48,016	37,571	27,870	20,016
Asia-Pacific **	16,230	16,021	12,056	11,818
North America ***	16,630	16,128	9,938	9,127
Emerging markets	11,315	10,766	7,263	7,451
Consolidated totals	**92,191**	**80,486**	**57,127**	**48,412**

* Of which revenue attributed to the Netherlands: EUR 18,204 thousand (2017/18) and EUR 16,772 thousand (2016/17).

** Of which revenue attributed to Japan: EUR 9,137 thousand (2017/18) and EUR 8,007 thousand (2016/17).

*** Of which revenue attributed to the USA: EUR 14,419 thousand (2017/18) and EUR 13,485 thousand (2016/17).

6. DISTRIBUTION AND ADMINISTRATIVE EXPENSES

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	NOTE	2018	2017
Advertising and promotional expenses		(15,259)	(13,075)
Distribution expenses		(4,434)	(3,588)
Personnel expenses	7	(10,564)	(9,989)
Other administrative expenses		(3,755)	(5,262)
Depreciation and amortisation		(465)	(471)
		(34,477)	**(32,385)**

7. PERSONNEL EXPENSES

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2018	2017
Wages and salaries	(8,507)	(8,261)
Fringe benefits (including social premiums)	(1,286)	(1,022)
Contributions to defined contribution plans	(118)	(150)
Expenses related to post-employment defined benefit plans	(192)	(161)
Temporary staff	(461)	(395)
	(10,564)	**(9,989)**

At 31 March 2018 the Group had 43 FTEs in The Netherlands (31 March 2017: 39 FTEs) and 30 FTEs abroad (31 March 2017: 31 FTEs).

For the disclosure on key management personnel remuneration reference is made to note 29.

8. NET FINANCE COSTS

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2018	2017
Total interest income arising from financial assets not measured at fair value through profit or loss (loans receivable)	23	37
Finance income	**23**	**37**
Interest expenses on loans and borrowings	(1,723)	(2,050)
Interest expense on liability related to the Passoã call/put option	(1,143)	(377)
Other finance costs	(684)	(548)
Finance costs	**(3,550)**	**(2,975)**
Net finance costs recognised in profit or loss	**(3,527)**	**(2,938)**

9. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 March 2018 is based on the profit attributable to ordinary shareholders of the Company (net profit) of EUR 20,402 thousand (2016/17 EUR 15,059 thousand) and a weighted average number of ordinary shares – basic outstanding during the year ended 31 March 2018 of 12,477,298 (2016/17 12,477,298). Basic earnings per share for the year amounted to EUR 1.64 (2016/17 EUR 1.21).

Diluted earnings per share

The calculation of diluted earnings per share for the period ended 31 March 2018 is based on the profit attributable to ordinary shareholders of the Company (net profit) of EUR 20,402 thousand (2016/17 EUR 15,059 thousand) and a weighted average number of ordinary shares – basic outstanding after adjustment for the effects of all potentially dilutive ordinary shares of 12,477,298 (2016/17 12,477,298). Diluted earnings per share for the year amounted to EUR 1.64 (2016/17 EUR 1.21).

10. EMPLOYEE BENEFITS

The Group has two 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. 44 employees participate in this defined benefit plan, whereas 23 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.

Movement in net defined benefit (asset) liability

AMOUNTS IN EUR '000	DEFINED BENEFIT OBLIGATION		FAIR VALUE OF PLAN ASSETS		NET DEFINED BENEFIT LIABILITY (ASSET)	
	2018	2017	2018	2017	2018	2017
Balance at 1 April	2,806	2,388	(2,590)	(2,168)	216	220
Included in profit or loss						
Current service cost	211	219	–	–	211	219
Past service cost and (gain)	(19)	–	–	–	(19)	–
Interest cost/(income)	62	56	(63)	(54)	(1)	2
	254	**275**	**(63)**	**(54)**	**191**	**221**
Included in OCI						
Effect of changes in economic assumptions	394	82	–	–	394	82
Effect of changes in demographic assumptions	–	13	–	–	–	13
Effect of experience adjustments	15	21	–	–	15	21
Costs of asset management	–	–	13	11	13	11
Premium change	–	–	(46)	(24)	(46)	(24)
Return on plan assets (excluding interest)	–	–	(312)	(194)	(312)	(194)
	409	**116**	**(345)**	**(207)**	**64**	**(91)**
Other						
Contributions paid by employee	43	35	(43)	(35)	–	–
Contributions paid by the employer	–	–	(210)	(152)	(210)	(152)
Benefits paid	(19)	(8)	19	8	–	–
Administration costs	–	–	19	18	19	18
	24	**27**	**(215)**	**(161)**	**(191)**	**(134)**
Balance at 31 March	**3,493**	**2,806**	**(3,213)**	**(2,590)**	**280**	**212**

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	2018	2017
Discount rate	1.85%	2.25%
Future salary growth	1.50%	1.50%
Future pension growth	0.00%	0.00%
Price inflation	1.90%	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 2016

The duration of the defined benefit obligation is 30.6 years (2016/17 30.0 years).

The Group expects EUR 214 thousand in contributions to be paid to its defined benefit plan in the 2018/19 financial year (31 March 2017: EUR 155 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 of the following amount:

Defined benefit obligation at 31 March 2018

AMOUNTS IN EUR '000	INCREASE	DECREASE
Discount rate (+1%)	–	1,008
Future salary growth (+1%)	28	–
Future pension growth (+1%)	1,076	–
Future mortality (+1 yr)	–	115

11. INCOME TAXES

Income tax recognised in profit or loss

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2018	2017
Current tax expense	(3,089)	(709)
Deferred tax expense		
Tax loss carried forward / (reduction of)	(2,151)	908
Origination and reversal of temporary differences	6,099	(344)
Adjustment for prior years (including tax credits carry forward)	(571)	(103)
	3,377	**461**
Tax expense	**288**	**(248)**

Tax expense on operations excluded the Group's share of tax expense of the Group's equity-accounted investees of EUR 248 thousand (2016/17: EUR 426 thousand), which has been included in 'share of profit of equity accounted investees, net of tax'.

Included in 2017/18 income tax expense is a tax gain of EUR 0.3 million related to the application of the research & development tax incentive over this year.

Taxes in 2017/18 include a one-off profit of EUR 5.6 million, mainly due to the positive impact on the Company's deferred tax liabilities of upcoming reductions in the French tax rate. Taxes in 2016/17 included a one-off tax benefit of EUR 3.2 million relating to the application of the research and development tax incentive in previous fiscal years.

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

FOR THE YEAR ENDED 31 MARCH	2018		2017	
	%	EUR 1,000	%	EUR 1,000
Profit before tax		20.114		15,307
Tax at the Company's domestic tax rate	25.0	(5,028)	25.0	(3,827)
Effect of tax rates in foreign jurisdictions	4.1	(823)	1.5	(234)
Non-deductible expenses	–	–	1.5	(232)
Effect of share of profits of equity-accounted investees	(1.2)	248	(3.6)	555
Changes in estimates related to prior years	–	–	0.7	(103)
R&D tax incentive	(1.4)	280	(23.5)	3,593
Other (including tax credits carry forward)	4.2	(839)	–	–
Remeasurement DTL due to rate changes	(32.1)	6,450	–	–
	(1.4)	**288**	**1.6**	**(248)**

Movement in deferred tax balances

2017/18 AMOUNTS IN EUR '000	NET BALANCE AT 1 APRIL 2017	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OCI/EQUITY	RECLASSIFICATION/ OTHER	NET BALANCE AT 31 MARCH 2018	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Intangible assets	(29,872)	(351)	–	–	**(30,223)**	–	(30,223)
Acquisition related deferred taxes	(24,605)	6,450	–	–	**(18,155)**	–	(18,155)
Derivative financial liability	(9)	–	(5)	–	**(14)**	–	(14)
Derivative financial asset	226	–	(52)	–	**174**	174	–
Employee benefits	62	–	16	–	**78**	78	–
Tax loss carry forward	7,171	(2,151)	–	–	**5,020**	5,020	–
Tax credits carry forward	571	(571)	–	–	**–**	–	–
Tax assets (liabilities)	**(46,456)**	**3,377**	**(41)**	**–**	**(43,120)**	**5,272**	**(48,392)**

2016/17 AMOUNTS IN EUR '000	NET BALANCE AT 1 APRIL 2016	RECOGNISED IN PROFIT OR LOSS	RECOGNISED IN OCI/EQUITY	RECLASSIFICATION/ OTHER	NET BALANCE AT 31 MARCH 2017	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Intangible assets	(29,528)	(344)	–	–	**(29,872)**	–	(29,872)
Acquisition related deferred taxes	–	–	–	(24,605)	**(24,605)**	–	(24,605)
Derivative financial liability	(22)	–	13	–	**(9)**	–	(9)
Derivative financial asset	393	–	(167)	–	**226**	226	–
Employee benefits	84	–	(22)	–	**62**	62	–
Tax loss carry forward	6,366	805	–	–	**7,171**	7,171	–
Tax credits carry forward	538	–	–	33	**571**	571	–
Tax assets (liabilities)	**(22,169)**	**461**	**(176)**	**(24,572)**	**(46,456)**	**8,030**	**(54,486)**

On 31 March 2018 the total tax loss carry forward amount of EUR 20.1 million has been capitalised as deferred tax asset (31 March 2017: EUR 28.7 million). Tax credits carry forward of EUR 410 thousand are not recognized and will not expire (31 March 2017: EUR 571 thousand were recognized). The deferred tax asset will be gradually realized in the course of the next two years.

12. BUSINESS COMBINATIONS

Business combinations in 2016/17

On 1 December 2016 Lucas Bols and the Rémy Cointreau Group formed Passoã SAS, a jointly owned entity based in France, to operate and further develop the global activities of the iconic Passoã brand. At that date Lucas Bols acquired 7% interest in Passoã SAS and started performing the day to day management of the jointly owned entity and running the Passoã brand in the ordinary course of business. Lucas Bols assumes operational and financial control of Passoã SAS. Parties have agreed that for the duration of the jointly owned entity all profits of the company will be withheld, therefore no non-controlling interest has been recognized. Lucas Bols funded Passoã SAS's working capital requirements at the establishment of the entity for an amount of EUR 5 million, equally the starting cash position of the company.

Lucas Bols and Rémy Cointreau Group signed a call/put option agreement. This agreement can be executed in the mid-term. If the agreement is executed, Lucas Bols will acquire the remaining shares for a purchase consideration of approximately EUR 70 million. Lucas Bols has secured funding for this payment, through a combination of existing financing facilities, the additional acquisition facilities as well as the expected cash generated from the business.

As part of the transaction, other intangible assets have been recognized, mainly the Passoã trade name for an amount of EUR 70.3 million. Receivables and inventories transferred from Rémy Cointreau as part of the transaction amounted to EUR 1 million. For the temporary difference between the tax base of the brand and its carrying amount, a deferred tax liability of EUR 25 million has been recognized at the reporting date. In addition goodwill, mainly related to the deferred tax liability, was recognized in the amount of EUR 20 million, which will not be deductible for tax purposes.

The allocation of the fair value of the net assets and the goodwill arising at the transaction date is as follows:

AMOUNTS IN EUR '000 AS AT 1 DECEMBER	2016
Assets	
Intangible assets	70,300
Inventories	835
Trade and other receivables	300
	71,435
Liabilities	
Trade and other payables	(194)
Deferred tax liabilities	(24,605)
	(24,799)
Total identifiable net assets	**46,636**
Consideration: fair value of call/put option	**66,638**
Goodwill	**20,002**

Passoã SAS is fully controlled by Lucas Bols, which is entitled to the jointly owned entity economic benefits based on contractual arrangements between the shareholders. As a result, the Company consolidates its jointly owned entity and attributes no interest to the non-controlling interests.

Rémy Cointreau Group has been granted some minority protection rights to prohibit fundamental changes in the activities of the jointly owned entity, namely to protect the interest of Rémy Cointreau Group. In the normal course of business, these rights will not affect the way Lucas Bols intends to run the operations and therefore Lucas Bols has operational and financial control over the Passoã SAS.

During the period that Passoã SAS is a jointly owned entity, the company will not dividend out its profits and those profits can be used to fund potential additional working capital requirements of Passoã SAS.

The call/put option related to Passoã is classified as a financial liability measured at amortised cost, using a market conform discount rate for funding of a mid-term loan. Interest charges are recognised in the profit or loss.

13. INVENTORIES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2018	2017
Finished goods	8,243	7,722
Raw materials	477	229
	8,720	**7,951**

During 2017/18 inventories of EUR 188 thousand were written down to net realisable value (2016/17: EUR 261 thousand). The write-down is included in 'Cost of sales'.

14. TRADE AND OTHER RECEIVABLES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2018	2017
Trade receivables	17,185	17,515
Other receivables	1,193	499
Accrued income due from joint ventures	–	4
Prepaid expenses and accrued income	2,869	3,047
	21,247	**21,065**

The entire balance of trade and other receivables is classified as current. As at 31 March 2018 and 2017 there was no allowance for doubtful debts.

Receivables denominated in currencies other than the functional currency amounted to EUR 11,596 thousand at 31 March 2018 (31 March 2017: EUR 11,522 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 26.

15. CASH AND CASH EQUIVALENTS

AMOUNTS IN EUR '000 AS AT 31 MARCH	2018	2017
Bank balances	12,406	8,354
Cash balances	14	5
Cash and cash equivalents in the statement of financial position	**12,420**	**8,359**
Bank overdrafts	(40)	–
Cash and cash equivalents in the statement of cash flows	**12,380**	**8,359**

All cash and cash equivalents are available on demand.

16. PROPERTY, PLANT AND EQUIPMENT

AMOUNTS IN EUR '000	EQUIPMENT	FIXTURES AND FITTINGS	FURNITURE	TOTAL
Cost				
Balance at 1 April 2017	1,086	4,121	312	5,519
Additions	241	291	10	542
Disposals	(4)	(66)	(30)	(100)
Balance at 31 March 2018	**1,323**	**4,346**	**292**	**5,961**
Accumulated depreciation				
Balance at 1 April 2017	(793)	(2,561)	(255)	(3,609)
Depreciation for the year	(158)	(285)	(22)	(465)
Disposals	4	66	30	100
Balance at 31 March 2018	**(947)**	**(2,780)**	**(247)**	**(3,974)**
Carrying amounts				
At 1 April 2017	**293**	**1,560**	**57**	**1,910**
At 31 March 2018	**376**	**1,566**	**45**	**1,987**

AMOUNTS IN EUR '000	EQUIPMENT	FIXTURES AND FITTINGS	FURNITURE	TOTAL
Cost				
Balance at 1 April 2016	869	3,532	296	4,697
Investments	218	601	16	835
Disposals	(1)	(12)	–	(13)
Balance at 31 March 2017	**1,086**	**4,121**	**312**	**5,519**
Accumulated depreciation				
Balance at 1 April 2016	(669)	(2,256)	(226)	(3,151)
Depreciation for the year	(125)	(317)	(29)	(471)
Disposals	1	12	–	13
Balance at 31 March 2017	**(793)**	**(2,561)**	**(255)**	**(3,609)**
Carrying amounts				
At 1 April 2016	**200**	**1,276**	**70**	**1,546**
At 31 March 2017	**293**	**1,560**	**57**	**1,910**

Security

At 31 March 2018 properties with a carrying amount of EUR 1,987 thousand (31 March 2017: EUR 1,910 thousand) were subject to a registered debenture that serves as security for bank loans (see note 22).

17. INTANGIBLE ASSETS

AMOUNTS IN EUR '000	BRANDS	GOODWILL	TOTAL
Balance at 1 April 2016	214,743	200	214,943
Additions	71,550	20,002	91,552
Balance at 31 March 2017	**286,293**	**20,202**	**306,495**
Additions	423	–	423
Balance at 31 March 2018	**286,716**	**20,202**	**306,918**

Nuvo trade name has been added to the portfolio in 2017/18, for an amount of EUR 0.4 million, as intangible assets.

Goodwill

Goodwill was recognised as a result of the acquisition of Pijlsteeg B.V. in September 2013 and of Passoã in December 2016. 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	2018	2017
Balance at 1 April	20,202	200
Additions from acquisition	–	20,002
Balance at 31 March	**20,202**	**20,202**

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

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	2018	2017
Bols	102,097	102,097
Passoã	70,300	70,300
Galliano	39,076	39,076
Dutch brands	49,833	49,833
Other brands	25,410	24,987
	286,716	**286,293**

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.
The Company is not aware of any legal, regulatory 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 after the first four-year period are extrapolated using an average terminal value growth rate of 1.50 percent. The growth rates are in line with long-term expected growth rates in the markets in which the Group operates, partly driven by demographic developments and expected inflation rates.
- Cash flow projections are based on net contribution margin level of coming financial year's budget and the mid-term business plan for the next three years, both approved by senior management and evaluated it in the light of historical performance. Cash flow forecasts take into account expected revenue growth based on actual experience, an analysis of volume growth and expected market share developments, as well as expected margin developments. The revenue and volume growth rates and margins used to estimate future performance are based on past performance and our experience of growth rates and margins achievable in the Company's main markets.
- The discount rate was determined based on external sources:

PERCENTAGE AS AT 31 MARCH	2018	2017
Discount rate	7.40	7.60
Pre-tax WACC	9.27-10.36	8.94 - 9.32
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% or (iii) if applicable, 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).

18. JOINT VENTURES

AMOUNTS IN EUR '000	2018	2017
Opening balance	7,840	5,766
Share in profit	991	2,218
Dividend received	(1,450)	(1,150)
Additions to joint ventures	–	914
Actuarial result through OCI	144	69
Adjustments from currency translation through OCI	(184)	61
Other adjustments	22	(38)
Balance as at 31 March	**7,363**	**7,840**

AMOUNTS IN EUR '000	2018	2017
Avandis (CV & BV) (33.3%)	5,470	5,389
Maxxium Nederland BV (50.0%)	719	1,093
BolsKyndal India Pvt Ltd (50.0%)	1,174	1,358
Balance as at 31 March	**7,363**	**7,840**

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. 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 CV is a cost joint venture and budgets on a breakeven result, whereas Avandis BV is the owner of the Cooymans Distillery International, which is exploited by the three partners jointly.

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. 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. 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:

Avandis

The following is a summary of the financial information of Avandis (CV & BV combined), 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	2018	2017
Revenue	59,763	53,550
Profit from continuing operations *	243	3,777
Other comprehensive income	–	–
Total comprehensive income	**243**	**3,777**

* Profit 2016/17 mainly represents gain on the bargain purchase of Cooymans Distillery International, as Avandis operates as a cost joint venture and budgets on a breakeven result.

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	2018	2017
Current assets	17,165	17,901
Non-current assets	24,039	24,601
Current liabilities	(13,917)	(18,520)
Non-current liabilities	(10,877)	(7,814)
Net assets (100%)	**16,410**	**16,168**
Group interest in net assets of investee at beginning of year	5,389	3,630
Share of total comprehensive income	81	1,259
Additions during the year	–	500
Group interest in net assets of investee at year-end	**5,470**	**5,389**
Elimination of unrealised profit on intercompany sales	–	–
Carrying amount of interest in investee at year-end	**5,470**	**5,389**

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	2018	2017
Revenue	66,642	66,335
Profit from continuing operations	1,820	1,576
Other comprehensive income	265	129
Total comprehensive income	**2,085**	**1,705**
Current assets	18,614	20,779
Non-current assets	1,909	2,673
Current liabilities	(17,588)	(19,636)
Non-current liabilities	(1,229)	(1,297)
Net assets (100%)	**1,706**	**2,519**
Group interest in net assets of investee at beginning of year	1,093	1,423
Share of total comprehensive income	1,054	858
Dividends received during the year	(1,450)	(1,150)
Group's interest in net assets of investee at year-end	**697**	**1,131**
Elimination of unrealised profit on intercompany sales	22	(38)
Carrying amount of interest in investee at year-end	**719**	**1,903**

BolsKyndal India Pvt Ltd

The profit from continuing operations included in the Groups result is EUR 0 million (2016/17 EUR 0.2 million). This joint venture has not accounted for any other elements in comprehensive income.

19. OTHER INVESTMENTS

AMOUNTS IN EUR '000 AS AT 31 MARCH	2018	2017
Loan to Avandis C.V. joint venture	599	599
	599	**599**

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.
Information about the Group's exposure to credit and market risks and fair value measurement is included in note 26.

20. CAPITAL AND RESERVES

At 31 March 2018 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	2018	2017
	ORDINARY SHARES	ORDINARY SHARES
In issue at 1 April	1,248	1,248
In issue at 31 March – fully paid	**1,248**	**1,248**
Authorised – par value in EUR	**0.10**	**0.10**

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 2018 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	2018	2017
Balance at 1 April	12,477	12,477
Balance at 31 March	**12,477**	**12,477**

Treasury shares

In 2016/17 and 2017/18 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	2018	2017
Balance at 1 April	130,070	130,070
Balance at 31 March	**130,070**	**130,070**

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 and the jointly owned entity.

Dividends on common shares

On September 7, 2017, the General Meeting of Shareholders approved the final dividend over financial year 2016/17 of EUR 0.26 per common share in addition to the interim dividend of EUR 0.31 per common share (EUR 7.1 million in the aggregate). The final dividend was paid on September 14, 2017.

The Management Board, with the approval of the Supervisory Board, proposes a final dividend to be paid in 2018 with respect to 2017/18 financial year of EUR 0.25 per common share in addition to the interim dividend of EUR 0.35 per common share already paid. This dividend is subject to approval by the General Meeting of Shareholders and has not been included as a liability on the consolidated balance sheet as of March 31, 2018. The payment of this dividend will not have income tax consequences for the Company.

If the proposed dividend is approved by shareholders, Lucas Bols shares will be quoted ex-dividend on 11 September, 2018, for the shares listed on Euronext. The record date for the dividend on the shares listed on Euronext will be 12 September, 2018. The remainder of the net profit, after distribution of dividends, shall be allocated to retained earnings, subject to the approval of the Supervisory Board.

21. 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.

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 bank debt 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	NOTE	2018	2017
Short-term debt		4,000	4,000
Long-term debt		44,400	49,400
Assumed liability following the Passoã call/put option	12	68,157	67,014
Interest-bearing debt		**116,557**	**120,414**
Less: cash and cash equivalents		(12,420)	(8,359)
Plus: bank overdrafts		40	–
Net debt	22	**104,177**	**112,056**
Total equity		183,575	170,835
Undo: hedging reserve		484	650
Equity adjusted for hedging reserve		**184,060**	**171,485**

22. LOANS AND BORROWINGS

Non-current liabilities

AMOUNTS IN EUR '000 AS AT 31 MARCH	2018	2017
Secured bank loans	43,885	48,704
	43,885	**48,704**

In December 2016, the company has entered into an amended arrangement to the already existing EUR 80 million term and revolving facilities in which the financing of Passoã SAS and the associated agreements have become an integral part. The conditions of the financing arrangement have not materially changed, other than the addition of a secured acquisition facility of EUR 30 million, in order to meet the obligations following the call/put option agreement. Therefore the total financing arrangement amounts to EUR 110 million. There is no change in FY17/18 in the total financing arrangement with its existing banks. There is no FX impact on the loans.

Current liabilities

AMOUNTS IN EUR '000 AS AT 31 MARCH	2018	2017
Current portion of secured bank loans	4,000	4,000
Bank overdrafts	40	–
	4,040	**4,000**

The Group is obliged to meet the covenants required by the senior credit facilities. 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 2018 (31 March 2017 2.8) with a requirement of no more than 3.00. The interest cover ratio was 7.6 at 31 March 2018 with a requirement of at least 4.0 (31 March 2017:7.5). Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in note 26. There is no FX impact on the loans.

Movement schedule

AMOUNTS IN EUR '000	TERM LOAN	REVOLVING CREDIT FACILITY	TOTAL BANK SECURED LOANS (FACE VALUE)	AMORTIZED FINANCE FEES	CARRYING AMOUNT	VENDOR LOAN	TOTAL REPAYMENT
As of 31 March 2017	16,000	37,400	53,400	(696)	52,704	59	
Movement	–	–	–	182	182	–	
Proceeds	–	5,000	5,000	–	5,000	–	
Repayments	(4,000)	(6,000)	(10,000)	–	(10,000)	(32)	(10,032)
As of 31 March 2018	**12,000**	**36,400**	**48,400**	**(515)**	**47,885**	**27**	
Current portion of secured bank loans					4,000		
Non-current other loans and borrowings					**43,885**		

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	YEAR OF MATURITY	UNUSED FACILITY*	FACE VALUE	CARRYING AMOUNT	FACE VALUE	CARRYING AMOUNT
		% P.A.		2018	2018	2018	2017	2017
Secured bank loan – Term loan	EUR	Euribor + 2.6%	2021	–	12,000	11,845	16,000	15,791
Secured bank loan – Rollover Facility	EUR	Euribor + 2.6%	2021	9,600	36,400	36,040	37,400	36,913
Total interest-bearing liabilities				**9,600**	**48,400**	**47,885**	**53,400**	**52,704**

* 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 2018 a total of approximately EUR 2.0 million was used for guarantees, leaving an extra amount of EUR 8.0 million of the facility unused at 31 March 2018. Furthermore, the Group has also secured an acquisition facility of EUR 30 million, in order to meet the obligations following the call/put option agreement.

The repayment schedule of current outstanding loans is as follows:

AMOUNTS IN EUR '000 AS AT 31 MARCH	CURRENCY	YEAR OF MATURITY	FACE VALUE 31 MARCH 2018	LESS THAN 1 YEAR	1 -2 YEARS	2 -4 YEARS	5 YEARS
Secured bank loan – Term loan	EUR	2021	12,000	(4,000)	(4,000)	(4,000)	–
Secured bank loan – Rollover Facility	EUR	2021	36,400	–	–	(36,400)	–
Total interest-bearing liabilities			**48,400**	**(4,000)**	**(4,000)**	**(40,400)**	–

Floating rates were hedged for a substantial part by means of interest-rate swap agreements. The bank loans are secured for approximately EUR 104 million by a pledge on most non-current assets and material intellectual property of the Group, as well as trade receivables and stock.

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2018	2017
Fair value of derivatives	298	531
Assumed liability following the Passoã call/put option	68,157	67,014
Other loans	27	60
	68,482	**67,605**

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 2019.

Information about the call/put option is included in note 12. The change in value of the put/call is caused by accrued interest capitalized.

24. TRADE AND OTHER PAYABLES

AMOUNTS IN EUR '000 AS AT 31 MARCH	2018	2017
Trade payables	6,687	8,772
Other payables	425	294
Accrued expenses	6,707	6,718
Corporate income tax payable	1,703	565
Trade payables	**15,522**	**16,349**

At 31 March 2018 trade payables denominated in currencies other than the functional currency totalled EUR 7,510 thousand (31 March 2017: EUR 5,285 thousand).

25. OTHER INVESTMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments consist of hedged foreign exchange contracts and interest rate swaps, both valued at 31 March 2018. The duration of these foreign exchange contracts and interest contracts is less than one year. See note 26 for disclosure on financial instruments. Information about the Group's exposure to currency and liquidity risks is also included in note 26.

26. 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 2018	NOTE	FAIR VALUE HEDGING INSTRUMENTS	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2
Financial assets measured at fair value							
Forward exchange contracts used for hedging		50	–	–	50	–	50
		50	**–**	**–**	**50**	**–**	**50**
Financial assets not measured at fair value							
Loan to joint venture Avandis CV	19	–	599	–	**599**	–	599
Loan to ABV		–	–	–	**–**	–	–
Trade and other receivables	14	–	21,247	–	**21,247**	–	21,247
Cash and cash equivalents	15	–	12,420	–	**12,420**	–	12,420
		–	**34,266**	**–**	**34,266**	**–**	**34,266**
Financial liabilities measured at fair value							
Interest rate swaps used for hedging		(595)	–	–	**(595)**	–	(595)
Forward exchange contracts used for hedging		(102)	–	–	**(102)**	–	(102)
		(697)	**–**	**–**	**(697)**	**–**	**(697)**
Financial liabilities not measured at fair value							
Secured bank loans	22	–	–	(47,885)	**(47,885)**	–	(47,885)
Assumed liability Passoã call/put option	23	–	–	(68,157)	**(68,157)**	–	(68,157)
Other long term loan	23	–	–	(27)	**(27)**	–	(27)
Bank overdrafts	14	–	–	(40)	**(40)**	–	(40)
Trade and other payables	24	–	–	(15,522)	**(15,522)**	–	(15,522)
		–	**–**	**(131,631)**	**(131,631)**	**–**	**(131,631)**

AMOUNTS IN EUR '000 AS AT 31 MARCH 2017	NOTE	FAIR VALUE HEDGING INSTRUMENTS	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2
Financial assets measured at fair value							
Forward exchange contracts used for hedging		316	–	–	**316**	–	316
		316	**–**	**–**	**316**	**–**	**316**
Financial assets not measured at fair value							
Loan to joint venture Avandis CV	19	–	599	–	**599**	–	599
Loan to ABV		–	281	–	**281**	–	281
Trade and other receivables	14	–	21,065	–	**21,065**	–	21,065
Cash and cash equivalents	15	–	8,359	–	**8,359**	–	8,359
		–	**30,304**	**–**	**30,304**	**–**	**30,304**
Financial liabilities measured at fair value							
Interest rate swaps used for hedging		(800)	–	–	**(800)**	–	(800)
Forward exchange contracts used for hedging		(102)	–	–	**(102)**	–	(102)
		(902)	**–**	**–**	**(902)**	**–**	**(902)**
Financial liabilities not measured at fair value							
Secured bank loans	22	–	–	(52,704)	**(52,704)**	–	(52,704)
Assumed liability Passoã call/put option	23	–	–	(67,014)	**(67,014)**	–	(67,014)
Other long term loan	23	–	–	(60)	**(60)**	–	(60)
Bank overdrafts	15	–	–	–	**–**	–	–
Trade and other payables	24	–	–	(16,349)	**(16,349)**	–	(16,349)
		–	**–**	**(136,127)**	**(136,127)**	**–**	**(136,127)**

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	INTERRELATIONSHIP 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, loan provided and cash and cash equivalents. Other financial liabilities include bank loans, short-term financial liabilities, trade and other payables, call/put option. 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 AMOUNT 2018	CARRYING AMOUNT 2017
Western Europe	6,547	6,311
Asia-Pacific	5,201	5,515
North America	2,900	2,663
Emerging markets	3,729	3,530
	18,377	**18,019**

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	2018	2017
Neither past due nor impaired	14,169	15,246
1 – 30 days past due	3,010	1,755
31 – 90 days past due	678	557
90 days and more past due	520	461
	18,377	**18,019**

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 2017/18 (2016/17: nil).

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 12,380 thousand at 31 March 2018 (31 March 2017: EUR 8,359 thousand). The cash and cash equivalents are held with bank and financial institution counterparties which are rated at least A, based on ratings assigned by rating agencies. The cash of Passoã SAS of EUR 10,795 thousand (at 31 March 2018) is by shareholders' agreement restricted to be used by Passoã SAS for its operations.

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 0.1 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:

AMOUNTS IN EUR '000 31 MARCH 2018		CONTRACTUAL CASH FLOWS				
	CARRYING AMOUNT	TOTAL	LESS THAN 1 YEAR	1 -2 YEARS	2 -4 YEARS	5 YEARS
Derivative financial liabilities						
Interest rate swap contracts	(595)	**(535)**	(341)	(194)	-	-
Forward exchange contracts	(102)	**(102)**	(102)	-	-	-
Non-derivative financial liabilities						
Secured bank loans	(47,885)	**(48,400)**	(4,000)	(4,000)	(40,400)	–
Interest related to secured bank loans	–	**(4,308)**	(1,609)	(1,459)	(1,240)	–
Other non-current liabilities	(68,157)	**(71,300)**	–	–	(71,300)	–
Other loans	(28)	**(28)**	(28)	–	–	–
Bank overdrafts	(40)	**(40)**	(40)	–	–	–
Trade payables	(15,522)	**(15,522)**	(15,522)	–	–	–
	(132,329)	**(140,235)**	**(21,642)**	**(5,653)**	**(112,940)**	**–**

AMOUNTS IN EUR '000 31 MARCH 2017		CONTRACTUAL CASH FLOWS				
	CARRYING AMOUNT	TOTAL	LESS THAN 1 YEAR	1 -2 YEARS	2 -4 YEARS	5 YEARS
Derivative financial liabilities						
Interest rate swap contracts	(800)	**(813)**	(260)	(290)	(263)	–
Forward exchange contracts	(186)	**(186)**	(186)	–	–	–
Non-derivative financial liabilities						
Secured bank loans	(52,704)	**(53,400)**	(4,000)	(4,000)	(45,400)	–
Interest related to secured bank loans	–	**(7,056)**	(2,436)	(1,719)	(2,901)	–
Other non-current liabilities	(67,014)	**(71,300)**	–	–	(71,300)	–
Other loans	(60)	**(62)**	(34)	(28)	–	–
Bank overdrafts	–	**–**	–	–	–	–
Trade payables	(16,349)	**(16,342)**	(16,342)	–	–	–
	(137,113)	**(149,159)**	**(23,258)**	**(6,037)**	**(119,864)**	**–**

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.

Lucas Bols has secured funding for the assumed debt, through a combination of existing financing facilities, the additional acquisition facilities as well as the expected cash generated from the business.

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	2018	2017
EUR	9,721	8,638
USD	3,993	3,702
JPY	3,216	3,264
AUD	1,516	1,514
Other currencies	2,801	3,947
	21,247	**21,065**

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

FOR THE YEAR ENDED 31 MARCH	AVERAGE RATE AGAINST EURO		YEAR END SPOT RATE AGAINST EURO	
	2018	2017	2018	2017
USD	1.1707	1.0975	1.2321	1.0691
JPY	129.74	118.78	131.15	119.55
AUD	1.5125	1.4578	1.6036	1.3982

Sensitivity analysis

A strengthening of the JPY, USD and AUD against the euro at 31 March 2018 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 2018	
JPY (1% movement)	63
USD (1% movement)	36
AUD (1% movement)	30
31 March 2017	
JPY (1% movement)	55
USD (1% movement)	35
AUD (1% movement)	30

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.

27. 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	
		2018	2017
Lucas Bols Amsterdam B.V. *	Amsterdam, Netherlands	**100%**	100%
DELB B.V. *	Amsterdam, Netherlands	**100%**	100%
Galliano B.V. *	Amsterdam, Netherlands	**100%**	100%
Vaccari B.V. *	Amsterdam, Netherlands	**100%**	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%
Passoã SAS **	Paris, France	**7%**	7%

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

** Passoã SAS is an entity that the Company controls and has the right to 100% of the results, with no non-controlling interests in the consolidated financial statements.

28. COMMITMENTS AND CONTINGENCIES

Commitments

In the event Lucas Bols does not exercise the call option related to Passoã, Rémy Cointreau has the right to execute the put option and consequently enforce the transaction for pre-agreed considerations.

Nuvo

In December 2017, Lucas Bols and London Group entered into strategic partnership for liqueur brand Nuvo. As part of the strategic partnership Lucas Bols obtains the global distribution rights for Nuvo, and will work with London Group to further build and distribute the brand. Lucas Bols will be responsible for buying, sourcing and commercial activities, as well as defining the appropriate distribution channels for the brand. London Group, controlled by spirit entrepreneur Mr. Raphael Yakoby, will be responsible for strategic marketing, including social media and product development. The transaction fits Lucas Bols's asset light business model, as it strengthens the company's existing distribution platform with limited additional investments required. As part of the transaction, Lucas Bols made an upfront payment amounting to USD 0.5 million and shall pay London Group yearly royalties. The agreement also includes a put and call option structure that enables Lucas Bols to acquire the brand in full in the mid-term.

Leases as lessee

The Group leases an office under an operating lease arrangement.

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 2018 the future minimum lease owed payments under non-cancellable leases were as follows.

AMOUNTS IN EUR '000 AS AT 31 MARCH	2018	2017
Less than 1 year	826	795
Between 1 and 5 years	1,674	1,610
5 years and more	–	–
	2,500	**2,405**

The amount of lease expenses recognised in the 2017/18 consolidated statement of profit or loss amounts to EUR 726 thousand (2016/17: EUR 736 thousand). For the lessor a guarantee has been issued for an amount of EUR 138 thousand.

Contingencies

The credit facility of Lucas Bols incorporates what is known as a 'change of control' provision. If a party acquires more than 50% of the company's issued share capital or voting rights, the company is subject to a repayment commitment. The agreements entered into with Remy Cointreau S.A. regarding the Passoã jointly owned entity also contain a change of control clause. If a party obtains 50.01% or more of the shares in the company's capital, Lucas Bols will be obliged to issue Remy Cointreau a security in the form of a bank guarantee or an escrow deposit for an amount equal to the exercise price of the call/put option.

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., DELB B.V. and Pijlsteeg B.V. respectively.

29. 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 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 2017/18 were charged to the Company and Group companies are as follows:

AMOUNTS IN EUR '000 FOR THE YEAR ENDED 31 MARCH	HUUB L.M.P. VAN DOORNE		JOOST K. DE VRIES		TOTAL MANAGEMENT BOARD	
	2018	2017	2018	2017	2018	2017
Compensation of the Management Board						
Salary	470	470	320	320	790	790
Variable remuneration	145	189	94	129	239	318
Pension	–	–	31	32	31	32
Other	95	95	24	25	119	120
Total	**710**	**754**	**469**	**506**	**1,179**	**1,260**

The total compensation of the Management Board in 2017/18 amounted to EUR 1,179 thousand (2016/17: EUR 1,260 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.

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	2018	2017
Compensation of the Supervisory Board		
Derk C. Doijer	43	40
Marina M. Wyatt	32	30
Alexandra Oldroyd	32	30
Ralph Wisbrun *	32	–
Bert Meerstadt **	–	1
Total	**139**	**101**

* Ralph Wisbrun has been appointed as Supervisory Board member at the general meeting of shareholders of September 2017.

** Bert Meerstadt stepped down as Supervisory Board member in April 2016.

Other related party transactions

AMOUNTS IN EUR '000 AS AT 31 MARCH	TRANSACTION VALUES FOR THE YEAR ENDED		BALANCE OUTSTANDING AS AT	
	2018	2017	2018	2017
Sale of goods and services				
Joint ventures	14,223	13,086	726	(93)
Purchase of goods, services and brands				
Joint ventures	(19,751)	(21,599)	(1,005)	(1,898)
Others				
Joint ventures dividends received	1,450	1,150	–	–
Joint ventures loan and related interest	24	24	599	599

All transactions and outstanding balances with these related parties are priced on an arm's length basis and balances 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 1.7 million (INR 132 million).

30. SUBSEQUENT EVENTS

There were no material events after 31 March 2018.

COMPANY FINANCIAL STATEMENTS 2017/18

COMPANY BALANCE SHEET OF LUCAS BOLS N.V.

Before profit appropriation

AMOUNTS IN EUR '000 AS AT 31 MARCH	NOTE	2018	2017
Assets			
Investments in subsidiaries	3	129,351	116,611
Deferred tax assets	4	3,045	3,045
Total non-current assets		**132,396**	**119,656**
Receivables from group companies	5	51,179	51,179
Cash and cash equivalents		–	–
Total current assets		**51,179**	**51,179**
Total assets		**183,575**	**170,835**
Equity			
Share capital		1,248	1,248
Share premium		130,070	130,070
Treasury shares		–	–
Currency translation reserve		(273)	40
Hedging reserve		(484)	(650)
Other legal reserves		6,742	1,650
Retained earnings		31,091	24,468
Result for the year		15,181	14,009
Total equity	6	**183,575**	**170,835**
Liabilities			
Other non-current liabilities		–	–
Total non-current liabilities		–	–
Trade and other payables		–	–
Total current liabilities		–	–
Total liabilities		–	–
Total equity and liabilities		**183,575**	**170,835**

The notes on pages 124 to 126 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	NOTE	2018	2017
Revenue *		1,317	1,361
Cost of sales		–	–
Gross profit		**1,317**	**1,361**
Distribution and administrative expenses *		(1,317)	(1,361)
Operating profit		–	–
Share of profit of participating interests, after income tax	3	20,402	15,059
Finance income		–	–
Finance costs		–	–
Net finance costs		–	–
Profit before tax		**20,402**	**15,059**
Income tax expense		–	–
Other profit after income tax		–	–
Net profit		**20,402**	**15,059**

* The amounts represent the compensation of the management board and supervisory board members, recharged to Lucas Bols Amsterdam B.V.

The notes on pages 124 to 126 are an integral part of the Company financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2018 AND 2017

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, 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial fixed assets

Participating interests (subsidiaries and joint ventures) are accounted for in the Company financial statements according to the equity method. They are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

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	2018	2017
Balance at 1 April	116,611	107,581
Dividend paid to shareholders	(7,611)	(6,738)
Effective portion of changes in fair value of cash flow hedges, net of tax	166	464
Currency translation of foreign interests	(312)	108
Actuarial gains / (losses) through equity	96	137
Profit of participating interests	20,402	15,059
Balance at 31 March	**129,351**	**116,611**

The Company only holds a direct interest in Lucas Bols Amsterdam B.V. A list of other (indirect) participating interests is disclosed in note 27 of the consolidated financial statements.

4. DEFERRED TAX ASSET

Deferred tax assets on fiscal losses that have been recognised are expected to be utilised in the next years.

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 2018 amount to EUR 31.0 million (31 March 2017: EUR 24.5 million). The legal reserves limit the distribution of retained earnings by EUR 5.2 million (31 March 2017: EUR 1.0 million). In the Company financial statements, the net profit of Passoã has been allocated to other legal reserves.

On September 7, 2017, the General Meeting of Shareholders approved the final dividend over financial year 2016/17 of EUR 0.26 per common share in addition to the interim dividend of EUR 0.31 per common share (EUR 7.1 million in the aggregate). The final dividend was paid on September 15, 2017.

The Management Board, with the approval of the Supervisory Board, proposes a final dividend to be paid in 2018 with respect to 2017/18 financial year of EUR 0.25 per common share in addition to the interim dividend of EUR 0.35 per common share already paid. This dividend is subject to approval by the General Meeting of Shareholders and has not been included as a liability on the consolidated balance sheet as of March 31, 2018. The payment of this dividend will not have income tax consequences for the Company.

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 note 29 of the consolidated financial statements.

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		OTHER EY FIRMS		TOTAL	
	2018	2017	2018	2017	2018	2017
Fees for audit of financial statements and other services						
Audit of financial statements	176	196	24	–	200	196
Other non-audit services	–	–	–	–	–	–
Total	**176**	**196**	**24**	**–**	**200**	**196**

Audit fees of Ernst & Young Accountants LLP amount to EUR 176 thousand (EUR 196 thousand at 31 March 2017) for Lucas Bols NV. There are no non audit services.

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., DELB B.V. and Pijlsteeg B.V. respectively.

10. SUBSEQUENT EVENTS

There were no material events after 31 March 2018.

Amsterdam, 6 June 2018

Management Board	Supervisory Board
Huub L.M.P. van Doorne (CEO)	Derk C. Doijer (Chairman)
Joost K. de Vries (CFO)	Marina M. Wyatt
	Alex L. Oldroyd
	Ralph Wisbrun

Address:
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Paulus Potterstraat 14
1071CZ, Amsterdam
The Netherlands

Trade register Amsterdam: 34242707

OTHER INFORMATION

APPROPRIATION OF PROFITS ACCORDING TO THE PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to article 31 of the Articles of Association, the Management Board may, subject to the prior approval of the Supervisory Board, determine which part of the profits shall be reserved. The General Meeting may resolve to distribute any part of the profits remaining after reservation in accordance with the above. If the General Meeting does not resolve to distribute these profits in whole or in part, such profits (or any profits remaining after distribution) shall also be reserved.

The Management Board may, subject to the prior approval of the Supervisory Board, resolve to distribute interim dividend on Shares.

Any distributions on Shares shall be made in such a way that on each Share an equal amount or value will be distributed.

NON-GAAP MEASURES

This annual report includes the following non-GAAP financial measures:

Earnings before interest, taxes, or EBIT

EBIT is net income before net financial expense and income taxes. Thus, EBIT is defined as operating profit plus share of profit of joint ventures. Profit of joint ventures is included in EBIT, as Lucas Bols' management believes that joint ventures are an integral part of Lucas Bols operations.

Earnings before interest, taxes, depreciation and amortization, or EBITDA

EBITDA is net income before net financial expense, income taxes, depreciation and amortization. However, EBITDA does exclude impairments. EBITDA allows investors to analyse the profitability between companies and industries by eliminating the effects of financing (i.e., net financial expense) and capital investments (i.e., depreciation and amortization).

Free operating cash flow

Free operating cash flow is net operating cash flows from operations minus net capital expenditures. Lucas Bols' management believes this measure is useful because it provides insight into the cash flow available to, among other things, reduce debt and pay dividends.

Net debt

Net debt is the net off (i) the sum of loans, finance lease liabilities, cumulative preferred financing shares and short-term debt (i.e., gross debt) and (ii) cash, cash equivalents, and short-term deposits and similar instruments, all as per the definitions in the financing agreements. In management's view, because cash, cash equivalents, and short-term deposits and similar instruments can be used, among other things, to repay indebtedness, netting this against gross debt is a useful measure for investors to judge Lucas Bols' leverage. Net debt may include certain cash items that are not readily available for repaying debt.

Net sales, gross profit, D&A and EBIT at constant currency

Net sales, gross profit, D&A and EBIT at constant currency exclude the impact of using different currency exchange rates to translate the financial information of Lucas Bols' cash flows in non-euro currencies. Lucas Bols' management believes this measure provides a better insight into the operating performance of Lucas Bols.

Organic change percentages for net sales, gross profit, D&A and EBIT

Organic change percentages are calculated at constant currencies, excluding one-off items and the first eight months of Passoã in 2017/18.

INDEPENDENT AUDITOR'S REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2017/2018 INCLUDED IN THE ANNUAL REPORT

Our opinion

We have audited the financial statements 2017/2018 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 accompanying consolidated financial statements give a true and fair view of the financial position of Lucas Bols N.V. as at 31 March 2018, 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 accompanying company financial statements give a true and fair view of the financial position of Lucas Bols N.V. as at 31 March 2018 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 2018
- The following statements for the year ended 31 March 2018: the consolidated statement of profit and loss, the consolidated statements of other 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 2018
- The company profit and loss account for the year ended 31 March 2018
- The notes comprising a summary of the 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 EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Materiality

Materiality	€ 1,000,000 (2016/2017: € 765,000)
Benchmark applied	5% of profit before tax
Explanation	We assume the primary focus of shareholders is profit before tax

We have also taken misstatements into account 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 €50,000 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.

Our group audit mainly focused on significant group entities. Group entities are considered significant either because of their individual financial significance or because they are likely to include significant risks of material misstatement due to their specific nature or circumstances. 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 on specific items. In establishing the overall approach to the audit, we determined the audit procedures required to be performed by us, as group auditors or by Ernst & Young Global member firms and other audit firms, both operating under our instructions.

We have performed audit procedures ourselves at the entities in the Netherlands, France and United States of America. We used the work of other auditors when auditing Passoã S.A.S. and the non-consolidated joint ventures Avandis B.V., 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.

In comparison to previous years, the key audit matter business combinations was not significantly impacting our audit approach, therefore this is no longer a key audit matter in 2017/2018. As of the audit of 2017/2018 we included revenue recognition as key audit matter.

RISK	OUR AUDIT APPROACH	KEY OBSERVATIONS
Valuation of Intangible assets (brands and related goodwill) As at 31 March 2018 brands and related goodwill amount to €307 million or 86% of the balance sheet total. As disclosed in note 3.i and 17, brands are not amortized, since management assumes an indefinite useful life of their brands and therefore are annually tested for impairment. 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 requires judgment. The impairment test includes assumptions that are affected by future market conditions.	We mainly focused on the non-current assets with an indefinite useful life related to Dutch Brands segment. We obtained an understanding of the impairment assessment processes and evaluated the design of key controls over the data and assumptions used in this area relevant to our audit. With the assistance of our internal EY valuation specialists, our focus included evaluating the work of the management specialists used for the valuation, evaluating and testing key assumptions used in the valuation including projected future income and earnings, performing sensitivity analyses, and testing the allocation of the assets, liabilities, revenues and expenses to each of the segments. The forecasted cash-flows are an important input for the assessment of the recoverability. We have reconciled these forecasts for the cash generating units with the approved mid-term business plan. We also assessed the forecasting quality by comparing forecasts as included in tests prepared in prior years to the actuals. Finally, we performed independent calculations to validate the sensitivity analysis as referred to in Note 17 of the consolidated financial statements.	We noted that the assumptions relating to the impairment models fell within acceptable ranges. We concur with management's conclusion that no impairment of non-current assets with indefinite useful lives and related goodwill is required as at 31 March 2018.

RISK	OUR AUDIT APPROACH	KEY OBSERVATIONS
Valuation of deferred tax assets At 31 March 2018, Lucas Bols N.V. recognized deferred tax assets amounting to €5 million. Related disclosures and accounting policies are included in Note 1 and 11 of the consolidated financial statements. The main element in the deferred tax assets is related to tax losses carried forward. This item was significant to our audit because the recognition process requires judgment and is based on assumptions that are affected by expected future market or economic conditions.	Our audit procedures included, amongst others, using EY tax specialists to assist us in evaluating the methodology and assumptions used by Lucas Bols N.V., such as expected future taxable income. This entailed reviewing Lucas Bols N.V.'s latest approved mid-term business plan. We discussed the mid-term business plan with management to determine the reasonableness of the assumptions used regarding the recoverability of the deferred tax assets.	We did not identify any evidence of material misstatement of deferred tax assets as recorded in the balance sheet as per 31 March 2018.
Revenue recognition Lucas Bols N.V. records revenue when title and all risks of ownership have transferred to customers according to the terms of sale, the sales price is agreed or determinable and receipt of payment can be assumed. Related disclosures and accounting policies are included in Note 3b. Sales transactions are often concluded based upon ex-works or other common shipping terms that can vary by region in which title and risks of ownership transfer to the buyer prior to actual delivery of the product. Revenue recognition for these transactions is susceptible to an increase in risk related to differences in shipping cut-off at the financial reporting date. This item was significant to our audit because the recognition process requires proper cut-off of sales transactions.	We designed our audit procedures to be responsive to this risk. We obtained an understanding of the processes related to revenue recognition. We performed substantive audit procedures to address the revenue recognition risk through tests of details of samples of sales transactions, cut-off testing and analytical procedures. We also ensured that assumptions included in the sales adjustments analyses are properly supported.	Based on the procedures performed, we did not identify any evidence of material misstatement in the revenue recognized in the year nor in amounts deferred as of 31 March 2018.

REPORT ON OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- The company report
- Report of the supervisory board
- Report of the management board
- Governance report
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the report of the management board in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

No prohibited non-audit services
We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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. 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 material 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 a 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. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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.

Amsterdam, 6 June 2018

Ernst & Young Accountants LLP

Signed by F.J. Blenderman


Bols
Genever
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