

Berentzen-Gruppe Aktiengesellschaft

2016 Annual Financial Statements



This version of the 2016 Annual Financial Statements 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.



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A. Combined Management Report

The management report of Berentzen-Gruppe Aktiengesellschaft and the Group management report have been combined in accordance with Section 315 para. 3 of the German Commercial Code (HGB) in conjunction with Section 298 para. 2 HGB and published in the 2016 Annual Report.

The separate financial statements and management report of Berentzen-Gruppe Aktiengesellschaft for the 2016 financial year, which is combined with the Group management report, will be submitted to the operator of the electronic version of the Federal Gazette (Bundesanzeiger) and published in the electronic version of the Federal Gazette.

The separate financial statements of Berentzen-Gruppe Aktiengesellschaft and the company's Annual Report 2016 are also available on the Internet at www.berentzen-gruppe.de/en/.

B. Annual Financial Statements

Statement of Financial Position at December 31, 2016

Assets	12/31/2016 EUR	12/31/2015 EUR
A. Non-current assets		
I. Intangible assets		
1. Purchase commitments and delivery rights	0.00	14,860.83
2. Purchased franchises, industrial property rights and similar rights, and licenses to such rights	178,895.31	205,644.12
3. Advances to suppliers	46,906.25	25,200.00
	225,801.56	245,704.95
II. Property, plant and equipment		
1. Land, leasehold rights, and buildings, including buildings on land not owned	12,437,970.77	12,835,092.35
2. Technical equipment and machinery	7,895,315.72	7,019,611.36
3. Other equipment, plant and office equipment	607,220.32	687,565.48
4. Advances to suppliers and construction in progress	573,932.37	849,621.22
	21,514,439.18	21,391,890.41
III. Non-current financial assets		
1. Shares in affiliated companies	30,725,446.12	30,125,446.12
2. Loans to affiliated companies	5,400,002.00	8,300,002.00
3. Participating interests	1.00	1.00
4. Other loans	1.00	1.00
	36,125,450.12	38,425,450.12
	57,865,690.86	60,063,045.48
B. Current assets		
I. Inventories		
1. Raw materials and supplies	4,906,326.86	4,729,916.38
2. Work in progress	14,767,497.94	13,763,842.01
3. Finished products and merchandise for resale	9,869,334.63	8,304,967.51
	29,543,159.43	26,798,725.90
II. Receivables and other assets		
1. Trade receivables	2,541,417.96	706,305.42
2. Amounts receivable from affiliated companies	37,623,102.37	46,412,782.82
3. Other assets	4,469,339.15	5,528,263.03
	44,633,859.48	52,647,351.27
III. Cash on hand and cash in banks	41,461,625.62	29,509,376.59
	115,638,644.53	108,955,453.76
C. Prepaid expenses	138,649.54	155,537.33
	173,642,984.93	169,174,036.57

Income Statement for the Period from January 1 to December 31, 2016

	2016 EUR	2015 EUR
1. Revenues	316,208,998.17	303,546,518.98
2. Spirits tax	214,629,641.27	207,021,735.27
3. Revenues net of spirits tax	101,579,356.90	96,524,783.71
4. Increase in inventories of finished goods and work in progress	2,701,216.65	305,371.99
5. Other operating income	1,811,163.98	3,998,234.99
6. Purchased goods and services		
a) Cost of raw materials and supplies, and merchandise for resale	54,400,203.21	50,999,599.40
b) Cost of purchased services	1,737,751.92	1,513,470.99
7. Personnel expenses		
a) Wages and salaries	10,535,154.07	9,950,586.75
b) Social security, pension and benefit costs (of which for pensions: EUR -61,549.48; PY: EUR 272,030.07)	1,455,180.41	1,776,970.93
8. Depreciation, amortisation and write-downs of intangible assets and property, plant and equipment	2,002,281.97	2,344,269.19
9. Other operating expenses	26,800,797.98	26,611,621.21
10. Income from participating interests (of which from affiliated companies: EUR 2,000,000.00; PY: EUR 3,000,000.00)	2,000,000.00	3,000,000.00
11. Income from profit-and-loss transfer agreements	47,348.00	47,851.95
12. Income from other securities and loans of non-current financial assets (of which from affiliated companies: EUR 387,863.55; PY: EUR 426,065.82)	387,863.55	426,065.82
13. Other interest and similar income (of which from affiliated companies: EUR 5,613.77; PY: EUR 6,962.16) (of which income from discounting: EUR 13,909.00; PY: EUR 12,973.00)	40,681.02	33,480.71
14. Write-downs on non-current financial assets and securities classified as current assets	2,350,000.00	2,500,000.00
15. Expenses from losses absorbed	574,284.36	884,667.71
16. Interest and similar expenses (of which payable to affiliated companies: EUR 41,821.57; PY: EUR 41,937.69) (of which expenses from compounding: EUR 123,110.79; PY: EUR 123,059.00)	4,016,834.75	3,990,738.45
17. Income taxes (of which deferred taxes: EUR 110,500.00; PY: EUR 17,500.00)	1,621,289.33	1,128,791.17
18. Profit after taxes	3,073,852.10	2,635,073.37
19. Other taxes	48,638.36	84,119.81
20. Net profit/loss for the year	3,025,213.74	2,550,953.56
21. Profit carried forward from previous year	2,691,320.07	2,789,341.93
22. Difference between face value and cost of purchased treasury shares	-194,920.16	-768,672.22
23. Distributable profit	5,521,613.65	4,571,623.27

Notes to the annual financial statements for the 2016 financial year

(1) Accounting and valuation methods

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

The annual financial statements have been prepared in accordance with the accounting and valuation principles applicable for large corporations under commercial law and the supplementary provisions of the German Stock Corporation Act (Aktiengesetz).

The Income Statement has been prepared in accordance with the cost summary format pursuant to Section 275 (2) HGB.

The additions made to the legally prescribed structure of the Statement of Financial Position and the Income Statement under Section 265 (5) sentence 2 HGB – notably including the separate presentation of spirits tax – relate to the commercial activities of Berentzen-Gruppe Aktiengesellschaft and serve to present a better view of the Company's financial position, cash flows and financial performance.

The same accounting and valuation methods have been applied as in the previous year.

Intangible assets are carried at acquisition cost less scheduled amortisation. The purchase commitments shown under Statement of Financial Position item A. I. 1 in the previous year were amortised on a straight-line basis over three to five years. Delivery rights are amortised during the agreed term with a single cost rate per delivery unit across the annual purchase volume for a maximum of five years. The trademarks presented within Statement of Financial Position line item A. I. 2 are amortised on a straight-line basis over a useful life of 15 years, water and spring rights over 20 years, and licences over four to five years.

The items included in property, plant and equipment are carried at acquisition or production cost less scheduled depreciation, where they are depreciable. The depreciation is taken using the straight-line method based on the standard useful life (5 – 57 years). Since the 2008 financial year, low value assets have been recorded in a collective item and written down on a straight-line basis over a period of five years, in accordance with the statutory provisions.

Non-current financial assets such as shares in affiliated companies, loans to affiliated companies, participating interests, other loans are carried at acquisition cost or repayment amount. Write-downs are recognised in accordance with Section 253 (3) HGB.

Raw materials and supplies and merchandise for resale, are carried at average acquisition cost. Where the current market values are lower at the reporting date, these are recognised.

Work in progress and finished products are carried at the production cost to be recognised at a minimum under commercial law, meaning with direct input costs plus appropriate add-ons for indirect input costs. The principle of loss-free valuation is observed by applying discounts to the selling prices for costs still to accrue.

Receivables and other assets are stated at the lower of face value or fair value. Specific provisions for anticipated uncollectibility and general provisions to cover general credit risk are deducted from the receivables in the Statement of Financial Position. Receivables with credit insurance, receivables for which guarantees have been provided and the included-value added tax are deducted when identifying the stock of receivables exposed to risk.

Cash and cash equivalents are stated at face value.

Prepaid expenses include amounts disbursed prior to the reporting date that represent expenses for a certain period after the reporting date.

Subscribed capital is carried at face value. In accordance with Section 272 (1a) HGB, the imputed nominal value of treasury shares (own shares) is openly deducted from subscribed capital. The difference between the imputed nominal value and the acquisition cost of treasury shares is recognised within the distributable profit. Incidental acquisition costs incurred are recognised in profit or loss.

The provisions for pensions and similar obligations are determined using the projected unit credit (PUC) method in accordance with the generally accepted actuarial principles. The calculations are based on the 2005 G standard tables prepared by Professor Klaus Heubeck, an increase in pensions of 1.5%, and a rate of change of 0% for anticipated fluctuation and salary changes. Use has been made of the option permitted by Section 253 (2) sentence 2 HGB. The amounts are discounted using the average market rate of 4.08% (at September 2016) announced by Deutsche Bundesbank for an assumed residual maturity of 15 years.

Provisions for service anniversary awards are funded 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 a rate of 3.37%. The figures calculated are similarly 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 (PUC) method in accordance with generally accepted actuarial principles.

Tax and other provisions are set up to cover all uncertain liabilities and identifiable risks and carried at the amount anticipated to be payable under sound commercial judgement.

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.

Derivative financial instruments are carried at fair value.

Spirits tax and import duties are recognised as liabilities in the amounts owed to the main customs offices and presented in a separate item added to the legally prescribed structure.

Liabilities are stated at the settlement amount.

Deferred income comprises amounts received prior to the reporting date that represent income for a specific period after the reporting date.

Deferred tax assets and liabilities are determined in accordance with Section 274 HGB, under which probable tax savings and charges arising in the future are recognised for temporary differences between the book values carried in the annual financial statements of Berentzen-Gruppe Aktiengesellschaft prepared in accordance with German commercial law and the amounts recognised for assets and liabilities for tax purposes. In this context, any such temporary differences accruing in the Group companies of Berentzen-Gruppe Aktiengesellschaft for income tax purposes are recognised by the parent company. The same principle applies for such temporary differences accruing at unincorporated firms in which Berentzen-Gruppe Aktiengesellschaft holds a participating interest, although the valuation is normally limited to deferred corporation taxes including the solidarity surcharge. Anticipated tax savings arising from the use of loss carry-forwards considered realisable in the future are included, provided this does not yield an excess of deferred tax assets. When exercising the capitalisation option permitted in Section 274 (1) sentence 2 HGB, deferred tax assets arising from deductible temporary differences and tax loss carry-forwards in excess of the deferred tax liabilities arising from taxable temporary differences are not capitalised.

The amounts of the tax savings and charges accruing are calculated using the tax rate applicable to the specific company when the differences reverse and are not discounted.

Deferred tax assets and liabilities are netted within the Company and within the group of companies for income tax purposes. Use has not been made of the option to recognise deferred tax assets and liabilities that have not been netted in the Statement of Financial Position compliant with Section 274 (1) sentence 3 HGB.

Receivables and liabilities denominated in foreign currency are translated using the exchange rate applicable at the closing date (average spot exchange rate).

(2) Notes to the Statement of Financial Position

(2.1) Non-current assets

The development of non-current assets during the reporting period is presented separately in the Statement of Changes in Non-current Assets presented in an annex to the notes.

Loans to subsidiaries of Berentzen-Gruppe Aktiengesellschaft are shown under Loans to affiliated companies (EUR 5,400 thousand; PY: EUR 8,300 thousand).

(2.2) Inventories

Inventories of EUR 580 thousand (PY: EUR 714 thousand), relate to merchandise for resale, notably including stocks of spirits intended for resale.

(2.3) Receivables and other assets

The sum total of trade receivables is reduced by receivables of EUR 16,825 thousand (PY: EUR 18,699 thousand) sold under the terms of factoring agreements. The receivables were sold to factoring companies on a non-recourse basis. Specific allowances in the amount of EUR 4 thousand (PY: EUR 0 thousand) were recognised on the trade receivables not sold to factoring companies in the 2016 financial year.

The amounts receivable from affiliated companies originate from the ongoing clearing and settlement transactions involving subsidiaries.

The following table shows the breakdown of other assets:

	12/31/2016 EUR '000	12/31/2015 EUR '000
Receivables from factoring haircut	4,010	4,402
Tax refund claims	162	695
Marketing reimbursement claims from licensing partners	100	93
Receivables from export operations	84	54
Creditors with debit balances	71	109
Reimbursement claims	39	110
Freight cost reimbursement claims	0	58
Other	3	7
	4,469	5,528

The following table shows the residual maturities of the receivables and other assets:

	12/31/2016 EUR '000	of which due in	
		up to 1 year EUR '000	more than 1 year EUR '000
Trade receivables	2,542	2,542	0
Amounts receivable from affiliated companies	37,623	37,623	0
Other assets	4,469	4,469	0
	44,634	44,634	0
	12/31/2015 EUR '000	of which due in	
		up to 1 year EUR '000	more than 1 year EUR '000
Trade receivables	706	706	0
Amounts receivable from affiliated companies	46,413	46,413	0
Other assets	5,528	5,528	0
	52,647	52,647	0

There were receivables denominated in foreign currency with a value of EUR 231 thousand (PY: EUR 225 thousand) at the reporting date.

(2.4) Cash on hand and cash in banks

The item of cash on hand and cash in banks comprises current accounts with banks that are used for settlement of two factoring agreements. These current accounts hold the available cash under these factoring arrangements at any given time ("customer settlement accounts"); the receivables from customer settlement accounts in the amount of EUR 8,681 thousand (PY: EUR 8,694 thousand) exhibit different characteristics than normal current account receivables due from banks, particularly with regard to interest.

(2.5) Prepaid expenses

Prepaid expenses include advance payments of EUR 139 thousand (PY: EUR 156 thousand) for other third party services.

(2.6) Subscribed capital

The capital stock of Berentzen-Gruppe Aktiengesellschaft in the amount of EUR 24,960 thousand (PY: EUR 24,960 thousand) is divided into 9,600,000 shares of common stock (PY: 9,600,000 shares of common stock), which are no-par bearer shares and are fully paid-in. The imputed 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 share capital 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 share capital 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 stock exchange trading since September 30, 2015.

At December 31, 2016, the number of shares outstanding was 9,393,691 (PY: 9,444,257) shares of common stock, Berentzen-Gruppe Aktiengesellschaft having purchased a total of 206,309 treasury shares representing an imputed share of capital equal to EUR 536 thousand in financial years 2015 and 2016.

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 capital (issued)/ shares outstanding		24,424	9,393,691	24,555	9,444,257

(2.7) Authorised capital (not issued)

The Executive Board of Berentzen-Gruppe Aktiengesellschaft is authorised, with the consent of the Supervisory Board, to increase the share capital 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.

(2.8) Conditional Capital (not issued)

The share capital 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.

(2.9) Treasury shares

While concurrently cancelling the authorisation to purchase treasury shares (own 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 common and shares of 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 share capital. 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 program was terminated 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 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 share buyback programme					
Balance at 12/31/2016 / 2016	206,309	0	536	2.15	1,500

The difference of EUR 195 thousand (PY: EUR 769 thousand) between the imputed nominal amount of EUR 131 thousand (PY: EUR 405 thousand) and the acquisition costs of purchased treasury shares in the amount of EUR 326 thousand (PY: EUR 1,174 thousand) was included in the distributable profit.

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 EUR 536 thousand or 2.15 % of the Company's capital stock. The average purchase price per share was EUR 7.2706. The shares were purchased for a total purchase price of EUR 1,500 thousand (excluding transaction costs). The cumulative difference between the imputed nominal value and the acquisition cost of the treasury shares purchased is EUR 964 thousand.

(2.10) 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.

(2.11) Retained earnings and distributable profit

In accordance with the Stock Corporations Act, the utilisation of profit, including the distribution of dividends to the shareholders, is measured on the basis of the distributable profit presented in the separate financial statements of Berentzen-Gruppe Aktiengesellschaft prepared in accordance with German commercial law.

At the annual general meeting of May 12, 2016, it was resolved to use the distributable profit of EUR 4,572 thousand presented in the separate financial statements of Berentzen-Gruppe Aktiengesellschaft for the 2015 financial year to pay a dividend of EUR 0.20 per qualifying common share for the 2015 financial year and to carry forward the remaining amount to new account. In consideration of the treasury shares held by the Company at the date of the annual general meeting, which do not qualify for dividends in accordance with Section 71b AktG, this amount corresponded to a total distribution of approximately EUR 1,880 thousand and a carry-forward to new account of approximately EUR 2,692 thousand.

The Statement of Financial Position was prepared taking into account the partial utilisation of the distributable profit.

The following table shows the changes in distributable profit:

	2016 EUR	2015 EUR
Net profit for the year	3,025,213.74	2,550,953.56
Distributable profit of the previous year	4,571,623.27	4,325,341.93
Difference between the nominal value and acquisition cost of purchased treasury shares	-194,920.16	-768,672.22
Dividend pay-out	-1,880,303.20	-1,536,000.00
Distributable profit	5,521,613.65	4,571,623.27

(2.12) Proposal for the utilisation of distributable profit

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 annual 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 an expected 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 Company's 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) Provisions for pensions and similar obligations

As of the 2016 financial year, pension provisions are discounted to present value by application of the average market interest rate for the past 10 financial years, in accordance with the new provisions of Section 253 para. 2 HGB (new version). The resulting difference between the value of pension provisions measured by application of the 10-year average interest rate (4.08%) and that measured by application of the 7-year average interest rate (3.37%) is subject to a payout block and is presented in the table below:

	12/31/2016 EUR '000
Pension provision measured at the 10-year average interest rate	2,631
Pension provision measured at the 7-year average interest rate	2,788
Difference	-157

(2.14) Tax provisions

The tax provisions of EUR 993 thousand relate to trade tax payable for the 2015 and 2016 financial years.

(2.15) Other provisions

The other provisions comprise the following items:

	12/31/2016 EUR '000	12/31/2015 EUR '000
Bonuses/ advertising subsidies	5,999	5,198
Personnel provisions	1,285	961
Outstanding invoices	948	355
Legal, consulting and auditing costs	520	217
Supervisory Board compensation	117	120
Anticipated losses on incomplete transactions	0	4
	8,869	6,855

(2.16) Liabilities

The following table shows the breakdown of liabilities by residual maturity:

	12/31/2016 EUR '000	up to 1 year EUR '000	of which due in	
			more than 1 EUR '000	more than 5 years EUR '000
Liabilities for spirits tax	44,394	44,394	0	0
Bonds	50,000	50,000	0	0
Trade payables	4,856	4,856	0	0
Amounts payable to affiliated companies	8,150	8,150	0	0
Other liabilities	7,043	7,043	0	0
	114,443	114,443	0	0
	12/31/2015 EUR '000	up to 1 year EUR '000	of which due in	
			more than 1 EUR '000	more than 5 years EUR '000
Liabilities for spirits tax	44,258	44,258	0	0
Bonds	50,000	0	50,000	0
Trade payables	3,491	3,491	0	0
Amounts payable to affiliated companies	8,472	8,472	0	0
Other liabilities	7,033	7,033	0	0
	113,254	63,254	50,000	0

A bond issue of Berentzen-Gruppe Aktiengesellschaft (ISIN: DE000A1RE1V3, WKN: A1RE1V) has been listed on the Open Market of Deutsche Börse AG (OTC segment of the Frankfurt Stock Exchange) in the Entry Standard segment (Basic Board as of March 1, 2017) for bonds since October 9, 2012. 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.; the interest falls due for payment on October 18 of every year during the term.

Of the total amounts payable to affiliated companies, EUR 8,002 thousand (PY: EUR 8,324 thousand) relates to current clearing and settlement transactions and EUR 148 thousand (PY: EUR 148 thousand) to current loan liabilities due to subsidiaries.

The following table shows the breakdown of other liabilities:

	12/31/2016	12/31/2015
	EUR '000	EUR '000
Taxes		
Sales tax	6,021	6,004
Payroll and church tax	207	133
	6,228	6,137
Liabilities for bond interest payable	659	659
Debtors with credit balances	145	172
Miscellaneous other liabilities	11	65
	7,043	7,033

There were liabilities denominated in foreign currency with a value of EUR 721 thousand (PY: EUR 240 thousand) at the reporting date.

(2.17) Deferred tax liabilities

	12/31/2016	12/31/2015
	EUR '000	EUR '000
Deferred tax liabilities	694	584
	694	584

The table below shows the breakdown of deferred tax liabilities by line item and circumstances.

	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				
Property, plant and equipment	0	881	0	931
Non-current financial assets	0	481	0	337
Prepaid expenses	135	0	109	0
SHAREHOLDERS' EQUITY AND LIABILITIES				
Provisions for pensions and similar obligations	520	0	568	0
Other provisions	13	0	7	0
Subtotal for temporary differences	668	1,362	684	1,268
Capitalisation of tax loss carry-forwards	0		0	
Netting	-668	-668	-684	-684
Deferred taxes presented in the Statement of Financial Position	0	694	0	584

Deferred taxes are measured on the basis of a tax rate of 29.3% (PY: 29.3%).

(2.18) Contingent liabilities

Berentzen-Gruppe Aktiengesellschaft has issued an absolute maximum-liability guarantee of EUR 2,185 thousand (PY: EUR 2,185 thousand) for the branch of a subsidiary in the federal state of 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 in favour of a foreign subsidiary in the 2012 financial year. The letter of indemnity is not expected to be utilised, as it only covers current liabilities.

There are letters of indemnity related to maximum-liability customs bonds in the amount of EUR 776 thousand (PY: EUR 776 thousand). The current spirits tax liabilities secured by such guarantees amounted to EUR 44,394 thousand at year-end (PY: EUR 44,258 thousand).

(2.19) Other financial commitments and information on off-balance sheet transactions

Berentzen-Gruppe Aktiengesellschaft has total commitments of EUR 634 thousand (PY: EUR 735 thousand) arising from rental and lease contracts, EUR 3 thousand (PY: EUR 1 thousand) of which relates to affiliated companies.

The following table shows the breakdown of rental and lease commitments by the due date of the agreed rental or lease payments:

	12/31/2016 EUR '000	of which payable in		
		up to 1 year EUR '000	1 to 5 years EUR '000	more than 5 years EUR '000
Rental payments for property	20	19	1	0
of which to affiliated companies	3	3	0	0
Lease payments for office equipment	76	39	37	0
Lease payments for vehicle fleet	538	214	324	0
	634	272	362	0
	12/31/2015 EUR '000	of which payable in		
		up to 1 year EUR '000	1 to 5 years EUR '000	more than 5 years EUR '000
Rental payments for property	18	16	2	0
of which to affiliated companies	1	1	0	0
Lease payments for office equipment	115	39	75	1
Lease payments for vehicle fleet	602	209	376	17
	735	264	453	18

The rental and lease agreements serve the purpose of flexibly managing investments on the basis of liquidity and innovation considerations and lead to an improvement in the financial position and cash flows in the respective financial years. The risk of future cash outflows is made calculable by the fixed amounts payable and terms of the contracts.

On February 22, 2013 with effect from June 1, 2013, on March 4, 2013 with effect from February 1, 2013, and on December 15, 2015 with effect from April 1, 2016, Berentzen-Gruppe Aktiengesellschaft concluded three services contracts governing the provision of distribution services. The terms of the contracts extend until December 31, 2017, January 31, 2016, and March 31, 2017. These contracts give rise to a total commitment of EUR 636 thousand (PY: EUR 2,214 thousand) at December 31, 2016.

By contract dated September 26, 2016 and with effect from January 1, 2017, Berentzen-Gruppe Aktiengesellschaft concluded a further services contract for the provision of advertising services. The term of the contract extends until June 30, 2017.

Based on an extension of the existing framework contract pertaining to the first half of 2017 and a further contract with a term from January 1, 2017 to June 30, 2017, Berentzen-Gruppe Aktiengesellschaft was subject to commitments for advertising services totalling EUR 249 thousand (PY: EUR 0 thousand) at December 31, 2016.

The following table shows the breakdown of the commitments arising from the aforementioned services and advertising contracts broken down by the due dates of the payments to be made:

	12/31/2016 EUR '000	of which payable in		
		up to 1 year EUR '000	1 to 5 years EUR '000	more than 5 years EUR '000
Commitments for distribution services	636	636	0	0
Commitments for advertising services	249	249	0	0
	885	885	0	0
	12/31/2015 EUR '000	of which payable in		
		up to 1 year EUR '000	1 to 5 years EUR '000	more than 5 years EUR '000
Commitments for distribution services	2,214	978	1,236	0
Commitments for advertising services	0	0	0	0
	2,214	978	1,236	0

Trade receivables of EUR 16,825 thousand (PY: EUR 18,699 thousand) had been sold at the reporting date under the terms of two factoring agreements. Following the deduction of the relevant haircuts of EUR 4,010 thousand (PY: EUR 4,402 thousand), there was cash inflow of EUR 12,815 thousand (PY: EUR 14,297 thousand).

Factoring serves to enhance the Company's capital structure and reduce its financing costs. The latent default risks in the stock of receivables have been transferred to the buyer; a default risk is thus excluded. A lasting, constant improvement in liquidity is ensured by the continuous stream of revenues during the course of the year.

(2.20) Legal disputes

In connection with its ordinary business activities, Berentzen-Gruppe Aktiengesellschaft is 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 Berentzen-Gruppe Aktiengesellschaft 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.

At the present time, Berentzen-Gruppe Aktiengesellschaft does not expect any material adverse effects on its financial position, cash flows and financial performance to result from occasionally occurring legal disputes. 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.

(2.21) Derivative financial instruments

Berentzen-Gruppe Aktiengesellschaft is exposed to currency and interest rate risks as part of its commercial activities; derivatives are employed exclusively to hedge such risk.

Contracts for currency hedging instruments are concluded to hedge currency and interest rate risk arising from ongoing commercial activities, and each is recognised individually using the market price that corresponds to their fair value at the reporting date. Any resulting negative valuation result leads to the recognition of a provision for pending losses, which is recognised in the Income Statement, whereas a positive valuation result is not recognised.

The market price of the currency options is determined using the net present value method, under which valuation is based on the daily closing prices or the end-of-month ECB reference prices.

The following currency options existed at December 31, 2016 to hedge the currency risk arising from future purchases of merchandise:

Hedging instrument	Currency Derivatives					
	Foreign currency FC	Face value TFC	Face value EUR '000	Fair value EUR '000	Book value EUR '000	Balance sheet item (Section 266 HGB)
Currency options	USD	600	530	38	0	n/a
Currency options	USD	300	265	0	0	Other provisions

(3) Notes to the Income Statement

(3.1) Revenues

Berentzen-Gruppe Aktiengesellschaft generated the following non-consolidated revenues in the 2016 financial year, mainly from sales of spirits:

	2016 BilRuG EUR '000	2015 BilRuG EUR '000	2015 Before BilRuG EUR '000
Sales of goods	80,668	78,056	78,056
Services affiliated companies	1,776	1,825	0
Waste recycling	86	73	0
Rental income	53	56	0
Other revenues	26	28	0
Domestic revenues excluding spirits tax	82,609	80,038	78,056
Sales of goods	18,970	18,469	18,469
Foreign revenues excluding spirits tax	18,970	18,469	18,469
	101,579	98,507	96,525

The first-time application of the new definition of revenues according to Section 277 para. 1 HGB (new version) in the 2016 financial year led to reclassifications from Other operating income to Revenues in the total amount of EUR 1,941 thousand. For the sake of comparability, the previous-year figures are presented in both the new and the old revenue structure.

(3.2) Other operating income

The following table shows the breakdown of other operating income:

	2016 EUR '000	2015 EUR '000
Reversal of provisions	829	494
Marketing reimbursement licencing partners	245	225
Currency translation	157	228
Income relating to other periods	54	42
Cost reimbursements	50	51
Income from compensation of loss or damage	38	33
Derecognition of liabilities	35	70
Income from disposal of non-current assets	14	361
Miscellaneous other operating income	389	512
Other operating income after reclassifications per the Accounting Directive Implementing Act (BilRUG)	1,811	2,016
Services affiliated companies	1,776	1,825
Waste recycling	86	73
Rental income	53	56
Miscellaneous other operating income	26	28
Reclassifications per the BilRUG	1,941	1,982
Other operating income before BilRUG reclassifications	3,752	3,998

(3.3) Personnel expenses

Personnel expenses include expenses for pension plans of EUR-62 thousand (PY: EUR 272 thousand).

(3.4) Other operating expenses

The following table shows the breakdown of other operating expenses:

	2016	2015
	EUR '000	EUR '000
Marketing, advertising / trade	11,645	11,489
Transport and selling costs	8,861	8,718
Maintenance	1,243	1,065
Packaging recycling	1,007	1,015
Legal, consulting and auditing costs	868	1,095
Other personnel expenses	758	639
Charges, contributions and insurance premiums	611	654
Expenses relating to other reporting periods	416	48
Rents and office costs	506	538
Losses from write-downs on inventories	281	399
Intragroup cost allocations	268	539
Supervisory Board compensation	118	120
Receivables defaults	73	103
Currency translation	72	167
Expenses from increases in specific and general valuation allowances	4	0
Miscellaneous other operating expenses	70	23
	26,801	26,612

The expenses relating to other periods include the expenses for services performed in 2015 that were billed in 2016, for which no or only inadequate provisions had been set up.

Expenses of EUR 35 thousand are presented within the Cost of purchased services instead of Other operating income, by analogous application of the new definition of revenues.

(3.5) Financial result and result from participating interests

The income of EUR 2,000 thousand (PY: EUR 3,000 thousand) resulted from dividend payments by or the allotment of profit shares of the following affiliated companies:

	2016	2015
	EUR '000	EUR '000
T M P Technic-Marketing-Products GmbH, Linz	2,000	3,000
	2,000	3,000

The income of EUR 47 thousand from profit-and-loss transfer agreements (PY: EUR 48 thousand) mainly stems from profit-and-loss transfer agreements with the following Group companies:

	2016 EUR '000	2015 EUR '000
Pabst & Richarz Vertriebs GmbH, Minden	47	48
	47	48

EUR 388 thousand (PY: EUR 426 thousand) of the income from other securities and loans of non-current financial assets, and EUR 6 thousand (PY: EUR 7 thousand) of the other interest and similar income results from affiliated companies.

The write-downs on non-current financial assets totalling EUR 2,350 thousand (PY: EUR 2,500 thousand) include impairment losses of EUR 550 thousand (PY: EUR 1,350 thousand) in the book value of a German affiliated company, by reason of an impairment that is expected to be permanent. In addition, impairment losses were recognised in a loan granted to a foreign subsidiary, also by reason of an impairment that is expected to be permanent, in the amount of EUR 1,800 thousand (PY: EUR 1,150 thousand).

The expenses from losses absorbed result from profit-and-loss transfer agreements with the following Group companies:

	2016 EUR '000	2015 EUR '000
Der Berentzen Hof GmbH, Haselünne	292	257
DLS Spirituosen GmbH, Flensburg	170	499
Doornkaat Aktiengesellschaft, Norden	112	129
	574	885

Interest and similar expenses includes interest expenses of EUR 3,250 thousand for the corporate bond issued by Berentzen-Gruppe Aktiengesellschaft (PY: EUR 3,250 thousand), interest of EUR 42 thousand payable to affiliated companies (PY: EUR 42 thousand) and expenses of EUR 123 thousand (PY: EUR 123 thousand) arising from the compounding of pension provisions and other provisions.

Income of EUR 157 thousand (PY: EUR 228 thousand) and expenses of EUR 87 thousand (PY: EUR 225 thousand) were recognised from currency translation.

(3.6) Income taxes

The income tax expense of EUR 1,621 thousand shown in the Income Statement (PY: EUR 1,129 thousand) includes tax expenses of EUR 5 thousand from previous years (PY: EUR 1 thousand).

Income taxes of EUR 25 thousand (PY: EUR 26 thousand) arose from the liability of a foreign subsidiary to recognise withholding tax for the payment of loan interest payments to Berentzen-Gruppe Aktiengesellschaft that are not deductible.

The increase in deferred tax liabilities increased tax expenses by an amount of EUR 111 thousand (PY: EUR 18 thousand).

(3.7) Other taxes

Other taxes include property taxes of EUR 41 thousand (PY: EUR 41 thousand) and motor vehicle taxes of EUR 8 thousand (PY: EUR 9 thousand). In addition, back sales taxes of EUR 34 thousand were payable in the 2015 financial year for the financial years 2012 to 2015.

(4) Additional information on the annual financial statements

(4.1) Management 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 Gräfelting, 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)

The following total compensation within the meaning of Section 285 No. 9 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 (PY: EUR 172 thousand).

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, by adopting a resolution to the effect that, in accordance with Section 314 (3) sentence 1 HGB in conjunction with Section 286 (5) sentence 1, the information required by Section 314 (1) No. 6 a) sentence 5-8 HGB and Section 285 No. 9 a) sentence 5-8 HGB will not be disclosed. .

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 contained no benefits to former members of the Executive Board in connection with the cessation 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 paid to former members of the Executive Board or their surviving dependents in the 2016 financial year.

Post-employment benefits or total compensation within the meaning of Section 285 No. 9 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 (PY: EUR 105 thousand).

As calculated in accordance with Section 253 HGB, the present value of accrued pension obligations for this group of persons amounted to EUR 767 thousand at December 31, 2016 (PY: EUR 791 thousand).

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)

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	

Total compensation in the amount of EUR 117 thousand (PY: EUR 120 thousand) within the meaning of Section 285 No. 9 letter a) sentence 1-4 HGB was granted to the members of the Supervisory Board in their function as members of the Supervisory Board.

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 contained no benefits to former members of the Supervisory Board in connection with the cessation 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.

(4.2) Employees

Alongside the members of the Executive Board, Berentzen-Gruppe Aktiengesellschaft employed the following average number of people during the year:

	Annual Average	
	2016	2015
Salaried staff	124	126
Wage-earning staff	68	69
Apprentices	19	21
	211	216

(4.3) Information about the parent company

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) are published in the Federal Gazette.

(4.4) 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 share capital 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 reached, exceeded or fallen below certain thresholds:

Subject to reporting obligation	Date when a reporting threshold was reached, exceeded, or fallen below	Attribution per WpHG	Attribution via	Voting rights	
				%	Anzahl
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
	September 23, 2016	Section 22	BGAG Beteiligungs GmbH	0.00	0
AURELIUS Equity Opportunities SE & Co. KGaA (formerly: AURELIUS SE & Co. KGaA) Grünwald, Germany	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

(4.5) Declaration regarding the German Corporate Governance Code

The Declaration of Conformity regarding 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 Corporate Governance Declaration of Berentzen-Gruppe Aktiengesellschaft pursuant to Section 289a para. 1 HGB and of the Group pursuant to Section 315 para. 5 HGB has been integrated into the Corporate Governance Report prepared and published in accordance with the recommendations of the Government Commission on the German Corporate Governance Code. The Corporate Governance Report is posted and available for inspection at the website www.berentzen-gruppe.de/en/.

(4.6) List of Shareholdings of Berentzen-Gruppe Aktiengesellschaft**Direct subsidiaries^{1) 5)}**

Name, registered office	Shareholding in %	Equity capital 12/31/2016 EUR '000	Net profit/loss 2016 EUR '000
Berentzen Distillers International GmbH, Haselünne	100.0	2,551	-570
Der Berentzen Hof GmbH, Haselünne ^{2) 4)}	100.0	26	0
DLS Spirituosen GmbH, Haselünne ^{2) 4)}	100.0	2,482	0
Doornkaat Aktiengesellschaft, Norden ^{2) 4)}	100.0	56	0
Pabst & Richarz Vertriebs GmbH, Minden ^{2) 4)}	100.0	33	0
T M P Technic-Marketing-Products GmbH, Linz	100.0	5,837	2,799
Vivaris Getränke GmbH & Co. KG, Haselünne ³⁾	100.0	3,526	-763

Indirect subsidiaries^{1) 5)}

Name, registered office	Shareholding in %	Equity capital 12/31/2016 EUR '000	Net profit/loss 2016 EUR '000
Domestic companies			
Berentzen Distillers Asia GmbH, Haselünne	100.0	23	-1
Berentzen Distillers Turkey GmbH, Haselünne	100.0	3,166	-551
Berentzen North America GmbH, Haselünne	100.0	244	-1
Foreign companies			
Berentzen Alkollü İckiler Ticaret Limited Sirketi, Istanbul, Republic of Turkey	100.0	939	-565
Berentzen Distillers CR, spol s.r.o., v likvidaci (formerly: Berentzen Distillers CR s.r.o.), Prague, Czech Republic	100.0	155	-1
Berentzen Spirit Sales (Shanghai) Co., Ltd., Shanghai, People's Republic of China	100.0	-1,404	-104
Berentzen Spirits India Private Limited, Gurgaon, Republic of India	100.0	25	-13
Berentzen USA, Inc. Dover / Delaware, United States of America	100.0	404	4

¹⁾ With regard to Section 286 (3) 1 No 1 HGB, affiliated companies and participating interests together with those companies for which the shareholder with unlimited liability is Berentzen-Gruppe Aktiengesellschaft are not disclosed to the extent that they, individually and as a whole, are immaterial for the financial position, cash flows and financial performance of the Company.

²⁾ A profit-and-loss transfer agreement exists with this company.

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 companies 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.

⁵⁾ The listed companies are included in the consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft, Haselünne, by way of full consolidation.

⁶⁾ The company marked with ⁶⁾ is held 10% directly and 90% indirectly by Berentzen-Gruppe Aktiengesellschaft.

(4.7) Total fees paid to the independent auditor

At the annual general meeting of Berentzen-Gruppe Aktiengesellschaft on May 12, 2016, Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, was elected as the independent auditor of the separate and consolidated financial statements of Berentzen-Gruppe Aktiengesellschaft.

The following table shows the breakdown of total expenses and fees recognised for the services provided by the independent auditor in the 2016 financial year:

	2016 EUR '000
Auditing of financial statements	149
Other audit-related services	0
Tax advisory services	0
Other services	0
	149

(4.8) Events after the reporting date

No events of particular importance that were not presented in the income statement or statement of financial position occurred after the close of the financial year.

Haselünne, March 20, 2017

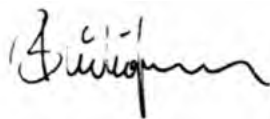
Berentzen-Gruppe Aktiengesellschaft

The Executive Board



Frank Schübel

Executive Board (Spokesman)



Ralf Brühöfner

Executive Board

Statement of Changes in Non-current Assets

	Acquisition or Production Cost				12/31/2016 EUR
	01/01/2016 EUR	Addition EUR	Transfer EUR	Disposal EUR	
I. Intangible assets					
1. Purchase commitments and delivery rights	1,176,670.00	0.00	0.00	1,176,670.00	0.00
2. Purchased franchises, industrial property rights and similar rights, and licences to such rights	28,554,931.98	45,636.96	25,200.00	7,584.76	28,618,184.18
3. Goodwill	5,337,480.25	0.00	0.00	0.00	5,337,480.25
4. Advances to suppliers	25,200.00	46,906.25	-25,200.00	0.00	46,906.25
	35,094,282.23	92,543.21	0.00	1,184,254.76	34,002,570.68
II. Property, plant and equipment					
1. Land, leasehold rights and buildings, including buildings on land not owned	30,898,103.46	198,549.00	17,054.85	0.00	31,113,707.31
2. Technical equipment and machinery	33,221,860.10	1,131,775.63	800,000.00	143,340.33	35,010,295.40
3. Other equipment, plant and office equipment	3,664,372.86	144,135.34	0.00	174,200.03	3,634,308.17
4. Advances to suppliers and construction in progress	849,621.22	541,366.00	-817,054.85	0.00	573,932.37
	68,633,957.64	2,015,825.97	0.00	317,540.36	70,332,243.25
III. Non-current financial assets					
1. Shares in affiliated companies	53,752,917.76	1,150,000.00	0.00	0.00	54,902,917.76
2. Loans to affiliated companies	10,249,700.00	0.00	0.00	1,100,000.00	9,149,700.00
3. Participating interests	7,891.83	0.00	0.00	0.00	7,891.83
4. Other loans	1,022.58	0.00	0.00	0.00	1,022.58
	64,011,532.17	1,150,000.00	0.00	1,100,000.00	64,061,532.17
	167,739,772.04	3,258,369.18	0.00	2,601,795.12	168,396,346.10

01/01/2016	Depreciation and Amortisation				Net Book Values	
	Addition	Transfer	Disposal	12/31/2016	12/31/2016	12/31/2015
EUR	EUR	EUR	EUR	EUR	EUR	EUR
1,161,809.17	14,860.83	0.00	1,176,670.00	0.00	0.00	14,860.83
28,349,287.86	97,585.77	0.00	7,584.76	28,439,288.87	178,895.31	205,644.12
5,337,480.25	0.00	0.00	0.00	5,337,480.25	0.00	0.00
0.00	0.00	0.00	0.00	0.00	46,906.25	25,200.00
34,848,577.28	112,446.60	0.00	1,184,254.76	33,776,769.12	225,801.56	245,704.95
18,063,011.11	612,725.43	0.00	0.00	18,675,736.54	12,437,970.77	12,835,092.35
26,202,248.74	1,052,629.44	0.00	139,898.50	27,114,979.68	7,895,315.72	7,019,611.36
2,976,807.38	224,480.50	0.00	174,200.03	3,027,087.85	607,220.32	687,565.48
0.00	0.00	0.00	0.00	0.00	573,932.37	849,621.22
47,242,067.23	1,889,835.37	0.00	314,098.53	48,817,804.07	21,514,439.18	21,391,890.41
23,627,471.64	550,000.00	0.00	0.00	24,177,471.64	30,725,446.12	30,125,446.12
1,949,698.00	1,800,000.00	0.00	0.00	3,749,698.00	5,400,002.00	8,300,002.00
7,890.83	0.00	0.00	0.00	7,890.83	1.00	1.00
1,021.58	0.00	0.00	0.00	1,021.58	1.00	1.00
25,586,082.05	2,350,000.00	0.00	0.00	27,936,082.05	36,125,450.12	38,425,450.12
107,676,726.56	4,352,281.97	0.00	1,498,353.29	110,530,655.24	57,865,690.86	60,063,045.48

C. Declarations and further 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 annual financial statements provide a true and fair view of the Company's financial position, cash flows and financial performance, and that the Management Report, which has been combined with the Group Management Report, provides a true and fair view of the development and performance of the Company together with a description of the principal opportunities and risks associated with the probable development of the Company.

Haselünne, March 20, 2017

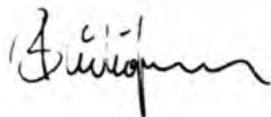
Berentzen-Gruppe Aktiengesellschaft

The Executive Board



Frank Schübel

Member of the Executive Board
(Spokesman)



Ralf Brühöfner

Member of the Executive Board

Translation prepared by the management of Berentzen-Gruppe Aktiengesellschaft.
Translation- the German text is authoritative.

Auditor's opinion

We have audited the annual financial statements – comprising the balance sheet, the profit and loss account and the notes to the annual financial statements – together with the bookkeeping system and the combined management report of Berentzen-Gruppe Aktiengesellschaft, Haselünne, and the group for the financial year from 01.01.2016 to 31.12.2016. The maintenance of the books and records and the preparation of the annual financial statements and combined management report in accordance with German commercial law and supplementary provisions of the articles of association are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 HGB [German Commercial Code] 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 annual financial statements in accordance with German principles of proper accounting and in the combined management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company 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 books and records, the annual 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 accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and consolidated 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 annual financial statements of Berentzen-Gruppe Aktiengesellschaft for the financial year from 01.01.2016 to 31.12.2016 comply with legal requirements 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 company in accordance with German principles of proper accounting. The combined management report of Berentzen-Gruppe Aktiengesellschaft and the group is consistent with the annual financial statements, complies with the legal requirements, as a whole, provides a suitable view of the company'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 Financial Statements, 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
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May 10, 2017	Publication of the Q1/2017 Interim Report
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May 19, 2017	Annual general meeting in Hannover, Hannover Congress Centrum (HCC), Niedersachsenhalle
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August 14, 2017	Publication of the 2017 Group Semiannual Report
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October 27, 2017	Publication of the Q3/2017 Interim Report
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