Berentzen-Gruppe Aktiengesellschaft

2016 Annual Report

Key Figures

Key figures of the Berentzen-Gruppe

		2016 or 12/31/2016	2015 or 12/31/2015	Change 2016/2015
Consolidated revenues excl. spirits tax	EURm	170.0	158.5	7.3%
Spirits segment	EURm	101.7	98.4	3.4%
Non-alcoholic Beverages segment	EURm	46.7	42.9	8.9%
Fresh Juice Systems segment	EURm	21.6	17.2	25.6%
Total operating performance	EURm	172.7	159.0	8.6%
Contribution margin after marketing budgets	EURm	57.7	55.2	4.5%
Consolidated EBITDA	EURm	17.5	15.7	11.5%
Consolidated EBITDA margin	%	10.3	9.9	0.4 PP [1]
Consolidated EBIT	EURm	10.5	7.6	38.2%
Consolidated EBIT margin	%	6.2	4.8	1.4 PP [1]
Consolidated profit	EURm	4.4	2.2	100.0%
Economic cash flow	EURm	11.2	8.1	38.3%
Cash flow from investing activities	EURm	-6.2	-6.5	- 4.6%
Free cash flow [2]	EURm	6.2	24.9	- 75.1%
Consolidated equity ratio	%	23.9	24.2	- 0.3 PP [1]
Employees	Total	487	491	- 0.8%

[1] PP = percentage points.

[2] Cash flow from operating activities plus cash flow from investing activities.

Key figures for the Berentzen common share

		2016 or 12/31/2016	2015 or 12/31/2015	Change 2016/2015
Berentzen common share (ISIN DE0005201602, WKN 520160) share price / XETRA	EUR / share	7.65	7.79	- 1.8%
Market capitalisation	EURm	71.9	73.6	- 2.3%
Dividend	EUR / share	0.25 [1]	0.20	25.0%
Dividend yield	%	3.3	2.6	0.7 PP [2]
Price-earnings ratio	Ratio	16.2	32.9	- 16.7

[1] Proposal for the 2016 financial year.

[2] PP = percentage points.

Key figures for the Berentzen 2012/2017 bond

		2016 or 12/31/2016	2015 or 12/31/2015	Change 2016/2015
Berentzen 12/17 bond (ISIN DE000A1RE1V3, WKN A1RE1V) bond price / Frankfurt Stock Exchange	%	103.7	106.05	- 2.3 PP [1]
DVFA ratios				
EBIT interest coverage ratio	Ratio	2.5	1.9	0.6
EBITDA interest coverage ratio	Ratio	4.2	3.9	0.3
Total debt / EBITDA	Ratio	2.9	3.2	- 0.3
Total net debt / EBITDA	Ratio	-0.9	-0.8	- 0.1
Risk-bearing Capital	Ratio	0.2	0.2	0.0
Total debt / capital	Ratio	0.5	0.5	0.0

[1] PP = percentage points.

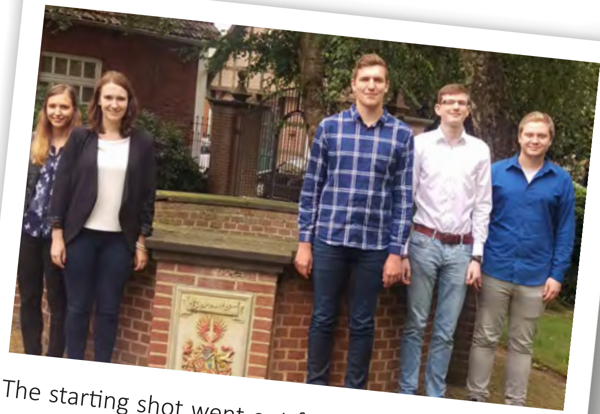
2016 Annual Report

This version of the 2016 Annual Report is provided for the convenience of our English-speaking readers. It has been translated from the original German version, which takes precedence in all respects.

Content

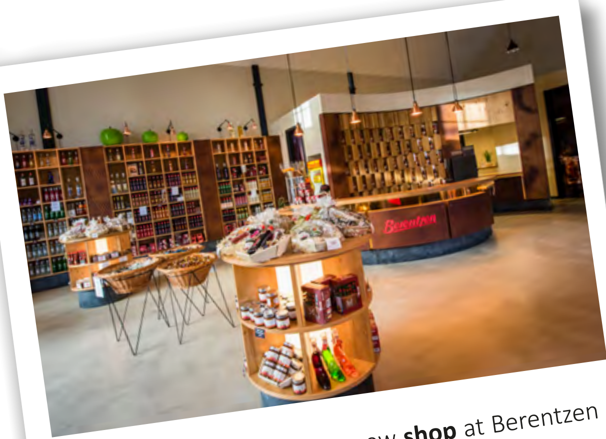
Highlights 2016

Once again in 2016, a large number of employees set out to prove their fitness in the **Global Corporate Challenge.**



The starting shot went out for five Berentzen Group **trainees** on August 1, 2016.

Berentzen was once again the main sponsor for Emsland's ***Budenzauber* soccer tournament**, in which renowned teams participate each year.



The official opening of the new **shop** at Berentzen Hof in Haselünne took place in October 2016.

The ***Echtland*** social media campaign was very well received by the target group

Management trip to China to visit a Citrocasa sub-supplier and introduce the new technical director Ulrico Becker.

A. Letter to shareholders

Ladies and Gentlemen,
dear shareholders

Considering the developments of the last year, the sentence "Thank you very much for your confidence in Berentzen-Gruppe Aktiengesellschaft" is especially relevant. About half of the company's issued shares changed hands in 2016 – which means many of you either increased your holdings or purchased shares in Berentzen-Gruppe Aktiengesellschaft for the first time. The business performance described in the present Annual Report will give you ample reason to believe that your decision was the right one.

Alongside refining our competitiveness in individual segments, boosting the value of the company and generating good returns, we see it as a responsibility to maintain regular contact with our shareholders and potential investors. A good shareholder structure that supports our business objectives is of great importance for the company's development.

Our former majority shareholder, the AURELIUS Group, sold its last share in September 2016, thus completing the incremental process of reducing its holdings in the capital stock of Berentzen-Gruppe Aktiengesellschaft from previously sixty percent to nil. After acquiring a majority of voting rights and commencing the restructuring in 2008, AURELIUS was vital for the survival and subsequent development of the company into its present form. At that time and in the years that followed, AURELIUS exerted a very positive influence on how the Berentzen Group's newly adopted strategic course progressed and provided essential support. Therefore, we would like to take this occasion to express in the name of Berentzen-Gruppe Aktiengesellschaft our cordial thanks for this crucial commitment over a period of more than eight years.

For many new shareholders, the company's current strategy was probably the decisive factor in deciding to invest in Berentzen-Gruppe Aktiengesellschaft. In this respect, opinions and analyses over the past two years were greatly influenced by strong interest in *Citrocasa*. Our Fresh Juice Systems segment operating under this brand name increased its revenues in the 2016 financial year by 25.2% to the current EUR 21.6 million and thus made a substantial contribution to the growth in consolidated revenues of 7.2%. Nevertheless – and we consider this to be a point worth special mention – it was not the dynamic development of the Fresh Juice Systems segment alone that was the main driving force behind the Group's business performance in this financial year. The Spirits segment is still our dominant business in terms of absolute volume, and also turned in an impressive performance. Including international markets, its revenues grew by 3.4% to cross the EUR 100 million threshold. With total revenues of EUR 46.7 million reflecting an increase of around 8.9% over the previous year, the business of the strategically very important Non-alcoholic Beverages segment also exhibited clear positive development, although the earnings quality is still in need of improvement. It is worth noting that revenue growth in the Spirits and Non-alcoholic Beverages segments exceeded the growth observed in the respective overall markets. This accomplishment merits a special thank you to the employees of these segments, who were under extra pressure for many years, and today can again be proud of working for a competitive medium-sized enterprise.

In 2016 we made good progress towards our goal of becoming a diversified beverage company with a well-balanced product portfolio. In this context, the strategic development in the direction of healthy, natural, and fresh segments is paying off. Whereas we were still generating 67.4% of our consolidated revenues with sales of spirits and alcoholic beverages in 2013, this proportion fell to 59.8% in 2016 – on the basis of substantially higher overall revenues – so that we now generate 40.2% of total revenues with sales of alcohol-free beverages. We expect this trend to continue in 2017. This development has been crucially aided by the successful performance of our Fresh Juice Systems, mineral water products, and our trendy soft drink product Mio Mio, all products that drive progress in the direction of sustainable and more nutritional beverages.

We generated consolidated revenues of EUR 170.0 million and a consolidated operating result or EBIT of EUR 10.5 million in 2016. Thus, we have significantly improved the corporate group's operational performance for the third year in a row and created a structurally sound foundation. An important step in this context was the early and successful refinancing of the EUR 50.0 million corporate bond, issued in 2012 and maturing in October 2017, by a syndicated loan agreement with a five-year contractual term and a funding volume of EUR 25.5 million. Thanks to a considerably lower interest rate and a credit profile that is better suited to our requirements, we expect to be able to cut financial expenses by more than half starting in 2018; this will also give a significant boost to the consolidated profit. Furthermore, the reduction of financial liabilities will lead to a considerably higher group equity ratio, particularly as a result of the lower level of total assets.

We consider 2016 to have been a successful year in which our expectations for consolidated profit were completely fulfilled; in fact, we even surpassed by a small margin the estimates made by some analysts. Therefore, we believe that the soundness of our course has been confirmed by the good performance of key indicators. We will consequently continue to refine the strategy we have adopted. Thus, retailers and consumers can expect more positive surprises on the product side in the future. Through it all, we will stay true to our management philosophy, which can be described as a pragmatic mix of managerial prudence and entrepreneurial courage.

With this in mind, we hope you will continue to give us your support.

Warm regards,

Frank Schübel

Executive Board (Spokesman)

Ralf Brühöfner

Executive Board

The Executive Board of Berentzen-Gruppe Aktiengesellschaft

Frank Schübel (born 11 Sept. 1964 in Stuttgart) joined the managing board of the Berentzen-Gruppe Aktiengesellschaft in November 2012, and was made Spokesman on January 1, 2013. As a board member he is responsible for Marketing, Sales, Production & Logistics, Purchasing, Corporate Communications, Research & Development an Corporate Social Responsibility. Mr. Schübel was previously Managing Director of the Weihenstephan dairy, and has also held executive positions at Deutsche Bahn AG and Nestlé AG.

Ralf Brühöfner (born 12 Feb. 1965 in Herford) has been with the Berentzen-Gruppe Aktiengesellschaft since 2001 and was made a board member in June 2007. He is responsible for Financing, Controlling, Human Resources, Information Technology and Legal. Previously he held executive positions in the glass container industry (Hermann Heye KG, today Ardagh-Group) and Balcke Dürr AG. Mr. Brühöfner started his professional career at the auditing firm of PricewaterhouseCoopers.

B. Our share

Key figures on the Berentzen-Gruppe Aktiengesellschaft share

		2016	2015
Number of listed shares (common stock)	Total	9,600,000	9,600,000
High for the year / XETRA	Euro / share	7.90	8.08
Low for the year / XETRA	Euro / share	5.79	3.93
Average for the year / XETRA	Euro / share	6.70	6.09
Average trading volume per trading day / XETRA	Total	9,675	2,312
Price at year-end / XETRA	Euro / share	7.65	7.79
Dividend / share	Euro / share	0.25[1)]	0.20
Basic / diluted earnings per share	Euro / share	0.473	0.234

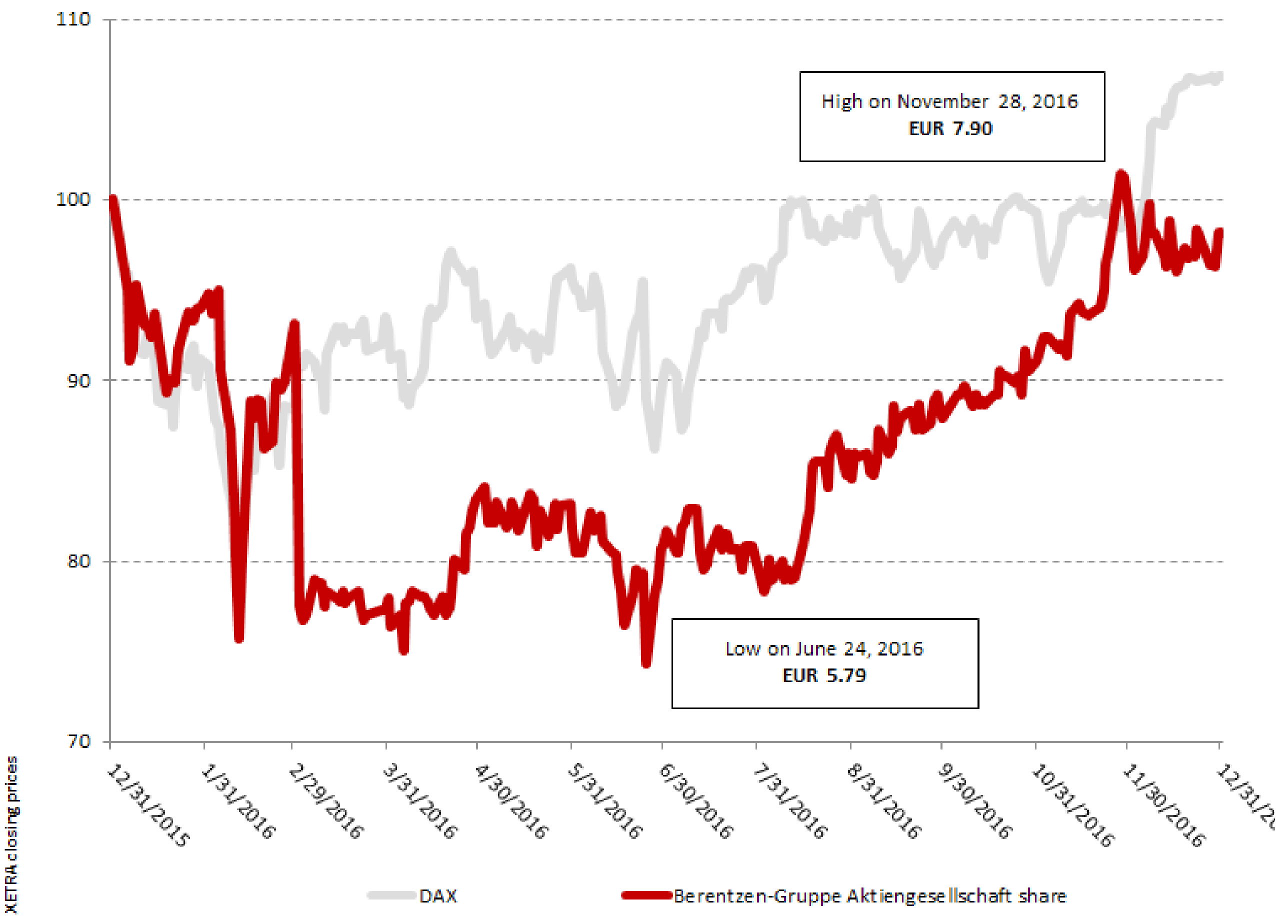
The share capital of Berentzen-Gruppe Aktiengesellschaft totalling EUR 24.96 million is divided into 9.6 million no-par bearer shares of common stock with an imputed nominal value per share of EUR 2.60. The shares are listed in the regulated market (General Standard) of the Frankfurt Stock Exchange.

Price of the Berentzen-Gruppe Aktiengesellschaft share in 2016

Despite the positive business performance of Berentzen-Gruppe Aktiengesellschaft in the past financial year, the share reported a slight loss of just under two percent of its value on the full year 2016. It was a challenging year for investors in general. The DAX only turned positive on the year towards the end of 2016. The most important German equity indices appreciated between five and seven percent in 2016; only the TecDAX declined, by one percent.

Having closed the previous year at EUR 7.79 on December 30, 2015, the share of Berentzen-Gruppe Aktiengesellschaft began the financial year 2016 at EUR 7.70 on January 4, 2016. In the first quarter of 2016, the share was not immune to the general trend of declining prices in the equity markets resulting from negative economic data. The second quarter was marked by political uncertainties, including the British vote to leave the European Union. The brief recovery following the publication of the 2015 Annual Report proved to be unsustainable. After a negative sideways trend in the second quarter, the share fell to its low for the year of EUR 5.79 on June 24, 2016. Key factors affecting the stock markets improved in the third quarter of 2016. Amidst this environment, the Berentzen-Gruppe Aktiengesellschaft share stabilized and following the publication of the Semi-Annual Financial Report in August 2016, which showed positive key financial indicators, it embarked upon a sustained upward movement. The Berentzen-Gruppe Aktiengesellschaft share reached its high for the year of EUR 7.90 on November 28, 2016. From late November to the end of 2016, the share declined slightly from this level, but consistently remained above the mark of EUR 7.00. The Berentzen-Gruppe Aktiengesellschaft share closed the year 2016 at a price of EUR 7.65.

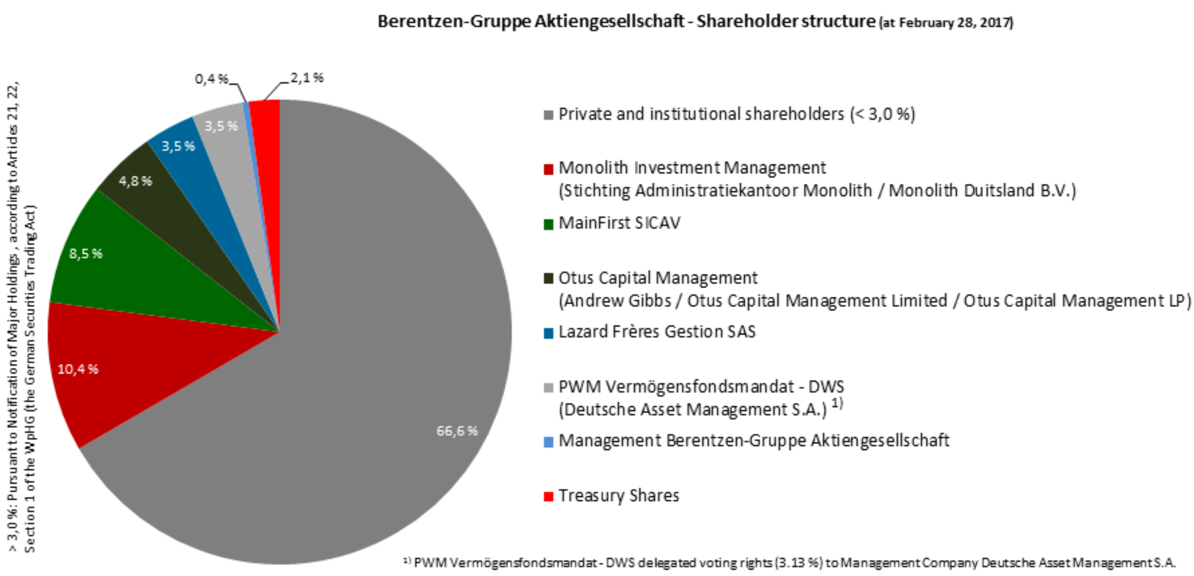
Price of the Berentzen-Gruppe Aktiengesellschaft Share vs. DAX
January 1, 2016 – December 31, 2016



Shareholder structure

Until the spring of 2016, the AURELIUS Group through its parent company AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA), Grünwald, Germany, directly and indirectly held a majority of Berentzen-Gruppe Aktiengesellschaft's shares. During the course of 2016, the companies of the AURELIUS Group successively reduced their holdings of shares of Berentzen-Gruppe Aktiengesellschaft and ultimately sold them all to institutional investors.

The shareholder structure of Berentzen-Gruppe Aktiengesellschaft at the end of the 2016 financial year is presented in the graph below:



Share buyback

Berentzen-Gruppe Aktiengesellschaft conducted a share buyback programme in the time from July 27, 2015 to and including May 27, 2016. Under this programme resolved by the Executive Board on July 21, 2015, preferred shares and then, after the completion of the conversion of preferred shares into common shares on September 28, 2015, as resolved by the extraordinary general meeting on July 20, 2015 and the separate meeting of preferred shareholders on the same date, common shares were to be purchased on the stock exchange until further notice in the total maximum amount (excluding transaction costs) of EUR 1,500,000.00.

The total number of treasury shares purchased by Berentzen-Gruppe Aktiengesellschaft under the share buyback programme in the time from July 27, 2015 to and including May 27, 2016 amounted to 206,309 shares, representing an imputed nominal value of EUR 536,403.40 or 2.15% of the Company’s capital stock. The average purchase price per share was EUR 7.2706. The total purchase price for all treasury shares purchased under the share buyback programme amounted to EUR 1,499,996.70 (excluding transaction costs).

General meeting, dividend and dividend proposal

The Executive Board of Berentzen-Gruppe Aktiengesellschaft informed the shareholders of the results of the 2015 financial year at the annual general meeting held in Munich on May 12, 2016. Based on the distributable profit of EUR 4,571,623.27 presented in the separate financial statements of Berentzen-Gruppe Aktiengesellschaft as of December 31, 2015, the general meeting resolved to distribute a total of EUR 1,880,303.20 to the shareholders as a dividend. The remainder of the distributable profit totalling EUR 2,691,320.07 was carried forward to new account. Based on the year-end closing price of EUR 7.65 at 30 December 2016, the resolved dividend of EUR 0.20 per share corresponds to a dividend yield of approx. 2.6%. The total return (capital appreciation and dividend yield) of the Berentzen-Gruppe Aktiengesellschaft share in the 2016 financial year came to 1.9%.

In the previous year, the dividend amounted to EUR 0.19 per preferred share and EUR 0.13 per common share, due to the fact that, at the time when the dividend was paid and until the end of the third quarter of 2015, one half of the capital stock of Berentzen-Gruppe Aktiengesellschaft consisted of preferred shares listed on the regulated market (General Standard) of the Frankfurt Stock Exchange, and one half consisted of common shares that were not traded on the stock exchange.

The Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft will propose to the general meeting that the distributable profit presented in the separate commercial-law financial statements of Berentzen-Gruppe Aktiengesellschaft in the amount of EUR 5,521,614 for the 2016 financial year be utilised to pay a dividend of EUR 0.25 per qualifying common share for the 2016 financial year and the rest be carried forward to new account. Considering the treasury shares held by the Company at the date of the general meeting, which do not qualify for dividends as per Section 71b AktG, the total dividend pay-out is expected to be EUR 2,348,423 and the amount carried forward to new account to be approx. EUR 3,173,191. Payment of this dividend is contingent upon the approval of the general meeting to be held on May 19, 2017. The number of shares qualifying for dividends can change in the time until the annual general meeting. In this case, an appropriately adjusted draft resolution on the utilisation of distributable profit will be submitted to the annual general meeting, without changing the dividend of EUR 0.25 per common share qualifying for dividends.


CITROCASA

C. Our bond

In October 2012, Berentzen-Gruppe Aktiengesellschaft issued its first-ever corporate bond on the Open Market (unofficial market of the Frankfurt Stock Exchange) in the Entry Standard Segment for bonds (ISIN: DE000A1RE1V3 / A1RE1V). The bond was issued with a coupon of 6.50% p.a. for a term of five years, ending in October 2017.

Having closed 2015 at a price of 106.05% on December 30, 2015, the bond of Berentzen-Gruppe Aktiengesellschaft started the year 2016 with an opening price of 107.00% on January 4, 2016. In the further course of the first quarter of 2016, the bond was not immune to the trend of declining prices in the bond markets resulting from negative economic data, and the price fell to 101.50% on February 12, 2016. The subsequent recovery, which saw the price rise to its high for the year of 107.50% on May 10, 2016, proved to be unsustainable. The political uncertainties that impacted the market in the second half of the second quarter put downward pressure on the bond price, which declined all the way through to the third quarter, reaching its low for the year of 101.02% on September 27, 2016. The price rose again as key factors for the markets improved in the third quarter of 2016. The bond of Berentzen-Gruppe Aktiengesellschaft closed the year 2016 at a price of 103.70% on December 30, 2016.

Effective March 1, 2017, the Open Market of the Entry Standard segment for bonds of the Frankfurt Stock Exchange was restructured. The previous Entry Standard segment in the Open Market was replaced with the new Scale segment, which imposes heightened transparency requirements. Issuers were given the chance to apply for listing in the Scale segment under alleviated listing conditions for securities that had been listed in the Entry Standard segment up to and including February 28, 2017. Considering the remaining term of its corporate bond and the restructuring of corporate financing by means of a syndicated loan agreement concluded in December 2016, Berentzen-Gruppe Aktiengesellschaft did not apply for admission to the Scale segment. Since March 1, 2017, therefore, the corporate bond of Berentzen-Gruppe Aktiengesellschaft has been listed on the so-called Basic Board of the Open Market of the Frankfurt Stock Exchange.

Key data on the bond of Berentzen-Gruppe Aktiengesellschaft 2012/17	
Type of security	Bond
Issue volume	EUR 50.0m
Minimum investment	EUR 1,000.00
ISIN	DE000A1RE1V3
WKN	A1RE1V
Issue date	10/18/2012
Coupon	6.50% p.a.
Interest payment	October 18 of each year
Term	10/18/2012 to 10/17/2017 (inclusive)
Denominations	EUR 1.000,00

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Berentzen
DER STIMMT SO.
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Berentzen
APPLE BOURBON
refined with Kentucky Straight Bourbon Whiskey
28% vol
www.berentzen.de
Verantwortungsvoller Genuss ab 18 Jahren.

D. Our products

The Berentzen Group is a broad-based beverages company that is focused on developing into fresh, natural and healthy segments. The product range extends from *spirits* and *non-alcoholic beverages* such as soft drinks and regional mineral waters through to *fresh juice systems* for freshly squeezed orange juice.

Spirits

The original core product of the company, which was founded in Haselünne in 1758, is grain schnapps and with it the *Berentzen* brand. Derived from this competence, the *Berentzen Fruchtigen* segment emerged in 1976 with the core product Apfelkorn. Young adults for whom vodka is preferred to schnapps nowadays have found products under the *Puschkin* brand since 1990. This was then expanded in the 1990s to include traditional spirits like *Strothmann, Bommerlunder* and *Doornkaat*. The strategic focus in developing the spirits portfolio is on the *Berentzen* and *Puschkin* umbrella brands, which are continuously reinforced by means of innovation and renewal, together with communication programmes for the retail trade.

The pattern of consumer behaviour observed by the Berentzen Group to increasingly mix spirits was one reason for the strategic addition of *Berentzen Apple Bourbon*, an innovative composition introduced in 2014, which is made of *Berentzen apple liqueur* and Kentucky straight bourbon whiskey. The flavoured whiskey segment has experienced above-average growth in the last three years and *Berentzen Apple Bourbon* too is positioned directly at the height of consumer demand. According to the independent market research enterprise The Nielsen Company, the innovative new product *Berentzen Cranberry Aperitif* introduced in March 2016 is already among the Top 5 in the fruity segment and also makes an ideal mixing drink that can be combined with sparkling wine or prosecco, for example, as a light, contemporary enjoyment. With this product, *Berentzen* is participating in the continued positive development of the aperitifs market. These contemporary usages of innovative new products are illustrative of the renewal of the *Berentzen* brand and make an important contribution to the Group's market success.

In addition to vodka as a strong base product, *Puschkin* has introduced new products designed for mixing and featuring new taste directions, such as *Puschkin Pink Grapefruit*, for example. Furthermore, the traditional *Puschkin Vodka* product is periodically distributed in special design editions, most recently with a striking polygon appearance.

Intensive social media campaigns are a crucial communication instrument for the *Berentzen* and *Puschkin* umbrella brands. The precise targeting of young users (18-25 years old) allows for efficient budgets and low scatter losses, while also generating interactive and highly effective communication.

In 2016, *Berentzen* presented itself through the storytelling approach "Berentzen gründet Echtland" ("Berentzen Founds True Land"), which has generated a substantial reach of more than 500 million contacts. As in the previous #unfake campaign in 2015, the focal topics of the *Berentzen* brand are genuineness and authenticity.

The #partyanimal slogan gave fresh communication impetus to the *Puschkin* umbrella brand. The active dialog with fans is being promoted in social media and on a new *Puschkin* website. Awareness of the company's innovations is promoted via efficient communications in digital media, particularly including bloggers.

The Group's branded dealer and private-label products, which are marketed by the subsidiary Pabst & Richarz Vertriebs GmbH, are popular with the retail trade not only because of their good quality and strong customer orientation, but also for their new, customer-tailored product and marketing concepts. This is particularly true for the international spirits specialties, including premium-quality products like gin, bourbon whiskey, Cuban rum and tequila. Particular emphasis was placed on refining speciality products and features in 2016, including design elements such as special bottle corks and labels that are printed directly on the bottles. Good access to suppliers of high-quality spirits makes it possible to strategically broaden the portfolio and enhance quality. A forward-looking sourcing policy means that larger volumes of bourbon whiskey can still be offered to regular customers in particular.

Non-alcoholic beverages

The core competencies of the Group company Vivaris Getränke GmbH & Co. KG, which represents the *Non-alcoholic Beverages* segment in the Berentzen Group, consists in the production and marketing of mineral waters, lemonades, cola, energy and mate-tea drinks in numerous different packagings and under established private-label brands and the franchise brand *Sinalco*.

The internally developed *Mio Mio* brand, which has been very successful in the last few years, again enjoyed very strong unit sales and revenue growth. Two new taste directions were introduced in 2016. *Mio Mio Mate Banana* was launched with great success in July and *Mio Mio Mate Ginger* was introduced to retail partners towards the end of 2016. All in all, food retailers are eager to stock their shelves with innovative new products of the *Mio Mio* brand. Therefore, the national distribution was successfully expanded.

Despite the relatively poor weather in the summer of last year, the water brands of Vivaris Getränke GmbH & Co. KG performed very well in the 2016 financial year. The conversion of the *Sankt Ansgari* brand to bottling in Haselünne went smoothly and unit sales rose substantially in 2016. This was due in part to the expansion of packaging variants. The *Emsland Quelle* brand also exhibited an above-average development. The third spring at the Haselünne location was successfully used for the *Küstengold* brand, and unit sales exceeded expectations. The best-selling water brand in the Vivaris portfolio is *Märkisch Kristall*, from the Grüneberg spring near Berlin. This product has deep roots in the region and has exhibited a very positive development in the last years. The expansion of the reusable bottle segment is expected to provide additional impetus. Moreover, *Märkisch Kristall* mineral water plays a leading role in the demanding hospital sector, particularly in the Berlin greater metropolitan area where the company supplies this brand to many hospitals.

The franchise brand *Sinalco* successfully completed its second year in business. With respect to the coming years, Berentzen and its partner Deutsche Sinalco GmbH Markengetränke & Co. KG have agreed to further strengthen brand sales to restaurants and exploit the high acceptance of this brand. This goal will be supported by a successful new customer acquisition campaign and particularly also by the reusable bottle. The plan was successfully implemented with the 0.5l PET reusable bottles in 2016.

Fresh Juice Systems

The *Fresh Juice Systems* segment was added to the Berentzen Group’s portfolio following the acquisition of the subsidiary T M P Technic-Marketing-Products GmbH at the end of 2014. It offers a system combining high-qualify fruit juicers distributed under the *Citrocasa* brand with mature, untreated juice oranges with the brand name *frutas naturales* and special bottling systems. The fruit juicers are marketed worldwide.

After the successful launch of the new fruit juicer generation *Revolution* in the fourth quarter of 2015, this product was rolled out to the entire distribution network at the beginning of 2016. Conceived as a compact model for the HORECA (hotels, restaurants, cafes) sales channel, *Revolution* accounted for a substantial portion of this segment’s growth in its first year.

After far-reaching model maintenance measures (advance lines) were conducted in 2015 and additional detailed improvements were made in the areas of “juice yield” and “reliability” in 2016, the two established machine series 8000 and Fantastic made substantial contributions to the company’s growth last year. They are a strong pillar of the *Fresh Juice Systems* segment.

The supply of fruit oranges known as *frutas naturales* was challenged by the fact that crops in both Europe and South Africa were adversely affected by difficult harvesting conditions. Climatic change-induced extreme weather situations such as storms and heavy rain in Spain and a protracted drought in South Africa had a major impact on both the size and shelf life of the oranges. The company countered these effects with extensive quality assurance measures, particularly including the meticulous selection procedures employed by the company’s long-time suppliers. The company also established new procurement sources as a means of ensuring a consistent supply of *frutas naturales*.

Berentzen Hof

The Group company Der Berentzen Hof GmbH is located in the company's headquarters in Haselünne. Berentzen Hof includes the leased restaurant Burgkeller and other historical buildings which are used for an extensive program of tours and events, among other things. The strong response to this offering has made Berentzen Hof a popular event location over the years. Part of Berentzen Hof is the farm shop, which opened in 1996 and was completely renovated in 2016. The diversity of products offered there is reflective of the Group's broad product range. The farm shop provides a good overview of the Berentzen Group's portfolio to the 35,000 visitors of Berentzen Hof every year. The redesigned space offers both brand-name and private-label spirits, as well as a broad selection of non-alcoholic beverages of the brands *Mio Mio*, *Vivaris*, *Sinalco*, mineral water products and fresh-pressed orange juice. These products are also sold from an online shop.

Production

The task of maintaining high quality standards in production forms another cornerstone of the Company's business activities. The International Featured Standard (IFS) food quality standard has been applied in the *Spirits* and *Non-alcoholic Beverages* segments within the Berentzen Group for many years. The objective of the annual audits by recognised independent certification bodies is the constant improvement of production processes in order both to ensure the highest level of product safety and to boost value-added across the entire process chain. This approach allows the Berentzen Group not only to create transparency and ensure monitored safety, but also to satisfy the requirements of its customers and the demands of consumers for both safe and high-quality foodstuffs. The claim to high quality is reflected in the certification of all production facilities of the Berentzen Group according to the IFS quality standard.

Successful IFS recertification at the Minden facility, the Berentzen Group's central production plant for spirits, took place in early May 2016. This year's capital spending programme worth millions of euros revolved mainly around the acquisition of a new bottling unit from the company Krones, which was installed in the autumn of 2016. By means of this investment in a more productive bottling unit, the Berentzen Group considerably expanded its bottling capacity and extended its efficiency advantage in the market. This together with the coverage of 50 different formats provides a good springboard for responding better to customer requests in the future. For the seventh time in a row, the spirits production function won the "Preis der Besten" award given by the German Agricultural Society (DLG) for top German quality in spirits products. The outstanding position of the Berentzen Group as an experienced quality supplier is further documented by 15 gold and 26 silver awards for spirits within the framework of the annual quality audit carried out by the German Agricultural Society.

The IFS certification carried out during the year resulted in a "higher-level" certification of the non-alcoholic beverages facility in Haselünne and a "basic level" certification of the facility in Grüneberg. Vivaris Getränke GmbH & Co. KG has continued to document its compliance with US food safety standards by obtaining AIB (American Institute of Baking) certifications for the Grüneberg production plant.

In November 2016, T M P Technic-Marketing-Products GmbH demonstrated its strong quality orientation in all processes when it was recertified at the "higher-level" according to the new IFS Broker standard, which was modified and made more stringent in 2016.

Furthermore, all the German production facilities in Minden, Haselünne and Grüneberg were successfully certified according to the international Energy Management Standard (ISO 50001:2011) in December 2016.


PUSCHKIN
MOSCOW MULE
DIE ESSENZ DES BELIEBTEN
DRINKS MOSCOW MULE ALS SHOT
Der erfrischende Geschmack nach Limette, Gurke und Ingwer
PUSCHKIN
PUSCHKIN
MOSCOW MULE SHOT
LIMETTE-GURKE INGWER
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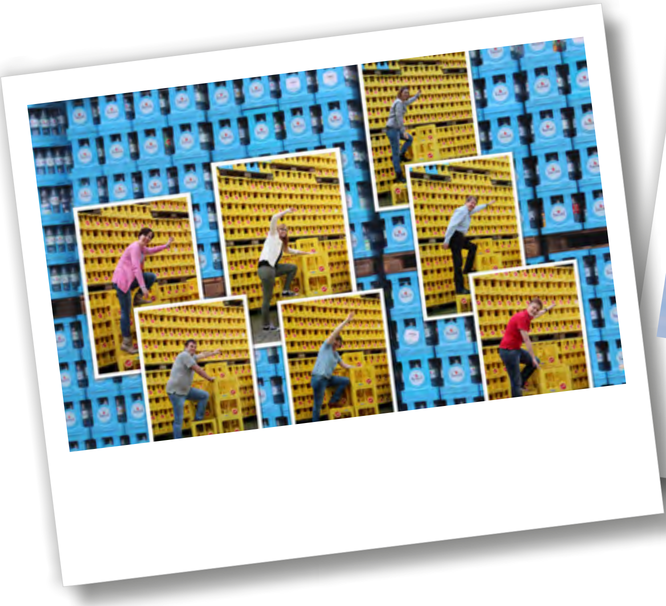
E. Our People

Highly committed, well trained and highly motivated people are vitally important to the success of a corporate group that creates value on the basis of the highest quality standards and innovative ideas. Again last year, the people of the Berentzen Group promoted the sustainable growth of the Group and assured its future competitiveness in a competitive market environment, thus making a vital contribution to the attainment of its business objectives.

At the end of the 2016 financial year, 487 (PY: 491) people were employed at the head office in Haselünne and at the other domestic and international facilities. In its professional development work, the Berentzen Group actively promotes the personal and professional development of its employees in order to foster a sustained, long-term sense of solidarity with the company. To this end, the company implemented professional qualifications, offered courses for master craftsmen and supported employees who were additionally pursuing an academic degree in 2016. These activities are supplemented by targeted, individualised professional development programmes. The Berentzen Group has for many years trained young skilled workers for the jobs of the future and so maintained the excellent qualifications of its staff. At the end of the 2016 financial year, the company had 26 apprentices in eight different skilled occupations, as well as four dual-track students and university students studying economics and industrial engineering. Since 2016, moreover, the company has participated in the Ausbildung.Plus programme, which combines a business management education with further instruction to become a certified business management administrator. This programme delivers targeted, practical qualifications that go beyond those of an apprenticeship. Apprentices are also given a chance to gather intercultural experience and gain fresh insights by participating in international internships. This programme was offered in England and Austria in 2016. Moreover, the company demonstrates its commitment to social responsibility, specifically as it pertains to occupational training for young people, by offering 18 pupils and students a chance to undergo an internship in which they learn to apply the theoretical knowledge they have learned to practical business situations.

As in prior years, the Berentzen Group took concrete steps in 2016 to promote the fitness and work satisfaction of its employees as part of its health management programme. For example, 112 employees in 16 teams participated in the second year of the Global Corporate Challenge (GCC), a health initiative aimed at sensitizing people to the importance of exercise and nutrition. Over a period of 100 days, the teams demonstrated impressive motivation and commitment by covering a total distance of more than 104,000 km. In collaboration with its network partner Qualitrain, the company offers all employees financial assistance to participate in a company fitness programme. In the “Healthy Month” campaign, we offered employees the chance to participate in various workshops to raise their awareness for the importance of a balanced diet.

The Executive Board would like to thank all the employees across the corporate group for their outstanding commitment and personal contributions to the success of our group in the past financial year.



The **Berentzen Group** makes investments every year into maintaining and extending the company's historical place of business in Haselünne. In 2016 **Berentzen Hof** was restructured to align itself towards the newly redesigned town centre. In this context, the shop was relocated to the former sugar warehouse on Ritterstrasse; its large entrance gate is an invitation to visitors and locals alike to come in and have a look around. Many elements of the industrial character of the building of the former sugar warehouse are still visible, not least the height of the ceiling of around eight metres.

The new barrel store was opened at Berentzen Hof in February 2016; it houses *Edelkorn Vom alten Fass* for 24 months.

Berentzen Hof

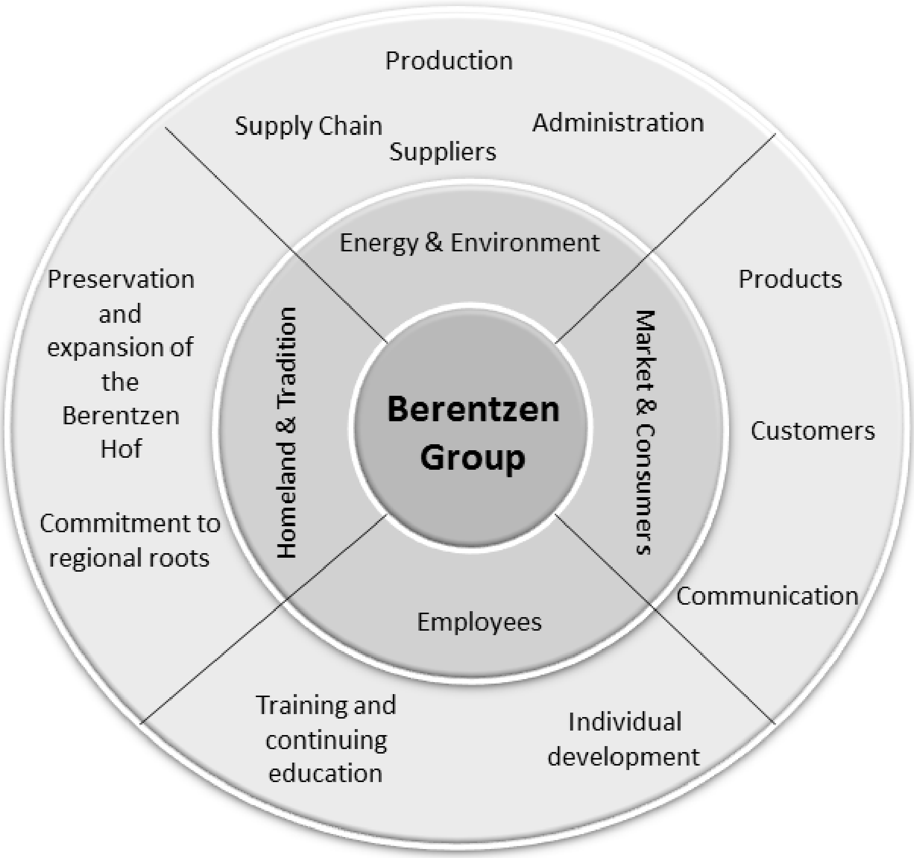
Immer schön höflich.

F. Our corporate responsibility for economic, ecological and social sustainability

A modern society, and hence also a modern enterprise, is called upon to deal with the evolving conditions of the present times and face up to the resulting challenges. Economic goals must be compatible with ecological goals such as the reduction of emissions and resource conservation. Environmental protection has always been an essential aspect of the corporate policy of the Berentzen Group as a producer of mineral water products, for example, because the quality of raw materials and the protection of the company's own springs are the cornerstone of a business model geared to the highest quality standards. At the level of society, conditions for a fair and respectful treatment of all people must be created. This entails an ethical responsibility towards society, consumers, and employees.

A sustainability management programme was initiated within the Berentzen Group in 2015. As part of this effort, individual project teams have intensively analysed the potential for general improvements in various areas of the company and identified those areas in which the most pressing need for action exists. The starting point was the identification of essential topics for the Berentzen Group and the definition of action fields.

Fields of Action and Project Organisation



The Energy & Environment project group started off by focussing on the area of production, where it looks for potential savings and improvements. The Market & Consumers team focuses on products and responsible communication. The main thrust of the Employees project group is to strengthen the workforce and identify possibilities for counteracting demographic change and the shortage of skilled workers. Homeland & Tradition addresses the company's history and its roots in the local region. The future measures and volunteering activities of the Berentzen Group should reflect the firmly rooted values and ideals of our medium-sized enterprise – awareness of tradition, respectability, reliability –, but also express the modern orientation and changes within the corporate group.

The dialogue with stakeholders is crucially important for the Berentzen Group because changing values and consumer awareness, including (for example) the importance of a healthy and balanced lifestyle and the return to regional roots, must be reflected in the corporate group's activities. To obtain an initial impression of opinions within the company, an employee survey on the subject of sustainability was conducted within the Berentzen Group in April 2016. The goal was to encourage employees to address this topic and view their company through this prism. Afterwards, important external stakeholders such as customers, consumers and suppliers were surveyed on this subject. The top topics determined from the surveys coincided with the approaches in the project groups: reduction of energy and water consumption, emissions reduction and waste avoidance. Continuing education and personal development were also highly important for employees. On this basis, promising measures were developed and partially implemented already in 2016.

Management systems

The energy management system according to ISO 50001, which was introduced at the group company Vivaris Getränke GmbH & Co. KG already in 2013, has delivered considerable advances in the field of environmental and climate protection. The production plant for spirits at the Minden facility was likewise certified in the 2016 financial year. The aim of ISO 50001 is to improve energy efficiency in the company by identifying the present sources of energy and analysing and evaluating energy consumption on the basis of measurements and other data. The transparency this yields on electricity and gas consumption provides an opportunity to identify and gradually address potential enhancements. It was resolved in the 2016 financial year to supplement the existing management approach with an environmental management system.

Products

The *Fresh Juice Systems* segment represents the corporate group's development in the direction of healthy, low-processed and natural products. The use of oranges of the *frutas naturales* brand, which are not treated with chemicals after the harvest, is a prime example of this shift.

In developing new products, the innovation teams of the operating segments actively consider sustainability aspects such as the preference for natural ingredients, for example. Particular emphasis is placed on sugar content. The goal in this respect is to achieve a measurable reduction across all product groups and to develop more reduced-sugar beverages. For example, the *Mio Mio Mate* soft drink contains 5.7 g of sugar per 100 ml, only half as much as a traditional cola product.

Equipment materials

In the *Spirits* segment, 98% of the materials used (bottles, labels, cardboard packaging) are already recyclable. The Berentzen Group is currently studying various other ways of conserving resources and cutting down on the use of materials. For example, a 50-gram reduction in the bottle weight of Berentzen's fruit schnapps products would lead to an annual savings of 250 tons of glass. However, this change will only be made if the stability of the bottles is just as good as before, if not better.

Protection of high-risk groups

As a producer of spirits, it is especially critical for Berentzen-Gruppe Aktiengesellschaft to focus on responsible consumption and protect high-risk groups such as young people and pregnant women. Therefore, all labels will be successively converted to feature pictogram warnings ("18 and older", "Don't drink and drive", "Not for pregnant women").

Code of Conduct

The Berentzen Code of Conduct introduced in 2007 was the first effort to codify the deeply rooted values and ideals of our medium-sized enterprise and clearly document the corporate group's unequivocal ethical standards. The Code of Conduct covers a wide range of aspects of the corporate group's everyday activities and gives all employees – from apprentices all the way up to Executive Board members – rules and guidelines to ensure the proper guidance and necessary certainty in their day-to-day activities.

Whereas the first edition of the Berentzen Code of Conduct was directed at the employees, a new, updated version is currently being developed and will be made available to consumers, business partners, capital providers and the interested public. It will also be expanded to include a Code of Conduct for suppliers and marketing activities. And it will incorporate the latest environmental and social standards, thus demonstrating that the Berentzen Group is a trustworthy and responsible enterprise. The Code of Conduct sets standards and communicates the corporate group's lived aspirations to all stakeholders.

The Berentzen Group takes its responsibilities very seriously and has set itself the goal of making measurable improvements in the areas of economic, ecological and social sustainability every year.

G. Report of the Supervisory Board

Ladies and gentlemen,

The following report provides information on the activities of the Supervisory Board in the 2016 financial year pursuant to Section 171 (2) of the German Stock Corporation Act (AktG).

Again this year, the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft performed the duties incumbent upon it by law, the Company's Articles of Association and its rules of procedure, and advised and supervised the Executive Board as it managed the Company. The Supervisory Board was involved in all decisions of fundamental importance for the Company.

Summary

The Executive Board kept the Supervisory Board informed promptly and comprehensively about all key topics in connection with the management of the Company in written and verbal form on a regular basis during the 2016 financial year. In particular, this covered reporting on the strategy, the business plan, the business performance including the financial position, cash flows and financial performance, the risk position, financial reporting system and the financial reporting process, the effectiveness of the internal control system, the risk management system and the internal audit system, the compliance function and numerous current topics of significance for the Berentzen Group. Deviations in the Company's performance from the business plan were explained individually to the Supervisory Board. Furthermore, the Supervisory Board discussed material transactions with the Executive Board and provided advice on significant individual measures on the basis of relevant regular reports by the Executive Board and during individual meetings.

The Chairman of the Supervisory Board was in regular contact with the Executive Board outside of the Supervisory Board meetings to be kept up to date with the Company's performance and any significant transactions. Strategy discussions with the Chairman of the Supervisory Board focused on the prospects and future orientation of the Company and the corporate group.

The Supervisory Board was notified in good time where its approval was required for measures undertaken by the Executive Board. Where notification of the Supervisory Board was required for measures undertaken by the Executive Board, proper notification was provided in each case accordingly. The Supervisory Board granted its approval to the underlying proposals following in-depth examination and deliberation.

Meetings and main topics of deliberation of the Supervisory Board

A total of four regular meetings of the full Supervisory Board were held in the 2016 financial year. Other resolutions were adopted by telephone and one resolution by written circular.

The development and the financial position, cash flows and financial performance of the corporate group were the subject of regular deliberations in all meetings of the Supervisory Board and one report delivered by the Executive Board to the Supervisory Board by telephone.

In its meeting on March 22, 2016, when it examined in detail the financial statements and the report on relations with affiliated companies (Dependent Company Report), the Supervisory Board approved the separate financial statements and the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft for the 2015 financial year in accordance with the recommendations of the Finance and Audit Committee in each case; the separate financial statements were thus adopted. The Supervisory Board raised no objections to the Dependent Company Report for this financial year and approved the report of the independent auditor on the Dependent Company Report pursuant to Section 314 AktG. Furthermore, the report of the Supervisory Board to the annual general meeting for the 2015 financial year was released and the proposal to the annual general meeting by the Executive Board regarding the utilisation of profit was approved. In addition, the agenda for the annual general meeting on May 12, 2016 was approved together with resolutions proposed to the meeting, including the proposal of the Supervisory Board for the appointment of the independent auditor of the separate and consolidated financial statements for the 2016 financial year and the independent auditor for an audit review of the condensed financial statements and the interim management report of Berentzen-Gruppe Aktiengesellschaft in the 2016 financial year pursuant to Section 37w (5), 37y No. 2 of the German Securities Trading Act, based on the corresponding recommendation of the Finance and Audit Committee, as well as the annual joint Declaration of Conformity by the Supervisory Board and the Executive Board pursuant to Section 161 AktG. At this meeting, the Supervisory Board also adopted a resolution on the continuation of the business activities of the corporate group in Turkey.

Another Supervisory Board meeting was held directly before the annual general meeting of Berentzen-Gruppe Aktiengesellschaft on May 12, 2016. The deliberations particularly covered the current business performance and the compensation of the Executive Board.

The subjects of the Supervisory Board resolutions adopted by telephone on July 28, 2016 were the approval of an investment project at the Haselünne in the *Spirits* segment and the granting of a portion of the variable compensation payable to the members of the Executive Board on the basis of the relevant recommendation by the Personnel Committee; according to the contracts of employment, this decision is at the discretion of the Supervisory Board. Other important subjects of the deliberations were topics of corporate finance, particularly including the project for refinancing the corporate bond of Berentzen-Gruppe Aktiengesellschaft, which matures in October 2017, and the audit of the consolidated financial statements and Group management report at December 31, 2015 and the separate financial statements and management report at December 31, 2015 of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 342b (2) Sentence 3 No. 3 HGB (sample audit) by Deutsche Prüfstelle für Rechnungslegung (DPR).

On August 1, 2016, the Supervisory Board resolved by written circular to appoint a new Supervisory Board member after the departure of Mr. Donatus Albrecht from the Supervisory Board by means of a Registry Court application procedure pursuant to Section 104 AktG, based on the recommendation of the Nomination Committee for the proposal of a Supervisory Board candidate.

In its meeting on September 26, 2016, the Supervisory Board mainly dealt with corporate finance again, including the project to refinance the corporate bond of Berentzen-Gruppe Aktiengesellschaft, and resolved to prolong ahead of time two existing financing agreements while also increasing the total financing volume available under those agreements. The Supervisory Board also adopted a resolution approving the proposals of the Executive Board to dissolve three foreign subsidiaries.

In its meeting on November 28, 2016, the Supervisory Board deliberated on the corporate strategy and the business plan for the 2017 financial year and the 2018-2019 Medium-Term Plan presented by the Executive Board, and approved them all. After finally addressing the question of future corporate finance, the Supervisory Board approved the conclusion of the syndicated loan agreement by the Berentzen-Gruppe Aktiengesellschaft and other companies of the Berentzen Group that will be bound by this agreement, which is also meant to refinance the corporate bond of Berentzen-Gruppe Aktiengesellschaft. Two additional resolutions pertained to the necessary changes to the rules of procedure for the Supervisory Board and the Executive Board for the purpose of a general update, but which were also necessitated by changes made to the regulatory parameters – particularly following the so-called EU Reform of Statutory Audits of Annual Accounts and the Act on the Reform of Statutory Audits of Annual Accounts. The Supervisory Board also adopted the latest annual joint Declaration of Conformity by the Supervisory Board and Executive Board pursuant to Section 161 AktG, while also changing the declaration cycle. The Supervisory Board also adopted a resolution approving a proposal of the Executive Board to dissolve another foreign subsidiary. Finally, the Supervisory Board adopted a resolution on the reappointment of an Executive Board member and the prolongation of his employment contract, and on the total compensation of Executive Board members, including the fixed and variable components, based on the corresponding recommendations of the Personnel Committee in every case.

Meetings and main topics of deliberation of the committees of the Supervisory Board

The Supervisory Board again had two committees in the 2016 financial year to help it carry out its tasks efficiently. In order to prepare and supplement its work, the Supervisory Board set up a Personnel/Nomination Committee and a Finance and Audit Committee, which act as standing committees. Certain decision-making powers of the Supervisory Board have been delegated to the committees within the legally permitted framework. The chairmen of the committees reported to the full Supervisory Board on the work in the committees.

Personnel Committee

The following tasks in particular have been assigned to the Personnel Committee: preparation of the relevant resolutions regarding the appointment and dismissal of members of the Executive Board and regarding the conclusion, amendment and termination of contracts, notably including the contracts of employment, with the members of the Executive Board. Excluded from this are resolutions regarding the setting of the total compensation payable to an individual member of the Executive Board and regarding the reduction of compensation and benefits of the members of the Executive Board. Until the amendment of the rules of procedure for the Supervisory Board that was resolved on November 28, 2016, another activity of the Personnel Committee was to review transactions subject to notification obligations notified to the Personnel Committee by the Executive Board and to decide whether such transactions should be presented to the Supervisory Board for decision.

The Personnel Committee met twice in 2016. During its meeting on July 28, 2016, the Personnel Committee dealt with the granting of variable compensation, at the discretion of the Supervisory Board, to the members of the Executive Board which, which was related to the reorganisation of the ownership structure of Berentzen-Gruppe Aktiengesellschaft. The deliberations and the subsequent recommendation to the Supervisory Board particularly involved questions of merit and appropriateness.

At its meeting on November 28, 2016, the Personnel Committee particularly dealt with the reappointment of an Executive Board member and the prolongation of his employment contract, and the total compensation of Executive Board members, including fixed and variable compensation components. Based on its deliberations, the Personnel Committee then expressed its recommendations to the Supervisory Board.

Another activity performed by the Personnel Committee was to review transactions subject to notification obligations notified to the Personnel Committee by the Executive Board and decide whether such transactions should be presented to the Supervisory Board for decision. In this context, the Personnel Committee adopted resolutions by written circular regarding a total of four transactions notified by the Executive Board during the 2016 financial year.

Nomination Committee

The Personnel Committee is simultaneously the Nomination Committee within the meaning of the German Corporate Governance Code (GCGC) In this function, and with its composition restricted to the members of the committee who represent shareholders, it deals with the selection of the candidates for a seat on the Supervisory Board as representatives of the shareholders.

The subject of a resolution adopted by the Nomination Committee by telephone on July 22, 2016, was the recommendation to the Supervisory Board on the Supervisory Board's proposal of a candidate for a new Supervisory Board member by means of a Registry Court application procedure pursuant to Section 104 AktG. The Nomination Committee recommended to the Supervisory Board that Mr. Daniël M. G. van Vlaardingen be proposed to the competent Registry Court as the Supervisory Board candidate to succeed Mr. Donatus Albrecht, who resigned from the Supervisory Board, for the time until the close of the next annual general meeting of Berentzen-Gruppe Aktiengesellschaft.

Finance and Audit Committee

The Finance and Audit Committee similarly continued its work and held three meetings in the 2016 financial year. In particular, it has been tasked with overseeing the financial reporting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit of the financial statements, and the compliance function.

At its meeting on March 22, 2016, also attended by the independent auditor and the members of the Executive Board, the Finance and Audit Committee dealt with the separate financial statements, the consolidated financial statements and the report on relations with affiliated companies (Dependent Company Report) of Berentzen-Gruppe Aktiengesellschaft and the separate financial statements of two material operating subsidiaries for the 2015 financial year. The committee also gave the Supervisory Board a recommendation regarding the proposal of the Supervisory Board to the annual general meeting for the election of the independent auditor for the 2016 financial year and for a possible audit review of the Consolidated Semi-Annual Financial Report in the 2016 financial year. Further deliberations related to issuing the audit engagement to the independent auditor for the 2016 financial year, overseeing the independence and qualification of the independent auditor together with the additional services provided, and setting the fees payable to the independent auditor. The Finance and Audit Committee also considered questions relating to overseeing the financial reporting process, the effectiveness of the internal control system, the risk management system, the internal audit system, and the compliance function.

In its meeting on September 26, 2016, the Finance and Audit Committee deliberated on the report of the Executive Board on the audit of the consolidated financial statements and Group management report at December 31, 2015 and the separate financial statements and management report at December 31, 2015 of Berentzen-Gruppe Aktiengesellschaft by the DPR pursuant to Section 342b (2) Sentence 3 No. 3 HGB (sample audit), which was completed shortly thereafter. It also adopted a resolution establishing the focal points for the audit of the consolidated financial statements and the Group management report at December 31, 2016 and the separate financial statements and management report at December 31, 2016 of Berentzen-Gruppe Aktiengesellschaft, on the basis of the corresponding proposals of the independent auditor of the separate and consolidated financial statements elected by the annual general meeting.

The subject of deliberations and resolutions in the meeting of the Finance and Audit Committee on November 28, 2016 particularly included the adoption of guidelines for the (preliminary) approval and a non-case-specific (preliminary) approval of non-prohibited non-audit services provided by the independent auditor of Berentzen-Gruppe Aktiengesellschaft within the meaning of Regulation (EU) No. 537/2014 in conjunction with Section 319a (1) Nos. 2 and 3 of the German Commercial Code (HGB), in relation to the so-called EU Reform of Statutory Audits of Annual Accounts and the Act Reforming the Statutory Audits of Annual Accounts.

Corporate governance

The Executive Board and the Supervisory Board issued the latest annual joint Declaration of Conformity pursuant to Section 161 AktG on November 28, 2016 which has been made permanently available to the public on the Company's website.

Two members of the Supervisory Board attended only half or fewer of the Supervisory Board meetings in the 2016 financial year. None of the members of the respective committees attended only half or fewer of the meetings of the Supervisory Board committees.

No conflicts of interest within the meaning of Article 5.5.2 of the GCGC arose on the part of the members of the Supervisory Board in connection with their function as members of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft in the 2016 financial year.

Separate and consolidated financial statements, report on relations with affiliated companies, and audit of the financial statements

The annual general meeting of May 12, 2016 elected Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, as the independent auditor. The Supervisory Board subsequently issued the audit engagement.

It was agreed with the independent auditor for the 2016 financial year that the Chairman of the Supervisory Board would be notified without delay of any possible grounds for exclusion or recusal during the audit, in the event that such matters could not be redressed without delay. The independent auditor is required to report without delay to the Chairman of the Supervisory Board on any and all findings and occurrences of significance for the tasks of the Supervisory Board that come to light when carrying out the independent audit of the financial statements. Furthermore, the independent auditor is required to inform the Supervisory Board and/or document the fact in the audit report should facts be identified during the independent audit of the financial statements that are not consistent with the Declaration of Conformity issued by the Executive Board and the Supervisory Board pursuant to Section 161 AktG.

The separate financial statements and the management report, which is combined with the Group management report, prepared in accordance with the provisions of the German Commercial Code (HGB), and the consolidated financial statements and the combined Group management report of Berentzen-Gruppe Aktiengesellschaft for the 2016 financial year prepared in accordance with the principles of the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee, as applicable in the European Union (EU), as well as the additional requirements of German commercial law pursuant to Section 315a (1) HGB, were audited together with the books of account by Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft in accordance with Section 317 HGB; an unqualified audit opinion was issued in each case. In the opinion of the independent auditor, there were no significant weaknesses in the internal control system and risk management system with regard to the financial reporting process. As part of the audit, the independent auditor also examined the risk early warning system and declared that the Executive Board had set up a monitoring system, the statutory requirements for the prompt identification of existential risks for the Company had been satisfied, and the Executive Board had taken suitable measures to identify developments at an early stage and to mitigate risks. The independent auditor did not provide any information indicating grounds for exclusion or recusal during the audit.

At its meeting on March 22, 2017, with the Executive Board in attendance, the Finance and Audit Committee discussed at length the financial statements submitted promptly by the Executive Board to the members of the Supervisory Board, the Executive Board's appraisal of the opportunities and risks and the risk early warning system, and the proposal of the Executive Board regarding the utilisation of profit on the basis of detailed explanations provided by the Executive Board; the independent auditor was also invited to attend the meeting. At this meeting, the independent auditor also reported on the services provided in addition to the audit of the financial statements.

The committee reported on its deliberations at the subsequent meeting on the same day of the Supervisory Board, which itself examined and discussed the documents. The Supervisory Board concurred with the results of the independent audit of the financial statements and raised no objections in line with the final result of its review. The Supervisory Board approved the separate financial statements and the consolidated statements of Berentzen-Gruppe Aktiengesellschaft for the 2016 financial year on March 22, 2017 The separate financial statements of Berentzen-Gruppe Aktiengesellschaft were thus adopted. The proposal made by the Executive Board regarding the utilisation of profit was examined with regard to the shareholder interests and corporate objectives. It then received the approval of the Supervisory Board.

Furthermore, the Executive Board of Berentzen-Gruppe Aktiengesellschaft prepared a report on the Company's relations with affiliated companies (Dependent Company Report) pursuant to Section 312 AktG for the period of dependence from January 1 to September 23, 2016. In its report, the Executive Board issued the following closing declaration:

"We declare that, based on the circumstances known at the time the legal transactions listed in the report on relations with affiliated companies were entered into, or the measures listed in the report were undertaken or omitted, in the reporting period from January 1 to September 23, 2016, we received appropriate consideration for each transaction and did not suffer any disadvantage as a result of measures undertaken or omitted."

Pursuant to Section 313 AktG, the independent auditor, Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, also audited the Dependent Company Report and issued the following unqualified audit opinion on the findings of the audit:

"On the basis of our statutory audit and assessment, we confirm that

1. the actual information in the report is correct,
2. the Company's performance was not unreasonably high for the legal transactions mentioned in the report,
3. no circumstances speak in favour of a significantly different to the one given by the Executive Board concerning the measures mentioned in the report."

At its meeting on March 22, 2017, the Finance and Audit Committee discussed at length the documents submitted promptly to the members of the Supervisory Board by the Executive Board in this regard – the Dependent Company Report, the audit report prepared by the independent auditor in this regard, and the unqualified audit opinion of the independent auditor; the independent auditor was invited to attend the meeting.

The committee similarly reported on its deliberations in this regard at the subsequent meeting on the same day to the Supervisory Board, which itself examined and discussed the documents. Based on its own examination of the Dependent Company Report, the Supervisory Board concurred with the findings of the independent auditor and, in line with the final result of its review, raised no objections to the Dependent Company Report or the closing declaration by the Executive Board included in the report.

Executive Board and Supervisory Board – Personnel matters

A personnel change affecting the Supervisory Board members representing the shareholders occurred in the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft in the 2016 financial year.

By judicial appointment with effect as of September 1, 2016, Mr. Daniël M. G. van Vlaardingen was appointed as a member of the Supervisory Board. His appointment is limited in time to the close of the next annual general meeting of Berentzen-Gruppe Aktiengesellschaft. Mr. Daniël M. G. van Vlaardingen succeeds Mr. Donatus Albrecht, who had resigned his mandate effective June 20, 2016.

The Supervisory Board wishes to take this occasion to thank the departed Supervisory Board member Mr. Donatus Albrecht for his dedicated efforts for the benefit of the Company.

The composition of the Executive Board was unchanged in the 2016 financial year.

Thanks

The Supervisory Board would like to thank the employees of the Berentzen Group companies and the members of the Executive Board for all their hard work and the shareholders and investors of Berentzen-Gruppe Aktiengesellschaft for their trust and confidence.

Haselünne, March 22, 2017

Gert Purkert

Chairman of the Supervisory Board

SANKT ANSGARI
NEUE PRODUKTVIELFALT
NEU: naturelle
NEU: in PET MW

EMSLAND Quelle
NATÜRLICH.
SPRITZIG.
FRISCH.

MÄRKISCH KRISTALL
JETZT MIT SAMMEL-AKTION

H. Corporate Governance Report

The German Corporate Governance Code presents the essential statutory regulations for the management and supervision of German exchange-listed companies and contains internationally and nationally acknowledged standards for good and responsible corporate governance. The implementation of corporate governance within Berentzen-Gruppe Aktiengesellschaft is continually reviewed and adapted to reflect new developments. The Executive Board and Supervisory Board issue the joint Declaration of Conformity once a year or update it during the period, if necessary.

In accordance with Article 3.10 of the German Corporate Governance Code (GCGC), the Executive Board (speaking also for the Supervisory Board) reports on corporate governance at Berentzen-Gruppe Aktiengesellschaft. The Corporate Governance Report also contains the statement to be made on corporate management pursuant to Sections 289a and 315 (5) of the German Commercial Code (HGB), which is a component of the combined management report of Berentzen-Gruppe Aktiengesellschaft and the Berentzen Group (the corporate group). The following statements apply accordingly to Berentzen-Gruppe Aktiengesellschaft and the Berentzen Group, unless otherwise presented below. Pursuant to Section 317 (2) sentence 4 HGB, the statements set forth under Sections 289a and 315 (5) HGB are not included in the auditor’s examination.

(1) Management Statement

The Corporate Governance Declaration contains the Declaration of Conformity with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG), as well as relevant information on corporate governance practices that go beyond the statutory requirements, a description of the work procedures of the Executive Board and Supervisory Board, including information on the composition and procedures of its committees, and the adoption of targets for the percentage of women holding positions in the two management levels beneath the Executive Board pursuant to Section 76 (4) AktG, and on the Supervisory Board and Executive Board pursuant to Section 111 (5) AktG, including the times allowed for the attainment of these targets, and (generally after expiration of these time periods) an indication of whether the adopted targets were attained during the reporting period, and if not, an explanation of why they were not attained.

(1.1) Composition and procedures of the Executive Board and Supervisory Board and the committees of the Supervisory Board

The management and supervision structure of Berentzen-Gruppe Aktiengesellschaft and the Group is detailed below.

Dual governance system

In accordance with legal requirements, Berentzen-Gruppe Aktiengesellschaft maintains a dual governance system under which the Executive Board manages and the Supervisory Board supervises the Company. The authorities and members of both these bodies are strictly separate.

Executive Board

Work of the Executive Board

The Executive Board manages the Company with the goal of sustainable value creation, under its own responsibility and in the Company's interest, thus with due regard to the interests of the shareholders, the employees, and the Company's other stakeholders. As the executive body of the stock corporation, the Executive Board conducts the Company's business under its own responsibility.

The Executive Board must ensure compliance with legal regulations and internal company guidelines, and must take steps to ensure that all Group companies comply with them as well (compliance). Furthermore, the Executive Board is responsible for preparing the separate and consolidated financial statements, the half-yearly financial report, and any obligatory or voluntary interim reports or additional financial information during the year of Berentzen-Gruppe Aktiengesellschaft for the respective fiscal year.

The Executive Board informs the Supervisory Board regularly, promptly, and extensively on all relevant questions of strategy, planning, business developments, cash flows and profits, level of risk, risk management, and compliance. In filling managerial positions within the Company, the Executive Board gives due consideration to diversity and particularly strives to give appropriate consideration to women. The Executive Board adopts targets for the proportion of positions held by women in the two management levels beneath the Executive Board; these targets, the other targets to be adopted under this law, and the corresponding statements to be included in the Declaration of Conformity are summarized in Section (1.2) of the present Corporate Governance Report.

Executive Board meetings are held regularly, if possible at least once a month. Resolutions are adopted by a simple majority of votes cast. In case of a tie, the Executive Board Chairman, if one has been appointed, casts the deciding vote. In case of an uneven number of Executive Board members, an Executive Board Chairman is entitled to veto all resolutions.

More detailed rules governing the work of this governing body, including (for example) the division of responsibilities by management division and the matters reserved for the full Executive Board, are set out in the Articles of Association of Berentzen-Gruppe Aktiengesellschaft and the rules of procedure and executive organization chart of the Executive Board, which are adopted by the Supervisory Board.

Composition of the Executive Board

The Executive Board of Berentzen-Gruppe Aktiengesellschaft is composed of at least two members. The Supervisory Board may appoint a Chairman and Vice Chairman of the Executive Board. If an Executive Board Chairman has been appointed, he or another Executive Board member designated as such by the Supervisory Board acts as Spokesman of the Executive Board vis-à-vis the Supervisory Board. Notwithstanding the overall responsibility of all Executive Board members, the individual members of the Executive Board manage the divisions assigned to them independently and under their own responsibility. The Executive Board members work together as a team and keep each other informed of important measures and operations in their divisions.

With respect to the implementation of the "Act for the Equal Participation of Women and Men in Management Positions in the Private Sector and Public Sector" that entered into force in early May 2015, the Supervisory Board adopted targets for the percentage of women on the Executive Board. These targets, the other targets to be adopted under this law, and the corresponding statements to be included in the Declaration of Conformity are summarized in Section (1.2) of the present Corporate Governance Report.

Unless otherwise noted, the following persons were members of the Executive Board of Berentzen-Gruppe Aktiengesellschaft in the time from January 1 to December 31, 2016:

Name	Position held Responsibilities	Supervisory Board mandates
Frank Schübel Gräfelfing, Germany	Executive Board Spokesman of Berentzen-Gruppe Aktiengesellschaft Marketing, Sales, Production and Logistics, Purchasing, Corporate Communications, Research and Development, Corporate Social Responsibility	Berentzen USA, Inc., Dover / Delaware, United States of America (Board Member, until March 14, 2017) Doornkaat Aktengesellschaft, Norden, Germany (Chairman of the Supervisory Board)
Ralf Brühöfner Lingen, Germany	Member of the Executive Board of Berentzen-Gruppe Aktiengesellschaft Finance, Controlling, Human Resources, Information Technology, Legal Affairs	Berentzen USA, Inc., Dover / Delaware, United States of America (Board Member) Doornkaat Aktengesellschaft, Norden, Germany (Deputy Chairman of the Supervisory Board)

Supervisory Board

Work of the Supervisory Board

The Supervisory Board advises and supervises the Executive Board, whose members it appoints, regularly on the management of the Company. It is involved in decisions of fundamental importance for the Company; details are set out in the rules of procedure for the Supervisory Board and Executive Board. The Supervisory Board also supports the Executive Board with advice and promotes the goals of the Company and the other Group companies. The Supervisory Board sees to it that the Executive Board informs it appropriately for this purpose; to this end, it establishes detailed rules governing the information and reporting duties of the Executive Board. The Supervisory Board also approves the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft.

Details concerning the duties of the Supervisory Board and its committees, as well as its composition, are set out in the law, the Articles of Association of Berentzen-Gruppe Aktiengesellschaft, and the rules of procedure of the Supervisory Board. In addition, the German Corporate Governance Code provides recommendations on the work of the Supervisory Board and its committees.

The regular meetings of the Supervisory Board are called in writing with advance notice of 21 days, with the meeting agenda attached to the notice of meeting. The documents produced in preparation for the meetings, including all draft resolutions, are forwarded to the Supervisory Board members in due time, i.e. usually 14 days before the meeting. The Supervisory Board meets at least four times a year, i.e. once per calendar quarter.

As a rule, resolutions of the Supervisory Board are adopted at in-person meetings. Between in-person meetings, resolutions can also be adopted by letter, telex, telegram, fax, telephone, or by another comparable form, particularly including video-conferences, at the order of the Supervisory Board Chairman. This option is exercised relatively rarely and normally only in cases that are especially urgent. The Supervisory Board has a quorum when at least four members participate in the adoption of resolutions. Absent members may participate by way of written votes.

In case of a tie, the Chairman of the Supervisory Board casts the deciding vote; this rule applies to elections as well. If the Chairman of the Supervisory Board does not participate in the vote, his Vice Chairman casts the deciding vote in case of a tie.

Composition of the Supervisory Board

As a general rule, the Supervisory Board is composed of nine members, six of whom elected individually by the Annual General Meeting (shareholder representatives). Three members are elected by the employees (employee representatives) in accordance with the German One-Third Participation Act (DrittelbG). The Chairman is elected from the ranks of the Supervisory Board members. The term of office of Supervisory Board members is five years; the term of office of currently serving Supervisory Board members ends upon the close of the Annual General Meeting of Berentzen-Gruppe Aktiengesellschaft that will vote on ratification of the actions of the Supervisory Board members for fiscal year 2018.

With respect to the implementation of the “Act for the Equal Participation of Women and Men in Management Positions in the Private Sector and Public Sector” that entered into force in early May 2015, the Supervisory Board adopted targets for the percentage of women on the Executive Board. These targets, the other targets to be adopted under this law, and the corresponding statements to be included in the Declaration of Conformity are summarized in Section (1.2) of the present Corporate Governance Report.

Unless otherwise noted, the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft was composed of the following members in the period from January 1 to December 31, 2016:

Name	Position held	Other Supervisory Board mandates
Gert Purkert Munich, Germany Chairman of the Supervisory Board	Member of the Executive Board of AURELIUS Management SE, Grünwald, Germany, as general partner of AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA), private equity firm, Grünwald, Germany	Aurelius Beteiligungsberatungs AG, Munich, Germany (Chairman of the Supervisory Board) Aurelius Portfolio Management AG, Munich, Germany (Chairman of the Supervisory Board) Aurelius Transaktionsberatungs AG, Munich, Germany (Chairman of the Supervisory Board) fidelis HR GmbH, Würzburg, Germany (Chairman of the Supervisory Board, until March 11, 2016) HanseYachts AG. Greifswald, Germany (Chairman of the Supervisory Board) Publicitas AG, Zurich, Switzerland (member of the Supervisory Board, until November 30, 2016)
Dr Frank Forster Munich, Germany Deputy Chairman of the Supervisory Board	General Counsel Group in the Aurelius Group, Aurelius Beteiligungsberatungs AG, private equity firm, Munich, Germany	Aurelius Portfolio Management AG, Munich, Germany (member of the Supervisory Board) fidelis HR GmbH, Würzburg, Germany (Deputy Chairman of the Supervisory Board, until March 11, 2016) HanseYachts AG, Greifswald, Germany (Deputy Chairman of the Supervisory Board)

Name	Position held	Other Supervisory Board mandates
Donatus Albrecht Munich, Germany (until June 20, 2016)	Member of the Executive Board of AURELIUS Management SE, Grünwald, Germany, as general partner of AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA), private equity firm, Grünwald, Germany	Aurelius Beteiligungsberatungs AG, Munich, Germany (Deputy Chairman of the Supervisory Board) Aurelius Portfolio Management AG, Munich, Germany (Deputy Chairman of the Supervisory Board) Aurelius Transaktionsberatungs AG, Munich, Germany (Chairman of the Supervisory Board)
Johannes C.G. Boot London, United Kingdom	Chief Investment Officer of Lotus Aktiengesellschaft, Grünwald, Germany	Deutsche Konsum REIT-AG, Brandenburg, Germany (member of the Supervisory Board, since March 20, 2016)
Bernhard Düing Herzlake, Germany Employee representative	Production Shift Manager at Vivaris Getränke GmbH & Co. KG, Haselünne, Germany	
Adolf Fischer Lähden, Germany Employee representative	Production employee at Vivaris Getränke GmbH & Co. KG, Haselünne, Germany	
Dr. Dirk Markus London, United Kingdom	Chairman of the Executive Board of AURELIUS Management SE, Grünwald, Germany, as general partner of AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA), private equity firm, Munich, Germany	Elk Fertighaus GmbH, Schrems, Austria (Deputy Chairman of the Supervisory Board, since July 22, 2016) Obotritia Capital KGaA, Potsdam, Germany (member of the Supervisory Board)
Dr Martin Schoefer Munich, Germany	Vice President Human Resources in the Aurelius Group, Aurelius Beteiligungsberatungs AG, private equity firm, Munich, Germany	
Heike Vehring Minden, Germany Employee representative	Commercial employee of Berentzen-Gruppe Aktiengesellschaft, Haselünne, Germany	
Daniël M.G. van Vlaardingen Hilversum, Netherlands (as of September 1, 2016)	Managing Director of Monolith Investment Management B.V., Investmentgesellschaft, Amsterdam, Netherlands	

Committees of the Supervisory Board

In order to perform its tasks efficiently, the Supervisory Board has established a Personnel and Nomination Committee and a Finance and Audit Committee as standing committees to prepare and supplement its work. Certain decision authorities of the Supervisory Board are delegated to the committees to the extent permitted by law. Detailed provisions on the work of the committees of the Supervisory Board, including for example on the composition and authorities of the committees, are set out in the rules of procedure of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft. The provisions on the preparation of meetings and the adoption of Supervisory Board resolutions apply also to the work of the committees.

Personnel and Nomination Committee of the Supervisory Board

The Personnel Committee is responsible for preparing resolutions to be voted on by the Supervisory Board and for recommending resolutions pertaining to the appointment and dismissal of Executive Board members, as well as other resolutions involving Executive Board matters. The following resolution authorities in particular are delegated to the Personnel Committee: conclusion, amendment, and termination of contracts, particularly employment contracts, with Executive Board members, with the exception of resolutions setting the overall compensation of individual Executive Board members and resolutions that reduce compensation and benefits, which are the sole responsibility of the Supervisory Board by virtue of Section 107 (3) sentence 4 AktG; also the approval of material transactions with persons closely associated with a member of the Executive Board, carrying out other legal transactions vis-à-vis the Executive Board pursuant to Section 112 AktG, and of contracts with Supervisory Board members or persons or companies closely associated with them within the meaning of Section 114 AktG, and the granting of loans to board members within the meaning of Sections 89 and 115 AktG.

Another focal point of the work of the Personnel Committee was the review and decision as to whether the so-called reportable transactions notified to the Personnel Committee by the Executive Board should be presented to the Supervisory Board for decision. This task has lapsed with the amendments to the rules of Procedure for the Supervisory Board adopted on November 28, 2016.

The Personnel Committee is also the Nomination Committee within the meaning of the German Corporate Governance Code. In this function, it deals with the selection of candidates for membership on the Supervisory Board as shareholder representatives. To the extent that the Personnel Committee acts as the Nomination Committee, it will only be composed of the committee members who represent the shareholders. The Nominating Committee is a preparatory committee; it cannot adopt any resolutions for the Supervisory Board.

The participation of at least three committee members is required for resolutions to be adopted by the Personnel and Nomination Committee.

The Personnel and Nomination Committee is composed of at least three members of the Supervisory Board, including the Chairman and Vice Chairman. The committee chair is the Chairman of the Supervisory Board. The Chairman of the Personnel and Nomination Committee reports to the full Supervisory Board.

Unless otherwise noted, the Personnel and Nomination Committee was composed of the following members in the period from January 1 to December 31, 2016:

Name	Position held	Committee function
Gert Purkert Munich, Germany Chairman of the Supervisory Board	Member of the Executive Board of AURELIUS Management SE, Grünwald, Germany, as general partner of AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA), private equity firm, Grünwald, Germany	Chairman of the Personnel and Nomination Committee
Dr Frank Forster Munich, Germany Deputy Chairman of the Supervisory Board	General Counsel Group in the Aurelius Group, Aurelius Beteiligungsberatungs AG, private equity firm, Munich, Germany	Member of the Personnel and Nomination Committee
Dr Martin Schoefer Munich, Germany	Vice President Human Resources in the Aurelius Group, Aurelius Beteiligungsberatungs AG, private equity firm, Munich, Germany	Member of the Personnel and Nomination Committee

Finance and Audit Committee of the Supervisory Board

The Finance and Audit Committee deals particularly with monitoring the financial reporting, the financial reporting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit of the financial statements, as well as compliance. With regard to the audit of the financial statements, it is the duty of the Finance and Audit Committee to issue a recommendation to the Supervisory Board for its recommendation for election of the auditor to the General Shareholders' Meeting, taking into account the relevant provisions of Regulation (EU) No. 537/2014 dated April 16, 2014 on specific requirements regarding statutory audits of public-interest entities. Moreover, the Finance and Audit Committee monitors the independence of the financial statements auditor and further deals with the additional services rendered by such auditor, the granting of the audit engagement to the auditor, the establishment of audit priorities, and the agreement of fees. Moreover, the Finance and Audit Committee is responsible for the preparation of the Supervisory Board meeting called to adopt the financial statements, which it does through a prior discussion of the separate and consolidated financial statements with the auditor. As part of this preparation, the committee members also review the auditor’s reports of at least the main operating Group companies, which may also be discussed in the prior discussion with the auditor.

The participation of at least three committee members is required for resolutions to be adopted by the Finance and Audit Committee.

The Finance and Audit Committee is composed of at least three members of the Supervisory Board, including the Chairman and Vice Chairman. The Chairman of the Finance and Audit Committee reports to the full Supervisory Board.

A Supervisory Board member representing the shareholders chairs the Finance and Audit Committee. This member should be independent within the meaning of Section 100 (5) AktG in the version in force until June 17, 2016 (old version, o.v.) and 5.3.2 GCGC and possess expertise and experience in the fields of financial reporting and the auditing of financial statements. Since December 4, 2012, the Chairman of the Finance and Audit Committee is Dr. Frank Forster, who as the General Counsel of the Aurelius Group, namely Aurelius Beteiligungsberatungs AG, is not independent within the meaning of 5.3.2 GCGC. With respect to the corresponding resolution, the Supervisory Board concurred at the time with the legislator's assessment in Section 100 (5) AktG o.v., according to which it sufficed for at least one member of the Finance and Audit Committee who possesses expertise in the fields of financial accounting or the auditing of financial statements to be independent. This member did not necessarily have to be the committee chairman. The requirement set out in Section 100 (5) AktG o.v. was fulfilled because particularly Johannes C.G. Boot was qualified as an independent financial expert within the meaning of this provision by reason of his many years of professional practice. With the amendment of Section 100 (5) AktG by the "Act Implementing the Audit-Related Regulations of Directive 2014/56/EU as well as Carrying Out the Corresponding Regulations of Regulation (EU) No. 537/2014 with regard to Statutory Audits of Public-interest Entities (Financial Statements Audit Reform Act - Abschlussprüfungsreformgesetz - AReG)" of May 10, 2016, which entered into force on June 17, 2016, this previously applicable legal requirement, that at least one member of the Financial and Audit Committee who has expertise in the fields of financial accounting or the auditing of financial statements must be independent, has now lapsed.

The Finance and Audit Committee was composed of the following members in the period from January 1 to December 31, 2016:

Name	Position held	Committee function
Dr Frank Forster Munich, Germany Deputy Chairman of the Supervisory Board	General Counsel Group in the Aurelius Group, Aurelius Beteiligungsberatungs AG, private equity firm, Munich, Germany	Chairman of the Finance and Audit Committee
Johannes C.G. Boot London, United Kingdom	Chief Investment Officer of Lotus Aktiengesellschaft, Grünwald, Germany	Deputy Chairman of the Finance and Audit Committee
Bernhard Düing Herzlake, Germany Employee representative	Production Shift Manager at Vivaris Getränke GmbH & Co. KG, Haselünne, Germany	Member of the Finance and Audit Committee
Gert Purkert Munich, Germany Chairman of the Supervisory Board	Member of the Executive Board of AURELIUS Management SE, Grünwald, Germany, as general partner of AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA), private equity firm, Grünwald, Germany	Member of the Finance and Audit Committee

Close cooperation between the Executive Board and Supervisory Board

The Executive Board and Supervisory Board engage in close cooperation in the interest of the Company. The Executive Board coordinates the strategic orientation of the company with the Supervisory Board and regularly discusses the status of strategy implementation with it. The Executive Board informs the Supervisory Board regularly, promptly, and extensively on all relevant questions of strategy, planning, business developments, the risk situation, risk management, and compliance. Deviations from the prepared plans and goals of the company and the Group are likewise reported and explained immediately to the Supervisory Board.

In principle, the members of the Executive Board attend the meetings of the Supervisory Board, provide written and oral reports on the individual agenda items and draft resolutions, and answer the questions of the Supervisory Board.

In addition, the Executive Board Chairman or the Spokesman of the Executive Board regularly informs the Supervisory Board Chairman of current developments orally and whenever appropriate also in writing. The Supervisory Board Chairman is immediately informed by the Chairman or Spokesman of the Executive Board about important events that are of material significance to assessing the situation and development of the company and to managing the company or the Group.

To the extent that transactions of the Executive Board require the consent of the Supervisory Board, the Executive Board Chairman or the Spokesman of the Executive Board provides extensive information about the intended transaction to the Supervisory Board and obtains the consent of the Supervisory Board.

The members of the Executive Board and Supervisory Board are required to disclose conflicts of interest related to their work for Berentzen-Gruppe Aktiengesellschaft to the Supervisory Board immediately.

(1.2) Information on the adoption of targets for the percentage of women pursuant to Section 76 (4) AktG and Section 111 (5) AktG and the time periods set for attainment of these targets

The “Act for the Equal Participation of Women and Men in Management Positions in the Private Sector and Public Sector” of April 24, 2015 entered into force on May 1, 2015. For exchange-listed companies that are not subject to the parity codetermination requirement, Section 111 (5) AktG prescribes that the Supervisory Board of companies that are exchange-listed or subject to the codetermination requirement adopt targets for the percentage of women serving on the Supervisory Board and Executive Board and concurrently also set time periods for the attainment of these targets. For these companies, Section 76 (4) AktG also prescribes that the Executive Board of such companies adopt targets for the percentage of women holding positions in the two management levels beneath the Executive Board and concurrently also set time periods for the attainment of these targets. If the percentage of women on both levels is less than 30 percent at the time of adopting the targets, the targets so adopted may not be less than the percentage attained on the respective level. Such targets had to be adopted for the first time by September 30, 2015 at the latest, and the time periods set for the first time may not be later than June 30, 2017, and afterwards may not be later than five years at a time.

Berentzen-Gruppe Aktiengesellschaft is the only company of the Berentzen-Gruppe affected by these obligations.

Supervisory Board

In order to implement the foregoing statutory regulations on the future composition of the Supervisory Board and in consideration of the size and number of employees of comparable companies, particularly in the spirits and beverages industry, and the currently limited availability of qualified female candidates to exercise Supervisory Board mandates, the Supervisory Board resolved on September 25, 2015 that at least one woman should serve on the Company's Supervisory Board, either through the appointment of employee representatives to the Supervisory Board or through the election of shareholder representatives. Because this target had already been attained at the time of being adopted, there was no need to set a time period for its attainment. If the percentage of women falls below the target so adopted, the Supervisory Board will address the issue again and particularly also set a time period for the attainment of this target.

Executive Board

In order to further implement the foregoing statutory regulations on the future composition of the Executive Board, and in consideration of the terms of office of the current members of the Executive Board and the fact that the Executive Board was composed solely of male members at the time of adopting the targets, the Supervisory Board resolved concurrently with the adoption of targets for the future composition of the Supervisory Board that the Executive Board does not need to have a female member as long as it is composed of not more than two members. If the Executive Board of Berentzen-Gruppe Aktiengesellschaft is composed of more than two members, at least one member of the Company's Executive Board should be female. In the event that the Executive Board is expanded to more than two members, the initial time period for the attainment of this target was set as not being later than June 30, 2017.

First and second management level beneath the Executive Board

For its part, the Executive Board adopted targets for the percentage of women holding positions on the two management levels beneath the Executive Board and time periods for the attainment of these targets on September 3, 2015. In determining the management levels and starting values for the targets to be adopted, the Executive Board considered the circumstances of Berentzen-Gruppe Aktiengesellschaft as the only company affected by the relevant statutory provisions. The definition of the two management levels was based on the exercise of managerial duties in the sense of personnel and budget responsibility, as well as the hierarchical classification.

At the time of adopting the targets, the percentage of female managers was less than 30% in the two management levels beneath the Executive Board. In observance of the legal requirement that the targets for the percentage of women may not be less than the percentages attained at the time of adopting the targets, the Executive Board adopted a 15% target for the percentage of women serving on the first management level and 25 percent for the second management level. The initial time period for the attainment of these targets was set as not being later than June 30, 2017.

(1.3) Relevant information about corporate governance practices

Berentzen-Gruppe Aktiengesellschaft observes all legal requirements for corporate governance, as well as the recommendations of the German Corporate Governance Code – with the exception of the deviations stated and justified in the Declaration of Conformity pursuant to Section 161 AktG.

In order to implement good corporate governance, Berentzen-Gruppe Aktiengesellschaft adopted a set of guidelines ("Berentzen Code") applicable to all employees of the Berentzen Group already in 2007. The Berentzen Code establishes binding rules for the lawful and ethical conduct of all employees vis-à-vis supervising managers, other colleagues and employees, as well as external partners in the treatment of information, insider knowledge, and the execution of financial transactions. Independent external institutions ensure that tips or violations of the Berentzen Code are objectively received and processed. Among other places, the Berentzen Code is available to the employees in the intranet of the Berentzen Group and can also be downloaded from there.

(1.4) Joint Declaration of Conformity with the German Corporate Governance Code at Berentzen-Gruppe Aktiengesellschaft

The Executive Board and Supervisory Board jointly issued the following annual Declaration of Conformity with the German Corporate Governance Code by Berentzen-Gruppe Aktiengesellschaft pursuant to Section 161 AktG in November 2016.

Declaration of Conformity with the German Corporate Governance Code by Berentzen-Gruppe Aktiengesellschaft pursuant to Section 161 AktG

I.

The Company complies with the recommendations made by the Government Commission "German Corporate Governance Code" (as amended on May 5, 2015) as published in the Federal Gazette on June 12, 2015, with the following exceptions:

1. Contrary to 3.8 of the Code as amended on May 5, 2015, the D&O insurance policy concluded by Berentzen-Gruppe Aktiengesellschaft for the members of its Supervisory Board does not contain any deductible.

The Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft do not essentially believe that agreeing such a deductible would enhance the motivation and responsibility with which the members of the Supervisory Board carry out their duties. Consequently, Berentzen-Gruppe Aktiengesellschaft is not planning any amendment to its current D&O insurance policies.

2. Contrary to 4.2.2 para. 2 sentence 3 of the Code as amended on May 5, 2015, no consideration is taken of the relationship to the compensation paid to the senior management and the staff overall in terms of its development over time when setting the compensation of the Executive Board.

With the amendments to the German Corporate Governance Code as published on May 13, 2013, the recommendation was introduced for the first time that the Supervisory Board should take into account the relationship of the compensation of the Executive Board to that of senior management and the staff overall, particularly in terms of its development over time. When concluding or extending the current Executive Board contracts, the Supervisory Board is required by the provisions of the Stock Corporation Act to ensure that the total compensation granted to the members of the Executive Board is in an appropriate relationship to the general compensation structure within the Company and hence the so-called "vertical appropriateness" of the compensation paid to members of the Executive Board is guaranteed. To the extent that this review of the vertical appropriateness of the compensation paid to members of the Executive Board required by the Stock Corporation Act is specified by the German Corporate Governance Code, and the peer groups used for the comparison and timeframe for the comparison are defined more closely, a deviation from the Code is hereby explained as a precaution. When concluding or extending the currently valid Executive Board contracts, the Supervisory Board does not distinguish between the peer groups within the meaning of 4.2.2 para. 2 sentence 3 of the Code as amended on May 5, 2015 when checking the appropriateness and does not carry out any assessment of the development over time of the compensation structure either. It believes that such a purely formal approach is not necessary to ensure the appropriateness of the compensation paid to members of the Executive Board.

3. Contrary to 4.2.3 para. 2 sentence 3 of the Code as amended on May 5, 2015, the variable compensation components agreed in any Executive Board contract are exceptionally only based to a relatively minor extent on a multi-year assessment.

   In this individual instance, the Supervisory Board believes it is not absolutely necessary to employ a multi-year assessment for the variable compensation components as a whole or only to a large extent. Even without such an assessment, the Supervisory Board believes it is ensured, taking into account the circumstances of the specific case and the structuring of the variable compensation components, that the compensation paid to the member of the Executive Board concerned as a whole is oriented toward the sustainable growth of the Company.

4. Contrary to 4.2.3 para. 2 sentence 6 of the Code as amended on May 5, 2015, there is no cap in terms of amount on the compensation agreed in the Executive Board contracts.

   With the amendments to the German Corporate Governance Code as published on May 13, 2013, the recommendation was introduced for the first time that the compensation paid to the members of the Executive Board should have caps in terms of amount as a whole and in terms of the variable compensation components. The Executive Board contracts do indeed contain caps in terms of amount for both the fixed and the variable compensation. A fixed cap for the overall compensation paid to members of the Executive Board is, however, not included in the Executive Board contracts. The Supervisory Board believes that a cap for the total compensation arises de facto from the cap on both the fixed and the variable compensation.

5. Contrary to 4.2.3 para. 3 of the Code as amended on May 5, 2015, the level of provision aimed for in each case was not determined and the resulting annual and long-term expense for the Company was not taken into account when granting pension awards to the members of the Executive Board.

   With the amendments to the German Corporate Governance Code as published on May 13, 2013, the recommendation was introduced that the Supervisory Board should establish the level of provision aimed for in each case for pension awards – also considering the length of the time for which the individual has been an Executive Board member – and take into account the resulting annual and long-term expense for the Company. One of the current Executive Board contracts contains a provision under which a fixed amount is granted to the relevant member of the Executive Board for a life insurance policy to be concluded by this person. This amount may also be paid into a company pension plan at the request of the member of the Executive Board. This provision does not, however, grant the relevant member of the Executive Board either a direct claim to a pension, neither does it result in a future financial expense for the Company beyond the end of the employment contract. Against this backdrop, the Executive Board and Supervisory Board assume that such a purely monetary amount granted is not a pension award within the meaning of the German Corporate Governance Code. Since the Code does not define the term “pension award”, however, a deviation from the Code is explained in this regard as a precaution.

6. Contrary to 4.2.5 para. 3 of the Code as amended on May 5, 2015, the compensation paid to members of the Executive Board is not disclosed in the Compensation Report for financial years starting after December 31, 2013 either individualised or broken down by component – especially benefits granted, allocation and service cost – using the model tables provided in the appendix to the Code.

On May 12, 2016, the Annual General Meeting of the Company adopted a resolution pursuant to Section 286 (5) HGB to dispense with the individualised disclosure of the compensation of the Executive Board and to disclose the compensation of the Executive Board in the Notes to the Annual Financial Statements, the Notes to the Consolidated Financial Statements and the Management Report of the Company and the Group in aggregate form only. Against this backdrop, it is not possible to provide a breakdown of the compensation in the Compensation Report using the model tables provided in the appendix to the German Corporate Governance Code as this would result in the individualised disclosure of the compensation of the Executive Board in violation of the resolution adopted by the Annual General Meeting on May 12, 2016. In addition, the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft believe that the disclosures made in accordance with the relevant accounting rules applied by Berentzen-Gruppe Aktiengesellschaft regarding the compensation of the Executive Board are sufficient. The disclosure broken down by component – especially benefits granted, allocation and service costs – of the compensation paid to members of the Executive Board using the model tables provided in the appendix to the Code in the Compensation Report – which must not be made on an individualised basis in line with the above-mentioned resolution adopted by the Annual General Meeting on May 12, 2016 – would yield no additional information relevant for the capital market.

7. Contrary to 5.3.2 sentence 3 of the Code as amended on May 5, 2015, the Finance and Audit Committee currently has a chairman who is not independent within the meaning of the Code.

German law as embodied in the Stock Corporation Act had initially already considered it sufficient if at least one member of the Finance and Audit Committee with expert knowledge in the fields of accounting or auditing of financial statements is independent. This member did not need to be its chairman. With the amendment of the Stock Corporation Act (AktG) by the "Act Implementing the Audit-Related Regulations of Directive 2014/56/EU as well as Carrying Out the Corresponding Regulations of Regulation (EU) No. 537/2014 with regard to the Statutory Audits of Public-interest Entities (Financial Statements Audit Reform Act - Abschlussprüfungsreformgesetz- AReG)" of May 10, 2016, which entered into force on June 17, 2016, this previously applicable legal requirement has now lapsed. The Supervisory Board of the Company concurs with this assessment of German law.

8. Contrary to 5.4.6 para. 3 of the Code as amended on May 5, 2015, the compensation paid to the members of the Supervisory Board is not disclosed on an individualised basis or broken down by component in the Notes to the Financial Statements or the Management Report.

The Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft believe that the associated intrusion into the private sphere of the members of the Supervisory Board is not proportionate to the benefits of such a practice. The compensation paid to members of the Supervisory Board is shown as an aggregate amount in the Notes to the Annual Financial Statements, Notes to the Consolidated Financial Statements, and the Management Report, which is combined with the Group Management Report. Furthermore, the compensation is known from the Articles of Association of the Company that have been made publicly accessible. Individualised disclosure would yield no additional information relevant for the capital market. Moreover, consent to individualised disclosure has not been obtained from the members of the Supervisory Board.

II.

Since issuing its last Declaration of Conformity in March 2016, the Company has complied with the recommendations as published in the Federal Gazette on June 12, 2015 of the Government Commission: German Corporate Governance Code as published in the Federal Gazette on June 12, 2015 (Code as amended on May 5, 2015), with the following exceptions:

1. Contrary to 3.8 of the Code as amended on May 5, 2015, the D&O insurance policy concluded by Berentzen-Gruppe Aktiengesellschaft for the members of its Supervisory Board did not include a deductible for the reasons described under I.1 above.

2. Contrary to 4.2.2 para. 2 sentence 3 of the Code as amended on May 5, 2015, no consideration was taken of the relationship to the compensation paid to the senior management and the staff overall in terms of its development over time when setting the compensation of the Executive Board for the reasons described under I.2 above.

3. Contrary to 4.2.3 para. 2 sentence 3 of the Code as amended on May 5, 2015, the variable compensation components agreed in one Executive Board contract were exceptionally only based to a relatively minor extent on a multi-year assessment for the reasons described under I.3 above.

4. Contrary to 4.2.3 para. 2 sentence 6 of the Code as amended on May 5, 2015, the compensation agreed in the Executive Board contracts did not have a cap in terms of amount for the reasons described under I.4 above.

5. Contrary to 4.2.3 para. 3 of the Code as amended on May 5, 2015, the level of provision aimed for in each case was not determined and the resulting annual and long-term expense for the Company was not taken into account when granting pension awards to the members of the Executive Board for the reasons described under I.5 above.

6. Contrary to 4.2.5 para. 3 of the Code as amended on May 5, 2015, the compensation paid to members of the Executive Board was not disclosed in the Compensation Report for financial years starting after December 31, 2013 corresponding to the resolution of the General Shareholders' Meeting of the company adopted on May 12, 2011 pursuant to Section 286 (5) HGB, not to disclose compensation for individual members of the Executive Board and only to provide a summary of the Executive Board compensation in the Notes and the Management Report of the company and of the Group, either individualised or broken down by component – especially benefits granted, allocation and service cost – using the model tables provided in the appendix to the Code for the reasons described under 1.6 above.

7. Contrary to 5.3.2 sentence 3 of the Code as amended on May 5, 2015, the Finance and Audit Committee had a chairman who was not independent within the meaning of the Code for the reasons described under I.7 above.

8. Contrary to 5.4.6 para. 3 of the Code as amended on May 5, 2015, the compensation paid to the members of the Supervisory Board is not disclosed on an individualised basis or broken down by component in the Notes to the Financial Statements or the Management Report for the reasons described under I.8 above.

(2) Corporate Governance at Berentzen-Gruppe Aktiengesellschaft

Also in the 2016 financial year, the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft dealt with the fulfilment of the requirements of the German Corporate Governance Code. In 2016, the Government Commission did not adopt any amendments to the German Corporate Governance Code. Therefore, the two annual declarations of conformity that were jointly issued pursuant to Section 161 AktG – first in March 2016 and once again in November 2016 due to a change in the declaration cycle – were adopted on the basis of the Code version adopted on May 5, 2015 and published in the Federal Gazette on June 12, 2015. The annual Declaration of Conformity pursuant to Section 161 AktG jointly issued by the Executive Board and Supervisory Board in November 2016 is reproduced in Section (1.4) of the present Corporate Governance Report.

(2.1) Targets and target attainment relative to the composition of the Supervisory Board

With a view to item 5.4.1 para. 2 GCGC, the Supervisory Board in its meeting of September 25, 2015 had reviewed and updated its "Joint Declaration and Resolution on the Adoption of Concrete Targets for the Composition of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft" in the version of December 4, 2012, particularly with regard to the amendments to the German Corporate Governance Code resolved by the Government Commission on May 5, 2015 and published in the Federal Gazette on June 12, 2015 and the "Act for the Equal Participation of Women and Men in Management Position in the Private Sector and Public Sector" of April 24, 2015, which entered into force on May 1, 2015.

Targets

As representatives of the shareholders, six of the nine Supervisory Board members are elected by the Annual General Meeting on the basis of the election proposals presented by the Supervisory Board in accordance with the recommendations of the German Corporate Governance Code. The Supervisory Board naturally has no influence on the selection of Supervisory Board candidates to represent the employees. Based on the recommendations of the German Corporate Governance Code, however, the Supervisory Board has adopted the following concrete targets for its future composition, in addition to the fundamental requirements that all its members must possess the necessary knowledge, capabilities, and professional experience to properly exercise their duties.

Internationality

Internationality within the meaning of the German Corporate Governance Code does not necessarily or exclusively refer to a foreign nationality, but rather it also refers to relevant foreign experience in particular. In consideration and weighting of the current operational and strategic orientation of the business activities of the Berentzen Group, the Supervisory Board strives to achieve the goal that the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft should include at least one shareholder representative who is internationally experienced in terms of his or her professional activity and/or is a foreign national.

Adoption of the targeted percentage of women on the Supervisory Board

In connection with the implementation of the "Act for the Equal Participation of Women and Men in Management Positions in the Private Sector and Public Sector", the Supervisory Board has resolved as its target for the percentage of women on the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft that at least one women should serve as a member of the Company's Supervisory Board, either through the appointment of employee representatives to the Supervisory Board or through the election of shareholder representatives. Reference is made to the statements in Section (1.2) of the present Corporate Governance Report.

Potential conflicts of interest

With regard to conflicts of interest, all members of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft are obligated to observe the Code of Conduct prescribed in 5.5 GCGC, which is also completely incorporated into the current rules of procedure of the Supervisory Board, and to proceed in accordance with 5.5 ff. GCGC if and when conflicts of interest arise. Accordingly, Supervisory Board members will disclose potential conflicts of interest involving their person or function to the full Supervisory Board at an early time and abstain from deliberations and voting on matters that constitute a conflict of interest in their part, and to resign their mandate when a conflict of interest is not just temporary. To this extent, the Supervisory Board strives to achieve the goal that more than just temporary conflicts of interest within the meaning of 5.5.2 GCGC are not to be expected for at most three of the six shareholder representatives on the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft.

Independence

According to 5.4.2 GCGC, an appropriate number of independent members according to the judgment of the Supervisory Board should belong to the Supervisory Board. According to 5.4.2 sentence 2 GCGC, a Supervisory Board member is to be regarded as not independent particularly when he or she has a business relationship with the Company, its governing bodies, a controlling shareholder, or a company affiliated therewith, which could constitute a significant and not just temporary conflict of interest.

In deciding on an appropriate number of independent members, the Supervisory Board particularly considered the principle that the composition of the Supervisory Board must primarily serve the Company's interest, such that the necessary knowledge, capabilities, and professional experience of the members to properly exercise their duties are paramount considerations. Moreover, the Supervisory Board considered the fact that Berentzen-Gruppe Aktiengesellschaft was a company controlled by and therefore a dependent company of AURELIUS Equity Opportunities SE & Co. KGaA (formerly AURELIUS SE & Co. KGaA), Grünwald, Germany, within the meaning of Sections 15 ff. AktG at the time of making this determination, as well as the fact that a significant number of the potential conflicts of interest resulting from a lack of formal independence of the individual Supervisory Board member are precluded by statutory provisions, the provisions of 5.5 GCGC, and the goals adopted by the Supervisory Board on the treatment of potential conflicts of interest. Subject to the condition of otherwise unchanged parameters, the Supervisory Board therefore strives to achieve the goal that the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft should include at least four independent members within the meaning of 5.4.2 GCGC.

Age limit

According to the determination of the Supervisory Board, the members of the Supervisory Board of Berentzen-Gruppe should not be older than 65 years of age upon being appointed for the first time or re-appointed to the Supervisory Board, as a rule.

Control limit for total length of service on the Supervisory Board

According to the determination of the Supervisory Board, its members should not serve on the Supervisory Board longer than 15 years as a rule, regardless of the number of appointments.

Target attainment

According to its own assessment, the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft attained its targets for the composition of the Supervisory Board.

As a general rule, the targets stated by the Supervisory Board for its composition should be attained without changes in the future, unless significant changes are necessitated by statutory requirements or suggestions related to such statutory requirements.

In making future proposals to the Annual General Meeting for the election of Supervisory Board members, the Supervisory Board will take the above-mentioned targets for its composition into consideration and assure itself that the respective candidate will be able to devote the necessary time to exercise his or her mandate. The same applies for the Nomination Committee, to the extent that it prepares the vote of the Supervisory Board. The Supervisory Board will recommend to the members elected by the employees that they endeavour to take these targets into consideration, within the limits of their possibilities, in the election proposals made by the competent employee representative bodies.

(2.2) Reportable securities trades (“Managers‘ Transactions / Directors‘ Dealings“)

Members of the Executive Board and Supervisory Board, as persons exercising management duties, are obligated pursuant to Article 19 of Regulation (EU) No. 596/2014 of the European Parliament and the Council of April 16, 2014, on Market Abuse (Market Abuse Regulation - MAR) to disclose their own trades (e.g. purchases or sales) of shares of Berentzen-Gruppe Aktiengesellschaft or debt instruments or related financial instruments of Berentzen-Gruppe Aktiengesellschaft. This disclosure obligation also applies to persons closely associated with persons exercising management duties. A disclosure obligation only exists insofar as the total volume of the transactions within a calendar year reaches or exceeds EUR 5,000. Until July 3, 2016, such a disclosure obligation existed based on Section 15a of the Securities Trading Act (WpHG).

The Company has instituted a process for the due publication of any such disclosures. Trades notified to the Company in this way are published on the corporate website of Berentzen-Gruppe Aktiengesellschaft at http://www.berentzen-gruppe.de/en/.

The following securities trades were notified to Berentzen-Gruppe Aktiengesellschaft in accordance with Section 19 MAR or Section 15a WpHG in the 2016 financial year and at the time of publication of the present Corporate Governance Report in March 2017.

Name	Date and place of trade	Type of trade	Price per unit / currency	Unit count	Trade amount / currency	Reason for notification obligation / item	Title of financial instrument	ISIN	Explanation to be published
Frank Schübel	3 March 2016, XETRA	Purchase	6.09 EUR	1,600	9,740.80 EUR	Executive Board	Common share of Berentzen-Gruppe Aktiengesellschaft	DE0005201602	Purchase effected via joint custody account with wife Mithra Schübel

(2.3) Shareholdings of Executive Board and Supervisory Board members

At the end of fiscal year 2016, the shareholdings of the members of the Executive Board equalled a total share of 0.43% of the capital stock of Berentzen-Gruppe Aktiengesellschaft.

At the same date, the shareholdings of the members of the Supervisory Board equalled a total share of about 0.01% of the capital stock of Berentzen-Gruppe Aktiengesellschaft.

(2.4) Compensation of Executive Board and Supervisory Board members

Information on the compensation of Executive Board and Supervisory Board members in the 2016 financial year is provided in the section of the combined Group Management Report entitled "Compensation Report" in the Annual Report 2016 of Berentzen-Gruppe Aktiengesellschaft, which is also available on the corporate website of Berentzen-Gruppe Aktiengesellschaft at http://www.berentzen-gruppe.de/en/.

(2.5) Shareholders and Annual General Meeting

The shareholders of Berentzen-Gruppe Aktiengesellschaft exercise their rights in the Annual General Meeting. The Annual General Meeting is the main forum for shareholders, particularly for exercising their voting rights, obtaining information, and conducting a dialog with the Executive Board and Supervisory Board. In accordance with the Articles of Association, the Annual General Meeting must be held in the first eight months, but is usually held in practice in the first five months of the fiscal year.

The Annual General Meeting of Berentzen-Gruppe Aktiengesellschaft is organized and conducted with the goal of providing prompt, extensive, and effective information about the Company's situation to all shareholders before and during the Annual General Meeting. The notice of meeting for the Annual General Meeting is published in the Federal Gazette and is available to the shareholders and all other interested parties on the website http://www.berentzen-gruppe.de/en/, along with all documents for the Annual General Meeting, particularly including all reports, documents, and other information, as well as the meeting agenda and the current Annual Report, which the law requires for the Annual General Meeting.

To make it easier for shareholders to personally exercise their rights and represent their voting rights, they are entitled at their own choice to authorize a bank or shareholders association (for example) as proxies bound by the shareholders' instructions, insofar the shareholders are not able to physically attend the Annual General Meeting themselves.

In addition, the current version of the Company's Articles of Association contains clauses authorizing the Executive Board to permit so-called online participation in the Annual General Meeting, audio-visual transmission of the Annual General Meeting, and postal voting.

The Annual General Meeting decides on all matters reserved to it by law, particularly including the utilization of profit, the ratification of the actions of Executive Board and Supervisory Board members, the election of shareholder representatives to the Supervisory Board and the financial statements auditor, amendments to the Articles of Association, and important business measures such as intercompany agreements, conversions, and capital measures. The Supervisory Board Chairman chairs the Annual General Meeting.

(2.6) Financial reporting and audit of the financial statements

The consolidated financial statements and consolidated semi-annual financial report of Berentzen-Gruppe Aktiengesellschaft are prepared by the Executive Board in accordance with the principles of International Financial Reporting Standards (IFRS) and the Interpretations of the IFRS Interpretations Committee, as they are to be applied in the European Union (EU), and in accordance with the German commercial law regulations to be applied additionally pursuant to Section 315a (1) HGB. The legally prescribed separate financial statements of Berentzen-Gruppe Aktiengesellschaft, which are determining for the dividend payment, are prepared in accordance with the regulations of the German Commercial Code (HGB). The consolidated and separate financial statements are reviewed and approved by the Supervisory Board.

The Annual General Meeting elected Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, as the auditor of the consolidated and separate financial statements of Berentzen-Gruppe Aktiengesellschaft at December 31, 2016, after the Supervisory Board previously assured itself of the auditor’s independence and concurrently notified the Annual General Meeting of the extent of other services, particularly including consulting services, provided by the auditor to the Company in the preceding fiscal year or contractually agreed for the following year. Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft has been the financial statements auditor and the consolidated financial statements auditor of Berentzen-Gruppe Aktiengesellschaft since fiscal year 2016. The undersigned auditors for the individual and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft are Dr. Thomas Senger (since fiscal year 2016) and Mr. Ronald Rulfs (since fiscal year 2016). The legal requirements and rotation obligations pursuant to Sections 319 and 319a HGB in conjunction with Regulation (EU) No. 537/2014 of April 16, 2014, on specific requirements regarding statutory audits of public-interest entities, have been satisfied.

It was further agreed with the auditor of the financial statements for the audit for fiscal year 2016 that the Chairman of the Supervisory Board is to be informed immediately during the audit of any potential grounds for exclusion or conflicts of interest, unless they are rectified immediately. The auditor is also required to report immediately all findings and events of importance to the tasks of the Supervisory Board that arise during the audit of the financial statements to the Chairman of the Supervisory Board. Furthermore, the auditor is required to inform the Supervisory Board or document in the audit report all facts noted in the course of the audit that are not compatible with the Declaration of Conformity issued by the Executive Board and Supervisory Board in accordance with Section 161 AktG.

(2.7) Responsible treatment of entrepreneurial risks

Good corporate governance also includes the responsible treatment of risks by the Company. The Executive Board ensures appropriate risk management and risk controlling in the Company and in the Group. Systematic risk management as an integral part of value-driven management ensures the early detection and assessment of risks and the optimization of risk positions. The Executive Board informs the Supervisory Board regularly of existing risks and the development of such risks.

Information about risk management, the risk management system and the risks and opportunities associated with the business activities of the Berentzen Group is provided in the section of the combined Group Management Report entitled “Report on Risks and Opportunities” in the Annual Report 2016 of Berentzen-Gruppe Aktiengesellschaft, which is available on the corporate website of Berentzen-Gruppe Aktiengesellschaft at http://www.berentzen-gruppe.de/en/.

(2.8) Transparent management

The Company informs shareholders, investors, analysts, and the public equally and promptly. The website http://www.berentzen-gruppe.de/en/ is an important platform for this purpose. Information about the Company’s business activities, its governing bodies and Articles of Association, the Declaration of Conformity with the German Corporate Governance Code and particularly financial reports, reports and documents for the Annual General Meeting, ad-hoc and other announcements, and information about the bond of Berentzen-Gruppe Aktiengesellschaft are made permanently available on this medium within the scope of the legal provisions applicable to publication deadlines and periods. A financial calendar provides information about the Company’s publication and event dates.

Haselünne, March 2017

Berentzen-Gruppe Aktiengesellschaft

The Executive Board

Frank Schübel — Ralf Brühöfner

Executive Board (Spokesman) — Executive Board


Berentzen mischt mit:
Der neue prickelnde Aperitif-Trend
Berentzen
Cranberry Aperitif
MIT SEKT ODER PUR GENIESSEN
Berentzen
15%vol
perfekt mit Sekt oder Prosecco
erfrischend als Longdrink mit Wild Berry® & Minze

I. Combined Management Report

Combined Management Report of the Berentzen Group and Berentzen-Gruppe Aktiengesellschaft

(1) Underlying principles of the corporate group

(1.1) Corporate business model

Organisation and underlying principles

The Berentzen Group is one of the leading beverage groups in Germany and simultaneously one of the country's oldest producers of spirits with a history going back over 250 years.

Berentzen-Gruppe Aktiengesellschaft based in Haselünne, Germany, is the ultimate parent of the Berentzen Group, which consists of more than 25 domestic and international subsidiaries as well as the parent company. The corporate group generated revenues of EUR 170.0 million in the 2016 financial year (EUR 158.5 million) and had 487 (491) employees at eleven locations in seven countries as of the reporting date of December 31, 2016.

As a stock corporation organised under German law, Berentzen-Gruppe Aktiengesellschaft has three executive bodies – the general meeting, the Supervisory Board and the Executive Board – each of which has certain areas of responsibility within the framework of competencies allocated in accordance with the German Stock Corporation Act (AktG). The general meeting is the ultimate executive body, mainly making decisions on the constitution of the Company, including specifying the corporate statutes and capital-raising measures, determining the utilisation of the distributable profit, appointing the shareholder representatives on the Supervisory Board and ratifying the actions of the Supervisory Board and the Executive Board. The Supervisory Board is responsible for the appointment, oversight and advice for the Executive Board; it is directly involved in decisions of fundamental importance for the Company, where these are not reserved for the general meeting. The Supervisory Board consists of nine members, one-third of whom are employee representatives in accordance with the German One-third Participation Act (Drittelbeteiligungsgesetz). The period of office of a member of the Supervisory Board amounts to five years, although the general meeting may resolve a shorter period of office.

According to the Articles of Association, the Executive Board of Berentzen-Gruppe Aktiengesellschaft consists of at least two people. In its role as the management body, the Executive Board of the Berentzen Group conducts the operations, determines the strategic orientation of the Company and implements this as agreed with the Supervisory Board. At present, one member of the Executive Board is responsible for the Marketing, Sales, Production and Logistics, Purchasing, Corporate Communications, Research and Development, and Corporate Social Responsibility functions and the other for the Finance, Controlling, Human Resources, Information Technology, and Legal Affairs functions.

Until March 2016, Berentzen-Gruppe Aktiengesellschaft was majority-owned by AURELIUS Equity Opportunities SE & Co. KGaA (formerly known as AURELIUS SE & Co. KGaA) based in Grünwald, Germany. In the course of the financial year, the AURELIUS Group gradually sold its shares in the share capital of Berentzen-Gruppe Aktiengesellschaft, and since September 2016 has no longer been a shareholder in the Company. In the past financial year, there were no major changes to the composition of the Supervisory Board or the structure of the company-law framework of competencies in the internal organisation between the executive bodies of Berentzen-Gruppe Aktiengesellschaft. Consequently, AURELIUS Equity Opportunities SE & Co. KGaA is direct and the ultimate parent company of Berentzen-Gruppe Aktiengesellschaft.

Business activities

The business activities of the Berentzen Group essentially comprise the production and distribution of spirits and non-alcoholic beverages and the development and distribution of fresh juice systems. The business activities are divided into the following segments accordingly: *Spirits*, *Non-alcoholic Beverages*, and *Fresh Juice Systems*. The marketing, distribution and sale of spirits are grouped together in the Branded Products and the Private Label Products sales units within the *Spirits* segment. The marketing, distribution and sale of non-alcoholic beverages are combined in the *Non-alcoholic Beverages* segment. Depending on the system component, the development, marketing, distribution and sale of fruit presses, oranges and filling containers are grouped together in the *Fresh Juice Systems* segment. The *Other Segments* essentially cover the international business involving branded spirits together with the tourist and event activities of the Berentzen Group. This structure forms the basis for financial reporting.

The Berentzen Group currently produces its spirits and non-alcoholic beverages at three facilities in Germany: spirits in Minden and non-alcoholic beverages in Haselünne and Grüneberg. In addition, the logistics centre of the corporate group for the distribution of spirits is operated by an external service provider and located in Stadthagen, Germany. The operating activities in the *Fresh Juice Systems* segment are conducted and managed from the facility in Linz, Austria.

Brands, products and markets

Its long-established spirits brands and attractive private label products make the Berentzen Group a competent partner for the retail and hospitality trades. In this context, the spirits portfolio encompasses internationally known brands like *Berentzen* and *Puschkin* as well as traditional German spirits like *Strothmann, Doornkaat, Bommerlunder* and *Hansen Rum.*

The consolidated subsidiary Vivaris Getränke GmbH & Co. KG based in Haselünne, Germany, has been operating in the German soft drinks market for decades. Its assortment of proprietary brands and products includes mineral waters like the regionally important brands *Emsland Quelle*, *Grüneberg Quelle*, *Märkisch Kristall* and *Sankt Ansgari* as well as lemonades, and wellness and energy drinks like *Quixx* and *Vivaris Sport*. Approval for two new springs for the Haselünne location made it possible in the 2016 financial year to relocate filling of the Sankt Ansgari brand from Norden and to bottle the new brand Küstengold. The mate-based drink *Mio Mio Mate* developed in-house has in the meantime become established nationwide. The cola drinks *Mio Mio Cola* and *Mio Mio Cola Zero* that were similarly developed in-house are also marketed under the proprietary *Mio Mio* brand, as are the flavours *Mio Mio Mate Banana* and *Mio Mio Mate Ginger* since 2016. The second pillar of the Company is a franchise business that has been operating for over 50 years. It is under this activity that the Company produces and distributes soft drinks for the major German soft drinks brand Sinalco on the basis of a long-term franchise agreement since January 2015. In addition, the Company bottles non-alcoholic branded and private label products under the terms of service agreements with the Sinalco corporate group, the PepsiCo Group and other customers.

T M P Technic-Marketing-Products GmbH based in Linz, Austria, which was acquired in the 2014 financial year, is a globally active system vendor for freshly squeezed fruit juices, and specifically orange juice. This company has had commercial activities involving fresh juice systems, and specifically orange presses, for more than two decades. Alongside orange presses, the full range marketed under the *Citrocasa* brand encompasses juicy oranges under the *frutas naturales* brand and containers for the bottling of freshly squeezed orange juice specially designed to accommodate the equipment used. The Company's core competencies are in the ongoing development and optimisation of the equipment used in fruit presses, and the provision of technical services and appropriate logistics for the delivery of fruit and bottles in system sales.

With such a diverse range of brands and products in the *Spirits*, *Non-alcoholic Beverages*, and *Fresh Juice Systems* segments, the Berentzen Group boasts a broad-based assortment in different price segments and for almost every taste.

The main sales market for the spirits marketed by the Berentzen Group is traditionally in Germany, which is dominated on the demand side by a notably strong, concentrated food retailing sector. In addition, the Berentzen Group has a presence in more than fifty countries worldwide and the duty-free business with internationally viable spirits brands. Distribution in these places is carried out by either distributors or own subsidiaries that are also involved in the management and adaptation of regional sales measures.

The sales market for non-alcoholic beverages essentially entails regional coverage in northern and eastern Germany including Berlin together with parts of Hesse and North Rhine-Westphalia. Distribution is carried out mainly by food retailers or drinks wholesalers for the hospitality trade. Now that the mate-based beverage *Mio Mio Mate* is listed almost nationwide by food retailers, its sales area expanded accordingly during the last two financial years.

Austria, Germany, France, the Netherlands and the neighbouring countries, and increasingly also North America and Eastern Europe, are the main sales areas for the products of the *Fresh Juice Systems* segment. Worldwide distribution of equipment outside of Austria is handled by local distributors in almost fifty countries. The main distribution channels are the food retailing sector and the out-of-home market. The market launch commenced in 2015 and continued in the 2016 financial year of the third machinery range *Revolution* allowed the Company to tap the catering trade (on-trade channel) in Austria and Germany in particular.

Industry-specific legal framework

The business activities of the Berentzen Group are subject to a number of significant industry-specific legal provisions on top of the general domestic and international rules and regulations.

In terms of the production and distribution of spirits, non-alcoholic beverages and the system components marketed by the *Fresh Juice Systems* segment, there are regulatory requirements in connection with the production, marketing, declaration and labelling of foodstuffs. In this context, German and European food law is largely harmonised in European Union (EU) regulations, whereas other country-specific regulations are generally also applicable outside of Europe.

In addition, the production and distribution of fruit presses in the *Fresh Juice Systems* segment is subject to specific expanded regulations regarding product safety, technical designations and standards that are intended to ensure health and safety at work together with food safety and consumer protection. In Europe, these regulations are largely standardised in EU rules while additional or different regulations are normally applicable in non-EU countries in accordance with local law.

In terms of competition law, there are generally applicable regulations regarding the distribution of non-alcoholic beverages and the system components marketed by the *Fresh Juice Systems* segment. Besides this, the marketing of spirits is subject to additional regulations that vary from country to country, among other things in the form of sales and / or advertising restrictions as well as specific restrictions serving to protect minors.

Finally, special tax regimes relating to the spirits duties and similar foreign consumption taxes levied at high rates on spirits and spirits-based drinks in almost all countries need to be observed for the production and especially the distribution of spirits. Moreover, high and in some cases prohibitive customs duties and import tariffs are regularly levied on imported spirits, especially outside of Europe.

(1.2) Management system

Principles of internal management

The Berentzen Group is managed using performance indicators that aim to optimally guide the business performance taking into account the mutually interrelated factors of growth, profit and liquidity. The most important of these performance indicators are determined at corporate level.

Prior to the start of each financial year, the Executive Board draws up a detailed corporate plan for the following financial year together with a medium-term corporate plan, which are submitted to the Supervisory Board for approval.

The internal management system is overseen centrally by the Controlling department of Berentzen-Gruppe Aktiengesellschaft, which reports directly to the Executive Board member responsible for the function. The Controlling department prepares detailed monthly reports containing information relevant for management as well as a wide range of other data, including income statements for the individual segments, which are made available to the Supervisory Board, the Executive Board and the relevant managers at the next level down. This includes both actual v. planned and year-ago comparisons.

Furthermore, a management reporting system has been implemented for the management of the corporate group that constantly makes available wide-ranging information on the sales, price and revenue development in variable combinations and at various aggregation levels.

There are also other instruments in place to help manage the liquidity and capital allocation of the corporate group as well as a specified, standard process flow for investments. Targeted returns are defined in the sense of a return on investment (ROI) for investments in excess of a specific size. This ratio is determined on the basis of dynamic investment appraisal procedure, while the discount rates applied are based on the Company’s total cost of capital.

The Berentzen Group has to date not employed any non-financial performance indicators to manage the corporate group.

Financial performance indicators

The corporate group is mainly organised and managed on the basis of product groups and sales units. Profitability-oriented management and planning is performed at segment level on the basis of a ratio comprising the contribution margin after marketing budgets. This metric is determined using the revenues of the respective segment together with the product-related purchased goods and services and other direct costs and the expenses for marketing and advertising, adjusted for intersegment revenues and expenses.

Building on this, management is performed at corporate level on the basis of the normalised consolidated operating profit or consolidated EBIT (earnings before interest and taxes) adjusted for non-recurring items and the consolidated EBITDA (earnings before interest, taxes, depreciation, amortisation) as well as – until the 2016 financial year – the total operating performance. The normalised consolidated EBIT reflects the consolidated profit before income or expenses from income taxes, the net financial and investment income, and non-recurring effects; when calculating the normalised consolidated EBITDA, depreciation and amortisation on property, plant and equipment and intangible assets is added as well. Non-recurring items are eliminated with a view to focusing on the evaluation and presentation of the operating performance and profitability of the corporate group, thus making it easier to compare results between the financial reporting periods. Non-recurring items reflect the impact of one-off or unusual transactions that are unique expense or income items or not recurring regularly in this form or amount. The total operating performance is determined by adding or subtracting the change in inventories (increase or decrease in the stock of work in progress and finished products) to or from the consolidated revenues. From the 2017 financial year, the Berentzen Group will no longer use total operating performance as a financial performance indicator. Due to the larger number of international investors, consolidated revenues will be used instead from the 2017 financial year, as this performance indicator is preferred by investors.

Both the normalised consolidated EBIT and the normalised consolidated EBITDA are recognised economic profitability ratios, although they are not defined in accordance with the national and international accounting standards. This also holds true for the ratio used to manage the segments, the contribution margins after marketing budgets.

The development and analysis of the income-related performance indicators are presented in section (2.2.4), Financial performance, in the Economic report.

Cash flow indicators

The key performance indicator for the cash flows and financial position of the corporate group is the operating cash flow. The operating cash flow shown in the Cash Flow Statement documents the impact of operating profitability on the change in the cash position. It is defined as consolidated profit before depreciation, amortisation and impairment, adjusted for non-cash elements of the interest result, of income taxes, and of other changes in non-cash positions, and also corrected for profit or loss shares from the disposals of non-current assets. Movements in the volatile working capital that is often subject to reporting-date effects are thus deliberately excluded to allow for a better assessment and presentation of cash inflows and outflows from operating activities.

Please refer to the comments in section (2.2.5), Cash flows, in the Economic report for information on the calculation and analysis of the cash flow indicator.

Financial position indicators

Until the 2016 financial year, the Group's financial position was planned and managed using the following ratios: the adjusted consolidated equity ratio, the leverage ratio and working capital. From the 2017 financial year, these three indicators will no longer be used to manage the Group. Also as a result of the requirements of the syndicated loan agreement entered into in December 2016, the two financial position indicators equity ratio and dynamic gearing will be used in the future.

The adjusted consolidated equity ratio provides information on the capital structure of the corporate group and reflects its financial stability and the level of funding provided by debt. The Berentzen Group calculates this metric as the ratio of shareholders' equity shown in the Consolidated Statement of Financial Position to the total consolidated capital (total consolidated assets) adjusted for cash and cash equivalents. In this context, the adjustment for cash and equivalents takes account of the liquid assets available to the corporate group at short notice as a deduction from total consolidated capital in order to eliminate the effect of available liquidity when calculating the consolidated equity ratio. From the 2017 financial year, the adjusted consolidated equity ratio will be replaced as a performance indicator by the equity ratio for planning and management of the corporate group. The equity ratio provides insights concerning the extent to which risks entered into can be hedged by equity and thus concerning the financial stability of the Berentzen Group. The ratio is calculated as the ratio of adjusted equity to adjusted total consolidated capital (total consolidated assets). Adjusted equity is based on the consolidated capital reported in the Consolidated Statement of Financial Position. If available, receivables from shareholders, outstanding contributions to subscribed capital, pension provisions not recognised as liabilities and deferred tax assets are deducted from the figure, while non-current liabilities to shareholders and mezzanine capital are added. Likewise, receivables from shareholders, outstanding contributions to subscribed capital, pension provisions not recognised as liabilities and deferred tax assets are deducted from total consolidated capital if available.

The Berentzen Group defines the leverage ratio as the ratio of net debt or net liquidity to total consolidated capital. This metric provides information about the funding structure of the corporate group, with a focus on the cash and debt shown in the Consolidated Statement of Financial Position; a rising leverage ratio normally indicates an increase in the credit risk for the Group's creditors. The net debt and net liquidity are calculated by subtracting the cash and cash equivalents from the current and non-current debt of the corporate group. From the 2017 financial year, the internal management system will no longer use the static leverage ratio as a financial position indicator. Instead, the dynamic gearing ratio will be used. The dynamic gearing ratio provides information on the period theoretically needed in order to repay financial liabilities using profits. Consequently, the ratio is also suitable for indicating the Berentzen Group's debt servicing ability. The performance indicator is calculated as the ratio of total current and non-current financial liabilities adjusted for cash and cash equivalents to consolidated EBITDA recorded over the past 12 months.

The Berentzen Group calculates the working capital as current assets less the cash and cash equivalents included therein, less the difference of current liabilities and the debt included therein. This ratio is similarly used to manage the funding structure of the corporate group and provides information on the extent to which current assets can be covered by current liabilities. Until the 2016 financial year, the Berentzen Group used working capital to manage the asset and funding structure. From the 2017 financial year, however, this indicator will no longer be used on account of its major dependency on reporting-date effects that are very difficult to plan for.

The development and analysis of the financial position indicators are presented in section (2.2.6), Financial position, in the Economic report.

(1.3) Research and development

In order to keep the product range attractive for consumers and exploit potential consumption levels, the Group's in-house Research and Development department worked on enhancing the quality and flavour of existing spirits products and developing innovative new products in 2016. A total of 417 (355) recipes were developed and assessed for spirits in the Branded and Private Label Products sales units in the last financial year 2016.

Likewise, intensive development work was carried out for new products in the *Non-alcoholic Beverages* segment in the 2016 financial year. The flavours *Mio Mio Mate Banana* and *Mio Mio Mate Ginger* were added to the product line of proprietary brand *Mio Mio*, which now includes 5 items. In addition, work was carried out on reducing the sugar content of new drinks and revising existing recipes. Options are being examined together with the raw materials suppliers to enhance the flavour using new sweeteners and sugar substitutes.

The research and development activities in the *Fresh Juice Systems* segment concentrate on the system technology and related accessories. Alongside the development of new fruit press product lines, the continuous improvement of the current series also plays a major role. The Group company T M P Technic-Marketing-Products GmbH is responsible for all aspects of managing and controlling the product development process, including the engineering carried out in conjunction with external consultants and the producer of the machinery.

The direct expenses for research and development and for quality assurance totalled EUR 1.6 million in the 2016 financial year (EUR 1.7 million).

(2) Economic report

(2.1) General economic and industry-specific conditions

General economic conditions

In its World Economic Outlook Update dated January 2017, the International Monetary Fund (IMF) expressed its belief that global economic growth would total 3.1% this year, slightly below the IMF-adjusted year-ago level of 3.2%. At the beginning of 2016, the IMF had expected global economic growth of 3.4%, but lowered its forecasts repeatedly during the course of the year. According to its weekly report (DIW Wochenbericht) dated December 2016, the German Institute for Economic Research (DIW Berlin) expects gross domestic product (GDP) to have expanded by 3.3% (3.5%) in real terms worldwide in 2016, with significant differences between individual regions and economies in some cases. At 4.1%, the pace of economic growth in the emerging markets was unchanged from the previous year (4.1%). Russia's economic output in particular has recently been somewhat better than expected, due to the more stable price of oil, among other factors. The Turkish economy, which was adversely impacted by a significant decline in tourism revenues, was weaker than forecasted by the IMF.

According to the IMF, economic developments in Spain and the United Kingdom, where domestic demand was stronger than expected in the wake of the Brexit votes, were the main factors driving economic growth of 1.6% (2.1%) in the industrialised nations. For the eurozone, the IMF projects a moderate growth rate of 1.7% (2.0%) and the DIW expects growth of 1.6% (1.9%).

Towards the end of 2016, long-term nominal and real interest rates rose particularly in the United Kingdom and the United States as a result of the expected changes to monetary and fiscal policy in the United States following the change of government there. The rise in interest rates was much more moderate in the eurozone due to various uncertainties in the political environment and in the banking sector. Short-term interest rates remained unchanged in most industrialised nations, with the exception of the United States.

The German economy remained in good shape on the whole over 2016, as the Federal Statistical Office indicated in mid-January 2017. On an inflation-adjusted basis, gross domestic product grew by 1.9% (1.7%) over the course of the year. This can be attributed primarily to positive stimuli from domestic sources. As in the previous year, consumption was again the main pillar of the German economy in 2016: Both consumer spending and government spending increased by 2.0% (1.9%) and 4.2% (2.8%), respectively, on an inflation-adjusted basis. This substantial increase in government spending resulted in part from the high numbers of refugees and the attendant costs. Another factor contributing to the overall growth was fixed investment, which rose at the inflation-adjusted rate of 2.5%.

According to figures from the Federal Statistical Office, consumer prices in Germany rose by an annual average of 0.5% in 2016 compared with 2015. This means that the annual inflation rate was 0.2 percentage points below the year-ago level, despite a substantial reduction in energy prices. By contrast, consumer food prices, which increased by 0.8% (0.8%) from the previous year, contributed to the overall inflation rate. Prices in the "food and non-alcoholic beverages" category were basically unchanged, with an annual inflation rate of 0.8% (0.7%), whereas domestic prices in the "Alcoholic beverages and tobacco" category rose at the faster rate of 2.3% (2.8%).

According to the Federal Statistical Office, sales in the German retail trade increased by 1.6% in 2016 compared with 2015 on an inflation-adjusted basis. Thus, German retailers posted inflation-adjusted and nominal sales increases over the previous year for the seventh year in a row. A comparable development was evident in the "food, beverages and tobacco" sub-category, where sales likewise increased by 1.6% year-on-year on an inflation-adjusted basis.

Developments in the drinks market

According to figures released by Eurostat, the statistical office of the European Union (EU), average retail volumes rose by 1.8% (2.4%) in the eurozone in 2016 compared with 2015 and 2.8% (3.0%) across the EU. Compared with the year-ago figures, retail sales in the "food, beverages and tobacco" category increased by 0.7% (0.8%) in the eurozone in December 2016 compared with December 2015 and by 1.4% (1.5%) across the EU.

Figures published by The Nielsen Company (Nielsen), an independent market researcher, show that domestic sales of spirits amounted to 575.0 million (580.7 million[1)]) 0.7-litre bottles in 2016 in Germany, which remains the most important regional sales market for spirits for the Berentzen Group. Total revenues grew slightly at the same time, from EUR 4.54 [1)] billion in 2015 to EUR 4,55 billion in the past year. In the German food retail trade and drugstores, the sales volume of spirits fell by 0.9% year-on-year to total 532.7 million (537.6 million[1)]) 0.7-litre bottles. At EUR 4.1 billion (4.09 billion[1)]), revenues in these distribution channels of the spirits industry were approximately at the year-ago level. The share of own brands in total German sales declined from 47.9% [1)] in 2015 to 46.8%, in 2016, with the share of total revenues falling from 35.8%[1)] to 34.6% in parallel.

According to an announcement by the Federal Statistical Office in February 2017, sales of the domestic hospitality industry in the 2016 financial year were 0.9% (1.7%) higher in real terms than in the previous-year comparison period. Thus, sales in this second important sales channel for the spirits and non-alcoholic beverages of the Berentzen Group increased modestly, as in the previous year. The spirits-friendly sub-category of "restaurants" exhibited a parallel revenue increase of 0.2% (1.3%).

However, this trend was not reflected in the development of sales volumes of spirits in German cash-and-carry markets, one of the principal procurement sources for restaurants. According to figures from Nielsen, sales volumes fell from 43.1 million to 42.3 million 0.7-litre bottles, representing a decline of around 1.9% (0.9%) in 2016 compared with the previous year. Revenues declined 0.4% in 2016, after having risen 1.7% in 2015.

The results of a survey conducted in Germany in 2016 confirm that mineral water and bottled water products are still the most popular non-alcoholic beverages in Germany by a wide margin: 88.5% of the surveyed consumers indicated that they consume mineral water and bottled water products most frequently in the segment of non-alcoholic beverages. According to the survey, fruit juices and nectars and multi-vitamin juices are the second most frequently consumed type of non-alcoholic beverage in Germany (35.1%), followed by cola beverages (31.4%) and then by soft drinks and fizzy drinks (29.5%).

According to projections published at the beginning of January 2017 by the Verband Deutscher Mineralbrunnen (VDM), a German mineral water industry association, sales of mineral and medicinal waters and non-alcoholic mineral spring beverages from German springs increased by 0.4% to 14.8 billion litres in 2016 compared with the previous year (14.7 billion litres), from the producer viewpoint. Within this total, sales of mineral and medicinal waters rose by 0.8% overall to 11.3 billion litres (11.2 billion litres). Sales of soft drinks were unchanged at 3.5 billion litres (3.5 billion litres). The VDM cites the good, sales-promoting weather across many parts of Germany in the late summer of 2016 as the main reason for the higher sales of mineral and medicinal waters alongside the popularity of mineral water with health-conscious consumers.

As far as the Berentzen Group is aware, to all intents and purposes there are no all-round, resilient market data available for the *Fresh Juice Systems* segment in the sense of an analysis covering all major system components offered by this segment. The corporate group believes that the existing and future consumer demand for fresh food, especially fresh drinks like not-from-concentrate juices, freshly squeezed juices and also smoothies, represents a leading indicator with an umbrella function for the development of the *Fresh Juice Systems* segment overall. For several years now, it has been possible to observe how the social trends of dietary awareness and personal health have drawn closer together and had an ever greater impact on consumer behaviour as a result. Values and product characteristics like freshness, biological and regional sourcing, together with sustainability in the production process, are increasingly important factors for end customers. It is not only industry voices like the Verband der deutschen Fruchtsaftindustrie (VdF), an association of German fruit juice producers, that are seeing new and increasing sales potential here. According to a VdF statement published in February 2016, high quality not-from-concentrate juices in particular have steadily expanded their share of the market and halted the previous multi-year downward trend of fruit juice consumption.

A market study by the Association of the Industry of Juices and Nectars from Fruits and Vegetables of the European Union (AIJN) from 2016 shows that overall sales in the EU of fruit juices declined constantly in the years 2010 to 2015, and most recently by 1.1%, in the product group of fruit juices with a fruit content of 100%. During that period, fruit juices produced not from concentrate were only the sub-product group included in the analysis to enjoy growth in every single year, of 4.4% in 2015. The smoothie market is the most readily comparable with that of the system solution products offered by the *Fresh Juice Systems* segment – freshly squeezed fruit juices – meaning it can be used as a rough proxy for the development of the relevant market. Accordingly, it largely enjoyed a much stronger performance in the European markets relevant for the *Fresh Juice Systems* segment in the 2016 financial year, according to the AIJN study, with sales expanding by 45.3% in Germany, by 34.0% in Austria, and by 9.7% in the Netherlands. Sales in France and Poland declined by 3.8% and 1.9%, respectively.

1) Year-ago figures adjusted due to a different comparison period.

(2.2) Business performance and economic position

(2.2.1) Overview of business performance and operating results

Amidst a very intense competition environment overall, the Berentzen Group increased its consolidated revenues to EUR 170.0 million (EUR 158.5 million) and its total operating performance to EUR 172.7 million (EUR 159.0 million) in the 2016 financial year; the consolidated operating result rose to EUR 10.5 million (EUR 7.6 million).

All in all, the Berentzen Group generated a consolidated profit of EUR 4.4 million (EUR 2.2 million).

The results for the reporting period are based largely on the significant developments and events described in section (2.2.3) below.

(2.2.2) Comparison of actual business performance with the forecast business performance

The following analysis covers the key financial performance indicators of the Berentzen Group which, as described in section (1.2) covering the underlying principles of the corporate group, are used for the internal management of the corporate group in the 2016 financial year.

In order to compare actual performance against the forecast performance, the forecasts provided in the previous year for the key financial performance indicators are set against the actual performance.

Financial performance

The financial performance of the Berentzen Group in the 2016 financial year proved positive overall, essentially placing it in line with the forecasts as regards the corporate group. At the same time, the performance differed slightly across the individual segments.

Performance of the segments

	Forecast for the 2016 financial year in the 2015 Forecast Report	Adjustments made during the 2016 financial year	Actual business performance in financial year 2016	Change	
			EUR '000	EUR '000	%
Contribution margin after marketing budgets					
Segment					
Spirits	Slight decrease	Q2: Slight increase	26,808	+ 619	+ 2.4
Non-alcoholic Beverages	Sharp increase		18,913	+ 1,240	+ 7.0
Fresh Juice Systems	Sharp increase	Q2: Slight increase	7,512	+ 830	+ 12.4
Other segments [1]	Sharp increase	Q2: Slight increase	4,493	- 187	- 4.0
Total			**57,726**	**+ 2,502**	

[1] Notably including international sales of branded spirits.

As expected, the corporate group generated a segment profit (contribution margin after marketing budgets) in each of its four segments in the 2016 financial year. Within this, the original forecasts provided in the Annual Report for the 2015 financial year in the respective segments were exceeded in some cases, although they were not met in other cases. Where adjustments were made to the individual forecasts during the course of the 2016 financial year, these later also materialised with one exception.

The initial forecast for the *Spirits* segment was exceeded. The actual development involving a modest rise in the segment profit finally matched the forecast that had been adjusted in the second quarter of 2016. This was assisted by the expanded volume of business in both the domestic business involving branded spirits and in the activities involving branded dealer and private-label products.

By contrast, neither the original target nor the adjusted target announced in the second quarter of 2016 were achieved in the *Other segment*, which encompasses international activities involving branded spirits in particular. Instead of a considerable or slight increase, the segment result decreased slightly due to declining sales on a series of important foreign markets due mostly to external effects. The performance of the spirits business in Turkey played an important role in this regard. The market environment in that country did not improve and the difficulty of predicting both market conditions and basic framework conditions led to heightened planning uncertainty.

The profit expectation stated in the 2015 Annual Report for the *Non-alcoholic Beverages* segment was similarly not achieved. Contrary to the expectation of a considerable increase, the segment result rose only modestly in the 2016 financial year. The overall positive development of the segment result, which was particularly driven by higher unit sales of the mineral water products distributed under the company's own brands and the beverages distributed under the own brand *Mio Mio*, was slightly dampened by the cool, wet summer months in the second half of the year.

The *Fresh Juice Systems* segment closed the 2016 financial year with a slight increase, as opposed to a considerable increase in its result, thereby confirming the adjusted forecast announced in the second quarter. This change was not as much due to the development of business volumes, which were expanded considerably, but the effects of higher purchasing costs for the system component of fruits (oranges) that resulted from poor crop yields and fruit quality limitations caused by bad weather and appreciable additional expenses for quality assurance measures and inventory shrinkage.

Development of total operating performance and consolidated operating profit

	Forecast for the 2016 financial year in the 2015 Forecast Report	Adjustments made during the 2016 financial year	Actual business perform-ance in financial year 2016		
				Change	
			EUR '000	EUR '000	%
Total operating performance	Considerable increase		172,726	+ 13,691	+ 8.6
Consolidated operating result (consolidated EBIT)	Sharp increase		10,515	+ 2,940	+ 38.8
Consolidated operating profit before depreciation and amortisation (consolidated EBITDA)	Sharp increase		17,512	+ 1,855	+ 11.8

The actual development of the three other earnings-related indicators in the 2016 financial year confirmed the forecasts stated in the 2015 Annual Report. Specifically, the total operating performance exhibited a considerable increase, as profitability was higher on the whole, leading to a considerable increase in both the adjusted consolidated operating result (consolidated EBIT) and the adjusted consolidated operating result before depreciation and amortisation (consolidated EBITDA).

Therefore, the changes in the individual segment results described above did not have an effect in total on the development of the earnings-related indicators of the overall Group.

Cash flows and financial position

The cash flows and financial position of the corporate group improved thanks to the positive development of the financial performance in the 2016 financial year overall. However, both positive and negative deviations from the forecasts were observed individually with regard to the ratios used to manage the corporate group.

Development of cash flows

	Forecast for the 2016 financial year in the 2015 Forecast Report	Adjustments made during the 2016 financial year	Actual business perform-ance in financial year 2016		
				Change	
			EUR '000	EUR '000	%
Operating cash flow	Considerable increase		11,159	+ 3,044	+ 37.5

Particularly as a result of the positive EBITDA performance of the corporate group, the operating cash flow, which excludes changes in working capital and therefore documents the effects of operating profitability on the change in liquidity, increased sharply. Thus, the considerable increase projected in the 2015 Annual Report was not fully achieved, due in part to the occurrence of the different, hard-to-predict income tax and other non-cash effects compared to expectations.

Development of financial position

	Forecast for the 2016 financial year in the 2015 Forecast Report	Adjustments made during the 2016 financial year	Actual business perform-ance in financial year 2016		
				Change	
			EUR '000	EUR '000	% / PP
Adjusted consolidated equity ratio	Insignificant decrease	Q2: Slight increase	37.2%	-	+ 0.0 PP
Net debt ratio	Considerable increase	Q2: Insignificant decrease	-36.7%	-	- 7.5 PP
Working capital	Considerable increase	Q2: Insignificant decrease	-18,026	- 2,280	+ 14.5%

Contrary to the forecast stated in the 2015 Annual Report and the adjustment announced in the second quarter, the adjusted equity ratio at December 31, 2016 was unchanged from the previous year. Despite the increase in shareholders' equity, this indicator remained at the level of the previous year, due to the changes in financial position parameters that occurred as a result of the expanded volume of business, which particularly affected the sum of total assets.

Because the amount of cash and cash equivalents exceeded the sum of non-current and current financial liabilities at December 31, 2015 and 2016, the net debt ratio was negative at this time as a result of the net liquidity position. Accordingly, an increase in the net debt ratio is mathematically indicative of a reduction of net liquidity, while a decrease in the net debt ratio is mathematically indicative of an increase in net liquidity. Despite an increase in the volume of business conducted, the capital tied up in net current assets was reduced; consequently, the Berentzen Group increased net liquidity considerably in the 2016 financial year, contrary to its own expectations. Therefore, the result exceeded both the original target and the adjusted target announced in the second quarter of 2016.

Contrary to the original expectation, the (negative) working capital, which is essentially subject to reporting-date effects that are hard to predict, was insignificantly lower at the reporting date, but was in line with the adjusted forecast in the second quarter. The main reason for this development was the lower amount of capital tied up in trade payables and other liabilities, mainly due to reporting date effects.

(2.2.3) Business performance – Significant developments and events

Alongside the general development of the overall economy, which can vary greatly from region to region, the key conditions underlying the performance of the Berentzen Group are the development of the drinks market including the development of the individual distribution channels for drinks and fresh juice systems. Developments in individual countries continue to play a major role in this regard.

Against this backdrop, the following factors had a significant influence on the performance of the Berentzen Group in the 2016 financial year:

Sales volumes

The business performance is driven notably by the development of product sales that forms the focal point of the Company's operating activities. There is a close, mutual correlation between this and the maintenance and expansion of the corporate group's ability to innovate in the development and marketing of new product concepts.

Spirits

The following table shows the development of sales volumes in the *Spirits* segment:

	2016	2015	Change	
	Millions of 0.7-litre bottles	Millions of 0.7-litre bottles	Millions of 0.7-litre bottles	%
Spirits sales by segment				
Domestic branded spirits	20.8	20.2	0.6	3.0
Branded dealer and private-label products	58.1	54.0	4.1	7.6
Spirits segment	**78.9**	**74.2**	**4.7**	**6.3**
International branded spirits	4.4	4.9	-0.5	-10.2
Other segments [1]	**4.4**	**4.9**	**-0.5**	**-10.2**
Total	**83.3**	**79.1**	**4.2**	**5.3**

[1] Notably including international sales of branded spirits.

	2016	2015	Change	
	Millions of 0.7-litre bottles	Millions of 0.7-litre bottles	Millions of 0.7-litre bottles	%
Spirits sales by product category				
Branded spirits	25.2	25.1	0.1	0.4
Branded dealer and private-label products	58.1	54.0	4.1	7.6
Total	**83.3**	**79.1**	**4.2**	**5.3**

Sales of spirits by the Berentzen Group increased by 5.3 % in the 2016 financial year to 83.3 millions of 0.7-litre bottles (79.1 millions of 0.7-litre bottles). While the domestic sales volumes of 70.6 millions of 0.7-litre bottles (67.2 millions of 0.7-litre bottles) were 5.1 % higher than the previous-year figure, sales of spirits in other countries rose by 6.7 % to 12.7 millions of 0.7-litre bottles (11.9 millions of 0.7-litre bottles).

The Berentzen Group recorded sales of 25.2 millions of 0.7-litre bottles (25.1 millions of 0.7-litre bottles) bottles with branded spirits in Germany and abroad in the past financial year.

Sales in the domestic business with core brands like *Berentzen* and *Puschkin* were 4.4% higher than in the previous year. Sales of the umbrella brand *Berentzen* in particular rose by 4.9% from the already good level of sales in the 2015 financial year. Furthermore, sales of the umbrella brand *Puschkin* improved further, by 3.4%, in the 2016 financial year. Despite the overall modest decline in market volumes, sales volumes in the Company's other brand-products business, particularly including traditional spirits, remained at the level of the previous year. In total, the volume of the total domestic branded-products business increased by 3.0 % at December 31, 2016.

The sales volume of the international branded spirits business declined overall by 10.2 % from the previous reporting period (4.9 millions of 0.7-litre bottles) to 4.4 millions of 0.7-litre bottles. Carried by the core brands *Berentzen* and *Puschkin*, the sales volume in the Benelux countries rose by 1.9%, although the Netherlands as the biggest foreign sales market was adversely affected by persistent parallel imports from Germany due to heightened price differences. The developments in the Turkish market were particularly disadvantageous for the development of sales volumes. The market environment for the spirits business, which is operationally managed there by the Turkish Group company, was still difficult in the 2016 financial year, particularly as a result of political events, as well as the strict advertising bans and further increases in consumption taxes for and on spirits. The absence of Russian tourists in the vacation centres and the effects of the civil wars in neighbouring countries resulted in lower sales in the local sales channel of hotels. Since this time, sales activities have been focused on the retail trade and the organisation has been adapted to reflect the changed situation. Although the Russian economic sanctions imposed against Turkey after a military incident in 2015 were lifted at the end of June 2016, the growing security risks continued in 2016 as a result of domestic political unrest and terror attacks. In mid-July 2016, Turkey's National Security Council ordered martial law throughout the country following a coup attempt staged by parts of the Turkish military. This order was extended until mid-April 2017 following a New Year's Eve terror attack on an Istanbul nightclub. The further political and economic developments, which are currently difficult to predict, are the subject of intensified observation. Both sales volumes and revenues in the Turkish market were considerably lower than the respective previous-year figures. The situation in the Eastern European markets and cross-border sales were still strained. Particularly the weak exchange rate of the Russian rouble led to high prices for local consumers, resulting in lower sales volumes. After the distributor for the markets of the Czech Republic and Slovakia was replaced in 2015, the business in these countries was managed from headquarters in the 2016 financial year. Despite continued difficult operating conditions in these markets, the sales volume held steady. In the US market, the sales volume declined by 5.7% due to limited distribution activities for cost reasons and rising price sensitivity. However, earnings exhibited a positive development, particularly due to cost reductions resulting from the discontinuation of the operating activities of the local subsidiary.

The development of sales in the spirits business involving branded dealer and private-label products overseen by the Group company Pabst & Richarz Vertriebs GmbH based in Minden, Germany, was positive again in the past financial year. Despite the difficult situation in the international spirits business, the volume of international sales rose by 18.6 %. In addition, the sales volume of branded dealer and private-label products in Germany rose by 6.0 %. Innovative promotions coupled with a competitive cost structure formed the basis of good market access. All in all, the sales volume increased by 7.6 % to 58.1 millions of 0.7-litre bottles (54.0 millions of 0.7-litre bottles).

Non-alcoholic Beverages

The sales volume of mineral water products and non-alcoholic beverages in the *Non-alcoholic Beverages* segment increased by 8.0% to 1.69 million hectolitres in the 2016 financial year (1.56 million hectolitres). The sales volume generated in the franchise business with branded beverages of the Sinalco Group, which began at the start of 2015, rose by more than 15% from the previous year. The acquisition rate of new customers in the restaurant business and consumer acceptance in this sales channel increased strongly enough in 2016 to offset the considerably lower sales volume peaks in the cool, wet summer months of June to August. The sales volume in the contract bottling business increased overall by 10.1%.

The beverages distributed under the corporate group's own *Mio Mio* brand enjoyed an extremely good sales performance again in the 2016 financial year, rising 61.0% from 2015. Both the newly introduced products and the core product *Mio Mio Mate* contributed to this result. *Mio Mio Mate* was further established in the market and thanks to a practically nationwide listing in the food retail sector, it contributed to the goal of expanding the distribution territory for the own brands of the *Non-alcoholic Beverages* segment. National distribution goals were successfully achieved on the back of innovations such as the *Mio Mio Mate Banana* product variant introduced in July 2016. By contrast, the sales performance of mineral water products and soft drinks, as well as other own-brand non-alcoholic beverages, was mixed. Whereas the sales volume of mineral water brands rose by 5.5%, the sales volume of soft drinks and other non-alcoholic beverages declined by 5.1%.

Fresh Juice Systems

Sales volumes in the *Fresh Juice Systems* segment, in which the entire offering is distributed under the *Citrocasa* brand name, exhibited a very positive development with regard to all the main system components in the 2016 financial year. The sales volume of fruit juicers rose by 49.4%, also thanks to the sales success of the newly developed, compact *Revolution* fruit juicer. Sales of fruits (oranges) rose by 12.0% to 8,639 thousand kg (7,711 thousand kg) and sales of bottling equipment rose by 13.0% to 14,073 thousand units (12,455 thousand units). Taking into account all the system components, substantially higher sales volumes were booked in both the domestic Austrian market and in international markets, notably including Germany, France, the Netherlands, and the Middle East, and new distributors were acquired.

General statement on the sales volume performance

In consideration of the aforementioned business developments in the individual operating segments, the positive development of sales volumes in the three segments of *Spirits*, *Non-alcoholic Beverages*, and *Fresh Juice Systems* particularly contributed to an increase in consolidated revenues. This served to more than offset the dissatisfactory decline in sales volumes in the *Other segments* covering international sales of branded spirits from the earnings point of view.

Sourcing

In terms of purchased goods and services, the sourcing of raw materials and the cost of procuring the individual system components in the *Fresh Juice Systems* segment represent a major part of the total cost of the production of spirits and non-alcoholic beverages. In this context, demand on the market side and availability correlate with cost prices, provided regulatory measures are not in effect. The availability and the cost prices of the raw materials and system components are important factors in the business performance of the Berentzen Group. A major part of the raw materials required for the production of spirits and non-alcoholic beverages, and the fruit (oranges) traded in the *Fresh Juice Systems* segment, are agrarian products. This means that their availability depends notably on harvests. Furthermore, certain required raw materials and merchandise for resale are affected by government regulation, which in some cases have a significant influence on their availability and hence their prices. In the case of the Berentzen Group, this specifically relates to the quotas for sugar on account of EU sugar market regulations and, where relevant, import duties for the sourcing of oranges from non-EU countries specified in the international General Agreement on Tariffs and Trade (GATT) during set seasons on account of the entry price process applicable under European market regulations. The trends on the commodity markets in turn had a considerable impact on the business performance of the corporate group in the 2016 financial year. The underlying conditions varied considerably, with prices both rising and falling on the market. In the case of purchases made in US dollars, prices increased in part due to the persistent weakness of the euro. The higher sourcing costs for the system component of fruits (oranges) in the *Fresh Juice Systems* segment were a notable exception. Poor crop yields and limited fruit quality resulting from bad weather caused a scarcity and increased purchasing prices and secondary sorting costs. Therefore, additional sourcing and quality assurance measures were necessary to ensure year-round availability. With the exception of the higher sourcing costs for fruits (oranges), the largely stable purchasing prices for raw materials and other factors contributed to an only minor increase in the ratio of purchased goods and services to the total operating performance in the 2016 financial year.

Change of the financing structure

Since October 2012, the corporate group's previous long-term financing had been secured by a Berentzen-Gruppe Aktiengesellschaft bond with an issue volume of EUR 50.0 million and an original term of five years. The Berentzen Group had used the liquidity inflow from the bond issue, but not all of it, to finance company start-ups and acquisitions – including the acquisition at the start of the fourth quarter of 2014 of T M P Technic-Marketing-Products GmbH based in Linz, Austria, a globally active system supplier for fresh-pressed fruit juices – and to expand the scope of its own business activities. In view of the positive business performance and favourable financing environment, the Berentzen Group secured its future financing needs by entering into a syndicated loan agreement for an amount of initially EUR 25.5 million and an initial term of five years, which has not yet been utilised. This was done on December 21, 2016, about ten months in advance of the due date of the corporate bond on October 17, 2017. This financing measure, coupled with the change of maturity of the debt financing instruments employed, which resulted solely from the progression of time, had a significant effect on the Group's cash flows and financial position already in the 2016 financial year, although it had no effect on the Group's liquidity, namely the amount of cash and cash equivalents held at the end of the financial year.

With respect to the Berentzen Group's financing concept, factoring is also an important instrument for the external financing of current assets. In September 2016, two already existing factoring agreements were prolonged ahead of time by three years to March 31, 2021. In this connection, the total financing volume available to the Berentzen Group under these financing agreements was increased from previously EUR 45.0 million to EUR 50.0 million.

Events related to the capital market

Acquisition of treasury shares

The share buyback programme resolved by the Executive Board of Berentzen-Gruppe Aktiengesellschaft on July 21, 2015, on the basis of the authorisation granted by the extraordinary general meeting of July 20, 2015 to purchase treasury shares in accordance with Section 71 (1) No. 8 AktG, according to which preferred shares, and after the completion on September 28, 2015 of the conversion of shares of preferred stock into shares of common stock as resolved on July 20, 2015 by the extraordinary general meeting and the special meeting of the preferred shareholders on the same day, shares of the Company's common stock were to be purchased on the stock exchange up to a maximum amount (excluding transaction costs) of EUR 1.5 million, was ended on May 27, 2016, after having been conducted since July 27, 2015. The total number of shares purchased by Berentzen-Gruppe Aktiengesellschaft under this share buy-back programme in the period from July 27, 2015 to and including May 27, 2016 amounted to 206,309 no-par shares; this represents a share of the capital stock of 2.15%. The purchase price including transaction costs amounted to around EUR 1.2 million in the 2015 financial year and around EUR 0.3 million in the 2016 financial year. The shares may be used for any or all of the purposes listed in the authorisation granted by the general meeting. While the share buy-back had an effect on the cash flows and financial position of the corporate group, there was no impact on the consolidated profit.

Change of shareholder structure

Significant changes occurred in the shareholder structure of Berentzen-Gruppe Aktiengesellschaft in the course of the 2016 financial year. Until the spring of 2016, the AURELIUS Group through AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA), Grünwald, had held a majority interest directly and indirectly in Berentzen-Gruppe Aktiengesellschaft. In early March 2016, the companies of the AURELIUS Group sold common shares in Berentzen-Gruppe Aktiengesellschaft corresponding to approximately 22.4% of its capital stock, and in late April 2016 additional shares corresponding to approximately 10.4% of Berentzen's capital stock, to institutional investors. During the course of September 2016, the AURELIUS Group successively sold all remaining shares corresponding to approximately 18.8% of the capital stock of Berentzen-Gruppe Aktiengesellschaft. Therefore, it is no longer a shareholder of the company. In accordance with International Financial Reporting Standards (IFRS), under which the definition of control does not depend solely on the criterion of voting rights or a majority of voting rights or a share of voting rights, Berentzen-Gruppe Aktiengesellschaft is nonetheless still considered to be indirectly controlled by AURELIUS Equity Opportunities SE & Co. KGaA.

Having purchased 10.4% of the shares in Berentzen-Gruppe Aktiengesellschaft from the Aurelius Group, the Dutch financial investor Monolith Duitsland B.V. is now the biggest shareholder of Berentzen-Gruppe Aktiengesellschaft. The investment fund company MainFirst SICAV holds 8.5% of the shares. The asset manager Otus Capital Management LP holds 5.4% and Lazard Frères Gestion S.A.S holds 3.6% of the Company's shares. The PWM Vermögensfondmandat fund of Deutsche Asset Management Investment GmbH (DWS) holds 3.5% of the shares in Berentzen-Gruppe Aktiengesellschaft.

(2.2.4) Financial performance

The following table summarises the development of the financial performance. Individual items in the Consolidated Statement of Comprehensive Income have been adjusted for exceptional effects (non-recurring items) in line with the definition of the normalised consolidated EBIT used to manage the corporate group.

	2016		2015		Change	
	EUR '000	%	EUR '000	%	EUR '000	%
Consolidated revenues	170,025	98.4	158,549	99.7	11,476	7.2
Change in inventories	2,701	1.6	486	0.3	2,215	> 100.0
Total operating performance	**172,726**	**100.0**	**159,035**	**100.0**	**13,691**	**8.6**
Purchased goods and services	91,676	53.1	83,478	52.5	8,198	9.8
Consolidated gross profit	**81,050**	**46.9**	**75,557**	**47.5**	**5,493**	**7.3**
Other operating income	4,402	2.5	5,088	3.2	-686	-13.5
Personnel expenses	23,892	13.8	22,409	14.1	1,483	6.6
Depreciation and amortisation of assets	6,997	4.1	8,082	5.1	-1,085	-13.4
Other operating expenses	44,048	25.5	42,579	26.8	1,469	3.5
Operating expenses	74,937	43.4	73,070	45.9	1,867	2.6
Consolidated operating profit (EBIT)	**10,515**	**6.1**	**7,575**	**4.8**	**2,940**	**38.8**
Exceptional effects	23	0.0	-39	0.0	62	> - 100.0
Financial result and result from participating interests	-4,069	-2.4	-3,971	-2.5	-98	2.5
Consolidated profit before taxes	**6,469**	**3.7**	**3,565**	**2.2**	**2,904**	**81.5**
Income tax expenses	2,023	1.2	1,326	0.8	697	52.6
Consolidated profit	**4,446**	**2.6**	**2,239**	**1.4**	**2,207**	**98.6**

Consolidated revenues and total operating performance

The consolidated revenues of the Berentzen Group excluding spirits tax amounted to EUR 170.0 million (EUR 158.5 million) in the 2016 financial year, while consolidated revenues including spirits tax totalled EUR 389.0 million (EUR 372.0 million). Including the changes in inventory of EUR 2.7 million (EUR 0.5 million), the total operating performance came to EUR 172.7 million (EUR 159.0 million).

The following table shows the development of revenues in the individual segments of the corporate group:

	2016 EUR '000	2015 EUR '000
Revenues excluding spirits tax		
Spirits segment	91,619	87,775
Non-alcoholic Beverages segment	46,732	42,931
Fresh Juice Systems segment	21,592	17,247
Other segments [1]	10,082	10,596
Consolidated revenues excluding spirits tax [2]	**170,025**	**158,549**
Spirits tax	218,925	213,448
Consolidated revenues including spirits tax	**388,950**	**371,997**

[1] Notably including international sales of branded spirits.

[2] Please refer to the comments on sector risks in section (5.2) of the Risk and Opportunities Report for information on the development of the shares of consolidated revenues generated with the corporate group's most important trading partners.

Purchased goods and services

The goods and services purchased by the Berentzen Group relate mainly to the inputs of rectified spirit and distillates, sugar and sugar-containing preliminary products for the production of spirits and non-alcoholic beverages as well as glass bottles, packaging and other materials for product features. Purchasing costs arise in the *Fresh Juice Systems* segment for the individual system components of fruit juicers, fruit (oranges) and bottling equipment.

In line with the higher total operating performance, the cost of purchased goods and services also increased to EUR 91.7 million (EUR 83.5 million). The ratio of purchased goods and services to the total operating performance rose only slightly to 53.1% (52.5%). With the exception of the higher sourcing costs for the system component of fruit (oranges) in the *Fresh Juice Systems* segment and changes in the product and customer mix affecting sales volumes, this development is reflective of the fact that purchasing prices remained largely stable in the 2016 financial year.

Other operating income

The other operating income of EUR 4.4 million generated in the 2016 financial year was less than the corresponding previous-year figure (EUR 5.1 million). Also included in this item are cost and other reimbursements of EUR 1.2 million (EUR 1.2 million) from business partners in connection with licence and sales agreements and reversals of liabilities and provisions of EUR 1.0 million (EUR 0.8 million). While the income generated on the disposal of non-current assets amounted to EUR 0.1 million in the 2016 financial year, this income was considerably higher in the previous year, at EUR 1.5 million. The higher income in the 2015 financial year was caused by follow-on effects related to changes in the franchise business in the *Non-alcoholic Beverages* segment, namely the change of franchisor, and the shutdown of production at the facility in Norden.

Personnel expenses

The corporate group had 487 (491) employees at December 31, 2016, of whom 208 (206) worked in production activities and 249 (250) in commercial and administrative activities; 30 (35) apprentices were in vocational training in a total of eight different occupations. The Berentzen Group had an average of 393 (395) full-time employees in the 2016 financial year.

The only minor change in the above-mentioned workforce numbers both at the reporting date and on average for the year was caused by specific changes in the segments and function areas, which are insignificant, however, for the overall development. The net staff increases in the sales organisation of the *Fresh Juice Systems* segment and the temporarily reduced number of employees in the *Non-alcoholic Beverages* segment were significant factors affecting the change in the average number of full-time employees.

Personnel expenses rose by 6.6 % to EUR 23.9 million (EUR 22.4 million), while the ratio of personnel expenses to total operating performance declined slightly to 13.8% (14.0%). Thus, the increase in the ratio of personnel expenses to total operating performance was disproportionately small compared to the greater increase in the total operating performance. The increase in the absolute amount of personnel expenses resulted primarily from the above-mentioned staff increase in the *Fresh Juice Systems* segment and from compensation changes in the various organisational units in line with qualifications, performance, and collective wage agreements.

Depreciation and amortisation of assets

Given the lower overall investment volume of EUR 6.4 million (EUR 7.4 million), depreciation and amortisation of assets declined overall to EUR 7.0 million (EUR 8.1 million) in the 2016 financial year. This development resulted mainly from the lower amortisation charges on intangible assets, which resulted in turn from the expiration of spirits brand rights acquired in earlier company acquisitions. The total amortisation charged on intangible assets allocated in connection with the acquisition of T M P Technic-Marketing-Products GmbH and therefore assigned to the *Fresh Juice Systems* segment amounted to EUR 0.9 million (EUR 0.9 million).

Other operating expenses

Other operating expenses rose to EUR 44.0 million (EUR 42.6 million). Expenses for marketing and trade advertising rose by EUR 0.8 million to EUR 15.9 million (EUR 15.1 million), mainly due to the higher expenses incurred for distribution activities in the *Non-alcoholic Beverages* segment. In particular, the higher shipping and logistical expenses incurred by reason of the increased volume of business caused transport and selling expenses to rise to EUR 15.6 million (EUR 14.5 million) in the 2016 financial year. Maintenance expenses totalling EUR 2.8 million (EUR 2.7 million) were only slightly higher than the corresponding previous-year figure. Compared to the 2015 financial year, miscellaneous other operating expenses fell to EUR 9.7 million (EUR 10.2 million), due the net effect of lower legal, consulting, and auditing expenses and higher expenses for temporary staff.

Operating expenses

As a result of the developments described above, consolidated operating expenses rose to EUR 74.9 million (EUR 73.1 million), reflecting an increase of 2.6 % over the previous year. This increase was mainly caused by the higher personnel expenses resulting from the increased volume of business and the higher amount of other operating expenses, particularly in the categories of marketing and trade advertising expenses and shipping and selling expenses. Countervailing effects particularly included the lower amount of amortisation of intangible assets resulting from the expiration of spirits brands rights acquired in connection with earlier company acquisitions. Combined with the proportionately higher, 8.6 % increase in the total operating performance, this led to an overall lower ratio of operating expenses to total operating performance at 43.4% (45.9%).

Exceptional effects

Exceptional effects in the 2016 financial year

An exceptional effect arose in the 2016 financial year from the after-effects of earlier events relating to the franchise business in the *Non-alcoholic Beverages* segment. In response to the announcement by the PepsiCo Group regarding the termination of the franchise agreements still in place at that time, an ad hoc impairment test conducted in the 2013 financial year led to impairments of EUR 3.2 million on property, plant and equipment in this segment. The impairment test to be repeated for these assets in the 2016 financial year led to an insignificant write-up (reversal of impairments) of less than EUR 0.1 million; for accounting reasons, this total includes both write-ups of EUR 0.3 million and additional impairments of around EUR 0.3 million relating to the previously impaired assets.

Exceptional effects in the 2015 financial year

In connection with the impairment test conducted in the *Non-alcoholic Beverages* segment in the 2013 financial year, an exceptional effect also arose in the 2015 financial year because these assets were the subject of another impairment test conducted as of June 30, 2015. This impairment test led to a net income of EUR 0.5 million based on both write-ups of EUR 0.6 million for accounting reasons and additional impairments of the previously impaired assets in the amount of around EUR 0.1 million.

A countervailing earnings effect arose in the 2015 financial year from the non-recurring expenses related to the conversion of then existing exchange-listed preferred shares into common shares at the end of September 2015 and the subsequent admission of all common shares of Berentzen-Gruppe Aktiengesellschaft for trading in the regulated market (General Standard) of the Frankfurt Stock Exchange. These expenses totalled EUR 0.5 million in the 2015 financial year.

Financial result and result from participating interests

The financial result and result from participating interests worsened slightly year-on-year, resulting in a net expense of EUR 4.1 million (EUR 4.0 million). Financial expenses notably include interest expenses of EUR 3.3 million (EUR 3.3 million) for the bond issued by Berentzen-Gruppe Aktiengesellschaft in October 2012, and interest expenses of EUR 0.2 million (EUR 0.2 million) relating to the recognition of pension obligations. The interest expenses for the other debt instruments used by the Berentzen Group – particularly for factoring lines – increased as a result of higher revenues including the spirits tax and the ensuing higher volume of receivables sold without recourse and the slightly higher drawdowns of a foreign Group company. All in all, the financial expenses of around EUR 4.1 million were only insignificantly higher than the previous-year figure, while the financial income again totalled less than EUR 0.1 million, due to the low market interest rates, despite the good financial position of the corporate group.

Income tax expenses

The income tax expenses of EUR 2.0 million (EUR 1.3 million) included EUR 2.4 million (EUR 1.9 million) for German trade tax and corporate income tax together with comparable foreign income taxes in the 2016 financial year.

The measurement of deferred taxes in accordance with IAS 12 gave rise to income of EUR 0.4 million (EUR 0.6 million). The income essentially resulted from a reduction in deferred tax liabilities on temporary valuation differences of intangible assets and deferred tax assets in respect of loss carry-forwards.

Consolidated profit

The consolidated operating profit recorded in the 2016 financial year increased to EUR 10.5 million (EUR 7.6 million) compared with the previous year. This can be attributed mainly to the improvement in consolidated gross profit by EUR 5.5 million to EUR 81.1 million (EUR 75.6 million). The decrease in depreciation and amortisation and the disproportionately low increase in personnel expenses and other operating expenses – compared to the total operating performance – also contributed to the improvement in the consolidated operating profit. As a result, and including the deductible items from the finance result and the result from participating interests and income taxes totalling EUR 6.1 million (EUR 5.4 million), the consolidated profit rose to EUR 4.4 million (EUR 2.2 million).

Income-related performance indicators (reconciliation)

The following reconciliation specifically shows income-related performance indicators serving as financial performance indicators as described in section (1.2) as part of the presentation of the underlying principles of the corporate group.

	2016					
	Revenues EUR' 000	Inter-segment revenues EUR' 000	Purchased goods and services EUR' 000	Other direct costs EUR' 000	Marketing including advertising EUR' 000	Contribution margin after marketing budgets EUR' 000
Contribution margin after marketing budgets						
Segment						
Spirits	91,619	352	50,269	4,954	9,940	26,808
Non-alcoholic beverages	46,732	36	19,789	3,851	4,215	18,913
Fresh Juice systems	21,592	30	12,659	1,184	267	7,512
Other segments [1]	10,082	30	3,864	205	1,550	4,493
Total	**170,025**	**448**	**86,581**	**10,194**	**15,972**	**57,726**

	2015					
	Revenues EUR' 000	Inter-segment revenues EUR' 000	Purchased goods and services EUR' 000	Other direct costs EUR' 000	Marketing including advertising EUR' 000	Contribution margin after marketing budgets EUR' 000
Contribution margin after marketing budgets						
Segment						
Spirits	87,775	706	47,943	4,669	9,680	26,189
Non-alcoholic beverages	42,931	34	19,195	2,779	3,318	17,673
Fresh Juice systems	17,247	0	9,335	887	343	6,682
Other segments [1]	10,596	25	4,023	234	1,684	4,680
Total	**158,549**	**765**	**80,496**	**8,569**	**15,025**	**55,224**

[1] Notably including international sales of branded spirits.

	2016 EUR '000	2015 EUR '000
Total operating performance		
Consolidated revenues	170,025	158,549
Change in inventories	2,701	486
Total operating performance	**172,726**	**159,035**
Consolidated EBIT / consolidated EBITDA		
Consolidated profit	4,446	2,239
Income tax expenses	2,023	1,326
Financial result and income from participating interests	-4,069	-3,971
Exceptional effects	23	-39
Consolidated EBIT	**10,515**	**7,575**
Depreciation and amortisation	6,997	8,082
Consolidated EBITDA	**17,512**	**15,657**

(2.2.5) Cash flows

Financing structure

The main purposes of financial management are to provide adequate liquidity for the Company's commercial operations, to secure the financing of the corporate group partly with growth in mind and to balance temporary, volatile liquidity burdens so as to optimise both costs and income.

Based on consolidated comprehensive income of around EUR 3.6 million (EUR 1.6 million), shareholders' equity rose to 45.2 Mio. Euro (43.8 Mio. Euro), including the dividend payment of EUR 1.9 million (EUR 1.5 million) resolved by the annual general meeting in May 2016 and the cost of EUR 0.3 million (EUR 1.2 million) for the purchase of treasury shares to be deducted from shareholders' equity in connection with the share buy-back programme adopted in the 2015 financial year, which ended in 2016; thus, shareholders' equity represents 23.9% (24.2%) of consolidated total assets.

The changes in the Group's financing structure described in section (2.2.3) also affected the Group's cash flows and financial position in the manner described below:

The non-current debt capital available to the consolidated group for more than one year decreased to EUR 13.6 million (EUR 63.8 million). This figure no longer included financial liabilities in the 2016 financial year. In the preceding financial year, the non-current financial liabilities included in this figure amounted to EUR 49.6 million, all of which related to the bond issued by Berentzen-Gruppe Aktiengesellschaft in October 2012. Non-current liabilities accounted for 9.5 % (46.6 %) of consolidated total liabilities.

The coverage of non-current assets by shareholders' equity and non-current debt capital is now 97.6 % (176.4 %).

In addition, the consolidated group has various sources of financing with current debt funds, which amounted to EUR 130.3 million (EUR 73.3 million) or 68.9 % (40.5 %) of consolidated total assets, at the reporting date.

The following table shows the overall financing of the Berentzen Group at the end of the 2016 financial year:

		Financing line 12/31/2016			Financing line 12/31/2015		
		Long-term	Short-term	Total	Long-term	Short-term	Total
		EURm	EURm	EURm	EURm	EURm	EURm
Syndicated loan agreement	Line, limited	7.5	18.0	25.5	0.0	0.0	0.0
Berentzen bond 2012/2017	Issue volume [1]	0.0	50.0	50.0	50.0	0.0	50.0
Factoring	Line, limited	0.0	50.0	50.0	0.0	45.0	45.0
Central settlement through factoring	Line, unlimited [2]	0.0	9.9	9.9	0.0	8.9	8.9
Working capital loans	Line, limited [3] [4]	0.0	1.6	1.6	0.0	4.3	4.3
Surety bond for spirits tax liabilities	Line, limited	0.0	0.8	0.8	0.0	0.8	0.8
Total financing		**7.5**	**130.3**	**137.8**	**50.0**	**59.0**	**109.0**

1) Term until October 17, 2017.

2) Average financing volume in the financial year.

3) Working capital loans included therein are translated using the reporting-date exchange rate.

4) The cancellation of a working capital loan in the amount of EUR 2.5 million with effect as of January 27, 2017 is already included in the figure as of December 31, 2016.

The syndicated loan agreement concluded by Berentzen-Gruppe Aktiengesellschaft with a bank syndicate in December 2016 for an initial total financing volume of EUR 25.5 million basically comprises three facilities: two facilities for the purpose of corporate financing and the refinancing of the bond of Berentzen-Gruppe Aktiengesellschaft, including one repayable-at-maturity facility in the amount of EUR 7.5 million, and one facility in the amount of EUR 18.0 million that can be utilised as a working capital or guarantee line of credit under the so-called branch facility agreements concluded bilaterally with the bank syndicate members. The parties also agreed on the option of increasing the financing volume through the addition of another repayable-at-maturity facility in the amount of EUR 10.0 million for the financing of acquisitions. The initial term is five years; optionally, the term can be prolonged by another year. Drawdowns bear interest at variable rates based on the EURIBOR reference rate plus a basically fixed interest margin. The syndicated loan agreement is not secured. Three subsidiaries of Berentzen-Gruppe Aktiengesellschaft are included in the syndicated loan agreement as guarantors particularly with respect to the payment obligations under this agreement as part of a cross-guarantee system taking the form of a guarantor concept based on the minimum fulfilment of certain financial position and change indicators stipulated in the agreement, which the Berentzen-Gruppe Aktiengesellschaft as the borrower and the guarantors are obligated to maintain. Beginning with the first drawdown of funds under the syndicated loan agreement, the borrower is obligated to regularly fulfil two contractually defined covenants, the dynamic gearing ratio and the equity ratio, which are to be measured on the basis of the Group's consolidated financial statements. The syndicated loan agreement, which is essentially based on the international contract standard of the British Loan Market Association (so-called LMA standard), also stipulates the customary obligations, conditions, assurances, and warranties, particularly including debt limits, limitations on the sale of assets, and a change-of-control clause. If the covenants, other obligations, conditions, assurances, and warranties are breached, and if a change of control occurs, the lenders are fundamentally entitled to terminate the syndicated loan agreement prematurely and to declare the borrowed funds, outstanding interest, and costs due and payable immediately.

The Berentzen bond 2012/2017 (ISIN: DE000A1RE1V3) issued by Berentzen-Gruppe Aktiengesellschaft in October 2012 with an issue volume of EUR 50.0 million is listed in the Basic Board segment (until February 28, 2017: Entry Standard segment) on the Open Market of Deutsche Börse AG (over-the-counter market of the Frankfurt Stock Exchange). The bond, which matures on October 17, 2017, is not secured and bears interest at the nominal rate of 6.50% p.a. Berentzen-Gruppe Aktiengesellschaft is the issuer and sole debtor of the bearer bonds issued. The bond terms and conditions contain neither covenants nor change-of-control clauses, although they do stipulate termination rights for the bond creditors especially in the event that the issuer fails to pay the capital, or disburse the interest, on time. In the event of termination, the bondholders are entitled to call in the bonds for repayment and to demand their immediate settlement at face value plus accrued interest.

The drawdown of factoring lines represents a further focal point of external financing. The ensuing total volume of financing available to the Berentzen Group on the basis of two existing factoring agreements running until March 31, 2021 amounts to EUR 50.0 million (EUR 45.0 million). Added to this is a formally unlimited factoring line under three further, open-ended central settlement and factoring agreements. In the 2016 financial year, this gave rise to an average gross financing volume of EUR 9.9 million (EUR 8.9 million).

Aside from the syndicated loan agreement, the total volume of financing from credit agreements with the providers of working capital to the Berentzen Group amounts to EUR 1.6 million (EUR 4.3 million). These credit facilities are available to two foreign Group companies. The working capital lines are all open-ended. In connection with the conclusion of the syndicated loan agreement, a working capital line of credit granted to Berentzen-Gruppe Aktiengesellschaft in the amount of EUR 2.5 million was cancelled with effect from January 27, 2017.

Including the factoring agreements with a central settlement agency that have no formal limit on their amount, the gross financing volume from factoring and working capital lines not granted in connection with the syndicated loan agreement totalled EUR 61.5 million (EUR 58.2 million) at December 31, 2016. These short-term outside and credit-financing lines essentially feature interest agreements based on the EURIBOR and EONIA reference rates, to which a fixed interest margin is added, or otherwise variable rates based on local market levels or fixed rates.

The factoring agreements, the central settlement and factoring contracts, and the agreements regarding working capital lines not granted in connection with the syndicated loan agreement have been concluded with both Berentzen-Gruppe Aktiengesellschaft and other Berentzen Group companies.

The working capital lines extended to the Berentzen Group have been granted for a financing volume of EUR 0.2 million (EUR 2.7 million) without the provision of collateral. For one foreign Group company to draw down on an available credit facility of EUR 1.4 million (EUR 1.6 million), it would have to provide collateral in the form of cash or other securities already received. All the working capital credit agreements contain change-of-control clauses that allow the financing agreements concerned to be terminated prematurely in the event of a change of control. Further covenants had been agreed at December 31, 2015 covering a financing volume of EUR 2.5 million, under which the Berentzen Group is obliged to comply with certain asset-oriented financial indicators; this obligation was rescinded without replacement at the start of 2016 when a contract was amended. In contrast, the factoring agreements are free of such clauses. Violations of the covenants or other agreements in the financing contracts give rise to special termination rights for the creditors.

No repayments on long-term loans were due; the ongoing repayment of short- and medium-term financing instruments was carried out as planned.

All in all, this means that the Berentzen Group disposes of sufficient credit agreements essentially with a fixed maturity until 2021, both for its volatile short- to medium-term and its long-term financing requirements for purposes of general corporate financing and for repaying the corporate bond of Berentzen-Gruppe Aktiengesellschaft on October 17, 2017.

Furthermore, surety bonds for spirits taxes in the amount of EUR 0.8 million (EUR 0.8 million) provided by surety bond insurers are included in the overall financing of the corporate group. Of this amount, a financing volume of EUR 0.5 million is similarly subject to covenants under which the Berentzen Group is obliged to comply with certain asset-oriented financial indicators and which give rise to special termination rights for the insurer in the event of violation. A change-of-control clause has also been agreed in this context.

The corporate group’s anticipated requirement for external financing and payment sureties can be covered using the various forms of debt described above.

As in the previous years, the financing of additions to the vehicle fleet and a few other items of plant and office equipment was ensured by leases. The total liabilities under operating leases classified in accordance with the criteria set forth in IAS 17 and not to be recognised by the lessee amounted to EUR 2.3 Mio. Euro (EUR 1.9 million) at the reporting date.

The Berentzen Group acts as lessor in lease agreements classified as finance leases with regard to the distribution of juicers in the *Fresh Juice Systems* segment. The present value of the resulting minimum lease payments totalled EUR 0.5 million (EUR 0.3 million) at the reporting date.

Consolidated Cash Flow Statement for the period from January 1 to December 31, 2016

The following Cash Flow Statement shows the development of liquidity in the corporate group, including the reconciliation for the cash flow indicators described in the presentation of the underlying principles of the corporate group in section (1.2). The cash and cash equivalents are calculated as the balance of the cash and cash equivalents shown in the Statement of Financial Position and part of the current financial liabilities.

Cash and cash equivalents include the current accounts maintained with banks that are used to settle two factoring agreements, containing the cash available at all times from the factoring arrangements (“customer settlement accounts”); the receivables from the customer settlement accounts have different characteristics from usual current account receivables from banks, notably with regard to interest. Only the shares of outside capital immediately available under working capital lines are presented as current financial liabilities.

	2016 EUR' 000	2015 EUR' 000	Change EUR' 000
Consolidated profit	4,446	2,239	2,207
Income taxes	578	-787	1,365
Balance of net interest income/expenses and interest payments/ receipts	182	170	12
Depreciation and amortisation of assets	6,842	8,082	-1,240
Impairments/ write-ups	132	-470	602
Other non-cash effects	-1,006	-823	-183
Gains (-) / losses (+) on the disposal of non-current assets	-15	-296	281
Operating cash flow	**11,159**	**8,115**	**3,044**
Increase (+) / decrease (-) in provisions	-232	-300	68
Decrease (+) / increase (-) in other assets	-5,085	3,140	-8,225
Increase (+) / decrease (-) in spirits tax liabilities	136	20,832	-20,696
Increase (+) / decrease (-) in other liabilities	6,345	-413	6,758
Cash flow from operating activities	**12,323**	**31,374**	**-19,051**
Proceeds from disposals of intangible assets	142	287	-145
Payments for investments in non-current assets	-423	-426	3
Proceeds from disposals of property, plant and equipment	95	2,280	-2,185
Payments for investments in property, plant and equipment	-5,998	-6,932	934
Proceeds on disposals of financial assets	18	15	3
Proceeds from government grants	0	237	-237
Payments for additions to the consolidated group	0	-1,950	1,950
Cash flow from investing activities	**-6,166**	**-6,489**	**323**
Payments for purchase of treasury shares	-328	-1,180	852
Payments related to the issuance of bonds	-5	-5	0
Dividend payment	-1,880	-1,536	-344
Cash flow from financing activities	**-2,213**	**-2,721**	**508**
Change in cash and cash equivalents	**3,944**	**22,164**	**-18,220**
Current financial liabilities	0	-90	90
Cash and cash equivalents	63,140	41,066	22,074
Cash and cash equivalents at the start of the period	**63,140**	**40,976**	**22,164**
Current financial liabilities	-571	0	-571
Cash and cash equivalents	67,655	63,140	4,515
Cash and cash equivalents at the end of the period	**67,084**	**63,140**	**3,944**

Operating cash flow and cash flow from operating activities

The operating cash flow increased to EUR 11.2 million in the 2016 financial year (EUR 8.1 million), mainly due to the higher consolidated profit. This figure also includes effects from the lower amount of depreciation and amortisation of assets that reduced the operating cash flow and were not included in the previous-year figure. These effects were countered by a positive income tax effect.

The cash flow from operating activities also encompasses cash movements in working capital; there was a net cash inflow of EUR 12.3 million (EUR 31.4 million) in the 2016 financial year. The principal factors affecting this result were changes in working capital compared to the previous-year reporting date, particularly factors related to the timing of payment of spirits tax liabilities. Specifically, the change in spirits tax liabilities in the 2016 financial year led to a cash inflow of EUR 0.1 million, whereas in the previous year a cash inflow of EUR 20.8 million had been generated. This difference was particularly due to the different amounts of spirits tax liabilities at the reporting dates of the respective financial years: An early partial payment of EUR 20.0 million was made on spirits tax liabilities arising from revenues in the *Spirits* and *Other segments* in Germany at the end of the 2014 financial year. In contrast, an equivalent partial payment, which would have totalled EUR 19.5 million, was not made in the 2015 financial year. As a result, however, the cash and cash equivalents at the beginning of the 2016 financial year were correspondingly higher compared to the beginning of the 2015 financial year, so that the figure at December 31, 2016 was unaffected by the sole reason of the circumstances described here.

The change in other assets – mainly inventories and trade receivables – gave rise to a cash outflow of EUR 5.1 million, whereas the same factor gave rise to a cash inflow of EUR 3.1 million in the previous year. While trade receivables had declined by EUR 0.9 million in the 2015 financial year, they increased by EUR 14.9 million at December 31, 2016. The net cash outflow of all factoring transactions in the 2016 financial year totalled EUR 5.7 million (EUR 2.6 million). In addition, inventories rose by EUR 3.3 million (EUR 0.2 million).

The EUR 0.2 million (EUR 0.3 million) decrease in debt financing from provisions resulted mainly from a corresponding change in the recognised amount of pension obligations. The cash flows from the change in other liabilities comprise all those changes in liability items that can be attributed to neither cash and cash equivalents nor other separate items of cash flows from operating, investing or financing activities. In total, this gave rise to a cash inflow of EUR 6.3 million, as compared to a cash outflow of EUR 0.4 million in the previous year. This was mainly caused by the fact that trade payables increased by EUR 4.0 million, after having decreased by EUR 0.7 million in the previous year. In addition, the change in other liabilities resulted in a cash inflow of EUR 2.3 million (EUR 0.3 million).

Cash flow from investing activities

The investing activities of the corporate group led to a cash outflow of EUR 6.2 million (EUR 6.5 million). The investments in property, plant and equipment and intangible assets totalled EUR 6.4 million (EUR 7.4 million); the financing required for this could be covered from the net cash inflow from operating activities. The payments for additions to the consolidated group in the amount of EUR 2.0 million in the 2015 financial year pertained to the variable purchase price component for the acquisition of T M P Technic-Marketing-Products GmbH in the preceding financial year.

Cash flow from financing activities

Financing activities gave rise to a net cash outflow of EUR 2.2 million (EUR 2.7 million) resulting from the dividend payment of EUR 1.9 million (EUR 1.5 million) and payments of EUR 0.3 million (EUR 1.2 million) related to the share buy-back programme of Berentzen-Gruppe Aktiengesellschaft, which was initiated in July 2015 and ended in May 2016. These payments were authorised by the corresponding resolutions of the annual general meeting.

Cash and cash equivalents

All in all, cash and cash equivalents totalled EUR 67.1 million (EUR 63.1 million) at year-end, of which EUR 31.9 million (EUR 39.3 million) were receivables from the customer settlement accounts maintained with banks that are used for settlement under two factoring agreements. At the reporting date of the 2016 financial year, drawdowns of short-term credit lines and financial instruments classified as such amounted to EUR 0.6 million.

(2.2.6) Financial position

The following standardised Statement of Financial Position is structured by the maturity of the various items recognised as assets and liabilities.

	12/31/2016		12/31/2015		Change
	EUR' 000	%	EUR' 000	%	EUR' 000
Assets					
Intangible assets	13,429	7.1	14,350	7.9	-921
Property, plant and equipment	45,260	23.9	45,983	25.4	-723
Other non-current assets	1,458	0.8	639	0.4	819
Deferred tax assets	159	0.1	57	0.0	102
Non-current assets	**60,306**	**31.9**	**61,029**	**33.7**	**-723**
Inventories	35,610	18.8	32,281	17.8	3,329
Trade receivables	14,938	7.9	12,449	6.9	2,489
Other current assets	10,704	5.7	12,034	6.7	-1,330
Cash and cash equivalents	67,655	35.8	63,140	34.9	4,515
Current assets	**128,907**	**68.1**	**119,904**	**66.3**	**9,003**
	189,213	**100.0**	**180,933**	**100.0**	**8,280**
Shareholders' equity and liabilities					
Shareholders' equity	**45,227**	**23.9**	**43,794**	**24.2**	**1,433**
Pension provisions	11,183	5.9	11,515	6.4	-332
Other non-current provisions	535	0.3	435	0.2	100
Non-current financial liabilities	0	0.0	49,579	27.4	-49,579
Deferred tax liabilities	1,921	1.0	2,314	1.3	-393
Non-current liabilities	**13,639**	**7.2**	**63,843**	**35.3**	**-50,204**
Spirits tax liabilities	44,394	23.5	44,258	24.4	136
Current financial liabilities	51,069	27.0	786	0.4	50,283
Trade payables	10,877	5.7	6,920	3.8	3,957
Other current liabilities / provisions	24,007	12.7	21,332	11.8	2,675
Current liabilities	**130,347**	**68.9**	**73,296**	**40.5**	**57,051**
	189,213	**100.0**	**180,933**	**100.0**	**8,280**

Assets

Total assets increased to EUR 189.2 million (EUR 180.9 million) over December 31, 2015. Non-current assets amount to EUR 60.3 million (EUR 61.0 million), accounting for 31.9% (33.7%) of consolidated total assets.

Non-current assets

Intangible assets account for 22.3% (23.5%) of non-current assets. This item notably includes the intangible assets – trademarks, customer relationships, technical knowledge and goodwill – identified upon acquisition of the shares in T M P Technic-Marketing-Products GmbH.

Property, plant and equipment declined by a total of EUR 0.7 million following investments of EUR 6.0 million (EUR 6.9 million), depreciation of EUR 5.6 million (EUR 5.5 million), impairments of EUR 0.3 million (EUR 0.1 million), write-ups of EUR 0.3 million (EUR 0.6 million), disposals with a carrying amount of EUR 0.2 million (EUR 2.1 million), and reclassifications of land and buildings to the line item of Investment property in the amount of EUR 0.9 million, which is included within Other non-current assets in the standardised Statement of Financial Position; total assets declined by EUR 0.2 million in the previous year. Of the investments in property, plant and equipment, EUR 2.0 million (EUR 2.1 million) related to the *Spirits* segment, EUR 3.4 million (EUR 4.4 million) to the *Non-alcoholic Beverages* segment, EUR 0.4 million (EUR 0.5 million) to the *Fresh Juice Systems* segment and EUR 0.2 million (EUR 0.0 million) to the *Other Segments*.

The income from the net balance of impairments and write-ups totalling less than EUR 0.1 million (EUR 0.5 million) recognised in the 2016 financial year relates to the property, plant and equipment of the *Non-alcoholic Beverages* segment and resulted from an impairment test carried out in the 2016 and an impairment test carried out in the 2015 financial year as a follow-up to the impairments recognised in the 2013 financial year resulting from the termination of the franchise agreements with the PepsiCo Group.

Other non-current financial assets notably include shares in non-consolidated, affiliated companies and receivables under finance leases and investment property. Impairments of EUR 0.2 million had been recognised in investment property in the 2016 financial year.

The coverage of non-current assets by shareholders' equity and non-current liabilities declined to 97.6% (176.4%). This decrease resulted from the change of presentation of financial liabilities under the Berentzen bond issued in the 2012 financial year from non-current financial liabilities to current financial liabilities.

Current assets

Current assets increased to EUR 128.9 million (EUR 119.9 million), with trade receivables accounting for 11.6% (10.4%) of the total. At present, the Berentzen Group has two factoring agreements in place with a net financing framework of EUR 50.0 million and a maturity through to March 31, 2021, together with a factoring line with no formal limit under three further central settlement and factoring agreements. Gross receivables of around EUR 51.7 million (EUR 58.2 million) had been sold by December 31, 2016 on this basis. The related decrease is attributable to the lower amount of transferrable gross receivables in the *Spirits* segment at the end of the 2016 financial year, due to reporting-date effects. The increase in the amount of receivables still recognised compared to December 31, 2015 was likewise due in part to reporting-date effects, but also resulted in part from the expansion of business volumes in the *Fresh Juice Systems* segment.

Inventories increased to EUR 35.6 million (EUR 32.3 million). Alongside the purely reporting-date and measurement-related effects, this figure reflects a further increase in the inventories of unprocessed whiskey against the backdrop of sustained demand in the sales market. Inventories of processed whiskey remained at the level of the previous year. Not only the scarcity of supply in the procurement market for whiskey, but also the mostly long-term storage times call for an accordingly forward-looking sourcing policy in this segment of the beverages market that continues to be characterised by scarce supply and consumer demand. Inventories in the *Fresh Juice Systems* segment also rose as a result of the increased volume of business.

The largest item included in Other assets relates to retentions of EUR 8.3 million (EUR 9.0 million) arising from factoring transactions, which declined in line with the lower volume of gross receivables sold at year-end, among other factors.

The cash and cash equivalents of EUR 67.7 million (EUR 63.1 million) increased due to the net cash inflow totalling EUR 3.9 million shown in the Consolidated Cash Flow Statement. As in prior years, the main reason for the absolute amount of cash and cash equivalents from the inflow of the net issue proceeds of EUR 48.9 million from the bond issued by Berentzen-Gruppe Aktiengesellschaft in the 2012 financial year, which has been used particularly to finance the increased volume of inventories and the acquisition of T M P Technic-Marketing-Products GmbH in 2014.

Shareholders' equity and liabilities

Shareholders' equity

Shareholders' equity rose by EUR 1.4 million to EUR 45.2 million (EUR 43.8 million), as a result of the consolidated comprehensive income of around EUR 3.6 million (EUR 1.6 million), the dividend payment of EUR 1.9 million (EUR 1.5 million) resolved by the annual general meeting in May 2016, and the cost of EUR 0.3 million (EUR 1.2 million) for the purchase of treasury shares, which are to be deducted from shareholders' equity. The share buy-back programme of Berentzen-Gruppe Aktiengesellschaft was resolved in the 2015 financial year and ended in the 2016 financial year.

Non-current liabilities

The Group disposed of non-current debt capital totalling EUR 13.6 million (EUR 63.8 million) at the end of the 2016 financial year. While the financial liabilities under the Berentzen bond 2012/2017 issued in the 2012 financial year accounted for a significant portion of non-current liabilities in the previous year, these financial liabilities are now presented as current liabilities due to the fact that the remaining term to maturity was only slightly less than 10 months at December 31, 2016. The provisions for pensions declined to EUR 11.2 million (EUR 11.5 million). Furthermore, deferred tax liabilities fell to EUR 1.9 million (EUR 2.3 million). Mainly due to the change of presentation of the financial liabilities under the Berentzen bond 2012/2017, non-current liabilities represented only 9.5% (46.6%) of the total consolidated liabilities presented in the Statement of Financial Position.

Current liabilities

Current debt capital rose to EUR 130.3 million (EUR 73.3 million) or 68.9% (40.5%) of total shareholders' equity and liabilities. Of this total, EUR 51.1 million (EUR 0.8 million) now consists of current financial liabilities, particularly due to the changed presentation of financial liabilities under the Berentzen bond 2012/2017.

The spirits tax liabilities of EUR 44.4 million were at the level of the previous year (EUR 44.3 million).

The trade payables of EUR 10.9 million were EUR 4.0 million higher than the figure at year-end 2015 (EUR 6.9 million) due to scheduling and reporting-date reasons.

Other current liabilities including current provisions increased to EUR 24.0 million (EUR 21.3 million). The liabilities from marketing and sales obligations plus bonuses included in the total amounted to EUR 8.4 million (EUR 7.8 million), while the tax liabilities – mainly payroll and sales taxes – amounted to EUR 6.7 million (EUR 6.6 million). The increase in outstanding supplier invoices to EUR 1.6 million (EUR 0.7 million) also contributed to the increase in other current liabilities and provisions.

Financial position indicators (reconciliation)

The following table shows the reconciliation of the financial position indicators with the financial performance indicators described in the presentation of the underlying principles of the corporate group in section (1.2).

		12/31/2016	12/31/2015
Adjusted consolidated equity ratio			
Consolidated shareholders' equity	**EUR' 000**	**45,227**	**43,794**
Total capital	EUR' 000	189,213	180,933
Cash and cash equivalents	EUR' 000	67,655	63,140
Adjusted consolidated total capital	**EUR' 000**	**121,558**	**117,793**
Adjusted consolidated equity ratio		**37.2%**	**37.2%**
Net gearing ratio			
Cash and cash equivalents	EUR' 000	67,655	63,140
Non-current financial liabilities	EUR' 000	0	49,579
Current financial liabilities	EUR' 000	51,069	786
Net liquidity (+) / net financial liabilities (-)	**EUR' 000**	**16,586**	**12,775**
Consolidated shareholders' equity	**EUR' 000**	**45,227**	**43,794**
Net gearing ratio		**-36.7%**	**-29.2%**
Working capital			
Current assets	EUR' 000	128,907	119,904
Cash and cash equivalents	EUR' 000	67,655	63,140
	EUR' 000	**61,252**	**56,764**
Current liabilities	EUR' 000	130,347	73,296
Current financial liabilities	EUR' 000	51,069	786
	EUR' 000	**79,278**	**72,510**
Working capital	**EUR' 000**	**-18,026**	**-15,746**
Equity ratio			
Consolidated shareholders' equity	EUR' 000	45,227	43,794
Tax accruals	EUR' 000	159	57
Adjusted shareholders' equity	**EUR' 000**	**45,068**	**43,737**
Total capital	EUR' 000	189,213	180,933
Tax accruals	EUR' 000	159	57
Adjusted total capital	**EUR' 000**	**189,054**	**180,876**
Equity ratio		**23.8%**	**24.2%**
Dynamic gearing ratio			
Non-current financial liabilities	EUR' 000	0	49,579
Current financial liabilities	EUR' 000	51,069	786
Cash and cash equivalents	EUR' 000	67,655	63,140
Total Net Debt	**EUR' 000**	**-16,586**	**-12,775**
EBITDA	**EUR' 000**	**17,512**	**15,657**
Dynamic gearing ratio	**ratio**	**-0.95**	**-0.82**

(2.2.7) General statement about the business performance and economic position of the corporate group

Business performance

The 2016 financial year was again dominated by a number of operational challenges. Against the backdrop of an expanded scope of business overall, the business performance was positive on the whole, even though the developments in the individual segments were mixed.

The *Spirits* segment recorded a healthy performance in terms of sales volume. It succeeded in generating year-on-year increases in both domestic activities involving branded spirits and the business involving branded dealer and private-label products. There were gains in sales from domestic activities involving branded spirits, especially under the two core brands *Berentzen* and *Puschkin*. And the sales performance in the spirits business involving branded dealer and private-label products was also positive. In addition to the higher sales volumes in the domestic business, sales volumes in the international business were also considerably higher, amidst a difficult market environment.

However, the performance of the international branded spirits business presented in the *Other Segments* was not satisfactory. Lower sales volumes resulted from various exogenous factors, particularly including the development of the market environment in general and that in Turkey in particular. Lower sales volumes were registered in all key international markets with the exception of the Benelux countries. However, the lower sales volumes were positively countered by cost optimisation measures in the distribution networks. Specifically, the resources of the Group's own distribution organisations were tightened and the profitability threshold was successfully adjusted downward to reflect the lower gross profit basis in those foreign markets in which a structural change had been implemented already in the two preceding financial years, particularly through the use of local distributors.

The business performance of the *Non-alcoholic Beverages* segment was satisfactory on the whole. The increase in mineral water sales volumes of the Group's own brands and the beverages distributed under the Group's own *Mio Mio* brand was a positive development. Sales volumes in the franchise business with the branded beverages of the Sinalco Group were increased; however, this development was not entirely satisfactory because the volume of business fell short of the budgeted target.

The *Fresh Juice Systems* segment enjoyed a very good sales performance overall, reflecting a significant expansion in its business volume in the 2016 financial year. All system components exhibited increased sales volumes, although the increase in unit sales of fruit juicers was especially dynamic. One of the reasons for this development was the successful market introduction of the newly developed fruit juicer *Revolution*.

The basic operating conditions in the sourcing markets relevant for the Berentzen Group were mixed. While the purchasing prices for raw materials were largely stable, the prices of products purchased in US dollars and the purchasing costs of the system component of fruit (oranges) in the *Fresh Juice Systems* segment were higher in the 2016 financial year.

Economic position

To summarize, the economic position of the corporate group can be considered good against the backdrop of the improved financial performance.

The Berentzen Group closed the 2016 financial year with an adjusted consolidated operating profit of EUR 10.5 million (EUR 7.6 million) and a consolidated EBITDA of EUR 17.5 million (EUR 15.7 million). Despite the persistently difficult industry environment in individual segments, the corresponding forecasts were met. Compared to the previous year, consolidated revenues, the total operating performance, and the consolidated gross profit were higher, although the consolidated gross profit ratio and thus the gross profit quality declined slightly by 0.6 percentage points compared to the previous year. On the other hand, the ratio of consolidated operating expenses to the total operating performance declined by 2.5 percentage points. Against the backdrop of the uneven business performance of the individual segments as described above, the strong development of the financial performance benefited particularly from the higher profit contributions of the *Spirits*, *Non-alcoholic Beverages* and *Fresh Juice Systems* segments, so that the consolidated profit for the 2016 financial year in the amount of EUR 4.4 million exceeded that of the previous year (EUR 2.2 million) by EUR 2.2 million.

There was similarly a positive trend in cash flows. The financing of the corporate group remains secure especially in light of the two factoring agreements that have been prolonged until March 31, 2021, now with a financing volume of EUR 50.0 million, and the early coverage of future financing needs by the syndicated loan agreement concluded with a bank syndicate in December 2016. The latter agreement was concluded already ten months prior to the redemption date for the Berentzen bond issued in October 2012, in light of the positive business performance and the favourable financing environment. Thus, the corporate group continues to enjoy a very good liquidity base to finance its commercial operations and its medium-term growth strategy. The operating cash flow increased to EUR 11.2 million (EUR 8.1 million) and was therefore more than adequate to finance the net cash outflows arising from the financing of working capital and the investing and financing activities.

The asset and capital structure of the corporate group remains solid. The positive development of the financial performance in the 2016 financial year also led to an increase in shareholders' equity. Including the rise of EUR 8.3 million in consolidated total assets to EUR 189.2 million the equity ratio of the Berentzen Group at December 31, 2016 amounted to 23.9% (24.2%).

(3) Compensation Report

The following Compensation Report forms part of the combined Management Report. It explains the compensation paid to the Executive Board in the 2016 financial year and also presents the structure and aggregate amounts granted to the members of the Executive Board for the 2016 financial year. Furthermore, the present Compensation Report contains disclosures regarding the structure and amount of compensation paid to the members of the Supervisory Board in the 2016 financial year.

(3.1) Compensation of the Executive Board

System and principles for setting compensation

The compensation system for the Executive Board and the personal compensation of the individual members of the Executive Board are set and regularly reviewed by the full Supervisory Board after preparation by the Personnel Committee in accordance with the law and an appropriate provision in the rules of procedure for the Supervisory Board of the Company. When setting the compensation and reviewing the appropriateness of its amount, the Supervisory Board takes account of the duties and personal performance of the individual member of the Executive Board, as well as the economic situation, performance and the future prospects of the Company. Furthermore, it considers how usual the compensation is in light of the compensation structure that otherwise applies in the Company. In structuring the compensation system, the Supervisory Board also ensures that it creates an incentive for the sustainable development of the Company.

The Executive Board of Berentzen-Gruppe Aktiengesellschaft had two members in the period from January 1, 2016 to December 31, 2016. The Supervisory Board has concluded employment contracts containing individual agreements on the respective compensation with both members of the Executive Board.

Components of the compensation system for the Executive Board

The compensation system for the Executive Board of Berentzen-Gruppe Aktiengesellschaft calls for the compensation to consist of a non-performance-based and a performance-based component.

The non-performance-based portion of the Executive Board compensation consists of fixed basic annual compensation disbursed as a basic monthly salary together with various fringe benefits that the members of the Executive Board pay tax on individually, where appropriate. This specifically includes allowances for insurance policies and non-cash benefits arising from the provision of company cars. Furthermore, the members of the Executive Board are included in a directors and officers liability insurance policy (D&O policy), under which a deductible amounting to ten percent of the loss or 1½ times the fixed annual compensation has been agreed.

The performance-based portion of the Executive Board compensation comprises variable compensation that has a differing structure in the currently valid employment contracts with the members of the Executive Board. The currently valid Executive Board employment contract with one member of the Executive Board provides for an annual cap on the variable compensation, around three-quarters of which depends on the attainment of certain targets for the consolidated EBIT for the financial year in question and around one-quarter of which depends on the attainment of various strategic goals agreed by the Supervisory Board with the member of the Executive Board concerned . However, an amount totalling one-fifth of the variable Executive Board compensation determined in this way is, as longer-term variable compensation, not disbursed until the second year following the financial year in question, depending on the amount of the consolidated EBIT in the following financial year. Moreover, the employment contract with this member of the Executive Board provides for the Supervisory Board to additionally approve payment, at its discretion, of an appropriate bonus (special bonus) to the member of the Executive Board in recognition of outstanding performance that is expected to have a long-term, positive impact on the Company; this is considered to be longer-term variable compensation. Outstanding performance includes such factors as greater usage of the capital market, especially to finance further growth.

According to the employment contract with the other member of the Executive Board of Berentzen-Gruppe Aktiengesellschaft, that member of the Executive Board receives a specified percentage of the consolidated EBIT stated in the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as variable compensation, although a limit has been set on the consolidated EBIT to be considered. In order to ensure that the Executive Board compensation is oriented towards sustainable company development, however, more than half of the amount of the variable Executive Board compensation determined in this way is not disbursed until two years later, depending on the amount of the consolidated EBIT stated in the two subsequent financial years. The Executive Board employment contract with this member of the Executive Board also allows the Supervisory Board to additionally approve payment of an appropriate bonus (special bonus) to the member of the Executive Board in recognition of outstanding performance and project successes, especially when they make a contribution to the sustained success of the Company.

The employment contracts with the members of the Executive Board had also previously provided that they will receive an additional special bonus when existing shareholders sell at least a certain amount of their investment in the Company. The amount of the special bonus was limited in each case to a maximum of around EUR 1.0 million and EUR 0.3 million, respectively. For the special bonus to be granted, moreover, the member of the Executive Board was required to support the process of transferring the shares. Because the conditions for granting these special bonuses to both Executive Board members were met, according to the findings of the Supervisory Board, as a result of the changes occurring in the shareholder structure during the course of the 2016 financial year, the Supervisory Board resolved to grant the corresponding special bonuses; at the same time, the corresponding clauses of the employment contracts were rendered groundless and are no longer valid.

Furthermore, in the event of conversion or restructuring measures at Berentzen-Gruppe Aktiengesellschaft, the members of the Executive Board have a special right to terminate their employment relationships under conditions defined in greater detail in the respective employment contracts. In addition, one of the members of the Executive Board has been granted the special option of terminating his employment relationship in the event of a change of control at Berentzen-Gruppe Aktiengesellschaft. If the employment relationship ends as a result of such special termination, the members of the Executive Board are each entitled to receive severance pay. For one member of the Executive Board, the size of such payment amounts to 100% of the compensation components no longer due for disbursement on account of the termination, albeit with a limitation to six months' income. In the case of the other member of the Executive Board, the severance pay in the event of exercising the special right to terminate the employment relationship similarly amounts to the compensation no longer due for disbursement on account of the termination. However, only the monetary value of the variable compensation components and fringe benefits at the date when the special termination right was exercised will be payable for this member of the Executive Board. In the case of this member of the Executive Board, moreover, the entitlement to severance pay is limited to twice the annual fixed and variable compensation and fringe benefits. The currently valid Executive Board employment contracts do not contain any further commitments regarding the payment of severance pay in the event of early termination of the employment relationship.

Total compensation of the Executive Board in the 2016 financial year

The following table summarizes the total compensation granted to the members of the Executive Board within the meaning of Section 314 (1) No. 6a) sentence 1-4 HGB and Section 285 No. 9a) sentence 1-4 HGB, as well as committed compensation:

Type of compensation	2016 EUR '000	2015 EUR '000
Non-performance-based components	701	683
Performance-based components	930	405
Total compensation	**1,631**	**1,088**
Committed performance-based components with a long-term incentive effect	**179**	**172**

Total compensation of EUR 1.6 million (EUR 1.1 million) was granted to the members of the Executive Board in the 2016 financial year, allocated in differing amounts to the members of the Executive Board. The non-performance-based, fixed compensation accounted for EUR 0.7 million (EUR 0.7 million) of the total compensation while the performance-based, variable portion accounted for EUR 0.9 million (EUR 0.4 million) of the total. The total amount of the commitments made additionally to the members of the Executive Board for the variable compensation components with a multi-year assessment base as described above amounts to EUR 0.2 million (EUR 0.2 million).

Total compensation specifically also includes fringe benefits in the form of benefits in kind essentially arising from the value of allowances for insurance policies to be recognised under tax rules and the use of a company car. The total compensation granted as disclosed includes – to the extent that corresponding work was performed – salaries, profit shares, subscription rights and other share-based compensation, reimbursements of expenses, insurance premiums, commissions and fringe benefits in accordance with the relevant legal provisions. Where applicable, the total compensation also includes compensation that is not disbursed, but rather converted into other types of claims or used to increase other claims.

At the present time, Berentzen-Gruppe Aktiengesellschaft refrains from disclosing the compensation of the Executive Board on an individualised basis, meaning separately for each member of the Executive Board, as the Annual General Meeting of the Company voted against such individualised disclosure on May 12, 2016 – as was already the case in prior years – by adopting a resolution to the effect that, in accordance with Section 314 (3) sentence 2 HGB in conjunction with Section 286 (5) sentence 1 HGB, the information required by Section 314 (1) No. 6a) sentence 5-8 HGB and Section 285 No. 9a) sentence 5-8 HGB and will not be disclosed.

Neither Berentzen-Gruppe Aktiengesellschaft nor any subsidiary granted the members of the Executive Board subscription rights or any other share-based compensation in the 2016 financial year, nor do they hold any such compensation instruments. Furthermore, the members of the Executive Board were not granted any compensation in the 2016 financial year for positions held with subsidiaries. Furthermore, the total compensation of the Executive Board in the 2016 financial year does not include any benefits payable to former members of the Executive Board in connection with the cessation of their activity.

Other disclosures

Neither Berentzen-Gruppe Aktiengesellschaft nor any subsidiary granted the members of the Executive Board any loans or advances during the 2016 financial year and no contingent liabilities were assumed in their favour.

No compensation was paid to former members of the Executive Board or their surviving dependents in the 2016 financial year. Pension payments totalling EUR 0.1 million (EUR 0.1 million) were made to former directors of Group companies for which Berentzen-Gruppe Aktiengesellschaft is the legal successor. The present value of the pension obligations for this group of people at December 31, 2016 amounts to EUR 1.0 million (EUR 1.0 million) when determined in accordance with IAS 19 or EUR 0.8 million (EUR 0.8 million) when determined in accordance with Section 253 HGB.

(3.2) Compensation of the Supervisory Board

System and principles for setting compensation

The compensation paid to the members of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft is determined by the General Meeting as documented in the Articles of Association of Berentzen-Gruppe Aktiengesellschaft. According to Article 14 of the currently valid Articles of Association, the members of the Supervisory Board each receive fixed compensation totalling EUR 8,522.00 for each full financial year, in addition to the reimbursement of their expenses. The Chairman of the Supervisory Board receives twice and the Vice Chairman one and a half times the amount of this fixed compensation. Members of one of the committees set up by the Supervisory Board each additionally receive one quarter compensation and the Chairmen of the committees each receive half of the fixed annual compensation for these activities for each full financial year. No performance-based compensation component is granted.

Total compensation of the Supervisory Board in the 2016 financial year

The total compensation of the members of the Supervisory Board for the 2016 financial year within the meaning of Section 314 (1) No. 6a) sentence 1- 4 HGB and Section 285 No. 9a) sentence 1-4 HGB amounted to EUR 0.1 million (EUR 0.1 million); their expenses were reimbursed in a total amount of EUR 4 thousand (EUR 7 thousand). Moreover, the members of the Supervisory Board were included in a Directors & Officers liability insurance policy (D&O policy), although no deductible was agreed in this regard.

Neither Berentzen-Gruppe Aktiengesellschaft nor any subsidiary granted the members of the Supervisory Board subscription rights or other share-based compensation in the 2016 financial year, neither do they hold any such compensation instruments. Furthermore, the members of the Supervisory Board were not granted any compensation in the 2016 financial year for positions held with subsidiaries. Finally, the total compensation of the Supervisory Board in the 2016 financial year does not include any benefits payable to former members of the Supervisory Board in connection with the cessation of their activity.

With the exception of the work performed by the employee representatives under the terms of their employment contracts, moreover, no compensation or benefits were paid or granted to the members of the Supervisory Board for work performed personally, such as consulting and brokerage services.

Other disclosures

Neither Berentzen-Gruppe Aktiengesellschaft nor any subsidiary granted the members of the Supervisory Board any loans or advances during the 2016 financial year and no contingent liabilities were assumed in their favour.

No compensation was paid to former members of the Supervisory Board or their surviving dependents in the 2016 financial year.

(4) Report on risks and opportunities

On the one hand, the Group's business activities open up numerous opportunities, while on the other hand, the corporate group is exposed to numerous risks. Risks are understood to be internal or external events based on uncertainty regarding future developments that prevent the Company from achieving defined goals or successfully realising strategies. Conversely, opportunities are understood as possible future successes that exceed the defined goals and thus can positively impact business performance. Risks and opportunities do not represent polar opposite concepts that are independent of one another, but are instead directly linked with one another: Whereas the perception of opportunities as a rule is linked with risks, risks can also arise in the absence of opportunities.

(4.1) Risk management system

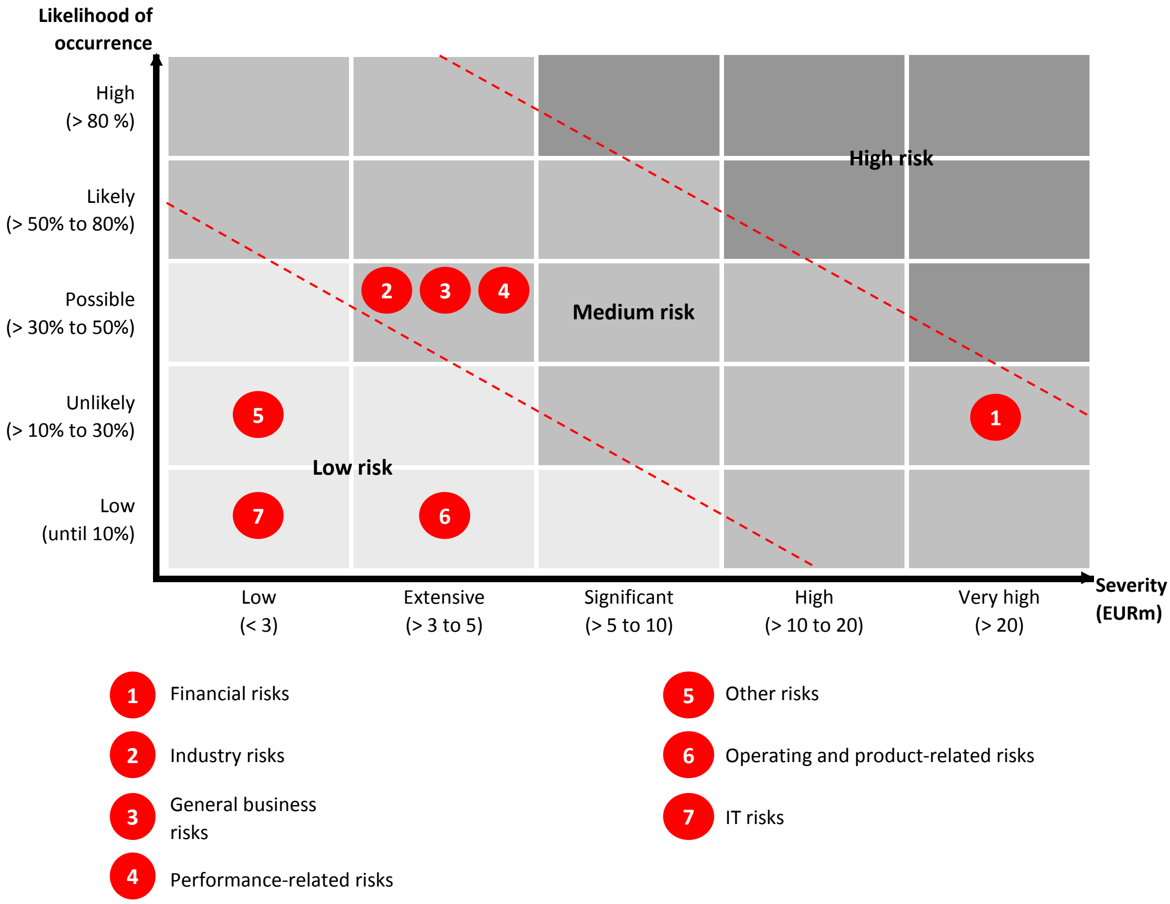
The Berentzen Group's risk management is geared towards promptly identifying risks, assessing them and countering them by means of appropriate early identification and security measures. The possible scope of risk is identified, probabilities of occurrence are determined and measures are planned and implemented in order to ensure the achievement of corporate objectives. Thanks to group-wide reporting, the Executive Board can identify and control risks to the Company as a going concern as well as risks that can materially impact the financial position, cash flows and financial performance.

The risk management system meets the requirements set forth under Section 91 (2) of the German Stock Corporation Act (AktG) as well as Article 4.1.4 of the German Corporate Governance Code.

The direct risk responsibility and monitoring is assigned to operational employees who report quarterly to the Risk Management Officer as well as immediately when new risks are identified. The Risk Management Officer informs the Executive Board of the main changes and developments in the risk portfolio. Based on the Group's overall risk exposure, value at risk, which is determined with the help of Monte Carlo simulations, is also used, among other things. The system is thoroughly updated by means of an annual review that encompasses all risks, assessments and measures in a handbook and provides an outlook for the next three years.

In order to identify possible risks to the Group as a going concern, risks are assessed within the context of the risk management system based on their severity and likelihood of occurrence. Risks are classified in the risk categories "high", "medium" or "low" based on the combination of risk exposure and probability of occurrence, which is reflected in the weighted expected value (based on risk containment measures) thereby derived, whereby the expected value is defined as the value at which consolidated net profit and therefore consolidated equity could be negatively impacted as a result of the risk.

This results in the following assessment matrix at the reporting date:



(4.2) Risk

The primary risks consolidated into categories that can have significant detrimental effects on the Company's business activities as well as on the Group's financial performance, cash flows and financial position are described below. The order of risk categories reflects the current assessment of risk exposure for the Berentzen Group. As a general rule, the described risks relate – unless otherwise indicated – to all of the Group's segments.

Financial risks

Qualitative disclosures regarding risks related to financial instruments

The primary financial instruments used by the Berentzen Group include the syndicated loan agreement concluded with a bank syndicate in December 2016, the bonds issued in the 2012 financial year as well as overdraft facilities, factoring agreements and trade payables. The main purpose of these financial instruments is to finance the Group's business activities. The Group has various financial assets at its disposal, for example trade receivables and loans granted as well as cash and cash equivalents that can be directly attributed to the business activities.

The Central Financial Management Department manages the Berentzen Group's financial risk. It monitors liquidity risk, credit risk and market risk.

The strategies and methods employed to manage the individual financial risks are presented below.

Liquidity risk

Liquidity risk is the risk that a company is not in a position to procure the funds needed to settle obligations entered into in connection with financial instruments.

The Executive Board, the Management and Central Financial Management Department manage the Group's liquidity risk.

Liquidity risk is managed primarily by procuring funds as part of the overall funding of the Berentzen Group, which is presented in the Economic report in Section (2.2.5) Cash flow/Financing structure.

In this context it follows that, among other things, the financing agreements on which the working capital lines granted to the Berentzen Group are based as well as a surety for spirits duties issued by a bonding company include change-of-control clauses. A covenant has also been agreed for this surety in which the Berentzen Group undertakes to comply with a contractually defined economic equity ratio. A violation of change-of-control clauses or covenants gives rise to special call rights on the part of the lender. The bond terms and conditions of the corporate bonds issued by Berentzen-Gruppe Aktiengesellschaft do not include either covenants or change-of-control clauses, but establish call privileges on the part of the bondholders in particular for the event that the issuer does not repay on a timely basis the capital due in October 2017 at the nominal value or the interest due every year in October until the bond matures.

The syndicated loan agreement concluded by Berentzen-Gruppe Aktiengesellschaft with a bank syndicate in December 2016 contains an obligation to comply with the covenants of dynamic net debt ratio and equity ratio, specified in the agreement, calculated on the basis of the consolidated financial statements. Furthermore, the agreement contains the customary obligations, conditions, assurances and warranties that include, in particular, limits on leverage, limits relating to the sale of assets and a change-of-control clause. In the event of failure to comply with the covenants, other obligations, assurances and warranties or the occurrence of a change of control, the lenders under the syndicated loan agreement will be entitled to prematurely terminate the syndicated loan agreement and demand immediate repayment of the funds utilised and any outstanding interest and costs. While the covenants must be met at the end of every month, this is not required until the funds are utilised for the first time. Due to the Berentzen Group’s good cash-flows, the funds are not expected to be utilised until repayment of Berentzen-Gruppe Aktiengesellschaft’s 2012/2017 corporate bond becomes due in October 2017.

Compliance with the covenants and the miscellaneous other arrangements contained in the financing agreements is continuously monitored by the Executive Board and the Central Financial Management Department. The expected financing requirements and the foreseeable development of the covenants are mapped in the planning and budgeting process so that countermeasures can be initiated and the provision of outside capital can be ensured if necessary. As of December 31, 2016, the covenant agreed in connection with the guarantee for brandy tax was not met. However, in this respect it must be taken into account that the relevant financing agreement does not exhibit a fixed contractual term (so-called "until further notice" agreement) and insofar a violation of these contractual terms does not represent a strict requirement for its termination.

The nominal amount of the corporate bonds issued by Berentzen-Gruppe Aktiengesellschaft in 2012 in the amount of EUR 50.0 million matures in October 2017. In light of the solid financial performance and cash flows, large liquidity holdings at its disposal and the cash flows expected from operations in the following financial year, there is no indication that the Berentzen Group cannot meet this obligation. In light of the positive development of the group and the favourable financing environment, one component of this assessment is, in particular, the premature safeguarding of future financing requirements by means of a syndicated loan agreement concluded with a bank syndicate in December 2016 around ten months prior to the maturity for repayment of the corporate bond; the syndicated loan has a volume of funding of an initial EUR 25.5 million, that has not been utilised to date.

Furthermore, with respect to the financing of the corporate group, measures are continuously reviewed and/or implemented that have the goal of both providing an adequate credit line volume at the same time as the amounts drawn down are reduced as much as possible (e.g. through alternative financing forms such as leasing or by freeing up capital internally in the working capital) as well as a financing structure that is balanced between short and intermediate and long-term maturities in order to avoid a dependency on only short-term lines or to minimise such a dependency as much as possible (e.g. through specific-purpose financing).

Credit risk/Risk of default
Credit risk or risk of default is defined as the risk of a financial loss that arises if a contracting party fails to meet its payment obligations.

The management of credit risk or risk of default in the Berentzen Group is substantially geared towards entering into transactions with creditworthy third parties.

Around 75% (75%) of consolidated revenues are realised over foreign branch offices that in addition to del credere agreements also assume the credit risk. In addition, the risk of default is covered under trade credit insurance. As a general rule, balances in excess of EUR 5 thousand are covered under credit insurance. Trade credit insurance reimburses all defaults on receivables on the part of insured customers up to the agreed deductible of 20% for customers residing in Germany and 10% for customers residing abroad. Security payments or advance payments are frequently agreed with the Group companies domiciled outside of Europe.

A significant portion of trade receivables is sold under factoring agreements. Since the respective factor also assumes the del credere liability without recourse, these receivables are not reported in the consolidated statement of financial position in accordance with the relevant accounting standards – with the exception of a relatively insignificant continuing involvement compared to the volume of factored receivables that represents the late payment risk remaining with the group. Measured on the customer structure, the amounts receivable from individual counterparties are accordingly not so large that they would signify a material concentration of risk.

Loans and/or credits are not granted in foreign currencies and bill of exchange operations are not carried out. As a general rule, no deliveries are made to customers not associated with foreign branch offices without first conducting a credit assessment with the help of rating agencies. The receivables portfolio is monitored on an ongoing basis; consequently, the risk of default to which the Group is exposed is manageable and not significant. Furthermore, credit periods for payments are regularly observed.

In addition, the risk of default includes the country risk and/or the transfer risk. On the one hand, this includes the risk of economic or even political instability in connection with investments or the cross-border financing of Group companies in countries deemed to be risky, and on the other hand also the risk associated with selling directly to customers in these countries. Country risk with respect to equity measures or other forms of cross-border financing for Group companies is managed in connection with the decision to develop or expand a foreign market using a Group company by means of an overall assessment of the general economic and political environment, including the country rating. Companies are not established in countries deemed to be unstable. Subsequent financing measures oriented strictly towards actual capital requirements with respect to previously established foreign Group companies are also accordingly assessed based on continuous observation and updated findings and are furthermore managed and accompanied centrally. For example, both intragroup financing made to a subsidiary based in Turkey as well as its current assets are subject to more intense monitoring on account of the political events of the past two years due to the associated implications of a higher risk of default. Security payments or advance payments are agreed in order to minimise the risk associated with selling directly to customers in countries deemed risky if there is no trade credit insurance coverage or it is not possible to sell the receivables under factoring agreements. In addition, the responsible Executive Board member receives separate reports on any overdue foreign receivables.

Market risk

Market risk is defined as the risk that the fair value of future cash flows from a financial instrument changes due to market price fluctuations. Market risk includes currency risk, interest rate risk and other price risks.

Market risk is also managed by the Group's Executive Board, the Management and the Central Financial Management Department.

Currency risk arises from the translation of foreign currencies into the Group's functional currency (euros) as a consequence of changes in the exchange rate and generally results as defined by the Berentzen Group from financial items in the statement of financial position as well as any executory contracts or transactions planned in foreign currencies. The foreign currencies relevant for the corporate group include in particular the U.S. dollar and the Turkish lira. In addition to the exchange rate trend, the resulting risk potential also depends on changes in the volume of transactions effected or to be entered into in foreign currencies. So far, the business activities with respect to procurement and sales have been largely concentrated in the euro zone or are settled in euros. No transactions are entered into with suppliers or customers in hyperinflationary economies. Furthermore, some currency risk is balanced out in that both procurement as well as sales are carried out in the same foreign currency; as a result, incoming payments offset outgoing payments in the same foreign currency – albeit as a rule not in the same amount or in matching maturities. Without taking consolidation effects into account, liabilities and receivables denominated in foreign currencies amounted respectively to approximately EUR 2.6 million (previous year: EUR 1.7 million) and EUR 5.0 million (previous year: EUR 3.9 million) as of December 31, 2016. Rate-hedging measures are carried out regularly for the most important foreign currency, the U.S. dollar. In order to hedge foreign currency risk arising from future purchases of merchandise, there were forward exchange deals over a total volume of USD 0.6 million as of December 31, 2016 (previous year: USD 0.8 million). Insofar, currency risk is still to be regarded as relatively low overall. However, this assessment can change with an increasing volume of corresponding transactions as well as due to the effects of financial policy decisions or future trends on the foreign exchange market.

From a Group perspective, the recoverability of assets and/or the nominal value of the Berentzen Group's liabilities outside of Germany are also subject to exchange rate fluctuations. Foreign currency effects on items that must be translated are recognised directly in consolidated equity when translating the net carrying amount of assets from the financial statements of foreign Group companies; however, risks arising from foreign currencies recognized in profit or loss – even though they are not cash items from a Group perspective – can insofar also result from intra-Group transactions effected in foreign currencies, such as in particular the financing of foreign companies using the Group's own funds. The Berentzen Group's risk management presumes that, as a rule, investments in foreign Group companies and intra-Group financing are carried out for indefinite periods of time. Nevertheless, in the event of subsequent divestments, currency risk from consolidation differences due to currency translation previously recognised directly in equity can be recognised in profit or loss.

The actual average credit period across the entire corporate group is currently around 34 (36) days. This does not result in elevated liquidity or interest rate risk, because sufficient factoring lines or – in particular outside of Germany – financing instruments with a comparable effect are available for the financing of receivables. The need for classic short-term credit lines is thereby significantly reduced.

As the corporate bond issued by Berentzen-Gruppe Aktiengesellschaft had a fixed nominal interest rate or coupon and the volume of the other financial liabilities was insignificant in recent financial years, no interest rate hedges in the form of financial instruments have been deployed in the group to date. Any utilisation of the syndicated loan agreement concluded by Berentzen-Gruppe Aktiengesellschaft in December 2016 and funds provided in connection with two factoring agreements are subject to variable interest rates on the basis of the EURIBOR reference rate, which means interest rate risks do in principle exist. On account of Berentzen Group's good cash flows, these two financing instruments are not expected to be utilised until repayment of the corporate bond due in October 2017, which means that there are, until that date, currently no material risks from any changes to the reference interest rate. The effects of any changes in the interest rate can be partially mitigated by the deployment of interest rate hedging instruments. For this reason, the development of interest rates is monitored on an ongoing basis and the use of interest rate hedging instruments is regularly reviewed.

Furthermore, the procurement of raw materials and materials as well as the purchase costs of merchandise and system components are subject to market and/or price risk. The cost prices of the raw materials and packaging materials and/or merchandise and system components used by the Berentzen Group are influenced in all segments in particular by their availability on the market; accordingly, purchases carried out in foreign currencies are influenced by the exchange rate trend of the respective currency against the euro. A large part of the raw materials needed for the production of spirits and non-alcoholic beverages as well as the fruits (oranges) traded in the *Fresh Juice Systems* segment are agrarian products, the availability of which depends on the respective crop yields. Furthermore, certain required raw materials and merchandise are affected by regulatory measures, which in some cases may have a considerable influence on their availability and therefore their prices.

In the *Spirits* segment and *Other segments*, annual supply contracts stipulating fixed quantities and fixed prices are in effect for glass bottles. Fixed-quantity contracts covering the period from harvest to harvest (September/October) are generally formed for wheat distillate and sugar. Neutral alcohol prices are adjusted every quarter with reference to publicly available and independent price reports (F.O.Licht, ICIS). Commodity price indices (LME, EUWID) are applied as a reference for the semi-annual adjustment of the prices of aluminium closures and cardboard packaging. The same applies for the *Non-alcoholic Beverages* segment to the extent that the above-mentioned raw materials and materials are also used in this segment. In the *Fresh Juice Systems* segment, purchases of the individual system components are predominantly managed on the basis of single contracts; in particular, the procurement of fruits (oranges) is dependent on harvest seasons in the global cultivation areas.

Quantitative disclosures regarding risks related to financial instruments

The specific qualitative disclosures regarding the individual risks related to financial instruments are provided as part of the quantitative disclosures discussed in note (4.5) to the consolidated financial statements.

Risk assessment

With respect to financial risks monitored as part of the risk management system as a whole, the estimate with respect to the likelihood of occurrence remained unchanged compared to the previous year, as did the assessment of the severity of the risk. When weighted, these risks remained overall in the "medium risk" category as was the case in the risk reporting for the 2015 financial year.

Industry risks

As with other daily consumable products, spirits, non-alcoholic beverages and fresh drinks such as freshly pressed fruit juices are considered to be Fast Moving Consumer Goods (FMCG). The relative ease with which such products can be substituted also requires for the preservation and expansion of the business volume, among other things, that new brands and products are continuously developed in significant volumes and introduced to the market. Market surveys and past experience document that the risk of not being able to successfully introduce new brands and products to the market in the FMCG segment – or that the success cannot be sustained – is significant. In particular in the *Spirits* segment, but to an increasing extent also in the *Non-Alcoholic Beverages* segment, such innovations represent an important building block for sustainable growth geared towards adding value for the Berentzen Group and therefore, in light of the presented background, bear the risk that the contributions to earnings planned insofar cannot be realised at all or in the budgeted volumes, despite appropriate countermeasures such as careful planning, product development and market tests conducted in advance of the introduction as well as subsequent marketing and sales promotions. As a general rule, this applies accordingly in the *Fresh Juice Systems* segment, even though the focus of the risk from the perspective of the Berentzen Group insofar does not lie so much on the beverage ultimately purchased by the consumers, but rather on the system components fruit juicers, and consequently on the success of an innovation-driven machine technology in whose development the long-term and currently only supplier also plays an important role that is carried out as part of a close cooperation. Insufficient innovative capacity and thus technical innovations that fail to materialise, are late, or not successful on the market therefore also include the risk despite corresponding risk containment measures – in particular general engineering as well as ongoing engineering geared towards the development of new applications – contributions to earnings factored into the managerial planning cannot be realised at all or in part.

In addition, the general economic trend can have a direct influence on consumer behaviour. In addition to a decrease in consumer spending and/or consumer restraint in Germany, a considerable deterioration in conditions can lead to an increase in the market shares of discounters if the consumers switch to low-priced products such as dealer brands. Similar market trends are already becoming evident or are already established in numerous foreign markets, in particular in Europe and in bordering regions. This could increase pressure on the margins, which in particular would have a negative impact on the earnings situation in the *Spirits* segment and *Other segments*.

As a result of the increasing concentration in the German food retailing sector, the top key accounts – and therefore the dependency of individual suppliers on these major customers – are becoming more and more important. Comparable trends can also be observed abroad with corresponding effects on the subsidiaries. In some cases, substantial dependencies develop in the business relationships with individual major customers. All of the Group's segments are affected by this – each individually to a different extent – with the exception of the *Other segments*. In total, the Berentzen Group realised around 42% (42%) of its consolidated revenues in the 2016 financial year with its three largest customers, each of whom belong to the food retailing sector. In this context, there are various aspects that can have a negative impact on the success of the Berentzen Group's business. For example, the supplier agreements – as is typical in the industry – have a relatively short term and normally do not include any purchase commitments. Furthermore, there is the risk that important customers abruptly end their business relationships with the Berentzen Group or do not extend them and that the corporate group will not be able to quickly adjust its cost and production structure fully or sufficiently and/or cannot find another customer, leading insofar to excess capacities. The pressure on the individual supplier and price terms as well as conditions rises together with a customer's increasing importance; as a result, the Berentzen Group's net selling prices can decrease. It is accordingly possible that the Company may not at all be able to pass on price increases with respect to raw materials or rising personnel expenses and overheads, or that they can only be passed on in part or with a delay. If these risks are realised, this could prove to be a drag in particular on earnings and on the whole have a significant negative impact on the financial position, cash flows and financial performance of the Berentzen Group. The Berentzen Group is countering this risk by strengthening key account management together with further systematic efforts to increase sales and distribution. Advertising activities to promote the brand are intended to improve the corporate group's position vis-à-vis its business partners. All measures are accompanied by efforts to further expand the distribution channels in order to achieve a balanced customer portfolio as well as to continuously and diligently foster relationships with the customers' most important decision-makers and contact persons.

When weighted, these industry risks observed within the context of the risk management system remained overall in the "medium risk" category both with respect to their likelihood of occurrence as well as to their severity as was the case in the risk reporting for the 2015 financial year.

General business risks

As a globally-oriented and operating organisation, the Berentzen Group depends on the economic, political and social development of countries and regions in which it is already active on the market or plans to be. This relates both to the purchasing as well as the selling side of the business. The operating environment in the individual markets is subject to continuous – and in some cases very short-term – changes. The corporate group is exposed to a series of factors on which it only has a limited influence or none at all. These include, among other things, political, social, economic, or legal instabilities, including insufficiently developed or differentiated legal and administrative systems, restrictions on the movement of goods and capital, regulatory changes or limitations, encroachments, or the loss of property, volatility in the financial markets and changes with respect to exchange rates and the resulting market effects as well as general changes in the supply of goods and services, the demand for such goods and services, or consumer trends and/or behaviour. Such risks can have a temporary or permanent negative impact on business activities and therefore on the achievement of the objectives pursued by the Berentzen Group; this applies in particular for earnings-based objectives. Such general business risk is subject to permanent control in the accompaniment, monitoring and management of the operating business.

For the 2016 financial year, the ongoing political crises and conflicts in the Middle East and the associated refugee movements, the attempted coup d'état of parts of the Turkish military establishment and the state of emergency imposed on that country by the National Security Council at least until April 2017 as a consequence and the worldwide security situation that is under threat from terrorist attacks should be given particular mention in this context. In addition, the spotlight additionally shifted onto political events such as the vote in favour of the UK leaving the EU ("Brexit") and uncertainties with regard to the protectionism that could potentially be imposed by the new US administration and their global impact. Due to the UK market's insignificance for the Berentzen Group in terms of sales, "Brexit" is not generally expected to have a material impact on the Group's operating business. In light of the aforementioned development in Turkey, this market served by a local group company is subject to more intense monitoring within the Berentzen Group's risk management system.

General business risks separately observed as part of risk management relate above all to the *Spirits* segment and *Other segments*. Restrictions on the marketing of alcoholic beverages, for instance through sales restrictions, increases in spirits duties or comparable foreign excise taxes, anti-alcohol campaigns or advertising bans, represent potential risks for the Berentzen Group. Legislative measures such as special taxes and measures regulating advertising have had a significant influence on the beverage industry in the past.

The discussion regarding restrictions on the freedom of advertising for alcoholic beverages persist; while further legal restrictions are not currently on the horizon at the national level, such restrictions have been implemented in the recent past in individual international markets of relevance for the Berentzen Group, for example in Turkey. The latter point also applies to an increase in excise taxes on alcoholic beverages; specifically for the market in Turkey there were further considerable tax increases in 2016 that have also been announced for the following years.

When weighted, these general business risks were unchanged in comparison to the risk reporting for the 2015 financial year, remaining in the "medium risk" category. In this context, however, it cannot be completely ruled out, for the aforementioned reasons, that the general business risks will be subject to a significantly altered risk assessment in future or risks may occur in relation to risk types summarised as such, and consequently of the overall assessment of the general business risks as a whole.

Performance-related risks in connection with the business model

Based on the Berentzen Group's risk categories, performance-related risks in connection with the business model represent those risks that can arise within the value added chain, i.e. as part of production and sales, to the extent that they are not assigned in particular to operating and product-related risks or industry risks. Furthermore, negative developments in the value chain may impact the economic profitability and the cash flow of Berentzen Group's assets. As a consequence, the Group monitors, specifically on the basis of the provisions contained in the International Financial Reporting Standards (IFRS), whether there is any indication that the assets are impaired. In this context, potential future impairments may have a negative impact on the Berentzen Group's financial position, cash flows and financial performance.

In the *Non-Alcoholic Beverages* segment business environment, a significant portion of the business volume can be attributed to the Company's own business with products of franchise brands as well as the bottling of franchise or other third-party brands and private-label products in connection with service agreements.

As a general rule, the franchise business is based on a corresponding contractual agreement with a term lasting many years. In addition to competition-related provisions and an associated change-of-control clause, the franchise agreement also specifies performance-related indicators and provides for further agreements that entitle the franchiser to early terminate the franchise agreement in the event of non-compliance or non-performance and/or to set economically disadvantageous limitations on the rights of the franchisee.

Franchise or other third-party brands and private-label products are bottled on the basis of multiple service agreements with medium contractual periods. Individually, these include various arrangements, such as competition-related qualified change-of-control clauses that entitle the respective client to early termination of the agreement in the event of non-compliance or non-performance.

In addition, as with all contractual relationships, there is the risk – both with respect to the franchise agreements as well as the service agreements – that when the contractual term expires they will not be continued or can only be continued under terms and conditions that are unfavourable for the Berentzen Group.

The loss of the franchise business or the entire (or a significant portion of the) business involving the bottling of franchise or other third-party brands and private-label products can have a significant impact on the development of the business as well as the financial performance, cash flows and financial position as a result of major declines in revenue and earnings as well as structurally necessary follow-up measures and effects that must be reflected in the accounting, to the extent that such a loss cannot be replaced through the business with the Company's proprietary brands and products, another franchise business, or other corresponding contracts.

Early unintended termination of the franchise agreement or the service agreements is prevented to the extent possible through the agreement of realistic objectives, adherence to and strict compliance with agreements and instructions within the context of systematic contract management and through constant relationship management. However, since these are necessarily bilateral agreements, some risks – in particular those outside of the franchisee/contractor's area of influence – cannot insofar be entirely ruled out.

In the *Spirits* segment, the business with whiskey has become increasingly important in the past few years due to corresponding market demand. In addition to the shortage on the procurement market for whiskey, the mostly multi-year storage periods also require an anticipatory purchasing policy geared insofar towards the medium term in order to secure the basic materials. On the sales side, there are corresponding sales supply contracts with a standard term that, in most cases, is longer than the storage period required for whiskey, but shorter in some cases, however. This mismatch in periods leads to risks from the uncertainty regarding the sale of volumes of unprocessed or processed whiskey that can have a negative impact on the financial performance, cash flows and financial position.

Any occurrence of the aforementioned risks and further indications extending beyond the same could lead to an accounting impairment loss being recognised on the Berentzen Group's assets. As part of risk management, impairment testing is performed on an ongoing basis. In addition to the information from the internal reporting system, monitoring extends to exogenous factors such as market interest rates or market returns, factors that the Berentzen Group can only influence to a limited extent or not at all. Both in the past financial year and the previous financial year, ad hoc impairment testing was performed on, among other things, the *Non-alcoholic Beverages* cash-generating unit. The notes to the consolidated financial statements include more detailed information regarding this under Note (3.7).

Recording impairment losses generally reduces the risk of further impairment. Despite the impairment losses recorded in the 2016 financial year as well as in the previous years, further impairment losses with a negative impact on the financial position, cash flows and financial performance cannot be ruled out for the future.

Following the assessment made in the risk management system of the risks observed in this context, the likelihood of occurrence was increased from “unlikely” to “possible”, while the severity continues to be regarded as “extensive”. Weighted overall, the classification thus increased to the “medium risk” category.

Other risks

Risks on the part of the Berentzen Group that are not classified under any of the aforementioned risk categories and which could have a negative impact on the Group's financial performance, cash flows and financial position are combined under the category "Other risks".

Legal and tax-related risks

As a concern operating in the international food industry, the Berentzen Group is exposed to various legal and regulatory risks. These include contractual and third-party risks in connection with the respective national or international provisions governing express warranties and product liability, food laws, consumer protection laws, competition and antitrust laws, trademark and patent laws, environmental, construction and planning laws, labour laws and occupational health and safety laws, foreign trade and customs laws, tax laws – in particular excise tax laws related to the taxation of alcoholic beverages – as well as provisions related to purchasing activities and procurement; for example the observation of sanctions lists. In addition, Berentzen-Gruppe Aktiengesellschaft is subject to obligations resulting from its listing on the stock exchange, in particular the provisions of the German Securities Trading Act (WpHG).

The Berentzen Group has methods and institutions at its disposal to ensure compliance with national and international laws and guidelines and, if necessary, the initiation of suitable countermeasures. These include in particular appropriate organisational instruments, including by-laws, competence guidelines, the corporate group's central departments for legal, tax and accounting issues as well as the engagement of external advisers in legal and tax-related matters. Risk insurance policies are taken out for these risks to the extent possible and appropriate in the opinion of the Berentzen Group; in contrast, it is not possible to insure against possible reputation losses.

The aforementioned measures also serve not least to prevent and minimise legal risks that can ultimately manifest themselves in legal disputes or judicial, administrative, or other proceedings. The Group is represented in legal disputes by the corporate group's Central Legal Department or by the engagement of external legal advisers with the goal of preventing losses or keeping them as small as possible. Nevertheless, disadvantageous expenditures can arise for the Berentzen Group from any legal disputes and proceedings, not only if they are not covered or cannot be covered under insurance policies, but also if they exceed the risk provisions undertaken by means of insurance protection or provisions. There were no specific legal disputes that could possibly have a significant negative impact on the Group's financial performance, cash flows and financial position up to the date of approval for the consolidated financial statements and the annual financial statements of Berentzen-Gruppe Aktiengesellschaft as well as for the combined management report for the Berentzen Group (corporate group) and Berentzen-Gruppe Aktiengesellschaft. The notes to the consolidated financial statements include more detailed information regarding this under Note (4.4) Legal disputes.

Legal risks separately observed in connection with risk management include such risks arising legal obligations entered into, primarily with respect to long-term contractual relationships, in particular based on third-party contractual relationships, risks arising from insufficient contract controlling and risks from contractually agreed change-of-control clauses. This can lead to legally and economically detrimental claims and/or the undesired cancellation of contracts or the forgone or delayed assertion of the Company's own claims.

Individual companies of the Berentzen Group are parties to bilateral contracts in which change-of-control clauses are agreed in various forms. Depending on the design in individual cases, these clauses entitle one or both contracting parties to terminate the agreement early or without notice if there is a change in control. This primarily relates to financing contracts, a franchise agreement and service agreements regarding the bottling of franchise and other third-party brands. Furthermore, there are corresponding agreements with members of the Executive Board. The comments on financial risks in this section, the disclosures in Section (6.8) related to mergers and the Compensation Report in Section (3.1) include further details regarding this.

The change of control with respect to Berentzen-Gruppe Aktiengesellschaft carried out in March 2016 and presented in the economic report in Section (2.2.3) did not give rise to any extraordinary or premature terminations of material agreements with the respective Berentzen-Group companies solely on the basis of such clauses. Correspondingly and taking account of the fact that there is no change in the Berentzen Group's business strategy or its overall risk exposure associated with the acquisition of shares on the part of institutional investors not resulting in a change of control, the assessment of this risk is that the likelihood of occurrence has fallen on the previous year. In any case, in the Berentzen Group's opinion, the requirements for exercising the ensuing rights have not been met in the significant cases in which qualified change-of-control clauses have been agreed.

In addition, the other risks include such risks related to income, transaction and excise taxes resulting primarily from inappropriate tax treatment, improper handling that does not meet the formal requirements, or non-standard tax assessments on the part of the responsible tax authorities regarding transactions to the disadvantage of the taxpayer. In various capacities, the Group companies are largely subject to regular tax audits and insofar are closely monitored by the tax authorities. In light of the multitude and complexity of tax rules, it is nearly impossible to completely rule out these risks; both corresponding organizational measures for the review, processing and clearing of transactions as well as central departments for customs and tax-related matters in Germany and the consultation of external tax advisers serve to limit such risks.

Personnel risks

The expertise, commitment and motivation of employees are key factors of success for the Berentzen Group. Qualified specialists and managers are a requirement for the realisation of the strategic goals. In the increasing competition for personnel, the personnel management of the medium-sized corporate group, which operates globally in a highly structured environment, pursues the goal of training and attracting qualified specialists and managers, further developing their skills and binding them to the Company for the long term. The measures undertaken include, among other things, vocational training, an offer of dual courses of study, the promotion of talent, targeted training and personnel development measures, annual performance reviews, workplace health and integration management and variable remuneration components based on performance-related Group and personal goals. Not least, there is also anticipatory succession planning and consistent rules on representation.

In the area of human resources, special risks arise from the fact that there could be general lack of sufficient human resources available with respect to key positions to be filled by specialists and managers in the corporate group or that a sufficient number of representatives could not be ensured. In addition to the measures described above, the minimisation of risk serves in particular the timely and continuous identification of key positions.

Risk assessment

When weighted, these other risks observed within the context of the risk management system remained overall in the "low risk" category both with respect to their likelihood of occurrence as well as to their severity as was the case in the risk reporting for the 2015 financial year.

Operating and product-related risks

Operating risks

In the *Spirits*, *Non-Alcoholic Beverages* and *Other segments*, there are operating risks primarily with respect to the breakdown of production plants or sites as well as, if applicable, with respect to the outsourcing of production capacities to another plant location that could lead to supply bottlenecks or delivery disruptions. The risk of production losses is minimised by means of ongoing maintenance and capital expenditures, the constant availability of technical service and emergency staffing plans. In addition, production capacities are available at other beverage manufacturers for emergencies and there is a business interruption insurance policy. In order to limit this risk, suppliers are carefully selected with a view towards maintaining long-term relationships as part of a sustainable relationship management process. In addition, the entire production process is also closely accompanied and monitored in collaboration with the suppliers. Specifically in the *Fresh Juice Systems* segment there are risks with respect to the system component fruit juicers in light of the low level of vertical integration and the concentration on one supplier in particular as a consequence of production disruptions on the part of that supplier. With respect to this, supply disruptions or bottlenecks in the specific case can furthermore lead to a situation in which the supplier justifiably or unjustifiably unilaterally terminates the supplier relationship or their capacity/willingness to make deliveries is otherwise limited or reduced, for example as a result of quality-related reductions in production volumes. The availability of alternative production capacities is currently very limited and it is expected that it could only be realised with a considerable delay. This risk is countered by means of a particularly close accompaniment and management of the long-term cooperation that includes, among other things, the employment of a local quality manager.

Furthermore, in the *Spirits* and *Non-Alcoholic Beverages* segments, whose manufacturing facilities and property have been utilised for decades, operating risks could arise from environmental damage. This is understood to be a directly or indirectly occurring identifiable, detrimental change (impairment) in protected species and natural habitats (biodiversity) as well as in waters or in the ground as a result of which the Group must bear environmental liability risks and risks arising from existing or changing general regulatory conditions. In addition to rules related to the environment that are included in the quality assurance system, risk provisions for environmental damage serve to cover insured losses.

Product-related risks

Product-related risks can result from product defects, product sabotage, or product extortion and in particular lead to health risks on the part of consumers, loss of reputation, and restrictions in the marketability of products up to and including product recalls. Product defects are defined as the unintentional chemical, physical, or microbiological contamination of a product in connection with the manufacturing process. In contrast, product sabotage and product extortion are based on intentional actions outside or within the Company during or subsequent to the manufacturing process.

In order to reduce the potential losses and/or the effects of an operating or product-related incident, the arrangements for security, plant and product safety are constantly further improved or expanded and monitored through corresponding checks. Installations for fire protection and burglary are maintained using state-of-the-art technology. Special measures are undertaken for the individualised management of access authority in the product-relevant workspaces.

The Berentzen Group responds to rising requirements from statutory provisions in the area of technology and product safety, for example for accident prevention and environmental protection or under the relevant food regulations, with internal plant inspections, by selecting reputable suppliers, with the use of qualified personnel and by engaging reliable service providers that demonstrate a proficiency in the use of their own products and the products the Berentzen Group. In addition, product safety is served by ongoing quality controls and the established quality assurance and crisis management system, which is subject to regular internal audits and corresponding external certifications according to recognised quality standards, namely according to the IFS (International Featured Standards) Food and/or Broker and also – in the *Non-Alcoholic Beverages* segment – in accordance with the Consolidated Standards for Beverage Facilities issued by AIB International (formerly: AIB – American Institute of Baking). Furthermore, in particular in the *Fresh Juice Systems* segment there are the certifications issued with respect to technical safety by the relevant testing organisations such as the Technical Inspection Association (TüV). For the procurement of capital goods and raw materials, quality standards are safeguarded by long-term partnerships; new suppliers must undergo a qualification process. An additional building block for the reduction of product-related risks consists in the covering of corresponding insured losses.

In addition, there are other product-related risks in the individual segments.

In the *Fresh Juice Systems* segment, the highest standards of quality are maintained for the oranges marketed in the "*frutas naturales*" variety. Depending on the time of the year and the harvest cycle, the fruits are procured from Southern Europe, but also from cultivation areas outside of Europe. Insofar, there are risks with respect to the availability of the oranges for a wide range of reasons. These include, among other things, a general market shortage, e.g. as a result of increased demand or poor harvests, bad weather, errors, interruptions, or delays – considering the relatively easy perishability – in the particularly important logistics processes or also a deterioration in the relationship with the suppliers or producers. Measures to minimise the risk include an anticipatory procurement policy executed on the broadest possible supplier basis and with a view towards sustainable relationship management as well as the appropriate management and monitoring of the logistics processes.

The counterfeiting of products is a risk to be observed in particular with respect to spirits on the Turkish market assigned to the *Other segments* with the consequence of lost revenue and the loss of reputation. The tendency to copy original products is growing with increasing market prices for alcohol. Countering these risks requires active observation of the market and educating the customers and distributors as well as the initiation of legal action as a last resort. A more proactive approach on the part of the Turkish Tobacco and Alcohol Market Regulatory Authority (TAPDK) against product counterfeiting in the 2016 financial year brought about a lower likelihood of occurrence with regard to this risk.

Risk assessment

When weighted, these operating and product-related risks observed within the context of the risk management system remained overall in the "low risk" category both with respect to their likelihood of occurrence as well as to their severity as was the case in the risk reporting for the 2015 financial year.

IT risks

The reliability and security of the information technology (IT) are very important for the corporate group. At the same time, IT security around the world is exposed to increasing threats in general. This not only applies for the use of IT systems in connection with the business processes, but also for IT systems implemented for internal and external communication. Outages or disruptions of these IT systems signify risks for the availability, reliability and confidentiality of systems and data in development, production, distribution or administration and therefore for the Berentzen Group's financial position, cash flows and financial performance.

This risk is countered, among other things, through the redundant configuration of server systems, hardware support contracts with short reaction times, a direct availability of replacement parts and data lines as well as an uninterruptible power supply. An even higher level of security and availability of the ERP system is ensured by means of a high availability environment in connection with a storage solution involving redundant capacities at two computer centres and deploying a synchronous mirroring system. Data can be restored very quickly over a shadow database in the event of an interruption. In addition, all data sets are backed up daily. Firewall systems, a VPN solution with two-step authorisation, anti-virus scanners, spam and content filters, the Windows domain and authorisation concepts ensure a high degree of security for access rights and remote access.

The virtualisation environment of server systems allocated to multiple hardware platforms accommodates numerous virtual systems. A high degree of reliability is achieved by means of additional physical machines and a cluster solution allocated between two data processing centres that are connected redundantly.

When weighted, these IT risks observed within the context of the risk management system remained overall in the "low risk" category both with respect to their likelihood of occurrence as well as to their severity as was the case in the risk reporting for the 2015 financial year.

(4.3) Opportunities

The Group's broad positioning with its product range of spirits, non-alcoholic beverages and fresh juice systems as well as the stronger alignment in modern, health-oriented markets allows the Berentzen Group to emancipate itself from critical demand factors and declining beverage product categories and opens up manifold opportunities for sustained positive business performance. They are based on the consistent dual-track operational positioning in the traditional segments – with spirits and non-alcoholic beverages, branded products and branded dealer or private-label products as well as the national market and international markets – but in particular in the *Fresh Juice Systems* segment, which has belonged to the Group since the 2014 financial year. These opportunities are supported by a consistent focus on the needs of the consumers as well as those of the trade and catering partners. In addition to endogenous factors based on internal decisions and measures, exogenous factors can also have an impact on the market success. The most important opportunities that arise against this background are described below. However, they only represent a sample of the possibilities and a snapshot assessment, because the Berentzen Group is continually further developing just like the markets, and therefore the significance of an opportunity can decrease just as options that are entirely unknown today can arise in the future. Therefore, the Berentzen Group observes all relevant trend lines in order to systematically take advantage of future opportunities with decisions that are appropriate for the situation.

Opportunities from the change in general economic conditions

Opportunities open up for the Group from the development of national and international general economic conditions if the economy in the important industrial nations such as the USA as well as Germany permanently retains the growth recorded in 2016. From the perspective of the Berentzen Group, the resulting potential for opportunities must insofar be regarded subject to this proviso in light of the ongoing worldwide geopolitical crises and conflicts over the course of the year 2016 as well as the possible expansion of restrictions on global trade on account of elections in industrialised countries already held or to be held in the near future.

The money market policy trends that appeared with the weakening of the euro against the U.S. dollar, supported the opportunities in particular in the Fresh Juice and *Other segments* with respect to the export business outside of the euro zone, above all in the USA. The anticipated development for the 2017 financial year is primarily either a moderate appreciation in the euro or devaluation towards parity of the two currencies, which may well be a further boost for the export business.

Further positive potential influences arise from the reduction in bureaucratic hurdles, which eases the entry into new markets and also reduces the costs for access to existing markets. Concrete opportunities can arise from the currently negotiated – albeit also disputed in some aspects – free trade agreement between the USA and the European Union (TTIP – Transatlantic Trade and Investment Partnership). The protectionism that might emanate from the new US administration seems to indicate, however, that it is very unlikely that the treaty will be signed in the near future.

An improvement in the political and economic conditions prevailing in Turkey can have a beneficial effect on the export business with branded spirits assigned to the *Other segments*. The group company operating in that country provides the foundation on which the Group can build to benefit directly from any recovery in the market environment that has been challenging to date. Furthermore, cooperation with the *Fresh Juice Systems* segment could give rise to synergies relating to the sale of fruit presses on the Turkish market. There is, in the Berentzen Group’s estimation, justified doubts regarding a short-term recovery of the market environment especially in light of the state of emergency prolonged to mid-April 2017 as a consequence of the New Year’s Eve terrorist attack on an Istanbul night club.

Opportunities in connection with strategic decisions

As an internationally active beverage concern, the Berentzen Group pursues a sustainable strategy of expanding its already good standing in the growing market segment of healthy and natural drinks (such as mineral water and fresh juice systems) in order to achieve a balance between the products of the *Spirits* segment in general and the carbonated beverages in the *Non-Alcoholic Beverages* segment in particular. As a provider of drinks for every occasion, this can open up new growth opportunities, whereby the Berentzen Group intends to continue focusing on select areas promising strong growth. In addition, the Group opens up new international growth opportunities as a result.

The Berentzen Group's spirits umbrella brands *Berentzen* and *Pushkin* are widely recognised in the German market. Therefore, measures intended to bolster the brand name in the areas of marketing and distribution form a key basis for long-term business success. The existing market potential can be better utilised thanks to the introduction of innovative new products, a stronger reference to topics and occasions for the marketing of special products (e.g. in connection with major sporting events), or the stabilisation of new customer and sales channels. Intense social media campaigns will increasingly be the primary communications tool for advertising activities. Following the usage patterns of the target groups, the intention is to use digital media to bring about effective, interactive communication. As a result of a concentration on relevant core articles, a more offensive accentuation of product qualities and optimised sales structures in Germany, the main brands can be better utilised, in particular, the potential for added value. Further opportunities can arise if some competitors withdraw.

A strong trend towards premium products with high-quality features has developed at the market level in the area of branded dealer and private-label products in the *Spirits* segment. Opportunities continue to arise in this area for suppliers such as the Berentzen Group, who can realise better access to the trade partners with innovations, good concepts and the reputation already earned in this regard and separate themselves somewhat from the pure price pressure in the competition. Furthermore, the business with branded dealer and private-label products may well provide the opportunity of building on the expansion of the international business carried out in the 2016 financial year and to further participate in the expansion of international food retailers abroad and to also distribute our own private-labels beyond the borders of Germany.

In the business with segments assigned to alcoholic beverages, the management of the international business with branded spirits was once again strategically controlled by external sales partners in order to reduce operating risks in the past three years. This approach permits greater risk-optimised flexibility with respect to the reaction to market changes and thus enables the Berentzen Group to quickly and efficiently take advantage of opportunities in growth markets. In this respect, successful implementation of product innovations for the two umbrella brands of *Berentzen* and *Puschkin* in particular can lead to growth impetus.

The nearly nationwide listing of the Mate drink *Mio Mio Mate* achieved in the *Non-Alcoholic Beverages* segment affords subsequent opportunities to further expand on the *Mio Mio* brand's previously demonstrated national potential and to utilise it in this spirit for the establishment of further branded products. The recently launched innovations associated with the *Mio Mio* brand have already met with interest on the part of retailers so that a further rise in sales seems possible on the back of a wider range of products. This is linked to the possibility of expanding this segment's classic regional sales area to the entire country for a broader range of products, thereby developing additional sales potential.

Within the franchise business with the branded beverages of the Sinalco Group started at the beginning of 2015, consistent implementation of sales and marketing measures has led to a higher acquisition rate of new gastronomy customers and a rise in consumer acceptance in the 2016 financial year. In this challenging franchise business, there continues to be potential for expanding the scope of business in particular in light of the progressing withdrawal of an international competitor from certain varieties of packaging. There are opportunities arising for the mineral water market in Germany. The focus on reusable packaging and the associated arguments relating to ecology and sustainability may well be favourable to further developments in connection with quality certification for the sources used.

In the *Fresh Juice Systems* segment, in particular the competitive advantage of the *Citrocasa* brand from the positioning as a premium system vendor of technically high value fruit juicers, particularly juicy oranges of the "*frutas naturales*" variety, customer-specific containers and accompanying services present opportunities for the further development of the international growth potential. Optimisation of international fruit logistics as well as technical innovations of the system component fruit juicers afford additional opportunities. For example, the recently developed compact fruit press *Revolution* and other future innovations can possibly be used as a basis to expand the competitive edge. With its new, previously unused capabilities, the *Revolution* fruit press opened up new customer groups and distribution channels in the 2016 financial year. Furthermore, the potential for opportunities is supported by the trend towards fresh and natural products observed with consumers and in the food trade.

Opportunities from the implementation of operating measures

The Berentzen Group is already one of the most efficient spirits manufacturers in Germany, because it subjects its production and logistics processes to continuous analysis and always finds approaches for additional optimisations. Additional productivity increases are therefore regarded as possible, in particular as replacement investments are also designed not only with stabilisation in mind, but rather as an improvement in the status quo. This applies corresponding for the *Non-Alcoholic Beverages* segment with the focus on production and fresh juice systems, in particular with a view towards the demanding logistics for fruits.

With respect to procurement, the Berentzen Group is dependent on the commodity and producer markets. Insofar, cost advantages can be realised if there is a general decrease in commodity prices or if medium to long-term supplier contracts can be formed for the procurement of such commodities at favourable points in time. Specifically, bountiful harvests of commodities and traded goods of agrarian origin with respect to individual raw materials needed for the production of spirits and non-alcoholic beverages as well as the oranges sold in the *Fresh Juice Systems* segment, in particular, can lead to favourable price trends.

Other than on the cost side, further opportunities are also afforded on the sales side. Above all the innovative capacity of all the segments of the Berentzen Group presents further potential for such opportunities. The corporate group's expertise in the development of high-quality and great-tasting, market-oriented and timely innovations represents a factor of success that is valued in particular by the consumers. Thanks to committed employees in research and development on the one hand as well as quality assurance on the other hand, the Berentzen Group can set itself positively apart from the competition with respect to its products and bring about a perception on the part of customers that has a subsequent impact on sales and earnings.

Opportunities from strategic acquisitions

With its current positioning, the Berentzen Group considers itself in a good position to meet the various needs of the consumers as well as those of its trade and catering partners in large volumes with its product portfolio of spirits, non-alcoholic beverages and fresh juices. In addition to the opportunities highlighted from organic growth, the Berentzen Group also continues to pursue exogenous growth opportunities in connection with opportunities presented as a result of selective business acquisitions that support the Group's growth strategy.

As a general rule, these opportunities not only open up the possibility of sensibly expanding sales channels or rounding out the product and customer portfolio, they also leverage and utilise mutual synergy effects. Therefore, business acquisitions can have a positive impact on the business performance and the Group's financial performance, cash flows and financial position.

(4.4) Overall assessment of risks and opportunities

The Executive Board and Supervisory Board of the Berentzen Group are regularly informed of the Company's risk and opportunity situation.

In the opinion of the Management, the Berentzen Group's risk exposure may have increased slightly overall compared to the previous year, but it remains manageable from today's perspective.

On the basis and in the sense of the assessment matrix presented in Section (4.1), there are no risks assessed as "high" risks. Performance-related risk is now assessed as "medium risk" due to the increase of one level in the likelihood of occurrence; in contrast, the assessment of financial risk, industry risk and general business risk remained unchanged at the "medium risk" level overall. With respect to the remaining risks presented, there were no changes individually with respect to the likelihood of occurrence and severity; consequently, the individual assessments remained respectively at the "low risk" level.

In particular supported by the improved financial performance as well as the corporate group's good cash flows, no separate or cumulative risks are expected by the Management with respect to the risks described above and their possible likelihood of occurrence that could jeopardize the company as a going concern with a period of at least one year.

Moreover, the Executive Board sees potential for the Group in the consistent pursuit of the illustrated opportunities, in particular in the *Non-Alcoholic Beverages* and *Fresh Juice Systems* segments, that should not be passed up.

The Berentzen Group continues to have high liquidity at its disposal and therefore the possibility of taking advantage of its growth potential as well as to implement other measures to improve its profitability and systematically invest in its further development both through organic growth as well as through opportune business acquisitions.

However, the materialisation of risks or the realisation of opportunities can have an impact on the Group's forecasts.

(4.5) Comments on the accounting-related internal control and risk management system

The objective of the accounting-related internal control and risk management system set up by the Berentzen Group is to ensure the propriety of the financial reporting in the sense of the compliance with all the relevant provisions for the annual and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as well as the management report, which is prepared in the form of a combined management report for Berentzen Group (Group) and Berentzen-Gruppe Aktiengesellschaft.

Internal control system

The internal control system in the Berentzen Group includes all principles, methods and measures to ensure the effectiveness, efficiency and compliance of the accounting as well as to ensure the compliance with the relevant legal provisions.

In the Berentzen Group, the internal control system comprises the internal control and internal monitoring system. Below the level of the Executive Board, the responsibility for the internal control system lies in particular with the areas of Controlling and Reporting, Accounting and Finance and Taxes as well as Legal and Personnel, which are managed centrally at Berenzten Group AG.

Process-integrated and process-independent control measures form the elements of the internal monitoring system. In addition to the manual process controls – for instance, the "dual control principle" – IT process controls in the system represent a significant part of the process-integrated measures. Expanded risk control matrices are introduced for material transactions that are updated on an ongoing basis. Furthermore, process-integrated monitoring is ensured through organisational measures, for example by means of guidelines or access restrictions as well as through specific Group functions such as the central Investment Controlling or also central departments for tax, accounting and legal affairs.

The Supervisory Board – specifically the Finance and Audit Committee – of Berentzen-Gruppe Aktiengesellschaft and an additional external Auditing department for the Berentzen Group are involved in the internal control system at the Group level with the process-independent audit procedures.

Accounting process

In the legal sense, the Group Executive Board is obligated to prepare the annual and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as well as the combined management report for the Berentzen Group (Group) and Berentzen-Gruppe Aktiengesellschaft, while the respectively responsible Executive Board member bears the overall responsibility for all processes.

All accounting entries are recorded in the annual financial statements of the individual companies of the corporate group by Berentzen-Gruppe Aktiengesellschaft's central Accounting department, with the exception of foreign Group companies, using the SAP ERP system developed by the homonymous software enterprise. The application of the SAP system is periodically reviewed by the auditor and/or the Group auditor. The standardised, uniform preparation of the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft is ensured due to the fact that the individual annual financial statements are primarily prepared centrally. All accounting entries are recorded in the annual financial statements of the foreign Group companies by the Company's respective local Accounting department using various ERP systems or in line with corresponding agreements by external expert service providers. The individual annual financial statements of the foreign Group companies consolidated in the consolidated financial statements are included by means of a corresponding reporting package, which also contains further information – for instance, for the notes to the consolidated financial statements. The reporting packages of the material foreign Group companies included in the consolidated financial statements are subjected to an audit in accordance with International Standards on Auditing (ISA) or a review, depending on their significance for the Group and/or the consolidated financial statements.

The information resulting from the separate annual financial statements and reporting packages is transferred to a consolidation file that is not integrated in the ERP system. Manual reconciliation and a review by the Group auditor ensure the accuracy of the transferred data.

All consolidation processes for the preparation of the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, such as the consolidation of capital, the consolidation of assets and liabilities, and the consolidation of income and expenses, are listed in the consolidation file. The result is tested for plausibility and validated with the help of the statement of changes in equity.

The disclosures in the notes to the separate financial statements and the notes to the consolidated financial statements are prepared and documented on the basis of the information provided to the central Accounting and Controlling department as well as computer-based evaluations.

Comments on the main features of the internal control and risk management system with respect to the accounting process

The internal control and risk management system with respect to the accounting process ensures an efficient accounting process in which errors are largely avoided, but at any rate can be detected.

The system is based on a central accounting and reporting function for all German Group companies, which simultaneously also manages and controls the accounting and reporting function of the foreign Group companies.

The accounting entries recorded in the respective Group companies, which are reviewed on an ongoing basis for completeness and accuracy, for example as part of plausibility assessments, by means of sampling, or computer-based processes, as well as periodic or as-needed specific control activities, form the basis for the data used to prepare the separate annual financial statements and the consolidated financial statements as well as the combined management report. Further accounting control mechanisms include analytical audits with respect to the individual line items of the separate annual financial statements and consolidated financial statements, and with respect to the consolidated financial statements both at the aggregated level of the Group as well as at the level of the underlying separate annual financial statements of the individual companies.

As a general rule, internal processes are subject to the "dual control principle", which is applied accordingly based on the size of the company. Accounting-related processes are audited in selected areas by an additional external auditor.

There is an authorisation concept for the IT systems employed in the accounting area in order to prevent unauthorised access and unauthorised use as well as to ensure that the accounting-related data cannot be altered.

Additional building blocks to ensure an orderly, uniform and continuous accounting process include sufficient staffing levels in responsible functional areas with employees who exhibit the requisite qualifications as well as clear legal and internal instructions with respect to a separation of functions for the key areas involved in the accounting process, but also in the form of the preparation and updating of accounting-related guidelines.

The clear separation of areas of responsibility as well as various control and inspection mechanisms ensure the propriety of the accounting system as a whole. On this basis, it is ensured that transactions are recorded, processed and documented as well as evaluated in their entirety on a timely basis and properly in the bookkeeping system in compliance with statutory provisions, the German generally accepted accounting principles and international accounting standards and also accurately included and presented in the separate annual financial statements and consolidated financial statements as well as in the combined management report.

(5) Forecast Report

The Forecast Report of the Berentzen Group takes account of the relevant facts and events known at the time of preparation of the consolidated financial statements that could have an impact on the corporate group's future business performance. The forecasts made herein on the basis of the current version of the integrated corporate plan of the Berentzen Group for the 2017 financial year are built around the organic development of the corporate group excluding significant non-recurring exceptional effects and changes arising from possible company acquisitions; where such events need to be incorporated at the time of preparation of the present Forecast Report, this is stated accordingly.

(5.1) General economic and industry-specific conditions

General economic conditions

In its World Economic Outlook Update dated January 2017 the International Monetary Fund (IMF) predicted that the global economy would expand by 3.4% in 2017, thereby confirming its projection of October 2016. In its DIW Wochenbericht weekly report dated December 2016, the German Institute for Economic Research (DIW Berlin) expresses its view that real gross domestic product will rise by 3.6% worldwide. Compared to its forecasts in October 2016, the IMF raised its forecast for the economic growth of the industrialised nations by 0.1 percentage points to 1.9%. These heightened expectations are also reflected in the forecasts for the United States and the Eurozone, which were similarly each raised by 0.1 percentage points to now 2.3% and 1.6%, respectively, for the year 2017, despite the considerable uncertainty surrounding political developments in the United States and the global effects of those developments. For 2017, the DIW expects economic growth of 1.5% for the Eurozone and 2.4% for the United States. Growth of 4.5% is anticipated for the emerging markets; here, too, the IMF adjusted its estimate from October 2016 downwards by 0.1 percentage points.

The IMF sees risks for the global economy, and hence also for the European economy, predominantly in the possible expansion of restrictions on global trade and migration, which could adversely affect both productivity and incomes. The performance of the global economy is also threatened by geopolitical crises such as the conflicts in the Middle East and Africa, refugee problems and worldwide terror attacks. The DIW believes that political uncertainties in Europe, particularly in the wake of the Brexit decision and in view of the upcoming elections in major EU member states, pose considerable risks for the world economy. Furthermore, potential protectionism on the part of the new US administration also presents a threat to global trade, in the view of the DIW.

In addition to these risks, political developments in the United States and China could also create opportunities for global economic growth, which could possibly provide greater support to economic output than expected to date.

With regard to German economic output, the IMF is demonstrating greater optimism than in October 2016, similarly correcting its forecast upwards by 0.1 percentage points to take the growth rate to 1.5%. DIW Berlin is similarly predicting GDP growth of 1.2% in real terms in 2017, attributing this mainly to the smaller number of work days in 2017. Despite the flattened rate of employment gains since the summer of 2016 and the higher inflation in the forecast period, economic growth is still being driven mainly by consumer spending.

DIW Berlin believes that monetary and financial policy will be less expansionary globally in 2017. With regard to the development of the euro against the US dollar, the leading German banks announced mixed forecasts in January 2017. The expectations range primarily from a moderate appreciation of the euro to a depreciation in the direction of parity between the two currencies over the one-year horizon.

Developments on the drinks market

As was already the case in the past, the forecasts for domestic and international spirits activities vary greatly from region to region.

The projections made by the British market researcher Euromonitor in 2014 for the volume of spirits sales in the significant international markets served by the Berentzen Group suggest that the figures for the respective segments will tend to decline in 2017, albeit with exceptions in some individual instances.

It remains difficult to make valid sales forecasts for Turkey due to more factors than simply ongoing regulatory constrictions. At the same time, the market researchers at Euromonitor had considered sales growth of 1.8% to be possible for the Turkish spirits market as a whole in 2017, with growth rates of 2.5% and 4.0% even being eyed for liqueurs and vodka, respectively. As recently as June 2016, the experts still considered it likely that the market would expand on the back of improved economic and political conditions, among other factors. In the meantime, the Berentzen Group believes there are good reasons for doubting these forecasts on account of the worsening market environment caused by internal and external political crises and conflicts, and the associated deterioration of the security situation. The forecasts for the US spirits market were more optimistic. Accordingly, the market researcher is predicting sales growth of 2.2% in 2017, including 1.6% and 2.3% for the liqueur and vodka product categories, respectively. With regard to the activities involving spirits in the international duty free distribution channel that are important for the corporate group, internal assessments suggest that the sales volume will improve modestly.

Whereas Euromonitor had predicted a further slight decrease of 0.4% for the Dutch spirits market, the sales forecasts in the key market segments of relevance for the corporate group, vodka and liqueur, are moving in opposite directions, with an increase of 1.9% in the first instance and a decrease of 1.1% in the second instance. The forecasts for the spirits market in the Czech Republic are slightly negative: All in all, sales volumes are expected to contract by 0.2% across the spirits market as a whole and sales of liqueurs and vodka to fall by 0.2% and 0.7%, respectively.

In light of the expected development of the domestic market, the Berentzen Group believes that this positive trend, which is only slightly weaker than in the previous year, will apply analogously to the “food, beverages and tobacco” category determined by the Federal Statistical Office. Considering the development of sales volumes in the last few years, total sales of spirits in the German retail trade are likely to remain stable at best. Accordingly, the general market trend in the domestic spirits business will presumably not yield a tangible boost to growth. The core brands *Berentzen* and *Puschkin* have been anchored more firmly in consumer awareness by the constant promotional activities that were initiated in 2013. It is nonetheless essential to continue systematically promoting the commercial operations in order to sustainably generate profitable growth in a saturated, price-driven domestic market that is increasingly being dominated by promotional activities. This will be achieved primarily by establishing innovations and carrying out targeted promotional measures. Internal appraisals based on the trends observed over the last few years suggest it is also possible that the shares of spirits sales held by proprietary brands in the food retail sector will increase further, although the sales market even in this segment has recently been challenging.

The Berentzen Group expects an uneven development for the *Non-alcoholic Beverages* segment. Whereas the steady trend of consumers towards healthy and regionally sourced goods could have a positive effect on the development of mineral water sales, the Berentzen Group assesses the market outlook for its activities involving soft drinks to be restrained, meaning that domestic sales of non-alcoholic beverages are likely to rise modestly on the whole in 2016 compared to the previous year. The corporate group is building on the position it has achieved in this segment as a strong partner to northern German retailers and the hospitality trade with attractive products under its own proprietary and franchise brands and the possibility of offering a wide range of bottle sizes. In addition, its product portfolio provides excellent coverage of the consumer trend for “local brands” and the increased consumption of mineral waters. The drinks marketed under the proprietary

Mio Mio brand, and especially *Mio Mio Mate*, now provide better access to the domestic food retail trade, in turn opening up further potential for branded beverages from the proprietary product portfolio. This essentially gives rise to growth prospects, although the outlook for the consumption of non-alcoholic beverages traditionally depends more on good weather in the spring and especially in the summer.

With reference to the presentation of the developments on the drinks market in the Economic Report (section 2.1), as far as the Berentzen Group is aware, for all intents and purposes there are no all-round, resilient market data available for the *Fresh Juice Systems* segment, meaning that it makes use of the market development of fresh drinks like not-from-concentrate juices, freshly squeezed fruit juices and smoothies as a leading indicator.

According to an internal assessment, the Berentzen Group is working on the assumption that the long-standing trend of sensible, healthy diets will persist. Consequently, it is expected that the positive sales and revenue development for fresh drinks confirmed by the market study published in 2016 by the Association of the Industry of Juices and Nectars from Fruits and Vegetables of the European Union (AIJN) will continue, especially on the main markets in Europe, and specifically in central Europe.

(5.2) Key operating topics in the 2017 financial year

The operating activities of the Berentzen Group will again focus overall on generating growth and boosting profitability in the 2017 financial year, and particularly on the strategic optimisation and orientation of the individual segments. In line with its strategy of sustainability, the corporate group intends to further extend its already good position in the growing market segment of healthy and natural beverages (such as mineral water and fresh juice systems) in order to gain the best possible balance with the products of the *Spirits* segment in general and sugar-containing soft drinks in the *Non-alcoholic Beverages* segment in particular. As a supplier of beverages for all occasions, the Berentzen Group will seek to tap new growth opportunities while continuing to concentrate more on a few, strong growth fields.

Based on the successfully completed revitalisation of the two umbrella brands *Berentzen* and *Puschkin*, a major objective of the *Spirits* segment consists of reinforcing and increasing the high awareness levels of these brands and the associated market position in this and other spirits categories. Among other things, this will involve the strategic expansion and optimisation of the product range and the implementation of a promotional policy that is as targeted as it is pro-active, featuring a dense array of sales activities. Based on observed consumer behaviour, the Berentzen Group will pursue innovations and renovations, including a rejuvenation of the product portfolio featuring an increased number of premium innovations, together with an optimisation of the marketing and sales budgets and structures. Intensive social media campaigns will continue to be the primary communication instrument of the corporate group's advertising activities. Therefore, the Berentzen Group plans to engage in interactive and effective communication via digital media, in line with the usage behaviour of target groups. The goal of the business involving branded dealer and private-label products is to keep sales volumes at least close to the high level of the last few years. The market for branded dealer products is expected to decline, leading to rising price pressure; in this environment, competitive cost structures and a forward-looking purchasing policy will play an even greater role. Against the backdrop of a cautious overall evaluation of the underlying conditions, the internal forecasts assume that it will not be possible to repeat the business volume attained in the 2016 financial year. As before, the focus of sales activities will be on the conception of innovative promotional concepts and the development of value-creating private-label concepts in cooperation with retail partners. The corporate group's role as a creative marketing partner to the retail trade in developing premium value-added concepts will become increasingly important. Furthermore, the Berentzen Group will strive to build on the expansion of its international business in the 2016 financial year and continue participating in the expansion of internationally active food retailers outside Germany and distribute more own private-label products both inside and outside Germany.

The objectives in the international activities involving branded spirits, which were again negatively affected by economic and political developments in the past financial year, are primarily geared to consolidating and regaining the momentum of growth in relevant international markets, mainly including the Czech Republic, Austria, Switzerland, the United States and Turkey. As before, the focus is notably on implementing product innovations under the two umbrella brands *Berentzen* and *Puschkin*. To this end, the corporate group plans to engage in efficient market development using locally successful distributors. The environment in the Turkish market, which has been hard hit by extraneous influences of late, is expected to remain difficult, particularly also considering the state of emergency that has been extended through mid-April 2017. However, the main objective is to improve the financial performance while restoring sales and revenue growth. Among other measures, the Berentzen Group is planning to cooperate with the *Fresh Juice Systems* segment to sell fruit juicers on the Turkish market.

The goals in the *Non-alcoholic Beverages* segment are to further expand the volume of business achieved in the 2016 financial year and to raise profitability to a better level. To this end, the operational measures will be geared towards both the Company's proprietary brands and products and especially the franchise business involving Sinalco Group products. With regard to the proprietary soft drinks, the aim is to build on the nearly nationwide listing of the mate beverage *Mio Mio Mate* by developing new taste directions to expand the distribution of the *Mio Mio* brand so that it becomes a nationally stocked brand and to support the build-up of other proprietary brands to unlock domestic potential. For the Vivaris brand, the corporate group plans to further develop its own regional water brands, particularly with new product and bottle variants, and marketing concepts in the context of the growing importance of sustainability. An important task also in the 2017 financial year will be the successful organisation of the franchise business involving the branded beverages of the Sinalco Group. Besides stepping up acquisition and distribution activities, this will include optimising the corresponding production and logistics processes and leveraging opportunities arising from the withdrawal of an international competitor from certain bottle types. This last point is expected to have a positive effect on the production of soft drinks for external customers.

The goal in the *Fresh Juice Systems* segment also in the 2017 financial year is to leverage the competitive advantage of the *Citrocasa* brand arising from the positioning as a system vendor for high-tech fruit juicers, particularly juicy oranges under the *frutas naturales* brand, customer-specific bottling systems and accompanying service offerings with a view to unlocking further international potential. The focus will be on markets in western and eastern Europe and the United States, but with special attention being paid to increasing market penetration in Germany and France. The corporate group plans to push forward with the successful opening of new distribution channels, particularly restaurants, for the latest device generation *Revolution*, which will make an important contribution to the planned growth. The corporate group will also focus on technical innovations and the optimisation of international fruit logistics. Where applicable, structural support will be provided through the further expansion of resources in the functional areas of sales and technical service.

In parallel to these topics relating to organic growth, the strong cash position still enjoyed by the corporate group provides options for leveraging possibilities by means of strategic acquisitions, should appropriate opportunities arise.

(5.3) Anticipated development of financial performance

Anticipated development of the segments

	2016 EURm	Forecast for the 2017 financial year EURm
Contribution margin after marketing budgets		
Segment		
Spirits	26.8	24.6 to 27.2
Non-alcoholic Beverages	18.9	20.7 to 22.9
Fresh Juice Systems	7.5	8.4 to 9.3
Other Segments [1]	4.5	5.3 to 5.8
Total	**57.7**	

[1] Notably including international sales of branded spirits.

Each of the four segments in the corporate group is again expected to generate a positive segment result (contribution margin after marketing budgets) in the 2017 financial year, although the development of the individual segments is likely to differ.

Given the assumptions outlined above, it is expected that the segment result of the *Spirits* segment will lie in a range of between EUR 24.6 million and EUR 27.2 million. This expectation is based mainly on the expected contraction of the market for branded dealer products and the correspondingly conservative budget for the business involving branded dealer and private-label products. With regard to the domestic spirits market, however, it is harder to make a reliable forecast due to the fact that the composition of sales and revenues with products with better or worse quality margins despite active management depends heavily on external factors like the future development of consumption patterns and the corresponding demand.

The contribution margin after marketing budgets of the *Other segments*, which notably encompasses international sales of branded spirits, is expected to improve to a range of between EUR 5.3 million and EUR 5.8 million. This is based on an intensification of relevant sales and marketing in a series of significant foreign markets, particularly in eastern Europe and Turkey. However, the development of the spirits business in Turkey is subject to greater planning uncertainty on account of the underlying market conditions, especially as a recovery of the market environment is not in sight. The spirits business has been strained by events such as the terror attack on an Istanbul nightclub on New Year's Eve, as a result of which the country's state of emergency was extended through April 2017, and increases in consumption taxes for and on spirits products. The corporate group will counter these effects by intensifying its focus on the distribution of *Citrocasa* fruit presses in cooperation with the *Fresh Juice Systems* segment.

With regard to the *Non-alcoholic Beverages* segment, the corporate group expects a sharp increase in the segment result to a range of between EUR 20.7 million and EUR 22.9 million. To this end, the scope of business with the products distributed under the proprietary brand *Mio Mio* and mineral water products will be expanded, particularly also in the franchise business involving the beverages of the Sinalco Group.

Following the successes of the past financial years, the Berentzen Group anticipates a modest increase in the segment result of the *Fresh Juice Systems* segment to a figure in the range of between EUR 8.4 million and EUR 9.3 million in the 2017 financial year. It is expected that the recently developed fruit juicer *Revolution* will account for a major portion of the segment's growth. Furthermore, the corporate group sees potential in the further development of international markets.

Anticipated development of consolidated revenues and consolidated operating profit

	2016 EURm	Forecast for the 2017 financial year EURm
Consolidated revenues	170.0	170.4 to 179.2
Consolidated operating profit (consolidated EBIT)	10.5	11.2 to 12.4
Consolidated operating profit before depreciation and amortisation (consolidated EBITDA)	17.5	17.8 to 19.7

In view of the mixed, though mainly positive development of the individual segments, the Berentzen Group expects that consolidated revenues in the 2017 financial year will lie within a range of between EUR 170.4 million and EUR 179.2 million. The two biggest drivers in this context are expected to be the revenue and profit contributions from the *Fresh Juice Systems* and *Non-alcoholic Beverages* segments on the back of the objectives and measures described for the relevant segments above.

Consequently, the corporate group anticipates a moderate improvement of the consolidated operating result (consolidated EBIT) to a figure between EUR 11.2 million and EUR 12.4 million, as well as a moderate improvement of consolidated EBITDA, assuming constant depreciation and amortisation charges. The main drivers of this development will be higher consolidated revenues accompanied by an improvement in the gross profit ratio resulting from an optimised segment and product mix.

(5.4) Anticipated development of cash flows and financial position

Based on the anticipated development of operating activities as described above, it is assumed that the already good cash flows and solid financial position of the corporate group will improve further in the 2017 financial year. The starting point here is the cash flow and financial position of the corporate group at December 31, 2016.

Anticipated development of cash flows

	2016 EURm	Forecast for the 2017 financial year EURm
Operating cash flow	11.2	12.3 to 13.6

The corporate group expects to improve its operating cash flow to a value in the range of between EUR 12.3 million and EUR 13.6 million.

Anticipated development of financial position

	2016	Forecast for the 2017 financial year
Equity ratio	23.8%	32.8% to 37.8%
Dynamic gearing ratio	-0.95	-0.22 to -0.17

As a result of the positive profit it is forecasting and assuming an appropriate dividend policy, the Berentzen Group expects consolidated shareholders' equity to rise in absolute terms by the end of the 2017 financial year. Due to the repayment in the coming October of the Berentzen bond issued by Berentzen-Gruppe Aktiengesellschaft in October 2012 with an issue volume of EUR 50 million and the already secured follow-on financing facility with a volume of initially only EUR 25.5 million, the financial position parameters applied to calculate this managerial indicator will decline on aggregate, leading to a considerable improvement of the equity ratio to a value in the range of between 32.8% and 37.8%.

The dynamic gearing ratio provides an indication of the time period that would theoretically be required to repay financial liabilities from the corporate group's own earnings. In this case, a negative indicator means that cash and cash equivalents exceed non-current and current financial liabilities, such that there is no indebtedness from the standpoint of financial position. Thus, the negative value illustrates the good debt servicing capacity of the Berentzen Group, both in the present and expectantly in the future as well. Considering the changes in the key financial position parameters and the expected positive development of financial performance, a dynamic gearing ratio within a range of-0.22 and-0.17 is expected for the end of the 2017 financial year.

The corporate plan for the 2017 financial year calls for the funding structure of the corporate group to remain balanced overall, although the indicators used to manage the corporate group are also subject to reporting-date effects to a not inconsiderable extent.

(5.5) General statement regarding the anticipated development of the corporate group

Best known for its *Berentzen* and *Puschkin* umbrella brands, the Berentzen Group stands nationally and internationally for 250 years of spirits competence from Germany. An important part of the corporate group is built around the business with non-alcoholic beverages, where the Group company Vivaris Getränke GmbH & Co. KG has been active on the German soft drinks market for decades with its proprietary brands and a franchise business based on long-term contracts. In addition, the profitable *Fresh Juice Systems* segment operating under the *Citrocasa* brand is both significant and strategically directional for the further performance of the corporate group. Thus, the Berentzen Group is broadly based and is deliberately and increasingly positioned in modern, freshness-oriented market segments for beverages.

The Berentzen Group will face renewed challenges in the 2017 financial year: first, the continued realisation of existing growth potential by means of further internationalisation and the development of new distribution channels on the basis of the latest device generation *Revolution* in the *Fresh Juice Systems* segment, and second, the subdued expectations for the spirits market, the inherently uncertain success of innovations, and the necessary, primarily sales operational measures in the *Non-alcoholic Beverages* segment, particularly in the franchise business involving the branded beverages of the Sinalco Group. All these aspects are fundamentally important for the development of the Berentzen Group. Notwithstanding the different forecasts for the development of the individual segments, the goal of the corporate group is to generate aggregate business growth. Moreover, the focus of operational measures on and thus also the allocation of resources to comparatively profitable segments, products, and customers should lead to an overall positive development of the consolidated profit margin to be measured both by the EBIT to revenues ratio and the EBITDA to revenues ratio.

The expected positive development of the financial position, cash flows and financial performance is supported by the viability of the corporate group's proprietary products and brands, the innovation strength of all operating segments, and the successful implementation of key topics in the individual segments, particularly including the *Non-alcoholic Beverages* segment and the *Fresh Juice Systems* segment. Both the secured financing and appropriate corporate structures for the relevant risks and rewards are crucial to the attainment of the corporate group's goals.

These forecasts are based notably on an unchanged corporate structure compared with the 2016 financial year. Accordingly, significant deviations may arise from the realisation of the possible opportunities to make further company acquisitions. Furthermore, the actual business performance is dependent not least upon the general economic and industry-specific environment and may be negatively affected by more strongly adverse changes in the underlying conditions described. Both positive and negative deviations from the forecast may also result from not only the opportunities and risks described in the Report on Opportunities and Risks, but also such opportunities and risks that were not identifiable at the time of preparation of the present Group Management Report.

(6) Acquisition-related disclosures and explanatory report of the Executive Board

The acquisition-related disclosures in accordance with Section 315 (4) and Section 289 (4) HGB and the explanatory report of the Executive Board of Berentzen-Gruppe Aktiengesellschaft form part of the Combined Management Report.

Beyond this, the Executive Board believes there is no need for any further explanations within the meaning of Section 175 (2) 1 and Section 176 (1) 1 AktG.

(6.1) Composition of subscribed capital

The subscribed capital of Berentzen-Gruppe Aktiengesellschaft of EUR 24,960 thousand is divided into 9,600,000 shares of common stock structured as no-par bearer shares and is fully paid in. The imputed nominal value per share is EUR 2.60.

All the shares confer the same rights and obligations. The rights and obligations of the shareholders are derived in detail from the provisions of the German Stock Corporation Act (AktG), and notably from Section 12, Section 53a et seq., Section 118 et seq. and Section 186 AktG.

(6.2) Restrictions relating to voting rights or the transfer of shares

Each share confers one vote in the general meeting and is definitive for the share of the Company's profit attributable to the shareholders. Excluded from this are the treasury shares held by Berentzen-Gruppe Aktiengesellschaft, which do not confer any rights to the Company pursuant to Section 71b AktG. Berentzen-Gruppe Aktiengesellschaft held 206,309 treasury shares as of December 31, 2016.

In the instances set forth in Section 136 AktG, the voting right is excluded from the shares concerned by law. Violations of notification obligations within the meaning of Sections 21 (1) and (1a), 25 (1) and 25a (1) of the German Securities Trading Act (WpHG) may lead to the at least temporary abrogation of rights conferred by shares and also the voting right pursuant to Section 28 WpHG.

The Executive Board of Berentzen-Gruppe Aktiengesellschaft is not aware of any contractual restrictions on voting rights or the transfer of shares.

(6.3) Equity holdings exceeding 10% of voting rights

The following direct holdings and indirect holdings attributable to the respective shareholders in accordance with Section 22 WpHG in the capital of Berentzen-Gruppe Aktiengesellschaft exceed 10% of the voting rights:

Name, registered office	Direct / indirect holding of equity exceeding 10% of the voting rights
Monolith Duitsland B.V. Amsterdam, The Netherlands	direct
Stichting Administratiekantoor Monolith Amsterdam, The Netherlands	indirect

The above disclosures are based notably on the notifications pursuant to Sections 21 (1) and (1a), 25 (1) and 25a (1) WpHG that Berentzen-Gruppe Aktiengesellschaft has received and published.

(6.4) Shares with special rights that confer control powers

There are no shares with special rights in accordance Section 315 (4) sentence 1 no. 4 HGB and Section 289 (4) sentence 1 no. 4 HGB that confer control powers.

(6.5) Type of voting rights control where employees hold shares of capital and do not exercise their control rights directly

Where they hold shares in the capital in Berentzen-Gruppe Aktiengesellschaft, employees normally exercise their voting rights like other shareholders directly in compliance with the statutory provisions and the arrangements set forth in the Articles of Association of Berentzen-Gruppe Aktiengesellschaft. The Company is not aware of any employees who hold shares of the Company's capital and do not exercise their control rights directly.

(6.6) Statutory provisions and regulations in the Articles of Association regarding the appointment and dismissal of members of the Executive Board and amendments to the Articles of Association

Appointment and dismissal of members of the Executive Board

The appointment and dismissal of members of the Executive Board are based on Section 84 and Section 85 AktG in conjunction with Article 6 of the Articles of Association of Berentzen-Gruppe Aktiengesellschaft. Article 6 para. 1 of the Articles of Association states that the Executive Board must consist of at least two members. According to Article 6 para. 2 of the Articles of Association, the number of Executive Board members is determined by the Supervisory Board. The Supervisory Board may appoint a chairman and a deputy chairman of the Executive Board.

Amendments to the Articles of Association

Amendments to the Articles of Association of Berentzen-Gruppe Aktiengesellschaft are fundamentally governed by Section 119 (1) No. 5 and Sections 179, 181 and 133 AktG and require a resolution adopted by the general meeting . At the same time, there are numerous further provisions in the German Stock Corporation Act that may become applicable in the event of provisions in the Articles of Association and modify the regulations mentioned above. According to Article 19 para. 3 of the Articles of Association, resolutions are adopted by the general meeting with a simple majority of the votes cast and, where the law prescribes a capital majority as well as a vote majority, with a simple majority of the capital stock eligible to vote represented when the resolution is put to the vote, provided that compulsory statutory provisions do not require a larger majority. According to Article 15 of the Articles of Association, amendments only affecting the wording of the Articles of Association may be adopted by the Supervisory Board without a resolution of the general meeting.

(6.7) Powers of the Executive Board notably regarding the option to issue or buy back shares

Authorised Capital (not issued)

The Executive Board of Berentzen-Gruppe Aktiengesellschaft is authorised, with the consent of the Supervisory Board, to increase the capital stock by issuing new bearer shares of common stock in exchange for cash or in-kind contributions on one or more occasions, but for a maximum total of up to EUR 12,480 thousand, in the time until May 21, 2019 (Authorised Capital 2014). A subscription right is normally to be granted to the shareholders. The Executive Board is, however, authorised, with the consent of the Supervisory Board, to exclude the statutory subscription right of the shareholders in the following instances:

– For fractional amounts;
– For the acquisition of non-cash contributions, such as the granting of shares against the contribution of companies, against the contribution of company divisions or participating interests in companies, or against the contribution of other assets;
– In order to issue shares to employees of the Company and affiliated companies subordinate to the Company to an appropriate extent, however with a total proportionate share of capital stock not exceeding EUR 2,496 thousand attributable to such shares;
– In order to grant to the holders and/or creditors of conversion and/or warrant rights, or the debtors of conversion and/or warrant obligations conferred by convertible bonds and/or warrant bonds issued by the Company directly or by way of a (direct or indirect) majority-owned company, a subscription right to new shares to the extent to which they would be entitled following exercise of the conversion and/or warrant rights or settlement of the conversion and/or warrant obligations;

– If the capital increase is carried out against cash contributions and the total proportionate amount of the capital stock attributable to the new shares for which the subscription right is excluded does not exceed EUR 2,496 thousand and 10 percent of the capital stock present at the date when the new shares were issued, and the issue amount for the new shares is not significantly below the quoted price within the meaning of Section 203 (1) and (2) and Section 186 (3) 4 AktG for the already listed shares of the same class and features at the date when the Executive Board definitively set the issue amount. The maximum volume stated in this paragraph is reduced by the proportionate amount of capital stock attributable to shares, or to which the conversion or warrant rights or conversion or warrant obligations conferred by bonds refer, that have been issued or sold since May 22, 2014 upon direct, corresponding or analogous application of Section 186 (3) 4 AktG.

Where the shareholders' subscription right is not excluded, it may also be granted to the shareholders in the form of an indirect subscription right in accordance with Section 186 (5) 1 AktG.

The Executive Board is authorised, with the consent of the Supervisory Board, to establish the further details of the execution of capital increases under Authorised Capital.

Issuance of convertible and/or warrant bonds (not issued)

Nominal amount, authorisation period, number of shares, maturity

The annual general meeting on May 22, 2014 and the separate meeting of the preferred shareholders on May 22, 2014 authorised the Executive Board, with the consent of the Supervisory Board, to issue once or more than once up until May 21, 2019 bearer or registered convertible bonds and/or warrant bonds (referred to together as "bonds" below) with a total nominal amount of up to EUR 200,000 thousand, and to grant to or impose on holders or creditors of the bonds conversion or warrant rights and/or conversion or warrant obligations relating to new shares of common bearer stock, or shares of preferred bearer stock without voting rights, of the Company with a proportionate share of capital stock totalling up to EUR 12,480 thousand, in strict compliance with the terms and conditions of the convertible bonds or warrant bonds. In this regard, however, conversion and warrant rights, and conversion and warrant obligations, relating to new shares of non-voting preferred bearer stock may only be granted to the extent that the proportionate share of capital stock attributable to existing shares of common stock at the date of granting exceeds the proportionate share of capital stock attributable to existing shares of non-voting preferred stock at the date of granting. The bonds together with conversion and warrant rights, and conversion and warrant obligations, may be issued with or without limitation of maturities.

Apart from euros, the bonds may also be issued in the legal currency of any OECD country – restricted to the equivalent euro amount. The total nominal amount of the bonds may not exceed EUR 200,000 thousand or the equivalent amount in a different legal currency. Issuance may also be done by a (direct or indirect) majority-owned company; in this instance, the Executive Board is authorised, with the consent of the Supervisory Board, to assume the guarantee for the bonds on behalf of the Company and grant to the holders or creditors of such bonds conversion or warrant rights on Company shares.

Granting of subscription rights, exclusion of subscription rights

The shareholders are entitled to a subscription right to the bonds, subject to the authorisations below. The subscription right may also be granted indirectly by acquiring the bonds of one or more banks, or equivalent companies as defined in Section 186 (5) 1 AktG, with the undertaking to offer them to the shareholders for subscription.

Where both bonds conferring conversion or warrant rights on the subscription of shares of common bearer stock and bonds conferring conversion or warrant rights on the subscription of shares of preferred bearer stock are issued, the subscription rights on the bonds conferring conversion or warrant rights on shares of the other class may be excluded for holders of shares of one class, provided that the subscription ratio for the bond subscription is set at the same level for the holders of both share classes (exclusion of subscription rights to other share classes).

In addition, the Executive Board is authorised, with the consent of the Supervisory Board, to exclude the subscription right of shareholders to the bonds:

- For fractional amounts;
- Where necessary to grant to the holders or creditors of previously granted conversion or warrant rights on Company shares, or to the holders or creditors of bonds conferring conversion or warrant obligations, a subscription right to the extent to which they would be entitled as shareholders following exercise of these rights or settlement of the conversion or warrant obligations;
- Where bonds conferring conversion or warrant rights, or conferring conversion or warrant obligations, on new shares of preferred bearer stock are issued against cash contributions, and the issue price is not significantly below the theoretical market value of the bonds calculated in accordance with recognised mathematical methods. However, the shares of preferred stock to be issued to service the conversion and/or warrant rights, or conversion and/or warrant obligations thus conferred may not exceed a total of 10 percent of the capital stock, either at the time when the conversion takes effect or – if this figure is lower – at the date when this authorisation was used. The maximum volume stated in this paragraph for the shares of preferred stock to be issued to service the right and obligations is reduced by the proportionate amount of capital stock attributable to shares or to which the conversion or warrant rights, or conversion or warrant obligations, conferred by bonds refer, that have been issued or sold since May 22, 2014 upon direct, corresponding or analogous application of Section 186 (3) 4 AktG.

The issues of convertible bonds and/or warrant bonds may be divided into fractional bearer bonds each conferring equal rights.

Conversion rights, conversion obligations

In the event that bonds conferring conversion rights are issued, the holders or creditors may exchange their bonds for new bearer common shares and/or new non-voting bearer preferred shares of the Company in accordance with the bond terms and conditions. The proportionate share of capital stock of the shares to be issued upon conversion may not exceed the nominal amount of the bond or a lower issue price. The exchange ratio is calculated by dividing the nominal amount of a bond by the defined conversion price for one Company share. The exchange ratio may also be calculated by dividing the issue price of a bond that is lower than the nominal amount by the defined conversion price for one new Company share. The exchange ratio may be rounded to a conversion ratio with a full number and, if appropriate, an additional cash payment may be specified. Furthermore, it may be specified that fractional amounts are consolidated and/or compensated in cash.

The bond terms and conditions may also allow for a conversion obligation. In this instance, the previous paragraph is applicable analogously.

Warrant rights, warrant obligations

In the event that bonds conferring warrant rights are issued, one or more warrants are attached to each bond entitling the holder or creditor to acquire Company shares in accordance with the detailed warrant terms and conditions to be specified by the Executive Board. It may be specified that fractional amounts can be consolidated and/or compensated in cash. The warrant terms and conditions may also allow for the warrant price to be set by transferring fractional bonds and, if appropriate, making an additional cash payment. The proportionate share of capital stock of the shares to be acquired for each bond may not exceed the nominal amount of the warrant bond or an issue price that is less than the nominal amount. Where fractional amounts of shares arise, it may be specified that these fractional amounts can be consolidated to acquire whole shares in compliance with the warrant or bond terms and conditions, where necessary against additional payment.

The bond terms and conditions may also allow for a warrant obligation. In this instance, the previous paragraph is applicable analogously.

Right to offer alternative performance

The bond terms and conditions may include the right of the Company not to grant new no-par shares in the event that the conversion or warrant rights are exercised, but instead to make a cash payment corresponding to the arithmetic mean of the closing prices for preferred shares of the Company in electronic trading on the Frankfurt Stock Exchange over a period to be specified in the bond terms and conditions for the number of shares to be delivered otherwise. The bond terms and conditions may also allow for a bond conferring conversion rights or warrant rights or obligations to be converted into existing shares of the Company or a different listed company instead of new shares from a conditional capital increase, or the warrant rights or conversion rights or obligations to be satisfied by delivering such shares. The bond terms and conditions may also allow for a combination of the performance forms listed above.

The bond terms and conditions may also grant the Company the right to grant no-par shares of the Company or a different listed company to the holders or creditors, in part or in full, upon expiry of a bond conferring conversion rights or warrant rights or obligations (this also includes expiry due to termination), instead of paying the cash amount due.

Conversion/option price, dilution protection

With the exception of cases where a conversion or warrant obligation is envisaged, the conversion or option price to be established for a no-par share of the Company must in each case amount to at least 80% of the arithmetic mean of the closing prices for the preferred shares of the Company in electronic trading on the Frankfurt Stock Exchange on the last ten trading days prior to the date when the resolution was adopted by the Executive Board regarding the issuance of bonds conferring conversion or warrant rights or obligations. In the event that a subscription right is granted, the conversion or option price to be set in each case for a no-par share of the Company must be at least 80% of the arithmetic mean of the closing prices for the preferred shares of the Company in electronic trading on the Frankfurt Stock Exchange during the subscription period, with the exception of those days of the subscription period that are required to ensure that the conversion or option price can be announced in a timely manner in accordance with Section 186 (2) sentence 2 AktG. Section 9 (1) AktG and Section 199 AktG remain unaffected.

In the case of a conversion / option obligation, or in cases where alternative performance is offered, in accordance with the specific bond terms and conditions the conversion or option price must either amount to at least the minimum price mentioned above or correspond to the arithmetic mean of the closing prices for the preferred shares of the Company in electronic trading on the Frankfurt Stock Exchange on the ten trading days prior to the expiry date or a different defined date, even if this average price is below the minimum price mentioned above (80%). Section 9 (1) AktG and Section 199 AktG remain unaffected.

Notwithstanding Section 9 (1) AktG, the bond terms and conditions may contain dilution-protection clauses in the event that the Company increases the capital stock during the conversion or warrant period with a subscription right granted to its shareholders or issues further convertible bonds or warrant bonds or grants or guarantees other warrant rights, and no subscription right is granted to the holders of conversion or warrant rights to the extent to which they would be entitled following execution of the conversion or warrant rights or settlement of the conversion or option obligation, provided that the adjustment is not already required by law. The terms and conditions may allow for a value-protection adjustment of the conversion or option price for other measures taken by the Company that may lead to a dilution of the value of the conversion or warrant rights. In all circumstances, the proportionate share of capital stock of the shares to be acquired for each bond may not exceed the nominal amount of the bond or an issue amount that differs from the nominal amount, provided that Section 199 (2) AktG does not require otherwise.

Authorisation to specify the further terms and conditions of the bonds

The Executive Board is authorised, with the consent of the Supervisory Board, to specify the further details of the issuance and features of the bonds and their terms and conditions, notably including the interest rate, type of interest, issue price, maturity, denomination and conversion or warrant period, the specification of an additional cash payment, the compensation or consolidation of fractional amounts and cash payment instead of delivery. In the event of issuance by way of a (direct or indirect) majority-owned company, the Executive Board is additionally required to obtain the consent of the governing bodies of the majority-owned company issuing the bond.

Conditional Capital (not issued)

The capital stock is conditionally increased by up to EUR 12,480 thousand through the issuance of up to 4,800,000 new shares of common bearer stock qualifying for dividends from the beginning of the financial year in which they are issued (Conditional Capital 2014). The conditional capital increase serves to grant shares to the holders or creditors of convertible bonds and/or warrant bonds conferring conversion or warrant rights, and/or conversion or warrant obligations, issued or guaranteed by the Company or by way of a company majority-owned (directly or indirectly) by the Company in accordance with the authorisation resolved by the annual general meeting on May 22, 2014. New shares are issued at the conversion or option price established in the authorisation mentioned above. The conditional capital increase is only carried out when the conversion or warrant rights conferred by bonds are exercised or when the conversion or warrant obligations conferred by bonds are settled, and other performance forms are not used to service such rights or obligations. The Executive Board is authorised, with the consent of the Supervisory Board, to specify the further details of the execution of the conditional capital increase.

Treasury shares (own shares)

The extraordinary general meeting of July 20, 2015 authorised the Executive Board to purchase shares of common or preferred stock of the Company up until July 21, 2020 with a proportionate share of capital stock totalling up to EUR 2,496 thousand attributable to such shares, subject to the condition that not more than 10 percent of the Company's capital stock is attributable to the shares to be purchased on account of this authorisation, together with other Company shares which the Company has already acquired and still holds, or which are attributable to the Company in accordance with Section 71d and Section 71e AktG. Trading in treasury shares is not permitted. Furthermore, the conditions set forth in Section 71 (2) 2 and 3 AktG must be observed. The authorisation may be exercised in full or in part. The purchase may take place during the authorisation period on one date or different purchase dates, until the maximum purchase volume has been reached.

The purchase takes place in accordance with the principle of equal treatment (Section 53a AktG) by way of the stock exchange or by way of a public tender offer addressed to all holders of shares of common or preferred stock.

- Where the purchase is made on the stock exchange, the purchase price for each share of common or preferred stock (excluding transaction costs) may not be 10 percent more or less than the quoted price for the common or preferred shares in XETRA trading of Deutsche Börse AG (or a comparable successor system) determined in the opening auction on the day of purchase date. The last closing price is definitive instead if a quoted price is not determined for the shares of common or preferred stock in the opening auction on that day.
- Where the purchase is made by way of a public tender offer, the tender price (excluding transaction costs) may not be 10 percent more or less than the average quoted price for the common or preferred shares on the last three trading days prior to the tender publication date, determined on the basis of the arithmetic mean of the closing auction prices for the common or preferred shares in XETRA trading of Deutsche Börse AG (or a comparable successor system). The volume of the tender may be limited. Where the total number of shares tendered in response to a public tender offer exceeds its volume, the purchase may be made in proportion to the shares tendered (tender rate); in addition, the preferential acceptance of small packages of shares (up to 50 shares per shareholder) may be permitted as well as rounding in accordance with commercial principles in order to avoid any imputed fractional amounts of shares. Any further shareholder tendering right is excluded accordingly. The closing price is definitive instead if no quoted price is determined for the common or preferred shares in the closing auction on the last three trading days.

The Executive Board is authorised to use shares purchased on account of the authorisation described above for any and all purposes permitted by law. This notably includes:

- Selling treasury shares again in accordance with the principle of equal treatment (Section 53a AktG) through the stock exchange or offering them to the shareholders for acquisition on account of an offer addressed to all shareholders while maintaining the subscription right;
- Offering treasury shares to third parties within the framework of company mergers or the acquisition of companies, company divisions or participating interests in companies as consideration, in each case under exclusion of the purchase or subscription right of the shareholders;

- Using treasury shares to settle exchange or subscription rights conferred by convertible bonds and convertible profit-sharing rights and by warrant bonds and warrant profit-sharing rights or conversion obligations conferred by convertible bonds, under exclusion of the shareholders' purchase or subscription right in each case. All in all, a proportionate share of at most 10% of the capital stock may be attributable to the shares transferred on account of this authorisation, provided that the shares are used to settle exchange or subscription rights or conversion obligations issued or conferred by analogous application of Section 186 (3) 4 AktG. This percentage threshold is reduced by the proportionate share of capital stock attributable to shares issued or sold during the period of this authorisation or on account of other authorisations at the time of use pursuant to or in accordance with Section 186 (3) 4 AktG, under exclusion of the subscription right;
- Selling treasury shares against cash payment that is not significantly less than the quoted price for Company shares of the same class at the time of sale, under exclusion of the shareholders' purchase or subscription right in each case. This authorisation is, however, only valid on the condition that the imputed share of capital stock of the shares sold under exclusion of the subscription right in accordance with Section 186 (3) 4 AktG may not exceed 10% of the capital stock in total; this percentage threshold is reduced by the proportionate share of capital stock attributable to shares issued during the period of this authorisation on account of other authorisations pursuant to or in accordance with Section 186 (3) 4 AktG, under exclusion of the subscription right;
- Retiring treasury shares, without the retirement or the performance of the retirement requiring a further resolution from the general meeting. The retirement is carried out by way of a capital decrease in such a way that the capital stock remains unchanged and the imputed share of other shares in capital stock increases in accordance with Section 8 (3) AktG.

The authorisations listed above may be used once or more than once, individually or together, and regarding partial volumes of the treasury shares purchased.

The Executive Board of Berentzen-Gruppe Aktiengesellschaft decided on July 21, 2015 to exercise the authorisation granted by the general meeting to purchase treasury shares in accordance with Section 71 (1) No. 8 AktG. and the Company's common shares and preferred shares up to a total maximum volume (excluding transaction costs) of EUR 1,500 thousand on the stock exchange. The share buyback programme ended on May 27, 2016. Berentzen-Gruppe Aktiengesellschaft purchased a total of 206,309 shares under the the share buyback programme in the time from July 27, 2015 to and including May 27, 2016. This corresponds to an imputed share equal to EUR 536 thousand or 2.15% of the Company's capital stock.

(6.8) Significant Company agreements subject to change-of-control provisions in the event of a takeover bid

Financing agreements

Berentzen-Gruppe Aktiengesellschaft is the borrower under a syndicated loan agreement concluded with a bank syndicate on December 21, 2016, with a current financing volume of EUR 25.5 million. Three subsidiaries of Berentzen-Gruppe Aktiengesellschaft are included in the syndicated loan agreement as guarantors with respect to the payment obligations under this agreement as part of a cross-guarantee system taking the form of a guarantor concept. According to the provisions of this financing agreement, the lending syndicate members are authorised – individually or collectively – and obligated if so directed by the majority of lenders to cancel the loan commitments under the syndicated loan agreement with immediate effect and to call in the borrowed funds and outstanding interest and costs for payment in the event of a change of control at Berentzen-Gruppe Aktiengesellschaft or one of the subsidiaries included as borrowers in the syndicated loan agreement upon such change or control and at any time thereafter. The syndicated loan agreement defines a change of control as a situation in which a total of more than 50% of capital shares or voting rights in Berentzen-Gruppe Aktiengesellschaft is held directly or indirectly by one or more persons acting collectively (i.e. persons who coordinate their behavior with respect to their purchase of capital shares or voting rights or their exercise of voting rights with the purchaser by virtue of an agreement or by other means), unless such persons already held such a majority at the time when the syndicated loan agreement was concluded. The same applies analogously to the subsidiaries of Berentzen-Gruppe Aktiengesellschaft that are included in the syndicated loan agreement as guarantors.

Until the beginning of the 2017 financial year, Berentzen-Gruppe Aktiengesellschaft was also the borrower under a working capital agreement with a financing volume of EUR 2.5 million. The relevant terms and conditions allowed for the creditor to terminate the working capital agreement without notice and with immediate effect in the event that a change of control occurs at the borrower during the term of the agreement, causing the risk situation to deteriorate from the point of view of the creditor, and subject to the further condition that negotiations with the creditor do not lead to agreement on continuing the credit arrangement within four weeks of occurrence of the change of control. A change of control at the borrower was deemed to occur when a different shareholder assumes or acquires at least 50% of the voting rights in the borrower. In this context, voting rights were attributed in accordance with Section 30 of the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz – WpÜG). This working capital line of credit was annulled in the course of concluding the syndicated loan agreement, with effect as of January 27, 2017.

Berentzen-Gruppe Aktiengesellschaft is also party to a framework agreement regarding a credit guarantee with a financing volume of EUR 0.5 million serving to provide security for spirits tax payable as required by the relevant statutes. This includes an agreement that changes in the shareholder structure of Berentzen-Gruppe Aktiengesellschaft of more than five percent constitute an extraordinary termination right for the finance provider; excluded from this are such changes that are attributable to the purchase of additional shares by AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA).

The exercise of these termination rights could have a negative effect on the financing of the Berentzen Group’s ongoing business activities, at least temporarily.

Distribution agreements

Furthermore, Berentzen-Gruppe Aktiengesellschaft has concluded contractual agreements with a number of domestic and international distributors regarding the distribution of branded spirits outside of Germany. These distribution agreements similarly include mutual agreements that permit the other contracting party in each case to invoke the extraordinary termination of the distribution agreement in question in the event of a change of control (change-of-control clauses). In the basic form of the agreements, a change of control is defined as a change in the participating or controlling interests in the other contractual party or any contractual party with a direct holding or controlling interest in this second contractual party. In this context, "control" describes the authority conferred by a contract, a participating interest or other principle to assume the executive management of a different party. Internal restructurings are not classified as a change of control. As this basic form may be the subject of individual negotiations between the contractual parties, agreements deviating from this may be reached in individual instances.

In the event that these termination rights are exercised, the right to distribute the third-party branded spirits concerned in Germany could cease or the distribution of proprietary branded spirits of the Berentzen Group outside Germany could be impaired, at least temporarily. This in turn could have a negative effect on the financial performance, cash flows and financial position of the corporate group.

Agreements with members of the Executive Board

Under the service agreements concluded by Berentzen-Gruppe Aktiengesellschaft with the members of the Executive Board, the members of the Executive Board have a special termination right they can invoke under conditions defined more closely in the respective service agreements in the event of transformation or restructuring measures at Berentzen-Gruppe Aktiengesellschaft. One member of the Executive Board has also been granted the option of a special termination right for the employment relationship in the event of a change of control at Berentzen-Gruppe Aktiengesellschaft.

Where the employment relationship ends as a result of such a special termination right, each member of the Executive Board is entitled to a severance payment; please refer to the comments regarding the components of the compensation system for the Executive Board in the Compensation Report under section (3.1) for further details in this regard. Furthermore, the exercise of such special termination rights could have a negative effect on the business performance of the Berentzen Group, at least temporarily.

Other agreements

Some subsidiaries of Berentzen-Gruppe Aktiengesellschaft have similarly concluded significant agreements, including financing and distribution agreements, a franchise agreement and a services agreement regarding the bottling of franchised branded products, which also include change-of-control clauses that fundamentally grant an extraordinary termination right to the other contractual party in each instance, even if the precise terms differ in each individual case. A change of control within the meaning of these agreements is defined in some cases not only as a direct but also an indirect change to the participating or controlling interest in the subsidiaries that are party to the respective agreement that may occur as a result of a change in the participating or controlling interests in Berentzen-Gruppe Aktiengesellschaft.

(6.9) Compensation agreements made by the Company with the members of the Executive Board or employees in the event of a takeover bid

Members of the Executive Board

The service agreements concluded with the members of the Executive Board contained provisions allowing for the members to receive additional compensation by special bonus when existing shareholders sold a contractually defined minimum amount of their holdings in Berentzen-Gruppe Aktiengesellschaft. This provision applied both to sales in the course of a takeover bid and sales based on another contractual basis. However, because such changes occurred in the shareholder structure in the absence of a takeover bid in the course of the 2016 financial year, the corresponding provisions of the employment contracts became groundless and no longer apply in the event of a future takeover offer. Please refer to the comments regarding the components of the compensation system for the Executive Board in the Compensation Report under section (3.1) for further details

In addition, the employment contract with one member of the Executive Board contains provisions conferring a special termination right which the member of the Executive Board can exercise in the event of a takeover bid or a change of control at Berentzen-Gruppe Aktiengesellschaft, among other things. In the event that the special termination right is exercised, the member of the Executive Board will be entitled to a severance payment; again, please refer to the comments regarding the components of the compensation system for the Executive Board in the Compensation Report under section (3.1) for further details.

Employees

Berentzen-Gruppe Aktiengesellschaft has not entered into any compensation agreements with its employees in the event of a takeover bid.

(7) Berentzen-Gruppe Aktiengesellschaft (explanatory notes on the basis of HGB)

Berentzen-Gruppe Aktiengesellschaft (the “Company”) based in Haselünne, Germany, is the parent company of the Berentzen Group. Unlike the consolidated financial statements of the Berentzen Group, which are prepared in accordance with the International Financial Reporting Standards (IFRS), the separate financial statements are prepared in accordance with German commercial law as embodied in the German Commercial Code (Handelsgesetzbuch – HGB) and the German Stock Corporation Act (Aktiengesetz – AktG).

(7.1) Basic facts about the Company

The business activities of Berentzen-Gruppe Aktiengesellschaft essentially comprise the production of spirits, which from the corporate point of view are managed in the *Spirits* and *Other segments*. In addition, the Company performs management and central functions for the Berentzen Group by carrying out significant overarching activities for the domestic subsidiaries and the corporate group. The centrally pooled and managed functions notably include the strategy of the corporate group, corporate communications including capital market reporting, financial management including corporate funding, finance and accounting, human resources, IT, internal support for legal and tax affairs, and corporate compliance.

The Company produces its spirits at the Minden facility in Germany. In addition, the Company’s logistics centre for the distribution of spirits, which is operated by an external service provider, is located in Stadthagen, Germany.

Furthermore, Berentzen-Gruppe Aktiengesellschaft directly and indirectly holds participating interests in more than 25 domestic and international subsidiaries; there are no minority stakes. Against this backdrop, the management and central functions influence the performance of the Company alongside the commercial operations. Accordingly, the key items are the costs for services performed passed on to the subsidiaries and the financial result and result from participating interests resulting from the holding function performed by Berentzen-Gruppe Aktiengesellschaft.

At December 31, 2016, Berentzen-Gruppe Aktiengesellschaft employed 208 (218) people (including apprentices), at three facilities, including 100 (107) at the Haselünne facility, 103 (106) at the Minden facility, and 5 (5) at the Stadthagen facility.

The capital stock of Berentzen-Gruppe Aktiengesellschaft in the amount of EUR 24,960 thousand (previous year: EUR 24,960 thousand) is divided into 9,600,000 shares of common stock (previous year: 9,600,000 shares of common stock), which are structured as no-par bearer shares and are fully paid in. The imputed nominal value per share is EUR 2.60. All common shares of Berentzen-Gruppe Aktiengesellschaft are listed on the regulated market (General Standard) of the Frankfurt Stock Exchange under the International Securities Identification Number (ISIN) DE0005201602. As of December 31, 2016, there were 9,393,691 (previous year: 9,444,257) common shares in issue, Berentzen-Gruppe Aktiengesellschaft having purchased a total of 206,309 treasury shares in the 2015 and 2016 financial years. Please refer to Note (2.12) of the notes to the consolidated financial statements and separately to Note (2.9) of the notes to the separate financial statements of Berentzen-Gruppe Aktiengesellschaft as of December 31, 2016 for the required disclosures on treasury shares pursuant to Section 160 (1) No. 2 AktG.

As a publicly traded company governed by the law of a member state of the European Union (EU), Berentzen-Gruppe Aktiengesellschaft is required by Article 4 of Regulation (EC) No. 1606/2002 to prepare and publish its consolidated financial statements in accordance with IFRS and the applicable further provisions of commercial law specified in Section 315a (1) of the German Commercial Code (HGB). Accordingly, the management of the corporate group takes place on this basis and exclusively at corporate level. The income-related performance indicators for Berentzen-Gruppe Aktiengesellschaft encompass those of the *Spirits* and *Other segments*. For further information in this regard, please refer to the comments in the Combined Management Report in sections (2), (5) and (6): the Economic report, the Report on opportunities and risks, and the Forecast report. On account of the significance of Berentzen-Gruppe Aktiengesellschaft for the corporate group, please similarly refer to the relevant comments relating to the corporate group in the Combined Management Report regarding cash flow and financial position indicators, as there are no key performance indicators in this regard that relate exclusively to Berentzen-Gruppe Aktiengesellschaft.

Further information notably regarding the organisation and principles underlying Berentzen-Gruppe Aktiengesellschaft and the commercial activities of the Company and its subsidiaries is presented in section (1), Underlying principles of the corporate group, in the Combined Management Report.

(7.2) Economic report

(7.2.1) Economic conditions and business performance

The general economic conditions for Berentzen-Gruppe Aktiengesellschaft and its subsidiaries together with the key developments and events affecting their performance are presented in the Economic report for the corporate group as described in section (2.1), General economic and industry-specific conditions, and section (2.2.3), Business performance – Significant developments and events, in the Combined Management Report. In particular, the comments regarding the *Spirits* and *Other segments* of the corporate group are applicable.

(7.2.2) Financial performance

The following table summarizes the development of the Company's financial performance. Certain non-recurring items (exceptional effects) have been eliminated from individual items in the Income Statement in line with the definition of the normalised operating result or EBIT (earnings before interest and taxes) used as a key indicator for managing the corporate group.

	2016		2015		Change	
	EUR '000	%	EUR '000	%	EUR '000	%
Revenues	101,579	97.4	96,525	99.7	5,054	5.2
Change in inventories	2,701	2.6	305	0.3	2,396	> 100,0
Total operating performance	**104,280**	**100.0**	**96,830**	**100.0**	**7,450**	7.7
Purchased goods and services	56,138	53.8	52,513	54.2	3,625	6.9
Gross profit	**48,142**	**46.2**	**44,317**	**45.8**	**3,825**	8.6
Other operating income	1,811	1.7	3,998	4.1	-2,187	-54.7
Personnel expenses	11,990	11.5	11,728	12.1	262	2.2
Depreciation, amortisation and write-downs	2,002	1.9	2,344	2.4	-342	-14.6
Other operating income	26,801	25.7	26,102	27.0	699	2.7
Operating expenses	40,793	39.1	40,174	41.5	619	1.5
Operating result (EBIT)	**9,160**	**8.8**	**8,141**	**8.4**	**1,019**	12.5
Other taxes	49	0.0	84	0.1	-35	-41.7
Financial result and result from participating interests	-4,465	-4.3	-3,868	-4.0	-597	15.4
Exceptional effects	0	0.0	-509	-0.5	509	-100.0
Profit before income taxes	**4,646**	**4.5**	**3,680**	**3.8**	**966**	26.3
Income tax expenses	1,621	1.6	1,129	1.2	492	43.6
Net profit for the year	**3,025**	2.9	**2,551**	2.6	**474**	18.6

Revenues and total operating performance

The revenues of Berentzen-Gruppe Aktiengesellschaft without spirits tax totalled EUR 101.6 million (EUR 96.5 million), in the 2016 financial year; the revenues including spirits tax amounted to EUR 316.2 million (EUR 303.5 million).

Due to the first-time application of the changed definition of revenues in Section 277 para. 1 HGB (new version) in the 2016 financial year, amounts totalling EUR 1.9 million were reclassified from other operating income to revenues. If the previous year's revenues had also been adjusted for the changed definition of revenues, they would have amounted to EUR 98.5 million, net of the spirits tax.

Including the change in inventories of EUR 2.7 million (EUR 0.3 million), the total operating performance came to EUR 104.3 million (EUR 96.8 million).

Purchased goods and services

The goods and services purchased by the Berentzen Group relate mainly to the inputs of rectified spirit and distillates, sugar and sugar-containing preliminary products for the production of spirits, and glass bottles, packaging and other materials for product features.

Against the backdrop of the higher total operating performance, purchased goods and services rose to EUR 56.1 million (EUR 52.5 million) in absolute terms in the 2016 financial year; nevertheless, the ratio of purchased goods and services to the total operating performance was lowered to 53.8% (54.2%). Within this overall picture, the individual sourcing markets for the raw materials relevant to Berentzen-Gruppe Aktiengesellschaft developed unevenly, although the cost prices did decline year-on-year in relative terms when viewed as a whole. Notable exceptions were whiskey purchases denominated in US dollars. In addition, sales-related changes in the product and customer mix are reflected in the improved gross profit margin.

Other operating income

At EUR 1.8 million (EUR 4.0 million), other operating income in the 2016 financial year was was less than the previous-year figure, mainly due to the fact that various items including services to subsidiaries, revenues from waste recycling, and rental income were no longer presented within revenues as in the previous year, but within other operating income, in accordance with the changed definition of revenues in Section 277 para. 1 HGB (new version), which was applicable for the first time in the 2016 financial year. If the previous year’s other operating income had been adjusted for the changed definition of revenues, it would have amounted to EUR 2.0 million.

The other operating income generated in the 2016 financial year mainly comprises income from the reversal of provisions in the amount of EUR 0.8 million (EUR 0.5 million), reimbursements to business partners in connection with licencing and distribution agreements in the amount of EUR 0.2 million (EUR 0.2 million), and income from currency translation in the amount of EUR 0.2 million (EUR 0.2 million).

Personnel expenses

Berentzen-Gruppe Aktiengesellschaft had 208 (218) employees on December 31, 2016, of whom 69 (68) worked in production activities and 121 (128) in commercial and administrative activities; 18 (22) apprentices were in vocational training. The personnel expenses increased by EUR 0.3 million to EUR 12.0 million (EUR 11.7 million). Qualification- and performance-related changes to compensation were the main reason for this. Berentzen-Gruppe Aktiengesellschaft had an average of 172 (172) full-time equivalents in the 2016 financial year. The personnel expenses ratio improved to 11.5% (12.1%).

Depreciation, amortisation and write-downs

Scheduled depreciation, amortisation and write-downs amounted to EUR 2.0 million (EUR 2.3 million) in the 2016 financial year. Overall, both the scheduled depreciation taken on property, plant and equipment and the amortisation taken on intangible assets were lower than the respective previous-year figures.

Other operating expenses

Other operating expenses rose to EUR 26.8 million (EUR 26.1 million). The marketing and trade advertising expenses of EUR 11.6 million were nearly at the level of the previous year (EUR 11.5 million). Transport and selling expenses, which encompass the remuneration paid to the external spirits distribution organisation in Germany together with shipping and logistics costs, rose to EUR 8.9 million (EUR 8.7 million). Maintenance expenses were also modestly higher, at EUR 1.2 million (EUR 1.1 million), while other overheads amounted to EUR 5.1 million (EUR 4.8 million).

Operating expenses

The total operating expenses including depreciation, amortisation and write-downs came to EUR 40.8 million (EUR 40.2 million), down by 1.5% on the previous year.

Financial result and result from participating interests

The net balance of the financial result and the result from participating interests was an expense of EUR 4.5 million (EUR 3.9 million).

The result from participating interests and income under profit-and-loss transfer agreements with affiliated companies amounted to EUR 2.0 million (EUR 3.0 million). This relates almost exclusively to a dividend payment by the Austria-based subsidiary T M P Technic-Marketing-Products GmbH.

The write-downs on non-current financial assets totalled EUR 2.4 million (EUR 2.5 million). These relate to the write-downs on the book value of the investment in an affiliated company and a loan in connection with the performance of the Turkish subsidiary influenced notably by a deterioration of the market and currency environment. The expenses from losses assumed fell to EUR 0.6 million (EUR 0.9 million). Such expenses result from losses assumed from subsidiaries with which profit-and-loss transfer agreements are in place.

The income from loans of non-current financial assets, which is generated with affiliated companies, was nearly unchanged at EUR 0.4 million (EUR 0.4 million).

The interest expenses of EUR 3.3 million (EUR 3.3 million) were incurred mainly in connection with the bond issued by Berentzen-Gruppe Aktiengesellschaft in October 2012. The interest expenses for the debt instruments with variable interest components used by the Company were nearly unchanged from the previous year, amid an environment of persistently low market interest rates.

Exceptional effects

The non-recurring expenses in connection with the conversion completed at the end of September 2015 of the listed preferred shares into common shares existing at that time and the subsequent admission of all common shares of Berentzen-Gruppe Aktiengesellschaft for trading in the regulated market of the Frankfurt Stock Exchange (General Standard) were recognised as a non-recurring item in the 2015 financial year; these expenses totalled EUR 0.5 million.

Income tax expenses

Current income tax expenses totalled EUR 1.5 million (EUR 1.1 million) in the 2016 financial year, notably on account of the profit recorded for the year. This essentially results from trade tax and corporate income tax for the 2016 financial year. Effects arising from the recognition of deferred tax assets and liabilities arising from temporary differences between the commercial and tax balance sheets amounted to EUR 0.1 million (EUR 0.0 million).

Operating result and net profit for the year

At EUR 9.2 million, the operating result generated in the 2016 financial year was 12.5% higher than the previous-year figure. The main factors contributing to this result included the higher gross profit resulting from the higher revenues and the modestly improved purchased goods and services ratio, not to mention the positive effect of EUR 1.9 million resulting from the reclassifications conducted according to the Accounting Directive Implementing Act (BilRUG). By comparison, operating expenses rose only modestly by 1.5%. After a negative financial result and result from participating interests in the amount of EUR 4.5 million (EUR 3.9 million) and income taxes of EUR 1.6 million (EUR 1.1 million), Berentzen-Gruppe Aktiengesellschaft generated a net profit for the year of EUR 3.0 million (EUR 2.6 million).

Executive Board’s proposal for the utilisation of profit

The distributable profit of Berentzen-Gruppe Aktiengesellschaft in the 2016 financial year amounts to EUR 5.5 million (EUR 4.6 million). This total includes the remaining profit carry-forward from the previous year in the amount of EUR 2.7 million (EUR 2.8 million) and the difference between the face value and purchase cost of treasury shares in the amount of EUR 0.2 million (EUR 0.8 million).

The Executive Board of Berentzen-Gruppe Aktiengesellschaft will propose to the annual general meeting that the distributable profit for the 2016 financial year of EUR 5.5 million be used to pay a dividend of EUR 0.25 per common share eligible for dividends for the 2016 financial year, with any remaining amount carried forward to new account. Taking into account the treasury shares not eligible for dividends held by the Company on the day of the annual general meeting in accordance with Section 71b AktG, this corresponds to an anticipated pay-out totalling around EUR 2.3 million and an amount of EUR 3.2 million carried forward to new account. The payment of this dividend is dependent upon the approval of the annual general meeting on May 19, 2017. The number of shares qualifying for dividends can change in the time until the annual general meeting. In this case, an appropriately adjusted draft resolution on the utilisation of distributable profit will be submitted to the annual general meeting, without changing the dividend of EUR 0.25 per common share qualifying for dividends.

(7.2.3) Cash flows

Funding structure

In its role as parent company of the Berentzen Group, Berentzen-Gruppe Aktiengesellschaft acts as the central source of funding for the affiliated companies. The overall funding of the Berentzen Group at the end of the 2016 financial year is described in detail in section (2.2.5), Cash flows, of the Economic report for the corporate group.

Cash Flow Statement for the period from January 1 to December 31, 2016

The following Cash Flow Statement shows the development of liquidity in the Company. The Cash Flow Statement is based on a definition of cash and cash equivalents that encompasses the balance of liquid assets less bank liabilities due without notice.

Cash and cash equivalents include the current account maintained with a bank that is used to settle a factoring agreement, which contains the cash available at all times from this factoring agreement ("customer settlement account"). The receivables from the customer settlement account have different characteristics from usual current account receivables from banks, notably with regard to interest.

	2016 EUR '000	2015 EUR '000
Period result (net profit for the year)	3,025	2,551
Depreciation and amortisation on intangible assets and property, plant and equipment	2,002	2,344
Write-downs on non-current financial assets	2,350	2,500
Operating cash flow	**7,377**	**7,395**
Losses (+) / gains (-) on disposals of non-current assets	0	-350
Increase (+) / decrease (-) in non-current provisions	93	369
Increase (+) / decrease (-) in other provisions	2,256	1,021
Decrease (+) / increase (-) in inventories, trade receivables and other assets not attributable to investing or financing activities	5,285	-4,926
Increase (+) / decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	1,302	21,459
Cash flow from operating activities	**16,313**	**24,968**
Proceeds from disposals of intangible assets	0	0
Payments for investments in intangible assets	-93	-69
Proceeds from disposals of property, plant and equipment	4	1,102
Payments for investments in property, plant and equipment	-2,016	-2,055
Proceeds from disposals of non-current financial assets	1,100	2,500
Payments for investments in non-current financial assets	-1,150	-1,950
Cash flow from investing activities	**-2,155**	**-472**
Payments for the acquisition of treasury shares	-326	-1,174
Dividends paid	-1,880	-1,536
Cash flow from financing activities	**-2,206**	**-2,710**
Change in cash and cash equivalents	**11,952**	**21,786**
Cash and cash equivalents at the start of the period	29,510	7,724
Cash and cash equivalents at the end of the period	**41,462**	**29,510**

Operating cash flow and cash flow from operating activities

The operating cash flow remained positive at EUR 7.4 million (EUR 7.4 million) in the 2016 financial year, on the back of a profit for the year of EUR 3.0 million (EUR 2.6 million).

The cash flow from operating activities also includes cash movements in working capital. All in all, this gave rise to a net cash inflow of EUR 16.3 million (EUR 25.0 million) in the 2016 financial year. Cash movements in current assets, some of which relate to the reporting date and revenues, as well as notably a cash- and scheduling-related decrease in the amounts receivable from affiliated companies, led to a net cash inflow of EUR 5.3 million; in the 2015 financial year, these factors gave rise to a cash outflow of EUR 4.9 million. Compared with the reporting date in the previous year, there was an only insignificant increase in the spirit tax liabilities of EUR 0.1 million, bringing this amount from EUR 44.3 million to EUR 44.4 million, as compared to an increase in spirit tax liabilities of EUR 20.8 million in the 2015 financial year. The reason for the considerable increase in the previous year was the early partial payment of EUR 20.0 million at the end of the 2014 for the spirits tax liability for the month of November, which reduced the liability at 12/31/2014. Such an equivalent partial payment, which would have totalled EUR 19.5 million, was not made in the 2015 financial year. All in all, the change in other provisions and other liabilities gave rise to a net cash inflow of EUR 3.7 million (EUR 22.9 million).

Cash flow from investing activities

Investing activities led to a net cash outflow of EUR 2.2 million (EUR 0.5 million). The investments in property, plant and equipment totalled EUR 2.0 million (EUR 2.1 million) and were offset by proceeds from the disposal of items of property, plant and equipment of less than EUR 0.1 million (EUR 1.1 million). The investments in non-current financial assets amounted to EUR 1.2 million (EUR 2.0 million). In the 2016 financial year, these investments related exclusively to the funding of an additional paid-in capital reserve for a domestic subsidiary, whereas the payments made in the prior year related to the acquisition of all the shares in the Austrian company T M P Technic-Marketing-Products GmbH completed in October 2014. Proceeds of EUR 1.1 million (EUR 2.5 million) from the disposal of financial assets were generated exclusively from the repayment of loans to affiliated companies.

Cash flow from financing activities

Financing activities gave rise to a net cash outflow of EUR 2.2 million (EUR 2.7 million), resulting from the dividend payment of EUR 1.9 million (EUR 1.5 million) based on the relevant resolutions adopted by the annual general meeting together with payments of EUR 0.3 million (EUR 1.2 million) in connection with the share buy-back programme of Berentzen-Gruppe Aktiengesellschaft initiated in July 2015.

Cash and cash equivalents

Cash and cash equivalents totalled EUR 41.5 million (EUR 29.5 million) at year-end, of which EUR 8.7 million (EUR 8.7 million) related to receivables from the customer settlement account maintained with a bank that is used for settlement under a factoring agreement. The short-term working capital line had not been utilised as of the reporting date.

(7.2.4) Financial position

The following summarised balance sheet is structured by the maturity of assets and liabilities:

	12/31/2016		12/31/2015		Change
	EUR '000	%	EUR '000	%	EUR '000
Assets					
Intangible assets	226	0.1	246	0.1	-20
Property, plant and equipment	21,514	12.4	21,392	12.6	122
Non-current financial assets	36,125	20.8	38,425	22.7	-2,300
Non-current assets	**57,865**	**33.3**	**60,063**	**35.5**	**-2,198**
Inventories	29,543	17.0	26,799	15.8	2,744
Receivables and other assets	44,634	25.7	52,647	31.1	-8,013
Cash and cash equivalents	41,462	23.9	29,509	17.4	11,953
Current assets	**115,639**	**66.6**	**108,955**	**64.4**	**6,684**
Other assets	**139**	**0.1**	**156**	**0.1**	**-17**
	173,643	**100.0**	**169,174**	**100.0**	**4,469**
Shareholders‘ equity and liabilities					
Shareholders‘ equity	**46,011**	**26.5**	**45,192**	**26.7**	**819**
Pension and other non-current provisions	3,235	1.9	3,142	1.9	93
Liabilities from bonds	0	0.0	50,000	29.6	-50,000
Non-current liabilities	**3,235**	**1.9**	**53,142**	**31.4**	**-49,907**
Liabilities from bonds	50,000	28.8	0	0.0	50,000
Spirits tax liabilities	44,394	25.6	44,258	26.2	136
Other current liabilities and other current provisions	29,306	16.9	25,998	15.4	3,308
Deferred tax liabilities	694	0.4	584	0.3	110
Current liabilities	**124,394**	**71.6**	**70,840**	**41.9**	**53,554**
Other items of shareholders‘ equity and liabilities	**3**	**0.0**	**0**	**0.0**	**3**
	173,643	**100.0**	**169,174**	**100.0**	**4,469**

Assets

Total assets increased to EUR 173.6 million (EUR 169.2 million) compared with December 31, 2015. Non-current assets amounted to EUR 57.9 million (EUR 60.1 million), accounting for around 33.3% (35.5%) of total assets.

Non-current assets

Alongside property, plant and equipment such as property, technical equipment and machinery, plant and office equipment, which accounts for EUR 21.5 million (EUR 21.4 million) of non-current assets, a further EUR 36.1 million (EUR 38.4 million) related to non-current financial assets, primarily including shares in affiliated companies in the amount of EUR 30.7 million (EUR 30.1 million) and loans of EUR 5.4 million (EUR 8.3 million) used to ensure the long-term funding of affiliated companies. Intangible assets consisting mainly of software licences make up a further EUR 0.2 million (EUR 0.2 million) of total non-current assets.

Berentzen-Gruppe Aktiengesellschaft had total non-current assets of EUR 3.3 million (EUR 2.1 million) in the 2016 financial year.

Current assets

At 38.6% (48.3%), trade receivables and other assets, which decreased by EUR 8.0 million in nominal terms following an increase of EUR 4.9 million in the previous year, accounted for the largest part of current assets totalling EUR 115.6 million (EUR 109.0 million). This decline essentially reflects a cash- and scheduling-related decrease in amounts receivable from affiliated companies together with an increase in individual items included in other assets. Trade receivables increased by EUR 1.8 million to EUR 2.5 million (EUR 0.7 million).

The proportion of current assets accounted for by inventories increased in relative terms from 24.6% to 25.5%, while the stocks of inventories increased in absolute terms from EUR 26.8 million to EUR 29.5 million.

The cash and cash equivalents of EUR 41.5 million (EUR 29.5 million) increased as a result of the net cash inflow totalling EUR 12.0 million shown in the Cash Flow Statement.

Shareholders' equity and liabilities

Shareholders' equity

Shareholders' equity rose to EUR 46.0 million (EUR 45.2 million). This figure is based on the net profit for the year of around EUR 3.0 million (EUR 2.6 million) and includes the dividend payment of EUR 1.9 million (EUR 1.5 million) resolved by the annual general meeting in May 2016 and the cost of EUR 0.3 million (EUR 1.2 million) for the purchase of treasury shares in connection with the share buy-back programme of Berentzen-Gruppe Aktiengesellschaft adopted in the 2015 financial year, which is to be deducted from shareholders' equity in the Balance Sheet.

Non-current liabilities

Around EUR 3.2 million (EUR 53.1 million) was available to the Company in the form of non-current liabilities, which mainly consisted of pension provisions in the amount of EUR 2.6 million (EUR 2.8 million). In the previous year, the bond issued in the 2012 financial year with an issue volume of EUR 50.0 million represented the largest individual item of non-current liabilities. The bond matures in October 2017 and is therefore presented as current liabilities in 2016.

Current liabilities

Current liabilities increased to EUR 124.4 million (EUR 70.8 million) in absolute terms, particularly due to the presentation of liabilities from bonds, and accounted for 71.6% (41.9%) of total liabilities in relative terms.

Spirits tax liabilities amounted to EUR 44.4 million (EUR 44.3 million). This figure represents the spirits tax liabilities for the last two months of the financial year.

Other liabilities and other current provisions together increased to EUR 29.3 million (EUR 26.0 million).

(7.2.5) General statement about the business performance and economic position

Business performance

With an expanded business volume overall, the business performance of Berentzen-Gruppe Aktiengesellschaft proved healthy as a whole.

The positive sales trend in domestic activities involving branded spirits – both as a whole and with the two core brands *Berentzen* and *Puschkin* – and branded dealer and private-label products more than offset declining sales in international operations involving branded spirits, which were caused mainly by extraneous influences.

Please refer to the comments on the *Spirits* and *Other segments* in the Economic report in section (2.2.3) of the Combined Management Report for further details.

Economic position

The Company's economic situation is satisfactory overall in light of the financial performance.

The higher sales volumes in the spirits business were also reflected in the revenues and total operating performance, so that Berentzen-Gruppe Aktiengesellschaft completed the 2016 financial year with an operating profit of EUR 9.2 million (EUR 8.1 million), reflecting an increase of 12.5% over the previous year, on the back of further improved profitability. By contrast, the financial result and result from participating interests were lower than the respective previous-year figures. Aside from lower investment income, write-downs were taken on non-current assets in the total amount of EUR 2.4 million (EUR 2.5 million) in the 2016 financial year, due to the performance of the Turkish subsidiary that was negatively affected by the adverse development of the market environment. After these effects, the net profit for the year totalled EUR 3.0 million.

For more information about the Company's continued positive and solid cash flows and financial position, please refer to the presentation for the corporate group in the Economic Report in section (2.2.5) and (2.2.6) of the Combined Management Report.

(7.3) Report on risks and opportunities

The business performance of Berentzen-Gruppe Aktiengesellschaft is basically subject to the same risks and opportunities as the corporate group. These risks and opportunities are described in section (4) of the Combined Management Report. Whereas various individual risks directly affect, and opportunities are created for the parent company itself in the operating activities of the parent company – which correspond to those of the corporate group in the *Spirits* and *Other segments* – or the managerial and corporate functions exercised by the parent company, Berentzen-Gruppe Aktiengesellschaft itself fundamentally participates in the risks and opportunities of its subsidiaries, directly or indirectly, in proportion to its shareholdings in the subsidiaries.

As the parent company of the corporate group, moreover, Berentzen-Gruppe Aktiengesellschaft is integrated into the group-wide risk management system, which is summarised in section (4.1) of the report on risks and opportunities.

The financial reporting-related internal control system of Berentzen-Gruppe Aktiengesellschaft is described in the explanatory notes to the financial reporting-related internal control and risk management system in section (4.5) of the report on risks and opportunities.

(7.4) Forecast report

The expectations for Berentzen-Gruppe Aktiengesellschaft are basically reflected in the expectations for the corporate group by reason of its position and weight within the corporate group. The financial position, cash flows and financial performance of the parent company are dependent both on its own business performance, particularly including its operating business involving the production and distribution of spirits, and on the business performance and dividends of the subsidiaries or the shares of profit attributable to the parent company.

Based on the forecast development of the corporate group in the 2017 financial year, it is expected that Berentzen-Gruppe Aktiengesellschaft will generate a profit of a sufficient amount to pay a dividend of an appropriate amount from the corresponding distributable profit also in the 2017 financial year.

Please refer to the Forecast Report in section (5) of the Combined Management Report for further explanations of the key operating topics in the 2017 financial year and for the general statement about the anticipated performance of the corporate group.

(7.5) Dependent Companies Report

In the time from January 1 to September 23, 2016, Berentzen-Gruppe Aktiengesellschaft was a dependent company within the meaning of Section 312 AktG of AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA), Grünwald, and of BGAG Beteiligungs GmbH, Grünwald, a member of the AURELIUS Group in which AURELIUS Equity Opportunities SE & Co. KGaA held a majority interest.

Because no management control agreements were in effect with the controlling companies in the period from January 1 to September 23, 2016, the Executive Board of Berentzen-Gruppe Aktiengesellschaft prepared a report on the dealings with affiliated companies (Dependent Companies Report) pursuant to Section 312 AktG. This report describes the dealings with AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA), BGAG Beteiligungs GmbH and the companies affiliated with these companies for the period from January 1 to September 23, 2016.

In accordance with Section 312 (3) AktG, the Dependent Companies Report includes the following concluding statement of the Executive Board of Berentzen-Gruppe Aktiengesellschaft:

“We declare that the company received appropriate consideration for each one of the transactions and measures conducted in the period from January 1 to September 23, 2016, which are described in the report on the dealings with affiliated companies, according to the circumstances known to us at the time when the transactions or measures were conducted or omitted, and was not disadvantaged by the commission or omission of measures.“

(8) Declaration by company management and Corporate Governance Report

The declaration regarding the corporate governance of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 289a HGB is part of the Combined Management Report and also incorporated into the Corporate Governance Report, which is available for examination at the website www.berentzen-gruppe.de/en/.


KULTIG.
SPRITZIG. FRISCH.
MIO MIO MATE
KULTIG. SPRITZIG. FRISCH.
NEU
MIO MIO MATE+
GINGER
KOFFEINHALTIGES ERFRISCHUNGSGETRÄNK MIT MATEBLÄTTER-AUSZUG UND INGWERGESCHMACK
MIO MIO COLA
KULTIG. SPRITZIG. FRISCH.
KOFFEINHALTIGES ERFRISCHUNGSGETRÄNK
NEU
MIO MIO MATE+
BANANA
MIO MIO COLA
ZERO
GENIESSE DEN AKTIVIERENDEN GESCHMACK

J. Consolidated Financial Statements

Consolidated Statement of Financial Position at 31 December 2016

	Note	12/31/2016 EUR '000	12/31/2015 EUR '000
ASSETS			
Non-current assets	(2.1)		
Intangible assets	(2.2)	13,429	14,350
Property, plant and equipment	(2.3)	45,260	45,983
Investment property	(2.4)	776	0
Other financial assets	(2.5)	682	639
Deferred tax assets	(2.6)	159	57
Total non-current assets		**60,306**	**61,029**
Current assets			
Inventories	(2.7)	35,610	32,281
Current trade receivables	(2.8)	14,938	12,449
Current income tax assets	(2.9)	174	710
Cash and cash equivalents	(2.10)	67,655	63,140
Other current financial and non-financial assets	(2.11)	10,530	11,324
Total current assets		**128,907**	**119,904**
TOTAL ASSETS		**189,213**	**180,933**

	Note	12/31/2016 EUR '000	12/31/2015 EUR '000
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	(2.12)		
Subscribed capital		24,424	24,555
Additional paid-in capital		6,821	6,821
Retained earnings		13,982	12,418
Total shareholders' equity		**45,227**	**43,794**
Non-current liabilities			
Non-current provisions	(2.13)	11,718	11,950
Non-current financial liabilities	(2.14)	0	49,579
Deferred tax liabilities	(2.5)	1,921	2,314
Total non-current liabilities		**13,639**	**63,843**
Current liabilities			
Spirits tax liabilities	(2.15)	44,394	44,258
Current provisions	(2.16)	80	80
Current income tax liabilities	(2.17)	1,033	608
Current financial liabilities	(2.18)	51,069	786
Trade payables and other liabilities	(2.19)	33,771	27,564
Total current liabilities		**130,347**	**73,296**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**189,213**	**180,933**

Consolidated Statement of Comprehensive Income for the period from 1 January to 31 December 2016

	Note	2016 EUR '000	2015 EUR '000
Revenues	(3.1)	170,025	158,549
Change in inventories	(3.2)	2,701	486
Other operating income	(3.3)	4,402	5,088
Purchased goods and services	(3.4)	91,676	83,478
Personnel expenses	(3.5)	23,892	22,409
Amortisation and depreciation of assets	(3.6)	6,842	8,082
Impairments/ write-ups	(3.7)	132	-470
Other operating expenses	(3.8)	44,048	43,088
Financial income	(3.9)	64	77
Financial expenses	(3.9)	4,133	4,048
Earnings before income taxes		**6,469**	**3,565**
Income tax expenses	(2.5)	2,023	1,326
Consolidated profit		**4,446**	**2,239**
Currency translation differences		-536	-531
Items to be reclassified to the income statement at a later date		**-536**	**-531**
Revaluation of defined benefit obligations		-384	-160
Deferred taxes on revaluation of defined benefit obligations		113	47
Items not to be reclassified to the income statement at a later date		**-271**	**-113**
Other comprehensive income	(2.12)	**-807**	**-644**
Consolidated comprehensive income		**3,639**	**1,595**
Earnings per share based on profit, attributable to shareholders (in euros per share)			
Basic/ diluted earnings per common share	(3.11)	0.473	0.234

Consolidated Statement of Changes in Shareholders' Equity for the period from 1 January to 31 December 2016

	Subscribed capital EUR '000	Additional paid-in capital EUR '000	Retained earnings EUR '000	Total equity EUR '000
Balance at 01/01/2015	**24,960**	**6,821**	**13,134**	**44,915**
Consolidated profit			2,239	2,239
Other comprehensive income			-644	-644
Consolidated comprehensive income			1,595	1,595
Dividends paid			-1,536	-1,536
Purchased treasury shares	-405		-775	-1,180
Balance at 12/31/2015	**24,555**	**6,821**	**12,418**	**43,794**
Balance at 01/01/2016	**24,555**	**6,821**	**12,418**	**43,794**
Consolidated profit			4,446	4,446
Other comprehensive income			-807	-807
Consolidated comprehensive income			3,639	3,639
Dividends paid			-1,880	-1,880
Purchased treasury shares	-131		-195	-326
Balance at 12/31/2016	**24,424**	**6,821**	**13,982**	**45,227**

See Note (2.12) for additional information about consolidated shareholders' equity.

Consolidated Cash Flow Statement for the period from 1 January to 31 December 2016

	2016 EUR '000	2015 EUR '000
Consolidated profit	4,446	2,239
Income tax expenses	2,023	1,326
Interest income	-64	-77
Interest expenses	4,130	4,045
Amortisation and depreciation of assets	6,842	8,082
Impairments / write-ups of assets	132	-470
Other non-cash effects	-1,006	-823
Increase (+) / decrease (-) in provisions	-232	-300
Gains (-) / losses (+) on disposals of property, plant and equipment	-15	-296
Increase (+) / decrease (-) in receivables assigned under factoring agreements	-5,758	-2,647
Decrease (+) / increase (-) in other assets	673	5,787
Increase (+) / decrease (-) in spirits tax liabilities	136	20,832
Increase (+) / decrease (-) in other liabilities	6,345	-413
Cash and cash equivalents generated from operating activities	**17,652**	**37,285**
Income taxes paid	-1,445	-2,113
Interest received	70	72
Interest paid	-3,954	-3,870
Cash flow from operating activities	**12,323**	**31,374**
Proceeds from disposals of intangible assets	142	287
Payments for investments in intangible assets	-423	-426
Proceeds from disposals of property, plant and equipment	95	2,280
Payments for investments in property, plant and equipment	-5,998	-6,932
Proceeds from disposals of financial assets	18	15
Proceeds from government grants	0	237
Payments for additions to the consolidated group	0	-1,950
Cash flow from investing activities	**-6,166**	**-6,489**
Payments for the purchase of treasury shares	-328	-1,180
Payments related to the issuance of bonds	-5	-5
Dividend payments	-1,880	-1,536
Cash flow from financing activities	**-2,213**	**-2,721**
Change in cash and cash equivalents	**3,944**	**22,164**
Cash and cash equivalents at the start of the period	63,140	40,976
Cash and cash equivalents at the end of the period	**67,084**	**63,140**

For the definition of cash and cash equivalents, and their composition at the end of the period, see Note (2.10).

For the explanatory notes to the Cash Flow Statement, see Note (4.1).

Notes to the Consolidated Financial Statements of Berentzen-Gruppe Aktiengesellschaft for the 2016 financial year

(1) Policies and methods

(1.1) Information about the Company

Berentzen-Gruppe Aktiengesellschaft, (the "Company"), Haselünne, is a stock corporation (Aktiengesellschaft) organised under German law. The Company's registered head office is in Ritterstraße 7, 49740 Haselünne, Germany, and the Company is registered in the Commercial Register maintained by Osnabrück Local Court (record HRB 120444).

The business activities of Berentzen-Gruppe Aktiengesellschaft and its affiliated companies comprise the production and distribution of spirits and non-alcoholic beverages and the development and distribution of fresh juice systems.

(1.2) Explanatory notes to the policies and methods applied in the preparation of the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft in accordance with International Financial Reporting Standards (IFRS)

Principal accounting policies

The consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft at December 31, 2016 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee as applicable in the European Union (EU). All pronouncements of the International Accounting Standards Board (IASB) that are subject to mandatory application have been taken into account, leading to a true and fair view of the financial position, cash flows and financial performance of Berentzen-Gruppe Aktiengesellschaft. The consolidated financial statements comply with the European Union directive regarding consolidated accounts (Directive 83/349/EEC). As a publicly traded company governed by the law of a member state of the European Union (EU), Berentzen-Gruppe Aktiengesellschaft is required by Article 4 of Regulation (EC) No. 1606/2002 to prepare and publish its consolidated financial statements in accordance with IFRS and the applicable further provisions of commercial law specified in Section 315a (1) of the German Commercial Code (HGB).

The consolidated financial statements have been prepared in euros (EUR). All amounts are shown in thousands of euros (EUR'000). The consolidated financial statements are based on historical acquisition cost – with the exception of the measurement of available-for-sale financial instruments at fair value and the measurement of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss – and are prepared in accordance with the consolidation, recognition and measurement methods described below. The cost summary format has been chosen for the presentation of the Statement of Comprehensive Income.

In order to improve the clarity and informative value of the financial statements, individual items have been grouped together in the Statement of Comprehensive Income and the Statement of Financial Position. These items are shown and explained separately in the notes to the consolidated financial statements. Estimates are required to prepare consolidated financial statements in accordance with IFRS. Furthermore, the application of uniform recognition and measurement methods requires the Management to make judgements. Areas with greater scope for such judgements, for which assumptions and estimates are of significance for the consolidated financial statements, are listed in Note (1.8), "Assumptions and estimates".

The Executive Board approved the present consolidated financial statements at December 31, 2016 and the combined Group management report for the 2016 financial year for publication and submission to the Supervisory Board on March 20, 2017.

(1.3) New IFRS and amended IFRS standards

The International Accounting Standards Board (IASB) and the IFRS Interpretations Committee have adopted further Standards and Interpretations. Unless stated otherwise, the application of these revised Standards and Interpretations did not have a significant effect on the presentation of the financial performance, cash flows and financial position of the Group. It did, however, lead to additional disclosures in some cases.

Interpretations and amendments to published Standards subject to mandatory initial application in the 2016 financial year

Standard	Mandatory application	Content
IAS 1 „Disclosure Initiative“	01/01/2016	The purpose of the amendments made to IAS 1 is to improve financial reporting with respect to the disclosures in the notes to the financial statements. The amended Standard places a greater emphasis on the principle of materiality and states that the list of minimum line items in the statement of financial position may be aggregated or disaggregated as relevant, and provides additional guidance on subtotals. It also grants greater flexibility with respect to the order of presentation of the notes to the financial statements and eliminates the previously applicable requirements to identify significant recognition and measurement methods.
IAS 16 „Property, Plant and Equipment“ and IAS 38 „Intangible Assets“	01/01/2016	The amendments made to the Standards IAS 16 and IAS 38 provide guidance concerning acceptable methods of depreciation and amortisation of property, plant and equipment and intangible assets. According to these amendments, the revenue-based method is not considered to be an appropriate depreciation method because it does not represent the pattern of consumption of the future economic benefits embodied in the asset, but only the pattern of generation of expected economic benefits. In a few cases, the determination of the expected pattern of consumption may be based on revenues, provided that the application of this method leads to the same result as the application of a performance-dependent method.
IAS 16 „Property, Plant and Equipment“ and IAS 41 „Agriculture“	01/01/2016	The amendments made to the Standards IAS 16 and IAS 41 place bearer plants such as grapevines, banana trees, oil palms, etc., within the scope of IAS 16. Because grown bearer plants only serve the purpose of growing produce and are no longer subject to significant transformation, they are similar to manufacturing equipment. Therefore, they are to be accounted for in accordance with the cost model or revaluation model applied to property, plant and equipment as per IAS 16. The produce is still to be accounted for in accordance with IAS 41.
IAS 19 „Employee Contributions to Defined Benefit Plans“	02/01/2015	The amendment adds an option to the Standard with respect to the accounting treatment of defined benefit plans to which employees (or third parties) make mandatory contributions.
IAS 27 „Separate Financial Statements“	01/01/2016	The amendment made to IAS 27 reinstated the option of applying the equity method to measure investments in subsidiaries, joint ventures and associates in the separate financial statements of an investor. The existing options for measuring investments at cost or in accordance with IAS 39 and IFRS 9 were retained.

Standard	Mandatory application	Content
IFRS 10, IFRS 12 and IAS 28 „Applying the Consolidation Exemption“	01/01/2016	The amendments made to IFRS 10, IFRS 12 and IAS 28 clarify the application of the consolidation exemption in the case when the parent company is defined as an investment entity. It was affirmed that the subsidiaries of an investment entity which are themselves parent companies are exempt from the obligation to prepare consolidated financial statements. Furthermore, subsidiaries providing services that relate to the investment activity of the parent company (investment-related services) are not to be consolidated if they are themselves investment entities. Furthermore, the amendments simplify the application of the equity method by entities that are not themselves investment entities, but hold interests in associated investment entities. The amendments had no effect on the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft because the Company does not meet the definition criteria for investment entities.
IFRS 11 „Joint Arrangements“	01/01/2016	The amendments made to IFRS 11 provide additional guidance to clarify that an acquisition of interests in a joint operation that constitutes a business as defined in IFRS 3 must be accounted for in accordance with IFRS 3, i.e. according to the acquisition method, and other relevant Standards. The amendments additionally clarify that previously held interests are not to be revalued when additional interests are acquired in a joint operation. However, these amendments are not applicable if the jointly operating enterprises are under the common control of an (ultimate) parent company.
Collection of amendments to different IFRS Standards “Annual Improvements” (2010-2012 cycle)	1/2/2015	IFRS 2 Share-Based Payment: Clarification of the definition of vesting conditions. IFRS 3 Business Combinations: Clarification concerning the accounting treatment of contingent consideration in business combinations. IFRS 8 Operating Segments: Clarification concerning the disclosures to be made in the notes relative to the aggregation of operating segments and the reconciliation of segment assets with the entity’s total assets. IFRS 13 Fair Value Measurement: Clarification concerning the option not to discount short-term receivables and payables. IAS 16 Property, Plant and Equipment: Clarification concerning the proportionate restatement of accumulated depreciation when the revaluation method is applied. IAS 24 Related Party Disclosures: Clarification concerning the definition of “related parties” and its effect on the interpretation of the term “key management personnel.” IAS 38 Intangible Assets: Clarification concerning the proportionate restatement of accumulated amortisation when the revaluation method is applied.
Collection of amendments to different IFRS Standards “Annual Improvements” (2012-2014 cycle)	01/01/2016	IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations: No change of accounting treatment when assets are reclassified from “held for sale” to “held for distribution” or vice versa. The amendment also provides separate guidance for the discontinuation of “held for distribution” accounting. IFRS 7 Financial Instruments: Disclosures: Clarification that servicing contracts represent a so-called “continuing involvement” and must be included in the disclosures concerning transfers, and clarification of the disclosures to be made concerning the offsetting of financial assets and liabilities in condensed interim financial statements. IAS 19 Employee Benefits: Corporate bonds denominated in the same currency (not only of the same country) must be considered for the purpose of estimating the applicable discount rate. IAS 34 Interim Financial Reporting: Adds the clarification to IAS 34 that disclosures must be made either in the interim financial statements or elsewhere in the interim report. In the latter case, the interim report must provide an appropriate cross-reference.

Standards, Interpretations and amendments to published Standards that are not the subject of mandatory application in the 2016 financial year and were not applied early by the Group

Standard	Mandatory application	Content
IFRS 9 „Financial Instruments"	01/01/2018	In July 2014, the IASB adopted the final version of IFRS 9 Financial Instruments, which summarises the results of the study projects to revise classification and measurement, impairments and the accounting treatment of hedge accounting. This new version of the Standard incorporates the new "expected loss" impairment model and limited amendments to the recognition and measurement rules for financial assets. Early application is permitted. Application of the standard is expected to lead to more extensive disclosures in the notes to the financial statements and changes to classification.
IFRS 15 „Revenue from Contracts with Customers"	01/01/2018	In collaboration with the FASB, the IASB published a new standard on revenue recognition on May 28, 2014. The new Standard combines the previous Standards and Interpretations that had previously contained revenue recognition rules. IFRS 15 is applicable to all revenue transactions regardless of sector and provides a principles-based, five-step model: - Identify the contract(s) with a customer, - Identify the specific performance obligations in the contract, - Determine the transaction price, - Allocate the transaction price to the performance obligations in the contract, - Recognise revenue when (or as) the entity satisfies a performance obligation. Under the new Standard, revenue is recognised when control of the goods or services passes to the customer; the transfer of opportunities and risks is only indicative. In addition, the new Standard provides guidance on whether revenue should be recognised at a certain point or over a certain time period. When IFRS 15 takes effect, it will supersede IAS 11 Construction Contracts, IAS 18 Revenue and the Interpretations IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services. Early application is permitted. It is expected that some of the items previously presented within other operating expenses will be recognised directly as revenue deductions after application of IFRS 15. In addition, application of this Standard will presumably lead to expanded disclosures in the notes to the financial statements.

Standards, Interpretations and amendments to published Standards that have not yet been adopted by the EU

These Standards und Interpretations will be applied at the date of mandatory initial application, subject to adoption by the EU.

Standard	Expected application	Content
IAS 7 „Statement of Cash Flows"	01/01/2017	The IASB published amendments to IAS 7 Statement of Cash Flows in late January 2016. These amendments are intended to improve the information provided to users of financial statements about an entity's financing activities. In particular, they require disclosure of liabilities that generate or will generate cash flows in the future and that are attributable to financing activities according to the definition of IAS 7. One way to fulfil these disclosure obligations is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities. Early application of the amended Standard is permitted. The Management is currently assessing the effects of these amendments on the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft.

Standard	Expected application	Content
IAS 12 „Recognition of Deferred Tax Assets for Unrealised Losses“	01/01/2017	The amendments to IAS 12 that were finalised by the IASB in January 2016 added a clarifying paragraph and an additional illustrative example on the question of when deferred tax assets are to be recognised in respect of unrealised losses in the statement of financial position. In particular, they clarify that unrealised losses on debt instruments measured at fair value in the financial statements, but measured at cost for tax purposes give rise to deductible temporary differences. Early application of the amended Standard is permitted. The amendments to IAS 12 are not expected to have a material effect on the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft.
IAS 40 „Transfers of Investment Property“	01/01/2018	As part of the amendments to IAS 40, it was stated that an entity may transfer a property to or from investment property when and only when there is evidence of a change in use. A change of use occurs when a property meets or ceases to meet the definition of investment property. A change in management’s intentions for the use of the property does not by itself constitute evidence of a change in use. In addition, the list of evidence in Paragraph 57(a) – (d) was designated as a non-exhaustive list of examples. Early application of the amendments is permitted. The Management is currently assessing the potential effects.
IFRS 2 „Classification and Measurement of Share-Based Payment Transactions”	01/01/2018	In June 2016, the IASB published final amendments to IFRS 2, which particularly add clarifications concerning the - Accounting for cash-settled share-based payment transactions that include a performance condition, - Classification of share-based payment transactions with net settlement features, and - Accounting for modifications of share-based payment transactions from cash-settled to equity-settled. Early application of the amendments is permitted. The application of these amendments is not expected to have a significant effect on the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft.
„Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts“	01/01/2018	With this publication, two options were granted to entities that issue insurance contracts within the scope of IFRS 4: Entities may reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets. This is the so-called overlay approach. Entities whose predominant activity is issuing contracts within the scope of IFRS 4 may exercise the option of a temporary exemption from applying IFRS 9. This is the so-called deferral approach. The application of both approaches is optional and an entity is permitted to stop applying them before the insurance contracts standard is published. An entity applies the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9. An entity applies the deferral approach for annual periods beginning on or after 1 January 2018. The application of this amendment to IFRS 4 will have no effect on the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft because it does not issue insurance contracts within the scope of IFRS 4.

Standard	Expected application	Content
IFRS 10 „Consolidated Financial Statements“ and IAS 28 „Investments in Associates and Joint Ventures“	Undetermined	The amendments to these Standards pertain to the sale or contribution of assets between an investor and its associate or joint venture. They provide guidance for answering the question of the extent to which unrealised gains or losses on transactions with assets between an investor and its associate should be recognised. The determining factor is whether the assets in question constitute a business as defined in IFRS 3 Business Combinations. If this condition is met, the gains or losses are recognised in full in the investor’s financial statements. If the assets do not constitute a business as defined in IFRS 3, only some of the gains or losses are recognised. Early application is permitted. These amendments will have no significant effects on the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft.
IFRS 15 „Clarifications to IFRS 15 Revenue from Contracts with Customers“	01/01/2018	The amendments address the three topics of identifying performance obligations, principal versus agent considerations, and licensing, and provide some transition relief for modified contracts and completed contracts. With respect to the transition to IFRS 15, two optional expedients were granted: - An entity needs not restate contracts that are completed contracts at the beginning of the earliest period presented (for entities that use the full retrospective method only). - For contracts that were modified before the beginning of the earliest period presented, an entity needs not retrospectively restate the contract, but shall instead reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented (also for entities recognising the cumulative effect of initially applying the standard at the date of initial application).
IFRS 16 „Leases“	01/01/2019	The IASB published the new Standard IFRS 16 Leases on 13 January 2016. This new Standard supersedes the previous Standard IAS 17 Leases and the Interpretations IFRIC 4, SIC-15 and SIC-27. IFRS 16 changes the accounting treatment to be applied by the lessee particularly in that leases are no longer classified as operating or finance leases; instead, both a right-of-use asset and a lease liability must be recognised in most cases. The lease liability comprises the present value of the lease payments payable over the lease term, plus any expected payments under residual value guarantees. Whereas the right-of-use asset is usually depreciated on a straight-line basis, the lease liability must be compounded in subsequent periods. With respect to the accounting treatment to be applied by the lessor, the previous rules of IAS 17 were retained, so that leases must be classified as either operating or finance leases and accounted for accordingly. Early application of the Standards is permitted if IFRS 15 Revenue from Contracts with Customers is applied concurrently, subject to prior adoption by the EU. The Berentzen Group acts both as lessor and as lessee and will therefore be affected by the amendments to this Standard. The Management is currently assessing the concrete effects.
IFRIC 22 „Foreign Currency Transactions and Advance Consideration“	01/01/2018	The IASB published IFRIC 22, which was developed by the IFRS Interpretations Committee, to clarify the accounting treatment of transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation states the following conclusions: The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Early application of IFRIC 22 is permitted. The Management is currently assessing the possible effects.

Standard	Expected application	Content
Collection of amendments to different IFRS Standards "Annual Improvements" (2014-2016 cycle)	01/01/2017 or 01/01/2018	IFRS 1 First-time Adoption of International Financial Reporting Standards: Deleted the short-term exemptions in Paragraph E3–E7 von IFRS 1, because they have now served their intended purpose. IFRS 12 Disclosure of Interests in Other Entities: Clarified the scope of the Standard. IAS 28 Investments in Associates and Joint Ventures: Clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017. The Management is currently assessing the effects of these amendments.

(1.4) Consolidation

Principles of consolidation

Essentially all subsidiaries that are controlled by Berentzen-Gruppe Aktiengesellschaft are included in the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, alongside the parent company, Berentzen-Gruppe Aktiengesellschaft According to IFRS 10, the Group controls an investee when it has power over the investee; it has exposure, or rights, to variable returns from its involvement with the investee; and it thus has the ability to use its power to affect the amount of the investor's returns. Subsidiaries are included in the consolidated financial statements under full consolidation from the date when the Group gains control over the investee. Deconsolidation takes place from the date at which that control is lost. The accounting treatment is in accordance with the acquisition method as defined in IFRS 3 in conjunction with IFRS 10.

Shares in non-fully consolidated companies are normally presented at amortised acquisition cost, as no active market exists for these companies and fair values cannot reasonably be determined reliably.

For debt consolidation, the receivables and liabilities of the companies included are netted.

During the elimination of intercompany profits and losses, profits and losses from intra-Group transactions between affiliated companies are eliminated. Deferred tax assets and liabilities are recognised in accordance with IAS 12 for differences resulting from consolidation activities recognised in profit or loss. Income and expenses from intra-Group transactions, especially those arising from intercompany transactions, are eliminated in the Statement of Comprehensive Income.

Pursuant to IFRS 10 Consolidated Financial Statements, the annual financial statements of the subsidiaries included in consolidation are prepared in accordance with uniform recognition and measurement methods.

Business combinations

The consolidation of investments in subsidiaries is carried out in accordance with the acquisition method as defined in IFRS 3 in conjunction with IFRS 10, by netting the consideration given against the fair value of the assets, liabilities and contingent liabilities assumed at the time of acquisition. In this context, the acquisition cost for a business combination corresponds to the fair value of the assets transferred, the equity instruments issued and the liabilities arising or assumed at the time of acquisition. Incidental acquisition costs are normally recognised as an expense.

Where the net assets measured at fair value exceed the consideration transferred, this portion is recognised as goodwill. In the converse instance, the difference is recognised directly in the Statement of Comprehensive Income.

(1.5) Consolidation group

Essentially all domestic and foreign companies controlled by Berentzen-Gruppe Aktiengesellschaft within the meaning of IFRS 10 are included in the consolidated financial statements at December 31, 2016 alongside Berentzen-Gruppe Aktiengesellschaft. Including Berentzen-Gruppe Aktiengesellschaft, the group of companies included in the consolidated financial statements comprises ten (previous year: ten) domestic and six (previous year: six) foreign Group companies.

Name	Registered office
Domestic Group companies	
Berentzen-Gruppe Aktiengesellschaft (parent company)	Haselünne
Berentzen Distillers Asia GmbH	Haselünne
Berentzen Distillers International GmbH	Haselünne
Berentzen Distillers Turkey GmbH	Haselünne
Berentzen North America GmbH	Haselünne
Der Berentzen Hof GmbH	Haselünne
DLS Spirituosen GmbH	Flensburg
Doornkaat AG	Norden
Pabst & Richarz Vertriebs GmbH	Minden
Vivaris Getränke GmbH & Co. KG	Haselünne
Foreign Group companies	
Berentzen Alkollü İçkiler Ticaret Limited Sirketi	Istanbul, Republic of Turkey
Berentzen Distillers CR, spol. s.r.o., v likvidaci (formerly: Berentzen Distillers CR, s.r.o.)	Prague, Czech Republic
Berentzen Spirit Sales (Shanghai) Co., Ltd.	Shanghai, People's Republic of China
Berentzen Spirits India Private Limited	Gurgaon, Republic of India
Berentzen USA, Inc.	Dover / Delaware, United States of America
T M P Technic-Marketing-Products GmbH	Linz, Republic of Austria

Berentzen Distillers CR, spol. s.r.o., v likvidaci (formerly: Berentzen Distillers CR, s.r.o.), Prague, Czech Republic, was dissolved by shareholder resolution of December 20, 2016. The company has been in liquidation since then.

Berentzen Spirit Sales (Shanghai) Co., Ltd. filed for commencement of insolvency proceedings in November 2015 due to insolvency. After this filing was rejected by the competent court for inexplicable reasons, a second application for insolvency proceedings was filed in August 2016, which was again rejected. Please refer to Note (4.4) for details on this subject.

General partnerships and the shell companies that do not have their own business activities are not consolidated, as their influence on the financial position, cash flows and financial performance of the Group is insignificant overall. The not fully consolidated subsidiaries account for less than 1% of the aggregate revenues, net profit and liabilities of the Group.

There have been no changes to the consolidation group since the consolidated financial statements at December 31, 2015.

(1.6) List of corporate shareholdings

The following list shows the shareholdings of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 313 (2) No. 1-4 HGB. The respective shareholdings have not changed in comparison to the previous year.

Direct subsidiaries

Name, registered office	Shareholding in %
Berentzen Distillers International GmbH, Haselünne [1]	100.0
Der Berentzen Hof GmbH, Haselünne [1] [2] [4]	100.0
DLS Spirituosen GmbH, Flensburg [1] [2] [4]	100.0
Doornkaat AG, Norden [1] [2] [4]	100.0
Kornbrennerei Berentzen GmbH, Haselünne	100.0
LANDWIRTH´S GmbH, Minden [2]	100.0
Medley´s Whiskey International GmbH, Haselünne	100.0
Pabst & Richarz Vertriebs GmbH, Minden [1] [2] [4]	100.0
Puschkin International GmbH, Haselünne	100.0
Strothmannn Spirituosen Verwaltung GmbH, Haselünne	100.0
T M P Technic- Marketing-Products GmbH, Linz, Republic of Austria[1]	100.0
Turoa Rum International GmbH, Haselünne	100.0
Vivaris Getränke GmbH & Co. KG, Haselünne [1] [3]	100.0
Winterapfel Getränke GmbH, Haselünne [2]	100.0

[1] The companies marked with [1] are included in the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, Haselünne, by way of full consolidation.

[2] A profit-and-loss transfer agreement has been concluded with the companies marked with [2].

[3] Pursuant to Section 264b HGB, the commercial partnerships marked with [3] are exempted from the obligation to prepare, have audited and publish annual financial statements and a management report in accordance with the regulations applicable to incorporated firms.

[4] Pursuant to Section 264 (3) HGB, the incorporated firms marked with [4] are exempted from the obligation to prepare, have audited and publish annual financial statements and a management report in accordance with the regulations applicable to incorporated firms.

Indirect subsidiaries (domestic)

Name, registered office	Shareholding in %
Domestic companies	
Berentzen Distillers Asia GmbH, Haselünne [1]	100.0
Berentzen Distillers Turkey GmbH, Haselünne [1]	100.0
Berentzen North America GmbH, Haselünne [1]	100.0
Die Stonsdorferei W. Koerner GmbH & Co. KG, Haselünne	100.0
Grüneberger Spirituosen und Getränkegesellschaft mbH, Grüneberg	100.0
Vivaris Getränke Verwaltung GmbH, Haselünne	100.0

[1] The companies marked with [1] are included in the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, Haselünne, by way of full consolidation.

Indirect subsidiaries (foreign)

Name, registered office	Shareholding in %
Foreign companies	
Berentzen Alkollü İçkiler Ticaret Limited Sirketi, Istanbul, Republic of Turkey [1]	100.0
Berentzen Distillers CR, s.r.o. v. likvidaci (formerly: Berentzen Distillers CR, s.r.o.), Prague, Czech Republic [1]	100.0
Berentzen Spirit Sales (Shanghai) Co., Ltd., Shanghai, People's Republic of China [1]	100.0
Berentzen Spirits India Private Limited, Gurgaon, Republic of India [1]	100.0
Berentzen USA, Inc., Dover / Delaware, United States of America [1]	100.0
Double Q Whiskey Company Ltd., London, United Kingdom	100.0
Sechsämtertropfen G. Vetter Spolka z o.o., Jelenia Gora, Poland	100.0

[1] The companies marked with [1] are included in the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, Haselünne, by way of full consolidation.

Where permitted, the domestic incorporated firms and limited liability firms as noted make use of the disclosure options granted to them in accordance with Section 264 (3) and Section 264b HGB.

(1.7) Foreign currency translation

The consolidated financial statements at December 31, 2016 prepared in accordance with IFRS have been prepared in euros (EUR), the functional currency of Berentzen-Gruppe Aktiengesellschaft.

Since all the foreign subsidiaries conduct their business activities independently in financial, economic and organisational regards, the respective local currency is their functional currency. Accordingly, items in the Statement of Financial Position are translated at the exchange rate applicable at the reporting date; items in the Consolidated Statement of Comprehensive Income are translated at the annual average rate.

Differences from the currency translation of foreign subsidiaries are recognised outside of profit or loss and reported under retained earnings.

The following exchange rates were used as the basis for currency translation at Berentzen-Gruppe Aktiengesellschaft.

Country	Currency code	Average rate [1]		Year-end rate [1]	
		2016	2015	12/31/2016	12/31/2015
People's Republic of China	CNY	7.3522	6.9149	7.3202	7.0805
Republic of India	INR	74.3717	71.1830	71.5935	72.2024
Czech Republic	CZK	27.0340	27.2821	27.0210	27.0217
Republic of Turkey	TRY	3.3433	3.0232	3.7072	3.1842
United States of America	USD	1.1069	1.1103	1.0541	1.0907

[1] rate 1 euro / national currency.

Foreign currency transactions are translated into the functional currency at the exchange rates applicable at the transaction date or the measurement date in the event of remeasurement. Gains and losses resulting from the settlement of such transactions and from translation at the end-of-period exchange rate of monetary assets and liabilities maintained in foreign currency are normally recognised in the Statement of Comprehensive Income. Foreign currency gains and losses resulting from the translation of cash and cash equivalents and financial liabilities are presented under Financial income or Financial expenses in the Statement of Comprehensive Income, and all other foreign currency gains and losses under Other income.

(1.8) Recognition and measurement methods

Intangible assets

Intangible assets are recognised at amortised cost. All intangible assets with the exception of goodwill have a determinable useful life and are amortised over the useful life of the asset in question on a straight-line basis.

For accounting purposes, it is assumed that trademarks have a finite useful life. Amortisation is taken on proprietary brands on a straight-line basis over the individually estimated useful life of 15 years. Acquired technologies, customer lists and software licences are amortised on a straight-line basis over an estimated economic useful life of no more than eight years. Purchase commitments are amortised during the agreed term across the annual quantity purchased using a charge rate for each period; their operational useful life usually totals 5 years.

Intangible assets that are subject to scheduled amortisation are tested for impairment when relevant events and/or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is recognised in the amount of the carrying amount in excess of the recoverable amount. The recoverable amount is the higher of the fair value of the asset less the costs to sell and the value in use. The fair value of trademarks and copyrights is measured using the multi-period excess earnings method (MEEM). Where the reasons for the previously recognised impairments no longer apply, the impairments on such assets are reversed to the value that would have arisen had no impairments been recognised in earlier periods.

Under IFRS 3 Business Combinations, goodwill is not subject to amortisation; instead, it undergoes an impairment test once a year at the level of cash-generating units and where there are indications of an impairment. The goodwill is tested for impairment by setting the recoverable amount of a cash-generating unit against its carrying amount including goodwill. The recoverable amount is the higher of the fair value less the costs to sell of the cash-generating unit and its value in use. Where the carrying amount exceeds the recoverable amount, an impairment loss in the amount of the difference is recognised on the goodwill allocated to this cash-generating unit. Impairments of goodwill may not be reversed in later periods.

Research costs are presented as current expenses. Development costs are not capitalised, as the conditions for capitalisation stated in IAS 38 are not routinely met.

Property, plant and equipment

Items of property, plant and equipment are measured at historical cost less scheduled depreciation and, where necessary, less appropriate impairments. Acquisition or production cost includes those costs that are directly attributable to the purchase. Finance costs are not capitalised as part of the historical cost, as these are not routinely directly attributable to the acquisition, construction, or production of a qualifying asset. At the Berentzen Group, depreciation of the items of property, plant and equipment always starts when the asset is used.

Subsequent acquisition/production costs are not included in the cost of the asset unless it is probable that future economic benefits will flow to the Group and the cost of the asset can be reliably measured. All other repair and maintenance costs are recognised as an expense in the Statement of Comprehensive Income in the financial year in which they accrue.

No depreciation charges are taken on land. Depreciation on property, plant and equipment is taken exclusively using the straight-line method. The following standard economic useful lives are used as the basis for depreciation charges throughout the Group:

	Economic useful life, in years
Buildings	20-75
Land improvements	10-30
Technical plant and machinery	5-25
Operational and office equipment	5-30
Other equipment	5-30

The residual values and economic useful lives are reviewed at each reporting date and, if necessary, adjusted. Where there are indications for an impairment, and the recoverable amount is less than the amortised cost, impairments are recognised in property, plant and equipment. The recoverable amount is the higher of the fair value of the asset less the costs to sell and the value in use. For the impairment test, assets are grouped together at the lowest level for which cash flows can be identified separately (cash-generating unit – CGU). In the case of assets for which an impairment has been recognised in the past, a further test is carried out at each reporting date to ascertain whether the impairment should be reversed (write-up).

Gains and losses on the disposal of assets are measured as the difference between the proceeds on disposal and the carrying amount and recognised in the Statement of Comprehensive Income under Operating income or Other operating expenses.

Investment property

Investment property is measured at amortised cost and depreciated in accordance with the depreciation methods and useful lives described in the section on Property, plant and equipment.

Leases

In accordance with IAS 17, the economic ownership of a leased asset is attributable to the lessor if substantially all the significant risks and rewards incidental to ownership of the asset remain with the lessor (finance lease). Where economic ownership of the leased item of property, plant and equipment is attributable to Berentzen Group companies, the leased asset is capitalised at cost at the inception of the lease or, if lower, the present value of the minimum lease payments. Depreciation is taken – in line with comparable acquired items of property, plant and equipment – on a straight-line basis over the useful life or the term of the lease, if this is shorter.

Where Berentzen Group companies act as the lessor of a finance lease, receivables are recognised in the amount of the net investment value arising from the leases and the interest income is recognised in profit or loss.

Leases under which a substantial portion of the risks and rewards incidental to ownership of the leased asset remains with the lessor are classified as operating leases. Both expenses and income in connection with operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Inventories

Inventories are measured at the lower of cost and net realisable value. Alongside the direct costs which are generally measured at the moving average, the cost of inventories comprises appropriate portions of the required indirect materials and production overheads, as well as production-related depreciation that can be attributed directly to the production process. The cost of administration and social facilities is included insofar as it can be attributed to production. The inventory risk arising from a lower net realisable value, the period of storage, shrinkage and so on is reflected by means of write-downs. Write-ups are recognised if the reasons that led to a write-down of the inventories no longer apply.

Income taxes, and deferred tax assets and liabilities

Income taxes comprise both the taxes on income to be paid immediately and deferred taxes.

Income taxes essentially comprise the current corporate-income and trade taxes. Effects arising from the measurement of deferred taxes compliant with IAS 12 on account of temporary differences between the carrying amounts under IFRS and the carrying amounts used in the tax balance sheet or as a result of the recognition and measurement of tax loss carry-forwards that have not already been utilised are similarly included in income taxes.

Deferred taxes are measured in accordance with IAS 12. Under these rules, probable tax savings and charges arising in the future are recognised for temporary differences between the carrying amounts stated in the consolidated financial statements and the values of assets and liabilities stated for tax purposes. Anticipated tax savings arising from the utilisation of loss carry-forwards deemed to be realisable in the future are capitalised.

In accordance with the criteria set out in IAS 12.74, deferred tax assets and liabilities broken down by current/non-current are offset within the individual company and within a group of companies for income tax purposes.

Deferred tax assets arising from deductible temporary differences and tax loss carry-forwards exceeding the deferred tax liabilities arising from taxable temporary differences are only recognised to the extent that it is probable that enough taxable income will be generated to realise the corresponding benefits. Various factors such as the loss history and operating plans are applied to assess the probability of the future utility of deferred tax assets.

The tax charges on planned dividend pay-outs by domestic and international subsidiaries are insignificant and hence not normally recognised. These tax charges arising from German corporate-income and trade tax of approximately 1.5% on all dividends would exist for subsidiaries with the legal form of an incorporated company.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets that are not classified at fair value through profit or loss as described below are measured at fair value plus transaction costs upon initial recognition. Additions and disposals of financial assets are recognised at the trade date. The trade date is the date when the Group commits to purchase or sell the asset.

Financial assets are normally divided into the following categories and sub-categories for the purposes of subsequent measurement:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets

The classification depends upon the purpose for which the individual financial assets were acquired. The management determines the classification of the financial assets upon initial recognition and reviews the classification at each reporting date.

The category of “financial assets at fair value through profit or loss” contains two sub-categories: financial assets classified as held for trading from the outset and financial assets classified at fair value through profit or loss from the outset. A financial asset is assigned to this category if it was purchased in principle with the intention to sell in the short term or the financial asset was designated accordingly by the management. Derivatives are similarly classified as held for trading, provided they are not designated as hedges. Assets in this category are presented as current assets if they are either classified as held for trading or will probably be realised within twelve months of the reporting date. Financial assets designated at fair value through profit or loss are initially recognised at fair value; associated transaction costs are recognised in profit or loss. Financial assets held for trading are presented at fair value upon subsequent measurement. Any gain or loss on financial assets held for trading arising from subsequent measurement is recognised in profit or loss within Other operating income or Other operating expenses.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. They arise when the Group makes cash, goods or services directly available to a debtor without any intention of trading the receivables. They are classified as current assets, with the exception of such assets that fall due twelve months or more after the reporting date. The latter are presented as non-current assets. Loans and receivables are presented within Trade receivables and Other current financial assets in the Statement of Financial Position. After initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairments. Gains or losses are recognised within Other operating income or Other operating expenses in the Statement of Comprehensive Income in the profit or loss for the period when the loans and receivables are derecognised or impaired, and within the framework of amortisation.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed terms, for which the Group’s management has the intention and ability to hold them until maturity. With the exception of those investments that fall due within twelve months of the reporting date and are presented as current assets accordingly, the financial instruments in this category are presented within non-current assets. After initial recognition, held-to-maturity investments are measured at amortised cost. Gains or losses are recognised within Financial income or Financial expenses in the Statement of Comprehensive Income when the held-to-maturity investments are derecognised or impaired, and within the framework of amortisation.

Available-for-sale financial assets are non-derivative financial assets that are either assigned to this category or not assigned to any of the other categories listed. They are classified as non-current assets, provided the management does not have the intention to sell them within twelve months of the reporting date. After initial recognition, available-for-sale financial assets are measured at fair value, with any unrealised gains or losses recognised directly within Other comprehensive income. Dividend income from financial assets in this category is recognised within Other income in the Statement of Comprehensive Income. Dividends on available-for-sale equity instruments are recognised as Other income in the Statement of Comprehensive Income when the Group's right to receive payment is established. Shares in affiliated companies, participating interests, securities and shares in cooperatives are similarly classified as available-for-sale financial assets, although they are normally measured at their respective acquisition cost as the fair value is not capable of being reliably measured. The shares held by the Berentzen Group, for which there is currently no intention to sell, are not listed, and no active market exists for them.

Cash and cash equivalents

Cash and cash equivalents comprise cash, sight deposits and other current, highly liquid financial assets with an original maturity of less than three months.

Treasury shares

Treasury shares purchased and held are measured at cost, including directly allocable transaction costs, and are deducted directly from equity instead of being recognised in profit or loss. The imputed share of nominal capital attributable to treasury shares is set off against subscribed capital, and the difference between the imputed nominal value and the acquisition cost of purchased treasury shares is offset against retained earnings.

Provisions

Provisions within the meaning of IAS 37 take account of present legal or constructive obligations towards third parties that arise from past events, the settlement of which is expected to result in an outflow of resources, provided that a reliable estimate can be made of the amount of the obligation. Provisions are recognised at the necessary amount expected to settle the obligation. Non-current provisions are recognised at the discounted settlement amount at the reporting date. Increases in provisions resulting from compounding are recognised within Financial expenses in the Statement of Comprehensive Income. Provisions are not offset against rights of recourse.

Employee benefits

The actuarial measurement of the pension provisions for the Company pension plan is carried out using the projected unit credit method prescribed by IAS 19. The defined benefit obligation (DBO) is measured annually by an independent actuary using the projected unit credit method. The present value of the DBO is calculated by discounting the anticipated future cash outflows with the market yields on high quality corporate bonds with equivalent terms to the pension obligations. This was 1.0% during the reporting period (previous year: 1.5%). Actuarial gains and losses based on experience adjustments and the effects of changes to the actuarial assumptions are recognised directly in Other comprehensive income (OCI) and not in profit or loss.

Post-employment benefits are granted where an employee is terminated before reaching ordinary retirement age or an employee leaves employment voluntarily against payment of a termination indemnity. Berentzen-Gruppe Aktiengesellschaft recognises termination payments when it has demonstrably committed to terminate the employment of current employees in accordance with a detailed formal plan without a realistic possibility of withdrawal from that plan.

Liabilities

Liabilities comprise financial liabilities, trade payables and other liabilities. Upon initial recognition, they are measured at the fair value of the consideration received less the transaction costs associated with the borrowing.

In the subsequent period, financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised directly in profit or loss when the liabilities are derecognised and within the framework of amortisation. Transaction costs are presented within Other operating expenses.

Non-current liabilities are subsequently measured at amortised cost. Differences between historical cost and the redemption amount are measured in accordance with the effective interest method.

Current liabilities are recognised at their redemption or settlement amount.

Liabilities classified as “held for trading” are measured at fair value through profit or loss.

Financial liabilities arising from finance leases are recognised at the fair value of the leased asset or the present value of the minimum lease payments, where this value is lower.

The spirits tax and import duties are recognised in the amount payable to the main customs offices and are shown in a separate line item in order to improve the informative value of the consolidated financial statements.

Contingent liabilities are not recognised in the Statement of Financial Position. Although they do represent obligations arising from past events, their existence depends upon several uncertain events that cannot be controlled by the Company. An existing obligation leads to an outflow of resources with a probability of less than 50%. Contingent liabilities are shown in Note (4.3) in the notes to the consolidated financial statements.

Government grants

According to IAS 20, government grants are forms of government assistance that can be granted to an entity in the form of transfers of resources in return for past or future compliance with certain conditions relating to the operating activities of the entity; those forms of government assistance which cannot reasonably be measured and transactions with government which cannot be distinguished from the normal activity of the entity are excluded.

Government grants for investments in assets are presented as deferred income within liabilities and reversed in profit or loss on a straight-line basis over the expected useful life of the assets concerned.

Impairments of financial assets

IAS 39 requires an entity to assess at every reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

In the case of equity instruments classified as available for sale, a material or lasting decline in the fair value below the acquisition cost of these equity instruments is considered an indicator that the equity instruments are impaired. When there is such an indication for available-for-sale assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment losses previously recognised relating to the financial asset in question – is derecognised in shareholders' equity and recognised in the Statement of Comprehensive Income. Once they have been recognised in the Statement of Comprehensive Income, impairment losses on equity instruments are not reversed in profit or loss.

An impairment loss is recognised on trade receivables when there is objective evidence that the amounts due for payment are not fully collectible. The following are considered indicators for the presence of an impairment: considerable financial difficulties on the part of a debtor; it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and a breach of contract, such as a default or delinquency in interest or principal payments. The amount is recognised within Other operating expenses in the Statement of Comprehensive Income. The impairment is the difference between the carrying amount and the fair value of the future cash flows, discounted using the effective interest rate. The carrying amount of the receivable is reduced by means of a valuation adjustment account, and the loss is recognised within Other operating expenses in the Statement of Comprehensive Income. When a receivable has become uncollectible, it is derecognised against the valuation adjustment account. Subsequent cash receipts on previously derecognised amounts are recognised against the impairments on trade receivables presented in the Statement of Comprehensive Income.

Derecognition of financial assets and liabilities

A financial asset is derecognised when one of the following three conditions is met:

- The contractual rights to receive the cash flows from the financial asset have expired.
- The Group retains the contractual rights to receive the cash flows from the financial asset, but assumes a contractual obligation to immediately pay the cash flows to one or more recipients in an arrangement that meets the conditions of IAS 39.19.
- The Group has transferred its contractual rights to receive the cash flows from the financial asset and either (a) transfers substantially all the risks and rewards incidental to ownership of the financial asset or (b) neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but transfers control over the asset.

Where the Group transfers its contractual rights to cash flows from an asset, but neither transfers nor retains substantially all the risks and rewards incidental to ownership of this asset, and retains control over the transferred asset at the same time, the Group continues to recognise the transferred asset to the extent of its continuing involvement. When the continuing involvement takes the form of guaranteeing the transferred asset, the extent of the continuing involvement is the lower of the original amount of the asset and the maximum amount of the consideration received that the Group could be required to repay.

A financial liability is derecognised when the obligation underlying this liability is discharged or cancelled or expires.

If an existing financial liability is exchanged for another liability of the same lender with substantially different contractual terms, or the conditions of an existing liability are changed significantly, such an exchange or change leads to the derecognition of the original liability and the recognition of a new liability. The difference between the respective carrying amounts is recognised in the Statement of Comprehensive Income.

Recognition of income and expenses

Normally, revenues and other operating income are not recognised until the services have been performed, or the goods or products have been delivered, and hence the risk has been transferred.

Operating expenses are recognised at the date of performance or date of incurrence.

Interest income and expenses are recognised in profit or loss.

Assumptions and estimates

When preparing the consolidated financial statements, assumptions have been made and estimates applied that have an impact on the presentation and measurement of the recognised assets, liabilities, income, expenses and contingent liabilities.

These assumptions and estimates essentially relate to the assessment of the impairment of intangible assets, the definition of uniform economic useful lives, the collectability of receivables, the recognition and measurement of provisions, and the realisation of future tax savings.

In the course of business combinations, assumptions are made for the purpose of purchase price allocation regarding the valuation of assets acquired and liabilities assumed, especially relating to the acquired intangible assets, as the fair value is used as the measure. This is generally measured as the present value of the future cash flows, taking into account the present value of the depreciation-related tax benefit.

The carrying amounts of the items in which assumptions have been made and estimates applied are included in the corresponding explanations relating to these items in the notes to the financial statements.

The present value of pension obligations depends upon a number of factors that are based on actuarial assumptions. The assumptions applied when determining the net expenses (income) for pensions include the anticipated discount rate. Berentzen-Gruppe Aktiengesellschaft determines the appropriate discount rate at the end of each year. This is the interest rate used when measuring the present value of the anticipated future cash outflows required to settle the obligation. Due to Company-specific factors, the rate of increase in the pension obligation is 1.5% (previous year: 1.5%). Further significant assumptions for pension obligations are based on existing market conditions. These actuarial assumptions may differ from actual developments due to changed market and economic conditions, thus leading to a significant change in the pension and similar obligations.

The measurement of provisions for legal disputes and for regulatory and administrative proceedings and investigations (legal disputes) depends on estimates to a considerable degree. Legal disputes often involve complex legal questions and are fraught with considerable uncertainties. Accordingly, the determination at the reporting date of whether a current obligation probably results from a past event, whether a future outflow of economic resources is probable, and whether the obligation can be estimated reliably necessarily entails a considerable degree of discretion. Such determinations are generally made in consultation with the Group's central Legal Department and outside legal advisors. It may be necessary to recognise a new provision for an ongoing legal dispute as a result of new developments or to adjust the amount of an existing provision. In addition, the outcome of a legal dispute could give rise to expenditures that exceed the provision recognised for the respective proceeding. Legal disputes can have significant effects on the financial position, cash flows and financial performance of the Berentzen Group. Required information about legal disputes according to IAS 37 is not disclosed if the Berentzen Group concludes that such information could seriously endanger the outcome of the given proceeding.

The repayment obligations (liabilities) arising from deposits received are measured using the turnover rate of the returnable containers determined in accordance with the respective container type and the underlying deposit system.

Income taxes must be estimated for each tax jurisdiction in which the Group operates. This involves calculating the anticipated current income tax payable and assessing the temporary differences arising from the differing treatment of certain items in the Statement of Financial Position between the consolidated financial statements prepared in accordance with IFRS and the financial statements prepared under tax law. Where there are temporary differences, such differences normally result in the recognition of deferred tax assets and liabilities in the consolidated financial statements. The management must make assessments when calculating actual and deferred taxes. Deferred tax assets are recognised to the extent that it is probable that they can be utilised. The utilisation of deferred tax assets depends on the possibility of generating sufficient taxable profit given the respective tax type and tax jurisdiction, whereby any legal restrictions regarding the maximum periods for loss carry-forwards need to be taken into account. Various factors, such as past financial performance, operating plans, loss carry-forward periods and tax planning strategies, are applied when assessing the probability of being able to utilise deferred tax assets in the future. Where the actual results differ from these estimates, or these estimates need to be adjusted in future periods, this may have a negative impact on the Company's financial position, cash flows and financial performance. Where there is a change in the assessment of the value of deferred tax assets, write-downs are taken on the deferred tax assets and recognised in profit or loss.

Fluctuating business cycles give rise to risks for the further development of the market and economic situation. These fluctuations may cause underlying assumptions to differ from actual developments and have an impact on commodity prices, interest rates and patterns of consumer behaviour.

The assumptions and estimates are underpinned by premises that are based on the currently available information. The actual values may in some cases differ from the assumptions and estimates made. Changes are recognised in profit or loss at the date when a better understanding is gained.

(2) Explanatory notes to the Consolidated Statement of Financial Position

(2.1) Non-current assets

Development of intangible assets and property, plant and equipment in the 2015 and 2016 financial years

	Intangible assets EUR '000	Property, plant and equipment EUR '000	Investment property EUR '000	Total non-current assets EUR '000
Acquisition/production cost				
Balance at 01/01/2015	73,130	147,366	0	220,496
Additions	426	6,932	0	7,358
Disposals	-1,959	-9,166	0	-11,125
Reclassifications	36	-36	0	0
Currency effects	1	-8	0	-7
Balance at 12/31/2015	71,634	145,088	0	216,722
Additions	423	5,998	0	6,421
Disposals	-1,352	-1,642	0	-2,994
Reclassifications	0	-1,203	1,203	0
Currency effects	-2	-9	0	-11
Balance at 12/31/2016	70,703	148,232	1,203	220,138
Depreciation/amortisation/impairments				
Balance at 01/01/2015	56,420	101,168	0	157,588
Additions	2,617	5,465	0	8,082
Impairments	0	171	0	171
Write-ups	-1	-640	0	-641
Disposals	-1,753	-7,053	0	-8,806
Currency effects	1	-6	0	-5
Balance at 12/31/2015	57,284	99,105	0	156,389
Additions	1,228	5,595	19	6,842
Impairments	0	264	155	419
Write-ups	0	-287	0	-287
Disposals	-1,238	-1,446	0	-2,684
Umbuchungen	0	-253	253	0
Currency effects	0	-6	0	-6
Balance at 12/31/2016	57,274	102,972	427	160,673
Net carrying amounts 12/31/2016	**13,429**	**45,260**	**776**	**59,465**
Net carrying amounts 12/31/2015	**14,350**	**45,983**	**0**	**60,333**

(2.2) Intangible assets

Development of intangible assets in the 2015 and 2016 financial years

	Goodwill EUR '000	Trademarks, customer lists, and technical knowledge EUR '000	Licences and other intangible assets EUR '000	Advance payments made EUR '000	Total intangible assets EUR '000
Acquisition/production cost					
Balance at 01/01/2015	6,056	64,854	2,220	0	73,130
Additions	0	288	113	25	426
Disposals	0	-1,789	-170	0	-1,959
Reclassifications	0	0	36	0	36
Currency effects	0	0	1	0	1
Balance at 12/31/2015	6,056	63,353	2,200	25	71,634
Additions	0	287	89	47	423
Disposals	0	-1,344	-8	0	-1,352
Reclassifications	0	0	25	-25	0
Currency effects	0	0	-2	0	-2
Balance at 12/31/2016	6,056	62,296	2,304	47	70,703
Amortization/impairments					
Balance at 01/01/2015	0	54,812	1,608	0	56,420
Additions	0	2,390	227	0	2,617
write-ups	0	0	-1	0	-1
Disposals	0	-1,585	-168	0	-1,753
Currency effects	0	0	1	0	1
Balance at 12/31/2015	0	55,617	1,667	0	57,284
Additions	0	1,018	210	0	1,228
Disposals	0	-1,230	-8	0	-1,238
Currency effects	0	0	0	0	0
Balance at 12/31/2016	0	55,405	1,869	0	57,274
Net carrying amounts 12/31/2016	**6,056**	**6,891**	**435**	**47**	**13,429**
Net carrying amounts 12/31/2015	**6,056**	**7,736**	**533**	**25**	**14,350**

The following table shows the detailed breakdown of the net carrying amounts of intangible assets:

	12/31/2016 EUR '000	12/31/2015 EUR '000
Trademarks	3,416	3,686
Customer lists	1,596	1,932
Technical knowledge	1,474	1,730
Purchase commitments	405	388
Trademarks, customer lists, and technical knowledge	6,891	7,736
Goodwill	6,056	6,056
Licences and other intangible assets	435	533
Advance payments made	47	25
	13,429	**14,350**

Upon initial consolidation on the basis of the purchase price allocation that was carried out, there were additions to intangible assets in the 2014 financial year from the acquisition of T M P Technic-Marketing-Products GmbH, attributable to trademarks, customer lists, technical knowledge and goodwill of EUR 6,056 thousand.

Pursuant to IAS 36.10, the capitalised goodwill is subject to annual impairment testing. The impairment test performed in the 2016 financial year did not give rise to any impairment (as was the case in the previous year).

Under the impairment test, the recoverable amount is determined using the fair value less costs to sell.

The fair value less costs to sell was calculated by determining the present value of the anticipated cash flows from the *Non-alcoholic Beverages* operating segment (discounted cash flow method). The present value of anticipated future cash flows, calculated on the basis of a planning horizon of three years, is the basis for determining any need for an impairment.

The discount factor used was the weighted average cost of capital (WACC) of a corresponding peer group. This discount factor determined for the CGU came to 5.7% (previous year: 5.6%). The parameters for the WACC was calculated on the basis of figures derived from the market. The applied growth rate was 1.0% (previous year: 1.0%).

The principal assumptions applied in the calculation of the fair value less costs to sell pertained to the weighted average cost of capital, the forecast development of revenues, the EBITDA growth rate and the sustainable growth rate of the terminal value.

The fair value less costs to sell is mainly based on non-observable input data (fair value hierarchy Level 3).

As in the prior year, no intangible assets were encumbered with security interests at December 31, 2016.

As of December 31, 2016, contractual commitments to purchase intangible assets amounted to EUR 73 thousand (previous year: EUR 0 thousand).

Costs for research and development in the amount of EUR 1,630 thousand (previous year: EUR 1,736 thousand) were recognised as an expense in the reporting period.

(2.3) Property, plant and equipment

Development of property, plant and equipment in the 2015 and 2016 financial years

	Land, leasehold rights,and buildings, including buildings on land not owned EUR '000	Technical equipment and machinery EUR '000	Other equipment, operational and office equipment EUR '000	Advances to suppliers and construction in progress EUR '000	Total property, plant and equipment EUR '000
Acquisition/production cost					
Balance at 01/01/2015	48,324	74,846	23,058	1,138	147,366
Additions	93	2,178	3,221	1,440	6,932
Disposals	-2,039	-1,326	-5,801	0	-9,166
Reclassifications	92	928	82	-1,138	-36
Currency effects	0	0	-8	0	-8
Balance at 12/31/2015	46,470	76,626	20,552	1,440	145,088
Additions	265	2,130	2,429	1,174	5,998
Disposals	0	-304	-1,338	0	-1,642
Reclassifications	-1,186	1,388	2	-1,407	-1,203
Currency effects	0	0	-9	0	-9
Balance at 12/31/2016	45,549	79,840	21,636	1,207	148,232
Depreciation/impairments					
Balance at 01/01/2015	26,251	57,401	17,516	0	101,168
Additions	728	2,977	1,760	0	5,465
Impairments	90	79	2	0	171
write-ups	0	-637	-3	0	-640
Disposals	-1,221	-1,228	-4,604	0	-7,053
Currency effects	0	0	-6	0	-6
Balance at 12/31/2015	25,848	58,592	14,665	0	99,105
Additions	705	2,932	1,958	0	5,595
Impairments	0	251	13	0	264
write-ups	0	-283	-4	0	-287
Disposals	0	-211	-1,235	0	-1,446
Reclassifications	-253	0	0	0	-253
Currency effects	0	1	-7	0	-6
Balance at 12/31/2016	26,300	61,282	15,390	0	102,972
Net carrying amounts 12/31/2016	**19,249**	**18,558**	**6,246**	**1,207**	**45,260**
Net carrying amounts 12/31/2015	**20,622**	**18,034**	**5,887**	**1,440**	**45,983**

For details on the impairments and write-ups performed, please refer to Note (3.7).

Significant additions to property, plant and equipment in the 2016 financial year

	Land, leasehold rights,and buildings, including buildings on land not owned EUR '000	Technical equipment and machinery EUR '000	Other equipment, operational and office equipment EUR '000	Advances to suppliers and construction in progress EUR '000
Empty bottles/crates	0	0	1,453	0
Tap systems	0	0	349	0
Refrigerators/vending machines	0	0	230	0
Remodelling of farm shop	196	0	157	0
Bottling equipment	0	795	0	0
Fruit juicers	0	270	0	0
Decrater with new bottle depalletizer	0	150	0	0
Upgrade water treatment plant	0	150	0	0
Filling computer	0	107	0	0
Blow moulder	0	100	0	0
Screw compressor	0	100	0	0
Warehouse	0	0	0	386
Palletizer	0	0	0	255
Distillery	0	0	0	224
Decrater reusable PET bottles	0	0	0	200
Machinery	0	0	0	109
Other	69	458	240	0
	265	**2,130**	**2,429**	**1,174**

In the 2015 financial year, government grants of EUR 273 thousand were recognised for assets at the operating facility of Vivaris Getränke GmbH & Co. KG in Grüneberg/Brandenburg within the framework of investment allowances and subsidies. These are presented as deferred income within Other liabilities and reversed to profit or loss on a straight-line basis over the expected useful life of the assets concerned. Vivaris Getränke GmbH & Co. KG did not receive any grants in the 2016 financial year.

As in the previous year, no items of property, plant and equipment were encumbered with security interests at December 31, 2016.

Contractual obligations of EUR 1,820 thousand (previous year: EUR 800 thousand) to sell items of property, plant and equipment existed at December 31, 2016.

Disposals of property, plant and equipment in the 2015 and 2016 financial year

By way of a purchase agreement dated June 8, 2015, Berentzen-Gruppe Aktiengesellschaft sold the part of a property at the Haselünne facility that was no longer needed for business operations.

Compliant with IFRS 5, the property was presented at June 30, 2015 as a non-current asset held for sale and measured at amortised cost, because the carrying amount was less than the fair value less costs to sell.

The sale was completed in the second half of the 2015 financial year. A purchase price of EUR 1,095 thousand was recorded for the property and the proceeds of EUR 265 thousand arising from the disposal are included in Other operating income.

The property was assigned to the *Spirits* segment.

There were no material sales of property, plant and equipment in the 2016 financial year.

Operating leases

The Berentzen Group has entered into various rental and lease agreements that are classified as operating leases on account of their economic content. The lease agreements essentially relate to the vehicle fleet, leased offices and business premises, and plant and office equipment. Rental and lease expenses of EUR 1,030 thousand (previous year: EUR 1,068 thousand) were paid under operating leases during the reporting period.

The following table shows the breakdown of financial obligations arising from operating rental and lease agreements by residual maturity:

	2016 EUR '000	2015 EUR '000
Minimum lease payments due in up to one year	974	873
Minimum lease payments due in one year and up to five years	1,366	1,017
Minimum lease payments due in more than five years	0	18
Total minimum lease payments under operating leases	**2,340**	**1,908**

The Berentzen Group also acts as lessor under rental and lease agreements that are similarly to be classified as operating leases. These essentially relate to the letting of parts of buildings and storage space. Rental and lease payments of EUR 293 thousand (previous year: EUR 265 thousand) were received during the reporting period.

The anticipated future payments received under operating rental and lease agreements have the following maturity structure:

	2016 EUR '000	2015 EUR '000
Minimum lease payments due in up to one year	40	34
Minimum lease payments due in one year and up to five years	38	43
Minimum lease payments due in more than five years	0	0
Total minimum lease payments under operating leases	**78**	**77**

(2.4) Investment property

Development of investment property in the 2015 and 2016 financial years

	Land and leasehold rights EUR '000	Buildings, including buildings on land not owned EUR '000	Total investment property EUR '000
Acquisition/production cost			
Balance at 01/01/2016	0	0	0
Additions	0	0	0
Disposals	0	0	0
Reclassifications of property, plant and equipment	480	723	1,203
Balance at 12/31/2016	480	723	1,203
Depreciation/impairments			
Balance at 01/01/2016	0	0	0
Additions	0	19	19
Impairments	73	82	155
Reclassifications of property, plant and equipment	0	253	253
Disposals	0	0	0
Balance at 12/31/2016	73	354	427
Net carrying amounts 12/31/2016	**407**	**369**	**776**
Net carrying amounts 12/31/2015	**0**	**0**	**0**

Investment property comprises the land and buildings of the former production facility in Norden, parts of which have been leased to third parties since the closure of this production facility in financial year 2016.

The fair value of investment property was EUR 1,050 thousand at December 31, 2016. Outside appraisals determined a market value corresponding to the fair value by means of the German income approach (a method based on the present value of future cash flows) on the basis of appropriate rents and the corresponding property rates.

(2.5) Other financial assets

	12/31/2016 EUR '000	12/31/2015 EUR '000
Shares in affiliated companies	329	329
Receivables under finance leases	291	231
Other loans	19	36
Shares in cooperatives	32	32
Participating interests	11	11
	682	**639**

Shares in affiliated companies

Shares in affiliated companies include non-consolidated general partner companies and non-operating shell companies.

Receivables under finance leases

There are lease agreements in the *Fresh Juice Systems* segment that are to be classified as finance leases on account of their contractual terms. These agreements essentially relate to the leasing business involving fruit presses. The non-current portion of the receivables under finance leases amounts to EUR 291 thousand (previous year: EUR 231 thousand) and is presented within Other financial assets. The current portion of the receivables amounts to EUR 259 thousand (previous year: EUR 178 thousand) and is capitalised under Other current financial assets (Note (2.11)).

The following table shows the minimum lease payments to be received in the future and the present value of the minimum lease payments, broken down by due date:

	Gross investment in lease		Present value of minimum lease payments	
	2016 EUR '000	2015 EUR '000	2016 EUR '000	2015 EUR '000
up to one year	273	192	240	158
one year and up to five years	302	245	235	186
more than five years	0	0	0	0
	575	**437**	**475**	**344**

The following table shows the reconciliation of future minimum lease payments with the gross and net investment in leases and with the present value of future lease payments:

	2016 EUR '000	2015 EUR '000
Future minimum lease payments	493	367
Unguaranteed residual values	82	70
Gross investment in leases	**575**	**437**
Unrealised financial income	-25	-28
Net investment in leases	550	409
Present value of the non-guaranteed residual values	**75**	**65**
Present value of future minimum lease payments	**475**	**344**

Other loans

The other loans include instalment loans extended by the *Non-alcoholic Beverages* segment to catering facilities subject to the condition of a purchase obligation for up to five years. The instalment loans – some of which bear low interest and the rest of which bear interest at market rates – are measured taking into account individual valuation adjustments and flat-rate individual valuation adjustments. The loans are repaid in monthly, quarterly, semi-annual or annual instalments, depending on the terms and conditions defined in the individual loan agreements. No repayments were past due at the reporting date.

(2.6) Deferred taxes and income tax expenses

	12/31/2016 EUR '000	12/31/2015 EUR '000
Deferred tax assets	159	57
Deferred tax liabilities	1,921	2,314

The following table shows the breakdown of deferred tax assets and liabilities by item in the Statement of Financial Position and content:

	12/31/2016		12/31/2015	
	Deferred tax assets EUR '000	Deferred tax liabilities EUR '000	Deferred tax assets EUR '000	Deferred tax liabilities EUR '000
ASSETS				
Non-current assets				
Intangible assets	0	1,622	1	1,837
Property, plant and equipment	0	1,770	0	1,869
Other financial assets	1	0	1	0
Current assets				
Inventories	90	11	66	0
Current trade receivables	164	148	166	135
Other current assets	287	158	268	79
SHAREHOLDERS' EQUITY AND LIABILITIES				
Non-current liabilities				
Non-current provisions	1,312	0	1,278	0
Current liabilities	165	262	149	322
Subtotal for temporary differences	2,019	3,971	1,929	4,242
of which non-current	1,362	3,146	1,294	3,507
Impairments	-316		-326	
Capitalization of tax loss carry-forwards	506		382	
Netting	-2,050	-2,050	-1,928	-1,928
Deferred taxes shown in the Statement of Financial Position	**159**	**1,921**	**57**	**2,314**

The amount of deductible temporary differences for which no deferred tax assets were recognised amounted to EUR 1,263 thousand (previous year: EUR 1,306 thousand); impairments of deferred tax assets were recognised in the amount of EUR 316 thousand (previous year: EUR 326 thousand). In addition, deferred tax liabilities of EUR 388 thousand (previous year: EUR 422 thousand) were not recognised in respect of temporary differences of subsidiaries of Berentzen-Gruppe Aktiengesellschaft amounting to EUR 1,316 thousand (previous year: EUR 1,429 thousand) due to the existence of control according to IAS 12.39.

The reserve of unused tax loss carryforwards at year-end is as follows:

	2016 EUR '000	2015 EUR '000
For corporation tax	6,207	6,083
For trade tax	4,295	1,557

Deferred tax assets of EUR 1,000 thousand (previous year: EUR 958 thousand) were recognised in respect of corporation tax loss carry-forwards of EUR 2,244 thousand (previous year: EUR 1,395 thousand) and deferred tax assets of EUR 506 thousand (previous year: EUR 382 thousand) were recognised in respect of trade tax loss carry-forwards. No deferred tax assets were recognised in respect of tax loss carry-forwards beyond the amount required to offset deferred tax liabilities.

No deferred tax assets were recognised in respect of corporation tax loss carry-forwards of EUR 5,206 thousand (previous year: EUR 5,125 thousand) and trade tax carry-forwards of EUR 2,052 thousand (previous year: EUR 162 thousand) despite the positive profit forecasts in specific cases, due to the loss history. The trade tax loss carry-forwards can all be used without limitation in time. The time periods over which corporation tax loss carry-forwards for which no deferred tax assets were recognised are presented in the table below.

	2016 EUR '000	2015 EUR '000
Corporation tax loss carry-forwards	5,206	5,125
Expiry date within		
1 year	497	782
2 years	599	742
3 years	0	1,401
4 years	0	15
5 years	0	6
More than 5 years	0	0
Unlimited usability	4,110	2,179

Income tax expenses

The taxes on income paid or owed in the individual countries are presented as income tax expenses together with deferred tax accruals.

The following table shows the breakdown of the earnings before income taxes and income tax expenses by geographic origin:

	2016 EUR '000	2015 EUR '000
Earnings before taxes		
Germany	3,428	1,012
Austria	3,685	3,232
Other countries	-644	-679
	6,469	**3,565**
Taxes paid or owed		
Germany (of which attributable to other periods: EUR 5 thousand; privious year: EUR 1 thousand)	1,511	1,111
Austria (of which attributable to other periods EUR 0 thousand; privious year: EUR 0 thousand)	892	777
Other countries (of which attributable to other periods: EUR 0 thousand; privious year: EUR 1 thousand)	3	6
	2,406	**1,894**
Deferred taxes	-383	-568
	-383	**-568**
Income tax expenses	**2,023**	**1,326**

Due to the increase in deferred tax assets recognised in respect of actual gains and losses in connection with the accounting treatment of pension provisions, deferred tax income of EUR 113 thousand (previous year: EUR 47 thousand) was additionally recognised in other comprehensive income.

No tax loss carry-forwards were utilised to reduce corporation tax expenses and to reduce trade tax expenses in the 2016 financial year. In the previous year, loss carry-forwards of EUR 13 thousand were utilised to reduce corporation tax expenses, so that the utilisation of tax loss carry-forwards from prior years reduced income taxes paid or owed by EUR 3 thousand in 2015.

The income tax expenses for 2016 in the amount of EUR 2,023 thousand (previous year: EUR 1,326 thousand) differed from the expected tax expenses of EUR 1,908 thousand (previous year: EUR 1,052 thousand), which would have resulted from the application of an expected average tax rate to the Group's earnings before income taxes, by an amount of EUR 115 thousand (previous year: EUR 274 thousand).

The following reconciliation shows the causes of the difference between expected and actual tax expenses in the corporate group:

	2016 EUR '000	2015 EUR '000
Profit after taxes	4,446	2,239
Actual income tax expenses	2,406	1,894
Deferred income tax expenses	-383	-568
Income tax expenses	2,023	1,326
Earnings before income taxes	**6,469**	**3,565**
Applicable tax rate	29.5%	29.5%
Expected income tax expenses	**1,908**	**1,052**
Tax effect of trade tax additions	137	136
Tax effect of trade tax reductions	-17	-16
Tax increases/reductions due to non-deductible expenses	164	136
Tax reductions due to tax-exempt income	-21	-38
Permanent differences from items of the Statement of Financial Position	-129	-29
Tax effects of loss carry-forwards and temporary differences	60	181
Current taxes attributable to other periods	5	2
Deferred taxes attributable to other periods	0	-66
Foreign taxes	2	28
Different domestic/foreign tax rates	-85	-56
Other	-1	-4
Income tax expenses	**2,023**	**1,326**
Effective tax rate in %	**31.3%**	**37.2%**

The applicable tax rate breaks down as follows:

	2016 %	2015 %
Taxable base	100.00	100.00
Average trade tax rate	-13.65	-13.65
	86.35	86.35
Corporation tax 15%	-15.00	-15.00
Solidarity surtax 5.5%	-0.85	-0.85
	70.50	70.50
Total tax charges (tax rate)	**29.5**	**29.5**

(2.7) Inventories

	12/31/2016 EUR '000	12/31/2015 EUR '000
Raw materials	4,098	3,960
Packaging and equipment	2,765	2,761
Raw materials and supplies	6,863	6,721
Work in progress	14,769	13,765
Finished products	9,831	8,134
Merchandise for resale	4,147	3,661
Finished products and merchandise for resale	13,978	11,795
Inventories	**35,610**	**32,281**

When measuring inventories at the lower of cost or net realisable value, write-downs totalling EUR 200 thousand (previous year: EUR 186 thousand) were charged on inventories. The carrying amount of the inventories measured at net realisable value totalled EUR 411 thousand (previous year: EUR 181 thousand).

The write-downs were recognised in profit or loss and presented within Other operating expenses and Change in inventories.

(2.8) Current trade receivables

	12/31/2016 EUR '000	12/31/2015 EUR '000
Trade receivables - gross	15,248	12,967
less individual valuation adjustments	310	518
Trade recievables - net	14,938	12,449
Current trade receivables	**14,938**	**12,449**

Valuation adjustments are recognised when there is objective evidence that the receivable concerned cannot be collected at all or in full, or not within a specific period of time. This is regularly the case in the case of trade receivables and other receivables when the internal collection office is unable to collect the receivables and it becomes necessary to call in external collection firms or lawyers. The amount of the individual valuation adjustment is determined using the documented status and the other information available; it totals between 25% and 100% of the individual receivable outstanding.

Valuation adjustments of EUR 28 thousand (previous year: EUR 300 thousand) were charged on trade receivables during the reporting period, as there was objective evidence that the amounts receivable and due for payment were not fully collectible.

The following table shows the development of the valuation adjustment account:

	2016 EUR '000	2015 EUR '000
Balance at 01/01	**518**	**401**
Additions	28	300
Use	96	10
Reversals	140	173
Balance at 12/31	**310**	**518**

The total additions of EUR 28 thousand (previous year: EUR 300 thousand) include the additions due to individual valuation adjustments. Adjustments to individual valuation adjustments of EUR 140 thousand (previous year: EUR 173 thousand) were included to account for reversals.

The following table shows the age structure of the trade receivables with valuation adjustments at December 31:

		with valuation adjustments and past due at the reporting date in the following time buckets				
	Carrying amount 12/31/2016 EUR '000	up to 30 days EUR '000	between 31 and 60 days EUR '000	between 61 and 90 days EUR '000	between 91 and 120 days EUR '000	more than 120 days EUR '000
Trade receivables	310	17	0	0	0	293
	100%	5%	0%	0%	0%	95%
		with valuation adjustments and past due at the reporting date in the following time buckets				
	Carrying amount 12/31/2015 EUR '000	**up to 30 days EUR '000**	**between 31 and 60 days EUR '000**	**between 61 and 90 days EUR '000**	**between 91 and 120 days EUR '000**	**more than 120 days EUR '000**
Trade receivables	518	0	0	3	1	514
	100%	0%	0%	1%	0%	99%

The following analysis shows the trade receivables past due without valuation adjustments at December 31:

	Carrying amount 12/31/2016 EUR '000	of which without valuation adjustments and not past due at the reporting date EUR '000	of which without valuation adjustments and past due at the reporting date in the following time buckets: up to 30 days EUR '000	between 31 and 60 days EUR '000	between 61 and 90 days EUR '000	between 91 and 120 days EUR '000	more than 120 days EUR '000
Trade receivables	14,938	9,257	2,400	912	1,000	1,091	278
	100%	62%	16%	6%	7%	7%	2%

	Carrying amount 12/31/2015 EUR '000	of which without valuation adjustments and not past due at the reporting date EUR '000	of which without valuation adjustments and past due at the reporting date in the following time buckets: up to 30 days EUR '000	between 31 and 60 days EUR '000	between 61 and 90 days EUR '000	between 91 and 120 days EUR '000	more than 120 days EUR '000
Trade receivables	12,449	7,229	2,557	963	1,219	389	92
	100%	58%	20%	8%	10%	3%	1%

Transfers of financial assets

As part of its external financing activities, the Berentzen Group also utilises factoring lines. The total available financing amount on the basis of two factoring agreements is EUR 50,000 thousand (previous year: EUR 45,000 thousand). The Group can also access a formally unlimited factoring line based on three additional centralised settlement and factoring agreements which stipulate no maximum commitment; instead, the possible drawdown is limited only by the available amount of saleable receivables. The factor concerned normally purchases the receivables at face value. The purchase prices are disbursed less retentions and provisions for bonuses and discounts; in this context, the retentions amount to between 10% and 20% of the face value of the receivables and the companies of the Berentzen Group are required to report the provisions for bonuses and discounts on a monthly basis. Furthermore, any charges and interest accruing are retained. At December 31, 2016, trade receivables of EUR 51,663 thousand (previous year: EUR 58,174 thousand) had been sold and assigned to the respective factoring companies.

In some instances, interest payments are payable to the factor for the financial assets transferred to the factor up to the date payment is received by the factor, but no more than 120 days after the due date of the receivables. The interest rate to be applied is derived from the 1-week or 3-month Euribor plus a fixed component. This gives rise to the risk of the Berentzen Group having to make additional interest payments due to payments received late or not at all by the factor (late payment risk). The maximum loss from late payment risk for the amounts already transferred amounts to EUR 29 thousand at the reporting date (previous year: EUR 17 thousand). The fair value of the obligation arising from late payment risk totals EUR 7 thousand (previous year: EUR 7 thousand). Some of the servicing activities for the receivables sold under factoring agreements, notably including the reminder procedures, have remained with the Berentzen Group. The resulting liability has not been recognised due to the immateriality of the amount.

Because almost all of the risks and rewards incident to ownership of the financial assets were transferred to the factor, the trade receivables sold were completely derecognised in accordance with IAS 39.20a. The late payment remaining with the Berentzen Group at the time of derecognition was recognised as an asset representing a continuing involvement of EUR 195 thousand in the 2016 financial year (previous year: EUR 262 thousand). A liability of the same amount was recognised at the same time.

The following table shows the effect of factoring on various items in the Statement of Financial Position:

	Item in the Statement of Financial Position	12/31/2016 EUR '000	12/31/2015 EUR '000
Trade receivables sold and assigned	Current trade receivables	51,663	58,174
Continuing involvement	Other current financial and non-financial assets	195	262
Security retentions and provisions for bonuses and discounts	Other current financial and non-financial assets	8,275	9,027
Cash available	Cash and cash equivalents	31,915	39,283
Cash transferred	Cash and cash equivalents	11,465	11,170
Continuing involvement	Current financial liabilities	195	262
Interest liability from continuing involvement	Current financial liabilities	12	19
Retained interest/ charges/ insurance	Retained earnings/ consolidated comprehensive income	725	690

The factor retained collateral amounting to EUR 8,275 thousand (previous year: EUR 9,027 thousand) to secure any deductions from the face value of receivables. This item is presented within Other current assets.

The available cash of EUR 31,915 thousand (previous year: EUR 39,283 thousand) shown in the table above reflects the balance of the cash arising from the sale of trade receivables that has not yet been drawn down by the Berentzen Group from the factor's customer settlement account. Although these amounts in the customer settlement accounts may be drawn down by the Berentzen Group at any time, they had not been utilised or drawn down at the reporting date. The available cash is covered in more detail in Note (2.10) Cash and cash equivalents. At the same time, the transferred cash of EUR 11,465 thousand (previous year: EUR 11,170 thousand) had already been credited to the current accounts maintained by the Berentzen Group with other banks.

At the time of derecognition of the financial assets, losses totalling EUR 725 thousand (previous year: EUR 690 thousand) were incurred during the reporting period. The gains are presented in Financial income in the amount of EUR 584 thousand (previous year: EUR 554 thousand) and the losses in Other operating expenses in the amount of EUR 141 thousand (previous year: EUR 135 thousand).

The factoring financing lines (receivables sold) utilised at the reporting date are expected to yield interest payments of EUR 11 thousand (previous year: EUR 7 thousand) in the first quarter of 2017. The interest payments depend among other things on the due dates of the receivables and the different interest rates applicable.

(2.9) Current income tax receivables

	12/31/2016 EUR '000	12/31/2015 EUR '000
Claims to income tax refunds (corporation tax, trade tax, capital gains tax)	174	710
	174	**710**

Current income tax receivables are due within one year.

(2.10) Cash and cash equivalents

	12/31/2016 EUR '000	12/31/2015 EUR '000
Cash in banks and cash on hand	67,655	63,140
	67,655	**63,140**

The cash and cash equivalents shown in the Cash Flow Statement consist of the line item Cash and cash equivalents item and part of line item Current financial liabilities in the Statement of Financial Position.

Cash and cash equivalents include the current accounts maintained with banks that are used to settle two factoring agreements, containing the cash available at all times from these factoring agreements (“customer settlement accounts”). The receivables from the customer settlement accounts have different characteristics from usual current account balances with banks, notably with regard to interest. Only the shares of outside capital immediately available under working capital lines are presented as current financial liabilities.

Pursuant to IAS 7.45, the cash and cash equivalents shown in the Cash Flow Statement break down as follows:

	12/31/2016 EUR '000	12/31/2015 EUR '000
Cash and cash equivalents		
Cash on hand	15	13
Current account receivables due from banks	35,725	23,844
Receivables from customer settlement accounts with banks	31,915	39,283
Receivables due from banks	67,640	63,127
	67,655	**63,140**
Current financial liabilities		
Overdraft facilities with banks	571	0
	571	**0**
	67,084	**63,140**

The receivables due from banks totalling EUR 67,640 thousand (previous year: EUR 63,127 thousand) include EUR 31,915 thousand (previous year: EUR 39,283 thousand) in receivables from customer settlement accounts with banks. At the reporting date, EUR 90 thousand (previous year: EUR 90 thousand) of the current account receivables due from banks of EUR 35,725 thousand (previous year: EUR 23,844 thousand) were deposited with a credit insurer under the terms of a guarantee for spirits tax liabilities, and another EUR 18 thousand (previous year: EUR 18 thousand) was deposited with a guarantee insurer under the terms of risk coverage certificates.

(2.11) Other current financial and non-financial assets

	12/31/2016 EUR '000	12/31/2015 EUR '000
Receivables from factoring haircut	8,275	9,027
Refund claims	530	790
Transaction costs syndicated loan	303	0
Receivables under finance leases	259	178
Continuing involvement	195	262
Creditors with debit balances	155	189
Advance payments on account of inventories	102	0
Receivables from derivatives	38	4
Claims under reinsurance policies	33	79
Other items	640	795
	10,530	**11,324**

Other current financial and non-financial assets are presented in one item for reasons of materiality this year.

(2.12) Shareholders' equity

Subscribed capital

The capital stock of Berentzen-Gruppe Aktiengesellschaft in the amount of EUR 24,960 thousand (previous year: EUR 24,960 thousand) is divided into 9,600,000 shares of common stock (previous year: 9.600.000 shares of common stock), which are no-par bearer shares and are fully paid-in. The imputed nominal value per share is EUR 2.60.

The extraordinary general meeting of Berentzen-Gruppe Aktiengesellschaft of July 20, 2015 and the separate meeting of preferred shareholders of July 20, 2015 resolved to convert the 4,800,000 bearer shares of preferred stock without voting rights into bearer shares of common stock with voting rights and to eliminate the profit preference. At this time, the capital stock of Berentzen-Gruppe Aktiengesellschaft was divided into 4,800,000 bearer no-par shares of common stock with voting rights and 4,800,000 no-par shares of preferred stock without voting rights.

The conversion of the formerly exchange-listed 4,800,000 non-voting shares of preferred stock into voting shares of common stock took effect when the corresponding amendments to the Articles of Association were recorded in the Commercial Register on September 28, 2015. The listing of shares of preferred stock on the Frankfurt Stock Exchange was discontinued at the close of trading on the same day.

After the execution of the conversion, the capital stock of Berentzen-Gruppe Aktiengesellschaft consists of a single share class and is divided into 9,600,000 non-par shares of common stock. They were admitted for trading in the regulated market (General Standard section) of the Frankfurt Stock Exchange on September 29, 2015 and have been eligible for trading on the stock exchange since September 30, 2015.

At December 31, 2016, the number of shares outstanding was 9,393,691 shares of common stock (previous year: 9,444,257), Berentzen-Gruppe Aktiengesellschaft having purchased a total of 206,309 treasury shares representing an imputed share of capital equal to EUR 536 thousand in the 2015 and 2016 financial years.

The development of subscribed capital and the number of shares outstanding are presented in the table below:

		12/31/2016		12/31/2015	
		EUR '000	No.	EUR '000	No.
Common shares	Bearer shares	24,960	9,600,000	24,960	9,600,000
Capital stock		24,960	9,600,000	24,960	9,600,000
Treasury shares		-536	-206,309	-405	-155,743
Subscribed (outstanding) capital / shares outstanding		24,424	9,393,691	24,555	9,444,257

Authorized Capital (not issued)

The Executive Board of Berentzen-Gruppe Aktiengesellschaft is authorised with the consent of the Supervisory Board to increase the capital stock by issuing new bearer shares of common stock in exchange for cash or in-kind contributions on one or more occasions, but for a maximum total of up to EUR 12,480 thousand in the time until May 21, 2019. The Executive Board is authorised with the consent of the Supervisory Board to exclude the shareholders' statutory subscription right in certain cases. The conditions under which the Executive Board can exclude, with the consent of the Supervisory Board, the shareholders' subscription right in a capital increase are set out in Article 4 para. 4 of the Articles of Association of Berentzen-Gruppe Aktiengesellschaft in the version of May 12, 2016, which entered into force upon being recorded in the Commercial Register on June 14, 2016. The Executive Board is authorised with the consent of the Supervisory Board to establish the further details of the execution of capital increases under Authorised Capital.

Conditional Capital (not issued)

The capital stock is conditionally increased by up to EUR 12,480 thousand through the issuance of up to 4,800,000 new bearer shares of common stock qualifying for dividends from the beginning of the financial year in which they are issued (Conditional Capital 2014). The Conditional Capital is related to the authorisation granted to the Executive Board by resolution of the annual general meeting of May 22, 2014 to issue, with the consent of the Supervisory Board, bearer or registered convertible bonds and/or warrant bonds in the total nominal amount of up to EUR 200,000 thousand on one or more occasions in the time until May 21, 2019 and to grant the holders or creditors of the bonds conversion or warrant rights for new bearer shares of common stock or bearer non-voting shares of preferred stock representing a total share of capital of up to EUR 12,480 thousand, in accordance with the detailed conditions of the convertible or warrant bonds.

Treasury shares

While concurrently cancelling the authorisation to purchase treasury shares that had been resolved by the annual general meeting on May 22, 2014, the extraordinary general meeting of July 20, 2015 adopted a resolution authorising the Executive Board to purchase shares of common and preferred stock representing a total share of capital of up to EUR 2,496 thousand in the time until July 21, 2020, subject to the condition that the sum of shares to be purchased under this authorisation and the other treasury shares already purchased and still held by the Company or the shares attributable to the Company in accordance with Sections 71d and 71e AktG do not exceed 10 percent of the Company's capital stock. Trading in treasury shares is excluded. The authorisation may be exercised in its entirety or in parts. Treasury shares may be purchased within the authorisation period on one or more purchase dates until the maximum purchase limit is reached. The Executive Board is authorised to use the shares purchased under the foregoing authorisation for all legally permissible purposes, including sale or retirement.

The Executive Board of Berentzen-Gruppe Aktiengesellschaft resolved on July 21, 2015 to exercise the authorisation granted by the extraordinary general meeting of July 20, 2015 to purchase treasury shares in accordance with Section 71 (1) No. 8 AktG and to purchase shares of preferred stock, and after execution of the conversion of shares of preferred stock into shares of common stock resolved by the extraordinary general meeting on July 20, 2015 and by the special meeting of preferred shareholders on the same date, also to purchase shares of common stock on the stock exchange up to a maximum amount (excluding transaction costs) of EUR 1,500 thousand from July 27, 2015 until further notice. The share buyback programme was ended on May 27, 2016.

The authorisation and purchase particularly serve the purpose (among others) of enabling the Company to raise funds in a simplified manner by selling treasury shares on the stock exchange or in connection with a public sale offer and therefore secure an appropriate capital base, and to offer the treasury shares as consideration in connection with business combinations or the acquisition of companies, parts of companies, or investments in companies, in order to quickly and flexibly take advantage of such opportunities as they arise. In addition, these measures are meant to enable the Company to service exchange or subscription rights or conversion obligations under convertible bonds issued, where applicable, without being limited to conducting a capital increase under Conditional Capital or Authorised Capital.

The table below presents information on treasury shares held and purchases of treasury shares in the 2015 and 2016 financial years:

	No. of common shares	No. of preferred shares	Amount of capital stock attributable to treasury shares EUR '000	Percentage of capital stock attributable to treasury shares %	Purchase price [1] EUR '000
Balance at 01/01/2015 / 2015	**0**	**0**	**0**	**0.00**	**0**
07/27/2015 / Beginning of share buyback programme					
07 / 2015	0	11,127	29	0.12	83
08 / 2015	0	66,510	173	0.69	499
09 / 2015	0	45,847	119	0.48	361
09/28/2015: Conversion of preferred shares into common shares	123,484	-123,484	321	1.29	943
10 / 2015	11,750	0	31	0.12	87
11 / 2015	13,967	0	36	0.14	96
12 / 2015	6,542	0	17	0.07	48
Balance at 12/31/2015 / 2015	**155,743**	**0**	**405**	**1.62**	**1,174**
Balance at 01/01/2016 / 2016	**155,743**	**0**	**405**	**1.62**	**1,174**
01 / 2016	4,602	0	12	0.05	33
02 / 2016	5,390	0	14	0.06	37
03 / 2016	4,330	0	11	0.05	27
04 / 2016	23,414	0	61	0.24	146
05 / 2016	12,830	0	33	0.13	83
05/27/2016: End of the share buyback program me					
Balance at 12/31/2016 / 2016	**206,309**	**0**	**536**	**2.15**	**1,500**

[1] Excluding transaction costs of EUR 7 thousand.

The difference of EUR 196 thousand (previous year: EUR 775 thousand) between the imputed nominal amount of EUR 131 thousand (previous year: EUR 405 thousand) and the acquisition costs of purchased treasury shares in the amount of EUR 327 thousand (previous year: EUR 1,180 thousand) was set off against retained earnings.

Berentzen-Gruppe Aktiengesellschaft purchased a total of 206,309 shares under the share buyback programme in the time from July 27, 2015 to and including May 27, 2016. This corresponds to an imputed share of capital stock equal to EUR 536 thousand and thus 2.15% of the Company's capital stock. The average purchase price per share was EUR 7.2706. The amount paid for all the shares was EUR 1,500 thousand (excluding transaction costs). The cumulative difference between the imputed nominal value and acquisition cost of purchased treasury shares is EUR 971 thousand.

Additional paid-in capital

Additional paid-in capital consists of the share premium on the capital increases of Berentzen-Gruppe Aktiengesellschaft in the years 1994 and 1996. EUR 15,855 thousand and EUR 23,010 thousand were withdrawn from additional paid-in capital and appropriated to retained earnings in 2004 and 2008, respectively, to cover the respective net losses of the Company.

Retained earnings

Retained earnings exhibited the following development:

	12/31/2016 EUR '000	12/31/2015 EUR '000
Retained earnings at 01/01	**12,418**	**13,134**
Consolidated profit	4,446	2,239
Currency translation differences	-536	-531
Revaluation of defined benefit obligations	-384	-160
Deferred tax on revaluation of defined benefit obligations	113	47
Other comprehensive income	-807	-644
Consolidated comprehensive income	3,639	1,595
Dividends paid	-1,880	-1,536
Treasury shares (difference between the imputed nominal value and the cost of purchased treasury shares)	-195	-775
Retained earnings at 12/31	**13,982**	**12,418**

Profit utilisation / dividend

In accordance with the German Stock Corporation Act, the profit utilisation including the dividend distribution to shareholders is determined exclusively on the basis of the distributable profit presented in the separate financial statements of Berentzen-Gruppe Aktiengesellschaft prepared in accordance with commercial-law regulations.

It was resolved at the annual general meeting of May 12, 2016 to utilise the distributable profit for financial year 2016 presented in the separate financial statements of Berentzen-Gruppe Aktiengesellschaft in the amount of EUR 4,572 thousand (previous year: EUR 4,325 thousand) to pay a dividend of EUR 0.20 per qualifying share of common stock for the 2015 financial year (previous year: EUR 0.19 per preference share, EUR 0.13 per common share), and to carry forward the remaining amount to new account. After accounting for the treasury shares held by the Company on the day of the annual general meaning, which do not qualify for dividends in accordance with Section 71b AktG, the total dividend pay-out was approximately EUR 1,880 thousand (previous year: EUR 1,536 thousand) and the profit carried forward to new account was EUR 2,692 thousand (previous year: EUR 2,789 thousand).

The Executive Board of Berentzen-Gruppe Aktiengesellschaft proposes to the annual general meeting that the distributable profit for financial year 2016 in the amount of EUR 5,522 thousand presented in the separate financial statements of Berentzen-Gruppe Aktiengesellschaft prepared in accordance with German Commercial Code regulations be utilised to pay a dividend of EUR 0.25 per common share qualifying for dividends for the 2016 financial year, and to carry forward the remaining amount to new account. In consideration of the treasury shares not qualifying for dividends in accordance with Section 71b AktG that were held by the Company on the date of the annual general meeting, this corresponds to a total dividend payment of approximately EUR 2,348 thousand and an amount of approximately EUR 3,173 thousand to be carried forward to new account. Payment of this dividend is dependent on the approval of the annual general meeting of May 19, 2017. The number of shares qualifying for dividends can change in the time until the annual general meeting. In this case, an appropriately adjusted draft resolution on the utilisation of distributable profit will be submitted to the annual general meeting, without changing the dividend of EUR 0.25 per common share qualifying for dividends.

(2.13) Non-current provisions

The following table shows the breakdown of non-current provisions:

	12/31/2016 EUR '000	12/31/2015 EUR '000
Pension provisions	11,183	11,515
Other non-current provisions	535	435
	11,718	**11,950**

Pension provisions

	12/31/2016 EUR '000	12/31/2015 EUR '000
Pension provisions	11,183	11,515

Defined benefit plans

The pension provisions based on defined benefit plans pertain to the post-employment benefit obligations (old age, disability, and survivor's pensions) of the companies included in the consolidated financial statements, which are governed by different pension codes. The amount of individual benefits depends on the length of service with the Company and the age and/or salary level of the employee. For the most part, this relates to non-covered pension plans for which the Company itself settles the obligations as soon as they fall due for payment. Some of the obligations are secured by reinsurance policies worth EUR 33 thousand (previous year: EUR 79) thousand although these are not classified as plan assets within the meaning of IAS 19; these are presented as Other current assets.

The benefit obligations cover a total of 250 (previous year: 260) beneficiaries, of whom 233 (previous year: 238) are pensioners and surviving dependents, 17 (previous year: 21) are former employees receiving benefits. In the previous year, one beneficiary was an active employee receiving benefits. No defined benefit commitments are being made to newly hired employees at this time. Even if no further benefits become vested at all from commitments made in the past, the Company is nonetheless obliged to continue bearing the resulting actuarial risk, like interest rate risk and longevity risk.

Pursuant to IAS 19, the provisions for pension and similar obligations are calculated in accordance with the projected unit credit method for defined benefit plans. The figures are determined on the basis of actuarial reports.

The following table shows the development of the defined benefit obligation (DBO) at December 31, 2016:

	12/31/2016 EUR '000	12/31/2015 EUR '000
DBO at the start of the financial year	11,515	12,083
Current service cost	0	0
Interest expenses on DBO	166	163
Revaluations		
Actuarial gains / losses due to change in demographic assumptions	0	0
Actuarial gains / losses due to change in financial assumptions	510	-110
Actuarial gains / losses due to change in experience-based adjustments	-126	270
Pension benefits paid	-882	-891
DBO at the end of the financial year	**11,183**	**11,515**

Of the DBO at the end of the 2016 financial year, EUR 10,199 thousand (previous year: EUR 10,342 thousand) relates to pensioners and surviving dependents, EUR 984 thousand (previous year: EUR 1,096 thousand) to former employees receiving benefits, and in the previous year, EUR 77 thousand to active employees receiving benefits.

The following table shows the breakdown of pension expenses for the respective reporting period before income tax effects:

	2016 EUR '000	2015 EUR '000
Current service cost	0	0
Interest expenses on DBO	166	163
Expenses recognised in the consolidated Income Statement	**166**	**163**
Actuarial gains (-) / losses (+)	384	160
Expenses/ income recognised in Other comprehensive income	**384**	**160**
Total pension expenses	**550**	**323**

The present service cost is presented within Personnel expenses under Social security, pension and benefit costs (cf. Note 3.5). The interest expense is presented within the Financial result (cf. Note 3.9).

Actuarial assumptions

The pension obligations are measured on the basis of actuarial reports. The following parameters have been applied: an actuarial interest rate of 1.0% p.a. (previous year: 1.5% p.a.), a rate of increase in future compensation of 0% p.a. (previous year: 0% p.a.) and an imputed rate of increase in pension benefits of 1.5% p.a. (previous year: 1.5% p.a.). The actuarial calculations for the 2016 and 2015 financial years are based on the 2005 G standard tables prepared by Professor Klaus Heubeck.

Sensitivity analysis

The following table shows the impact on the DBO of changes in the relevant actuarial assumptions. The impact on the DBO in the event of changes to an assumption is shown in each case, whereas the other assumptions remain unchanged compared with the original calculation. Correlation effects between the assumptions are not included accordingly. The change in the DBO shown is only valid for the actual extent of the change in the individual assumption. If the assumptions change to a different extent, a straight-line impact on the DBO cannot be assumed.

		DBO 12/31/2016 EUR '000	DBO 12/31/2015 EUR '000
Actuarial interest rate	+ 1.0 PP	10,202	10,505
	- 1.0 PP	12,341	12,708
Rate of increase in pension benefits	+ 0.5 PP	11,738	12,071
	- 0.5 PP	10,666	10,997
Rate of increase in future compensation	+ 0.5 PP	11,183	11,515
	- 0.5 PP	11,183	11,515
Life expectancy	+ 1 year	11,712	12,028
	- 1 year	10,665	11,010

The same calculation method (projected unit credit method) was applied when determining the impact on the DBO as was used when calculating the pension provisions at year-end.

Expected pension payments

The following table shows the expected pension payments for the following ten years:

	Expected pension payments EUR '000
2017	888
2018	851
2019	816
2020	754
2021	718
2022 - 2026	3,032

The average weighted maturity of the benefit obligations at December 31, 2016 is around 10 years (previous year: 10 years).

Defined contribution plans

As a general rule, the Berentzen Group currently grants its employees post-employment benefits in the form of defined contribution plans. Within the framework of deferred compensation and employer allowances, contributions to post-retirement benefits are essentially paid into a pension fund or pension plans for the employees.

Employer contributions of EUR 79 thousand (previous year: EUR 78 thousand) to these defined contribution plans were recognised in Personnel expenses in the 2016 financial year.

Employer contributions of EUR 1,353 thousand (previous year: EUR 1,339 thousand) were transferred to the statutory pension insurance scheme in Germany and employer contributions of EUR 25 thousand (previous year: EUR 21 thousand) to statutory pension insurance schemes in other countries in the 2016 financial year.

Other non-current provisions

The following provisions are presented separately as other non-current provisions in the Statement of Financial Position:

	12/31/2016 EUR '000	12/31/2015 EUR '000
Compensation with performance-based components	338	251
Service anniversary awards	197	184
	535	**435**

Please refer to Note (4.7) Related Party Disclosures for a detailed explanation of the performance-based components of Executive Board compensation.

Provisions for service anniversary awards are accrued taking into account a general employer contribution to social security of 20% in line with the employee’s present length of service and discounted using an interest rate of 3.37% (previous year: 4.07%). The provision is formed on the basis of current employee numbers and future claims to the aforementioned payments through the age of 65. As in the prior year, the figures calculated are based on reports using a fluctuation rate of 5% and the 2005 G standard tables prepared by Professor Klaus Heubeck as the biometric basis of calculation based on the projected unit credit method in accordance with the generally accepted principles of actuarial mathematics.

Analysis of provisions

	Pension provisions EUR '000	Other non-current provisions EUR '000	Current provisions EUR '000	Total EUR '000
Balance at 01/01/2016	**11,515**	**435**	**80**	**12,030**
Use	882	1	80	963
Addition	384	112	80	576
Compounding	166	5	0	171
Reversal	0	16	0	16
Balance at 12/31/2016	**11,183**	**535**	**80**	**11,798**

(2.14) Non-current financial liabilities

	12/31/2016 EUR '000	12/31/2015 EUR '000
Liabilities from bond issue > 1 to 5 years	0	49,579
	0	**49,579**

A bond issue of Berentzen-Gruppe Aktiengesellschaft (ISIN: DE000A1RE1V3, WKN: A1RE1V) has been listed on the Open Market of Deutsche Börse AG (unofficial market of the Frankfurt Stock Exchange) in the Entry Standard segment for bonds since October 2012 – until February 28, 2017 in the Entry Standard segment, following Deutsche Börse AG’s restructuring of this segment, from March 1, 2017 onwards, in the Basic Board. The corporate bond with an issue volume of EUR 50,000 thousand and a term of five years bears interest at the nominal rate of 6.50% p.a. and interest payments are due on October 18 of every year during the term. After deduction of issue-related expenses in the amount of EUR 1,059 thousand, the net issue proceeds amounted to EUR 48,941 thousand, with an effective interest rate of 7.03%. The proportionate financing costs included in other operating expenses for the 2016 financial year amount to EUR 234 thousand (previous year: EUR 219 thousand).

Because the liabilities from the bond are due for payment in October 2017, these liabilities amounting to EUR 49,807 thousand are presented within Current financial liabilities as of December 31, 2016 (Note 2.18).

(2.15) Spirits tax liabilities

	12/31/2016 EUR '000	12/31/2015 EUR '000
Spirits tax and import duties	44,394	44,258
	44,394	**44,258**

The stated amount pertains to the reported spirits tax for the months of November and December 2016, which is payable on January 5 and February 5 of the following year, respectively, pursuant to the German Spirits Monopoly Act.

(2.16) Current provisions

The following table shows the breakdown of current provisions:

	12/31/2016 EUR '000	12/31/2015 EUR '000
Costs of annual financial statements	80	80
	80	**80**

(2.17) Current income tax liabilities

	12/31/2016 EUR '000	12/31/2015 EUR '000
Current income tax liabilities (corporation tax, trade tax)	1,033	608
	1,033	**608**

The current tax liabilities are due in one year or less.

(2.18) Current financial liabilities

	12/31/2016 EUR '000	12/31/2015 EUR '000
Liabilities from the bond issue	49,807	0
Liabilities due to banks	571	0
Liabilities due to non-consolidated affiliated companies	484	501
Continuing involvement	195	262
Interest liability continuing involvement	12	19
Liabilities from derivatives	0	4
	51,069	**786**

The following table shows the net debt ratio at year-end 2016:

	12/31/2016 EUR '000	12/31/2015 EUR '000
Financial liabilities	51,069	50,365
Cash and cash equivalents	67,655	63,140
Net financial debt (-) / net liquidity (+)	16,586	12,775
Consolidated shareholders‘ equity	45,227	43,794
Net debt ratio	**-37%**	**-29%**

A positive figure indicates an excess of financial liabilities over financial assets, while a negative figure indicates an excess of financial assets over financial liabilities.

Information regarding risk management can be found in Note (4.5).

(2.19) Trade payables and other liabilities

Trade payables and other liabilities break down as follows:

	12/31/2016 EUR '000	12/31/2015 EUR '000
Trade payables	10,877	6,920
Marketing and sales commitments, and bonuses	8,366	7,794
Liabilities for payroll, sales and other taxes	6,736	6,556
Supplier invoices outstanding	1,645	683
Governments grants for investments	1,277	1,390
Liabilities for salary components relating to other periods	1,094	698
Money deposited as security	1,052	1,215
Debtors with credit balances	520	451
Legal, consulting, and auditing costs	441	210
Liabilities due to employees	168	126
Liabilities for social security	59	43
Other	1,536	1,478
	33,771	**27,564**

The stated values of trade payables are equal to their fair values. They are due within one year.

(2.20) Analysis of contractual residual maturities of financial liabilities

The following table shows the contractually agreed, non-discounted interest payable and principal repayments for the financial liabilities:

	Carrying amount 12/31/2016 EUR '000	up to 1 year Principal repayment EUR '000	up to 1 year Future interest payments EUR '000	1 to 5 years Principal repayment EUR '000	1 to 5 years Future interest payments EUR '000	more than 5 years Principal repayment EUR '000	more than 5 years Future interest payments EUR '000
Liabilities for bond issue	49,807	50,000	2,591	0	0	0	0
Liabilities due to banks	571	571	0	0	0	0	0
Other current financial liabilities	691	691	5	0	0	0	0
Trade payables	10,877	10,877	0	0	0	0	0
Other liabilities	22,894	22,894	0	0	0	0	0
- of which financial liabilities not subject to IAS 39	10,187	10,187	0	0	0	0	0
Total	**84,840**	**85,033**	**2,596**	**0**	**0**	**0**	**0**

	Carrying amount 12/31/2015 EUR '000	up to 1 year Principal repayment EUR '000	up to 1 year Future interest payments EUR '000	1 to 5 years Principal repayment EUR '000	1 to 5 years Future interest payments EUR '000	more than 5 years Principal repayment EUR '000	more than 5 years Future interest payments EUR '000
Liabilities for bond issue	49,579	0	3,250	50,000	2,591	0	0
Other current financial liabilities	786	786	7	0	0	0	0
Trade payables	6,920	6,920	0	0	0	0	0
Other liabilities	20,644	20,644	0	0	0	0	0
- of which financial liabilities not subject to IAS 39	9,502	9,502	0	0	0	0	0
Total	**77,929**	**28,350**	**3,257**	**50,000**	**2,591**	**0**	**0**

All financial instruments held at December 31, 2016 and for which payments had already been contractually agreed are included. Budgeted amounts for future new liabilities are not included. The variable interest payments were determined on the basis of the interest rates last fixed before December 31, 2016. The future interest payments include fixed interest payments on long-term loans together with interest on short-term drawings, where relevant. Financial liabilities payable at any time are always allocated to the shortest bucket.

(2.21) Financial instruments

The cash and cash equivalents, trade receivables, and other financial assets are mostly due within a short time. Therefore, the carrying amounts at the reporting date are approximately equal to the fair values.

The fair values of loans are equal to the present values of the payments related to the assets, in consideration of up-to-date interest parameters.

No stock exchange or market prices are available for financial instruments assigned to the category of "available-for-sale financial assets", including shares in affiliated companies, equity investments, and cooperative shares. The fair values of these assets cannot be measured reliably. It is not currently planned to sell these financial assets.

The fair value of exchange-listed bonds is equal to the listed price of the total nominal value, based on the listed price at the reporting date. The fair value is attributable to Level 1 of the fair value hierarchy of IFRS 13.

The fair values of current financial liabilities such as liabilities due to non-consolidated affiliated companies are equal to the respective carrying amounts because they are due within a short time and the effects of discounting to present value would be immaterial.

The market values of derivative financial instruments (foreign exchange futures) are determined by application of the present-value method. End-of-day interest rates are applied for this purpose, and ECB reference rates are applied for the last day of the month. The fair value is attributable to Level 2 of the fair value hierarchy of IFRS 13. The fair value measurement of these items gave rise to positive earnings effect of EUR 30 thousand (previous year: negative earnings effect of EUR 30 thousand).

Trade payables and other liabilities are usually due within a short time. The amounts presented are approximately equal to the fair values.

The different levels of the fair value hierarchy of IFRS 13 are presented below:

- Level 1: The input factors are quoted (not adjusted) prices in active markets for identical assets or liabilities, which the Company can access at the measurement date.
- Level 2: The input factors are inputs other than the quoted market prices applied in Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3: The input factors are unobservable inputs for the asset or liability.

Carrying amounts and fair values by category of financial instrument

The carrying amounts and fair values of the financial instruments presented in the consolidated financial statements are presented in the table below:

	Category per IAS 39	12/31/2016 Carrying amount EUR '000	12/31/2016 Fair value EUR '000	12/31/2015 Carrying amount EUR '000	12/31/2015 Fair value EUR '000
Assets					
Cash and cash equivalents	LaR	67,655	67,655	63,140	63,140
Trade receivables	LaR	14,938	14,938	12,449	12,449
Other financial assets					
Available-for-sale financial assets	AfS	372	n.a.	372	n.a.
Derivative financial assets not used in hedging relationships	FAHfT	38	38	4	4
Other financial assets	LaR	9,950	9,950	10,715	10,715
Liabilities					
Liabilities from bond issue	FLAC	49,807	51,850	49,579	53,025
Trade payables	FLAC	10,877	10,877	6,920	6,920
Other financial liabilities					
Derivative Financial liabilities not used in hedging relationships	FLHfT	0	0	4	4
Other financial liabilities	FLAC	13,970	13,970	11,924	11,924

Aggregated carrying amounts and fair values by category of financial instrument

The aggregate carrying amounts and fair values of the financial instruments are presented for each category defined in IAS 39 in the table below:

	Category per IAS 39	Measured at	Fair value hierarchy level	12/31/2016 Carrying amount EUR '000	12/31/2016 Fair value EUR '000	12/31/2015 Carrying amount EUR '000	12/31/2015 Fair value EUR '000
Loans and receivables	LaR	Amortised cost	n.a.	92,543	92,543	86,304	86,304
Available-for-sale financial assets	AfS	Amortised cost	n.a.	372	n.a.	372	n.a.
Financial assets held for trading	FAHfT	Fair value	Level 2	38	38	4	4
Financial liabilities measured at amortized cost	FLAC	Amortised cost	n.a.	24,847	24,847	18,844	18,844
			Level 1	49,807	51,850	49,579	53,025
Financial liabilities held for trading	FLHfT	Fair value	Level 2	0	0	4	4

(3) Explanatory notes to the Consolidated Statement of Comprehensive Income

(3.1) Revenues

Revenues are generated exclusively on sales of goods. They break down as follows:

	2016 EUR '000	2015 EUR '000
Spirits segment	91,619	87,775
Non-alcoholic Beverages segment	46,732	42,931
Fresh Juice Systems segment	21,592	17,247
Other segment [1)]	10,082	10,596
Revenues	**170,025**	**158,549**

[1)] Notably including foreign sales of branded spirits.

(3.2) Change in inventories

	2016 EUR '000	2015 EUR '000	Change EUR '000
Work in progress	14,769	13,765	1,004
Finished products	9,831	8,134	1,697
Change in inventories			**2,701**

(3.3) Other operating income

The following table shows the breakdown of other operating income:

	2016 EUR '000	2015 EUR '000
Costs allocations/ cost reimbursements	1,210	1,189
Reversal of liabilities (accruals)	1,045	753
Sales of empty containers and deposit refunds	582	145
Rental income	280	265
Income from exchange rate differences	230	210
Waste recycling	229	215
Income from disposals of non-current assets	145	1,465
Other income relating to other periods	88	71
Income from compensation of loss and damage	80	47
Income from environmental tax	23	117
Miscellaneous other operating income	490	611
	4,402	**5,088**

Miscellaneous other income contains a number of income items with values that are individually insignificant.

(3.4) Purchased goods and services

The following table shows the breakdown of purchased goods and services:

	2016 EUR '000	2015 EUR '000
Cost of raw materials and supplies, and merchandise for resale	89,283	81,479
Cost of purchased services	2,393	1,999
	91,676	**83,478**

(3.5) Personnel expenses

The following table shows the breakdown of personnel expenses:

	2016 EUR '000	2015 EUR '000
Wages and salaries	20,928	19,054
Social security	2,913	3,333
Pension costs	51	22
	23,892	**22,409**

Employer contributions of EUR 1,353 thousand (previous year: EUR 1,339 thousand) were paid to the statutory state insurance scheme in Germany and employer contributions of EUR 25 thousand (previous year: EUR 21 thousand) were paid to statutory pension insurance schemes in other countries in the 2016 financial year.

The following table shows the number of employees in the corporate group:

	Annual average		Year-end	
	2016	2015	2016	2015
Salaried staff	247	246	249	250
Wage-earning staff	206	213	208	206
Apprentices	32	32	30	35
	485	**491**	**487**	**491**

Based on full-time equivalents, the workforce decreased from an annual average of 395 to 393 (previous year: increase from 375 to 395).

(3.6) Amortisation and depreciation of assets

The following table shows the breakdown of amortisation and depreciation:

	2016 EUR '000	2015 EUR '000
Amortisation of intangible assets	1,228	2,617
Depreciation of property, plant and equipment	5,595	5,465
Depreciation of investment property	19	0
	6,842	**8,082**

(3.7) Impairments/write-ups of assets

	2016 EUR '000	2015 EUR '000
Write-ups of property, plant and equipment	-287	-641
Impairments of property plant and equipment	264	171
Impairment of investment property	155	0
	132	**-470**

After an ad-hoc impairment test of the corresponding cash-generating unit (CGU), the *Non-Alcoholic Beverages* segment, was conducted at June 30, 2013 in the wake of PepsiCo's notice of termination of the franchise agreements in effect at the time, leading to the recognition of an impairment loss in the amount of EUR 3,225 thousand, the impairment test conducted in accordance with IAS 36 in the 2016 financial year led to write-ups (reversals) regarding the previously recognised impairments in the amount of EUR 287 thousand and additional impairments in the amount of EUR 264 thousand. The impairment test conducted in the previous year led to write-ups in the amount of EUR 641 thousand and additional impairments of in the amount of EUR 171 thousand.

When conducting the impairment test, the sum of the CGU's carrying amounts is compared with the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The impairment test determined a recoverable amount of EUR 21,103 thousand was determined for the *Non-alcoholic Beverages* CGU. This corresponds to the fair value less costs to sell.

The calculation of the fair value less costs to sell was performed by determining the present value of the anticipated cash flow from the *Non-alcoholic Beverages* operating segment (discounted cash flow method).

Cash flows were planned for a period of three years. The cash flows were planned using a qualified planning process based on internal experience values and extensive market knowledge; these cash flows also reflected the judgment and estimates of the management regarding the future development of the regional market for non-alcoholic beverages.

The principal assumptions applied in the calculation of the fair value less costs to sell pertained to the weighted average cost of capital, the forecast development of revenues, the EBITDA growth rate and the sustainable growth rate of the terminal value.

The weighted average cost of capital (WACC) of an appropriate peer group was applied as the discount rate. This discount rate determined for the CGU was 5.7% (previous year: 6.0%). The parameters for the weighted average cost of capital were determined on the basis of values derived from external market conditions. The underlying growth rate was set at 0.5% (previous year: 0.5%).

The fair value less costs to sell is mainly based on non-observable input data (fair value hierarchy Level 3).

In allocating the impairments and write-ups, due consideration was given to IAS 36.105 and IAS 36.122; furthermore, external appraisals were used for the purpose of deriving the fair value less costs to sell for the main items of property, plant and equipment. Finally, the assumption of a going concern was applied. The fair value less costs to sell determined in the appraisal is mainly based on observable input data (fair value hierarchy Level 2). The main valuation assumptions pertain to the fair market rental rate, the applicable standard land value, and market prices for comparable technical equipment.

If the discount rate applied in the impairment test had been 0.5 percentage points higher, this would not have resulted in a higher impairment or reversal of impairment (write-up), due to the provisions of IAS 36.105 and IAS 36.122. Conversely, if the applied discount rate had been 0.5 percentage points lower, or if the sustainable growth rate applied in the impairment test had been 0.5 percentage points higher, this would also not have resulted in a lower impairment or reversal of impairment.

Of the total reversals of earlier impairments performed as a consequence of the impairment testing of the *Non-alcoholic Beverages* CGU, an amount of EUR 283 thousand (previous year: EUR 637 thousand) pertained to technical equipment, plant and machinery, EUR 4 thousand (previous year: EUR 3 thousand) pertained to other operational and office equipment, and in the previous year, EUR 1 thousand pertained to intangible assets. The additionally determined impairments pertained to technical equipment, plant and machinery in the amount of EUR 251 thousand (previous year: EUR 79 thousand), other operational and office equipment in the amount of EUR 13 thousand (previous year: EUR 2 thousand) and to land and buildings in the previous year (EUR 90 thousand).

In the 2016 financial year, the closure of the production facility in Norden was also taken as an occasion for conducting an impairment test according to IAS 36 for the corresponding land and buildings held as investment property. An external appraisal was obtained for this that determined the market value of the land and buildings on the basis of appropriate rent levels and the corresponding property rates. The recoverable amount corresponding to the fair value less costs to sell is essentially based on observable input data (fair value hierarchy – Level 2) and stood at EUR 1,050 thousand at December 31, 2016. Due to changes in land values and market rents, the test found the need for an impairment of EUR 155 thousand on the land and buildings in the 2016 financial year.

On balance, the aforementioned impairments and write-ups yielded a negative earnings effect of EUR 132 thousand (previous year: positive earnings effect of EUR 470 thousand).

(3.8) Other operating expenses

Other operating expenses mainly include costs of the selling function, notably for marketing and trade advertising. The total breaks down as follows:

	2016 EUR '000	2015 EUR '000
Marketing, including advertising	15,913	15,105
Other selling costs	15,578	14,543
Maintenance	2,824	2,745
Charges, contributions, insurance premiums	1,674	1,500
Rents, office costs, money transfer costs	1,572	1,661
Packaging recycling	1,193	1,148
Legal, consulting, auditing costs	1,135	1,831
Other services	975	982
Temporary staff	672	464
Expenses relating to other periods	585	228
Other personnel expenses	421	528
Other taxes	122	143
Losses on currency translation differences	164	329
Miscellaneous other operating expenses	1,220	1,881
	44,048	**43,088**

Miscellaneous other expenses include a number of expense items with values that are individually insignificant.

(3.9) Financial income/financial expenses

The following table shows the breakdown of the financial result:

	2016 EUR '000	2015 EUR '000
Other interest and similar income	64	77
Financial income	64	77
Interest and similar expenses	4,130	4,045
Loss absorption expenses	3	3
Financial expenses	4,133	4,048
Financial result	**-4,069**	**-3,971**

(3.10) Net results broken down by measurement category

The net results broken down by measurement category are as follows for the 2016 financial year:

			from subsequent measurement				Net results
		from interest	at fair value	currency translation	from write-downs	from disposal	2016
		EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Loans and receivables	LaR	47	0	0	208	0	255
Available-for-sale financial assets	AfS	-3	0	0	0	0	-3
Held-for-trading financial assets	FAHfT	0	34	0	0	0	34
Financial liabilities at amortised cost	FLAC	-3,356	0	0	0	0	-3,356
Held-for-trading financial liabilities	FLHfT	0	-4	0	0	0	-4
Total		**-3,312**	**30**	**0**	**208**	**0**	**-3,074**

In the previous year, the net results broken down by measurement category are as follows:

			from subsequent measurement				Net results
		from interest	at fair value	currency translation	from write-downs	from disposal	2015
		EUR '000	EUR '000	EUR '000	EUR '000	EUR '000	EUR '000
Loans and receivables	LaR	66	0	0	-117	0	-51
Available-for-sale financial assets	AfS	-3	0	0	0	0	-3
Held-for-trading financial assets	FAHfT	0	-34	0	0	0	-34
Financial liabilities at amortised cost	FLAC	-3,302	0	0	0	0	-3,302
Held-for-trading financial liabilities	FLHfT	0	4	0	0	0	4
Total		**-3,239**	**-30**	**0**	**-117**	**0**	**-3,386**

The interest from financial instruments is presented in Net interest income/expenses. See Note (3.9).

The value adjustments charged against trade receivables that are attributable to loans and receivables are presented within other operating expenses.

Changes in the market value of financial instruments measured at fair value are presented within other operating income or other operating expenses.

(3.11) Earnings per share

In accordance with IAS 33, earnings per share are calculated by dividing the consolidated net profit or loss attributable to the shareholders of the parent company by the weighted average number of shares outstanding during the financial year.

The capital stock of Berentzen-Gruppe Aktiengesellschaft is divided into 9,600,000 shares of common stock (previous year: 9,600,000 shares of common stock).

The Executive Board of Berentzen-Gruppe Aktiengesellschaft resolved on July 21, 2015 to exercise the authorisation granted by the extraordinary general meeting of July 20, 2015 to purchase treasury shares in accordance with Section 71 (1) No. 8 AktG and to purchase shares of preferred stock, and after execution of the conversion of shares of preferred stock into shares of common stock resolved by the extraordinary general meeting on July 20, 2015 and by the special meeting of preferred shareholders on the same date, also to purchase shares of common stock on the stock exchange up to a maximum amount (excluding transaction costs) of EUR 1,500 thousand from July 27, 2015 until further notice.

As a result of the foregoing, there were 9,407,323 weighted average shares outstanding of Berentzen-Gruppe Aktiengesellschaft in financial year 2016 (previous year: 9,551,385).

Berentzen-Gruppe Aktiengesellschaft has not issued any stock options or convertible bonds; there were no potential diluting instruments that could be exchanged for shares at December 31, 2016. For this reason, only the basic earnings per share of common stock are presented.

		2016	2015
Consolidated profit	EUR' 000	4,446	2,239
Number of common shares [1]	in thousands	9,407	9,551
Basic earnings per share of common stock	**EUR**	**0.473**	**0.234**

[1] Weighted average shares outstanding during the financial year.

(4) Other Explanatory Notes

(4.1) Cash Flow Statement

Cash flow from operating activities

The cash flow from operating activities comprises both the cash flows generated from operations as presented in the Group management report (consolidated earnings before interest, taxes, depreciation and amortisation, corrected for non-cash elements) as the central managerial indicator of liquidity, and cash movements in working capital. The net cash inflow fell to EUR 12,323 thousand in the 2016 financial year (previous year: EUR 31,374 thousand).

The material factors influencing this development stemmed from changes in the area of working capital since the respective financial year-end, specifically those relating to the recurring deadlines for the payment of spirits tax liabilities. For example, the change in the liabilities from spirits tax in the 2016 financial year caused a cash inflow of EUR 136 thousand, whereas a cash inflow of as much as EUR 20,832 thousand was generated in the comparative period of the previous year. The causes of this development included but were not limited to differing amounts of spirits tax liabilities as of the reporting date of the previous financial year: Whereas an early partial payment of EUR 19,965 thousand was made at the end of the 2014 financial year on the spirits tax owed on the revenues generated in the two segments of *Spirits* and *Other Segments* in Germany, no such early partial payment (which would have amounted to EUR 19,502 thousand) was made in the 2015 financial year. At the same time, however, this also meant that the cash and cash and cash equivalents at the beginning of the 2016 financial year stood at a correspondingly higher level than at the beginning of the 2015 financial year, so that this figure remained unaffected at December 31, 2016 solely for the reason presented here.

The change in other assets – essentially inventories and trade receivables – gave rise to a cash inflow of EUR 5,085 thousand. Whereas trade receivables had fallen by EUR 850 thousand in the previous year, this figure rose by EUR 2,489 thousand at December 31, 2016. In this context, the net cash outflow of all factoring transactions performed in the 2016 financial year totalled EUR 5,758 thousand (previous year: EUR 2,647 thousand). Furthermore, inventories rose by EUR 3,329 thousand (previous year: EUR 245 thousand).

The decrease in debt financing from provisions of EUR 232 thousand (previous year: EUR 300 thousand) is primarily the result of the corresponding change in recognised pension obligations. The cash flows from the change in other liabilities comprise all those changes in liability items that can be attributed neither to cash and cash equivalents nor to other separate items of cash flow from operating activities, investing activities, or financing activities. In total, this resulted in a cash inflow of EUR 6,345 thousand following a cash outflow of EUR 413 thousand in the previous year. This was mainly due to the increase in trade payables of EUR 3,957 thousand, after a fall in this item of EUR 654 thousand in the previous year. In addition, the change in other liabilities gave rise to a cash inflow of EUR 2,250 thousand (previous year: EUR 292 thousand).

Cash flow from investing activities

The Group's investing activities led to a net cash outflow of EUR 6,166 thousand (previous year: EUR 6,489 thousand). The investments in property, plant and equipment and intangible assets contained in this figure totalled EUR 6,421 thousand (previous year: EUR 7,358 thousand); the funding required for this could be covered from the net cash inflow from operating activities. The payments for additions to the consolidated group reported in the 2015 financial year of EUR 1,950 thousand pertain to the variable purchase price component for the acquisition of T M P Technic-Marketing-Products GmbH performed in the financial year before that.

Cash flow from financing activities

Financing activities gave rise to a net cash outflow of EUR 2,213 thousand (previous year: EUR 2,721 thousand), which resulted from the dividend payment of EUR 1,880 thousand (previous year: EUR 1,536 thousand) and from the payments related to Berentzen-Gruppe Aktiengesellschaft's share buyback programme initiated in July 2015 in the amount of EUR 328 thousand (previous year: EUR 1,180 thousand); the buyback programme was completed in May 2016.

Cash and cash equivalents

At year-end, the cash and cash equivalents as defined in Note (2.10) totalled EUR 67,084 thousand (previous year: EUR 63,140 thousand), of which EUR 31,915 thousand (previous year: EUR 39,283 thousand) relates to receivables from the customer settlement accounts maintained with banks that are used for settlement under two factoring agreements. In addition, short-term credit lines or financing instruments classified as such were utilised in the amount of EUR 571 thousand at the reporting date for the 2016 financial year.

(4.2) Segment report

Operating segments

The segment report is prepared in accordance with IFRS 8 Operating Segments. This requires the business segments to be identified on the basis of the internal management reports of the Company's divisions, the operating results of which are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

The segment reports accord with the internal reports presented to the chief operating decision maker, the Executive Board of Berentzen-Gruppe Aktiengesellschaft. The Executive Board uses the "contribution margin after marketing budgets" as the key performance indicator. The corporate group is mainly organised and managed on the basis of product groups and sales units.

Three segments which differ from each other with respect to production processes and products, and are managed independently, have been identified for reporting purposes: *Spirits*, *Non-alcoholic Beverages*, and *Fresh Juice Systems*. *Other segments* mainly pertains to international activities with branded spirits.

The internal reporting of Berentzen-Gruppe Aktiengesellschaft is generally based on the same recognition and measurement principles as the consolidated financial statements. The segment report is organised in the same way as the internal reports.

The item “Intersegment revenues” comprises the consolidation of business dealings between the segments.

In the segment report, the main operating units of “Branded Products” and “Private Label Products” are grouped together to form one reporting segment due to their similar customer groups, products and long-term margins.

The corporate group operated in the following segments in the 2015 and 2016 financial years:

- *Spirits* (domestic branded spirits and private-label products): The marketing, distribution and sale of spirits in the above-mentioned sales divisions are combined in this segment.
- *Non-alcoholic Beverages*: The marketing, distribution and sale of non-alcoholic beverages combined in this segment.
- *Fresh Juice Systems*: Depending on the system component, the development, manufacture, marketing, distribution and sale of fruit presses, oranges and filling containers are combined in this segment.
- *Other segments* (notably included international branded spirit sales): This segment comprises the spirits business (marketing and distribution).

Segment data

The revenues of the individual segments consist of the intersegment revenues between the segments together with revenues generated with customers outside of the corporate group. The sum total of the external revenues of the individual segments yields the consolidated revenues of the corporate group. The prices and terms for the products and services exchanged between the Group companies and segments are the same as those applied with third parties.

The “contribution margin according to marketing budgets” segment earnings include expenses directly incurred by the areas allocated to the respective segment. For product-related purchased goods as services, other direct costs (shipping, packaging recycling, commissions) and marketing including advertising, it is possible to perform an unambiguous allocation to the individual segments enabling a full presentation of the contribution according to budgets for the segments that can be used as a performance indicator.

The internal reports submitted to the Group’s decision-makers do not include a breakdown of assets and liabilities by segment but only present them at group level. This means that the Executive Board of Berentzen-Gruppe Aktiengesellschaft, in its function as key decision-making body, is not given any details of segment assets.

Segment report for the period from January 1 to December 31, 2016

	2016					
	Spirits EUR '000	Non-alcoholic Beverages EUR '000	Fresh Juice Systems EUR '000	Other segments [1] EUR '000	Elimination of intersegment revenues/ expenses EUR '000	Total EUR '000
Revenues with third parties	**91,619**	**46,732**	**21,592**	**10,082**		**170,025**
Intersegment revenues	352	36	30	30	-448	
Total revenues	**91,971**	**46,768**	**21,622**	**10,112**	**-448**	**170,025**
Purchased goods and services (product-related only)	-50,269	-19,789	-12,659	-3,864	448	**-86,133**
Other direct costs	-4,954	-3,851	-1,184	-205		**-10,194**
Marketing, including advertising	-9,940	-4,215	-267	-1,550		**-15,972**
Contribution margin after marketing budgets	**26,808**	**18,913**	**7,512**	**4,493**		**57,726**
Other operating income						**4,402**
Purchased goods and services / change in inventories (if not included in contribution margin)						**-2,842**
Personnel expenses						**-23,892**
Depreciation and amortisation of assets						**-6,997**
Miscellaneous other operating expenses						**-17,882**
Consolidated operating result, EBIT						**10,515**
Exceptional earnings effects		23 [2]				**23**
Financial income						**64**
Financial expenses						**-4,133**
Consolidated result before income taxes						**6,469**
Income tax expenses						**-2,023**
Consolidated profit						**4,446**

[1] Notably including foreign sales of branded spirits.

[2] Impairments/ write-ups.

Segment Report for the period from January 1 to December 31, 2015

	2015					
	Spirits EUR '000	Non-alcoholic Beverages EUR '000	Fresh Juice Systems EUR '000	Other segments [1] EUR '000	Elimination of intersegment revenues/ expenses EUR '000	Total EUR '000
Revenues with third parties	**87,775**	**42,931**	**17,247**	**10,596**		**158,549**
Intersegment revenues	706	34		25	-765	
Total revenues	**88,481**	**42,965**	**17,247**	**10,621**	**-765**	**158,549**
Purchased goods and services (product-related only)	-47,943	-19,195	-9,335	-4,023	765	**-79,731**
Other direct costs	-4,669	-2,779	-887	-234		**-8,569**
Marketing, including advertising	-9,680	-3,318	-343	-1,684		**-15,025**
Contribution margin after marketing budgets	**26,189**	**17,673**	**6,682**	**4,680**		**55,224**
Other operating income						**5,088**
Purchased goods and services/change in inventories (if not included in contribution margin)						**-3,261**
Personnel expenses						**-22,409**
Depreciation and amortisation of assets						**-8,082**
Miscellaneous other operating expenses						**-18,985**
Consolidated operating result, EBIT						**7,575**
Exceptional earnings effects		470 [2]		-509 [3]		**-39**
Financial income						**77**
Financial expenses						**-4,048**
Consolidated result before income taxes						**3,565**
Income tax expenses						**-1,326**
Consolidated profit						**2,239**

[1] Notably including foreign sales of branded spirits.

[2] Impairments/ write-ups.

[3] Non-recurring expenses related to the conversion of preferred shares to common shares.

Geographical breakdown

Berentzen-Gruppe Aktiengesellschaft has its registered office and principal place of business in the Federal Republic of Germany. The corporate group generates the majority of its revenues with business partners in member states of the European Union.

The regional breakdown of external revenues is based on the location of the customers, as follows:

	2016 EUR' 000	2015 EUR' 000
Germany	132,178	124,216
Rest of European Union	31,142	27,983
Rest of world	3,400	2,880
Rest of Europe	3,305	3,470
	170,025	**158,549**

Breakdown of revenues by product group

The following table shows the breakdown of revenues by product group:

	2016 EUR' 000	2015 EUR' 000
Private-label and dealer brands	54,518	52,201
Non-alcoholic beverages	46,732	42,965
Branded spirits	45,966	45,197
Fresh juice systems	21,592	17,247
Other product groups	1,217	939
	170,025	**158,549**

The revenues were derived using the accounting and valuation methods applied for the consolidated financial statements.

Dependence on key customers

In both the 2016 financial year and the previous year, more than 10% of consolidated revenues were generated with three (previous year: three) customers in the *Spirits*, *Non-alcoholic Beverages*, and *Fresh Juice Systems* segments, broken down as follows:

	2016		2015	
Customer	**Revenues EUR' 000**	**Proportion of total revenues**	**Revenues EUR' 000**	**Proportion of total revenues**
Customer A	28,369	17%	25,975	16%
Customer B	22,396	13%	21,730	14%
Customer C	20,307	12%	19,418	12%

(4.3) Contingent liabilities

The following contingent liabilities existed at year-end:

	2016 EUR' 000	2015 EUR' 000
Liabilities from guarantees	2,193	2,193
Other contingent liabilities	358	371
	2,551	**2,564**

Berentzen-Gruppe Aktiengesellschaft has issued an absolute maximum-liability guarantee of EUR 2,185 thousand (previous year: EUR 2,185 thousand) for the branch of a subsidiary in Brandenburg in favour of InvestitionsBank des Landes Brandenburg to secure receivables arising from the subsidy relationship, especially possible future claims to repayment. In both 2007 and 2010, the subsidiary had submitted an ongoing request for the granting of state aid to industry under the regional economic promotion programme over an investment period of three years. The amounts requested by calling down funds were disbursed starting in 2011 and secured by the guarantees. There are no indications to suggest that amounts payable under the subsidy relationship – especially a request for repayment of state aid – could be enforced and consequently that the guarantee could possibly be expected to be utilised.

Furthermore, Berentzen-Gruppe Aktiengesellschaft issued a letter of indemnity for a bank guarantee of EUR 8 thousand for a foreign subsidiary in the 2012 financial year. The letter of indemnity is not expected to be utilised, as it only covers current liabilities.

The other contingent liabilities related to the legal disputes of Berentzen Spirit Sales (Shanghai) Co., Ltd., Shanghai, People's Republic of China. Please refer to Note (4.4) for details on this subject.

In addition, there are letters of indemnity related to maximum-liability customs bonds in the amount of EUR 776 thousand (previous year: EUR 776 thousand). The current spirits tax liabilities secured by such guarantees amounted to EUR 44,394 thousand at year-end (previous year: EUR 44,258 thousand).

(4.4) Legal disputes

In connection with their ordinary business activities, the companies of the Berentzen Group are involved in legal disputes in different jurisdictions; moreover, existing legal disputes may be broadened or additional legal disputes may be initiated. Such legal disputes may arise particularly in relation to suppliers and service providers, customers, consumers, employees, investors, or government authorities, but also in relation to competitors and other third parties, e.g. in trademark and patent matters. These legal disputes could result in payment obligations for the companies of the Berentzen Group in the form of damages, punitive damages, or obligations to satisfy other claims, as well as penalties, fines, or disgorgements under criminal law or civil law. In isolated cases, moreover, legal disputes could lead to formal or informal exclusions from public tenders or the withdrawal or loss of government permits or approvals. Claims asserted in legal disputes bear interest, as a general rule.

In relation to the measures implemented in connection with the adjustment of the national distribution strategy in China since the end of the third quarter of 2013, particularly the substitution of the Company's own sales organisation with external distribution partners, claims totalling approximately EUR 418 thousand (previous year: EUR 433 thousand) were asserted, titled and enforced to a minor extent against Berentzen Spirit Sales (Shanghai) Co., Ltd., Shanghai, People's Republic of China, by two former local distribution partners in connection with trade dealings and by the other contractual party under the former lease of the Company's business premises. Berentzen Spirit Sales (Shanghai) Co., Ltd. filed for commencement of an insolvency proceeding due to insolvency in November 2015 and again in August 2016; the motions were rejected by the competent courts for incomprehensible reasons. Considering the economic situation of the Company, however, the Berentzen Group believes that a further assertion of the aforementioned claims will not be successful, for which reason no provisions were formed for legal disputes in this matter.

At the present time, the Berentzen Group does not expect any material adverse effects on its financial position, cash flows and financial performance to result from legal disputes not described herein. Appropriate risk provisions have been formed for these proceedings insofar as the corresponding obligation is sufficiently concretised. However, because the risks of legal disputes can be estimated only to a limited extent, the occurrence of adverse effects not covered by the respective risk provisions cannot be ruled out, as a general rule.

(4.5) Risk management

Organisation

The primary financial instruments used by the Berentzen Group include the syndicated loan agreement concluded with a bank syndicate in December 2016, that has not been utilised to date, the bonds issued in the 2012 financial year as well as overdraft facilities, factoring agreements and trade payables. The main purpose of these financial instruments is to finance the Group's business activities. The Group has various financial assets at its disposal, for example trade receivables and loans granted as well as cash and cash equivalents that can be directly attributed to the business activities.

The Central Financial Management Department manages the Berentzen Group's financial risk. It monitors liquidity risk, credit risk and market risk.

The strategies and methods employed to manage the individual financial risks are presented below.

Liquidity risk

Liquidity risk is the risk that a company is not in a position to procure the funds needed to settle obligations entered into in connection with financial instruments.

Management of liquidity risk

The Executive Board, the Management and Central Financial Management Department manage the Group's liquidity risk.

Liquidity risk is managed primarily by procuring funds as part of the overall funding of the Berentzen Group. The Group's financing at the end of financial year 2016 is described in the following.

The syndicated loan agreement concluded by Berentzen-Gruppe Aktiengesellschaft with a bank syndicate in December 2016 with a current total funding volume of EUR 25.5 million in principle contains three facilities: two facilities for the purposes of company financing and refinancing of the Berentzen-Gruppe Aktiengesellschaft bond, of which one facility amounting to EUR 7.5 million has a fixed maturity date and one facility amounting to EUR 18.0 million. Within the scope of what is known as a branch agreement, the latter can be utilised as working capital or bank guarantee lines of credit. An optional agreement governs an increase in the volume of funding by a further facility with a fixed maturity date for the financing of acquisitions amounting to EUR 10.0 million. The initial term is five years; the term can be optionally extended by a further year. Interest is payable on utilisations at a variable rate on the basis of the EURIBOR reference rate plus a fixed interest margin. The syndicated loan agreement is not secured. As part of a cross-guarantee system taking the form of a guarantee concept that consists of a minimum coverage to be granted by Berentzen-Gruppe Aktiengesellschaft as borrower and the guarantors relating to certain group inventory levels and flow variables specified in the agreement, three subsidiaries of Berentzen-Gruppe Aktiengesellschaft are included in the concept as guarantors specifically in relation to the payment obligations arising from the syndicated loan agreement. As of the date of the first utilisation of funds under the syndicated loan agreement, the borrower will be obliged to comply, at regular intervals, with contractually specified two covenants based on their financial statements – dynamic net debt ratio and equity ratio. The syndicated loan agreement, that is based in all material respects on the international standard agreements issued by the British Loan Market Association (“LMA standard”), further contains the obligations, conditions, assurances and warranties customary under such agreements that include, in particular, limits on leverage, limits relating to the sale of assets and a change-of-control clause. In the event of failure to comply with the covenants, other obligations, assurances and warranties or the occurrence of a change of control, the lenders under the syndicated loan agreement will be entitled to prematurely terminate the syndicated loan agreement and demand immediate repayment of the funds utilised and any outstanding interest and costs.

The 2012/2017 Berentzen bond (ISIN: DE000A1RE1V3) issued in October 2012 with an issue volume of EUR 50.0 million that has been listed on the Open Market of Deutsche Börse AG (unofficial market of the Frankfurt Stock Exchange) in the Basic Board segment (until February 28, 2017 in the Entry Standard segment). The bond which matures on October 17, 2017 is not secured and pays nominal interest of 6.50% p.a. Berentzen-Gruppe Aktiengesellschaft is the issuer and sole debtor of the bearer bonds issued. The bond terms and conditions contain neither covenants nor change-of-control clauses, although they do constitute termination rights for the bond creditors especially in the event that the issuer fails to pay the capital, or disburse the interest, on time. In the event of termination, the bondholders are entitled to call in the bonds for repayment and to demand their immediate settlement at face value plus accrued interest.

The drawdown of factoring lines represents a further focal point of external funding. The ensuing total volume of funding available to the Berentzen Group on the basis of two factoring agreements running until March 31, 2021 amounts to EUR 50.0 million (EUR 45.0 million). Added to this is a formally unlimited factoring line under three further, open-ended central settlement and factoring agreements. In the 2016 financial year, this gave rise to an average gross funding volume of EUR 9.9 million (EUR 8.9 million).

Apart from the syndicated loan agreement, the volume of funding from credit agreements with the providers of working capital to the Berentzen Group totals EUR 1.6 million (EUR 4.3 million). These lines of credit have been made available to two foreign Group companies, all of which are open-ended. In the context of concluding the syndicated loan agreement, a working capital loan of EUR 2.5 million granted to Berentzen-Gruppe Aktiengesellschaft was cancelled, effective as at January 27, 2017.

Including the formally unlimited factoring agreements with a central settlement agent, the gross funding volume from factoring arrangements and not falling under the scope of the working capital credit lines of the syndicated loan agreement thus stood at EUR 61.5 million at December 31, 2016 (previous year: EUR 58.2 million). These short-term exernal or credit financing arrangements bear interest on the basis of the EURIBOR and EONIA reference interest rates, plus a fixed interest margin, otherwise at interest rates based on local market conditions or at fixed interest rates.

The factoring agreements, the central settlement and factoring agreements, and the agreements regarding working capital lines have been concluded with both Berentzen-Gruppe Aktiengesellschaft and other Berentzen Group companies.

The working capital lines extended to the Berentzen Group have been granted for a funding volume of EUR 0.2 million (EUR 2.7 million) without the provision of collateral. For one foreign Group company to draw down on an available credit facility of EUR 1.4 million (EUR 1.6 million) at today's exchange rate, it would have to provide collateral in the form of cash or other securities already received. All the working capital credit agreements contain change-of-control clauses that allow the funding agreements concerned to be terminated prematurely in the event of a change of control. As at December 31, 2015, further covenants had been agreed relating a funding volume of EUR 2.5 million, under which the Berentzen Group is obliged to comply with certain asset-oriented financial indicators; this obligation was rescinded without replacement at the start of 2016 when a contract was amended. In contrast, the factoring agreements are free of such clauses. Failure to comply with the covenants or other agreements in the funding contracts gives rise to special termination rights for the creditors.

Compliance with the covenants and the miscellaneous other arrangements contained in the financing agreements is continuously monitored by the Executive Board and the Central Financial Management Department. The expected financing requirements and the foreseeable development of the covenants are mapped in the planning and budgeting process so that countermeasures can be initiated and the provision of outside capital can be ensured if necessary. As of December 31, 2016, the covenant agreed in connection with the guarantee for spirits tax was not met. However, in this respect it must be taken into account that the relevant financing agreement does not exhibit a fixed contractual term (so-called "until further notice" agreements) and insofar a violation of these contractual terms does not represent a strict requirement for their termination.

The nominal amount of the corporate bond issued by Berentzen-Gruppe Aktiengesellschaft in 2012 totalling EUR 50.0 million does not mature until October 2017. In light of the sound financial performance and cash flows at its disposal and the cash flows expected from operations in the following financial year, there is currently no indication that the Berentzen Group cannot meet this obligation. In light of the positive development of the group and the favourable financing environment, one component of this assessment is in particular, the premature safeguarding of future financing requirements by means of a syndicated loan agreement concluded with a bank syndicate in December around ten months prior to the maturity for repayment of the corporate bond; the syndicated loan has a volume of funding of an initial EUR 25.5 million, that has not been utilised to date.

Furthermore, with respect to the financing of the corporate group, measures are continuously reviewed and/or implemented that have the goal of both providing an adequate credit line volume at the same time as the amounts drawn down are reduced as much as possible (e.g. through alternative financing forms such as leasing or by freeing up capital internally in the working capital) as well as a financing structure that is balanced between short and intermediate and long-term maturities in order to avoid a dependency on only short-term lines or to minimise such a dependency as much as possible (e.g. through specific-purpose financing).

Credit risk/ default risk

Credit risk or risk of default is defined as the risk of a financial loss that arises if a contracting party fails to meet its payment obligations.

Management of credit risk/ default risk

The management of credit risk or risk of default in the Berentzen Group is substantially geared towards entering into transactions with creditworthy third parties. Credit references or historical data from the business relationship to date are considered for the purpose of avoiding payment defaults. In the event of discernible risks, appropriate value adjustments are charged against receivables.

Approximately 75% (previous year: 75%) of consolidated revenues are billed via trade offices, of consolidated revenues are realised over foreign branch offices that in addition to del credere agreements also assume the credit risk. In addition, the risk of default is covered under trade credit insurance. As a general rule, balances in excess of EUR 5 thousand are covered under credit insurance. Trade credit insurance reimburses all defaults on receivables on the part of insured customers up to the agreed deductible of 20% for customers residing in Germany and 10% for customers residing abroad. For domestic customers, the VAT included in the amount of the receivable is also insured. In the event of default on receivables, the net default risk is only slightly less than 5% of the gross receivable, because in addition to the claim payment by the insurer, the tax authority refunds the VAT. Group companies domiciled in non-European countries frequently insist on collateral or payment in advance.

A significant portion of trade receivables is sold under factoring agreements. Since the respective factor also assumes the del credere liability without recourse, these receivables are not reported in the consolidated statement of financial position in accordance with the relevant accounting standards – with the exception of a relatively insignificant continuing involvement compared to the volume of factored receivables that represents the late payment risk remaining with the group. Measured on the customer structure, the amounts receivable from individual counterparties are accordingly not so large that they would signify a material concentration of risk.

No trade credit insurance is carried for one of the major trade offices because it has furnished an unconditional absolute guarantee of a major German credit insurer to the company to cover the receivables due from it.

	2016		2015	
	EUR '000	%	EUR' 000	%
Trade receivables	**15,248**	**100.00%**	**12,967**	**100.00%**
- of which trade credit-insured	3,623	23.76%	3,926	30.28%
- of which secured by a surety	2,456	16.11%	1,157	8.92%
- of which secured by guarantees	2,723	17.86%	2,610	20.13%
- of which unsecured	6,136	40.24%	4,756	36.68%
- of which written down	310	2.03%	518	3.99%

With regard to the trade receivables for which no value adjustments have been charged and which are not in default, there were no indications at the reporting date to suggest that the debtors will not fulfil their payment obligations. The intrinsic value of receivables is protected by means of assigning limits to all customers on the basis of the assessments of rating agencies or the credit insurer, and by means of regular payment reminders and constant monitoring of all receivables accounts.

Cash and cash equivalents are invested with major banks and state banks.

In the event of counterparty default, the maximum credit risk of the Group's other financial assets such as cash and cash equivalents and available-for-sale financial instruments is equal to the carrying amounts of these instruments.

No loans denominated in foreign currencies are granted and no bill transactions are conducted. As a general rule, no deliveries are made to customers who are not connected to trade offices without a prior creditworthiness assessment with the aid of rating agencies. Receivables are continuously monitored to ensure that the Group's default risk is manageable or not substantial. In addition, payment terms are regularly monitored.

Default risk also comprises country risk or transfer risk. This risk comprises the risk of economic or political instability in connection with investments or cross-border financing transactions of Group companies in so-called high-risk countries, as well as the risk inherent in direct sales to customers in such countries. Country risks related to capital measures or other cross-border financing transactions of Group companies are managed already as part of the decision to enter or increase exposure to a foreign market by a Group company. This decision is made on the basis of a comprehensive assessment of the economic and political parameters with reference to country ratings. No companies are founded in countries deemed to be instable on this basis. Subsequent financing measures for foreign Group companies that have already been founded, which are based solely on the actual capital requirements, are also assessed appropriately on the basis of continuous monitoring and updated knowledge; furthermore, such financing measures are centrally managed and supported. For example, both intragroup financing made to a subsidiary based in Turkey as well as its current assets are subject to more intense monitoring on account of the political events of the past two years due to the associated implications of a higher risk of default. In order to minimise the risk of direct sales to customers in so-called high-risk countries, security is obtained or cash in advance is agreed in cases in which there is no trade credit insurance or it is not possible to sell the receivables under factoring agreements. In addition, any past-due foreign receivables are reported to the competent Executive Board member by means of a separate reporting system.

Market risk

Market risk is defined as the risk of changes in the fair value of future cash flows from a financial instrument due to market price fluctuations. Market risk comprises currency risks, interest rate risks and other price risks.

Management of market risk

Market risk is also managed by the Executive Board, the Management and the Group's Central Financial Management Department.

For presenting market risks, IFRS 7 requires an entity to conduct sensitivity analyses to determine the effects of hypothetical changes in relevant risk variables on net profit and shareholders' equity. Besides currency risks, the Berentzen Group is exposed to interest rate risk and other price risks.

The periodic effects are determined by applying the hypothetical changes in risk variables to the holdings of financial instruments held at the reporting date. The holdings at the reporting date are representative of the full year.

Foreign currency risks arise from the translation of foreign currency items into the Group's functional currency (euro) due to exchange rate changes. According to the Berentzen Group's definition, they generally result from financial items, pending transactions where applicable, and planned transactions denominated in foreign currencies. Relevant foreign currencies for the Group particularly include the U.S. dollar and the Turkish lira. The corresponding risk potential depends on the development of exchange rates and the volume of transactions conducted or to be conducted in foreign currencies. To date, the Group's activities in both procurement and sales have been concentrated largely in the Eurozone or conducted in euros. No business is conducted with suppliers or customers in hyperinflationary countries. Currency risk is also partially neutralised in that procurement and sales are always conducted in the same foreign currency and therefore the corresponding cash inflows and cash outflows occur in the same currency – although not usually in the same amounts or maturities. Disregarding consolidation effects, the payables and receivables denominated in foreign currencies amounted to approximately EUR 2.6 million (EUR 1.7 million) and EUR 5.0 million (EUR 3.9 million), respectively, at December 31, 2016. Rate-hedging measures are carried out regularly for the most important currency, the US dollar. To hedge the foreign currency risk of future merchandise purchases, foreign exchange futures were employed in the total amount of USD 0.6 million (USD 0.8 million) at December 31, 2016. In total, foreign currency risks are therefore to be regarded as relatively minor or low. However, this assessment could change in the future as the scope of foreign currency-denominated transactions increases and/or due to the effects of financial markets policy decisions or the development of currency markets.

From the Group's perspective, the value of the Berentzen Group's assets or the nominal amounts of its liabilities located outside of Germany are likewise subject to foreign currency fluctuations. Foreign currency effects arising on the translation of net asset positions from the separate financial statements of foreign Group companies are recognised directly in equity; nevertheless, foreign currency risks that affect profit or loss – but not cash flows from the Group's perspective – could result from intragroup transactions denominated in foreign currencies, particularly including the financing of foreign companies with the Group's own funds. For purposes of the Berentzen Group's risk management system, it is assumed that investments in foreign Group companies and intragroup loans have indefinite terms, as a general rule. In the event of disinvestment, however, the effects of the foreign currency risks inherent in the currency translation differences previously recognised in Group equity would need to be recognized in profit or loss.

The sensitivity of consolidated profit/loss before income taxes and shareholders' equity to a fundamentally possible change in exchange rates according to prudent judgment is presented in the table below. All other variables remain constant.

	2016		2015	
	Exchange rate change + 5% EUR' 000	Exchange rate change - 5% EUR' 000	Exchange rate change + 5% EUR' 000	Exchange rate change - 5% EUR' 000
Effects on earnings before income taxes	-79	88	66	-73
Effects on shareholders' equity	-79	88	66	-73

The Group holds interest-bearing assets. The magnitude of the resulting interest income is not materially important for the consolidated net profit and cash flows. Therefore, changes in market interest rates are also immaterial.

Other interest rate hedging instruments in the form of financial instruments are not employed. The bond issue of the Berentzen-Gruppe Aktiengesellschaft carries a fixed nominal interest rate or coupon throughout its term, so that it will remain unaffected by potential interest rate increases.

By contrast, changes in market interest rates affect the interest result of non-derivative variable-interest rate financial instruments and are included in the computation of result-oriented sensitivities:

	Interest Rate Risk					
	2016			2015		
	Amount EUR' 000	+ 100 BP result EUR' 000	- 100 BP result EUR' 000	Amount EUR' 000	+ 100 BP result EUR' 000	- 100 BP result EUR' 000
Financial assets						
Cash and cash equivalents	67,655	677	-677	63,140	631	-631
Other current assets	1,351	14	-14	1,187	12	-12
Effect before income taxes		690	-690		643	-643
Financial liabilities						
Liabilities due to banks	571	6	-6	0	0	0
Factoring (off-balance sheet)	9,856	99	-99	8,923	89	-89
Effects before income taxes		104	-104		89	-89
Total effect		**586**	**-586**		**554**	**-554**

If the level of market interest rates had been 100 basis points higher (lower) in the reporting period, the net profit would have been EUR 586 thousand (previous year: EUR 554 thousand) higher (lower).

The actual average payment term for the entire Group is currently around 34 (36) days. This payment term does not give rise to heightened liquidity or interest rate risk because sufficient factoring lines or (particularly in foreign countries) similar financing instruments are available to finance the Group’s receivables. Consequently, the need for conventional short-term credit lines is reduced to a considerable degree.

As the corporate bond issued by Berentzen-Gruppe Aktiengesellschaft had a fixed nominal interest rate or coupon, no interest rate hedges in the form of financial instruments have been deployed in the group to date. Any utilisation of the syndicated loan agreement concluded by Berentzen-Gruppe Aktiengesellschaft in December 2016 and funds provided in connection with two factoring agreements are subject to variable interest rates on the basis of the EURIBOR reference rate, which means interest rate risks do in principle exist. On account of Berentzen Group’s good cash flows, these two financing instruments are not expected to be utilised until repayment of the corporate bond due in October 2017, which means that there are, until that date, currently no material risks from any changes to the reference interest rate. The effects of any changes in the interest rate can be partially mitigated by the deployment of interest rate hedging instruments. For this reason, the development of interest rates is monitored on an ongoing basis and the use of interest rate hedging instruments is regularly reviewed.

Market and price risks are also inherent in the procurement of raw materials and supplies and in the procurement costs of merchandise and system components. In all segments, the purchase prices of the raw materials and supplies, merchandise and system components used by the Berentzen Group are particularly influenced by their market availability and, in the case of purchases conducted in foreign currencies, the development of the corresponding exchange rates against the euro. A large part of the raw materials and suppliers required for the production of spirits and non-alcoholic beverages and the fruits traded in the *Fresh Juice Systems* segment (oranges) are agrarian products, the availability of which depends particularly on the respective crop yields. Furthermore, certain required raw materials and merchandise are affected by regulatory measures, which may have a considerable influence, in some cases, on their availability and therefore their prices.

In the *Spirits* Segment and *Other Segments*, annual supply contracts stipulating fixed quantities and fixed prices are in effect for glass bottles. Fixed-quantity contracts covering the period from harvest to harvest (September/October) are customarily concluded for wheat distillate and sugar. Neutral alcohol prices are adjusted every quarter with reference to publicly available and independent price reports (F.O.Licht, ICIS). Commodity price indices (LME, EUWID) are applied as a reference for the semi-annual adjustment of the prices of aluminium closures and cardboard packaging. The same applies for the *Non-alcoholic Beverages* segment to the extent that the above-mentioned raw materials and supplies are also used in this segment. In the *Fresh Juice Systems* segment, purchases of the individual system components are predominantly managed on the basis of single contracts; in particular, the procurement of fruits (oranges) is dependent on harvest seasons in the global cultivation areas.

(4.6) Capital management

The objectives of the corporate group with regard to capital management are to secure the continued existence of the Company as a going concern and to support growth targets. In light of these primary objectives, the capital structure needs to be optimised in order to maintain the cost of capital at an appropriate level. The corporate group uses an adjusted equity ratio to monitor its capital. The shareholders equity is set against the total capital less cash and cash equivalents. The target range for this metric is between 30.0% and 40.0%. To maintain or alter the capital structure within this target range, the corporate group manages dividend payments, capital-raising measures, cash flows, the disposal of assets and the settlement of liabilities, depending on the requirements and influence.

The adjusted equity ratio is calculated as follows:

	2016 EUR '000	2015 EUR '000
Shareholders' equity	**45,227**	**43,794**
Total capital	189,213	180,933
Cash and cash equivalents [1]	-67,655	-63,140
Adjusted total capital	**121,558**	**117,793**
Adjusted equity ratio	**37.2%**	**37.2%**

[1] For additional information, see Note (2.10).

(4.7) Related party disclosures

The disclosures prescribed by IAS 24 refer to dealings with related entities and persons, to the extent that they are not included in the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft as reporting entities. Persons or entities related to the reporting entity within the meaning of IAS 24 specifically include companies that belong to the same corporate group as the reporting entity and persons who either control or have a significant influence over the reporting entity, or who are a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Related entities

Berentzen-Gruppe Aktiengesellschaft belongs to the Aurelius Group, Grünwald, Germany. Therefore, all companies belonging to the Aurelius Group are related entities within the meaning of IAS 24.

Parent company and highest-level controlling parent company

At December 31, 2015, the highest-level controlling parent company of Berentzen-Gruppe Aktiengesellschaft, AURELIUS Equity Opportunities SE & Co. KGaA (formerly AURELIUS SE & Co. KGaA), Grünwald, directly and indirectly through BGAG Beteiligungs GmbH, Grünwald, the direct parent company of Berentzen-Gruppe Aktiengesellschaft which it controls, held approximately 51.6% of the capital stock and thus the voting rights in Berentzen-Gruppe Aktiengesellschaft, without considering the treasury shares held by the Company at this time.

There were changes in the shareholder structure of Berentzen-Gruppe Aktiengesellschaft over the course of the 2016 financial year. Through AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA), Grünwald, AURELIUS Group held, directly and indirectly, a majority shareholding in Berentzen-Gruppe Aktiengesellschaft until spring 2016. The entities of AURELIUS Group sold to institutional investor shares in Berentzen-Gruppe Aktiengesellschaft corresponding to around 22.4% of the capital stock at the beginning of March 2016 and further shares amounting to around 10.4% of the capital stock at the end of April 2016. Over the course of September 2016, AURELIUS Group successively disposed of all of the remaining shares in the capital stock of Berentzen-Gruppe Aktiengesellschaft of some 18.8% that it had held to date. This means that this Group no longer holds any shares in the Company.

The composition of the Supervisory Board and the structure in which powers are allocated within the Group under company law between the boards and bodies of Berentzen-Gruppe Aktiengesellschaft have remained unchanged or virtually unchanged since then. According to the International Financial Reporting Standards (IFRS), which stipulate that the voting rights/majority of voting rights or share of voting rights should not be the only criterion used for this assessment, AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA) is deemed the direct and highest-level controlling parent company of Berentzen-Gruppe Aktiengesellschaft.

Berentzen-Gruppe Aktiengesellschaft and its subsidiaries are included in the consolidated financial statements of AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA), Grünwald, which prepares the consolidated financial statements for the largest and smallest group of companies. The consolidated financial statements of AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA) is published in the Federal Gazette (“Bundesanzeiger”).

Goods and services supplied, and other transactions

		Goods and services supplied, and other transactions		Goods and services received, and other transactions	
Type of relationship	Type of transaction	2016 EUR '000	2015 EUR '000	2016 EUR '000	2015 EUR '000
Affiliated company	Goods	0	0	0	2
Affiliated company	Consulting services	0	0	126	222
Highest-level, controlling parent company	Dividend	0	87	0	0
Parent company	Dividend	360	728	0	0

Receivables and payables from goods and services supplied and received

		Receivables		Payables	
Type of relationship	Type of transaction	2016 EUR '000	2015 EUR '000	2016 EUR '000	2015 EUR '000
Affiliated company	Consulting services	0	0	52	7

Further information about affiliated companies is provided at other points in the present Notes to the Consolidated Financial Statements. The relations between Berentzen-Gruppe Aktiengesellschaft and its subsidiaries in accordance with IAS 24.13 are as shown in the List of Shareholdings for the corporate group (Note 1.6).

Related persons

Related persons are the members of the Executive Board and Supervisory Board of Berentzen-Gruppe Aktiengesellschaft.

Executive Board

The compensation granted to members of the Executive Board within the meaning of IAS 24.17 is presented in the table below:

Type of compensation	2016 EUR '000	2015 EUR '000
Short-term benefits	1,609	1,066
Other long-term benefits	201	194
	1,810	**1,260**

At the annual general meeting on May 12, 2016, a resolution was adopted with the requisite majority of the capital stock with voting rights in accordance with Section 314 (3) sentence 1 HGB in conjunction with Section 286 (5) sentence 1 HGB to the effect that the individualised disclosure of the compensation paid to the members of the Executive Board required by Section 314 (1) No. 6a) sentences 5 to 8 HGB and Section 285 No. 9a) sentences 5 to 8 HGB would not be included when the Company's annual and consolidated financial statements were prepared.

The following total compensation within the meaning of Section 314 (1) No. 6 letter a) sentences 1 to 4 HGB or compensation commitments were granted to the members of the Executive Board:

Type of compensation	2016 EUR '000	2015 EUR '000
Non-performance-based components	701	683
Performance-based components	930	405
Total compensation	**1,631**	**1,088**
Committed performance-based components with a long-term incentive effect	**179**	**172**

In addition to the total compensation granted in the respective financial year, commitments of performance-based, non-share-based compensation components were granted to the members of the Executive Board for the respective financial year. The amounts to be paid depend on the level of consolidated EBIT in the respectively following financial year and in the two respectively following financial years. The total amounts so committed amounted to EUR 179 thousand (previous year: EUR 172 thousand).

Neither Berentzen-Gruppe Aktiengesellschaft nor a subsidiary granted subscription rights or other share-based compensation to members of the Executive Board in financial year 2016, nor do the members of the Executive Board hold any such compensation instruments. Moreover, no compensation was granted to Executive Board members for exercising mandates on the boards of subsidiaries in financial year 2016. Furthermore, the total compensation of the Executive Board in financial year 2016 included no benefits to former members of the Executive Board in connection with the termination of their activity.

Furthermore, neither Berentzen-Gruppe Aktiengesellschaft nor a subsidiary granted loans or advances to members of the Executive Board, nor did they assume contingent liabilities in favour of them in financial year 2016.

No compensation was granted to former members of the Executive Board and their survivors in financial year 2016.

Post-employment benefits or total compensation within the meaning of Section 314 (1) No. 6 letter b) HGB and their survivors were granted to former managing directors of Group companies to which Berentzen-Gruppe Aktiengesellschaft is the legal successor in the amount of EUR 105 thousand in financial year 2016 (previous year: EUR 105 thousand).

As calculated in accordance with IAS 19, the present value of accrued pension obligations for this group of persons amounted to EUR 952 thousand at December 31, 2016 (previous year: EUR 950 thousand).

Supervisory Board

Short-term benefits within the meaning of IAS 24.17 or total compensation within the meaning of Section 314 (1) No. 6 letter a) sentence 1-4 HGB in the amount of EUR 117 thousand (previous year: EUR 120 thousand) were granted to the members of the Supervisory Board in their function as members of the Supervisory Board.

The employee representatives on the Supervisory Board received short-term benefits or total compensation in the total amount of EUR 149 thousand (previous year: EUR 139 thousand) for their activity outside their functions as Supervisory Board members. Neither Berentzen-Gruppe Aktiengesellschaft nor a subsidiary granted subscription rights or other share-based compensation to members of the Supervisory Board in financial year 2016, nor do the members of the Supervisory Board hold any such compensation instruments. Moreover, no compensation was granted to Supervisory Board members for exercising mandates on the boards of subsidiaries in financial year 2016. Furthermore, the total compensation of the Supervisory Board in financial year 2016 included no benefits to former members of the Supervisory Board in connection with the termination of their activity.

Furthermore, neither Berentzen-Gruppe Aktiengesellschaft nor a subsidiary granted loans or advances to members of the Supervisory Board, nor did they assume contingent liabilities in favour of them in financial year 2016.

No compensation was granted to former members of the Supervisory Board and their survivors in financial year 2016.

Additional related-party disclosures

The outstanding balances due from or to related entities and persons at the end of the financial year at December 31, 2016 are not secured and do not bear interest. No guarantees have been provided for amounts due to or from related parties.

There were no doubtful receivables related to outstanding balances due from related parties at December 31, 2016, and therefore no provisions have been recognised for this purpose. No expenses for uncollectible or doubtful receivables due from related parties were recognised in either the 2016 or the 2015 financial year.

(4.8) Announcements and notifications of changes in voting rights in Berentzen-Gruppe Aktiengesellschaft pursuant to the German Securities Trading Act

On July 20, 2105, the extraordinary general meeting and the special meeting of the preferred shareholders of Berentzen-Gruppe Aktiengesellschaft adopted a resolution to convert the 4,800,000 bearer shares of preferred stock in the Company without voting rights into bearer shares of common stock with voting rights, with preferential rights to profits abrogated. At that date, the capital stock of Berentzen-Gruppe Aktiengesellschaft was divided into 4,800,000 bearer shares of common stock with voting rights and 4,800,000 bearer shares of preferred stock without voting rights. The conversion of the previously listed 4,800,000 shares of preferred stock without voting rights into shares of common stock with voting rights took effect on September 28, 2015 when the corresponding amendments to the Articles of Association were filed in the Commercial Register. The total number of voting rights has totalled 9,600,000 since that date, as notified by Berentzen-Gruppe Aktiengesellschaft by way of an announcement of the total number of voting rights pursuant to Section 26a WpHG.

The following persons have notified Berentzen-Gruppe Aktiengesellschaft pursuant to Section 21 WpHG that the share of voting rights of Berentzen-Gruppe Aktiengesellschaft held by the notifying party has fallen below or exceeded certain thresholds:

Subject to reporting obligation	Date when a reporting threshold was reached, exceeded, or fallen below	Attribution per WpHG	Attribution via	Voting rights %	Voting rights No.
Stichting Administratiekantoor Monolith Amsterdam, Netherlands	April 25, 2016	Section 22	Monolith Duitsland B.V.	10.42	1,000,000
MainFirst SICAV Senningerberg, Luxembourg	March 2, 2016			8.50	815,500
Andrew Gibbs United Kingdom	February 24, 2017	Section 22	Otus Capital Management Limited Otus Capital Management LP	4.77	458,274
	March 2, 2016	Section 22	Otus Capital Management Limited Otus Capital Management LP	5.38	516,141
Lazard Frères Gestion S.A.S. Paris, France	September 23, 2016			3.55	341,000
PWM Vermögensfondsmandat - DWS Luxembourg, Luxembourg	March 2, 2016			3.54	340,000
Deutsche Asset Management S.A. Luxembourg, Luxembourg	January 19, 2017	Section 22	As of January 19, 2017, PWM Vermögensfondsmandat - DWS delegated voting rights to the management company Deutsche Asset Management S.A.	3.13	300,000
AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA) Grünwald, Germany	September 23, 2016	Section 22	BGAG Beteiligungs GmbH	0.00	0
	September 21, 2016	Section 22	BGAG Beteiligungs GmbH	6.26	601,012
	September 1, 2016	Section 22	BGAG Beteiligungs GmbH	14.22	1,365,012
	April 25, 2016	Section 22	BGAG Beteiligungs GmbH	18.75	1,800,012
	March 2, 2016	Section 22	BGAG Beteiligungs GmbH	29.17	2,800,012

(4.9) Declaration of Conformity with the German Corporate Governance Code

The Declaration of Conformity with the recommendations of the Government Commission: German Corporate Governance Code was issued pursuant to Section 161 AktG in November 2016. The Declaration of Conformity has been made permanently available on the internet at www.berentzen-gruppe.de/en/.

Furthermore, the declarations regarding the corporate governance of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 289a HGB para. 1 HGB and the corporate governance of the Group pursuant to Section 315 para. 5 HGB have been incorporated into the Corporate Governance Report of Berentzen-Gruppe Aktiengesellschaft, which can be viewed at the website www.berentzen-gruppe.de/en/.

(4.10) Exemption options

Exemption options make it possible for companies to dispense with the preparation, audit and publication of annual financial statements and management report. A list of companies that exercise this exemption option is shown separately in the List of Shareholdings (Note 1.6).

(4.11) Governing bodies of Berentzen-Gruppe Aktiengesellschaft

Executive Board of Berentzen-Gruppe Aktiengesellschaft

The following persons served as members of the Executive Board of Berentzen-Gruppe Aktiengesellschaft in the 2016 financial year:

Name	Position held Responsibilities	Supervisory Board mandates
Frank Schübel Gräfelfing, Germany	Executive Board Spokesman of Berentzen-Gruppe Aktiengesellschaft Marketing, Sales, Production and Logistics, Purchasing, Corporate Communications, Research and Development, Corporate Social Responsibility	Berentzen USA, Inc., Dover / Delaware, United States of America (Board Member, until March 14, 2017) Doornkaat Aktengesellschaft, Norden, Germany (Chairman of the Supervisory Board)
Ralf Brühöfner Lingen, Germany	Member of the Executive Board of Berentzen-Gruppe Aktiengesellschaft Finance, Controlling, Human Resources, Information Technology, Legal Affairs	Berentzen USA, Inc., Dover / Delaware, United States of America (Board Member) Doornkaat Aktengesellschaft, Norden, Germany (Deputy Chairman of the Supervisory Board)

Supervisory Board of Berentzen-Gruppe Aktiengesellschaft

The following persons served as members of the Supervisory Board of Berentzen-Gruppe Aktiengesellschaft in the 2016 financial year:

Name	Position held	Other Supervisory Board mandates
Gert Purkert Munich, Germany Chairman of the Supervisory Board	Member of the Executive Board of AURELIUS Management SE, Grünwald, Germany, as general partner of AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA), private equity firm, Grünwald, Germany	Aurelius Beteiligungsberatungs AG, Munich, Germany (Chairman of the Supervisory Board) Aurelius Portfolio Management AG, Munich, Germany (Chairman of the Supervisory Board) Aurelius Transaktionsberatungs AG, Munich, Germany (Chairman of the Supervisory Board) fidelis HR GmbH, Würzburg, Germany (Chairman of the Supervisory Board, until March 11, 2016) HanseYachts AG. Greifswald, Germany (Chairman of the Supervisory Board) Publicitas AG, Zurich, Switzerland (member of the Supervisory Board, until November 30, 2016)
Dr Frank Forster Munich, Germany Deputy Chairman of the Supervisory Board	General Counsel Group in the Aurelius Group, Aurelius Beteiligungsberatungs AG, private equity firm, Munich, Germany	Aurelius Portfolio Management AG, Munich, Germany (member of the Supervisory Board) fidelis HR GmbH, Würzburg, Germany (Deputy Chairman of the Supervisory Board, until March 11, 2016) HanseYachts AG, Greifswald, Germany (Deputy Chairman of the Supervisory Board)
Donatus Albrecht Munich, Germany (until June 20, 2016)	Member of the Executive Board of AURELIUS Management SE, Grünwald, Germany, as general partner of AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA), private equity firm, Grünwald, Germany	Aurelius Beteiligungsberatungs AG, Munich, Germany (Deputy Chairman of the Supervisory Board) Aurelius Portfolio Management AG, Munich, Germany (Deputy Chairman of the Supervisory Board) Aurelius Transaktionsberatungs AG, Munich, Germany (Chairman of the Supervisory Board
Johannes C.G. Boot London, United Kingdom	Chief Investment Officer of Lotus Aktiengesellschaft, Grünwald, Germany	Deutsche Konsum REIT-AG, Brandenburg, Germany (member of the Supervisory Board, since March 20, 2016)
Bernhard Düing Herzlake, Germany Employee representative	Production Shift Manager at Vivaris Getränke GmbH & Co. KG, Haselünne, Germany	
Adolf Fischer Lähden, Germany Employee representative	Production employee at Vivaris Getränke GmbH & Co. KG, Haselünne, Germany	

Name	Position held	Other Supervisory Board mandates
Dr Dirk Markus London, United Kingdom	Chairman of the Executive Board of AURELIUS Management SE, Grünwald, Germany, as general partner of AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA), private equity firm, Munich, Germany	Elk Fertighaus GmbH, Schrems, Austria (Deputy Chairman of the Supervisory Board, since July 22, 2016) Obotritia Capital KGaA, Potsdam, Germany (member of the Supervisory Board)
Dr Martin Schoefer Munich, Germany	Vice President Human Resources in the Aurelius Group, Aurelius Beteiligungsberatungs AG, private equity firm, Munich, Germany	
Heike Vehring Minden, Germany Employee representative	Commercial employee of Berentzen-Gruppe Aktiengesellschaft, Haselünne, Germany	
Daniël M.G. van Vlaardingen Hilversum, Netherlands (as of September 1, 2016)	Managing Director of Monolith Investment Management B.V., Investmentgesellschaft, Amsterdam, Netherlands	

(4.12) Total fees paid to the independent auditor of the consolidated financial statements

At the annual general meeting of Berentzen-Gruppe Aktiengesellschaft on May 12, 2016, Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, was elected to act as the independent auditor of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft.

The following table shows the breakdown of total fees recognised for the services provided by the independent auditor of the consolidated financial statements in the 2016 financial year:

	2016 EUR '000	2015 EUR '000
Financial statements auditing services	168	223
Other certification services	0	158
Tax advisory services	0	51
Other services	0	0
	168	**432**

In the 2015 financial year, the audit of the separate and consolidated financial statements was performed on behalf of Berentzen-Gruppe Aktiengesellschaft by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Osnabrück, as auditors. The higher level of expenses and fees in comparison to the 2016 financial year are mainly attributable to the fact that PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft also performed audit services for other Group companies.

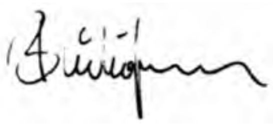
(4.13) Events after the reporting date

No reportable events have taken place since the end of the financial year.

Haselünne, March 20, 2017

Berentzen-Gruppe Aktiengesellschaft

The Executive Board



Frank Schübel	Ralf Brühöfner
Executive Board (Spokesman)	Executive Board

K. Declarations and Other Information

Declaration by the legal representatives

We hereby declare that, to the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated annual financial statements give a true and fair view of the Group's financial position, cash flows and financial performance and the Management Report, which has been combined with the Management Report of Berentzen-Gruppe Aktiengesellschaft, provides a true and fair view of the development and performance of the Group together with a description of the principal opportunities and risks associated with the probable development of the Group.

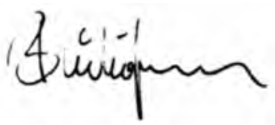
Haselünne, March 20, 2017

Berentzen-Gruppe Aktiengesellschaft

The Executive Board

Frank Schübel

Executive Board (Spokesman)



Ralf Brühöfner

Executive Board

Translation prepared by the management of Berentzen-Gruppe Aktiengesellschaft
Translation – the German text is authoritative

Auditor's opinion

We have audited the consolidated financial statements prepared by Berentzen-Gruppe Aktiengesellschaft – comprising a consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income for the period, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements – and the combined management report of Berentzen-Gruppe Aktiengesellschaft and the group for the financial year from 01.01.2016 to 31.12.2016. The preparation of the consolidated financial statements and the combined management report in accordance with IFRS, as adopted by the EU, and with the additional requirements of the German commercial law pursuant to section 315a paragraph 1 HGB and the supplementary provisions of the articles of association are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and the combined management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with paragraph 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft for the financial year from 01.01.2016 to 31.12.2016 comply with IFRS, as adopted by the EU, and the additional requirements of the German commercial law pursuant to § 315a Abs. 1 HGB and supplementary provisions of the articles of association and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The combined management report of Berentzen-Gruppe Aktiengesellschaft and the group is consistent with the consolidated financial statements, complies with the legal requirements, as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development."

Düsseldorf, March 20, 2017

Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Senger	Ronald Rulfs
Wirtschaftsprüfer [German Public Auditor]	Wirtschaftsprüfer [German Public Auditor]

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Additional information about the Berentzen Group

In addition to the present Annual Report, the following information about the Berentzen Group is available at www.berentzen-gruppe.de/en/investors/:

Annual reports, including consolidated and separate financial statements
Group semiannual report
Group interim reports and Group interim announcements
Corporate governance reports / Corporate governance declarations
Declarations of Conformity with the German Corporate Governance Code
Publications concerning insider information (ad-hoc reports)
Publications concerning managers' transactions and directors' dealings
Press releases of the corporate group

Financial Calendar 2017

March 23, 2017	Publication of consolidated and separate financial statements and 2016 Annual Report
May 10, 2017	Publication of the Q1/2017 Interim Report
May 19, 2017	Annual general meeting in Hannover, Hannover Congress Centrum (HCC), Niedersachsenhalle
August 14, 2017	Publication of the 2017 Group Semiannual Report
October 27, 2017	Publication of the Q3/2017 Interim Report

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