JAB Holdings B.V., Amsterdam

JAB Holdings B.V.

Amsterdam

Annual Accounts 2015

JAB Holdings B.V., Amsterdam

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JAB Holdings B.V., Amsterdam

Report of the Board of Directors

Management of JAB Holdings B.V. (the "Company") hereby presents its annual accounts for the financial year ended on 31 December 2015.

General information

The objectives of the Company are to act as a holding and finance company. Since January 2012, the Company's sole shareholder is JAB Investments S.à r.l., which is domiciled in Luxembourg ("JAB Investments"). Ultimate parent company is Agnaten SE, Austria.

The Company is focused on generating superior returns from long-term investments in companies with premium brands and strong growth and margin dynamics. The Board of Directors monitors the return on capital and the value enhancement of the Company's investment portfolio.

Investments

As of 31 December 2015 the Company's portfolio includes participations in Reckitt Benckiser Group Plc., Coty Inc. (through JAB Cosmetics B.V.), Acorn Holdings B.V. and JAB Beech Inc. (through JAB Forest B.V.), JAB Luxury GmbH (through Labelux Group GmbH) and the newly acquired participation in JAB Coffee Holding B.V. (through JAB Forest B.V.).

The number of shares held in Reckitt Benckiser Group Plc. reduced to 73,993,669 due to a sale of 2,665,673 shares in December 2015 for an amount of €225.0m. The investment in Indivior Plc. was completely sold in 2015 for an amount of €241.9m.

In 2015, the Company made capital contributions to its subsidiaries in the amount of €1,722.1m and received share premium repayments of €89.7m.

The loans provided to JAB Luxury GmbH in prior periods were repaid in 2015 financed through capital contributions by the Company.

The cash flows from investing activities include received dividends (€ 118.0m), capital transactions with subsidiaries (€-1,387.2m), disposal of other investments (€460.4m), loan transactions (€965.5m) and interests received (€9.0m).

Financing

As of 31 December 2015 the Company has financial liabilities of in total €2,158.5m (2014: €1,567.1m). The outstanding amount in the current period consists of long-term notes with a carrying value of €2,074.5m (2014: €746.2m). Thereof, long-term notes with an aggregate principal amount of €1,350.0m were issued in 2015.

As of 31 December 2015 the Company has unused credit facilities, which reduce liquidity risk. There are no outstanding amounts under the credit facilities as of 31 December 2015 (2014: €750.0m).

The cash flows from financing activities include capital transactions with the shareholder (€-119.0m), interest and bank fees paid (€-54.9m) and the net change in borrowings (€585.3m).

In 2015 the Company's equity increased from €13,235.4m to €16,594.8m, mainly due to increase in the value of the Company’s investment portfolio (€3,185.7m).

Financial information

The result for the year 2015 amounts to €292.6m, mainly relating to the dividends received from Reckitt Benckiser Group Plc. and Indivior Plc. in 2015 which amount to €118.0m and the income from the sale of shares in Reckitt Benckiser Group Plc. and Indivior Plc. in the amount of €338.1m. Finance expenses of €177.8m include €50.0m interest expense and impairment expenses of €114.2m.

Personnel

The company had two employees in 2015. No significant changes are expected for 2016.

Information regarding financial instruments

The objective of the Company's management is to limit the foreign exchange risk on its transactions. As a result, the Company enters into forward exchange contracts as necessary.

The Company's exposure to credit risk mainly relates to its loan receivables and its cash and cash equivalents. With regard to loan receivables risk is influenced mainly by the individual characteristics of each counterparty. Risk is limited as all counterparties are related parties. The credit risk on cash transactions is mitigated by transacting with counterparties that are financial institutions with high credit-ratings assigned by international credit-rating agencies.

The Company's exposure to liquidity risk is limited, in view of the unused amounts of its credit facilities at year-end.

The Company is exposed to market risk as a result of its investments and subsidiaries. This exposure is not hedged. The Company entered into interest swap agreements, which do not qualify for hedge accounting, to reduce the impact of changes in interest rates on its floating rate long-term debt. Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts.

The exposure of the Company to these risks is described in the notes to the financial statements in detail.

Other disclosures

Due to the activities of JAB Holdings B.V. disclosures for R&D, social aspects and code of conduct are not relevant.

JAB Holdings B.V., Amsterdam

Future developments and outlook

The Company will continue to serve under its business purpose as an investing and financing company. Its liquidity situation is sound and expected to remain well in the next years.

In January 2016 the Company has made €76m capital repayments to JAB Investments S.à r.l.

In February 2016 JAB Forest B.V. has made a capital contribution to Acorn Holdings B.V. in the amount of $3,530m for the acquisition of Keurig Green Mountain, Inc. The acquisition of Keurig Green Mountain was closed on 3 March 2016. For the capital contribution JAB Group has used existing cash, bank facilities of JAB Holdings B.V. and proceeds from divestment of some Reckitt Benckiser shares.

Amsterdam, March 10, 2016

Managing Directors:

J. Creus

M. Hopmann

C. Thun-Hohenstein

JAB Holdings B.V., Amsterdam

Balance Sheet as of 31 December 2015
(after appropriation of result)

	Note	31 December 2015 in €k	in €k	31 December 2014 in €k	in €k
Non-current assets					
Subsidiaries	5	**11,787,373**		8,276,972	
Other investments	6	**6,332,233**		5,274,722	
Loans	7	**0**		784,539	
Prepayments	8	**10,381**		8,818	
			18,129,987		14,345,051
Current Assets					
Loans	7	**84,157**		470,566	
Other receivables	9	**6,934**		22,382	
Cash and cash equivalents	10	**656,184**		75,310	
			747,275		568,257
			18,877,262		14,913,308
Shareholder's equity	11				
Issued share capital		**18**		18	
Share premium		**6,458,906**		6,577,859	
Fair value reserve		**8,616,245**		5,430,518	
Retained earnings		**1,519,596**		1,227,028	
			16,594,765		13,235,422
Non-current liabilities					
Borrowings	12	**2,074,487**		1,493,143	
			2,074,487		1,493,143
Current liabilities					
Borrowings	12	**83,970**		74,002	
Derivatives	13	**111,266**		107,628	
Other current liabilities	14	**12,774**		3,112	
			208,010		184,742
			18,877,262		14,913,308

The notes on pages 10 to 40 are an integral part of these financial statements

JAB Holdings B.V., Amsterdam

Statement of Comprehensive Income for the year ended 31 December 2015

	Note	2015 in €k	2014 in €k
Dividend income	15	**118,015**	124,763
Finance income	16	**353,103**	167,870
Finance expenses	16	**-177,770**	-229,085
Operating income		**293,348**	63,549
General and administrative expenses	17	**-780**	-3,070
Result before income taxes		**292,568**	60,479
Income tax expense	18	**0**	0
Result for the year		**292,568**	60,479
Items that may be reclassified subsequently to profit and loss:			
Net gain in fair value of available-for-sale financial assets	5,6	**3,185,728**	3,113,087
Other comprehensive income		**3,185,728**	3,113,087
Total comprehensive income attributable to equity holder		**3,478,296**	3,173,565

The notes on pages 10 to 40 are an integral part of these financial statements

JAB Holdings B.V., Amsterdam

Statement of changes in Equity for the year ended 31 December 2015

	Note	Share Capital in €k	Share premium in €k	Fair value Reserve in €k	Retained Earnings in €k	Total equity in €k
Balance as of 31 December 2013		**18**	**3,082,977**	**2,317,431**	**1,166,549**	**6,566,975**
Net change in the fair value of available-for-sale financial assets		0	0	3,113,087	0	3,113,087
Total income and expense recognised directly in equity		0	0	3,113,087	0	3,113,087
Result for the year		0	0	0	60,479	60,479
Total recognised income and expense		0	0	3,113,087	60,479	3,173,565
Contributions	11.2	0	3,785,917	0	0	3,785,917
Repayment of share premium	11.2	0	-291,034	0	0	-291,034
Balance as of 31 December 2014		**18**	**6,577,859**	**5,430,518**	**1,227,028**	**13,235,422**
Net change in the fair value of available-for-sale financial assets		0	0	3,185,728	0	3,185,728
Total income and expense recognised directly in equity		0	0	3,185,728	0	3,185,728
Result for the year		0	0	0	292,568	292,568
Total recognised income and expense		0	0	3,185,728	292,568	3,478,296
Contributions	11.2	0	0	0	0	0
Repayment of share premium	11.2	0	-118,953	0	0	-118,953
Balance as of 31 December 2015		**18**	**6,458,906**	**8,616,245**	**1,519,596**	**16,594,765**

The notes on pages 10 to 40 are an integral part of these financial statements

JAB Holdings B.V., Amsterdam

Cash Flow Statement for the year ended 31 December 2015

	Note	2015 in €k	2014 in €k
Cash flows from operating activities			
Result for the period		**292,568**	60,479
Adjustments for:			
Dividend income	15	**-118,015**	-124,763
Realised gain on investments	16	**-338,128**	-103,459
Finance income and expenses		**162,795**	164,675
		-780	-3,069
Change in other receivables		**-773**	-832
Change in other current liabilities		**-454**	-12,810
Net foreign exchange gain		**3,361**	5,497
Net cash from / (used in) operating activities		**1,354**	-11,214
Cash flows from investing activities			
Dividends received		**118,015**	125,292
Capital repayments from subsidiaries		**89,769**	439,075
Contribution payments to subsidiaries		**-1,476,954**	-162,022
Disposal of other investments		**460,368**	0
Interest received		**8,950**	24,926
New loans to subsidiaries	7	**-355,889**	-523,242
Repayment loans to subsidiaries	7	**1,321,394**	347,558
Net cash from / (used in) investing activities		**165,653**	251,586
Cash flows from financing activities			
Repayment of share premium	11.2	**-118,953**	-291,034
Contribution shareholders	11.2	**0**	86,529
Interest paid (including settlement of derivatives)		**-43,466**	-108,083
Bank fees		**-11,421**	-6,638
New borrowings		**2,040,315**	2,416,985
Repayment borrowings		**-1,455,000**	-2,280,000
Net cash from / (used in) financing activities		**411,475**	-182,241
Movement in cash and cash equivalents		**578,482**	58,132
Cash and cash equivalents as of 1 January		**75,310**	11,888
Effects of exchange rate changes on cash and cash equivalents		**2,392**	5,291
Cash and cash equivalents as of 31 December	10	**656,184**	75,310

The notes on pages 10 to 40 are an integral part of these financial statements

JAB Holdings B.V., Amsterdam

Notes to the financial statements

1. Reporting entity

JAB Holdings B.V. (the "Company") is a company domiciled in the Netherlands. The address of the Company's registered office is Oudeweg 147, 2031 CC Haarlem. The objectives of the Company are to act as a holding and finance company.

The Company's sole shareholder is JAB Investments S.à r.l. ("JAB Investments"), domiciled in Luxembourg. Ultimate parent is Agnaten SE, Austria.

2. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The financial statements also comply with the requirements of Book 2 Title 9 of the Netherlands Civil Code.

These financial statements were authorised for issue by the board of directors on March 10, 2016.

3. Basis of preparation

The financial statements are presented in thousands of Euro's (EUR), which is the functional currency of the Company. They are prepared on the historical cost basis except for the following material items:

- derivative financial instruments are measured at fair value;
- available-for-sale financial assets are measured at fair value.

The separate financial statements prepared in conformity with IFRS require management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date relate to the fair value determination of the Group's investments. Management uses its judgment in selecting appropriate valuation techniques.

The estimates and associated assumptions are based on historical experience and various other factors, such as planning as well as expectations and forecasts of future events that are deemed to be reasonable. As a consequence of the uncertainty actual results may differ from the estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements with the exception of changes in accounting policies as set out below.

4.1 Changes in accounting policies and disclosures

New and amended standards adopted by the Company

A number of amended standards issued by the International Accounting Standards Board (IASB) are effective for the first time for an accounting period that begins on or after 1 January 2015.

These include Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions as well as the Annual Improvement Projects to IFRS 2010-2012 and 2011-2013. Their adoption has not had any significant impact on the financial statements of the Company but may impact the accounting for future transactions or arrangements.

New standards and interpretations not yet adopted by the Company

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for IFRS 9 *Financial Instruments (2014)*, which becomes mandatory for the Company's 2018 financial statements. IFRS 9 introduces new requirements for how an entity should classify and measure financial assets, includes new requirements for hedge accounting and changes the current rules for impairment of financial assets. The Company does not plan to adopt these standards early and is currently assessing the impact of IFRS 9. The standard has yet to be endorsed by the EU.

4.2 Reorganisation in 2014

In December 2013, the managing board of the Company and JAB Holdings II B.V. agreed on and entered into a merger agreement, pursuant to which JAB Holdings II B.V. merged, in accordance with the rules on statutory mergers pursuant to Section 333 paragraph 1 of Book 2 of the Dutch Civil Code, into the Company as the acquiring and surviving entity, and transferred the rights to the property, rights and interests and liabilities of JAB Holdings II B.V. to the Company. Upon completion of the merger, JAB Holdings II B.V. ceased to exist. In preparation of the merger Donata Holdings B.V. contributed its whole participation in JAB Holdings II B.V. to JAB Holdings Company S.à r.l., which contributed the JAB Holdings II B.V. participation to the Company. All preferred shares of JAB Holdings II B.V. held by the Company were cancelled. The merger entered into effect on 21 January 2014 one day after the execution of the deed of the legal merger and JAB Holdings II B.V. was deregistered on 21 January 2014. The transaction resulted in a significant increase of the asset base and equity of JAB Holdings B.V.

The contribution of the participation in JAB Holdings II B.V. was recognised at its fair value in the share premium. The assets and liabilities transferred to the Company upon the merger were initially recognised at the fair value at the time of the merger. The valuation was in accordance with the fair value of the participation in JAB Holdings II B.V. at the time of the contribution and the fair value of the preferred shares of JAB Holdings II B.V.

The investment in the preferred shares was de-recognised. The net gain previously recognised in equity was reclassified to profit or loss in 2014.

4.3 Consolidation

For the 2015 financial statements, the Company has applied the consolidation exemption by article 408, Part 9, Book 2 of the Netherlands Civil Code. As such, the Company is exempted from preparing consolidated financial statements. The financial statements of the Company will be included in the consolidated financial statements of its indirect shareholder, JAB Holding Company S.à r.l., Luxembourg, which will be filed with the Chamber of Commerce in Amsterdam.

4.4 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Euro at the exchange rate at that date. Foreign currency differences arising on translation are recognised in the profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in equity.

In the financial report € is used as symbol for Euro and $ is used as symbol for US Dollar.

4.5 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales are in general accounted for at the settlement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place in the principal or, in its absence, the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible for the Company.

The most reliable evidence of fair value is quoted prices in an active market. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Valuation techniques include using recent arm's length transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

4.6 Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The investments in subsidiaries are accounted for in accordance with IAS 39 at fair value as available-for-sale financial assets.

4.7 Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Associates are accounted for in accordance with IAS 39 at fair value as available-for-sale financial assets. Associates are classified as “other investments” on the balance sheet.

4.8 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity instruments and debt securities, trade and other receivables, including cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below. Purchases and sales of financial assets are accounted for at the settlement date.

Accounting for finance income and expenses is discussed in note 4.12.

Held-to-maturity investments
If the Company has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses. As of 31 December 2015 the Company does not hold any held-to-maturity investments.

Available-for-sale financial assets
The Company's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein (when these can be measured reliably), other than impairment losses (see note 4.9), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is de-recognised, the cumulative gain or loss in equity is transferred to profit or loss. When fair value cannot be measured reliably, the investment is carried at cost less impairment losses.

Financial assets at fair value through profit or loss
An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss. As of 31 December 2015 the Company does not hold any financial assets at fair value through profit or loss.

Other
Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments

The Company uses derivative financial instruments to manage its foreign currency and interest rate risk exposures, including exposures from forecast transactions. Embedded derivatives are separated from the host contract and accounted for separately, if certain criteria are met.

When hedge accounting is applied, the Company formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the nature of the risk being hedged. This documentation includes a description of the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments is highly effective in offsetting the exposure to changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated.

Derivatives are initially recognised at fair value and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a cash flow hedging instrument or for hedging the foreign exchange risk of an available-for-sale financial asset. The effective portion of changes in these derivatives is recognised in other comprehensive income and reclassified to profit or loss in the periods when the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in other comprehensive income is reclassified to profit or loss.

4.9 Impairment

Financial assets

Financial assets, other than those at fair value through profit or loss are assessed for objective evidence of impairment at each reporting date. Evidence of impairment may include indications that the debtors of the Company are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows. For an investment in an equity instrument objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost and the current fair value, less any impairment losses previously recognised in profit or loss. Impairment losses on equity instruments are not reversed through profit or loss; increases in their fair value are recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

4.10 Provisions

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

4.11 Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

4.12 Finance income and expense

Finance income comprises interest income on funds invested (including available-for-sale financial assets), gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, bank fees, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Income and expenses are presented on a net basis only when permitted under IFRS, for example, for gains and losses arising from a group of similar transactions, such as gains and losses from financial instruments at fair value through profit or loss.

4.13 Corporate income tax

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

Current tax liability is calculated in accordance with the tax regulations of the state of residence of the Company and is based on the income or loss reported under local accounting regulations, adjusted for appropriate permanent and temporary differences from taxable income. Income taxes are calculated on an individual company basis as the tax laws do not permit consolidated tax returns.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted in the expected period of settlement of deferred tax.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.14 Preparation of the cash flow statement

The cash flow statement is presented using the indirect method. Net cash flows from operating activities are reconciled from profit before tax from continuing operations.

Changes in balance sheet items that have not resulted in cash flows such as translation differences, fair value changes, contributions in kind, conversions of debt to equity etc., have been eliminated for the purpose of preparing this statement.

Dividends paid and share premium repayments to ordinary shareholders are included in financing activities. Dividends and interest received are classified as investing activities. Interest paid is included in financing activities.

5. Subsidiaries

At year-end, the Company holds interest in the following subsidiaries:

	2015	**2014**
	%	**%**
JAB Cosmetics B.V., Amsterdam, Netherlands	100.0	100.0
JAB Forest B.V., Amsterdam, Netherlands	100.0	100.0
Labelux Group GmbH, Vienna, Austria	100.0	100.0

The movements in the investments in subsidiaries can be detailed as follows:

	JAB Cosmetics B.V.	Coty Inc.	JAB Forest B.V.	Labelux Group GmbH	Total
	in €k	in €k	in €k	in €k	in €k
Balance as of 31 December 2013	0	0	0	28,595	28,595
Contribution in cash	0	0	0	162,022	162,022
Merger JAB Holdings II B.V.	0	2,940,049	2,370,262	0	5,310,311
Contribution shares in Coty Inc.	3,550,479	-3,550,479	0	0	0
Contribution shares in Acorn Holdings B.V.	0	0	915,000	0	915,000
Repayment share premium	-41,102	0	-397,973	0	-439,075
Change in fair value	979,031	610,430	767,020	0	2,356,482
Impairment	0	0	0	-56,363	-56,363
Balance as of 31 December 2014	**4,488,408**	**0**	**3,654,310**	**134,254**	**8,276,972**
Contribution in cash	169,630	0	679,820	872,615	1,722,065
Repayment share premium	-89,729	0	0	0	-89,729
Change in fair value	1,752,926	0	239,388	0	1,992,314
Impairment	0	0	0	-114,249	-114,249
Balance as of 31 December 2015	**6,321,235**	**0**	**4,573,518**	**892,621**	**11,787,373**

In 2014 and 2015 the Company made contributions in cash to JAB Luxury GmbH, Caslano, a subsidiary of Labelux Group GmbH. These were subsequently used by JAB Luxury GmbH to repay loans to JAB Holdings B.V.

As of 31 December 2015 and 31 December 2014 impairment losses in respect of the investment in Labelux Group GmbH were recognised.

All acquisitions and contributions were measured at the fair value at the time of acquisition or contribution. After initial measurement the subsidiaries are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income and impairment losses recognised through profit or loss.

6. Other investments

At year-end, the Company holds interest in the following participations:

	2015	**2014**
	%	%
Reckitt Benckiser Group Plc., Slough, UK	10.5	10.7
Indivior Plc., Slough, UK	0.0	10.7

The movements in the other investments can be detailed as follows:

	Reckitt Benckiser Group Plc.	Indivior Plc.	Acorn Holdings B.V.	JAB Holdings II B.V.	Total
	in €k	in €k	in €k	in €k	in €k
Balance as of 31 December 2013	4.407.200	0	915.000	1.110.211	6.432.411
Demerger	-129.114	129.114	0	0	0
Cancellation upon merger	0	0	0	-1.110.211	-1.110.211
Contribution to JAB Forest B.V.	0	0	-915.000	0	-915.000
Change in fair value	849.596	17.926	0	0	867.522
Balance as of 31 December 2014	**5.127.682**	**147.040**	**0**	**0**	**5.274.722**
Disposal	-224.963	-241.916	0	0	-466.879
Change in fair value	1.429.514	94.876	0	0	1.524.390
Balance as of 31 December 2015	**6.332.233**	**0**	**0**	**0**	**6.332.233**

The Company is a minority investor in Reckitt Benckiser Group Plc. with a share of approximately 10.5% as of 31 December 2015. Reckitt Benckiser Group Plc. is a listed company (London Stock Exchange). As of 31 December 2015, 73,993,669 shares were held by the Company (2014: 76,659,342). As of 31 December 2015 the value per share amounts to €85.58 (£62.81).

In December 2014, Reckitt Benckiser Group Plc. completed the demerger of its specialty pharmaceuticals business to Indivior Plc., with shares in the separate company trading on the London Stock Exchange. Reckitt Benckiser Group Plc. shareholders received one Indivior Plc. ordinary share for each Reckitt Benckiser Group Plc. ordinary share held. In November 2015 the Company sold its participation in Indivior Plc. following share-forward transactions.

All acquisitions and contributions were measured at the fair value at the time of acquisition or contribution. After initial measurement the other investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income and impairment losses recognised through profit or loss.

7. Loans

The movements in the loans were as follows:

	Beech Leaf LLC	JAB Luxury GmbH (CH)	Labelux Group GmbH (AT)	JAB Forest B.V.	JAB Management	Total
	in €k	in €k	in €k	in €k	in €k	in €k
Balance as of 31 December 2013	0	987.668	99	0	49.244	1.037.011
Additions	384.462	143.187	28	0	17.271	544.949
Repayments	0	-346.317	0	0	0	-346.317
Translation Differences	12.128	0	0		7.334	19.462
Balance as of 31 December 2014	**396.590**	**784.539**	**127**	**0**	**73.849**	**1.255.105**
Additions	0	115.052	28	501.897	1.630	618.607
Disposals	-423.519	-899.591	0	-514.748	0	-1.837.858
Translation Differences	26.929	0	0	12.851	8.524	48.304
Balance as of 31 December 2015	**0**	**0**	**154**	**0**	**84.002**	**84.157**

The current portion of the loans amounts to €84.2m (2014: €470.6m). The non-current portion amounts to €0.0m (2014: €784.5m).

In November 2014, the Company granted a short-term loan of $481.5m million to Beech Leaf LLC with a maturity in February 2015. The loan was totally repaid in February 2015. As of 31 December 2014, the outstanding loan receivable amounted to €396.6m.

In 2015, the Company granted short-term loans of €505.4m to JAB Forest B.V. which were repaid in the amount of €269.6m and reclassified to capital contributions to JAB Forest B.V. amounting to €103.5m and €141.6m.

In 2015, the Company provided additional loans to JAB Luxury GmbH in the amount of €115.1m (2014: €143.2m). JAB Luxury GmbH repaid loans in the amount of €899.6m (2014: €346.3m).

From 2012 to 2014 JAB Investments contributed several receivables to JAB Management or personal holding companies of JAB Management which were granted in the course of a management participation plan of JAB Holding Company S.à r.l., a related party to the Company. In exchange for the loans the Company issued loan notes, payable to JAB Investments. The increase of the loans in 2015 relates to accrued interest that was charged to the outstanding loans. As of 31 December 2015 short-term loans of $91.5m (€84.0m) (2014: €73.9m) are outstanding, including loans to directors in the amount of €19.5m (2014: €17.1m).

The interest rate for fixed rate receivables is 2.0% p.a. (2014: 2.0% to 5.2%). Interest rates for floating rate receivables are based on Euribor plus a margin of 2.0% (2014: 2.0% to 4.75%).

8. Prepayments

The prepayments amounting to €10.4m relate to prepaid bank fees, which are amortised over the period of the terms of the underlying credit facilities, or expensed at early termination of such facilities.

9. Other receivables

	2015 in €k	**2014** in €k
Accrual interest	424	21,400
Receivable disposal investment	6,510	0
Other receivables	0	982
	6,934	**22,382**

The receivables from the disposal of investment relate to the sale of shares in Reckitt Benckiser Group Plc. in December 2015.

10. Cash and cash equivalents

Cash and cash equivalents as of 31 December 2015 include bank deposits available on demand (€366.9m, 2014: €75.3m) and deposits available in January 2016 (€265.7m, 2014:€0.0m).

11. Shareholder's equity

11.1 Share capital

The authorised share capital amounts to €90,000 (1,800 shares), of which 363 shares of €50 each (31 December 2014: 363) have been issued and fully paid.

As of 31 December 2015 no shares in the entity are held by the Company or by its subsidiaries or associates.

11.2 Share premium

In the reporting period JAB Investments S.à r.l. made no contributions to the Company's share premium (2014: €3,785.9m). The contributions in 2014 included the participation in JAB Holdings II B.V. with a fair value of €3,785.1m and €0.8m in cash.

In 2015, the Company made share premium cash repayments of in total €119.0m (2014: €291.0m).

11.3 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are de-recognised or impaired. As of 31 December 2015, the fair value reserve amounts to €8,616.2m (2014: 5,430.5m). The change in the fair value reserve in 2015 comprises the increase in the fair value of available-for-sale financial assets of €3,523.8m (2014: €3.113,1m) and a reclassification to profit or loss due to disposals of €-338.1m (2014: €0.0m). The fair value reserve includes income tax relating to the net change in the fair value in the amount of €0.0 (2014: €0.0).

11.4 Retained earnings

In 2015 no dividend was paid to the parent company JAB Investments out of retained earnings (2014: €0.0).

In respect of the current year, the directors propose no dividend and to carry forward the retained earnings. This proposal is subject to approval by shareholders at the annual general meeting.

12. Borrowings

	Credit Facilities Bank Consortium	Term loans	Notes	JAB Investments S.à r.l.	Total
	in €k	in €k	in €k	in €k	in €k
Balance as of 31 December 2013	360,000	500,000	0	49,690	909,690
Additions upon the merger	0	500,000	0	0	500,000
Additions/Repayments	-360,000	-250,000	743,079	15,854	148,933
Reclassification interest to loan	0	0	0	1,064	1,064
Amortisation disagio and fees	0	0	65	0	65
Translation differences	0	0	0	7,395	7,395
Balance as of 31 December 2014	**0**	**750,000**	**743,143**	**74,002**	**1,567,146**
Additions/Repayments	0	-750,000	1,329,266	0	579,266
Reclassification interest to loan	0	0	0	1,444	1,444
Amortisation disagio and fees	0	0	2,078	0	2,078
Translation differences	0	0	0	8,524	8,524
Balance as of 31 December 2015	**0**	**0**	**2,074,487**	**83,970**	**2,158,457**

As of 31 December 2015 and 31 December 2014, the Company has no outstanding amount under its credit facilities.

As of 31 December 2014, the Company had outstanding term loans in the amount of € 750.0m. Thereof €500.0m had a maturity in November 2016 and €250.0m in November 2018. In 2015 the Company repaid the outstanding term loans.

In November 2014, the Company issued long-term notes (DE000A1ZSAF4) in the aggregate principal amount of €750.0m. The notes are traded on the EuroMTF Market, operated by the Luxembourg Stock Exchange. The notes are unconditionally and irrevocably guaranteed by JAB Holding Company S.à r.l., a related party to the Company. As of 31 December 2015 the carrying value of the notes is €744.1m (2014: €743.1m), with a maturity in November 2021.

In April and September 2015, the Company issued further long-term notes in the aggregate principal amount of €600.0m (DE000A1Z0TA4) and €750.0m (DE000A1Z6C06). The notes are traded on the EuroMTF Market, operated by the Luxembourg Stock Exchange. The notes are unconditionally and irrevocably guaranteed by JAB Holding Company S.à r.l., a related party to the Company. As of 31 December 2015 the carrying value of the notes maturing in April 2025 is €590.6m and €739.8m for those maturing in September 2022.

From 2012 to 2014, the Company issued loan notes, payable to JAB Investments S.à r.l. in exchange for the contribution of several receivables to JAB Management with a balance due of $89.8m (€74.0m) including interest as of 31 December 2014. As of 31 December 2015, the balance due including accrued interest is $91.4m (€84.0m) and is classified as short-term.

The Company enters into interest swap agreements to manage its interest rate risk exposures, including exposures from potential transactions. The swap agreements do not qualify for hedge accounting. In 2013, the Company entered into interest rate swap agreements having total nominal amounts of €1,400.0m with a maturity in June 2020. These agreements fix the interest rate exposure at approximately between 1.4% and 1.8% plus applicable borrowing margins.

The fair value of an interest rate swap is the amount that the Company would receive or pay to terminate the swap agreement. The approximate cost to terminate the Company's swap agreements at 31 December 2015 would have been €82.2m loss (2014: €89.1m loss). The agreements were not held for trading purposes and the Company has no current intention to terminate any swap agreements prior to maturity.

Interest rates for fixed rate financial liabilities range from 1.5% to 2.125% p.a (2014: 1.5% to 1.75% p.a.). As of 31 December 2015 the Company has no outstanding floating rate financial liabilities. In 2014, the floating rate financial liabilities were based on Euribor plus a margin of 1.75% to 2.00%

13. Derivatives

	2015	**2014**
	in €k	in €k
Interest rate contracts	82,175	89,123
Foreign exchange contracts	29,091	18,505
	111,266	**107,628**

The derivatives liability relates to the fair value of interest rate swap contracts and forward exchange contracts. The fair value is determined based on the contract rates and the rate applied at the reporting date.

14. Other current liabilities

	2015	**2014**
	in €k	in €k
Accrued interest	12,476	2,371
Other liabilities	298	741
	12,774	**3,112**

15. Dividend income

During 2015, the Company received a total dividend of £99.1m (€117.3m) from Reckitt Benckiser Group Plc. (2014: €124.3m). Translated at the foreign exchange rate at the record date of the dividend, the Company recognised a dividend of €138.1m (2014: €129.6m). The difference to the net dividend is related to results from GBP f/x deals.

In 2015, the Company received a total dividend of €0.7m from Indivior Plc.

During 2014, the Company recognised a total dividend of €0.5m from 3G Fund II LP.

16. Finance income and expense

Finance income can be specified as follows:

	2015 in €k	2014 in €k
Income from disposal of investments	338,128	103,459
Interest income on loans and receivables	14,776	50,834
Commitment and guarantee fee income	0	431
Net foreign exchange gain	0	13,105
Interest income on bank deposits	199	41
	353,103	**167,870**

The income from disposal of investments in 2015 results for €150.7m from the sale of 2,665,673 Reckitt Benckiser shares and for €187.5m from the sale of 76,659,342 Indivior shares.

The income from disposal of investments in 2014 relates to the cancellation of the preferred shares of JAB Holdings II B.V. following the merger of JAB Holdings II B.V. and JAB Holdings B.V. The net gain previously recognised in equity was reclassified to profit or loss in the amount of €103.5m.

Finance expenses can be specified as follows:

	2015 in €k	2014 in €k
Impairment on investment	-114.249	-56.363
Interest expense on financial liabilities	-49.957	-63.216
Bank fees	-9.858	-14.915
Valuation of interest rate derivatives	6.948	-94.591
Net foreign exchange loss	-10.654	0
	-177.770	**-229.085**

The impairment on investment in 2015 and 2014 relates to Labelux Group GmbH, Austria. The underlying assumptions are presented in note 21.2.

17. General and administrative expenses

General and administrative expenses can be detailed as follows:

	2015 in €k	**2014** in €k
Salary and personnel related expenses	-92	-91
Office expenses	-4	-5
Legal, tax, audit and consultancy fees	-450	-2,884
Others	-234	-90
	-780	**-3,070**

Audit fees charged by KPMG Accountants N.V. or KPMG network for the financial period amount to €86k. Non-audit services in the financial period amount to €70k.

The decrease in general and administrative expenses is mainly due to lower other consulting fees.

18. Taxation

The Company has a net loss carry-forward amounting to approximately €264.2m (2014: €236.9m). A deferred tax asset has not been recognised, due to the uncertainty of the future taxable income.

In 2014 tax losses carry-forward were increased by €6.1m upon the merger of JAB Holdings II B.V. into JAB Holdings B.V. The further reconciliation of the movement in the loss carry-forward can be detailed as follows:

	2015 in €k	**2014** in €k
Accounting profit for the period	292,568	60,479
Tax exempt capital gains from investments	-338,128	-103,459
Tax exempt dividend income	-118,015	-124,763
Non-deductible impairment expenses	114,249	56,363
Other adjustments	22,086	30,873
Taxable profit / (loss) for the period	**-27,240**	**-80,508**

19. Segment Reporting

The Company is focused on generating superior returns from long-term investments in companies with premium brands and strong growth and margin dynamics. The management monitors the return on capital and the value enhancement of the Company's investment portfolio. For management purposes, the Company is organised into one main operating segment, namely the management of the Company's investments. The management decides on its existing and potential new investments and the funding of its investments on an integrated basis. There are no pre-defined sub-portfolios. The Company's performance is evaluated on an overall basis.

The financial information and results from this segment are equivalent to the Company’s financial information as a whole. The Company’s sole income is generated by its investment activities. The diversification of its investments is disclosed in Notes 5, 6 and 7.

20. Related parties and transactions with related parties

Transactions with related parties are on an arm's length basis. Related parties of the Company are, next to key management personnel (note 20.9), the following companies:

20.1 Agnaten SE, Vienna

The entity is the majority shareholder of JAB Holding Company S.à r.l.

20.2 JAB Holding Company S.à r.l.

This entity is the sole shareholder of JAB Investments S.à r.l.

20.3 JAB Investments S.à r.l.

This entity is the sole shareholder of JAB Holdings B.V.

The total interest expense to JAB Investments S.à r.l. amounts to €1.4m (2014: €1.0m).

20.4 Lucresca SE

The entity is controlled by close members of the family of the shareholders of Agnaten SE.

20.5 Donata Holdings B.V.

The entity is a subsidiary of Lucresca SE. Donata Holdings B.V. is a minority shareholder of JAB Holding Company S.à r.l.

20.6 JAB Consumer Fund

JAB Consumer Fund was created to share the JAB investment strategy with professional and semi-professional investors.

20.7 Benckiser Stiftung Zukunft

The members of the "Stiftungsrat" of the Stiftung are appointed by the executive board of Agnaten SE or successor companies. The Stiftung had been set up to serve public interest.

20.8 JAB Service GmbH (formerly: Benckiser Besitz und Service GmbH)

This entity is a subsidiary of Donata Holdings B.V.

20.9 JAB Holding Company S.à r.l.`s Management

In the course of JAB Holding Company S.à r.l.´s management participation plan the Company acquired loans to JAB Holding Company S.à r.l.´s Management or personal holding companies of JAB Management. The total interest income amounts to €1.6m (2014: €1.1m).

20.10 Subsidiaries and further group companies

The Company is 100% shareholder of JAB Cosmetics B.V., Amsterdam. The entity is an interim holding and as of 31 December 2015 holds 79.7% of Coty Inc.

The Company is 100% shareholder of JAB Forest B.V. The entity holds as of 31 December 2015 64.7% of Acorn Holdings B.V., 71.7% of JAB Beech Inc. and 52.0% of JAB Coffee Holding B.V. Total interest income from a loan provided to JAB Forest B.V. amounts to €2.4m (2014: €0.0m).

Acorn Holdings B.V. is direct shareholder of further interim holding companies and their investment in Jacobs Douwe Egberts B.V.

JAB Beech Inc. is direct shareholder of further interim holding companies and their investments (Caribou Coffee Company Inc., Peet’s Operating Company Inc., Einstein Noah Restaurant Group Inc.). The total interest income from a loan that was provided to Beech Leaf LLC amounts to €1.6m (2014: €2.3m).

JAB Coffee Holding B.V. is direct shareholder of further interim holding companies and their investment in Espresso House Holding AB (also comprising Baresso Coffee A/S).

The Company is 100% shareholder of Labelux Group GmbH, Vienna. The entity holds the participation in JAB Luxury GmbH, Caslano. JAB Luxury GmbH is a holding company and manages a portfolio of luxury brands. The total interest income from JAB Luxury GmbH amounts to €9.1m (2014: €47.4m).

21. Financial instruments – Fair Value and Risk Management

21.1 Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the value enhancement of the Company's investments.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

21.2 Financial instruments and fair value hierarchy

The Company classifies its financial instruments by category as set out below:

	31 December 2015			31 December 2014		
	Loans and Receivables in €k	Available for sale in €k	Total in €k	Loans and Receivables in €k	Available for sale in €k	Total in €k
Assets as per balance sheet						
Subsidiaries	0	11,787,373	11,787,373	0	8,276,972	8,276,972
Other Investments	0	6,332,233	6,332,233	0	5,274,722	5,274,722
Loans	84,157	0	84,157	1,255,105	0	1,255,105
Prepayments	10,381	0	10,381	8,817	0	8,817
Other Receivables	6,934	0	6,934	22,382	0	22,382
Cash and cash equivalents	656,184	0	656,184	75,310	0	75,310
Total	**757,656**	**18,119,606**	**18,877,262**	**1,361,614**	**13,551,694**	**14,913,308**

	31 December 2015				31 December 2014			
	Other financial liabilities at amortised cost in € k	Liabilities at fair value through profit and loss in € k	Derivatives used for hedging in € k	Total in € k	Other financial liabilities at amortised cost in € k	Liabilities at fair value through profit and loss in € k	Derivatives used for hedging in € k	Total in € k
Liabilities as per balance sheet								
Borrowings	2,158,457	0	0	2,158,457	1,567,146	0	0	1,567,146
Derivatives	0	108,601	2,665	111,266	0	97,813	9,816	107,628
Other current liabilities	12,774	0	0	12,774	3,112	0	0	3,112
Total	**2,171,231**	**108,601**	**2,665**	**2,282,497**	**1,570,257**	**97,813**	**9,816**	**1,677,886**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. Financial instruments included in Level 1 comprise shares of Reckitt Benckiser Group Plc. that is listed on the London Stock Exchange and JAB Cosmetics B.V. as interim holding company for shares of Coty Inc. that are listed on the New York Stock Exchange. In 2014, Level 1 also comprised shares of Indivior Plc. that is listed on the London Stock Exchange. The shares were sold in 2015.

Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Financial instruments included in Level 2 comprise foreign exchange contracts and interest rate swaps. Specific valuation techniques used to value these financial instruments include

- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- Quoted market prices or dealer quotes for outstanding long-term notes and similar instruments;
- The fair value of forward exchange contracts is determined using forward exchange rates at the balance sheet date.

Financial instruments in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Financial instruments included in Level 3 comprise shares in JAB Forest B.V. and Labelux Group GmbH.

The table below analyses financial instruments carried at fair value by valuation technique. It does not include fair value information for financial assets and financial liabilities not measured at fair value. The issued long-term notes have a carrying amount of €2,074.5m, the fair value is €2,024.7m based on dealer-quotes (Level 2). For all other financial assets and liabilities the carrying amounts are a reasonable approximate of fair values.

	31 December 2015			
	Level 1	Level 2	Level 3	Total
	in €k	in €k	in €k	in €k
Available for sale financial assets				
Subsidiaries and other investments				
Listed equity investments	12,653,468	0	0	12,653,468
Unlisted equity investments	0	0	5,466,138	5,466,138
Total assets	**12,653,468**	**0**	**5,466,138**	**18,119,606**
Financial Liabilities at fair value through profit or loss				
Interest rate contracts	0	82,175	0	82,175
Foreign exchange contracts	0	26,426	0	26,426
Derivatives used for Hedging				
Foreign exchange contracts	0	2,664	0	2,664
Total liabilities	**0**	**111,266**	**0**	**111,266**

	31 December 2014			
	Level 1	Level 2	Level 3	Total
	in €k	in €k	in €k	in €k
Available for sale financial assets				
Subsidiaries and other investments				
Listed equity investments	9,763,130	0	0	9,763,130
Unlisted equity investments	0	0	3,788,564	3,788,564
Total assets	**9,763,130**	**0**	**3,788,564**	**13,551,694**
Financial Liabilities at fair value through profit or loss				
Interest rate contracts	0	89,123	0	89,123
Foreign exchange contracts	0	8,690	0	8,690
Derivatives used for Hedging				
Foreign exchange contracts	0	9,816	0	9,816
Total liabilities	**0**	**107,628**	**0**	**107,628**

There were no transfers between level 1 and 2 during the year.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	Subsidiaries Unlisted equity investments		**Other investments** Unlisted equity investments	
	2015 in €k	**2014** in €k	**2015** in €k	**2014** in €k
Balance as of 1 January	3,788,564	28,595	0	2,025,211
Acquisition upon merger	0	2,370,262	0	0
Disposal upon merger	0	0	0	-1,110,211
Contributions to subsidiaries	1,552,435	1,077,022	0	-915,000
Repayment share premium	0	-397,973	0	0
Impairment	-114,249	-56,363	0	0
Fair value adjustment	239,388	767,020	0	0
Balance as of 31 December	**5,466,138**	**3,788,564**	**0**	**0**

Subsidiaries categorised in Level 3

The Company's investments include equity participations in JAB Forest B.V. and Labelux Group GmbH, which are not quoted in an active market. The Company uses a market based valuation technique for these investments.

The valuation models were based on market multiples derived from quoted prices of comparable public companies based on industry, size, leverage and strategy. The estimates were, if appropriate, adjusted for the effects of illiquidity of the equity investments.

The following details show the valuation techniques in measuring Level 3 fair values, as well as the unobservable inputs used, for the Company's equity investments:

JAB Forest B.V.

The Company is 100% shareholder of JAB Forest B.V. The entity holds 64,7% of Acorn Holdings B.V. and 71,7% of JAB Beech Inc. Additionally, the Company acquired a 52,0% participation in JAB Coffee Holding B.V. in 2015. Acorn Holdings B.V. is a direct shareholder of further interim holding companies and their investment in Jacobs Douwe Egberts B.V. JAB Beech Inc. is direct shareholder of further interim holding companies and their investments (Caribou Coffee Company Inc., Peet's Operating Company Inc., Einstein Noah Restaurant Group Inc.). JAB Coffee Holding B.V. is direct shareholder of further interim holding companies and their investment in Espresso House Holding AB (also comprising Baresso Coffee A/S).

As of 31 December 2015 the subsidiary was valued at €4,573.5m. A fair value adjustment of €239.4m was recognised in other comprehensive income.

The investment's fair value was calculated as the net asset value of JAB Forest B.V.'s different participations and considering financial debt.

JAB Holdings B.V., Amsterdam

As of 31 December 2015, the fair value of JAB Forest B.V.'s participation in Acorn Holdings B.V. is based on the value per share of at-arms length transactions in Acorn Holdings B.V. shares in December 2015 and February 2016.

As of 31 December 2014, JAB Forest B.V's participation in Acorn Holdings B.V. was valued applying the following multiples:

- EBITDA multiple of 14.4 (based on expected EBITDA 2014) and a weight of 50%;
- net income multiple of 23.7 (based on expected net income 2014) and a weight of 50%.

The multiples were derived from selected publicly listed companies. Adjustments between the enterprise value and the equity included financial debt and preferred instruments of Acorn Holdings B.V.

JAB Forest B.V.'s participation in JAB Beech Inc. was valued applying the following multiples:

- EBITDA multiples ranged from 15.8 to 16.3 with a weight of 40% (2014: 16.4 to 17.4 with a weight of 40%);
- net income multiples ranged from 32.4 to 32.6 with a weight of 40% (2014: 31.1 to 32.5 with a weight of 40%);
- sales multiples ranged from 2.8 to 3.8 with a weight of 20% (2014: 4.0 to 4.1 with a weight of 20%).

The calculation was based on the figures for the last twelve months ending December 2015 (2014: last twelve months ending December 2014). The multiples were derived from selected publicly listed companies and weighted equally. Adjustments between the enterprise value and the equity value were made for financial debt. As of 31 December 2014, Einstein Noah Restaurant Group Inc., which was acquired in November 2014, was not valued applying a valuation technique, instead Management assessed the original acquisition cost to be the best fair value estimate.

JAB Forest B.V.'s investment in JAB Coffee Holding B.V. was acquired in June and July 2015. Management assessed the original acquisition cost to be the best fair value estimate as of 31 December 2015.

Labelux Group GmbH

The Company is the sole owner of Labelux Group GmbH, Austria. This entity is a holding company and manages a portfolio of luxury brands. The company holds and administers the shares in its subsidiaries which mainly manufacture and sell luxury footwear, ready to wear and men's and women's fashion.

As of 31 December 2015 the subsidiary was valued at €892.6m. Since the decline in value is believed to be significant, prolonged impairment losses of €114.2m (2014: €56.4m) were recognised in financial expenses.

The investment's fair value was calculated as the net asset value of Labelux Group GmbH's different businesses and considering Labelux Group GmbH's financial net-debt. In the comparing period one of Labelux Group's subsidiaries (Jimmy Choo Plc.) became publicly traded in an active stock market and therefore the valuation method for this subsidiary changed to its market valuation. Valuation models based on multiples were applied for the rest of Labelux Group GmbH. Management reassesses the appropriate multiples regularly. As of 31 December 2015 valuation was based on revenue multiples. Revenue multiples ranged from 0.85 to 1.07 based on the expected revenues 2015 (2014: 0.90 to 1.03). Illiquidity discount was estimated at 5% (2014: 5%).

Sensitivity analysis to unobservable inputs

Changes in the valuation methodologies or assumptions could lead to different measurements of fair value. The most significant unobservable inputs are the applied multiples. The estimated fair value would increase (decrease) if the adjusted market multiples were higher (lower). A change of the applied multiples by 10% would change the fair value estimate in the amount of €230.8m (2014: €491.5m). As of 31 December 2015, the sensitivity to unobservable inputs comprises the investment in JAB Beech Inc. and Labelux Group GmbH (2014: JAB Beech Inc., Acorn Holdings B.V. and Labelux Group GmbH).

Overview financial risk factors

The Company has exposure to the following risks from its use of financial instruments:

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

Information is presented about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital.

The Board of Directors has ultimate responsibility for the establishment and oversight of the Company's risk management framework but has delegated the responsibility for identifying and controlling risks to the Company’s operative management.

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

21.3 Credit risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its contractual obligations. It arises principally from the Company's receivables from counterparties, and also from derivative financial assets, cash and cash equivalents and guarantees.

Receivables
The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counter party. Risk is limited by the Company's policy on dealing only with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from default. As all major counterparties are related parties the risk is limited.

Cash at bank
The Company's cash is placed with quality financial institutions, such that management does not expect these institutions to fail to meet repayments of amounts held in the name of the Company.

Derivative financial instruments
The credit risk on derivative financial instruments is limited, because the counterparties are quality financial institutions.

Guarantees
The Company's policy generally is to avoid providing financial guarantees. As of 31 December 2015 there are no significant guarantees or other commitments and contingencies.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Carrying Amount	
		2015	**2014**
		in €k	in €k
Loans and receivables	7,9	91,091	1,277,486
Cash and cash equivalents	10	656,184	75,310
		747,275	**1,352,796**

21.4 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's policy and the Management's approach to managing liquidity is to maintain adequate reserves, banking facilities and reserve borrowing facilities, also with related parties, by ongoing monitoring forecast and cash flows, and by matching the maturity profiles of its financial assets and liabilities. As of 31 December 2015 the Company has unused term loans and credit facilities, which reduce liquidity risk.

The Company's borrowing agreements with banks are subject to financial covenants. The covenants are monitored regularly and reported to the management to ensure compliance with the agreements. As of 31 December 2014 and 31 December 2015 all covenants were complied with.

21.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. Generally the Company seeks to apply hedge accounting in order to manage volatility in profit or loss.

Exposure to currency risk

The Company invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in USD and GBP. Consequently the Company is exposed to the risk that changes in foreign exchange rates may have a favourable or unfavourable effect on the fair value of its financial instruments and the fair value of its future cash flows.

Exchange rate exposures are managed within approved policy parameters utilising forward exchange contracts.

A significant transaction of the Company in GBP is the dividend income from Reckitt Benckiser Group Plc. The Company applies fair value hedge accounting on parts of the foreign currency exposure risk of the investment classified as available for sale in Reckitt Benckiser Group Plc., using forward exchange contracts. The fair value movements on these instruments related to the hedged part are recognised in the income statement.

In respect of the other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

In November 2014, the Company entered into forward currency sales of $370.0m with a maturity in January 2015 to reduce the foreign currency risk regarding the short-term USD loan to Beech Leaf LLC. These forward currency sales did not qualify for hedge accounting.

In December 2015, the Company entered into forward currency purchases of $2,305.0m with a maturity in March 2016 to reduce the foreign currency risk. These forward currency purchases do not qualify for hedge accounting.

JAB Holdings B.V., Amsterdam

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	2015		2014	
	in £k	in $k	in £k	in $k
Loans	0	91,454	0	571,161
Other receivables	4,778	460	0	3,274
Cash and cash equivalents	60,311	339,019	0	60,300
Borrowings	0	-91,419	0	-89,846
Gross balance sheet exposure	**65,089**	**339,514**	**0**	**544,889**
Forward exchange contracts	-30,000	2,305,000	-116,000	-370,000
Net exposure	**35,089**	**2,644,514**	**-116,000**	**174,889**

The USD forward exchange contracts expire in March 2016. The GBP forward exchange contracts expire in May 2016.

The following significant exchange rates applied during the year:

	Average Rate		Year-end rate	
	2015	**2014**	**2015**	**2014**
	1 Euro	1 Euro	1 Euro	1 Euro
USD	1.11	1.33	1.09	1.21
GBP	0.73	0.81	0.73	0.78

Sensitivity analysis

The sensitivity analyses below have been determined on the Company’s exposure to currency risk for both, derivative and non-derivative, financial instruments at the end of the reporting period. A 10% increase or decrease represents management’s assessment of the reasonably possible change in foreign exchange rates.

A 10% strengthening of the Euro against the following currencies at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Other comprehensive income	Profit or loss	Other comprehensive income	Profit or loss
	2015	**2015**	**2014**	**2014**
	in €k	in €k	in €k	in €k
USD	0	-242,630	0	-11,467
GBP	4,781	0	14,892	0

A 10% weakening of the Euro against the above currencies as of 31 December 2015 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Exposure to interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities exposed to interest rate risk include loans receivable and other receivables, derivative financial instruments, borrowings and cash and bank balances.

The Company adopts a policy of ensuring that its exposure to changes in interest rates on borrowings, including exposures from potential transactions is limited. Interest rate risk exposure is managed by the Group by maintaining an appropriate mix between fixed and floating rate financial instruments and, if considered appropriate, by the use of interest rate swap contracts or other interest rate derivatives. Hedging activities are evaluated regularly to align with interest rate views and the Group’s investment and risk policies. At the reporting date the Group has interest rate swap agreements with a nominal value of €1,400m (2014: €1,400m).

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
	2015	**2014**
	in €k	in €k
Fixed rate instruments		
Financial assets	740,187	820,749
Financial liabilities	2,158,457	-817,146
Floating rate instruments		
Financial assets	154	509,665
Financial liabilities	0	-750,000

Floating rate financial assets include cash and cash equivalents. Derivative financial instruments are not included in the table above.

The sensitivity analyses below have been determined on the Company's exposure to interest rates for financial instruments at the end of the reporting period. For the variable rate instruments the analyses are prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

Fair value sensitivity analysis for fixed rate instruments

The Company has fixed rate financial assets (interest rate swaps) at fair value through profit or loss. The Company does not designate these derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. A decrease of 50 basis points in the market interest rate at the reporting date would have resulted in an additional loss of approximately €31.8m (2014: €39.6m loss). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Other comprehensive income would not have changed.

Cash flow sensitivity analysis for floating rate instruments

An increase of 50 basis points in the market interest rate during 2015 would have resulted in an additional loss of approximately €0.0m (2014: loss of €1.2m). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Other comprehensive income would not have changed.

Exposure to other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting all instruments traded in the market.

The Company's exposure to changes in share prices was as follows:

	Carrying amount 2015 in €k	2014 in €k
Investments		
Reckitt Benckiser Group Plc.	6.332.233	5.127.682
Indivior Plc.	0	147.040
JAB Cosmetics B.V. (Coty)	6.321.235	4.488.408
	12.653.468	**9.763.130**

Sensitivity analysis - equity price risk

The sensitivity analyses below have been determined on the exposure to equity price risks at the end of the reporting period.

If share prices had been 5% higher/lower:

- profit for the year ended 31 December 2015 would have been unaffected as the equity investments are classified as available-for-sale and no investments were impaired;
- other comprehensive income for the year ended 31 December 2015 would have increased/decreased by €632.7m as a result of changes in the fair value of these available-for-sale-investments (2014: €488.1m).

There are no further significant assets or liabilities that could be exposed to material market risks.

22. Employees and remuneration of Directors

The Company has three Directors, who received a remuneration of in total €48k (2014: €42k). The Company had two employees in 2015 (2014: two employees).

The Company has no Supervisory Directors.

JAB Holdings B.V., Amsterdam

23. Subsequent events

In January 2016 the Company has made €76m capital repayments to JAB Investments S.à r.l.

In February 2016 JAB Forest B.V. has made a capital contribution to Acorn Holdings B.V. in the amount of $3,530m for the acquisition of Keurig Green Mountain, Inc. The acquisition of Keurig Green Mountain was closed on 3 March 2016. For the capital contribution JAB Group has used existing cash, bank facilities of JAB Holdings B.V. and proceeds from divestment of some Reckitt Benckiser shares.

Amsterdam, March 10, 2016

Managing Directors:

J. Creus

M. Hopmann

C. Thun-Hohenstein

JAB Holdings B.V., Amsterdam

Other information

Independent Auditor's report

The auditor's report is presented on the next page.

Provisions in the Articles of Association governing the appropriation of profit

According to article 24 of the Company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate the profit wholly or partly to the general or specific reserve funds.

The company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders' equity is greater than the paid-up and called-up part of the capital plus the legally required reserves.

Proposed appropriation of the result

The Board of Managing Directors proposes to bring forward the profit for the year to the retained earnings.

This proposal has been reflected in the balance sheet.

KPMG

Independent auditor's report

To: the General Meeting of JAB Holdings B.V.

Report on the financial statements

We have audited the accompanying financial statements 2015 of JAB Holdings B.V., Amsterdam, which comprise the balance sheet as at 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

The Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Board of Directors in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of JAB Holdings B.V. as at 31 December 2015 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Board of Directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b – h has been annexed. Further, we report that the Report of the Board of Directors, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 10 March 2016

KPMG Accountants N.V.

M.G. Schönhage RA