KOFOLA ČESKOSLOVENSKO A.S.
CONSOLIDATED ANNUAL REPORT 2015

kofola
ČeskoSlovensko

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1. KOFOLA AT A GLANCE

KOFOLA GROUP

a leading producer of branded non-alcoholic beverages in Central and Eastern Europe

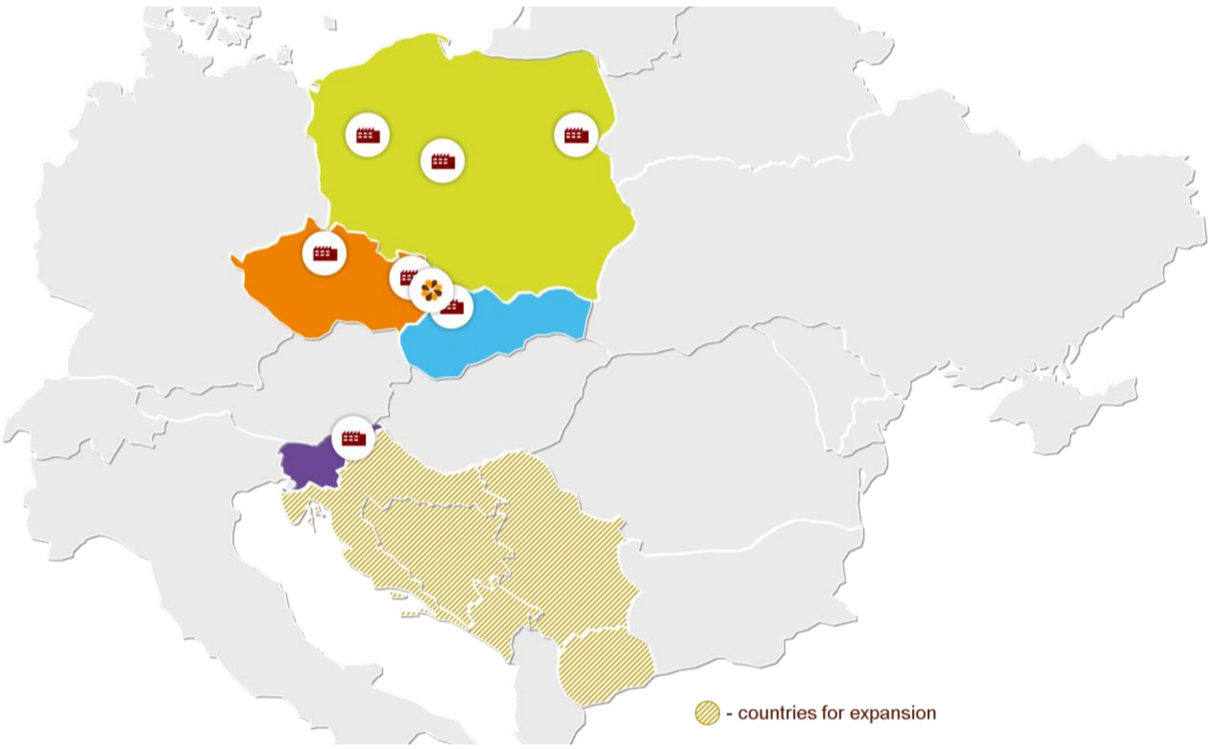
CZK 7.2 BN REVENUES	**7 PRODUCTION PLANTS**	**2 000 EMPLOYEES**	**LISTED ON PRAGUE STOCK EXCHANGE WARSAW STOCK EXCHANGE**

- no. 2 player in the soft drinks market
- 2nd most recognized brand in 2014 survey
- 3rd most recognized company in 2015 survey

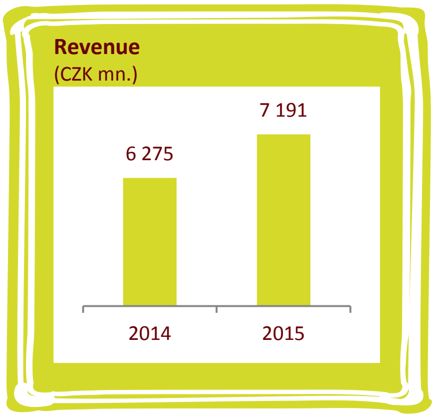
- no. 2 syrup brand
- no. 3 cola brand
- one of leading private label soft drinks producers

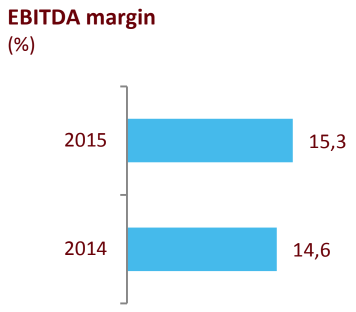
- no. 1 player in the soft drinks market in both Retail & HoReCa

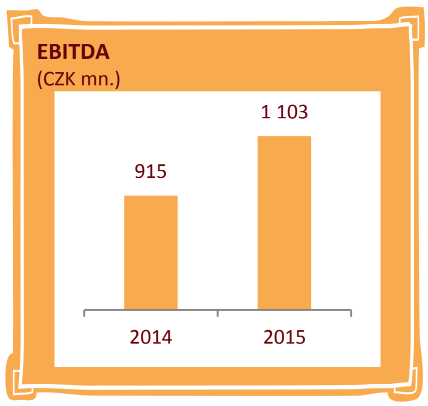
- no. 1 player in the soft drinks market in Slovenia
- no. 1 water brand in both Retail & HoReCa

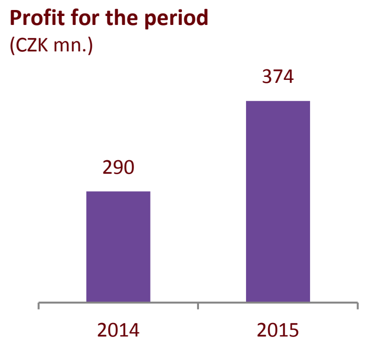


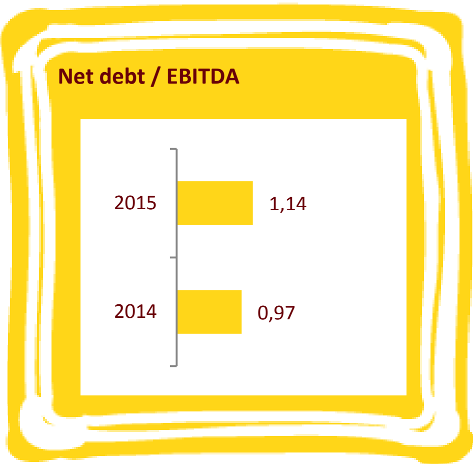
1. KOFOLA AT A GLANCE

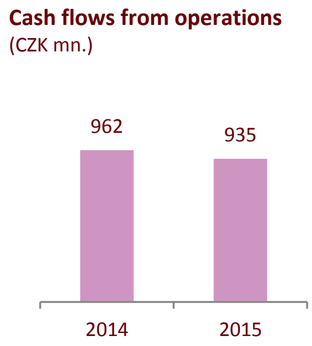


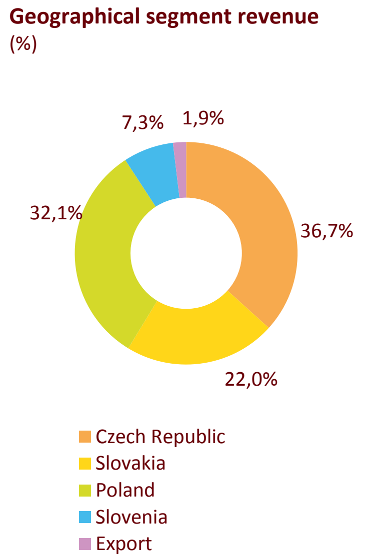


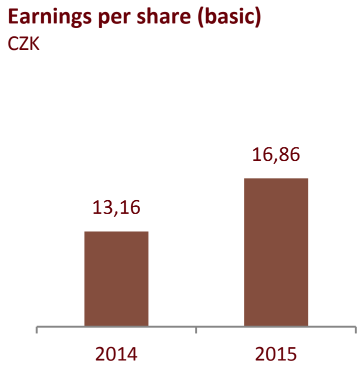


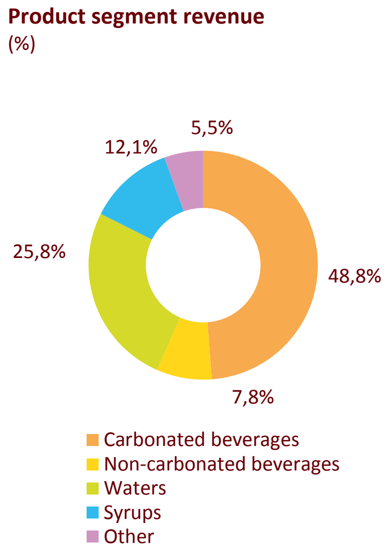












The results and ratios above are based on adjusted results. For details on financial performance and reconciliation of reported and adjusted results refer to section 4.2.

2. CHAIRMAN´S STATEMENT

Dear shareholders,

I am very glad that this year I can address by this title those new shareholders who put their trust and funds to Kofola Group. At the end of 2015, we have successfully completed the initial public offering on the Prague Stock Exchange and seriously entered the world of publicly traded securities. The Group´s shareholders base expanded for renowned local and global institutional investors, as well as for retail investors who acquired 17% of offered shares.

Year 2015 was not only important to our company due to the IPO. Kofola dramatically developed through both increase in internal efficiency and successful acquisition projects. We have reached record results, with adjusted profit for period of CZK 373.9 million exceeding last year by 29%. The adjusted operating indicator EBITDA exceeded a billion CZK threshold for the first time in history growing by 21% to CZK 1 102.6 million. Both organic and acquisition expansion placed high demands on our team of employees and I would like to thank them all and pay tribute to them.

The above mentioned 2015 result was also affected by external factors. Beautiful weather was indisputably one of them. We also watch with pleasure the improving macroeconomic situation in the region. After all, the economies of the Czech Republic and Slovakia show the highest increase throughout whole European Union. Enhancing purchase power of population began, with delay, to positively impact the consumption of non-alcoholic beverages. After persisting decline, the consumption in HoReCa segment rises again, which supports our strategic plans. Increasing consumption is unfortunately driven by decreasing selling prices. The portion of promotional sale in FMCG sector irresistibly increases. We are convinced that its extent is counterproductive and increasing the efficiency of promotions is a great topic of the whole market.

Our adjusted revenue in 2015 reached CZK 7 190.8 million with year-on-year increase of 15%. Our improved sales and improved market share indicate that we were well-prepared for the top season. Even during the peaking period we were able to maintain high service level and fully satisfy our customers' orders. Implementation of direct distribution (deliveries directly to customers, restaurants especially) in the Czech Republic was one of our primary projects. Another significant growth factor was a commencement of cooperation with Rauch. Kofola agreed on tight cooperation with this family-managed company and since 1 January 2015 become the exclusive distributor of Rauch products in the Czech Republic and Slovakia. As a result, we have reached strong position on rising market of premium juices. We have managed to complete the most balanced portfolio of non-alcoholic beverages on CzechoSlovak market. The above mentioned projects significantly support the Group´s growth in HoReCa and On-the-go segments. We are another step closer to the fulfilment of our strategic goal – become number one in HoReCa segment the CzechoSlovakia.

In March 2015, after a challenging acquisition process, we have taken over the majority ownership in Radenska and as a result, we became number one on the non-alcoholic beverages market in Slovenia. Mineral water Radenska with its 140 years history is a jewel and we believe that under its wing, we will successfully implement our expansion strategy for the Adriatic region. Operating results of Radenska exceeded our expectations.

In Poland, we have not managed to exploit the market potential and we are preparing new expansion strategy.

Fresh fruit and vegetable juices products UGO and especially the UGO fresh and salad bars continued their expansion in 2015 with year-on-year revenue increase reaching 72%. UGO brand very well utilised increasing preference of consumers towards strictly natural and non-pasteurised products. The development of this concept will continue in coming period with support of efficient franchising model.

The robust system of cost management is in place and we are ready to face unfavourable development of input materials market, as well as other cost elements. We invest in top-notch technologies enabling us to enhance the qualitative attributes of our products and the cost efficiency and so we are happy to see the increase in adjusted gross margin to 39%.

High added value of operations, pushing on working capital reduction and reasonable amount of capital expenditure supported us to reach great financial stability of the Group. Indebtedness of the Kofola Group did not significantly increase, neither after the acquisition of Slovenian Radenska. The adjusted indicator Net Debt/EBITDA shows very safe figure of 1.14 and enables us to implement further strategic plans. In the coming period we will continue with acquisition activities. One of significant acquisitions is the entry to Slovak non-alcoholic beverages producer Water Holding, owner of well-known brands Budiš, Fatra or Gemerka. The transaction is signed and waiting for Slovak antimonopoly office approval.

Following the IPO, the Group continues with change in organisation structure. Parent company Kofola ČeskoSlovensko a.s. has its seat in Ostrava and as such confirms local company character. In first half of 2016, the legal structure of the Group will be streamlined through the cross-border merger of Kofola ČeskoSlovensko a.s., Kofola CS a.s., Kofola S.A., and Kofola holdinška družba d.o.o.

Thanks to the acquisition and Rauch project the Kofola´s portfolio expanded considerably. Our growth is closely related to the development of strong local brands. We invest both creativity and energy into them. The most successful innovation was Kofola Apricot 0.5l supported by the most successful campaign of last years – lisp dog Ftefan. However, there were also other successful new products under brands Semtex, Top Topic, Arctic.

In the coming period, we expect positive effect of improving economic indicators of the region. We are also aware of that exceptionally sunny summer of 2015 will not repeat. As such, we are conservative in planning of our targets. We are ready to deal with cost increase in our primary material - sugar.

We are looking forward to see that the following year will confirm as rewarding our demanding development projects. We expect to successfully finish the entrance to Slovak Water Holding and to continue in geographical expansion in the Adriatic region, especially in Croatia. We will strategically develop the largest Central European fresh and salad bars chain UGO.

Dear shareholders and colleagues, 2015 was clearly most successful year in Kofola Group´s history so far and another milestone for further expansion. In all modesty, we are becoming significant player in the CEE region. We are prepared to build on successful year 2015 and further increase the company´s value. I would hereby like to thank to shareholders, members of statutory bodies and all co-workers for effort they put into our Kofola.

Jannis Samaras
Chairman of the Board of Directors
Kofola ČeskoSlovensko a.s.

3. KOFOLA GROUP

3.1. KOFOLA ČESKOSLOVENSKO

Kofola ČeskoSlovensko a.s. (“the Company”) is a joint-stock company registered on 12 September 2012. Its registered office is Nad Porubkou 2278/31a, Ostrava, 708 00, Czech Republic and the identification number is 24261980. The Company is recorded in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735. The Company´s websites are http://www.firma.kofola.cz and the phone number is +420 595 601 030.

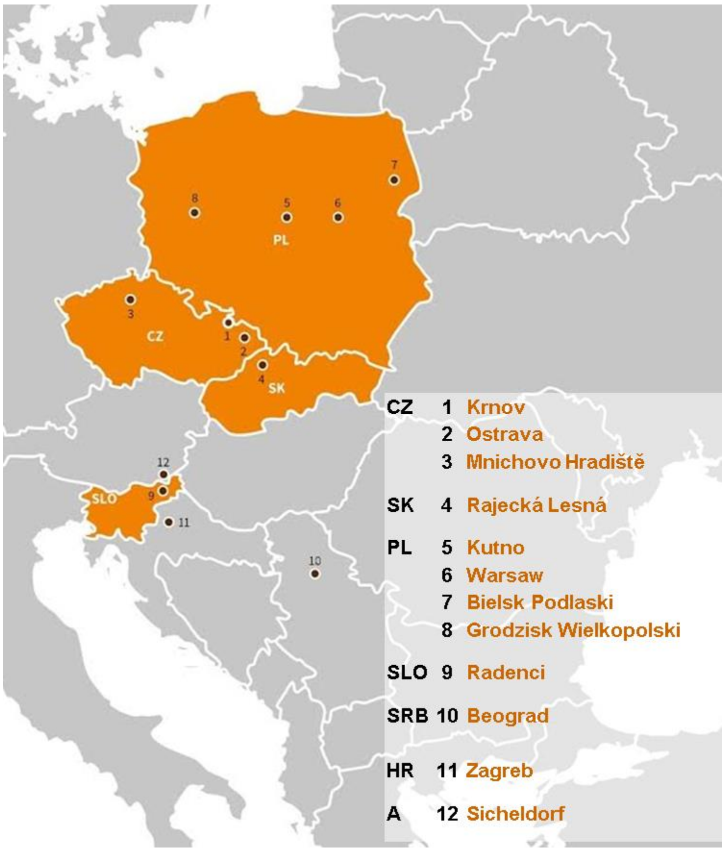
Main area of activity of Kofola ČeskoSlovensko a.s. in 2015 was holding of the subsidiary.

As a top holding company of the Kofola Group, the Company is primarily subject to the Czech Civil Code, the Czech Companies Act, and also the Czech Capital Markets Act. Other pieces of Czech legislation applicable to Czech companies generally also apply (e.g. in the field of employment, taxes, public insurance, intellectual property, advertisement regulation, etc.).

3.2. KOFOLA GROUP

BASIC INFORMATION

Kofola ČeskoSlovensko a.s. is part of the Kofola Group, one of the leading producers and distributors of non-alcoholic beverages in Central and Eastern Europe. Despite the fact that the core market for the Group is still, from the perspective of both profitability and market presence, the CzechoSlovak market, the Group also gained a significant presence within the Polish market after the merger with Hoop in 2008, as well as in Slovenia after the acquisition of Radenska in 2015. The Group also has limited activities in Russia.



The Group produces its products with care and love in seven main production plants located in the Czech Republic (two plants), Slovakia (one plant), Poland (three plants) and Slovenia (one plant).

The Group distributes its products using a wide variety of packaging types including PET bottles, glass bottles, cans and, within the HoReCa channel, especially kegs, which enables the HoReCa channel clients to serve the widely popular drink of "Kofola Draught" while preserving its high quality standard. The Group distributes its products through many distribution channels, including the retail channel (both the modern channel - retail chains, and the traditional channel - wholesalers and distributors serving convenience stores), as well as in the HoReCa and impulse channel, where the direct distribution concept has successfully been implemented in Slovakia and in 2015 it was implemented in the Czech Republic, as it is one of the major drivers that helped the Group to reach the market leading position.

KEY BRANDS

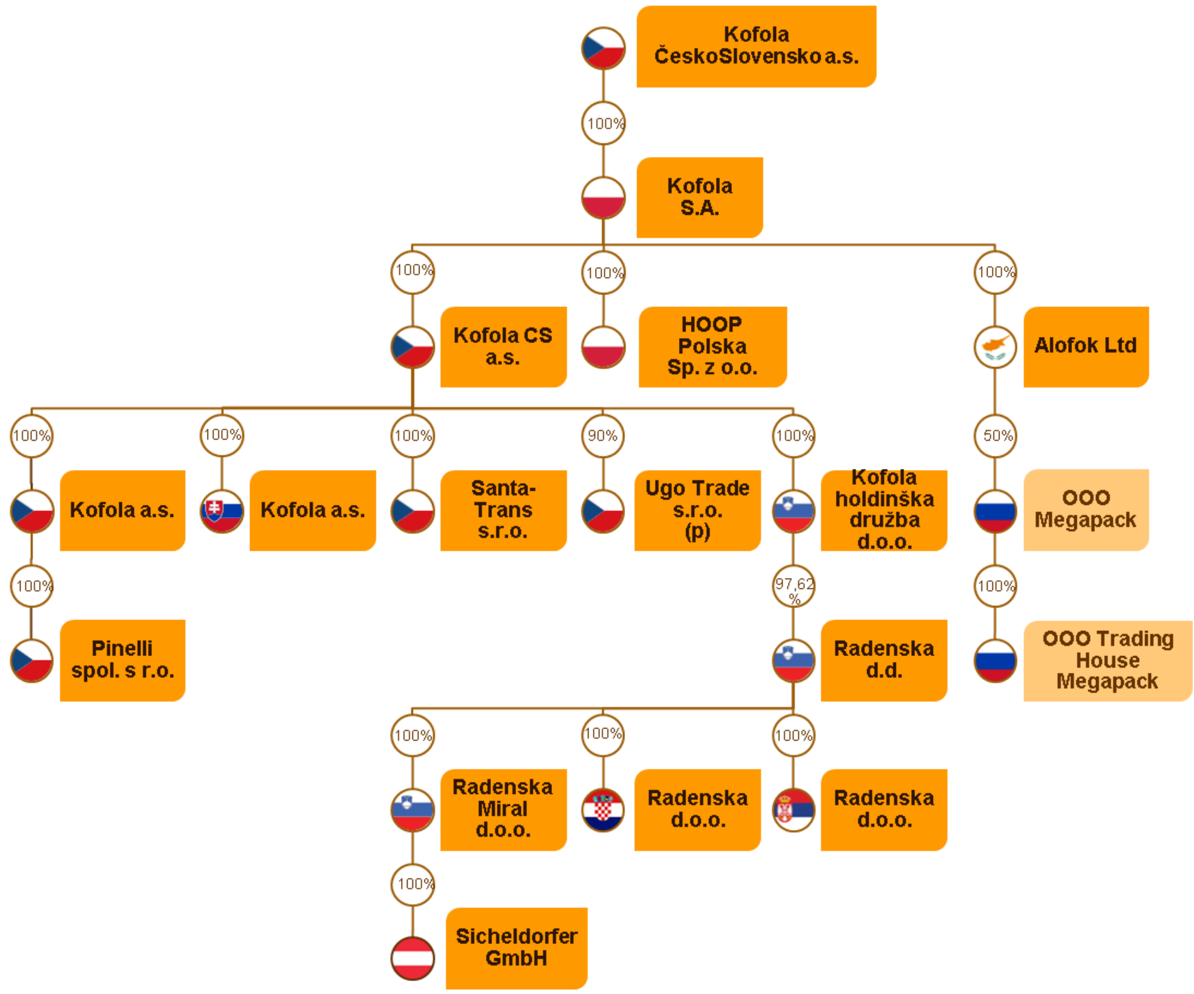
Key own brands include carbonated beverages Kofola, Vinea and Hoop Cola, waters Radenska and Rajec, syrups Jupí and Paola, beverages for children Jupík, energy drinks Semtex or fresh juices and bars UGO. On selected markets the Group distributes among others Rauch, Evian, Badoit or Vincentka products and under the licence produces RC Cola, Orangina, Rauch or Pepsi. The Group also produces and distributes water, carbonated and non-carbonated beverages and syrups under private labels for third parties, mostly big retail chains.

Despite the fact that the Group's portfolio includes more than 30, mostly well-established and recognisable, brands with a wide market, the Group's key brand is Kofola.

Main brands by main markets are shown in the visualisation below:

3.3. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 31 DECEMBER 2015



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights 31.12.2015	Ownership interest and voting rights 31.12.2014
Holding companies				
Kofola ČeskoSlovensko a.s.	Czech Republic	top holding company		
Kofola CS a.s.	Czech Republic	holding	100.00%	100.00%
KOFOLA S.A.	Poland	holding	100.00%	100.00%
Kofola holdinška družba d.o.o.	Slovenia	holding	100.00%	100.00%
Alofok Ltd	Cyprus	holding	100.00%	100.00%
Production and trading				
Kofola a.s.	Czech Republic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.	Poland	production and distribution of non-alcoholic beverages	100.00%	100.00%
UGO Trade s.r.o.	Czech Republic	operation of fresh bars chain	90.00%	90.00%
Radenska d.d.	Slovenia	production and distribution of non-alcoholic beverages	97.62%	-
Radenska d.o.o.	Croatia	inactive	97.62%	-
Radenska d.o.o.	Serbia	inactive	97.62%	-
Radenska Miral d.d.	Slovenia	trademark licensing	97.62%	-
PINELLI spol. s r.o.	Czech Republic	trademark licensing	100.00%	100.00%
Sicheldorfer GmbH	Austria	production and distribution of water	97.62%	-
Transportation				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
Associated companies				
OOO Megapack	Russia	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
Disposed subsidiaries				
STEEL INVEST Sp. z o.o.*	Poland	inactive	-	100.00%

* The shares in STEEL INVEST Sp. z o.o. were disposed of on 2 March 2015

3.4. SUCCESSES AND AWARDS IN 2015

Czech TOP 100 – Kofola a.s. is the third most admired company in the Czech Republic in 2014. Continuously in top 5 since 2007.

Best Buy award - Radenska Classic received the Slovenian consumers award for the best balance between price and quality in the category of sparkling water.

AGRA 2014 – Radenska´s products were awarded golden medal at the 18th International Assessment of fruit juice drinks and bottled water on 52. International Agricultural Fair AGRA.

Trusted Brand – Radenska received a Trusted Brand award in the category of bottled waters. This prize is awarded based on European consumer research, organized by magazine Reader's Digest worldwide for 15 years; in Slovenia for 9 years.

Product of the Year – Radenska IN received Product of the Year award – research made by company Nielsen; they have selected a total of 22 innovative products and services.

Product of the Year – children beverages Jupík and syrups Paola were awarded the prestigious title Product of the Year by consumers in Poland.

CFO of the year – Daniel Buryš, Group Chief Financial Officer, was awarded CFO of the year in the Czech Republic by The Club of Financial Directors.

Kofola a.s. Czech Republic awarded **TOP employer** in FMCG business sector by the Association of Students and Graduates.

Golden Dolphin – Jiří Vlasák, back then Marketing Director of Kofola CS obtained the Golden dolphin award from the Czech marketing society for projects supporting successful strategy by developing marketing tools.

3. KOFOLA GROUP

ARCTIC+ functional water became a Finalist of **2015 Global Bottled Water Awards** 12th Global Bottled Water Congress in categories Best Functional and Best Label.

According to the Media Tenor agency the Kofola Company became the **most positively commented company** on various czech news web servers.

Kofola and Jupí awarded „**The most trusful brands**“ in their categories.

Our campaign **Fofola won the Effie Award** in the Czech Republic and Slovakia. Fofola had 9 spots in TOP 15 most liked advertisements on You Tube.

Semtex awarded “**Design of the Year**” according to the server energydrinks.cz.

Slovakian **Consumer´s choice Award** for Kofola vanilla.

Rajec 0.75l named **Packaging of the Year**.

4.1. MAIN EVENTS

INITIAL PUBLIC OFFERING

On 1 December 2015, following the public offering, Kofola ČeskoSlovensko a.s. decided on allotment of 275 000 new shares and one of the Company's shareholders CED Group S.a.r.l. allotted additional existing 1 225 000 of its shares held in the Company. About 17% of the offered shares were allocated to retail investors and about 83% to institutional investors. The issue price was set to CZK 510, corresponding to gross proceeds of CZK 140 250 thousand.

After successful IPO settlement, the trading with the Company´s shares commenced on 2 December 2015 on the Prague Stock Exchange and on 9 December 2015 on the Warsaw Stock Exchange.

GROUP REORGANISATION

On 12 October 2015, the General Meeting of Kofola ČeskoSlovensko a.s. passed a decision to increase the registered share capital in the Company by issuing 22 000 000 shares representing 99.91% of the share capital and giving the right to 22 000 000 votes i.e. 99.91% of the total voting rights ("New Shares"). On 15 October 2015, New Shares have been subscribed by KSM Investment S.A., CED Group S.a.r.l., Mr. René Musila and Mr. Tomáš Jendřejek ("Participating Shareholders") on a pro-rata basis and 26 053 895 shares representing 99.60% of the share capital of Kofola S.A. have been transferred to Kofola ČeskoSlovensko a.s. as contribution in kind being made by the Participating Shareholders to cover shares in the increased share capital.

On 12 October 2015, Kofola S.A. sold 53 985 own shares to Kofola ČeskoSlovensko a.s. for 57 PLN per share.

After settlement of the said transactions, Kofola ČeskoSlovensko a.s. held 26 107 880 (99.8%) of the Kofola S.A.´s shares and has replaced Kofola S.A. as top holding company of Kofola Group.

The Company subsequently acquired remaining 0.2% share in Kofola S.A. from the remaining minority shareholders and currently owns 100% share in Kofola S.A.

ACQUISITION OF RADENSKA D.D.

The Group acquired 97.62% of Slovenian company Radenska d.d., the number one producer of natural mineral and spring water products in Slovenia.

The transaction constitutes great opportunity for the Group to establish its presence in another European region. In 2015, the Group began to utilise the synergies coming from use of its know-how, efficient processes and innovations and is looking forward to develop and further build the Radenska brand. The Group also anticipates that the acquisition of Radenska will support its expansion possibilities to the Adriatic region.

DISTRIBUTION OF RAUCH PRODUCTS

Since the beginning of 2015 the Group is the exclusive distributor of Rauch products in the Czech Republic and Slovakia. It is a beginning of a long-term cooperation between two producers with common philosophy and values - quality products and continuous innovation towards healthier beverages. This cooperation with a family run company that is alike Kofola Group still owned by its original founders will make the Kofola Group a partner with the most comprehensive and high-quality portfolio in the CzechoSlovak soft drinks market offering beverages that satisfy even the most demanding customers.

SHARE PURCHASE AGREEMENT TO ACQUIRE STAKE IN SLOVAK MINERAL WATER PRODUCER

On 19 June 2015, the Group concluded a sales and purchase agreement with LVJ s.r.o. to purchase 100% share in Slovak WAD GROUP a.s., owner of 40% share in Slovak WATER HOLDING a.s., a parent company of Slovenské pramene a žriedla a.s., Stredoslovenské žriedla a.s. and Zlatá studňa s.r.o. Water Holding Group is one of the leaders on Slovak bottled water market. Key brands of the group are Budiš, Fatra, Gemerka and Zlatá Studňa. The acquisition is subject to approval of the Antimonopoly office of the Slovak Republic. As at the date of this annual report, the procedure was still in progress.

DISTRIBUTION OF PEPSI PRODUCTS IN SLOVENIA

On 8 December 2015, Radenska and PepsiCo concluded the agreement, based on which Radenska newly exclusively produces and distributes the PepsiCo portfolio products on Croatian market since January 2016. Both companies cooperate in Slovenia for more than 20 years. This opportunity represents an extension of Radenska´s portfolio for Croatian market.

CONCLUSION OF LOAN AGREEMENT BY SUBSIDIARY KOFOLA CS A.S.

On 12 March 2015, Kofola CS a.s. concluded a loan agreement with Česká spořitelna a.s. and Československá obchodní banka a.s. up to a maximum equivalent amount of EUR 69 000 thousand in order to finance the purchase of shares of Radenska d.d. by subsidiary Kofola holdinška družba d.o.o. (formerly Kofola družba za upravljanje d.o.o.). The final repayment date is 31 March 2024. Currency of the loan is Czech crown. Loan rates are PRIBOR plus the bank's margin. Security of the loan are pledge on the shares of Kofola holdinška družba d.o.o. Slovenia, a pledge on Kofola CS a.s.'s receivables from Kofola holdinška družba d.o.o. under the loan to finance the purchase of shares of Radenska d.d., financial guarantees granted by KOFOLA S.A. and subsidiaries operating companies Kofola a.s. (CZ) and Kofola a.s. (SK), negative pledge over the selected trademarks owned by Kofola CS a.s., negative pledge over the enterprise of Kofola CS a.s., first ranking pledge over the all acquired shares of Radenska d.d.

PRODUCTION HALL

HOOP Polska Sp. z o.o. entered into an agreement on 21 July 2015 to build a new production hall with installations and technical equipment. Under the agreement, a new car park will also be build and the infrastructure will be modernized in the old production hall. The contract value amounts to PLN 18.1 million.

4.2. BUSINESS OVERVIEW

Presented below is a description of the financial performance and financial position of Kofola Group for 2015. It should be read along with the consolidated financial statements and with other financial information contained in the annual report.

In addition to the consolidated financial statements prepared in accordance with the International Financial Reporting Standards provided in part B of the annual report, in the business overview the Board of Directors is presenting and commenting on the consolidated financial results adjusted for one-off events.

4.2.1 ADJUSTED CONSOLIDATED FINANCIAL RESULTS

Adjusted consolidated financial results	**2015**	**One-off adjustments**	**2015 adjusted**
	CZK´000	CZK´000	CZK´000
Revenue	7 156 732	34 106	7 190 838
Cost of sales	(4 330 504)	(21 598)	(4 352 102)
Gross profit	**2 826 228**	**12 508**	**2 838 736**
Selling, marketing and distribution costs	(1 898 428)	14 029	(1 884 399)
Administrative costs	(446 855)	61 364	(385 491)
Other operating income/(expenses), net	(46 266)	66 833	20 567
Operating result	**434 679**	**154 734**	**589 413**
EBITDA	**947 880**	**154 734**	**1 102 614**
Finance costs, net	(112 418)	-	(112 418)
Income tax	(93 260)	(9 812)	(103 072)
Profit for the period	**229 001**	**144 922**	**373 923**
- attributable to owners of Kofola ČeskoSlovensko a.s.	227 657	144 575	372 232

The operating profit of the Kofola Group for the 12-month period ended 31 December 2015 was affected by following one-off items:

- Product complaints - Polish operations incurred net costs of CZK 102 641 thousand relating to the qualitative product complaints connected with the poor quality of packaging material.
- Group reorganisation - Czech operations incurred costs of CZK 11 754 thousand relating to group reorganisation advisory and further costs of CZK 13 372 thousand relating to IPO promotion. These promotion costs include mainly IPO marketing activities and a provision for employee shares.
- WAD Group acquisition - Slovak operations incurred costs of CZK 9 076 thousand relating to advisory for WAD Group acquisition.
- Radenska acquisition - Slovenian and Polish operations incurred costs of CZK 27 284 thousand relating to advisory for Radenska acquisition.
- Implementation costs - Slovenian operations incurred costs of CZK 8 341 thousand relating mainly to implementation of the Group IT standards.
- Release of provision - Slovenian operations released the provision for legal case of CZK 17 734 thousand.

No items have been treated as one-off in the results for the twelve-month period ended 31 December 2014.

4.2.2 FINANCIAL PERFORMANCE

Adjusted consolidated financial results	2015	2014	Change	Change
	CZK´000	CZK´000	CZK´000	%
Revenue	7 190 838	6 275 391	915 447	14.6%
Cost of sales	(4 352 102)	(3 881 359)	(470 743)	12.1%
Gross profit	**2 838 736**	**2 394 032**	**444 704**	**18.6%**
Selling, marketing and distribution costs	(1 884 399)	(1 607 706)	(276 693)	17.2%
Administrative costs	(385 491)	(317 937)	(67 554)	21.2%
Other operating income/(expenses), net	20 567	(25 564)	46 131	(180.5)%
Operating result	**589 413**	**442 825**	**146 588**	**33.1%**
EBITDA	**1 102 614**	**914 820**	**187 794**	**20.5%**
Finance costs, net	(112 418)	(73 422)	(38 996)	53.1%
Income tax	(103 072)	(79 274)	(23 798)	30.0%
Profit for the period	**373 923**	**290 129**	**83 794**	**28.9%**
- attributable to owners of Kofola ČeskoSlovensko a.s.	372 232	290 438	81 794	28.2%

REVENUE

In 2015, the Group´s adjusted revenue amounted to CZK 7 190 838 thousand and increased by CZK 951 447 thousand or 14.6% from CZK 6 275 391 thousand in 2014. Excluding the Radenska Group, the Group's adjusted revenues increased by 4.7%.

In 2015, the Group's adjusted revenue from sales of finished products and services amounted to CZK 6 789 411 thousand and increased by CZK 589 674 thousand or 9.5% from CZK 6 199 737 thousand in 2014. The increase reflected the impact of the acquisition of Radenska as well as the commencement of distributing Rauch products in the Czech Republic and Slovakia, increased revenues from UGO bars and a general increase in revenues in these markets, which was partially offset by diminishing sales of carbonated and non-carbonated beverages in Poland and lower sales of private brands.

In 2015, the Group's revenue from sales of goods and materials amounted to CZK 401 427 thousand and increased by CZK 325 773 thousand from CZK 75 654 thousand in 2014. The increase in revenues from the sale of goods and materials was attributable mostly to sales of Rauch products.

The following table sets forth revenues from sales data split by category of products for 2015 and 2014.

Product segments	2015		2014	
	Adjusted revenue	Share	Revenue	Share
	CZK´000	%	CZK´000	%
Carbonated beverages	3 513 686	48.8%	3 483 873	55.5%
Non-carbonated beverages	559 905	7.8%	254 210	4.1%
Waters	1 854 530	25.8%	1 283 470	20.5%
Syrups	870 539	12.1%	951 935	15.2%
Other	392 178	5.5%	301 903	4.7%
Total	**7 190 838**	**100.0%**	**6 275 391**	**100.0%**

The activities of the Group concentrated on the production of beverages in four market categories: carbonated beverages (including cola beverages), non-carbonated beverages, types of bottled water and syrups. Together these categories accounted for 94.6% of the Group's sales revenue in 2015. In comparison with 2014, the structure of sales by products changed as compared to the previous period mainly due to the acquisition of Radenska, which translated into a higher share of water in revenues from sales, an increase in revenues from non-carbonated beverages due to commencement of distribution of Rauch products in 2015 and an increase in revenues from sales of 'Other' category products due to the growth of revenues from UGO fresh bars and higher sales of the energy drink Semtex.

The following table sets forth revenue from sales data split by countries for 2015 and 2014. The allocation of revenue to a particular country segment was made based on the geographical location of the customers.

Geographical segments	2015 Adjusted revenue CZK´000	2015 Share %	2014 Revenue CZK´000	2014 Share %
Czech Republic	2 639 380	36.7%	2 264 438	36.1%
Slovakia	1 579 771	22.0%	1 402 506	22.3%
Poland	2 309 410	32.1%	2 555 054	40.7%
Slovenia	523 936	7.3%	-	-
Export	138 341	1.9%	53 393	0.9%
Total	**7 190 838**	**100.0%**	**6 275 391**	**100.0%**

In comparison with 2014, there was a further decrease in revenues from sales in Poland driven by lower sales of private labels and lower sales in the traditional channel. In the Czech Republic the Group recorded an increase that was mainly attributable to the sale of Rauch products supported by an increase in impulse channel and development of direct distribution in HoReCa channel. Despite the stagnating Czech retail segment and the slightly declining HoReCa segment, the Group achieved solidly increased revenues in both these segments. The UGO fresh bars generated increased revenue by CZK 80 623 thousand, adding an additional revenue stream in the Czech Republic. In Slovakia the increase was related mainly to the sale of Rauch products. On the stagnating Slovak retail segment and the slightly declining HoReCa segment, the Group slightly increased its market share.

COST OF SALES

In 2015, the Group's adjusted cost of sales amounted to CZK 4 352 102 thousand and increased by CZK 494 105 thousand or 12.1% from CZK 3 881 359 thousand in 2014. The increase is mainly attributable to increased production due to the acquisition of Radenska. The stabilisation of costs of sales resulted from savings in production and stabilisation of raw material prices.

In 2015, the Group's adjusted cost of products and services sold amounted to CZK 3 990 368 thousand and increased by CZK 179 713 thousand or 4.7 % from CZK 3 810 655 thousand in 2014.

In 2015, the Group's cost of goods and materials sold amounted to CZK 361 734 million and increased by CZK 291 030 thousand or 411.6% from CZK 70 704 million in 2014. The significant increase in the cost of goods and materials sold was attributable mostly to the sale of Rauch products.

GROSS PROFIT

In 2015, the Group's adjusted gross profit amounted to CZK 2 838 736 thousand and increased by CZK 444 704 thousand or 18.6% from CZK 2 394 032 thousand in 2014.

SELLING, MARKETING AND DISTRIBUTION COSTS

In 2015, the Group's adjusted selling, marketing and distribution costs amounted to CZK 1 884 399 thousand and increased by CZK 276 693 thousand or 17.2% from CZK 1 607 706 thousand in 2014. About half of the increase was attributable to Radenska. The remaining increase was mainly driven by the development of direct distribution in the Czech HoReCa channel and an increase in sales support and marketing costs as the Group continues to intensely support its brands both financially and non-financially, which is demonstrated by its marketing campaigns attracting significant interactive communication with consumers.

ADMINISTRATIVE COSTS

In 2015, the Group's adjusted administrative costs amounted to CZK 385 491 thousand and increased by CZK 67 554 thousand or 21.2% from CZK 317 937 thousand in 2014. The increase resulted mostly from an increase in the headcount due to the acquisition of Radenska.

OTHER OPERATING INCOME/(EXPENSES), NET

In 2015, the Group's adjusted net other operating income amounted to CZK 20 567 thousand and was higher by CZK 46 131 thousand than net other operating expenses of CZK 25 564 thousand in 2014.

EBITDA AND ADJUSTED EBITDA

The following table sets forth information regarding EBITDA and Adjusted EBITDA for 2015 and 2014.

EBITDA and Adjusted EBITDA	2015	2014
	CZK´000 / %	CZK´000 / %
EBITDA*	947 880	914 820
Adjusted EBITDA**	1 102 614	914 820
Adjusted EBITDA margin***	15.3%	14.6%

** EBITDA refers to operating result plus depreciation and amortisation*
*** Adjusted EBITDA refers to EBITDA adjusted for the effects of events and transactions that are non-recurring, extraordinary or unusual in nature (mostly non-monetary), including in particular results from the sale of fixed assets and financial assets, costs not arising from ordinary operations, such as those associated with impairment of fixed assets, financial assets, goodwill and intangible assets, relocation costs and the costs of group layoffs*
**** Calculated as (Adjusted EBITDA/Revenue)*100%*

The following table sets forth information regarding EBITDA split by countries for 2015 and 2014.

EBITDA and Adjusted EBITDA by countries	2015		2014	
	Adjusted EBITDA	Adjusted EBITDA margin	Adjusted EBITDA	Adjusted EBITDA margin
	CZK´000	%	CZK´000	%
Czech Republic	396 605	14.8%	381 012	16.8%
Slovakia	357 328	22.6%	335 570	23.9%
Poland	228 968	10.1%	196 382	7.7%
Slovenia	121 752	23.2%	-	-
Export	(2 039)	(1.5)%	1 856	3.5%
Total	**1 102 614**	**15.3%**	**914 820**	**14.6%**

The Adjusted EBITDA achieved by the Group in Poland increased as a result of savings in production and overheads as well as optimisation of logistics costs.

The Adjusted EBITDA margin achieved by the Group in both the Czech Republic and Slovakia slightly decreased, mainly due to increased logistics costs relating to the implementation of direct distribution and increased marketing and promotional activities.

The Adjusted EBITDA in Slovenia generated by the Radenska Group since its acquisition in March 2015 shows a great potential of the three hearts brand's market leader position in the Waters segment.

The Group's EBITDA margins achieved on the CzechoSlovak market in 2015 continue to be substantially higher than in Poland. This is because of a strong presence in the HoReCa distribution channel, where non-alcoholic beverages may be sold with higher margins to unusually loyal customers (both restaurants and end consumers).

OPERATING PROFIT

Due to the reasons described above, in 2015, the Group's adjusted operating profit amounted to CZK 589 413 thousand as compared to an operating profit of CZK 442 825 thousand in 2014, showing 33.1% increase.

FINANCE COSTS, NET

In 2015, the Group's net finance costs amounted to CZK 112 418 thousand and increased by CZK 38 996 thousand or 53.1 % as compared to CZK 73 422 thousand in 2014. The changes in the Group's finance income and costs in the indicated periods resulted from fluctuations in the net finance costs from realised FX differences, further increased by unrealised loss from revaluation of derivatives of CZK 11 946 thousand. The interest costs increased mainly as a result of an increase in the Group’s indebtedness due to the financing of the Radenska acquisition.

SHARE IN THE RESULT OF ASSOCIATES

In 2015, the share in the result of associates recognised by the Group amounted to CZK (3 389) thousand compared to CZK 11 940 thousand in 2014.

PROFIT / (LOSS) BEFORE TAX

Due to the reasons described above, in 2015, the Group's adjusted profit before tax amounted to CZK 476 995 thousand and increased by CZK 107 592 thousand as compared to profit before tax of CZK 369 403 thousand in the period ended 31 December 2014.

INCOME TAX

In 2015, adjusted income tax recorded by the Group amounted to CZK 103 072 thousand as compared to CZK 79 274 thousand in 2014.

The adjusted effective tax rate in 2015 was 21.6% and for the 2014 it was 21.5%.

NET PROFIT / (LOSS) FOR THE PERIOD

Due to the reasons described above, in 2015, the Group's adjusted profit for the period amounted to CZK 373 923 thousand as compared to a profit for the period of CZK 290 129 thousand in 2014.

SUMMARY OF FINANCIAL PERFORMANCE IN 4Q2015

Adjusted consolidated financial results	**4Q2015** CZK´000	**One-off adjustments** CZK´000	**4Q2015 adjusted** CZK´000	**4Q2014** CZK´000
Revenue	1 631 913	(967)	1 630 946	1 474 380
Cost of sales	(1 086 685)	616	(1 086 069)	(892 521)
Gross profit	**545 228**	**(351)**	**544 877**	**581 859**
Selling, marketing and distribution costs	(496 089)	10 230	(485 859)	(416 398)
Administrative costs	(117 760)	44 720	(73 040)	(90 236)
Other operating income, net	16 644	(22 075)	(5 431)	(30 834)
Operating result	**(51 977)**	**32 524**	**(19 453)**	**44 391**
EBITDA	**81 544**	**32 524**	**114 068**	**177 091**
Finance costs, net	(38 203)	-	(38 203)	(21 561)
Income tax	(38 685)	13 408	(25 277)	(9 948)
Profit/(loss) for the period	**(128 865)**	**45 932**	**(82 933)**	**12 882**
- attributable to owners of Kofola ČeskoSlovensko a.s.	(128 270)	45 585	(82 685)	13 158

4Q2015 COMPARED TO 4Q2014

Adjusted consolidated financial results	**4Q2015** CZK´000	**4Q2014** CZK´000	**Change** CZK´000	**Change** %
Revenue	1 630 946	1 474 380	156 566	10.6%
Cost of sales	(1 086 069)	(892 521)	(193 548)	21.7%
Gross profit	**544 877**	**581 859**	**(36 982)**	**(6.4)%**
Selling, marketing and distribution costs	(485 859)	(416 398)	(69 461)	16.7%
Administrative costs	(73 040)	(90 236)	17 196	(19.1)%
Other operating expenses, net	(5 431)	(30 834)	25 403	(82.4)%
Operating result	**(19 453)**	**44 391**	**(63 844)**	**(143.8)%**
EBITDA	**114 068**	**177 091**	**(63 023)**	**(35.6)%**
Finance costs, net	(38 203)	(21 561)	(16 642)	77.2%
Income tax	(25 277)	(9 948)	(15 329)	154.1%
Profit/(loss) for the period	**(82 933)**	**12 882**	**(95 815)**	**(743.8)%**
- attributable to owners of Kofola ČeskoSlovensko a.s.	(82 685)	13 158	(95 843)	(728.4)%

4.2.3 FINANCIAL POSITION

Selected financial data	2015 CZK´000	2014 CZK´000	Change CZK´000	Change %
Total assets	**8 491 014**	5 959 862	2 531 152	42.5%
Non-current assets, out of which:	5 095 724	**4 171 985**	**923 739**	**22.1%**
Property, plant and equipment	*3 508 993*	*2 823 390*	*685 603*	24.3%
Intangible assets	*1 176 524*	*1 064 370*	*112 154*	10.5%
Goodwill	*86 302*	*87 986*	*(1 684)*	(1.9)%
Investment in associates	*155 921*	*181 385*	*(25 464)*	(14.0)%
Deferred tax assets	*96 803*	*2 980*	*93 823*	3 148.4%
Other	*71 181*	*11 874*	*59 307*	499.5%
Current assets, out of which:	3 395 290	**1 787 877**	**1 607 413**	**89.9%**
Inventories	*501 093*	*423 051*	*78 042*	18.4%
Trade and other receivables	*934 452*	*793 602*	*140 850*	17.7%
Cash and cash equivalents	*1 940 008*	*568 764*	*1 371 244*	241.1%
Other	*19 737*	*2 460*	*17 277*	702.3%
Total equity and liabilities	**8 491 014**	5 959 862	2 531 152	42.5%
Equity	2 870 202	2 576 829	293 373	11.4%
Non-current liabilities	*1 765 504*	*1 029 534*	*735 970*	*71.5%*
Current liabilities	*3 855 308*	*2 353 499*	*1 501 809*	*63.8%*

ASSETS

At the end of 2015, the Group's Property, plant and equipment amounted to CZK 3 508 993 thousand and increased by CZK 685 603 thousand or 24.3 % from CZK 2 823 390 thousand in 2014. This change was mainly caused by additions of CZK 537 999 thousand resulting from the acquisition of Radenska group, additions and finance lease additions totalling CZK 687 592 thousand and on the other hand the depreciation charge of CZK 472 361 thousand. The additions including those from finance lease comprise mainly the machinery and the improvement of can line in the Czech Republic, aseptic line and storage equipment along with technical improvement of production buildings in Slovakia and new as well as improved machinery along with the production hall under construction in Poland.

As at 31 December 2015, Intangible assets were of CZK 1 176 524 thousand and increased by CZK 112 154 thousand or 10.5 % in comparison with 31 December 2014 mainly as a result of recognised brands in acquired subsidiary Radenska.

The Group's current assets as at 31 December 2015 amounted to CZK 3 395 290 thousand, of which 57.1 % is represented by Cash and cash equivalents, 27.5 % is represented by Trade and other payables and 14.8 % is formed by Inventories. The increase of CZK 1 607 413 thousand or 89.9 % is mainly attributable to acquired Radenska. Cash and cash equivalents in Radenska d.d. accounts for about 63 % of the Group's total cash and the Group expects its utilization for future acquisition opportunities.

Deferred tax asset significantly increased by CZK 93 886 thousand, of which CZK 91 155 thousand is a deferred tax asset of Radenska d.d., resulting mainly from tax losses that are expected to be utilised in future.

LIABILITIES

As at 31 December 2015, the Group's current and non-current liabilities amounted to CZK 5 620 812 thousand, which constitutes a 66.2 % (CZK 2 237 779 thousand) increase compared to CZK 3 383 033 thousand the end of December 2014. The loan for financing Radenska, d.d. acquisition with carrying amount of CZK 1 762 149 thousand as at 31 December 2015 was a main driver of increased liabilities, along with liabilities in the acquired Radenska, d.d.

The Group's consolidated net debt (calculated as total non-current and current liabilities relating to credits, loans, bonds, leases and other debt instruments less cash and cash equivalents) amounted to CZK 1 276 882 thousand as at 31 December 2015, which represents an increase by CZK 389 881 thousand or 44.0 % compared to CZK 887 001 thousand as at 31 December 2014. This increase is attributable mainly to the acquisition of Radenska, d.d. financed by the bank loan.

The Group´s provisions increased by CZK 130 263 thousand from CZK 91 129 thousand to CZK 221 392 thousand, mainly due to provisions acquired in Radenska, d.d. of CZK 112 694 thousand.

4.2.4 CASHFLOWS

NET CASH FLOW FROM OPERATING ACTIVITIES

In 2015 the Group's net cash flow from operating activities amounted to CZK 935 241 thousand and decreased by CZK 27 185 thousand or 2.8% from CZK 962 426 thousand in 2014. The decrease was mostly attributable to less favourable changes in working capital items.

NET CASH FLOW FROM INVESTING ACTIVITIES

In 2015, the Group's net cash outflow from investing activities amounted to CZK 1 136 775 thousand and increased by CZK 895 072 thousand from CZK 241 703 thousand in 2014. The outflow increase related mainly to the acquisition of Radenska and higher capital expenditure (aseptic line) as compared to the previous period.

NET CASH FLOW FROM FINANCING ACTIVITIES

In 2015, the Group's net cash inflow from financing activities amounted to CZK 1 564 637 thousand and increased by CZK 1 916 841 thousand from the net cash outflow for the financing activities of CZK 352 204 thousand in 2014. The increase was mainly a result of the bank loan for financing the Radenska acquisition.

4.2.5 COUNTRIES

CZECH REPUBLIC

In 2015, the Group was the vice-leader in the soft drinks market in the Czech Republic, and continues to strengthen its position (both in retail and HoReCa channel). In the HoReCa channel, the Group is a strong vice-leader and is steadily gaining market share.

In 2015, compared 2014, Kofola a.s. (CZ) recorded an increase in revenues from sales to parties from outside the Group by CZK 277 831 thousand (13.2%). The increase is mainly attributable to impulse segment, sale of Rauch products since the beginning of 2015 and direct distribution launched at the end of 2014. On slightly growing Czech retail segment and stable gastro segment, the company achieved solidly increased revenues in both these segments, in both segments above the market. Rajec waters performed very well with sales increased by 13.7%.

Fresh bars UGO generated increased revenue by CZK 80 623 thousand (72.1%) following the increased number of own fresh bars and salad bars from 20 to 30 (50%) and franchised fresh bars from 30 to 31 (3%) and as such the Group operated 61 fresh bars and salad bars as at 31 December 2015. With another fresh bar opened in February 2016, UGO currently operates 62 of them.

Since 1 January 2015 the Group became an exclusive distributor of Rauch products in the Czech Republic and Slovakia.

SLOVAKIA

The Group is the clear leader of the soft drink market in Slovakia and an exceptional example of a local FMCG producer taking the leading position and ranking over global players.

In 2015, compared to 2014, Kofola a.s. (SK) recorded an increase in revenues from sales to parties from outside the Group by CZK 187 099 thousand (13.8%).The increase relates mainly to sale of Rauch products. On growing Slovak retail segment and stable gastro segment, the company performed above the market and increased its market share in these segments.

Kofola a.s. (SK) continued with its leading position in the non-alcoholic beverage market in the retail segment as well as HoReCa segment in terms of market share.

In 2015, Kofola a.s. (SK) was the market leader in the water segment sales in Slovakia.

Since the second quarter of 2015, the company became the market leader in the cola beverages segment in Slovakia.

POLAND

In 2015, compared to 2014, Hoop Polska Sp. z o.o. recorded a decrease in adjusted revenue from sales to parties from outside the Group by CZK 218 550 thousand (8.6%). Decrease in revenue is driven by lower sales of private labels and decrease in revenue from brands mainly in traditional channel.

SLOVENIA

The Group acquired Slovenian clear water segment leader Radenska d.d. in March 2015 as the continuation of the past successful acquisitions of businesses, brands and products through which the Group has grown into one of the leading producers and distributors of non-alcoholic beverages in the CEE. Since then the Group started to benefit from promising market position of Radenska, d.d. that generated about 14% of the Group's 2015 adjusted operating result.

4.3. AUDITORS REMUNERATION

The Group is audited by PricewaterhouseCoopers. The following amounts were charged by auditors in 2015:

Auditors remuneration	Charged to the Company CZK´000	Charged to other group entities CZK´000
Audit	164	3 522
IPO related costs	6 264	-
Tax and other services	-	2 202
Total	**6 428**	**5 724**

4.4. INTELLECTUAL PROPERTY AND LICENCES

INTELLECTUAL PROPERTY AND LICENSES

The Group relies on the strength of its brands which are registered trademarks protected by local legislation in its countries of operation. The Group has also registered a number of industrial designs (drink bottles or other beverage packaging).

Kofola CS a.s. owns the most licenses, trademarks for branded beverages and similar copyrights, for the use of which the other Group Companies pay royalties. An exception is the Vinea trademark which is owned by Kofola a.s. (SK) that collects royalties for the use of that mark. Semtex trademark is owned by PINELLI spol. s r.o., and Kofola a.s. (CZ) and Kofola a.s. (SK) pay royalties for its use. Hoop Polska Sp. z o.o. owns trademarks for its products, which it manufactures by itself and sells on the Polish market. Hoop Polska Sp. z o.o. does not provide these trademarks to other Group companies. Slovenian brands Radenska and Ora are owned by Radenska Miral d.o.o. and are also not provided to other Group companies.

Some of the key trademarks and industrial designs are also protected at an international level as (i) Community Trade Marks (CTMs) (e.g. the Kofola, Rajec, Vinea trademarks, Hoop Cola, Paola and Arctic) or Registered Community Designs (RCDs), which are registered through OHIM and protected in the EU as a whole, or (ii) international trademarks (IRTs) (e.g. the Jupik, Vinea trademarks, Hoop Cola, Paola and Arctic), which are registered through WIPO and protected in a number of other specific export countries (e.g. Norway, Ukraine, Russia, Switzerland).

The Group uses a number of registered Internet domains, including "kofola.cz", "kofola.pl", "jupik.com", "rajec.com", "ugo.cz", "radenska.si", "paola.pl", "hoopcola.pl" and "hoop.pl".

The Group entered into the following main licensor and distribution agreements:

- distribution agreements under which the Group has the exclusive right to distribute Rauch's products in the territory of the Czech Republic and Slovakia,
- distribution agreement under which the Group has the exclusive right to distribute Evian and Badoit products (water) in the territory of the Czech Republic and Slovakia,
- distribution agreement under which the Group has the exclusive right to distribute Vincentka (natural mineral water) in the territory of the Czech Republic ,
- licensor agreement under which the Group has the exclusive right to purchase beverage concentrates to manufacture, bottle and sell carbonated beverage RC Cola,
- licensor agreement under which the Group has the exclusive right to purchase beverage concentrates to manufacture, bottle and sell carbonated beverage Orangina,
- licensor and distribution agreement under which the Group has the exclusive right to produce and distribute the PepsiCo portfolio products on Slovenian market and since January 2016 also on Croatian market.

The Group also entered into production agreement with the strategic partner in Poland based on which the Group produces and sells this strategic partner various private label products.

In the Company´s opinion, there are no other patents or licences, industrial, commercial or financial contracts or new manufacturing processes which would be material to the Company´s or the Group's business or profitability and which are not included in the annual report.

4.5. OTHER INFORMATION

In 2015 and 2014, the Company has not carried out any research and development activities and incurred no costs in these areas. The research and development of the Group is centralised in Kofola CS a.s.

The Company does not operate an organisational unit abroad.

5. RISK MANAGEMENT

5.1. PRINCIPAL RISKS FACED BY THE GROUP

Activities of the Group companies, their financial position and financial performance are subject to and may in the future be subject to negative changes as a result of the occurrence of any of the risk factors described below. Occurrence of even some of these risk factors may have a materially adverse effect on the business, financial position and financial performance of the Company or the Group as a whole, and in consequence the trading price and liquidity of the shares may decline. The factors presented below represent the key risks. Most of those risk factors are of contingent nature and may or may not occur and the Company is not able to express its view on their probability of occurrence. The order in which they are presented is not an indication as to their significance, or probability of occurrence or of the potential impact on the Group. Other risks, factors and uncertainties than those described below, including also those which the Group is not currently aware of or which are considered to be minor, may also have an important negative impact on the Group's operations, financial position and financial performance in future.

Key risks are monitored. For these risks, preventive actions are taken to reduce their vulnerability and reduce their potential impact on the Group.

THE GROUP'S RESULTS DEPEND ON THE MACROECONOMIC SITUATION IN COUNTRIES IN WHICH THE GROUP OPERATES

Macroeconomic factors in the countries where the Group operates (such as GDP growth, unemployment rate, growth of wages (nominal and real), level of interest rates, and availability of consumer loans and/or the economic outlook) may influence the consumers' behaviour and spending patterns, which in consequence may influence the sales of the Group's products. In addition, the policies adopted by the governments and central banks of the countries where the Group operates could adversely affect access to new sources of financing, extension of short-term credit facilities or the possibility to obtain new facilities to finance investments.

THE GROUP OPERATES ON MATURE MARKETS

The Group operates in the non-alcoholic beverages industry, mainly in the Czech Republic, Slovakia, Poland and Slovenia, which, apart from certain exceptions, are markets where the non-alcoholic beverages industry has been stagnant or slightly declining. This may in future lead to a decrease in the Group's sales and could have a material adverse effect on the Group's business, financial condition and the results of operations.

CHANGES IN END CONSUMER PREFERENCES MAY HAVE A NEGATIVE IMPACT ON THE GROUP'S SALES

End consumer preferences are evolving rapidly. If the Group does not successfully anticipate these changing end consumer preferences or fails to address them by swiftly developing new products or product extensions through innovation, the Group's sales, share of sales and volume growth could be negatively affected.

CHANGES IN THE SHOPPING HABITS OF END CUSTOMERS MAY HAVE A NEGATIVE IMPACT ON THE GROUP'S SALES

In recent years, there have been changes in the shopping habits of end consumers, with the economic slowdown making retail discounters a more attractive place to shop. This has redirected trading volumes to the fast-developing discount chains, which diminishes the significance of independent convenience stores. In addition, large retail chains tend to put pressure on prices and to resist price increases. This means that it will be difficult to transfer increases in (among other things) prices of raw materials to end consumers.

THE GROUP IS DEPENDENT ON THE CONTINUED PURCHASE OF RAW MATERIALS AND UNFAVOURABLE CHANGES IN THE PRICES OF RAW MATERIALS MAY HAVE AN ADVERSE EFFECT ON THE GROUP'S FINANCIAL RESULTS

Sudden changes in the prices of raw materials may have a significant effect on the costs of raw materials purchased by the Group and, as a consequence, on the margins earned on the sale of beverages. In addition, the costs of production and the delivery of the Group's products depend to a certain extent on the prices of commodities such as fuel and electricity. This may have a material adverse effect on the Group's business, financial condition and the results of operations.

THE GROUP MAY LOSE ITS MAJOR CLIENTS

In recent years, there has been a visible trend of trade volumes moving from independent convenience stores to larger operators of chain stores, with an increasing role of discount store operators and chains of convenience stores. In consequence, those chains are becoming stronger and are increasing their share in the sales of the Group. As such clients are tough negotiators, there is a risk that the Group will not be able to conclude an agreement on mutually reasonable terms and conditions. This in consequence may lead to the loss of a significant client.

THE GROUP MAY BE EXPOSED TO PRODUCT LIABILITY CLAIMS OR PRODUCT RECALLS

Intentional or unintentional product contamination or defectiveness may result in a loss of reputation of a brand or manufacturer which, in consequence, may adversely impact the sales of that brand or even all products manufactured by that manufacturer in the particular market in the long-term and lead to the necessity to recall the products from the market and reduce their use over the short term. In extreme cases product contamination or defectiveness could lead to such damage to the brand being contaminated or defective that the Group may be forced to completely withdraw such product from the market. Moreover, product contamination or defectiveness may lead to personal injuries of end consumers and, as a consequence, liability claims against the Group. In addition, product liability claims could result in negative publicity that could materially adversely affect the Group’s sales.

THE GROUP’S OPERATIONS ARE SUBJECT TO VARIOUS REGULATIONS IN THE COUNTRIES OF THE GROUP'S PRESENCE AND UNFAVOURABLE CHANGES THERETO MAY HAVE A NEGATIVE IMPACT ON THE GROUP'S BUSINESS

Unfavourable changes to the applicable laws and regulations may affect various aspects of the Group's operations and results and may cause an increase in the personnel costs of the Group. As compliance with applicable laws and regulations is burdensome and expensive, any future changes thereto may cause the Group to incur substantial and unanticipated compliance costs or otherwise negatively affect its operations.

FAILURE OF IT SYSTEMS COULD MATERIALLY AFFECT THE GROUP’S BUSINESS

The Group relies on IT systems for a variety of functions. Despite the implementation of security and back-up measures, the IT systems used by the Group may be vulnerable to physical or electronic intrusions, computer viruses, hacker attacks and/or other disruptions.

CONTINUED GROWTH OF THE GROUP DEPENDS, IN PART, ON ITS ABILITY TO IDENTIFY, ACQUIRE AND INTEGRATE BUSINESSES, BRANDS AND/OR PRODUCTS

If the Group is unable to identify and acquire businesses, brands or products to support its growth in accordance with its strategy, or if the Group is unable to successfully integrate acquisitions, or if a failure by the acquired company to comply with the law or to administer good business practice and policies prior to an acquisition has a material adverse effect on the value of such an acquired company, the Group may not be able to obtain the advantages that the acquisitions were intended to create.

THE GROUP IS SUBJECT TO THE RISK AND ASSOCIATED COST OF DOING BUSINESS INTERNATIONALLY

In the future, the Group may expand its presence and operations to other countries and regions. The Group may not be able to market its existing products or develop new products successfully for such new markets. In addition, the Group currently incurs costs in complying with numerous regulatory regimes and these costs may increase as it expands into new countries. The Group may also encounter other risks of doing business internationally.

THE GROUP MAY BE UNABLE TO ATTRACT, RETAIN AND MOTIVATE QUALIFIED PERSONNEL

The Group's future success will also depend on its continued ability to attract, retain and motivate highly qualified sales, production, technical, customer support, financial and accounting, marketing, promotional and managerial personnel. Although the Group attempts to structure compensation packages in a manner consistent with or above the standards of the particular market, the Group may be unable to retain or attract the necessary personnel.

THE GROUP'S EXTERNAL FINANCING FACILITIES CONTAIN CERTAIN RESTRICTIONS AND COVENANTS AND, IN THE EVENT OF THEIR BREACH, MAY BE REPAYABLE ON DEMAND

The Group uses external financing in the form of bank loans, issued notes, leasing and trade finance instruments such as factoring and receivables discounting. The financing arrangements are concluded for specified time periods and are typically extended at maturity upon the fulfilment by the Group of certain terms and conditions. Operating and financial restrictions and covenants in existing and any future financing agreements could adversely affect the Group’s ability to finance future operations or capital needs, or to pursue and expand its business activities. The Group’s ability to comply with the covenants and restrictions contained in its financing documents may be affected by events beyond its control. Although the Group believes that it has complied and is currently in compliance with the terms and conditions of all outstanding credit facility agreements in all material respects, there can be no guarantee that the Group will not be required to repay such facilities in the future at limited notice and/or at a time when no provision was made for any such repayment in the Group’s budget in the event of any breach or default.

THE GROUP MAY BE UNABLE TO EXTEND ITS FINANCING FACILITIES ON ACCEPTABLE TERMS, OR AT ALL

The Group operates in a FMCG business that generally requires constant use of external financing. External financing may not be available on acceptable terms, or at all. Should the Group be forced to seek refinancing of its financial facilities, there is no assurance that the Group could find refinancing on acceptable terms, or at all. If financing is not available in part or at all, or is not available on acceptable terms when required, the Group may be forced to curtail the scale of its operations and, in extreme cases, be forced to dispose of some of its assets to release cash.

THE GROUP IS EXPOSED TO THE RISK OF CURRENCY EXCHANGE FLUCTUATIONS

More than half of the raw materials (mostly sugar) used by the Group for production are purchased in EUR or in local currencies but with the pricing derived from EUR. As most of the countries where the Group operates are not in the Euro zone, most of the Group's income is denominated in local currencies other than EUR. Therefore, the results of the Group are subject to fluctuations in the foreign exchange rates of EUR against the local currencies. Despite the applied hedging policy, the Group might not be able to hedge all the currency risks, in particular over longer periods.

THE GROUP IS EXPOSED TO INTEREST RATE RISK

The Group uses external financing facilities to finance its long-term assets and working capital needs. Most of those facilities are at variable interest rates. As a consequence, the Group is exposed to the risk of negative interest rate fluctuations.

ONGOING LEGAL PROCEEDINGS REGARDING THE DENATIONALISATION OF RADENSKA

There are pending denationalisation proceedings with respect to denationalisation claims of the legal successors of the former owners of Radenska. The legal outcome of these proceedings remains highly unclear and uncertain. If the denationalisation beneficiaries were to eventually succeed with their claims on an in-kind return, Radenska's enterprise would need to be returned to the beneficiaries together with significant compensation payments.

5.2. APPROACH TO MARKET TRENDS AND DEVELOPMENT

The following part summarizes the main market trends identified by the Group and the steps the Group takes as a response to these trends.

HEALTHY FOOD AND BEVERAGES

- gradual conversion of products to preservative-free, healthy innovations,
- promotion of healthy life style (www.hravezijzdrave.cz, www.hravozizdravo.sk, www.trzymajforme.pl),
- more healthy beverages (water, children's beverages) with lower sugar content compared to other competitors and beverages with herbs and tree extracts (Mr. UGO juices, fresh drinks),
- first drinks with stevia (natural sweetener - without calories) - Kofola bez cukru (Sugar free), Jupik with stevia,
- hot filling line allowing the new products without preservatives (syrups, aloe vera drinks, ice tea, beverages for children) .

INCREASING AMOUNT OF OUTDOOR ACTIVITIES

- focus on impulse products (portfolio enhancement),
- development of the impulse channels,
- development of cooperation with hotels, restaurants and catering (HoReCa),
- entrance to the "on-the-go" market (kiosks, vending machines, gyms, schools, work places etc.),
- increasing share of small formats in the product portfolio (most of the new formats are up to 0.5 litre) ,
- increasing number of supplied restaurants (direct distribution in Slovakia since 2009, in the Czech Republic since 2014),
- dedicated sales team for HoReCa clients in the Czech Republic .

CONSOLIDATION OF RETAIL AND DRIFT OF VOLUME TO RETAIL TRADE CHANNEL

- strengthening brands to be more important for retailers,
- focus on terms and conditions with retailers ,
- proper pack/channel tactics.

CONSOLIDATION OF FOOD AND BEVERAGE PRODUCERS

- ambition to be a market consolidator,
- constant search for leads of unexplored brands (companies)Healthy drinks with lower sugar content,
- acquisition of Vinea, Citro Cola, Semtex, Mr. UGO, Mangaloo and Radenska in the last 7 years.

GLOBALISATION AND GROWING INDIVIDUALISM

- rollout of successful brands to other markets where the Group Companies operate,
- building and/or creation of brands with functional/emotional features,
- using production/distribution licenses, introduction of global brands (Rauch, Orangina, Pickwick Ice Tea, RC Cola, Evian, Badoit),
- engaging the customers in the promotion of positive emotions related to the Group's brands .

CORPORATE SOCIAL RESPONSIBILITY

INTRODUCTION

From the start of its operations, the Kofola Group strives to be a socially responsible company and it became an integral part of our DNA. We believe that being responsible is an answer to the needs of all of the Group's stakeholders, and in particular when it comes to generating returns for shareholders while maintaining our values.

Our CSR activities are not a matter of last few years. They are dated back to times long before CSR became a fashionable thing. We are proud to support local communities, through which we could recently become successful.

In the year 2014 we have become a member of the Association of CSR. In 2015 we continued many CSR projects started in previous years and at the same time, we were trying to implement the idea of CSR in all possible areas. In our operations we pay special attention to supporting a healthy lifestyle (responsible consumption), having a frugal approach to natural resources, protecting the environment, tradition, being a good neighbour, honouring agreements and business rules and very importantly, having employees who are ambassadors of our values.

EMPLOYEES

We strongly believe that Kofola is where it is because of our employees. We are very proud that according to an internal survey we took in 2015 over 90 % of our employees like their job. Because we value their loyalty we granted them Kofola ČeskoSlovensko shares, one per each worked year. Since then there are over 1000 new shareholders that and can benefit from our success.

In 2013, we managed to get a grant from the European social fund through the operational programme Human resources and employment and the Czech state budget. This project lead to the training of our staff in skills necessary for the profession to improve our competitiveness.

Our employees across the entire company donated blood during two Kofola´s blood donation days and together we gathered clothing for people in need.

TRADITION

We are there, where we have local brands and understand the local culture. By buying local brands and building positive emotions and experiences around them, we make it possible to maintain the cultural heritage on the markets in which we operate. We act as locally as possible with respect to local culture and environment. Our portfolio includes more than 30 brands ranging from traditional, through licensed to newly created products. During the 20 years of our existence we have managed to resurrect the forgotten traditional CzechoSlovakian brands like Kofola – cola-type beverage made with 14 herbs, which is nowadays loved by contemporaries as well as the new generation.

RESPONSIBLE CONSUMPTION

Responsible consumption means taking an active part in various organisations, such as Food Chambers and Soft Drink Producers´associations, where our employees hold leading positions. Our key principal is to develop various initiatives relating to healthy living, as well as educate consumers with regard to proper consumption of beverages and leading healthy lifestyle. In the Czech Republic we are a proud partner of an internet course on healthy living for kids under the "Live healthy and have fun" (Hravě žij zdravě – http://www.hravezijzdrave.cz/) slogan. This program was also started in Slovakia (http://www.hravozizdravo.sk/).

In Poland, we are engaged in having a similar program "Trzymaj Formę", which is an educational program for children of high school age, promoting healthy life styles and nutrition (http://www.trzymajforme.pl/).

We were a proud partner of many running events where under our claim "Fool is, who has stayed at home" we tried to persuade people, including our employees, to abandon their couch and take part in the running contests.

To ensure that our products are as healthy as possible, we develop them in cooperation with leading nutrition specialists and use only proven preferably local suppliers. We follow the trends and innovate our products towards their healthier form.

6. CORPORATE SOCIAL RESPONSIBILITY

HEALTHY PRODUCTS

In the markets, where we operate, we invest significant part of our turnover in new product development and new technologies.

We strongly focus on improving the healthy properties of our products. Firstly, we use only natural colouring. Secondly, in the Czech Republic we operate PET line with "Hot Filling" technology. For our 100 % fresh juices we started to use high pressure technology (pascalisation) thanks to which all nutritional values of fruit and vegetables are retained. Whenever we prepare an innovation, we always try to bring a better or healthier product to the consumer. We are the biggest operator of fresh bars in central Europe and we extended the offer of fresh juices with fresh salads and soups.

GOOD NEIGHBOUR

One of the most important aspects for our company is to be a "good neighbour". This is why we developed a whole series of projects that support the regions in which we operate, from the construction of play grounds, through the development of communications infrastructure or support of local non-government organisations. We supply our local municipalities with our drinks and also many regional projects that support healthy lifestyle of children. In 2015 we supported over 400 regional activities and also were an official soft drinks supplier of the Slovakian Expo 2015 exhibition.

We are a significant donor of the National Anticorruption Fund in the Czech Republic and we support the One world festival, which is promoting documentary film making for human rights causes.

ENVIRONMENTAL PROTECTION

With regard to environmental protection, we focus on investments in modern technologies and production lines that increase efficiency and thus minimise the use of energy and water. We invest in our water intakes to ensure that it is of the highest quality and protected against any contamination. Our goal is to maintain what is best, what comes straight from nature, and provide all of our consumers with a unique natural experience.

In 2012, we achieved a decrease in the weight of the majority of PET bottles, thanks to which we have lowered usage of granules and thus decreased negative environmental impact. Compared to the year 2011, we have also increased usage of granules from recycling.

By using the "Green Point" trademark on our products we publicly declare, that we care about the environment and contribute to its protection. We participate on the programs that ensure consumers to have good conditions for separating waste and teach how to sort waste properly. We separate waste in all our buildings and offices.

We also limit contamination caused by fumes generated by our vehicles. We currently have one of the most advanced vehicle fleets, which meets Europe's strictest norms and we are just implementing the usage of CNG in our lorries.

7. CORPORATE GOVERNANCE

7.1. SHARES AND SHAREHOLDERS

7.1.1 SHARE CAPITAL

As at 31 December 2015, the share capital of Kofola ČeskoSlovensko a.s. totalled CZK 2 229 500 000 and comprised 22 295 000 common registered shares with a nominal value of CZK 100 each, issued as book-entry shares under Czech law in particular under the Czech Companies Act, with the ISIN CZ0009000121.

The Share capital of the Company is fully paid up. The shares have been admitted for trading on the Prague Stock Exchange and the Warsaw Stock Exchange.

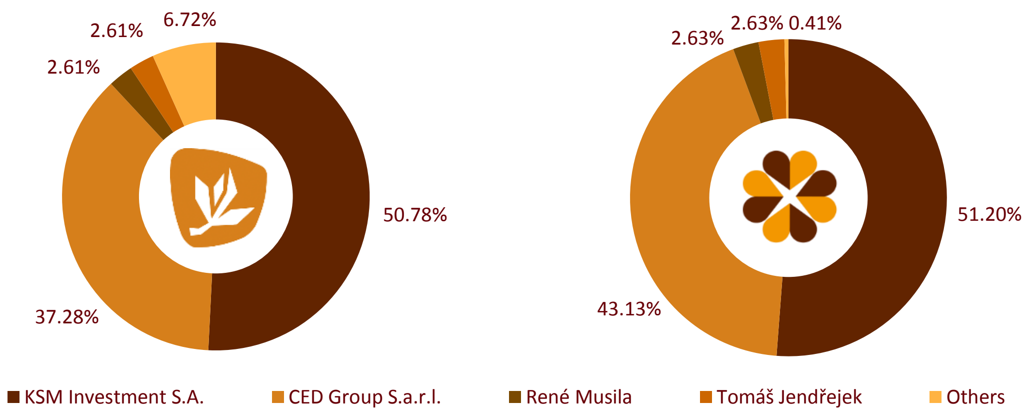
7.1.2 SHAREHOLDERS STRUCTURE

Group shareholders structure	2015		2014	
	Number of shares	Share	Number of shares*	Share*
	pcs	%	pcs	%
KSM Investment S.A.	11 321 383	50.78%	13 395 373	51.20%
CED GROUP S. a r.l.	8 311 196	37.28%	11 283 153	43.13%
René Musila	581 231	2.61%	687 709	2.63%
Tomáš Jendřejek	581 190	2.61%	687 660	2.63%
Others	1 500 000	6.72%	106 484	0.41%
Total shares volume	**22 295 000**	**100.00%**	**26 160 379**	**100.00%**

* shares of Kofola S.A., former parent company of the Kofola Group

Shareholders of Kofola Group
(parent company Kofola ČeskoSlovensko a.s.)
as at 31 December 2015

Shareholders of Kofola Group
(parent company Kofola S.A.)
as at 31 December 2014



7.1.3 RIGHTS ATTACHED TO THE SHARES

Each share in the Company ranks pari passu in all respects with all other shares. The same rights are incorporated into all the Company's shares including the right to attend the General Meeting, to vote there, to require and receive explanations of matters concerning the Company that are part of the agenda of the General Meeting, to submit proposals and counterproposals, and to receive a dividend and share in the liquidation surplus.

The rights attached to the shares arise from the provisions of Czech Companies Act and Company´s articles of association.

Since the Company´s shares have been admitted to trading on the Prague Stock Exchange and Warsaw Stock Exchange, the shareholders have certain disclosure requirements arising from the provisions of the Czech Capital Markets Act and Polish Public Offering Act.

7.1.4 SHARES IN POSSESSION OF PERSONS WITH EXECUTIVE AUTHORITY

Shares in possession of persons with executive authority	31.12.2015 pcs
Members of the Board of Directors and the Supervisory Board	12 483 804
Other persons with executive authority	-
Persons related to those with executive authority	-
Total	**12 483 804**

7.2. INFORMATION PURSUANT TO CAPITAL MARKETS ACT SECTION 118.5A–K

(a) Figures and information about the structure of the company´s equity

The Company´s equity structure is as follows:

Equity structure	31.12.2015 CZK´000
Equity attributable to owners of Kofola ČeskoSlovensko a.s.	**2 820 969**
Share capital	2 229 500
Share premium and capital reorganisation reserve	(1 962 871)
Other reserves	2 085 568
Foreign currency translation reserve	166 710
Retained earnings	302 062
Equity attributable to non-controlling interests	**49 233**
Total equity	**2 870 202**

As at 31 December 2015, the share capital of Kofola ČeskoSlovensko a.s. totalled CZK 2 229 500 000 and comprised 22 295 000 common registered shares with a nominal value of CZK 100 each, issued as book-entry shares under Czech law in particular under the Czech Companies Act, with the ISIN CZ0009000121.

The Share capital of the Company is fully paid up. The shares have been admitted for trading on the Prague Stock Exchange and the Warsaw Stock Exchange.

(b) Information about limitations on the transferability of securities

The shares issued by the Company are transferable without any restrictions pursuant to Article 5 par. 5.3 of the Company´s Articles of Association.

(c) Figures and information about significant direct and indirect participation in the company´s voting rights

The entities having stakes of at least 1 % of the share capital of the Company recorded as at 31 December 2015:

Shareholders with stake over 1% of share capital	Participation type	Participation percentage
KSM Investment S.A., 560A, Rue de Neudorf, L-2220, Luxembourg, registration No. B120149	direct	50.78%
CED GROUP S.à.r.l., 2 Avenue Charles de Gaulle, L-1653 Luxembourg, registration No. B141278	direct	37.28%
René Musila, date of birth 7.11.1969, Veleslavínova 370/17, Předměstí, 746 01 Opava	direct	2.61%
Tomáš Jendřejek, date of birth 3.12.1966, Brožíkova 1073/40, Pod Cvilínem, 794 01 Krnov	direct	2.61%
Total		**93.28%**

The above mentioned entities dispose of the rights of the qualified shareholders arising from Section 365 and foll. of the Act No. 90/2012 Coll., Business Corporations Act, especially of the right to request convocation of the general meeting of the company for discussion of the items proposed by them, request inclusion of the item determined by them on the agenda of the general meeting, request the supervisory board to review the exercise of powers by the board of directors in the matter specified in the request as well as file a shareholder action on behalf of the company.

The structure of the significant direct participation in the voting rights of the Company as at 31 December 2015 is known to the Company only in the case of the controlling entity KSM Investment S.A. and CED GROUP S.à.r.l. and is described within the Report on relations between the controlling entity and the controlled entity and between the controlled entity and other entities controlled by the same controlling entity for the year 2015.

The Company was informed that on 4 December 2015 the shareholder CED GROUP S.à.r.l. decreased its participation in voting rights on the general meeting of the Company from 43.31% to 37.28% votes.

Until the end of the year 2015 and throughout the year 2016 until the cut-off data of the annual report the Company hasn´t been informed about any other change of participation in the voting rights.

Except for the above mentioned entities the Company is not aware of any other significant direct and indirect participation in the Company´s voting rights or of any Company´s shareholders whose participation in the Company´s voting rights amounts to at least 3%.

(d) Information about the owners of securities with special rights, including the description of such rights

There are not any special rights attached to the securities issued by the Company.

(e) Information about limitations on voting rights

The voting rights attached to the Company´s shares may only be limited or excluded where stipulated by law. The Company is not aware of any restrictions on or exclusions of the voting rights attached to the shares issued by the Company.

(f) Information about agreements between the shareholders that may reduce the transferability of shares or the transferability of the voting rights, if known to the issuer

The Company is not aware of any agreements between the shareholders of the company that may reduce the transferability of shares of the Company or of the voting rights attached to the shares of the Company.

(g) Information about special rules regulating election and recalling of members of the statutory body and changes to the Articles of Association of the issuer

The statutory body of the Company is six-member Board of Directors. The members of the Board of Directors are elected and recalled pursuant to Article 15 par. 15.5 of the Article of Association of the Company by the Supervisory Board. The Supervisory Board has the quorum if majority of its members is present or otherwise takes part in a meeting. The Supervisory Board takes a decision by a majority of votes of present or otherwise participating members. In case of equality of votes the vote of a chairman of the Supervisory Board is decisive.

Approval by a majority of at least two thirds of the votes of the present shareholders at the general meeting is required to adopt a decision amending the articles of association of the Company. The general meeting have the quorum if the present shareholders hold shares the par value exceeds 50 % of the share capital of the Company.

Any special rules regulating election and recalling of the members of the Board of Directors of the Company and amendments and changes to the Articles of Association of the Company don´t apply.

(h) Information about special powers of the statutory body pursuant to the Business Corporations Act

The general meeting of the Company held on November 10, 2015 pursuant to Section 511 and foll. of the Act No. 90/2012 Coll., Business Corporations Act, authorized the Board of Directors of the Company to decide, under the conditions provided for in law and the Articles of Association of the Company, on an increase in the share capital of the Company, once or several times, within 5 years from the day of the decision of the general meeting, by monetary contributions, by no more than CZK 27 500 thousand by subscription of registered ordinary shares issued in a book-entry form with a nominal value of CZK 100. The decision of the general meeting forms a part of the notarial record on decision of the general meeting No. NZ 1279/2015, N 1257/2015, drawn up on 10 November 2015 in the name of Mr. Roman Bláha, notary public with his seat in Havlíčkův Brod.

Following the above mentioned decision of the general meeting on authorization the Board of Directors of the Company decided on 1 December 2015 on increase in the share capital of the Company by CZK 27 500 thousand by issue of 275 000 registered ordinary shares in a book-entry form with a nominal value of CZK 100. The decision of the Board of Directors forms a part of the notarial record on decision of the body of a legal entity No. 1417/2015, N 1366/2015, drawn up on 1 December 2015 in the name of Mr. Roman Bláha, notary public with his seat in Havlíčkův Brod.

The Board of Directors takes decisions on all company matters unless they are reserved for the general meeting, supervisory board or other Company´s body. After adoption of the above mention decision on increase in the share capital of the Company the Board of Directors except for the above mentioned does not have any special powers.

(i) Information about significant agreements to which the issuer is a party and which will become effective, change or cease to exist in the event of a change of control of the issuer as a result of a take-over bid, and about the effects arising from such agreements, with the exception of agreements whose disclosure would cause harm to the issuer

The Company has not entered into any significant agreement that will become effective, change or cease to exist in the event of a change of control of the Company as a result of a take-over bid.

(j) Information about agreements between the issuer and the members of its statutory body or employees that bind the issuer to take on any commitments in the event of the termination of their offices or employment in connection with a takeover bid

The Company has not entered into any agreement with the members of the Board of Directors that bind the Company to take on any commitments in the event of the termination of their offices in connection with a takeover bid.

The Company has not entered into any agreement with any employee that bind the company to take on any commitments in the event of the termination of its employment in connection with a takeover bid.

(k) Information about eventual schemes on the basis of which employees and members of the statutory body of the company may acquire participation securities in the company, options concerning such securities or any other rights related to these securities, under more favourable terms, and information about how these rights are exercised

As of the date of preparation of the annual report, no scheme on the basis of which employees and members of the statutory body of the Company may acquire participation securities in the Company, options concerning such securities or any other rights related to these securities, under more favourable terms is in place.

7.3. CORPORATE GOVERNANCE CODE

CZECH CORPORATE GOVERNANCE

The Company is listed on the Prague Stock Exchange (PSE). In the Czech Republic, the Company is required to submit to the PSE a declaration on the code of corporate governance stating that the issuer willingly or voluntarily complies with the same form as is a part of the Company´s annual report. However, due to the fact that there is no binding corporate governance regime in the Czech Republic, which the Company has to comply with, the Company, as at the date of the annual report, did not commit to comply with any specific corporate governance regime in the Czech Republic.

Nevertheless, the Company and the companies within the Group are firmly committed to maintaining an effective framework for the control and management of the Group's business.

POLISH CORPORATE GOVERNANCE

In Poland, the principles of corporate governance valid for 2015 are contained in "Best Practices in Public Companies" approved by the Warsaw Stock Exchange ("WSE Corporate Governance Rules") that can be downloaded at https://static.gpw.pl/pub/files/ PDF/dobre_praktyki/en/dobrepraktykien_2012.pdf. The WSE Corporate Governance Rules introduce a "comply or explain" principle, according to which an issuer should provide the market with direct information regarding any non-compliance with the corporate governance code. In accordance with the WSE Corporate Governance Rules, should a specific corporate governance rule set forth in the WSE Corporate Governance Rules not be applied on a permanent basis, or be breached incidentally, an issuer shall publish a report containing information as to which rule is not applied at all or has not been applied on an occasion, under what circumstances and for what reasons, and how an issuer intends to remove the effects, if any, of not having applied a given rule on an occasion or what steps it intends to take to mitigate the risk of the corporate governance rules not being applied in the future. The report should be published on an issuer's official website and should be submitted as a current report through the EBI system. The report should be published as soon as the issuer becomes reasonably convinced that a given rule will not be applied at all, or on a specific occasion, and in any case, promptly following an event which represents a breach of a corporate governance rule. Furthermore, any issuer listed on the WSE is required to include a report on the extent of compliance with the WSE Corporate Governance Rules in its annual report, or as a separate report.

The Company acknowledges the importance of good corporate governance and intends to apply WSE Corporate Governance Rules as wide as is practicable. However, due to, inter alia, differences between Polish and Czech laws the Company does not comply with the following rules:

Rule II.1.6, according to which the Company should publish on its corporate website annual reports on the activity of the Supervisory Board taking account of the work of its committees together with the evaluation of the internal control system and the significant risk management system submitted by the Supervisory Board. The Supervisory Board will report on its activity in the annual report, however since the Company does not see in the foreseeable future a need for separate control and reporting systems, it will not discuss in detail certain specific topics like internal control system, risk management system or work of its committees.

Rule II.1.9a, according to which the Company should publish on its corporate website a record of the Shareholders' Meeting in audio or video format. The Company does not intend to comply with this rule due to technical difficulties and cost disproportionate to benefits for the shareholders.

Rule II.1.14, according to which the Company should publish on its corporate website information about the content of the Company's internal rule of changing the Company's auditors authorised to audit the Company's financial statements or information about the absence of such rule. Czech law does not require the establishment of such a policy, and the Company believes it is not necessary to establish such a policy since the potential benefits for the shareholders would not exceed the benefits from continuity of the auditor.

Rule III.1.1, according to which once a year the Supervisory Board should prepare and present to the annual Shareholders' Meeting a brief assessment of the Company's standing including an evaluation of the internal control system and the significant risk management system. The Supervisory Board will report on its activity in the annual report, however since the Company does not see in the foreseeable future a need for separate control and reporting systems, it will not discuss in detail certain specific topics like the internal control system, risk management system or work of its committees.

Rule III.1.3, according to which the Supervisory Board should review suggestions from the Board of Directors and present opinions on such suggestions to the Shareholders' Meeting which are subject to resolutions of the Shareholders' Meeting. The Company does not intend to comply with this rule due to differences between Polish and Czech corporate law and practice. However, according to Czech law, there are a number of situations in which the Board of Directors and/or the Supervisory Board have to report to the Shareholders' Meeting as a basis for a decision of the Shareholders' Meeting.

Rule III.6, according to which at least two members of the Supervisory Board should be independent. The Company will not comply with this rule. As the date of the annual report one member of the Supervisory Board meets independence criteria.

Rule IV.10, according to which the Company should enable its shareholders to participate in a Shareholders' Meeting using electronic communication means. The Company does not intend to comply with this rule due to technical uncertainties and significant costs associated with such means of communication and organisation of the Shareholders' Meetings.

Furthermore, the Company will not comply with the following recommendations:

Recommendation I.5, according to which the Company should have a remuneration policy and rules of defining the policy that should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies, applying Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC). Czech law does not require the establishment of such a policy, and the Company believes it is not necessary to establish such a policy.

Recommendation I.9, according to which a balanced proportion of women and men in management and supervisory functions in companies should be ensured. The Company has not set objectives for the composition of the Board of Directors regarding diversity, but focuses only on quality of the management. The Company does not exclude that this recommendation will be implemented in the future also with respect to the Board of Directors.

Recommendation I.10, according to which, if a company supports different forms or artistic and cultural expression, sport activities, educational or scientific activities, and considers its activity in this area to be a part of its business mission and development strategy, impacting the innovativeness and competitiveness of the enterprise, then the Company should publish the rules of its activity in this area. While the Company supports various activities as a part of its business mission, it does not consider it practicable to impose rules on its activity within this area.

Recommendation I.12, according to which the Company should enable its shareholders to exercise the voting rights during a Shareholders' Meeting either in person or through a proxy, outside the venue of the Shareholders' Meeting, using electronic communication means. The Company does not intend to implement the use of electronic communication means due to technical and legal uncertainties and significant costs associated with such means of communication and organization of the Shareholders' Meetings.

7.4. STATUTORY BODIES

Kofola ČeskoSlovensko a. s. had the following governing bodies in 2015:

- General Meeting,
- Board of Directors,
- Supervisory Board,
- Audit Committee,

7.4.1 GENERAL MEETING

OVERALL INFORMATION

The General Meeting is the supreme body of the Company. Apart from the powers vested in the General Meeting by the Czech Companies Act, the General Meeting is, according to the Articles of Association, authorised to:

- decide on changes of the Articles of Association, unless it is a change which occurred as a result of an increase in the registered capital by the authorised Board of Directors or a change which occurred as a result of other legal facts,
- adopt Procedural Rules of the General Meeting, if the Company desires to provide more details on the course of a General Meeting of the Company besides the rules stipulated by the law or the Articles of Association,
- elect and recall members of the Supervisory Board and approve their agreement on performance of office including their remuneration,
- appoint and recall a liquidator and approve its agreement on the performance of office including its remuneration,
- approve a transfer, lease or pledge of the Company's enterprise or such a part thereof that would imply a significant change of the existing structure of the enterprise or a significant change of the scope of business or activity of the Company,
- decide on matters which are submitted by the Board of Directors to the General Meeting to be resolved by the General Meeting,
- grant instructions to the Board of Directors and Supervisory Board and approve the operating principles of the Board of Directors and the Supervisory Board, provided that these are not contrary to the law; the General Meeting may also prohibit a member of the Board of Directors and Supervisory Board from taking certain actions, if such a prohibition is in the interest of the Company,
- decide on the distribution of profit, including the distribution of dividends, or of other own sources, or decide on the settlement of loss,
- approve the Company's auditor, and
- decide on any other issues falling under the powers of the General Meeting by virtue of the Czech Companies Act or the Articles of Association.

The General Meeting must be held at least once in a financial year of the Company, no later than six months from the last day of the previous financial year at the request of the Board of Directors (or, in exceptional cases, also at the request of a member of the Board of Directors, of a qualified shareholder, or at the request of the Supervisory Board).

The General Meeting is to be convened at least 30 days (if the General Meeting is not requested by a qualified shareholder or if the General Meeting is not requested as a substitute General Meeting) before the General Meeting, by publishing an invitation to the General Meeting on the Company's website www.firma.kofola.cz. The invitation will contain all information required by law. If a qualified shareholder requests the Board of Directors to convene the General Meeting, it shall be convened in a manner and period prescribed by the Czech Companies Act. If all the shareholders agree, the General Meeting may be held without fulfilling the requirements set out by law and the Articles of Association.

There is no provision of the Articles of Association that would have an effect of delaying, deferring or preventing a change in control of the Company.

VOTING AT GENERAL MEETING

Shareholders may participate in the General Meeting and exercise their voting right personally or by proxy. Each share in the capital of the Company confers the right to cast one vote, subject to the relevant provisions of the Articles of Association. As the date of the annual report, the total number of votes in the Company is 22 295 000 votes. None of the Participating Shareholders have different voting rights.

Every holder of the Company's share(s) and every other party entitled to attend the General Meeting who derives his rights from such share(s), is entitled to attend the General Meeting in person, or be represented by a person holding a written proxy, to address the General Meeting and, as far as he/she has voting rights, to vote at the meeting. For this purpose, Czech law prescribes a mandatory record date to establish which shareholders are entitled to attend and vote at the General Meeting. Such record date is fixed at the seventh day before said General Meeting. The convocation to the General Meeting shall state the record date, the place and the manner in which registration shall take place. The list of shareholders issued by the CDCP will be used for identification of attendance at the General Meeting. In order to register for the General Meeting shareholders having their Shares recorded on securities accounts or omnibus accounts with investment firms in Poland should ask such investment firms to issue deposit certificates as at the record date certifying the number of shares recorded for such shareholders. Such deposit certificates should be delivered to the Company.

The General Meeting constitutes a quorum if the shareholders present at the General Meeting own shares with an aggregate face value exceeding 50% of the share capital. All resolutions are adopted by a simple majority of votes. The Company must record the voting results for each resolution adopted at a General Meeting.

Detailed information regarding participation and voting at General Meetings will be included in the notice of the General Meeting published in accordance with relevant Czech legislation.

7.4.2 BOARD OF DIRECTORS

BOARD OF DIRECTORS

The Board of Directors is responsible for the day-to-day management of the Company's operations under the supervision of the Supervisory Board. The Board of Directors is required to keep the Supervisory Board informed, to consult with the Supervisory Board on important matters and to submit certain important decisions to the Supervisory Board for its approval, as more fully described below. The members of the Board of Directors are elected by the Supervisory Board.

A member of the Board of Directors is appointed for a period of five years. A member of the Board of Directors may be reappointed. The Supervisory Board may also dismiss any member of the Board of Directors at any time.

The Board of Directors will appoint a chairperson from amongst its members.

The Board of Directors constitutes a quorum if a majority of its members is present or otherwise takes part in a meeting. It takes a decision by a majority of votes of the present or otherwise participating members. In case of a tie, the vote of the chairman decides. Resolutions of the Board of Directors require the approval of the General Meeting when these relate to an important change in the identity or character of the Company or its business.

The Board of Directors acts on behalf of the Company towards third parties, in which case at least two members of the Board of Directors must act jointly.

Meetings of the Board of Directors are convened as the need arises.

MEMBERS OF THE BOARD OF DIRECTORS

As at the date of the Report, the Board of Directors is composed of six members. The table below sets forth the names, positions, election date, and terms of office of the current members of the Board of Directors:

Members of the Board of Directors	Position	Age	Appointment date	Expiration of the office term
Janis Samaras	Chairman of the Board of Directors – Chief Executive Officer	44	18 September 2015	18 September 2020
Daniel Buryš	Member of the Board of Directors – Chief Financial Officer	46	17 June 2015	17 June 2020
Tomáš Jendřejek	Member of the Board of Directors – Procurement Director	49	18 September 2015	18 September 2020
René Musila	Member of the Board of Directors – Chief Operating Officer	46	16 June 2015	16 June 2020
Jiří Vlasák	Member of the Board of Directors – Commercial director of Polish operation	40	18 September 2015	18 September 2020
Roman Zúrik	Member of the Board of Directors – Chief Sales Officer	43	18 September 2015	18 September 2020

JANIS SAMARAS

Janis Samaras is the Chairman of the Board of Directors and the CEO of the Company. He received secondary education and gained a CIMA certificate from the Czech Institute of Marketing in 2010. He was awarded Entrepreneur of the Year 2011 in the Czech Republic. In 1991, together with his father, Mr. Samaras established a company, Santa Napoje s.r.o. that took over the Kofola brand in 2002. Starting from 1996 Mr. Samaras has held various managerial positions at Santa Napoje and thereafter in the Kofola Group, including being CEO and Chairman of the Board of Directors of Kofola CZ, Kofola SK, Kofola CS and Kofola PL.

DANIEL BURYŠ

Daniel Buryš is the CFO of the Company and the Group CFO. In 1993 he graduated in automatic control in economy from the Technical University of Ostrava, Czech Republic. He also completed an MBA programme at Liverpool JMU School organized by Technical University of Ostrava, Czech Republic in 2008. Mr. Buryš joined the Kofola Group in 2010 as the CFO of Czech operations. Prior to joining the Kofola Group, Mr. Buryš was CFO at Štěrkovny spol. s r.o. (2000-2004), Severomoravská energetika, a.s. (2004-2007) and Elektrociepłownia Chorzów „ELCHO" S.A. (ČEZ Group).

TOMÁŠ JENDŘEJEK

Tomáš Jendřejek is the Procurement Director of the Company. He received secondary education and gained a CIMA certificate from the Czech Institute of Marketing in 2010. Mr. Jendřejek established his relationship with Kofola in 1993 when he started work as a sales representative and thereafter was promoted several times until he became the Sales Director in 2002. Since 2006 he has been responsible for procurement of the group. Before joining the Kofola Group he had worked for eight years in the maintenance department of a production plant producing machines for the tannery industry.

RENÉ MUSILA

René Musila is the Chief Operating Officer of the Company. He received secondary education. He has been present in the beverage industry since 1993 when he started to work at SP Vrachos, which was taken over by Santa Napoje, the predecessor of the Kofola Group. Since 1996 he has been the Operating Director at Kofola CS responsible for production, purchasing and quality. In the following years he became responsible for managing production plants, investments and new technologies in the whole Group.

JIŘÍ VLASÁK

Jiří Vlasák is the Commercial director of Polish operation and former Chief Marketing Office of the Company. He graduated in business administration from the Technical University of Liberec in 1999. Mr. Vlasák joined the Kofola Group in 2010 when he became responsible for the marketing strategy of the Czech operations. In 2011 he also started to head the marketing department in Slovakia. Prior to joining the Kofola Group, Mr. Vlasák was the marketing manager at Poděbradka (1999-2000), the export manager at Karlovarské minerální vody (2001-2005), the commercial director at HBSW (Ukraine) (2006-2007) and the marketing director at Poděbradka (2008-2010).

ROMAN ZÚRIK

Roman Zúrik is the Chief Sales Officer of the Company. He received secondary education. Mr. Zúrik joined the Kofola Group in 2011 as the Supply Chain Director of the Czech and Slovak operations. Since 2015 he has been responsible for the Group's sales in the Czech Republic and Slovakia. Prior to joining the Kofola Group, Mr. Zúrik was the sales manager at Pilsner Urquell Slovenská Republika (1997-1999), the distribution centre manager at Pivovar Šariš (2000-2006) and the distribution manager at Pivovary Topvar - SAB Miller (2006-2010).

DIRECTORSHIPS OF MEMBERS OF THE BOARD OF DIRECTORS

The following table sets forth the past and current directorships held by the members of the Board of Directors in the past five years:

Directorships of the Board of Directors members	Current and former directorships
Janis Samaras	Chairman of the BoD, Kofola CS a.s. since 2006 Chairman of the BoD, Kofola ČeskoSlovensko a.s., since 2015 Chairman of the BoD, KOFOLA S.A. (PL), since 2008 Statutory representative, PINNELI spol.s r.o, since 2011 Chairman of the BoD, Kofola a.s. (CZ), since 2011 BoD Member, Alofok Ltd, since 2012 BoD Member, Kofola a.s. (SK), since 2004 SB Member, Radenska d.d. (SI), since 2015 Statutory representative, KLIMO s.r.o., 2007-2011 BoD Member, Kofola a.s. (CZ), 2006-2009
Daniel Buryš	SB Member, Radenska d.d. (SI), since 2015 BoD Member, Kofola ČeskoSlovensko a.s., since 2015 BoD Member, Kofola a.s. (SK), since 2011 BoD Member, KOFOLA S.A. (PL), since 2013 BoD Member, Kofola a.s. (CZ), since 2010 BoD Member, Kofola CS a.s., since 2013 Statutory representative, UGO trade s.r.o., since 2012
Tomáš Jendřejek	SB Member, Radenska d.d. (SI), since 2015 BoD Member, Kofola ČeskoSlovensko a.s., since 2015 Statutory representative, SANTA-TRANS s.r.o., since 2013 BoD Member, KOFOLA S.A. (PL), since 2008 BoD Member, Kofola CS a.s., since 2011 BoD Member, Kofola a.s. (CZ), 2006-2009 BoD Member, Kofola CS a.s., 2006-2008
René Musila	SB Member, Radenska d.d. (SI), since 2015 BoD Member, Kofola ČeskoSlovensko a.s., since 2015 Vice Chairman of the BoD, Kofola CS a.s., since 2011; 2006-2011 (BoD member) BoD Member, KOFOLA S.A. (PL), since 2008 Statutory representative, SANTA-TRANS s.r.o., since 2004 Vice Chairman of the BoD, Kofola a.s. (CZ), since 2006 BoD Member, Kofola a.s. (SK), since 2001
Jiří Vlasák	BoD Member, Kofola a.s. (CZ), since 2010 BoD Member, Kofola ČeskoSlovensko a.s., since 2015 Statutory representative, PINELLI spol.s r.o., since 2011 BoD Member, Kofola a.s. (SK), since 2011 BoD Member, KOFOLA S.A. (PL), since 2015
Roman Zúrik	BoD Member, Kofola a.s. (SK), since 2015 BoD Member, Kofola ČeskoSlovensko a.s., since 2015 BoD Member, KOFOLA S.A. (PL), since 2015 BoD Member, Kofola a.s. (CZ), since 2015 BoD Member, Kofola CS a.s., since 2015 Statutory representative, SANTA-TRANS s.r.o., since 2014

7.4.3 SUPERVISORY BOARD

The Supervisory Board is responsible for supervising the conduct of and providing advice to the Board of Directors and for supervising the Company’s business generally. In performing its duties, the Supervisory Board is required to take into account the interests of the Company’s business. The members of the Supervisory Board are not authorised to represent the Company in dealings with third parties, unless they are explicitly appointed by the Supervisory Board to represent the Company in courts and other authorities’ proceedings against a member of the Board of Directors of the Company. The members of the Supervisory Board are elected by the General Meeting.

A member of the Supervisory Board is appointed for a period of five years. A member of the Supervisory Board may be reappointed.

The Supervisory Board consists of six members. The Supervisory Board will appoint a chairperson from amongst its members. The General Meeting may at any time suspend or dismiss Supervisory Board members.

The Supervisory Board constitutes a quorum if a majority of its members is present or otherwise takes part in a meeting. It takes a decision by a majority of votes of the present or otherwise participating members. In case of a tie the vote of the chairman decides.

The Supervisory Board holds at least one meeting every calendar quarter.

MEMBERS OF THE SUPERVISORY BOARD

As at the date of the Report, the Supervisory Board is composed of six (6) members. The table below sets forth the names, positions, election date, and terms of office of the current members of the Supervisory Board:

Members of the Supervisory Board	Position	Age	Appointment date	Expiration of the office term
René Sommer	Chairman of the Supervisory Board	49	17 July 2015	17 July 2020
Jacek Woźniak	Vice-Chairman of the Supervisory Board	47	15 September 2015	15 September 2020
Moshy Cohen-Nehemia	Member of the Supervisory Board	46	15 September 2015	15 September 2020
Pavel Jakubík	Member of the Supervisory Board	39	15 September 2015	15 September 2020
Petr Pravda	Member of the Supervisory Board	55	17 July 2015	17 July 2020
Dariusz Prończuk	Member of the Supervisory Board	54	15 September 2015	15 September 2020

A brief description of the qualifications and professional experience of the members of the Supervisory Board is presented below.

RENÉ SOMMER

René Sommer is the Chairman of the Supervisory Board of the Company. He received secondary education. In 1992 Mr. Sommer started to cooperate with SP Vrachos, which was taken over by Santa Napoje, the predecessor of the Kofola Group. Mr. Sommer held many different positions in the group's structures in financial, HR and legal departments. He also held the position of CEO in Kofola CZ. Prior to joining the Kofola Group, he worked, among others, as the Project Manager of Production for ČKD Polovodiče Praha (until 1990) and ran his own grocery chain (starting from 1990).

JACEK WOŹNIAK

Jacek Woźniak is the Vice-Chairman of the Supervisory Board of the Company. He holds a master's degree in economics from the University of Gdańsk (1993). Mr. Woźniak joined the Kofola Group in 2008 as the member of the Supervisory Board of Kofola PL. In 2000 he joined Enterprise Investors where he handles transactions in the consumer goods and industrial sectors of the market and coordinates Enterprise Investors' operations in Ukraine. He is experienced in operating private equity funds, consulting and business restructuring. As part of his duties, he was the chairman of the supervisory boards at EI portfolio companies, Gamet S.A. (2005-2015) and Nordglass sp. z o.o. (2013-2015). Earlier, he performed the function of, among others, a consultant at Arthur Andersen (1992-1994), a project manager at CAL (1994-1995) and a director at Trinity Management (1995-2000).

MOSHE COHEN-NEHEMIA

Moshe Cohen-Nehemia is a member of the Supervisory Board of the Company. He graduated from the Faculty of Economics at the Open University in Israel in 1995 and completed an MBA programme at Ben Gurion University in 2000. Mr. Cohen-Nehemia joined the Kofola Group in 2014 as a member of the Supervisory Board of Kofola PL. Mr. Cohen-Nehemia gained professional experience in the beverages industry at Jafora Tabori (Israel) being part of the US Grey Group (1997-2005), RC Cola International (USA) (from 2005), M&Z Beverages Limited (BVI) (from 2007), Mesa Fine Foods Ltd (Israel) (from 2014), being responsible, among others, for strategic marketing, cooperation with strategic partners, and managing business development projects on foreign markets.

PAVEL JAKUBÍK

Pavel Jakubík is a member of the Supervisory Board of the Company. In 2000 he graduated from the Technical University of Ostrava, Faculty of Economics with a specialisation in finance. He is a member of the Association of Chartered Certified Accountants and completed the training in 2003. Mr. Jakubík joined the Kofola Group in 2008 as the group reporting manager at Kofola CS, promoted in 2010 to the position of financial manager. Since 2012 he has been a member of the Supervisory Board of Kofola PL. Before joining the Kofola Group, he performed the function of an audit supervisor at Ernst & Young Audit s.r.o. (2000-2005) and a financial and administrative manager at Bekaert Bohumín s.r.o. and Bekaert Petrovice s.r.o. (2005-2008).

PETR PRAVDA

Petr Pravda is a member of the Supervisory Board of the Company. He graduated from Charles University in Prague in biophysics in 1985 and also studied biophysics and chemistry. He started cooperation with the Kofola Group in 2000 when he became a quality manager at Santa Napoje. He was promoted to the positon of Director of Research and Development, Quality Control Department in Kofola CS. Prior to joining the Kofola Group, he worked in laboratories of the agriculture industry and at a regional hygienic authority where he become chief of laboratories analysing food, water, soils, etc.

DARIUSZ PROŃCZUK

Dariusz Prończuk is a member of the Supervisory Board. He graduated from the International Trade Faculty of Szkoła Główna Planowania i Statystyki (currently: Warsaw School of Economics) in 1987. Mr. Prończuk joined the Kofola Group Supervisory Board in 2008. In 1993 he joined Enterprise Investors where he specialises in transactions in the financial services, IT and construction sectors and is responsible for Enterprise Investors' operations in the Czech Republic. He was involved in numerous investment transactions, acquiring shares in such companies as Lukas S.A., Bauma S.A., Sonda S.A., Comp Rzeszów S.A., Magellan S.A., Kruk S.A., AVG Technologies and Skarbiec Holding S.A. As part of his duties, he was a member of the supervisory boards at EI portfolio companies, including Kruk S.A., Magellan S.A., Skarbiec Holding S.A., S.C. MACON S.A., SIVECO ROMANIA SA, AVG Technologies and STD/Donivo. Prior to joining Enterprise Investors, he was a finance analyst for Polish consulting companies (Multicraft and PDG Partners), and the Vice-President of the investment bank Hejka Michna Inc. (1992).

DIRECTORSHIPS OF THE MEMBERS OF THE SUPERVISORY BOARD

The following table sets forth the past and current directorships held by the members of the Supervisory Board in the past five years:

Directorships of the Supervisory Board members	Current and former directorships
René Sommer	Chairman of the SB, KOFOLA S.A. (PL), since 2011 Chairman of the SB, Kofola ČeskoSlovensko a.s., since 2015 Statutory representative, SANTA-TRANS s.r.o., 1997-2013 BoD Member, Kofola a.s. (SK), 2002-2009 Statutory representative, KLIMO s.r.o., 2007-2011 Chairman of the BoD, Kofola a.s. (CZ), 2006-2009 Vice Chairman of the BoD, Kofola CS a.s., 2006-2011
Jacek Woźniak	Vice Chairman of the SB, KOFOLA S.A. (PL), since 2008 SB Member, Kofola ČeskoSlovensko a.s., since 2015 Director, Polish Enterprise Investors VII GP, Limited, 2012-2015 Director, Polish Enterprise Investors VI GP, Limited, 2010-2015 Director, Enterprise Venture Partners I GP, Limited, 2010-2015 Director, Enterprise Investors Corporation, 2009-2015 President of the BoD, Forma 68 Sp. z o.o., since 2013 Executive, Dakar Investments k.s., since 2014 Chairman of the SB, Gamet S.A., 2005-2015 Chairman of the SB, Nordglass sp. z o.o., 2013-2015
Moshe Cohen-Nehemia	SB Member, KOFOLA S.A. (PL), since 2014 SB Member, Kofola ČeskoSlovensko a.s., since 2015 BoD Member, Mesa Fine Foods Ltd, since 2014 BoD Member, M&Z Beverages Limited, since 2007
Pavel Jakubík	SB Member, KOFOLA S.A. (PL), since 2012 SB Member, Kofola ČeskoSlovensko a.s., since 2015 SB Member, Kofola CS a.s., since 2015

Directorships of the Supervisory Board members	Current and former directorships
Petr Pravda	SB Member, KOFOLA S.A. (PL), since 2015 SB member, Kofola CS a.s., since 2006-2015 Chairman of the SB, Kofola CS a.s., since 2015 Chairman of the SB, Kofola a.s. (CZ), since 2006 SB Member, Kofola ČeskoSlovensko a.s., since 2015 SB member, Kofola a.s. (SK), since 2014
Dariusz Prończuk	SB member, KOFOLA S.A. (PL), since 2008 Chairman of the SB, Skarbiec Holding S.A., since 2014 SB Member, Kofola ČeskoSlovensko a.s., since 2015 BoD Member, Netrisk.hu, since 2010 BoD Chairman, S.C. Macon S.A., since 2006 BoD Member, Director, DBMM Investment Holdings Limited, since 2001 BoD Member, Enterprise Investors Corporation, since 2005 BoD Member, Polish Enterprise Investors VI GP, Ltd., since 2006 BoD Member, Enterprise Venture Partners I GP, Ltd., since 2008 Managing Partner, BoD Member, Enterprise Investors sp. z o.o., since 1997 BoD Member, Polish Enterprise Investors VII G.P., Ltd., since 2012 Chairman of the SB, KRUK S.A., 2005-2013 Chairman of the SB, Magellan S.A., 2006-2013 Chairman of the SB, Skarbiec Asset Management Holding S.A., 2007-2013 Vice Chairman and Chairman of the SB, Skarbiec Holding Sp. z o.o., 2013-2014 SB Member, MedFinance, 2010-2013 SB Member, AVG Technologies N.V., 2005-2013

7.4.4 AUDIT COMMITTEE

The Audit Committee assists the Supervisory Board in supervising the activities of the Board of Directors with respect to:

- recommending to the Supervisory Board the selection of an auditor of the financial statements of the Company and of the Group Companies, and of the consolidated financial statements for the previous financial year,
- monitoring the audit of the Company's financial statements and the consolidated financial statements for the previous financial year; becoming familiar with the details of the results of these audits at their various stages,
- presenting to the Board of Directors its findings and recommendations relating to the audit and evaluation of the financial statements and consolidated financial statements for the previous financial year, as well as the Board of Director's proposed distribution of profit or coverage of loss,
- presenting to the Board of Directors its findings and recommendations on granting a discharge to the member of the Board of Directors in charge of the economic and finance department for the duties he/she performed,
- performing other tasks determined by the Board of Directors depending on the needs arising from the Company's current situation,
- submitting to the Board of Directors annual reports on the Audit Committee's operations, and
- other matters as specified in Article 41 of Directive No. 2006/43/EC passed by the European Parliament on 17 May 2006.

The members of the Audit Committee are elected by the General Meeting from among members of the Supervisory Board or third parties.

MEMBERS OF THE AUDIT COMMITTEE

As at the date of the Report, the Audit Committee is composed of three (3) members. The table below sets forth the names, positions, election date, and terms of office of the current members of the Audit Committee:

Members of the Audit Committee	Position	Age	Appointment date	Expiration of the office term
René Sommer	Chairman of the Audit Committee	49	15 September 2015	15 September 2020
Pavel Jakubík	Member of the Audit Committee	39	15 September 2015	15 September 2020
Ivan Jakúbek	Member of the Audit Committee	37	15 September 2015	15 September 2020

A brief description of the qualifications and professional experience of the members of the Audit Committee is presented below.

RENÉ SOMMER

René Sommer is the Chairman of the Supervisory Board of the Company. He received secondary education. In 1992 Mr. Sommer started to cooperate with SP Vrachos, which was taken over by Santa Napoje, the predecessor of the Kofola Group. Mr. Sommer held many different positions in the group's structures in financial, HR and legal departments. He also held the position of CEO in Kofola CZ. Prior to joining the Kofola Group, he worked, among others, as the Project Manager of Production for ČKD Polovodiče Praha (until 1990) and ran his own grocery chain (starting from 1990).

PAVEL JAKUBÍK

Pavel Jakubík is a member of the Supervisory Board of the Company. In 2000 he graduated from the Technical University of Ostrava, Faculty of Economics with a specialisation in finance. He is a member of the Association of Chartered Certified Accountants and completed the training in 2003. Mr. Jakubík joined the Kofola Group in 2008 as the group reporting manager at Kofola CS, promoted in 2010 to the position of financial manager. Since 2012 he has been a member of the Supervisory Board of Kofola PL. Before joining the Kofola Group, he performed the function of an audit supervisor at Ernst & Young Audit s.r.o. (2000-2005) and a financial and administrative manager at Bekaert Bohumín s.r.o. and Bekaert Petrovice s.r.o. (2005-2008).

IVAN JAKÚBEK

Ivan Jakúbek, Vice President of Enterprise Investors. Mr Jakúbek has fifteen years of private equity, corporate finance, consulting, and restructuring experience. He has an MBA in Investment Banking and International Finance from the Bratislava University of Economics (2002). In 2005 he joined Enterprise Investors where he handles transactions in the consumer goods and retail sectors and coordinates Enterprise Investors' operations in the Czech Republic and in Slovakia and his key investments include AVG, Kofola, STD Donivo and NAY. Prior to joining EI, he worked for Deloitte Central Europe Financial Advisory Services. Mr Jakúbek is the president of the Slovak Venture Capital and Private Equity Association. Ivan is holder of FCCA qualification.

DIRECTORSHIPS OF THE MEMBERS OF THE AUDIT COMMITTEE

The following table sets forth the past and current directorships held by the members of the Audit Committee in the past five years:

Directorships of the Audit Committee members	Current and former directorships
René Sommer	Chairman of the SB, KOFOLA S.A. (PL), since 2011 Chairman of the SB, Kofola ČeskoSlovensko a.s., since 2015 Statutory representative, SANTA-TRANS s.r.o., 1997-2013 BoD Member, Kofola a.s. (SK), 2002-2009 Statutory representative, KLIMO s.r.o., 2007-2011 Chairman of the BoD, Kofola a.s. (CZ), 2006-2009 Vice Chairman of the BoD, Kofola CS a.s., 2006-2011
Pavel Jakubík	SB Member, KOFOLA S.A. (PL), since 2012 SB Member, Kofola ČeskoSlovensko a.s., since 2015 SB Member, Kofola CS a.s., since 2015
Ivan Jakúbek	Chairman, SLOVCA, since 2008 SB member, NAY a.s., 2005-2013 SB member, STD DONIVO a.s., 2008-2012

7.4.5 PERSONS WITH EXECUTIVE AUTHORITY

DEFINITION

The Company regard as persons with executive authority those persons that are either:

- a member of the Board of Directors of the Company, or
- a member of the Supervisory Board, or
- a member of the Audit Committee, or
- other top management members who both make decisions within the Company or Group that can affect future development and strategy of the Company and the Group and who have an access to inside information.

IDENTIFICATION

The following persons qualified as persons with executive authority:

JANIS SAMARAS

Janis Samaras is the Chairman of the Board of Directors and the CEO of the Company and the Group, has been managing the Group ever since its foundation in 1993 and, as the CEO, has been actively involved in both the day-to-day operations of the Group and the long-term setting of strategic goals.

DANIEL BURYŠ

Daniel Buryš is the Chief Financial Officer of the Company and the Group. At the Board of Directors of the Company since June 2015 and of Kofola S.A. (former parent company of the Kofola Group) since June 2013. He is responsible for economic and financial management and for the effective set-up and functioning of support services. Daniel is in charge of financing, central controlling, bookkeeping, taxes, risk management, mergers, acquisitions, and ownership interests. He also manages Group´s information technology and corporate support services.

TOMÁŠ JENDŘEJEK

Tomáš Jendřejek is the Procurement Director of the Group. At the Board of Directors of the Company since September 2015 and of Kofola S.A. (former parent company of the Kofola Group) since May 2008. Tomáš is in charge of procurement strategy, optimisation of prices of raw materials and services.

RENÉ MUSILA

René Musila is the Chief Operating Officer of the Group. At the Board of Directors of the Company since June 2015 and of Kofola S.A. (former parent company of the Kofola Group) since May 2008. Responsible for production, purchasing and quality, and for increasing production effectivity, cost saving and searching for new sources of water.

JIŘÍ VLASÁK

Jiří Vlasák is the Commercial director of Polish operation and former Chief Marketing Officer of the Group. At the Board of Directors of the Company since September 2015 and of Kofola S.A. (former parent company of the Kofola Group) since May 2015. Jiří is responsible for sales function in Poland and in his former position during 2015 he was responsible for strategy, taking care of market analyses, recommendations for business development and performance optimization, strategic asset management, project management within the Kofola Group, and management of strategic projects.

ROMAN ZÚRIK

Roman Zúrik is the Chief Sales Officer of the Group. At the Board of Directors of the Company since September 2015 and of Kofola S.A. (former parent company of the Kofola Group) since May 2015. Taking care of sales of produced and distributed non-alcoholic beverages. His main task is to stabilise sales in the retail channel of the company and become the leader in the HoReCa and impulse channel.

RENÉ SOMMER

René Sommer is the Chairman of the Supervisory Board of the Company. In course of 2015 Mr. Sommer was in charge of Group´s HR and legal department and aside from supervision of HR and legal function, his activities within the Group comprise the supervising the conduct of and providing advice to the Board of Directors and supervising the business generally.

PETR PRAVDA

Petr Pravda is a member of the Supervisory Board of the Company. Currently he works as a Director of Research and Development, Quality Control Department in Kofola CS and as such, aside from R&D and enforcing the quality standards, his activities within the Group comprise the supervising the conduct of and providing advice to the Board of Directors and supervising the business generally.

PAVEL JAKUBÍK

Pavel Jakubík is a member of the Supervisory Board of the Company and the finance manager at Kofola CS and as such his activities within the Group comprise the supervising the conduct of and providing advice to the Board of Directors and supervising the business generally.

JACEK WOŹNIAK

Jacek Woźniak is the Vice-Chairman of the Supervisory Board of the Company and as such his activities within the Group comprise the supervising the conduct of and providing advice to the Board of Directors and supervising the business generally.

MOSHE COHEN-NEHEMIA

Moshe Cohen-Nehemia is a member of the Supervisory Board of the Company and as such his activities within the Group comprise the supervising the conduct of and providing advice to the Board of Directors and supervising the business generally.

DARIUSZ PROŃCZUK

Dariusz Prończuk is a member of the Supervisory Board and as such his activities within the Group comprise the supervising the conduct of and providing advice to the Board of Directors and supervising the business generally.

IVAN JAKÚBEK

Ivan Jakúbek is a member of Audit Committee and as such his activities within the Group comprise e.g. assisting the Supervisory Board in supervising the activities of the Board of Directors, with respect to selection of an auditor, monitoring the audit.

SIMONA NOVÁKOVÁ

Simona Nováková is the Chief Executive Officer of Polish subsidiary HOOP Polska. She is responsible for overall management of Polish operation and its development and expansion. Simona joined the Group in 1994 and held positions such as Chief Financial Officer for Czech Republic and Slovakia, Group Chief Financial Officer and Chief Financial Officer of HOOP Polska.

MARIAN ŠEFČOVIČ

Marian Šefčovič is the Chief Executive Officer of Slovenian subsidiary Radenska. He is responsible for integration of the company acquired by the Group in 2015, as well as for further expansion of the Group in the Adriatic region. Marian joined the Group in 1999 and held positions such as sales director responsible for the Czech Republic and Slovakia or general director of Kofola Slovakia.

REMUNERATION PRINCIPLES

The persons with executive authority, aside from regular salaries that are based on employment contracts, receive variable compensation based on the Group´s results. Remuneration for explicit work in the Board of Directors and Supervisory Board, as well as in Audit Committee is paid only to Non-executive members.

No members of the administrative, management or supervisory body of the Company or any of its subsidiaries have any service contracts with the Company or the respective Company's subsidiary which would provide benefits upon termination of the member's services with the Company or the respective Company's subsidiary. All members of administrative, management and supervisory bodies of the Company and of its subsidiaries work for the Company or the respective subsidiary on the basis of standard employment contracts and the relationship between these members and the Company or the respective Company's subsidiary is governed by the local employment law.

Accordingly, all members of the administrative, management and supervisory bodies of the Company work on the basis of an employment contract governed by the Czech law. According to the Czech law, an employee is entitled to a severance payment upon termination of his/her employment (by agreement or notice) only if:

- the employer or a portion of the employer's organization is dissolved or relocated, or
- the employee becomes redundant because of a decision by the employer or the respective body to change the employer's tasks or technical set-up, to reduce the number of employees for the purpose of raising work productivity, or to make other organizational changes.

If one of the above conditions is met, the employee should receive from the employer a severance payment based on his/her years of service as set out in the table below:

Duration of employment relationship	Amount of severance payment
less than 1 year	at least 1 multiple of the employee's average monthly earnings
at least 1 year but less than 2 years	at least 2 multiples of the employee's average monthly earnings
at least 2 years	at least 3 multiples of the employee's average monthly earnings

If the reason for employment termination (by agreement or notice) is a work-related injury, work-related sickness or threat of work-related sickness, the employee is then entitled to receive from the employer a severance payment in the amount of at least 12 multiples of the employee's average monthly earnings.

With respect to the members of the Board of Directors and the Supervisory Board the Group transfers mandatory social security contributions being part of the national pension systems in the countries where the Group is obliged to make such contributions. No other amounts are set aside to provide pension or retirement benefits to the members of the Board of Directors and the Supervisory Board.

REMUNERATION SUMMARY

Presented below is the structure of the remuneration paid out to persons with executive authority in 2015. No amounts were paid by the Company, the remuneration was paid by other Group entities.

Remuneration of the persons with executive authority	Amounts paid for activities in the Company´s Board of Directors		Amounts paid for activities in the Company´s Supervisory board and/or Audit committee		Amounts paid for other activities within the Group	
	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Members of the Company´s Board of Directors	-	-	-	-	29 539	1 004
Members of the Company´s Supervisory board and Audit committee	-	-	729	-	10 579	416
Other key management personnel of the Group	-	-	-	-	11 003	277
Total remuneration of the persons with executive authority	**-**	**-**	**729**	**-**	**51 121**	**1 697**

7.5. FINANCIAL REPORTING PROCESS

Kofola ČeskoSlovensko a.s., as well as other entities in the Kofola Group, keeps its accounting primarily in accordance with the local accounting standards, for the Company Czech Accounting Standards are applicable. The Company and other group companies further maintain parallel general ledger according to International Financial Reporting Standards as adopted by the European Union (IFRS) for consolidation purposes, as well as for the group management who periodically evaluates IFRS results.

Individual group companies are reporting their statutory annual financial results according to local accounting standards, except for Kofola ČeskoSlovensko a.s. and Kofola S.A. that as the issuers of publically traded instruments report separate and consolidated results quarterly and annually based on IFRS.

The Group maintains the Group Accounting Manual that complies with IFRS and contains the general principles used to prepare the consolidation packages and consolidated financial statements. All the group entities follow the Group Accounting Manual and so the group accounting policies are unified.

The accounting is partly carried out at individual entities and partly is centralised. The shared service is maintained by Kofola CS a.s. in Ostrava.

The accounting is processed in enterprise information system SAP that is implemented in all major group companies. The Company and the Group follow the internal guidelines and internal directives with respect to e.g. the circulation of accounting documents, approval processes or orders.

The approval procedures are specified in internal guidelines that specify the transaction limits particular employees can approve. The Group has implemented a three-way match policy to pair order, receipt note (or other confirmation of transaction) and the invoice. The payments are made only if approved by specified employee, while the treasury function is personally separated from accounting function.

The information system access rights are granted after approval by persons specified in internal guidelines only to authorised employees and only to limited parts of the system valid for the employee´s job specification.

The accounting is under an oversight of controlling department that is separated from accounting department both personally and in terms of organisation structure. Also, the Group has established an internal processes review function in order to assess and improve the design, implementation and operating effectiveness of the internal controls and process. The accounting is also subject to external audit, both on individual and on consolidated basis, with the Audit Committee overseeing the audit process and findings.

8. REPORT ON RELATIONS

REPORT ON RELATIONS BETWEEN THE CONTROLLING ENTITY AND THE CONTROLLED ENTITY AND BETWEEN THE CONTROLLED ENTITY AND ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY FOR THE ACCOUNTING PERIOD OF 2015

Pursuant to Section 82 of Act No. 90/2012 Coll., on business corporations, the Board of Directors of Kofola ČeskoSlovensko a.s., with its registered office at Nad Porubkou 2278/31a, Poruba, 708 00 Ostrava, Czech Republic, identification number 276 63 001, in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735 („Controlled entity“ or „Company“) has prepared the following Report on relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity for the accounting period of twelve months ended 31 December 2015 („Indicated period“).

8.1. STRUCTURE OF RELATIONS BETWEEN RELATED PARTIES AND THE DESCRIPTION OF THE ENTITIES

Based on the information known to the Board of Directors of the Company acting with due care, the Company was for the whole Indicated period part of the group controlled by KSM Investment S.A. („Group“). Data about the entities that were part of the Group are valid as of 31 December 2015, based on the information known to the Board of Directors acting with due care.

8.1.1 INFORMATION ABOUT THE GROUP ENTITES

CONTROLLED ENTITY

KOFOLA ČESKOSLOVENSKO A.S.

Identification number: 24261980
Registered office: Nad Porubkou 2278/31a, 708 00 Ostrava, Czech Republic

CONTROLLING ENTITY

KSM INVESTMENT S.A.

Registered office: Rue de Neudorf 560A, L-2220 Luxembourg, Luxembourg

OTHER ENTITIES CONTROLLED BY CONTROLLING ENTITY

KOFOLA CS A.S.

Identification number: 27663001
Registered office: Nad Porubkou 2278/31a, 708 00 Ostrava, Czech Republic

KOFOLA A.S.

Identification number: 27767680
Registered office: Za Drahou 165/1, Pod Bezručovým vrchem, 794 01 Krnov, Czech Republic

KOFOLA A.S.

Identification number: 36319198
Registered office: Rajecká Lesná súp. č. 1, 013 15, Slovakia

KOFOLA S.A.

Identification number: 0000134518
Registered office: Wschodnia 5, 99-300 Kutno, Poland

HOOP POLSKA SP. Z O.O.

Identification number: 0000269410
Registered office: Wschodnia 5, 99-300 Kutno, Poland

UGO TRADE S.R.O.

Identification number: 27772659
Registered office: Za Drahou 165/1, Pod Bezručovým vrchem, 794 01 Krnov, Czech Republic

SANTA-TRANS S.R.O.

Identification number: 25377949
Registered office: Ve Vrbině 592/1, 794 01 Krnov - Pod Cvilínem, Czech Republic

PINELLI SPOL. S R.O.

Identification number: 49811908
Registered office: Za Drahou 165/1, Pod Bezručovým vrchem, 794 01 Krnov, Czech Republic

KOFOLA HOLDINŠKA DRUŽBA D.O.O.

Identification number: 6744605
Registered office: Šlandrova ulica 4B, 1231 Ljubljana - Črnuče, Slovenia

RADENSKA D.D.

Part of the Group since 17 March 2015
Identification number: 5056152
Registered office: Boračeva 37, 9502, Radenci, Slovenia

RADENSKA MIRAL D.D.

Part of the Group since 17 March 2015
Identification number: 1778307
Registered office: Boračeva 37, 9502, Radenci, Slovenia

RADENSKA D.O.O.

Part of the Group since 17 March 2015
Identification number: 27005250232
Registered office: Andrije Hebranga 30, Zagreb, Croatia

RADENSKA D.O.O.

Part of the Group since 17 March 2015
Identification number: 20059842
Registered office: 27. Marta 11/1, 110 00, Beograd, Serbia

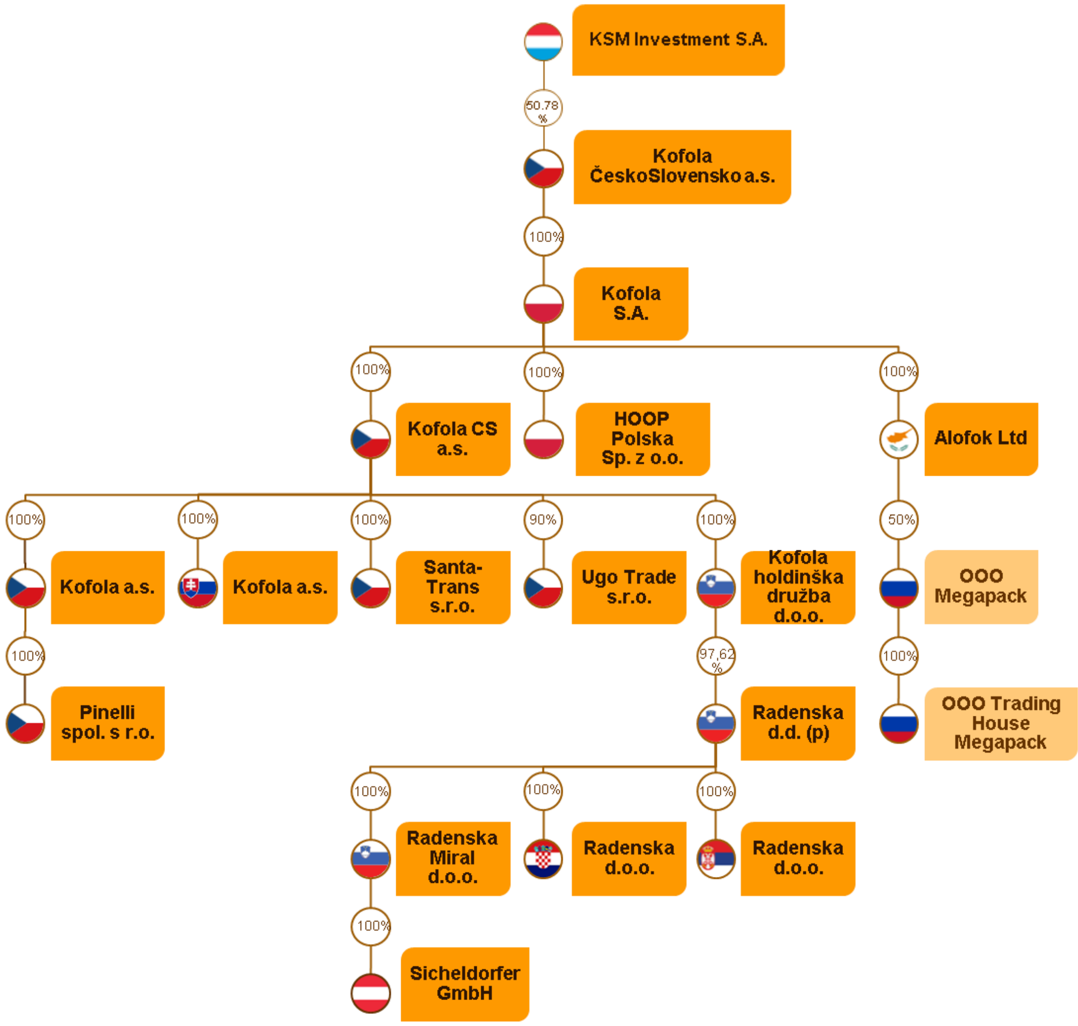
SICHELDORFER GMBH

Part of the Group since 17 March 2015
Identification number: ATU30277009
Registered office: Sicheldorf 8, 8490 Bad Radkersburg, Austria

ALOFOK LTD.

Registered office: 6, Karaiskaki Street, City House, 3032, Limassol, Cyprus

8.2. STRUCTURE OF RELATIONS AND OWNERSHIP INTERESTS BETWEEN RELATED ENTITIES AS AT 31 DECEMBER 2015



8.3. ROLE OF THE CONTROLLED ENTITY IN THE ORGANISATIONAL STRUCTURE

The Company became part of the Group in 2015. The main role of the Company in 2015 was to become a top holding company of the Kofola Group having its seat in the Czech Republic and replace former top holding company Kofola S.A. established in Poland. After becoming the parent company of the Kofola Group, the Company was listed at Prague Stock Exchange and Warsaw Stock Exchange to secure additional funds for the Kofola Group growth. The extension of the Company´s activities within the Group is planned for 2016.

8.4. METHOD AND MEANS OF CONTROL

Control of the Company is exercised above all through decision taken by the general meeting of the Company, especially decisions on appointment and removal of members of the Board of Directors and Supervisory board of the Company. With the implementation of the new Articles of Association of the company dated 15 September 2015, the control is exercised especially through appointment and removal of members of the Supervisory board which is according to the new Articles of Association of the Company entitled to appoint and remove members of the Board of Directors of the Company.

8.5. LIST OF ACTS WITH VALUE EXCEEDING 10 % OF EQUITY

During the Indicated period, the Company did not perform any act based on instruction or in the interest of the Controlling entity or entities controlled by Controlling entity concerning assets with value exceeding 10% of Company´s equity identified from Company´s latest financial statements.

8.6. LIST OF MUTUAL CONTRACTS BETWEEN CONTROLLED ENTITY AND CONTROLLING ENTITY OR BETWEEN CONTROLLED ENTITIES

In the Indicated period, the following contracts were concluded between controlled entity and controlling entity or between controlled entities:

- loan agreement concluded with Kofola a.s. (CZ) from 1 October 2015.

In addition to the above mentioned contract, Kofola S.A. re-invoiced IPO-related costs to the Company.

All described contractual relationships between the Company and controlling entity or controlled entities were established under standard contractual terms and conditions when the agreed and provided performance or consideration corresponded to the conditions of a standard business relation.

8.7. ASSESSMENT OF WHETHER THE CONTROLLED ENTITY SUFFERED A LOSS AND OF ITS SETTLEMENT

The Company has not suffered loss from contracts and agreements concluded in the Indicated period between the Company and other Group companies, or from other acts and measures that were concluded by the Company in the Indicated period based on instruction or in the interest of other Group entities.

8.8. ASSESSMENT OF ADVANTAGES AND DISADVANTAGES ARISING FROM RELATIONS BETWEEN RELATED ENTITIES

Controlled entity has advantages from relations with Group entities coming mainly from synergies from optimisation of processes and costs throughout the Group and from possibility to exploit access to financial, knowledge and technical potential of individual entities.

Controlled entity has no disadvantages from relations with Group entities.

The Company is not exposed to any specific risk from relations with Group entities.

In Ostrava, on 16 March 2016

René Musila
Member of the Board of Directors

Daniel Buryš
Member of the Board of Directors

9. STATUTORY DECLARATION

STATUTORY DECLARATION OF PERSONS RESPONSIBLE FOR THE ANNUAL REPORT OF KOFOLA ČESKOSLOVENSKO A.S.

To the best of our knowledge, the consolidated annual report of Kofola ČeskoSlovensko a.s. gives a true and fair view of the financial position, business activities and financial performance of Kofola ČeskoSlovensko a.s. and its group for the year 2015 and of the outlook for future development of the financial position, business activities and financial performance.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES

16.3.2016	**Janis Samaras**	**Chairman of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**René Musila**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**Tomáš Jendřejek**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**Daniel Buryš**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**Jiří Vlasák**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**Roman Zúrik**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*

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Independent auditor's report

to the shareholders of Kofola ČeskoSlovensko a.s.

Auditor's Report on Financial Statements

We have audited the accompanying financial statements of Kofola ČeskoSlovensko a.s., identification number 24261980, with registered office at Nad Porubkou 2278/31a, Ostrava - Poruba ("the Company"), which comprise the statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes, including a summary of significant accounting policies and other explanatory information ("the financial statements").

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of 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 the Act on Auditors of the Czech Republic, International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require 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 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 of the financial statements that give a true and fair view 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 the accounting policies used and the reasonableness of accounting estimates made by management, 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 the Company as at 31 December 2015, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Auditor's Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Company and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, including a summary of significant accounting policies and other explanatory information ("the consolidated financial statements").

Board of Directors' Responsibility for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers Audit, s.r.o., Zámecká 20, 702 00 Ostrava, Czech Republic
T: +420 595 137 111, F:+420 595 137 611, www.pwc.com/cz

Shareholders of Kofola ČeskoSlovensko a.s.
Independent auditor's report

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors of the Czech Republic, International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the consolidated financial statements that give a true and fair view 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 Group's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other information

The other information comprises the information included in the summarised annual report, but does not include the financial statements, consolidated financial statements ("the financial statements of the Company") and our auditor's report thereon. Management is responsible for the other information.

Our opinions on the financial statements of the Company do not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is not materially inconsistent with the financial statements of the Company or our knowledge about the Group obtained in the course of the audit of these financial statements, whether the annual report was prepared in compliance with legal requirements, and whether the other information does not appear to be otherwise materially misstated. If, based on the work we have performed, we conclude that the aforementioned requirements of the other information are not met, we are obliged to report that fact herein.

We have nothing to report in this regard.

16 March 2016

PricewaterhouseCoopers Audit, s.r.o.

PricewaterhouseCoopers Audit, s.r.o.
represented by

Marek Richter

Marek Richter
Partner

Kateřina Trombalová

Kateřina Trombalová
Statutory Auditor, Evidence No. 2370

CONSOLIDATED FINANCIAL STATEMENTS 2015

KOFOLA ČESKOSLOVENSKO A.S.

1. CONSOLIDATED FINANCIAL STATEMENTS

1.1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 12-month period ended 31 December 2015 and 31 December 2014 in CZK thousand.

Consolidated statement of profit or loss	Note	2015 CZK´000	2014 CZK ´000
Revenue from the sale of finished products and services	4.1	6 755 305	6 199 737
Revenue from the sale of goods and materials	4.1	401 427	75 654
Revenue		**7 156 732**	**6 275 391**
Cost of products and services sold	4.2	(3 968 770)	(3 810 655)
Cost of goods and materials sold	4.2	(361 734)	(70 704)
Cost of sales		**(4 330 504)**	**(3 881 359)**
Gross profit		**2 826 228**	**2 394 032**
Selling, marketing and distribution costs	4.2	(1 898 428)	(1 607 706)
Administrative costs	4.2	(446 855)	(317 937)
Other operating income	4.3	134 544	14 856
Other operating expenses	4.4	(180 810)	(40 420)
Operating profit		**434 679**	**442 825**
Finance income	4.5	20 961	7 885
Finance costs	4.6	(129 990)	(93 247)
Share of profit/(loss) of associate	4.11	(3 389)	11 940
Profit before income tax		**322 261**	**369 403**
Income tax expense	4.7	(93 260)	(79 274)
Profit for the period		**229 001**	**290 129**
Attributable to:			
Owners of Kofola ČeskoSlovensko a.s.		227 657	290 438
Non-controlling interests		1 344	(309)
Earnings per share for profit attributable to the ordinary equity holders of the company (in CZK)			
Basic earnings per share	4.8	10.31	13.16*
Diluted earnings per share	4.8	10.31	13.16*
** restated to show the impact of capital reorganisation in 2015*			

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

1. CONSOLIDATED FINANCIAL STATEMENTS

1.2. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 12-month period ended 31 December 2015 and 31 December 2014 in CZK thousand.

Consolidated statement of other comprehensive income	Note	2015 CZK´000	2014 CZK ´000
Profit for the period		**229 001**	**290 129**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign subsidiaries		(48 348)	(12 731)
Exchange differences on translation of foreign associate	4.11	(22 075)	(111 535)
Share of other comprehensive income of associate		-	(59)
Other comprehensive income for the period, net of tax		**(70 423)**	**(124 325)**
Total comprehensive income for the period		**158 578**	**165 804**
Attributable to:			
Owners of Kofola ČeskoSlovensko a.s.		159 124	166 113
Non-controlling interests		(546)	(309)

The above consolidated statement of other comprehensive income should be read in conjunction with the accompanying notes.

1. CONSOLIDATED FINANCIAL STATEMENTS

1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015 and 31 December 2014 in CZK thousand.

Assets	Note	31.12.2015 CZK´000	31.12.2014 CZK ´000
Non-current assets		**5 095 724**	**4 171 985**
Property, plant and equipment	4.9	3 508 993	2 823 390
Goodwill	4.10	86 302	87 986
Intangible assets	4.10	1 176 524	1 064 370
Investment in associate	4.11	155 921	181 385
Other receivables	4.13	56 348	11 478
Other non-financial assets		14 833	396
Deferred tax assets	4.7	96 803	2 980
Current assets		**3 395 290**	**1 787 877**
Assets classified as held for sale		3 506	-
Current assets excl. Assets classified as held for sale		**3 391 784**	**1 787 877**
Inventories	4.12	501 093	423 051
Trade and other receivables	4.13	934 452	793 602
Income tax receivables		16 231	2 460
Cash and cash equivalents	4.14	1 940 008	568 764
Total assets		**8 491 014**	**5 959 862**

Liabilities and equity	Note	31.12.2015 CZK´000	31.12.2014 CZK ´000
Equity attributable to owners of Kofola ČeskoSlovensko a.s.		**2 820 969**	**2 569 449**
Share capital	1.5	2 229 500	151 499
Share premium and capital reorganisation reserve	1.5	(1 962 871)	-
Other reserves	1.5	2 085 568	2 004 024
Foreign currency translation reserve	1.5	166 710	235 031
Own shares	1.5	-	(2 811)
Retained earnings	1.5	302 062	181 706
Equity attributable to non-controlling interests	4.15.5	**49 233**	**7 380**
Total equity	1.5	**2 870 202**	**2 576 829**
Non-current liabilities		**1 750 669**	**1 029 534**
Bank credits and loans	4.18	994 323	456 297
Bonds issued	4.17	325 885	323 814
Finance lease liabilities	4.21	199 620	74 632
Provisions	4.16	24 940	3 649
Other liabilities	4.19	47 903	34 440
Deferred tax liabilities	4.7	157 998	136 702
Current liabilities		**3 870 143**	**2 353 499**
Bank credits and loans	4.18	1 637 805	556 708
Bonds issued	4.17	3 657	3 707
Finance lease liabilities	4.21	55 600	40 607
Trade and other payables	4.19	1 975 230	1 634 692
Income tax liabilities		1 399	29 980
Other financial liabilities		-	325
Provisions	4.16	196 452	87 480
Total liabilities		**5 620 812**	**3 383 033**
Total liabilities and equity		**8 491 014**	**5 959 862**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

1. CONSOLIDATED FINANCIAL STATEMENTS

1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

for the 12-month period ended 31 December 2015 and 31 December 2014 in CZK thousand.

Consolidated statement of cash flows	Note	2015 CZK ´000	2014 CZK ´000
Cash flows from operating activities			
Profit before income tax	1.1	322 261	369 403
Adjustments for:			
Non-cash movements			
Depreciation and amortisation	4.1	513 201	471 995
Net interest	4.5, 4.6	74 666	62 805
Share of profit of associate	4.11	3 389	(11 940)
Change in the balance of provisions and adjustments	4.13, 4.16	40 595	30 408
Gain on sale of PPE and intangible assets		(3 770)	(9 176)
Net exchange differences		11 873	(15 455)
Other		30 126	-
Cash movements			
Income taxes paid		(115 379)	(74 902)
Change in operating assets and liabilities			
Change in receivables		(68 986)	164 221
Change in inventories		(3 450)	(184 836)
Change in payables		130 715	159 903
Net cash inflow from operating activities		**935 241**	**962 426**
Cash flows from investing activities			
Sale of property, plant and equipment		14 435	51 556
Acquisition of property, plant and equipment and intangible assets	4.9, 4.10	(397 700)	(297 647)
Purchase of financial assets		(44 870)	-
Sale of investments		-	2 501
Acquisition of subsidiary, net of cash acquired	4.28	(713 305)	(47 768)
Dividends received		-	22 478
Interest received		4 665	1 606
Repayment of loans		-	25 571
Net cash outflow from investing activities		**(1 136 775)**	**(241 703)**
Cash flows from financing activities			
Finance lease payments		(59 200)	(72 051)
Proceeds from loans and bank credits		2 053 323	318 122
Gross proceeds from the issue of shares	4.15.1	140 250	-
Repayment of loans and bank credits		(425 479)	(417 760)
Dividends paid to company´s shareholders	4.15.6	(11 978)	(112 908)
Dividends paid to non-controlling interests		(2 546)	-
Interest and bank charges paid		(78 460)	(67 607)
Purchase of own shares		(38 963)	-
Other		(12 310)	-
Net cash outflow from financing activities		**1 564 637**	**(352 204)**
Net increase (decrease) in cash and cash equivalents		1 363 103	368 519
Cash and cash equivalents at the beginning of the period	4.14	568 764	201 669
Effects of exchange rate changes on cash and cash equivalents		8 141	(1 424)
Cash and cash equivalents at the end of the period	4.14	**1 940 008**	**568 764**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 12-month period ended 31 December 2015 and 31 December 2014 in CZK thousand.

Consolidated statement of changes in equity	Note	Equity attributable to owners of Kofola ČeskoSlovensko a.s.							Equity attributable to non-controlling interests	Total equity
		Share capital	Share premium and capital reorganisation reserve	Other reserves	Foreign currency translation reserve	Own shares	Retained earnings/ (Accumulated deficit)	Total		
		CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Balance at 1 January 2014		**151 499**	**-**	**3 143 839**	**439 872**	**(428)**	**(1 219 529)**	**2 515 253**	**4 971**	**2 520 224**
Profit/(loss) for the period		-	-	-	-	-	290 438	**290 438**	(309)	**290 129**
Other comprehensive income		-	-	-	(124 266)	-	(59)	**(124 325)**	-	**(124 325)**
Total comprehensive income for the period	1.2	**-**	**-**	**-**	**(124 266)**	**-**	**290 379**	**166 113**	**(309)**	**165 804**
Dividends		-	-	(98 434)	(14 082)	-	-	**(112 516)**	-	**(112 516)**
Own shares		-	-	-	-	(2 383)	-	**(2 383)**	-	**(2 383)**
Transfers		-	-	(1 041 381)	(66 493)	-	1 110 856	**2 982**	(2 982)	**-**
Other (profit allocation and distribution)		-	-	-	-	-	-	**-**	5 700	**5 700**
Balance at 31 December 2014		**151 499**	**-**	**2 004 024**	**235 031**	**(2 811)**	**181 706**	**2 569 449**	**7 380**	**2 576 829**
Balance at 1 January 2015		**151 499**	**-**	**2 004 024**	**235 031**	**(2 811)**	**181 706**	**2 569 449**	**7 380**	**2 576 829**
Profit for the period		-	-	-	-	-	227 657	**227 657**	1 344	**229 001**
Other comprehensive income		-	-	-	(68 533)	-	-	**(68 533)**	(1 890)	**(70 423)**
Total comprehensive income for the period	1.2	**-**	**-**	**-**	**(68 533)**	**-**	**227 657**	**159 124**	**(546)**	**158 578**
Dividends		-	-	-	212	-	(24 106)	**(23 894)**	(2 528)	**(26 422)**
Transfers		-	-	84 442	-	-	(84 442)	**-**	-	**-**
Acquisition of subsidiary		-	-	-	-	-	1 269	**1 269**	44 927	**46 196**
Own shares purchase		-	-	-	-	(19 854)	-	**(19 854)**	-	**(19 854)**
Share capital reduction		(59)	-	(2 898)	-	2 957	-	**-**	-	**-**
Capital restructuring	4.15	2 050 560	(2 068 268)	-	-	19 708	(22)	**1 978**	-	**1 978**
Shares issue	4.15	27 500	105 397	-	-	-	-	**132 897**	-	**132 897**
Balance at 31 December 2015		**2 229 500**	**(1 962 871)**	**2 085 568**	**166 710**	**-**	**302 062**	**2 820 969**	**49 233**	**2 870 202**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

2. GENERAL INFORMATION

2.1. CORPORATE INFORMATION

GENERAL INFORMATION

Kofola ČeskoSlovensko a.s. (until 19 June 2015 Ywaki Consulting a.s.) ("the Company") is a joint-stock company registered on 12 September 2012. Its registered office is Nad Porubkou 2278/31a, Ostrava, 708 00, Czech Republic (until 19 June 2015 Karolinská 661/4, Praha 8, 186 00, Czech Republic) and the identification number is 24261980. The Company is recorded in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735. The Company´s websites are http://www.firma.kofola.cz and the phone number is +420 595 601 030.

Main area of activity of Kofola ČeskoSlovensko a.s. in 2015 was holding of the subsidiary.

Kofola ČeskoSlovensko a.s. is part of the Kofola Group, one of the leading producers and distributors of non-alcoholic beverages in Central and Eastern Europe. Besides the traditional markets of the Czech Republic and Slovakia where the Group is a leader, the Group is also present in Poland and in Slovenia with limited activities in Russia. The Group produces drinks with care and love in seven production plants and key brands include Kofola, Hoop Cola, Jupí, Jupík, Rajec, Radenska, Paola, Semtex and Vinea. On selected markets the Group distributes among others Rauch, Evian or Badoit products and under the licence produces RC Cola or Orangina.

KOFOLA Spółka Akcyjna ("Kofola SA") was the parent company of Kofola Group until 15 October 2015. The group reorganisation is described in section 3.1. Kofola SA is recorded in the Regional Court for Łódź-Śródmieście in Łódź, XX Business Division of the National Court Register, its registered office is Wschodnia 5, 99-300 Kutno and the identification number is KRS 0000134518.

Main areas of activities of Kofola SA in 2015 were the activities of head offices and holdings, excluding financial holdings (PKD 2007 - Polish Classification of Activities) 7010Z (the activities of holdings in accordance with PKD 2004 - Polish Classification of Activities). The classification of the Warsaw Stock Exchange places the Company in the food sector.

STOCK EXCHANGE LISTING

Kofola ČeskoSlovensko a.s. is listed on Prague Stock Exchange (ticker KOFOL) and on Warsaw stock Exchange (ticker KOF).

MANAGEMENT

As at 31 December 2015, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

BOARD OF DIRECTORS

- Janis Samaras – Chairman
- René Musila
- Tomáš Jendřejek
- Daniel Buryš
- Jiří Vlasák
- Roman Zúrik

SUPERVISORY BOARD

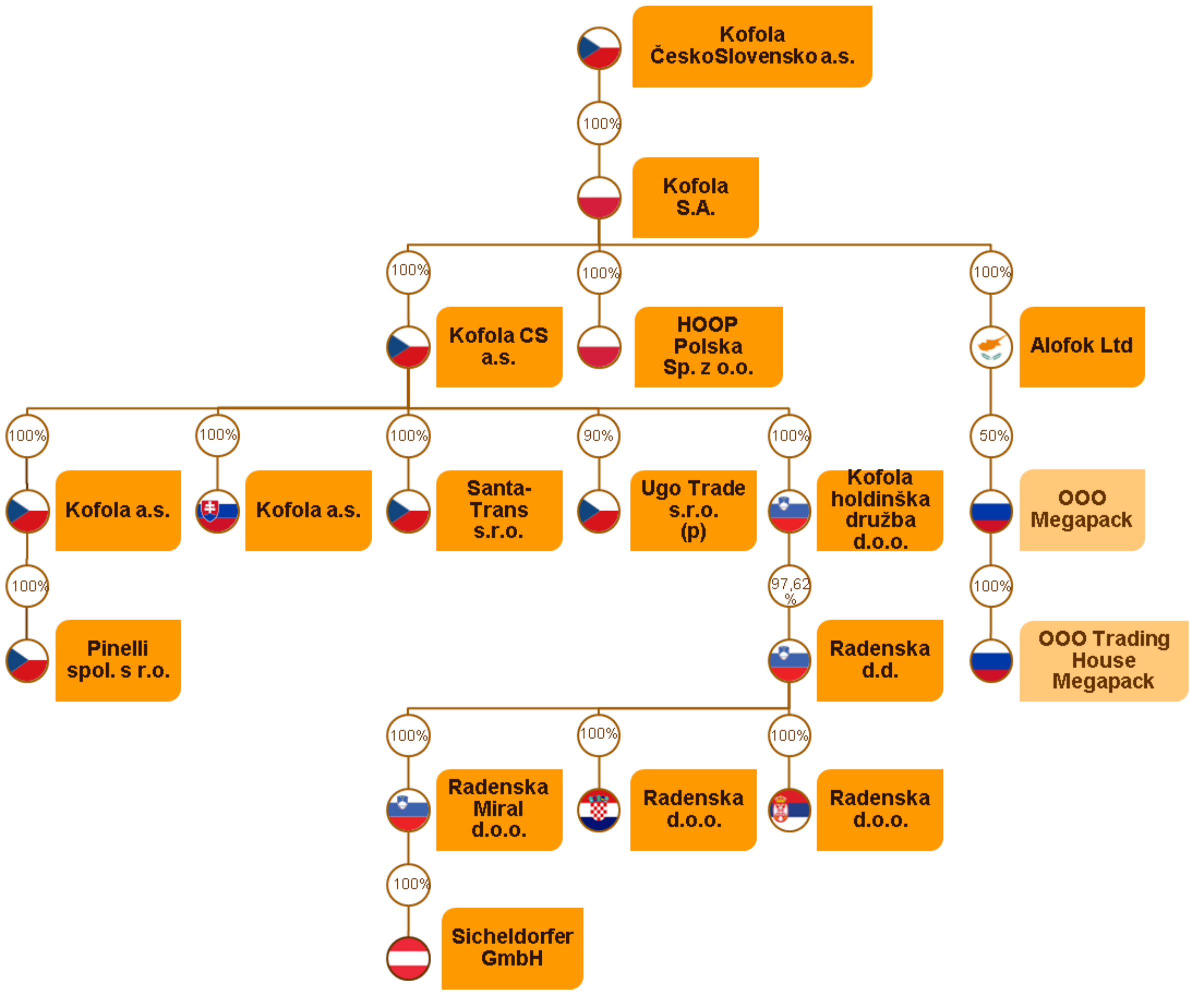
- René Sommer – Chairman
- Jacek Woźniak – Vice-Chairman
- Dariusz Prończuk
- Pavel Jakubík
- Moshe Cohen-Nehemia
- Petr Pravda

AUDIT COMMITTEE

- René Sommer
- Pavel Jakubík
- Ivan Jakúbek

2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 31 DECEMBER 2015



2. GENERAL INFORMATION

DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights 31.12.2015	31.12.2014
Holding companies				
Kofola ČeskoSlovensko a.s.	Czech Republic	top holding company		
Kofola CS a.s.	Czech Republic	holding	100.00%	100.00%
KOFOLA S.A.	Poland	holding	100.00%	100.00%
Kofola holdinška družba d.o.o.	Slovenia	holding	100.00%	100.00%
Alofok Ltd	Cyprus	holding	100.00%	100.00%
Production and trading				
Kofola a.s.	Czech Republic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.	Poland	production and distribution of non-alcoholic beverages	100.00%	100.00%
UGO Trade s.r.o.	Czech Republic	operation of fresh bars chain	90.00%	90.00%
Radenska d.d.	Slovenia	production and distribution of non-alcoholic beverages	97.62%	-
Radenska d.o.o.	Croatia	inactive	97.62%	-
Radenska d.o.o.	Serbia	inactive	97.62%	-
Radenska Miral d.d.	Slovenia	trademark licensing	97.62%	-
PINELLI spol. s r.o.	Czech Republic	trademark licensing	100.00%	100.00%
Sicheldorfer GmbH	Austria	production and distribution of water	97.62%	-
Transportation				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
Associated companies				
OOO Megapack	Russia	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
Disposed subsidiaries				
STEEL INVEST Sp. z o.o.*	Poland	inactive	-	100.00%

* The shares in STEEL INVEST Sp. z o.o. were disposed of on 2 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards ("IFRS"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, published and effective for reporting periods beginning 1 January 2015.

The consolidated financial statements have been prepared on a going concern basis and in accordance with the historical cost method, except for financial assets and liabilities measured at fair value, and the assets, liabilities and contingent liabilities of the acquiree, which were stated at fair value as at the date of the acquisition as required by IFRS 3.

The consolidated financial statements include the consolidated statement of the financial position, consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated statement of cashflows and explanatory notes.

The Group's consolidated financial statements cover the year ended 31 December 2015 and contain comparatives for the year ended 31 December 2014.

The consolidated financial statements are presented in Czech crowns ("CZK"), and all values, unless stated otherwise, are presented in CZK thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as disclosed in section 3.6.

CAPITAL REORGANISATION

On 12 October 2015, Kofola S.A. (former parent company of the Kofola Group) entered into a share purchase agreement („SPA") with Kofola ČeskoSlovensko a.s. relating to own shares of Kofola S.A. held by Kofola S.A. Under the SPA, Kofola S.A. sold 53 985 shares in Kofola S.A. (each with a nominal value of 1 PLN) to Kofola ČeskoSlovensko a.s. for a consideration of PLN 57 (CZK 366 translated by FX rate from 12 October 2015 of 6.416 CZK/PLN) per one Kofola S.A. share ("Shares"). The Shares represented 0.2064% of Kofola S.A.'s registered share capital and 53 985 votes on a general meeting of Kofola S.A.

On 15 October 2015, KSM Investment S.A., CED Group S.a.r.l., Mr. René Musila and Mr. Tomáš Jendřejek executed Subscription Agreements on 22 000 000 shares of Kofola ČeskoSlovensko a.s. with a nominal value of CZK 100 each and paid the subscription price for these shares by way of in-kind contribution of all their shares they owned in Kofola S.A.

As a result of this in-kind contribution and acquisition of Kofola S.A. own shares, as described above, Kofola ČeskoSlovensko a.s. became owner of 26 107 880 shares in Kofola S.A. representing 99.8% of the share capital of Kofola S.A. and 26 107 880 votes at the General Meeting of Kofola S.A., and, as a result, Kofola ČeskoSlovensko a.s. became parent company of the whole Kofola Group.

As described in the separate paragraph describing the capital reorganisation, on 15 October 2015 Kofola ČeskoSlovensko a.s. became the parent company of Kofola S.A. and its group. As such share capital and share premium of Kofola ČeskoSlovensko a.s. were recognised in the consolidated equity. Prior to the Subscription Agreement as described above, the equity of Kofola ČeskoSlovensko a.s. comprised share capital of CZK 2 000 thousand and accumulated deficit of CZK (22) thousand. As a result of the in-kind contribution of Kofola S.A. shares to Kofola ČeskoSlovensko a.s. to pay for 22 000 000 newly subscribed shares of Kofola ČeskoSlovensko a.s. with the nominal value of CZK 100 by the participating shareholders, the share capital of Kofola ČeskoSlovensko a.s. increased by CZK 2 200 000 thousand to CZK 2 202 000 thousand and the share premium increased to CZK 5 389 120 thousand, following the valuation of the contributed shares according to paragraph 468 of the Business Corporation Act.

The transaction of Kofola ČeskoSlovensko a.s. becoming the parent company of Kofola S.A. was not designated as a business combination to be accounted for under IFRS 3, because prior to the transaction Kofola ČeskoSlovensko a.s. did not meet the definition of a business and there was no substantive economic change. As such, the transaction was accounted for as a capital reorganisation. Kofola ČeskoSlovensko a.s. in its consolidated financial statements incorporated the assets and liabilities of former Kofola S.A. group at their pre-reorganisation carrying amounts with comparative information presented for all prior periods.

In order not to affect the value of consolidated net assets by the reorganisation, the capital reorganisation reserve of CZK 7 457 386 thousand was recognised in Company´s Equity to balance the increase in Company´s share capital and share premium.

As a result of the capital reorganisation, the consolidated net assets increased by Kofola ČeskoSlovensko a.s.´s pre-reorganisation net assets of CZK 1 987 thousand.

ADOPTION OF CHANGES TO STANDARDS

The Group has not changed its accounting policies as a result of standards and interpretations adopted by the European Union effective for the reporting periods starting from 1 January 2015. The Group has not early-adopted any standard. Following new standards and amendments not yet effective are relevant for Group:

- IFRS 9, 'Financial Instruments': Classification and Measurement.
- IFRS 15, 'Revenue from Contracts with Customers'.
- Amendment to IAS 1, Disclosure Initiative.
- Amendment to IAS 16, 'Property, plant and equipment', and IAS 38 'Intangible assets' on clarification of acceptable methods of depreciation and amortisation.
- Amendment to IAS 27, 'Separate financial statements' on equity method in separate financial statements.
- Amendment to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates', on Investment entities: Applying the consolidation exception.
- Amendment to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates' on the sale or contribution of assets between an investor and its associate or joint venture.

The management of the Group is analysing potential impact of the above mentioned standards on the consolidated financial statements of the Group.

Following new standards and amendments not yet effective are not relevant for Group:

- IFRS 14, 'Regulatory Deferral Accounts'.
- Amendment to IAS 16, 'Property, plant and equipment', and IAS 41, 'Agriculture' on Agriculture: Bearer plants.
- Amendment to IFRS 11, 'Joint arrangements' on Accounting for acquisitions of interests in joint operations.

3.2. FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in Czech Korunas (CZK), which is the Company´s functional and presentation currency.

3.3. FOREIGN CURRENCY TRANSLATION

The financial statements items of the group entities are measured using their functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Monetary assets and liabilities expressed as at the balance sheet date in foreign currencies are translated using the closing exchange rate announced by the Czech National Bank for the end of the reporting period, and all foreign exchange gains or losses are recognized in profit or loss under:

- operating income and expense – for trading operations,
- finance income and costs – for financial operations.

Non-monetary assets and liabilities carried at historical cost expressed in a foreign currency are stated at the historical exchange rate as at the date of the transaction. Non-monetary assets and liabilities carried at fair value expressed in a foreign currency are translated at the exchange rate as at the date on which they were remeasured to the fair value.

Exchange differences on loans granted to subsidiaries forming a part of an investment are transferred, as part of consolidation adjustments, from profit or loss to other comprehensive income and accumulated in Foreign currency translation reserve in equity.

The following exchange rates were used for the preparation of the financial statements:

Closing exchange rates	31.12.2015	31.12.2014
CZK/EUR	27.025	27.725
CZK/PLN	6.340	6.492
CZK/RUB	0.335	0.383
CZK/USD	24.824	22.834

Average exchange rates	1.1.2015 - 31.12.2015	1.1.2014 - 31.12.2014
CZK/EUR	27.283	27.533
CZK/PLN	6.525	6.582
CZK/RUB	0.406	0.549
CZK/USD	24.600	20.746

The results and financial position of foreign operations are translated into CZK as follows:

- assets and liabilities for each statement of financial position presented at closing exchange rates announced by the Czech National Bank for the balance sheet date,
- income and expense for each statement of profit or loss at average exchange rates announced by the Czech National Bank for the reporting period, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions,
- the resulting exchange differences are recognised in other comprehensive income and accumulated in equity,
- cashflow statement items at the average exchange rate announced by the Czech National Bank for the reporting period, unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions. The resulting foreign exchange differences are recognized under the “Other currency differences from translation” item of the cash-flow statement.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3.4. CONSOLIDATION METHODS

3.4.1 SUBSIDIARIES

GENERAL METHODS

Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct the relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of the investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have a practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity instruments issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and initially recognized non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share of the acquired carrying value of net assets of the subsidiary is recorded in retained earnings. Gains or losses on disposals to non-controlling interests are also recorded in equity.

DISPOSAL OF SUBSIDIARIES

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value as at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.4.2 ASSOCIATES

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor’s share of the profit or loss of the investee after the date of acquisition. The group’s investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group’s share of post-acquisition profit or loss is recognized in profit or loss and its share of post-acquisition movements in other comprehensive income (including the effects of translation of the financial position and results of the associate from its functional to the group’s presentation currency) is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The foreign associates are retranslated using foreign exchange rate valid at the balance sheet date and any resulting difference is recognised in Other comprehensive income.

The Group determines as at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to ‘share of profit/(loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised gains and losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

3.5. ACCOUNTING METHODS

3.5.1 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, except for items initially measured at fair values acquired in business combination, less accumulated depreciation, less any impairment losses. The costs of fixed assets consists of their acquisition price plus all costs directly associated with the asset’s acquisition and adaptation for use. The costs also include the cost of replacing parts of machines and equipment as they are incurred, if the recognition criteria are met. Costs incurred after the asset is given over for use, such as maintenance and repairs, are charged to the income statement as they are incurred.

If circumstances occurred during the preparation of the financial statements indicating that the balance sheet value of tangible fixed assets may not be recoverable, the said assets are tested for impairment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). If there are indications that impairment might have occurred, and the balance sheet value exceeds the estimated recoverable amount, then the value of those assets or cash generating units to which the assets belong is reduced to the value of the recoverable amount. The recoverable value corresponds to the higher of the following two values: the fair value less cost to sell, or the value in use. When determining value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate reflecting the current market assessments of the time value of money and the risk associated with the given asset component. If the asset component does not generate income sufficiently independently, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment write downs are recognised in the income statement under other operating costs.

A given tangible fixed asset is derecognised from the balance sheet when it is sold or if no economic benefits are anticipated from its continued use. All profits and losses arising from the derecognition (calculated as the difference between the potential net income from the sale and the balance sheet value of a given item) are recognised in the income statement in the period in which the de recognition was performed.

Assets under construction consist of fixed assets that are being constructed or assembled, and are stated at acquisition price or cost of production. Fixed assets under construction are not depreciated until the construction is completed and the assets given over for use.

Returnable packages in circulation are recorded within property, plant and equipment at cost net of accumulated depreciation less any impairment loss. Returnable packages allocated at customers are covered by advances received.

The balance sheet value, the useful life and the depreciation method of fixed assets are verified, and if need be adjusted, at the end of each financial year.

DEPRECIATION

Tangible fixed assets, or their significant and separate components, are depreciated using the straight-line method to allocate their costs to their residual values over their economic useful lives. Land is not depreciated. Depreciation of returnable packages is recorded to write them off over the course of their economic life. The Group assumes the following economic useful lives for the following categories of fixed assets:

	Useful life
Buildings and constructions	20 - 40 years
Technical improvement on leased property	10 years
Plant and equipment	2 - 15 years
Vehicles	4 – 6 years
Returnable packages	2 – 8 years

3.5.2 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets.

The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

3.5.3 LEASES

Finance lease agreements that basically transfer to the Group all of the risks and rewards of owning the subject of the lease are recognised in the statement of financial position at the commencement of the lease at the lower of the following two values: the fair value of the fixed asset constituting the subject of the lease or the present value of minimum lease payments. Lease payments are allocated between financial costs and the lease liability so as to achieve a constant rate of interest on the outstanding balance. Financial costs are charged directly to the income statement.

Fixed assets used under finance leases are depreciated using the shorter of the two periods: the asset's estimated useful life or the lease term.

Lease agreements under which the lessor retains significant risks and rewards of owning the subject of the lease are classified as operating leases. Operating lease payments are recognised as costs in the income statement on a straight-line basis over the term of the lease.

3.5.4 GOODWILL

Goodwill is carried at cost less accumulated impairment losses, if any. The Group tests goodwill for impairment at least annually and whenever there are indications that goodwill may be impaired. Goodwill is allocated to the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the business combination.

Such units or groups of units represent the lowest level at which the Group monitors goodwill and are not larger than an operating segment. Any impairment of goodwill cannot be subsequently reversed.

Gains or losses on disposal of an operation within a cash generating unit to which goodwill has been allocated include the carrying amount of goodwill associated with the disposed operation, generally measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit which is retained.

3.5.5 INTANGIBLE FIXED ASSETS

Intangible fixed assets acquired in a separate transaction are initially stated at acquisition price or production costs. The acquisition price of intangible assets acquired in a business combination is equal to their fair value as at the date of the combination. After their initial recognition, intangible assets are stated at their historical price or production costs less accumulated amortisation and impairment write downs. Expenditures on internal research and development, except for capitalised development costs of identifiable intangible assets, are not capitalised and are recognised in the income statement of the period in which they were incurred.

The Group determines whether the economic useful life of an intangible asset is finite or indefinite. A significant part of the Group's intangible assets constitute trademarks, for which the Group has determined that they have an indefinite useful life. The Group companies are the owners of some of the leading trademarks in non-alcoholic beverages in Central Europe. As a result, these brands are generating positive cash flow and the Group owns the brands for the long term. The Board considered several factors and circumstances in concluding that these trademarks have indefinite useful lives, such as size, diversification and market share of each brand, the brand's past performance, long-term development strategy, any laws or other local regulations which may affect the life of the assets and other economic factors, including the impact of competition and market conditions. The Group’s Management expects that it will acquire, hold and promote trademarks for an indefinite period through marketing and promotional support. The trademarks with indefinite useful lives are tested for impairment at least annually.

Intangible assets with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there are impairment indicators. Useful life and method of amortisation of intangible assets with finite lives are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets are amortised using the straight-line method over their useful lives:

	Useful life
Software licences	3 years
Computer software	3 – 6 years
Other licences	5 – 7 years
Valuable rights	8 years

3.5.6 RECOVERABLE AMOUNT OF FIXED ASSETS

The Group evaluates its assets whether indicators of impairment are present as at each balance sheet date. If there are indications of impairment or for goodwill and indefinite life intangible assets, the Group performs a formal estimate of the recoverable amount annually. If the carrying value of a given asset or cash-generating unit exceeds its recoverable amount, it is considered impaired and written down to its recoverable amount. The recoverable amount corresponds to the higher of the following two values: the fair value less cost to sell, or the value in use of a given asset or cash generating unit. The impairment loss recognised, except for impairment of goodwill, may be reversed in future periods if the asset’s value recovers.

3.5.7 FINANCIAL INSTRUMENTS

Financial instrument is any formal agreement that gives rise to a financial asset of one entity, and a financial liability or equity instrument of another entity.

The most significant assets that are subject to the financial instruments accounting policies are:

- loan receivables,
- derivative instruments (options, forward contracts, futures, swap contracts, embedded derivative instruments),
- other financial assets (trade receivables, cash).

Current trade receivables are stated at amortised cost by applying the effective interest rate method, and reduced by impairment write downs, if any.

The most significant liabilities that are subject to the financial instruments accounting policies:

- loan payables, bonds issued,
- credit payables,
- derivative instruments (options, forward contracts, futures, swap contracts, embedded derivative instruments),
- other financial liabilities.

Trade payables are stated at amortised cost by applying the effective interest rate method.

The Group's financial assets are classified to the following categories:

- financial assets at fair value through profit or loss, and
- loans and receivables.

Financial liabilities are divided into:

- financial liabilities at fair value through profit or loss, and
- financial liabilities stated at amortised cost – other liabilities.

Classification is based on the nature of the asset and management intention. The Group classifies its assets at their initial recognition, with subsequent reassessment performed as at each reporting date.

FINANCIAL ASSETS

Financial assets are initially recognised at fair value. Their initial valuation is increased by transaction costs, with the exception of financial assets stated at fair value through profit or loss. The transaction costs payable in case of a possible disposal of the asset are not deducted from subsequent measurement of financial assets. The asset is recognised in the balance sheet when the Group becomes a party to the agreement (contract), out of which the financial asset arises.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This category includes two groups of assets: financial assets held for trading and financial assets designated initially at fair value through profit or loss. A financial asset is included in the held for trading category if it was acquired in order to be sold in the near term, or if it is part of a portfolio in which a pattern or short-term trading exists, or if it is a derivative instrument with a positive fair value.

This category includes primarily derivative instruments in the Group's balance sheet, as well as debt and equity instruments acquired in order to be resold in the near term.

Assets classified as financial assets designated at fair value through profit or loss are stated as at each reporting date at fair value, and all gains or losses are recognised as financial income or costs. Derivative financial instruments are stated at fair value as at the balance sheet date and as at the end of each reporting period based on valuations performed by the banks realising the transactions. Other financial assets designated at fair value through profit or loss are valued using stock exchange prices, and in their absence, using appropriate valuation techniques, such as: the use of the prices in recent transactions, comparisons with similar instruments, option valuation models. The fair value of debt instruments represents primarily future cash flows discounted at the current market interest rate applicable to similar instruments.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Depending on their maturity date, they are included in non-current assets (assets due in more than 1 year after the end of the reporting period) or current assets (assets due within 1 year after the end of the reporting period). Loans and receivables are stated at amortised cost. Included in this category are primarily trade receivables and bank deposits and other cash funds, as well as loans and acquired unlisted debt instruments not included in the other financial assets categories.

FINANCIAL LIABILITIES

Financial liabilities are initially recognised at fair value. Transaction costs are deducted from the amount at initial recognition, except for financial liabilities at fair value through the profit or loss. The transaction costs payable upon a transfer of a financial liability are not added to the subsequent valuation of financial liabilities. The financial liabilities are recognised in the balance sheet when the Group becomes a party to the agreement, out of which the financial liability arises.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

This category includes two groups of liabilities: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss. Financial liabilities held for trading are liabilities that: have been issued primarily to be transferred or repurchased in near term, or are a component of a portfolio of financial instruments that are managed together with a purpose of generating a profit from short-term fluctuations in price or trader’s margin, or constitute derivative instruments.

The Group’s financial liabilities at fair value through profit or loss include primarily derivative instruments with a negative fair value. Financial liabilities at fair value through profit or loss are measured at their fair value at the end of each reporting period, and all gains or losses are recognised as finance income or costs. Derivative instruments are measured at fair value at the end of each reporting period based on valuations performed by the banks realising the transactions. The fair value of debt instruments represents future cash flows discounted at the current market interest rate applicable to similar instruments.

FINANCIAL LIABILITIES STATED AT AMORTISED COST

Other financial liabilities, not classified as financial liabilities at fair value through profit or loss, are included in financial instruments stated at amortised cost. This category includes primarily trade payables, as well as loans payable. The liabilities included in this category are stated at amortised cost using the effective interest method.

DERECOGNITION OF FINANCIAL ASSETS

The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

DERECOGNITION OF FINANCIAL LIABILITIES

The Group derecognises financial liability (or part of a financial liability) when it extinguishes, i.e. when the obligation is discharged, cancelled or expires. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

OFFSETTING

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. However, the offsetting is not possible if it cannot be legally enforced in the normal course of business, in the event of default or in the event of insolvency or bankruptcy of the entity or any of the counterparties.

3.5.8 INVENTORIES

Inventories are carried at the lower of cost and net realisable value. Cost of inventory is determined on the weighted average basis. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Inventory is stated net of net realisable value provision. Inventory is written down to bring the carrying value of inventory to the net realisable value. Inventory write downs are recognised in the income statement under the "cost of goods sold" item. Reversals of inventory write downs are recorded as a decrease of the cost of goods sold. The amount of a write down decreases the carrying value of the inventory.

3.5.9 TRADE AND OTHER RECEIVABLES

Trade and other financial receivables are carried at amortised cost (i.e. present value discounted using the effective interest rate) net of impairment write downs.

In cases when the effect of the time value of money is significant, the carrying value of a receivable is determined by discounting the expected future cash flows to the present value, using a discounted rate that reflects the current market assessments of the time value of money. Unwinding of the effects of discounting increasing the receivable is recorded as finance income.

Receivables not classified at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment. Such evidence includes:

- significant financial difficulties of the debtor,
- probability that the debtor will enter bankruptcy or financial reorganisation,
- default or delinquency by the debtor.

An impairment loss is recognised in profit or loss at the difference between an asset´s carrying amount and the present value of the estimated cash flows discounted at the asset´s original effective interest rate.

Receivables not individually impaired are assessed for impairment collectively, grouping receivables with similar risk characteristics. Generally, the Group creates bad debt provision at 100% for receivables overdue by more than 360 days and at 50% for receivables overdue by more than 180 but less than 360 days.

3.5.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand, as well as highly liquid investments that can be readily convertible to known amount of cash and are subject to insignificant changes in the value.

The balance of cash and cash equivalents presented in the consolidated cash flow statement consists of cash at bank and in hand, as well as short-term deposits with original maturity up to 3 months.

3.5.11 ASSETS (GROUP OF ASSETS) HELD FOR SALE

Fixed assets (or groups of assets) are classified as held-for-sale if their carrying value will be recovered through sales transactions rather than through continued use, on the condition that they are available for immediate sale in the current condition, subject to the terms customarily applied in the sale of such assets (or groups of assets), and their sale is highly probable.

Immediately before an asset (or group of assets) is classified as held-for-sale, the asset is remeasured, i.e. its carrying value is determined in accordance with the applicable standards. Tangible and intangible assets are subject to depreciation/amortisation up to the date of their classification, and if there are indications of impairment, the asset is also tested for impairment and written down, in accordance with IAS 36 "Impairment of assets".

Fixed assets (or groups of assets) whose value was determined as above are subject to being reclassified to assets held for sale.

At their reclassification the assets are stated at the lower of the following two values: the carrying value or the fair value less cost to sell. The loss on the remeasurement to fair value less cost to sell is recognised in other operating expenses. Subsequently, any reversal of impairment loss is recognised in other operating income. If an item no longer meets the criteria to be classified as held-for-sale, the asset is reclassified to the balance sheet line item, from which it was previously reclassified and stated at the lower of:

- the carrying amount from the date preceding the asset's classification as held for sale, adjusted by depreciation or amortisation, which would have been recognised had the asset not been reclassified as held-for-sale, or
- the carrying amount from the date when the decision to not sell the asset was made.

In the case of an agreed loss of control (even if there is no sale of interest held by the Group) the transaction is considered as deemed sale and accounted for as an asset held-for-sale based on IFRS 5.

3.5.12 EQUITY

Equity is classified by category and in accordance with binding legal regulations and the Company's Statute.

Share capital is carried at the amount stated in the Statute and in the National Court Register.

Declared but unpaid capital contributions are recorded as unpaid share capital. Treasury shares and unpaid share capital are deducted from the Company's equity.

Other elements of equity are: Share premium and capital reorganisation reserve, Other reserves, Foreign currency translation reserve, Own shares, Retained earnings/Accumulated deficit and Non-controlling interest. Balance of the Foreign currency translation reserve is adjusted for exchange differences arising from the translation of financial statements to the presentation currency.

Own shares acquired for cancellation, in accordance with the provisions of the Business Corporation Act, are recorded at cost as a negative amount as a separate component of equity.

Retained earnings/Accumulated deficit consist of accumulated profit or uncovered loss from previous years (accumulated profit/loss from previous years) and the profit/loss for the period.

Dividends are recognised as liabilities in the period in which they were approved.

NON-CONTROLLING INTEREST

Non-controlling interest is measured:

- based on the share on the acquired net identifiable asset; and
- subsequently increased/decreased by non-controlling interest's share of profit, dividends paid and effects of changes in ownership.

3.5.13 INTEREST-BEARING BANK CREDITS, LOANS AND ISSUED BONDS

At initial recognition, all bank credits, loans and issued bonds are recorded at their fair value, which corresponds to the received cash funds, less the costs of obtaining the credit or loan or emission of bonds.

After their initial recognition, interest bearing credits, loans and issued bonds are stated at amortised cost by applying the effective interest rate method.

Amortised cost is determined by taking into account the costs of obtaining the credit, loan or issuing bond, as well as discounts and bonuses received or settlement fees charged at the settlement of the liability.

3.5.14 TRADE LIABILITIES AND OTHER LIABILITIES

Financial liabilities constitute a current obligation arising out of past events, the fulfilment of which is expected to result in an outflow of cash or other financial assets.

Financial liabilities other than financial liabilities stated at fair value through profit or loss are measured at amortised cost (i.e. discounted using the effective interest rate).

Exchange rate differences resulting from the balance sheet remeasurement of trade payables are recognised in cost of sales.

Non-financial current liabilities are measured at amounts due.

3.5.15 PROVISIONS

Provisions are created when the Group has a present obligation (legal or constructive) arising out of past events, and when it is likely that the fulfilment of this obligation will result in an outflow of economic benefits, and that the amount of the obligation can be reliably measured. If the Group expects that the costs covered by the provision will be refunded, for example based on an insurance policy, then the refund is recognised as a separate asset, but only if it is virtually certain that the refund will be received. The costs relating to a given provision are presented in the income statement net of any refunds. If the time value of money is material, the carrying amount of the provision is determined by discounting the forecasted future cash flows to their present values using a pre-tax discount rate reflecting the current market assessments of the time value of money and any risks associated with the given obligation. Subsequent increases of the provision due to unwinding of discount are presented as interest expense.

3.5.16 EMPLOYEE BENEFITS

PENSION OBLIGATIONS

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity or to a state pension plan. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Defined benefit plans driven by the Group define an amount of one-off benefit payment that employees receive on retirement, depending on years of service and level of their salary. The liability recognised in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the corresponding pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

For defined contribution plans, the Group pays contributions to state or private pension plans on monthly basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

TERMINATION BENEFITS

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

- when the Group can no longer withdraw the offer of those benefits; and
- when the Group recognises costs for a restructuring that is within the scope of IAS 37 and the restructuring involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3.5.17 REVENUE

Revenue is recognised at the amount of the economic benefits the Group is likely to obtain from a given transaction, and when the amount of revenue can be measured reliably. Revenue is measured excluding value added tax (VAT), excise tax and rebates (discounts, bonuses and other price reductions).

The amount of revenue is measured at the fair value of the consideration received or receivable. Revenue is stated at net present value when the effect of the time value of money is material (in case of payment after 360 days). If revenue is measured at discounted amount, the discount is recognised using the effective interest method as an increase in receivables, and as financial income in profit or loss.

Foreign exchange rate differences resulting from the realisation or the remeasurement of trade receivables are recognised in profit or loss.

Revenue is also recognised in accordance with the criteria specified below.

SALE OF GOODS AND PRODUCTS

Revenue is recognised when the significant risks and rewards of the ownership of goods and products have been transferred to the buyer, and when the amount of revenue may be measured reliably.

PROVISION OF SERVICES

Revenue from the provision of services is recognised at the end of the month in which the service was performed with reference to the percentage of completion of the service obligation.

INTEREST

Interest income is recognised gradually using the effective interest method.

DIVIDENDS

Dividends are recognised once the shareholders' right to receive them is established.

3.5.18 GOVERNMENT SUBSIDIES

The Group recognises government subsidies and subsidies from funds of the European Union once there is reasonable assurance that the subsidy will be received and that all of the related conditions will be complied with. Both of the above criteria must be met for a government subsidy to be recognised.

The Group may receive non-refundable government grants, mostly in the form of direct or indirect subsidies to investment projects. Subsidies reduce the carrying amounts of subsidised assets and are recognised in profit or loss as a reduction of depreciation over the expected useful life of the assets.

The Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, reducing the income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits.

3.5.19 INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted as at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by tax authorities.

Deferred income tax is recognised, using the balance sheet liability method, on tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the temporary differences will reverse or the tax loss carry forwards will be utilised..

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.5.20 DISCONTINUED OPERATIONS

A discontinued operation is a significant component of the Group that either has been disposed of, or that is classified as held-for-sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Earnings and cash flows of discontinued operations, if any, are disclosed separately from continuing operations with comparatives being restated.

3.5.21 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company issued two categories of instruments with dilutive potential: convertible debt and share options. The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company’s shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Earnings per share are presented separately for continuing operations and discontinued consolidation.

3.6. SIGNIFICANT ESTIMATES

Since some of the information contained in the consolidated financial statements cannot be measured precisely, the Group´s management must perform estimates to prepare the consolidated financial statements. Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason the estimates made as at 31 December 2015 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information	Section
Impairment of goodwill and individual tangible and intangible assets	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.	4.9, 4.10
Impairment of investment in associates	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.	4.11
Useful life of trade marks	The history of the trade mark on the market, market position, useful life of similar products, the stability of the market segment, competition.	3.5.5
Income tax	Assumptions used to recognise deferred income tax assets.	4.7

3.7. NEW ACCOUNTING POLICY

3.7.1 CHANGE IN PRESENTATION CURRENCY

The Group presented its financial statements for years 2012, 2013 and 2014 in PLN. In connection with the group reorganisation described in section 3.1 the Group presents these consolidated financial statements in CZK. Therefore the presentation currency of the Group has changed from PLN to CZK. A change of presentation currency represents a change in an accounting policy and should be applied retrospectively in accordance with IAS 8. This means that the change was treated as if the new presentation currency had always been the Group's presentation currency, with comparative amounts being restated into the new presentation currency. All assets and liabilities were translated from their functional currency into the new presentation currency at the beginning of the comparative period using the opening exchange rate and retranslated at the closing rate. Performance statement items were translated at an average rate approximating the actual rates. Retained earnings and other equity reserves have been translated from each entity’s functional currency into the

Group's presentation currency at the historical rate, with the balancing amount being reported in Foreign currency translation reserve in equity.

3.8. RESTATEMENTS AND CORRECTION OF ERRORS

These consolidated financial statements are adjusted for the correction of an error that was included in the previously reported financial statements presented in Polish zlotys. In past the Group published no financial statements presented in Czech crowns that would contain this error. As such, the description and the reconciliation of reported and restated financials are provided solely in the financial statements presented in Polish zlotys.

3.9. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the present consolidated financial statements for publication on 16 March 2016.

4. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.1. SEGMENT INFORMATION

The Board of Directors of Kofola ČeskoSlovensko a.s. is the chief operating decision maker responsible for operational decision-making and uses segment results to decide on the allocation of resources to the segments and to assess segments' performance. The Board of Directors examine the group´s performance from a product and geographic perspective and has identified the following reportable business segments:

Geographic segments

- Czech Republic
- Slovakia
- Poland
- Slovenia
- Export

Product segments

- Carbonated beverages
- Non-carbonated beverages (incl. UGO fresh bottles)
- Waters
- Syrups
- Other (e.g. UGO fresh bars, energy drinks, isotonic drinks, transportation and other services)

The Group applies the same accounting methods to all segments. These policies are also in line with the accounting methods used in the preparation of these consolidated financial statements. Transactions between segments are eliminated in the consolidation process.

The segment Export represents an aggregation of few other countries mainly in Europe with similar economic characteristics.

The Group identified one customer in 2015 that generated more than 10% of the Group's consolidated revenue. The Group's revenue from this customer in 2015 amounted to CZK 1 478 837 thousand (2014: CZK 1 655 195 thousand).

GEOGRAPHIC SEGMENTS

1.1.2015 – 31.12.2015	Czech Republic	Slovakia	Poland	Slovenia*	Export*	Subtotal	Consolidation adjustments	Russia	Total
	CZK´000	CZK ´000	CZK ´000	CZK ´000	CZK ´000	CZK ´000	CZK´000	CZK ´000	CZK ´000
Revenue	**2 878 976**	**1 920 012**	**2 380 474**	**547 304**	**138 648**	**7 865 414**	**(708 682)**	**-**	**7 156 732**
External revenue	2 639 380	1 579 771	2 275 304	523 936	138 341	7 156 732	-	-	7 156 732
Inter-segment revenue	239 596	340 241	105 170	23 368	307	708 682	(708 682)	-	-
Operating expenses	**(2 756 620)**	**(1 689 044)**	**(2 368 873)**	**(475 511)**	**(140 687)**	**(7 430 735)**	**708 682**	**-**	**(6 722 053)**
Related to external revenue	(2 517 024)	(1 348 803)	(2 263 703)	(452 143)	(140 380)	(6 722 053)	-	-	(6 722 053)
Related to inter-segment revenue	(239 596)	(340 241)	(105 170)	(23 368)	(307)	(708 682)	708 682	-	-
Operating result	**122 356**	**230 968**	**11 601**	**71 793**	**(2 039)**	**434 679**	**-**	**-**	**434 679**
Finance income / (costs), net	166 494	(7 693)	200 515	48 127	55	407 498	(516 527)	-	(109 029)
- within segment	(96 871)	(7 445)	(22 984)	18 216	55	(109 029)	-	-	(109 029)
- between segments	263 365	(248)	223 499	29 911	-	516 527	(516 527)	-	-
Share of profit of associate	-	-	-	-	-	-	-	(3 389)	(3 389)
Profit before income tax	**288 850**	**223 275**	**212 116**	**119 920**	**(1 984)**	**842 177**	**(516 527)**	**(3 389)**	**322 261**
Income tax expense	(24 286)	(51 319)	1 160	(18 541)	(68)	(93 054)	(206)	-	(93 260)
Profit for the period	**264 564**	**171 956**	**213 276**	**101 379**	**(2 052)**	**749 123**	**(516 733)**	**(3 389)**	**229 001**
EBITDA	**371 479**	**348 252**	**112 685**	**117 503**	**(2 039)**	**947 880**	**-**	**-**	**947 880**
One-offs (note 4.25)	25 126	9 076	116 283	4 249	-	154 734	-	-	154 734
Adjusted EBITDA	**396 605**	**357 328**	**228 968**	**121 752**	**(2 039)**	**1 102 614**	**-**	**-**	**1 102 614**
Assets and liabilities									
Segment assets	4 777 454	1 390 333	2 493 535	2 154 970	13 448	10 829 740	(2 494 647)	155 921	8 491 014
Total assets	**4 777 454**	**1 390 333**	**2 493 535**	**2 154 970**	**13 448**	**10 829 740**	**(2 494 647)**	**155 921**	**8 491 014**
Segment liabilities	4 024 862	786 941	1 248 800	2 047 171	9 894	8 117 668	(2 496 856)	-	5 620 812
Equity									2 870 202
Total liabilities and equity									**8 491 014**

* Segments Slovenia and Export include results of Radenska Group since its acquisition on 17 March 2015. If Radenska Group was acquired as of 1 January 2015, Revenues would have been increased by further CZK 136 286 thousand, Operating result increased by further CZK 6 285 thousand and Net profit increased by further CZK 2 503 thousand.

Other segment information									
Additions to PPE and Intangible assets	284 414	225 685	164 058	31 895	-	706 052	-	-	706 052
Depreciation and amortisation	249 123	117 284	101 084	45 710	-	513 201	-	-	513 201

1.1.2014 – 31.12.2014	Czech Republic	Slovakia	Poland	Export	Subtotal	Consolidation adjustments	Russia	Total
	CZK´000	CZK ´000	CZK ´000	CZK ´000	CZK ´000	CZK ´000	CZK´000	CZK ´000
Revenue	**2 460 331**	**1 735 621**	**2 656 404**	**53 393**	**6 905 749**	**(630 358)**	**-**	**6 275 391**
External revenue	2 264 438	1 402 506	2 555 054	53 393	6 275 391	-	-	6 275 391
Inter-segment revenue	195 893	333 115	101 350	-	630 358	(630 358)	-	-
Operating expenses	**(2 325 585)**	**(1 485 426)**	**(2 600 376)**	**(51 537)**	**(6 462 924)**	**630 358**	**-**	**(5 832 566)**
Related to external revenue	(2 129 692)	(1 152 311)	(2 499 026)	(51 537)	(5 832 566)	-	-	(5 832 566)
Related to inter-segment revenue	(195 893)	(333 115)	(101 350)	-	(630 358)	630 358	-	-
Operating result	**134 746**	**250 195**	**56 028**	**1 856**	**442 825**	**-**	**-**	**442 825**
Finance income / (costs), net	51 017	(7 128)	106 364	(72)	150 181	(235 543)	-	(85 362)
- within segment	(24 584)	(7 128)	(53 578)	(72)	(85 362)	-	-	(85 362)
- between segments	75 601	-	159 942	-	235 543	(235 543)	-	-
Share of profit of associate	-	-	-	-	-	-	11 940	11 940
Profit before income tax	**185 763**	**243 067**	**162 392**	**1 784**	**593 006**	**(235 543)**	**11 940**	**369 403**
Income tax expense	(21 865)	(55 244)	-	-	(77 109)	(2 165)	-	(79 274)
Profit for the period	**163 898**	**187 823**	**162 392**	**1 784**	**515 897**	**(237 708)**	**11 940**	**290 129**
EBITDA = Adjusted EBITDA	**381 012**	**335 570**	**196 382**	**1 856**	**914 820**	**-**	**-**	**914 820**
Assets and liabilities								
Segment assets	2 600 546	1 335 735	2 312 522	23 404	10 829 740	(493 730)	181 385	5 959 862
Total assets	**2 600 546**	**1 335 735**	**2 312 522**	**23 404**	**10 829 740**	**(493 730)**	**181 385**	**5 959 862**
Segment liabilities	2 056 477	674 116	1 205 896	22 819	8 117 668	(576 275)	-	3 383 033
Equity								2 576 829
Total liabilities and equity								**5 959 862**
Other segment information								
Additions to PPE and Intangible assets	181 625	117 271	84 519	-	383 415	-	-	383 415
Depreciation and amortisation	246 266	85 375	140 354	-	471 995	-	-	471 995

PRODUCT SEGMENTS

1.1.2015 - 31.12.2015	Carbonated beverages CZK´000	Non-carbonated beverages CZK ´000	Waters CZK ´000	Syrups CZK ´000	Other CZK ´000	Total CZK ´000
Revenue	3 479 580	559 905	1 854 530	870 539	392 178	7 156 732

1.1.2014 - 31.12.2014	Carbonated beverages CZK´000	Non-carbonated beverages CZK ´000	Waters CZK ´000	Syrups CZK ´000	Other CZK ´000	Total CZK ´000
Revenue	3 483 873	254 210	1 283 470	951 935	301 903	6 275 391

SEASONAL AND CYCLICAL NATURE OF THE OPERATIONS

SEASONALITY

Seasonality is associated with periodic deviations in demand and supply, of certain significance in the shaping of the Kofola Group´s general sales trends. Beverage sales peak appears in the 2nd and 3rd quarter of the year. This is caused by increased drink consumption in the spring and summer months. In the year ended 31 December 2015, about 17% (21% in 2014) of revenue from the sales of finished products and services was earned in the 1st quarter, with 30% (28% in 2014), 30% (28% in 2014) and 23% (24% in 2014) of the annual consolidated revenues earned in the 2nd, 3rd and 4th quarters, respectively.

CYCLICAL NATURE

The Group's results are to certain extent dependent on economic cycles, in particular on fluctuations in demand and in the prices of raw materials, so-called “commodities”.

4.2. EXPENSES BY NATURE

Expenses by nature	2015 CZK´000	2014 CZK´000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	513 201	471 995
Employee benefits expenses (i)	1 060 615	823 329
Consumption of materials and energy	3 343 782	3 375 816
Cost of goods and materials sold	362 278	70 704
Services	1 284 758	920 466
Rental costs	114 431	88 982
Taxes and fees	49 135	36 609
Insurance costs	15 395	13 789
Change in allowance to inventory	611	8 774
Change in allowance to trade receivables	(24 677)	(4 877)
Other	32 424	30 679
Total expenses by nature*	**6 751 953**	**5 836 266**
Change in finished products and work in progress	(76 166)	(29 264)
Reconciliation of expenses by nature to expenses by function	**6 675 787**	**5 807 002**
Selling, marketing and distribution costs	1 898 428	1 607 706
Administrative costs	446 855	317 937
Costs of products and services sold	3 968 770	3 810 655
Cost of goods and materials sold	361 734	70 704
Total costs of products sold, merchandise and materials, sales costs and administrative costs	**6 675 787**	**5 807 002**

* excluding other operating income and expenses

(i) Employee benefits expenses

Employee benefits expenses	2015 CZK´000	2014 CZK´000
Salaries	813 825	638 020
Social security and other benefit costs	132 536	88 442
Retirement benefit plan expenses	114 254	96 867
Total employee benefits expenses	**1 060 615**	**823 329**

4.3. OTHER OPERATING INCOME

Other operating income	2015 CZK´000	2014 CZK´000
Net gain from the sale of PPE and intangible assets	6 317	9 722
Release of impairment of property, plant and equipment	-	33
Received subsidies	163	-
Received penalties and damages	5 120	4 594
Tax return	229	316
Compensation claims	76 355	-
Release of provisions	19 234	-
Other	27 126	191
Total other operating income	**134 544**	**14 856**

4.4. OTHER OPERATING EXPENSES

Other operating expenses	2015 CZK´000	2014 CZK´000
Net loss from disposal of PPE and intangible assets	-	546
Loss from liquidation of fixed assets	2 547	-
Provided donations, sponsorship	8 391	6 042
Paid penalties and damages	21 088	12 802
Other product complaints costs	54 998	-
Other tax paid	3 147	7
Creation of provisions and adjustments	77 647	-
Other	12 992	21 023
Total other operating expenses	**180 810**	**40 420**

4.5. FINANCE INCOME

Finance income	2015 CZK´000	2014 CZK´000
Interest from:		
– bank deposits	4 421	1 606
– credits and loans granted	694	4 831
– receivables	-	99
Exchange gains	7 958	197
Other	7 861	1 152
Total finance income	**20 961**	**7 885**

4.6. FINANCE COSTS

Finance costs	2015 CZK´000	2014 CZK´000
Interest from:		
– bank loans and credits, finance lease and bonds	79 781	69 341
Exchange losses	26 571	14 441
Bank costs and charges	11 502	9 445
Revaluation of derivatives	11 946	-
Other	190	20
Total finance costs	**129 990**	**93 247**

4.7. INCOME TAX

4.7.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the years ended 31 December 2015 and 31 December 2014 were as follows:

Income tax expense	2015 CZK´000	2014 CZK´000
Current income tax	**72 770**	**84 349**
Current income tax on profits for the year	72 806	82 960
Adjustments for current income tax of prior periods	(36)	1 389
Deferred income tax	**20 490**	**(5 075)**
Related to arising and reversing of temporary differences	47 212	(5 075)
Related to tax losses	(26 722)	-
Income tax expense	**93 260**	**79 274**

The income tax rate applicable to the majority of the Group’s 2015 and 2014 income is 19%. The income tax rate applicable to the majority of income of continuing operations is 19% (2014: 19%).

4.7.2 INCOME TAX RECOGNISED DIRECTLY IN EQUITY

Income tax recognised directly in equity	2015 CZK´000	2014 CZK´000
Deferred tax on IPO transaction costs (4.15.1)	624	-
Income tax recognised directly in equity	**624**	**-**

4.7.3 EFFECTIVE TAX RECONCILIATION

Effective tax	2015 CZK´000	2014 CZK´000
Profit before income tax	322 261	369 403
Tax at the rate of 19% valid in the Czech Republic	(61 230)	(70 187)
Tax effect of:		
Share of profit/(loss) of associate	(644)	2 269
Non-deductible expenses	(15 012)	(15 058)
Non-recognition of deferred tax assets	(9 495)	(20 858)
Non-taxable income	1 833	4 933
Current tax of prior periods	9	(1 389)
Deferred tax adjustments relating to prior periods	(4 387)	16 271
Previously unrecognized deferred tax asset	-	12 348
Difference in tax rates of subsidiaries operating in other jurisdictions	(4 334)	(7 517)
Other	-	(86)
Income tax expense	**(93 260)**	**(79 274)**
Effective tax rate (%)	**28.94%**	**21.46%**

4.7.4 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities			2015
	Deferred tax assets CZK´000	Deferred tax liabilities CZK´000	Net amount CZK´000
Temporary differences attributable to:			
Property, plant and equipment and Intangible assets	4 312	308 023	(303 711)
Inventories	4 867	-	4 867
Receivables	11 959	20 513	(8 554)
Tax losses	123 622	-	123 622
Provisions and payables	83 095	-	83 095
Investment incentives	56 900	-	56 900
Other	4 136	21 550	(17 414)
Deferred tax assets liabilities	**288 891**	**350 086**	**(61 195)**
Presentation offsetting	(192 088)	(192 088)	-
Non-current deferred tax assets / liabilities	**96 803**	**157 998**	**(61 195)**
Current deferred tax assets / liabilities	**-**	**-**	**-**

Deferred tax assets and liabilities	Deferred tax assets CZK´000	Deferred tax liabilities CZK´000	2014 Net amount CZK´000
Temporary differences attributable to:			
Property, plant and equipment and Intangible assets	130	324 690	(324 560)
Inventories	5 252	-	5 252
Receivables	13 016	31 993	(18 977)
Tax losses	62 544	-	62 544
Trade and other liabilities and provisions	83 539	-	83 539
Investment incentives	61 603	-	61 603
Other	-	3 123	(3 123)
Deferred tax assets liabilities	**226 084**	**359 806**	**(133 722)**
Presentation offsetting	(223 104)	(223 104)	-
Non-current deferred tax assets / (liabilities)	**2 590**	**136 702**	**(134 112)**
Current deferred tax assets / (liabilities)	**390**	**-**	**390**

4.8. EARNINGS PER SHARE

The basic earnings per share ratio is calculated by dividing the profit for the period attributable to owners of Kofola ČeskoSlovensko a.s. by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share ration is calculated by dividing the profit for the period attributable to ordinary shareholders (after deducting the interest on redeemable preferred shares convertible to ordinary shares) by the weighted average number of ordinary shares outstanding during the period (adjusted by the effect of diluting options and own shares not subject to dividends).

Data relating to the profits and shares used to calculate basic and diluted earnings per share are presented below:

	2015 CZK´000	2014 CZK´000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	227 657	290 438

	2015 pcs	2014* pcs
Weighted average number of ordinary shares for EPS calculation	22 078 481	22 074 137
Effect of own shares	(6 368)	(8 118)
Weighted average number of ordinary shares used to calculate basic earnings per share	**22 072 112**	**22 066 019**
Dilution adjustments	-	-
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	**22 072 112**	**22 066 019**

* restated to show the impact of capital reorganisation in 2015

Based on the above information, the basic and diluted earnings per share amounts to:

Basic earnings per share (CZK/share)	2015 CZK´000	2014 CZK´000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	**227 657**	**290 438**
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 072 112	22 066 019*
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	**10.31**	**13.16***

* restated to show the impact of capital reorganisation in 2015

Diluted earnings per share (CZK/share)	2015 CZK´000	2014 CZK´000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	**227 657**	**290 438**
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs)	22 072 112	22 066 019*
Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	**10.31**	**13.16***

***** restated to show the impact of capital reorganisation in 2015

4.9. PROPERTY, PLANT AND EQUIPMENT

The investment projects realised by the Group in 2015 comprise primarily addition of machinery and the improvement of can line in the Czech Republic, aseptic line and storage equipment along with technical improvement of production buildings in Slovakia and new as well as improved machinery along with the production hall under construction in Poland.

The investment projects realised by the Group in 2014 comprise primarily the improvement of production line for UGO juices in bottles and gastro equipment in the Czech Republic, gastro equipment in Slovakia and new land and forklifts in Poland.

1.1.2015 - 31.12.2015

Movements in Property, plant and equipment	Land CZK´000	Buildings and constructions CZK´000	Plant and equipment CZK´000	Vehicles CZK´000	Other fixed assets CZK´000	Fixed assets under construction CZK´000	Total CZK´000
Cost - opening	**87 571**	**1 974 834**	**2 879 514**	**388 351**	**963 653**	**57 883**	**6 351 806**
Acquisition of subsidiary	142 427	298 876	1 417 240	-	83 593	1 615	1 943 751
Additions	45	33 263	224 032	30 660	69 371	124 256	481 627
Transfers from Fixed assets under construction	-	26 704	23 051	-	589	(50 344)	-
Finance lease additions	-	-	154 178	51 787	-	-	205 965
Other increases	6 499	-	481	187	-	-	7 167
Sale	-	-	(59 832)	(14 016)	(21 373)	-	(95 221)
Liquidation	-	(25 220)	(50 077)	(21 961)	(79 551)	-	(176 809)
Other decreases	-	(10 666)	5 504	-	5 162	-	-
Exchange difference	-	(7 135)	(17 839)	(4 844)	(1 340)	-	(31 158)
Cost - closing	**1 554**	**(36 112)**	**(56 117)**	**(1 837)**	**(11 032)**	**(3 236)**	**(106 780)**
Accumulated depreciation - opening	**(588)**	**(391 503)**	**(2 098 701)**	**(249 332)**	**(625 946)**	**-**	**(3 366 070)**
Acquisition of subsidiary	-	(99 026)	(1 240 787)	-	(65 939)	-	(1 405 752)
Depreciation charge	(92)	(61 974)	(245 183)	(52 348)	(112 764)	-	(472 361)
Sale	-	-	58 787	13 704	20 198	-	92 689
Liquidation	-	24 916	49 472	21 405	77 943	-	173 736
Other movements	(788)	6 703	10 024	4 401	(2 363)	-	17 977
Exchange difference	35	2 673	39 176	485	8 198	-	50 567
Accumulated depreciation - closing	**(1 433)**	**(518 211)**	**(3 427 212)**	**(261 685)**	**(700 673)**	**-**	**(4 909 214)**
Impairment allowance - opening	**(676)**	**(142 824)**	**(18 652)**	**-**	**(194)**	**-**	**(162 346)**
Impairment loss	-	-	-	-	(32)	-	(32)
Liquidation	-	-	-	-	191	-	191
Exchange difference	19	3 344	187	-	2	-	3 552
Impairment allowance - closing	**(657)**	**(139 480)**	**(18 465)**	**-**	**(33)**	**-**	**(158 635)**
Net book value – opening	**86 307**	**1 440 507**	**762 161**	**139 019**	**337 513**	**57 883**	**2 823 390**
Net book value - closing	**236 006**	**1 596 853**	**1 074 458**	**166 642**	**308 366**	**130 174**	**3 512 499**

1.1.2014 - 31.12.2014

Movements in Property, plant and equipment	Land CZK´000	Buildings and constructions CZK´000	Plant and equipment CZK´000	Vehicles CZK´000	Other fixed assets CZK´000	Fixed assets under construction CZK´000	Total CZK´000
Cost – opening	**84 320**	**1 962 729**	**2 807 483**	**337 526**	**751 237**	**46 564**	**5 989 859**
Additions	14 836	43 612	140 973	5 029	60 186	49 510	314 146
Transfers from Fixed assets under construction	-	26 335	11 163	-	783	(38 281)	-
Finance lease additions	-	-	-	102 001	-	-	102 001
Other increases	-	-	6 595	1 975	205 674	-	214 244
Sale	(11 216)	(47 858)	(9 465)	(20 483)	(17 258)	-	(106 280)
Liquidation	-	(46)	(65 695)	(29 757)	(35 813)	-	(131 311)
Other decreases	-	-	(566)	(6 562)	(796)	-	(7 924)
Exchange difference	(369)	(9 938)	(10 974)	(1 378)	(360)	90	(22 929)
Cost – closing	**87 571**	**1 974 834**	**2 879 514**	**388 351**	**963 653**	**57 883**	**6 351 806**
Accumulated depreciation - opening	**(3 301)**	**(356 926)**	**(1 954 779)**	**(260 997)**	**(548 708)**	**-**	**(3 124 711)**
Depreciation charge	(171)	(53 703)	(214 652)	(42 704)	(123 439)	-	(434 669)
Sale	2 962	16 903	5 081	19 963	10 334	-	55 243
Liquidation	-	7	64 300	28 809	35 964	-	129 080
Other decreases	-	-	(5 121)	4 923	(803)	-	(1 001)
Other increases	-	-	53	-	783	-	836
Exchange difference	(78)	2 216	6 417	674	(77)	-	9 152
Accumulated depreciation - closing	**(588)**	**(391 503)**	**(2 098 701)**	**(249 332)**	**(625 946)**	**-**	**(3 366 070)**
Impairment allowance - opening	**(686)**	**(106 996)**	**(57 254)**	**-**	**(192)**	**-**	**(165 128)**
Reclassifications	-	(38 149)	38 149	-	-	-	-
Exchange difference	10	2 321	453	-	(2)	-	2 782
Impairment allowance - closing	**(676)**	**(142 824)**	**(18 652)**	**-**	**(194)**	**-**	**(162 346)**
Net book value – opening	**80 333**	**1 498 807**	**795 450**	**76 529**	**202 337**	**46 564**	**2 700 020**
Net book value - closing	**86 307**	**1 440 507**	**762 161**	**139 019**	**337 513**	**57 883**	**2 823 390**

4.10. INTANGIBLE FIXED ASSETS

Movements in Intangible assets 2015	Goodwill	Patents, licenses	Software	Trademarks and other rights	Other intangible assets	Total
	CZK´000	CZK ´000	CZK ´000	CZK ´000	CZK ´000	CZK ´000
Cost – opening	**87 986**	**16 535**	**134 092**	**1 459 012**	**-**	**1 697 625**
Acquisition of subsidiary	-	7 768	69 156	138 617	-	215 541
Additions	-	79	17 688	-	693	18 460
Liquidation	-	-	(408)	-	-	(408)
Exchange difference	(1 684)	(535)	(1 279)	(25 258)	(1)	(28 757)
Cost – closing	**86 302**	**23 847**	**219 249**	**1 572 371**	**692**	**1 902 461**
Accumulated amortisation - opening	**-**	**(16 483)**	**(94 588)**	**(20 729)**	**-**	**(131 800)**
Acquisition of subsidiary	-	(6 253)	(58 946)	-	-	(65 199)
Amortisation charge	-	(372)	(19 683)	(20 785)	-	(40 840)
Liquidation	-	-	396	-	-	396
Exchange difference	-	509	1 143	(56)	-	1 596
Accumulated amortisation - closing	**-**	**(22 599)**	**(171 678)**	**(41 570)**	**-**	**(235 847)**
Impairment allowance – opening	-	-	-	(413 469)	-	(413 469)
Exchange difference	-	-	-	9 681	-	9 681
Impairment allowance – closing	**-**	**-**	**-**	**(403 788)**	**-**	**(403 788)**
Net book value – opening	**87 986**	**52**	**39 504**	**1 024 814**	**-**	**1 152 356**
Net book value - closing	**86 302**	**1 248**	**47 571**	**1 127 013**	**692**	**1 262 826**
Of which:						
Goodwill						**86 302**
Intangible assets						**1 176 524**

The Goodwill consists of the goodwill from acquisition of Pinelli spol. s r.o. acquired in April 2011 and goodwill from acquisition of production part of Klimo s.r.o. by Kofola a.s. (Czech Republic) in 2006.

Amortisation of trademarks and other rights is charged to Selling, marketing and distribution costs.

The value of trademarks includes, among others, the value of such trademarks as: Kofola, Vinea, Radenska, Hoop Cola, Paola, Citrocola, Semtex, Erektus and UGO.

Movements in Intangible assets 2014	Goodwill	Patents, licenses	Software	Trademarks and other rights	Other intangible assets	Total
	CZK´000	CZK ´000	CZK ´000	CZK ´000	CZK ´000	CZK ´000
Cost – opening	**88 606**	**16 818**	**136 015**	**1 411 497**	**132**	**1 653 068**
Additions	-	-	10 169	59 100	-	69 269
Transfers	-	-	132	-	(132)	-
Sale	-	-	(46)	-	-	(46)
Liquidation	-	-	(11 907)	-	-	(11 907)
Exchange difference	(620)	(283)	(271)	(11 585)	-	(12 759)
Cost – closing	**87 986**	**16 535**	**134 092**	**1 459 012**	**-**	**1 697 625**
Accumulated amortisation - opening	**-**	**(16 494)**	**(90 494)**	**-**	**-**	**(106 988)**
Amortisation charge	-	(270)	(16 264)	(20 793)	-	(37 327)
Sale	-	-	33	-	-	33
Liquidation	-	-	11 913	-	-	11 913
Exchange difference	-	281	224	64	-	569
Accumulated amortisation - closing	**-**	**(16 483)**	**(94 588)**	**(20 729)**	**-**	**(131 800)**
Impairment allowance – opening	**-**	**-**	**-**	**(420 539)**	**-**	**(420 539)**
Exchange difference	-	-	-	7 070	-	7 070
Impairment allowance – closing	**-**	**-**	**-**	**(413 469)**	**-**	**(413 469)**
Net book value – opening	**88 606**	**324**	**45 521**	**990 958**	**132**	**1 125 541**
Net book value - closing	**87 986**	**52**	**39 504**	**1 024 814**	**-**	**1 152 356**
Of which:						
Goodwill						**87 986**
Intangible assets						**1 064 370**

4.10.1 IMPAIRMENT TESTING

In impairment testing of trademarks and goodwill, management of the Group has decided to use fair value less cost to sell method. For the purpose of market valuation, the brand royalties method was used. Due to the fact that management is not aware of comparable market transactions, the calculation of fair value less cost to sell for both trademarks and goodwill is based on discounted free cash flows and used the estimated cash-flow projections based on financial plans approved by management of the Group on the basis of plans drawn up by management of the Group for the period until 2020. Costs to sell were assumed as 2% of the fair value of the cash generating unit.

Main assumptions used in financial plans and cash-flow projections:

TRADEMARKS

THE MAIN TRADEMARKS WITH INDEFINITE USEFUL LIVE

2015	Kofola	Vinea	Hoop Cola	Paola	Radenska
Country of trademark	**Czech**	**Slovakia**	**Poland**	**Poland**	**Slovenia**
Royalty rate	6.00%	6.00%	3.00%	4.50%	6.00%
Infinite growth rate	2.00%	2.00%	2.00%	2.00%	2.00%
Discount rate pre-tax	7.16%	6.98%	9.34%	9.34%	8.13%

2014	Kofola	Vinea	Hoop Cola	Paola	UGO
Country of trademark	**Czech**	**Slovakia**	**Poland**	**Poland**	**Czech**
Royalty rate	6.00%	6.00%	2.60%	4.50%	2.00%
Infinite growth rate	2.00%	2.00%	2.00%	2.00%	2.00%
Discount rate pre-tax	7.04%	7.90%	10.99%	9.26%	10.74%

CARRYING VALUE OF ALL TRADEMARKS PER COUNTRY

	Czech Republic	Slovakia	Poland	Slovenia	Total
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
2015	358 419	225 913	358 857	136 075	**1 079 264**
2014	372 485	231 459	367 824	-	**971 768**

GOODWILL

The Goodwill arose on acquisition of Pinelli spol. s r.o. and Klimo s.r.o., both in the segment of the Czech Republic.

	2015 CZK´000 / %	2014 CZK´000 / %
Carrying value	86 302	87 986
EBITDA margin	15.97%; 13.88%	14.85%; 14.66%
Infinite growth rate	2.00%	2.00%
Discount rate pre-tax	6.21%	5.80%

Main assumptions adopted by the Management are based on past experience and expectations as for the future market development. Interest rates used are in line with those used when preparing the Group's results assumptions. Discount rates are post-tax and include risk related to respective operating segments and trademarks.

The Group's management believes that the main assumptions used in impairment tests of cash generating units as at 31 December 2015 and 31 December 2014 are rational and based on the past experience, the Group's development strategy and on market forecasts. The Group's forecasts of future financial results are based on series of assumptions, where those relating to macroeconomic factors and actions taken by the competition, such as foreign exchange rates, prices of raw materials and interest rates are beyond the Group's control.

SENSITIVITY ANALYSIS

Management believes that, in relation to fair value less cost to sell for trademarks Kofola, Vinea, Ugo, Paola, HOOP Cola and cash generating units related to Klimo s.r.o. and Pinelli spol. s r.o., no rational change in the above-adopted assumptions would result in their recoverable amounts being lower than their carrying amounts.

4.11. INVESTMENT IN ASSOCIATE

4.11.1 OOO MEGAPACK

The table below provides the reconciliation of opening and closing balance in the statement of financial position.

Investment in associate	2015 CZK´000	2014 CZK´000
As at 1 January	**181 385**	**303 517**
Share of profit/(loss) attributable to the Group	(3 389)	11 940
Share of other comprehensive income attributable to the Group	-	(59)
Dividends received	-	(22 478)
Exchange difference	(22 075)	(111 535)
At the 31 December	**155 921**	**181 385**

Reconciliation of net assets to carrying amounts	2015 RUB´000	2014 RUB´000
As at 1 January	**575 609**	**631 628**
Profit/(loss) for the period	(16 696)	43 981
Dividends	-	(100 000)
At the 31 December	**558 913**	**575 609**
Group´s share on net assets	279 457	287 805
FV adjustment on deconsolidation*	185 494	185 494
Carrying amount in RUB ths.	**464 951**	**473 299**
FX rate as at 31 December	0.335	0.383
Carrying amount in CZK ths.	**155 921**	**181 385**

* Due to the expiry of the agreement with the shareholders of OOO Megapack which gave the Group controlling powers, the Group discontinued the consolidation of OOO Megapack using acquisition accounting. Since the beginning of 2013, OOO Megapack is consolidated using the equity method. Upon the deconsolidation, the associate was recognised at fair value determined by external valuation.

The tables below provide summarised financial information presented in the financial statements of OOO Megapack.

Statement of financial position	31.12.2015	31.12.2014
	CZK´000	CZK´000
Current assets	173 109	393 941
Non-current assets	139 404	175 777
Current liabilities	(108 519)	(323 107)
Non-current liabilities	(16 758)	(21 657)
Net assets	**187 236**	**224 954**

Statement of profit or loss	2015	2014
	CZK´000	CZK´000
Revenue	917 046	1 560 915
Cost of sales	(800 689)	(1 339 878)
Selling, marketing and distribution costs	(76 139)	(121 477)
Administrative costs	(46 550)	(68 262)
Other operating expenses, net	(3 494)	(6 299)
Finance income, net	2 739	4 647
Profit / (loss) before tax	(7 087)	29 646
Income tax expense	301	(5 766)
Profit / (loss) for the period	**(6 786)**	**23 880**
Share of profit attributable to Kofola ČeskoSlovensko group	**(3 393)**	**11 940**

Statement of cash flows	2015	2014
	CZK´000	CZK´000
Cash flows from operating activities	(31 635)	(81 663)
Cash flows from investing activities	32 037	85 671
Cash flows from financial activities	-	(54 038)
Cash inflow / (outflow)	**402**	**(50 030)**

The carrying amount of OOO Megapack investments has been subject to impairment testing as at 31 December 2015. The parameters of the impairment test model and financial projections were as follows:

Megapack financial projections	Average 2016 - 2022
	CZK´000 / %
Average EBITDA 2016-2022	77 429
Average nominal EBITDA growth	20.96%
Indefinite growth rate	8.00%
WACC	15.82%

Changes in these assumptions may affect the Group's financial position, including the results of fixed asset impairment tests, and in consequence, may influence the Company's financial position and financial result in future years.

SENSITIVITY ANALYSIS OF THE IMPAIRMENT TEST AS AT 31 DECEMBER 2015

No impairment charge was booked as a result of the impairment test based on the above mentioned parameters. If WACC was increased by 2 percentage points, total impairment of CZK 22 211 thousand would have been recorded. If the expected yearly EBITDA growth was by 10% lower total impairment of CZK 16 950 thousand would have been recorded.

4.12. INVENTORIES

Inventories	31.12.2015 CZK´000	31.12.2014 CZK´000
Inventories not impaired	**501 043**	**423 110**
Material	226 180	167 636
Goods	61 289	41 880
Work in progress	94	78
Finished products	213 480	213 516
Impaired inventories	**17 420**	**15 327**
Material	8 987	10 199
Goods	1 034	2 551
Finished products	7 399	2 577
Provision for impairment of inventories	**(17 370)**	**(15 386)**
Inventories total	**501 093**	**423 051**

Provision for impairment of inventories	2015 CZK´000	2014 CZK´000
As at 1 January	**15 386**	**7 600**
Increase due to creation	16 647	22 635
Decrease due to usage/release	(16 036)	(13 862)
Transfer to other category	-	(790)
Exchange differences	1 373	(197)
As at 31 December	**17 370**	**15 386**

4.13. TRADE AND OTHER RECEIVABLES

Trade receivables and other receivables	31.12.2015 Current CZK´000	31.12.2015 Non-current CZK´000	31.12.2014 Current CZK´000	31.12.2014 Non-current CZK´000
Financial assets within Trade and other receivables				
Trade receivables	831 342	-	783 896	-
Provision for impairment of trade receivables	(84 472)	-	(109 202)	-
Other receivables	107 692	56 348	10 504	11 478
Provision for impairment of other receivables	(81 380)	-	(8 550)	-
Total	**773 182**	**56 348**	**676 648**	**11 478**
Non-financial assets within Trade and other receivables				
VAT receivable	29 016	-	928	-
Deferred expenses	66 211	-	59 046	-
Prepayments	60 199	-	55 344	-
Other	5 844	-	1 636	-
Total	**161 270**	**-**	**116 954**	**-**
Trade and other receivables total	**934 452**	**56 348**	**793 602**	**11 478**

Provision for impairment of trade and other receivables	2015 Trade receivables CZK´000	2015 Other financial receivables CZK´000	2014 Trade receivables CZK´000	2014 Other financial receivables CZK´000
As at 1 January	**109 202**	**8 550**	**85 212**	**38 594**
Exchange differences	(3 002)	(2 155)	(949)	(227)
Increase due to creation	11 841	76 355	41 124	33
Decrease due to usage/release	(33 569)	(1 370)	(16 185)	(29 850)
As at 31 December	**84 472**	**81 380**	**109 202**	**8 550**

Further information on transactions with related parties are presented in section 4.23.

Trade receivables are not interest bearing and are usually payable within 30-60 days of recognition.

The risks associated with trade and other receivables, as well as the Group's policy relating to managing such risks, are described in section 4.24.

Information on liens established on receivables to secure credits and loans is presented in section 4.18.

4.14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	31.12.2015 CZK´000	31.12.2014 CZK´000
Cash in bank and in hand	1 530 953	568 673
Short-term deposits	408 937	-
Other	118	91
Total cash and cash equivalents	**1 940 008**	**568 764**

Free funds are held at bank and invested in the form of term and overnight deposits, primarily with variable interest rates.

Split by currency	31.12.2015 CZK´000	31.12.2014 CZK´000
in CZK	1 396 966	194 072
in EUR	295 057	207 770
in PLN	245 525	166 910
in USD	1 760	6
In HRK	697	-
in RUB	3	6
Total cash and cash equivalents	**1 940 008**	**568 764**

4.15. EQUITY

4.15.1 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL REORGANISATION RESERVE

On 15 October 2015 Kofola ČeskoSlovensko a.s. replaced Kofola S.A. as the parent company of the Kofola Group. For detailed information on capital reorganisation refer to section 3.1.

SHARE CAPITAL STRUCTURE

Share capital structure		2015		2014	
Type of shares	Series	Shares pcs	Par value CZK´000	Shares* pcs	Par value* CZK´000
Ordinary shares of Kofola ČeskoSlovensko a.s.	-	22 295 000	2 229 500	-	-
Ordinary shares of Kofola S.A.	A	-	-	445 081	2 577
Ordinary shares of Kofola S.A.	B	-	-	100 000	579
Ordinary shares of Kofola S.A.	C	-	-	71 080	411
Ordinary shares of Kofola S.A.	C	-	-	11 776	68
Ordinary shares of Kofola S.A.	D	-	-	9 458 040	54 753
Ordinary shares of Kofola S.A.	E	-	-	3 000 000	17 367
Ordinary shares of Kofola S.A.	F	-	-	13 083 342	75 740
Ordinary shares of Kofola S.A.	G	-	-	684	4
Total		**22 295 000**	**2 229 500**	**26 170 003**	**151 499**

* shares of Kofola S.A., former parent company of Kofola Group

Ordinary shares of Kofola ČeskoSlovensko a.s. have a par value of CZK 100. Holders of the ordinary shares are entitled to declared dividends and to one vote per share at general meeting of the Company.

Ordinary shares of Kofola S.A. have a par value of PLN 1. Holders of the ordinary shares are entitled to declared dividends and to one vote per share at general meeting of the Company.

All of the issued shares have been fully paid up.

MOVEMENTS IN ORDINARY SHARES

Movements in ordinary shares	Number of shares	Par value	Share premium	Capital reorganisation reserve	Total
	thousands	CZK'000	CZK'000	CZK'000	CZK'000
As at 1 January 2015	26 170	151 499	-	-	151 499
Liquidation of own shares (i)	(10)	(59)	-	-	(59)
Derecognition of ordinary shares of Kofola S.A. (ii)	(26 160)	(151 440)	-	-	(151 440)
Recognition of ordinary shares of Kofola ČeskoSlovensko a.s. (ii)	22 020	2 202 000	5 389 120	-	7 591 120
Capital reorganisation reserve (ii)	-	-	-	(7 457 386)	(7 457 386)
Shares issue (iii)	275	27 500	112 750	-	140 250
Transaction costs arising on share issue (iii)	-	-	(7 977)	-	(7 977)
Deferred tax recognised directly in equity (iii)	-	-	624	-	624
As at 31 December 2015	**22 295**	**2 229 500**	**5 494 517**	**(7 457 386)**	**266 631**

(i) Liquidation of own shares

On 2 April 2014 and 26 May 2014, Kofola S.A. acquired 9 624 own shares representing 0.0368 % of share capital. The reduction of share capital was registered by the Court on 7 January 2015.

Further, on 13 August 2014 and 22 May 2015, Kofola S.A. acquired 573 own shares representing 0.0022 % of share capital. The reduction of share capital was registered by the Court on 26 August 2015.

(ii) Capital reorganisation

The process of capital reorganisation is described in section 3.1.

(iii) Share issue

Following the initial public offering of Kofola ČeskoSlovensko a.s. the Board of Directors passed a resolution on 1 December 2015 to increase the registered share capital of the Company (based on authorization from the general meeting of the Company dated 10 November 2015) in the amount of CZK 27 500 000, which corresponds to 275 000 New Shares with nominal value of CZK 100 each.

The issue price for one share was set at CZK 510, corresponding to gross proceeds for the Company of CZK 140.25 million.

Public offering transaction costs were recorded as a deduction from share premium to the extent that they are incremental costs directly attributable to the share issue under public offering. These transaction costs include cost of legal and audit services, administrative costs registration fees and other costs directly associated with issue and public offering of the shares described above. Total amount of such costs was CZK 7 977 thousand and relating tax benefit of CZK 624 thousand was recorded directly in equity.

4.15.2 OTHER RESERVES

Other reserves are created based on statutory requirements (in accordance with binding legal regulations) or voluntarily (in accordance with the entity's by-laws) using funds from generated profits, share premium and contributions made by the shareholders. It is used to cover losses, refund capital contributions, and redeem shares. The main source of the capital presented in this category was settlement of the merger with Hoop Group.

4.15.3 FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve comprises the exchange differences arising out of the currency translation of the financial statements of subsidiaries and associates with different functional currencies than is the presentation currency. This reserve is not distributed.

4.15.4 RETAINED EARNINGS

Net retained earnings	31.12.2015 CZK´000	31.12.2014 CZK´000
Retained earnings/(Accumulated deficit)	74 405	(108 732)
Profit for the period	227 657	290 438
Net retained earnings	**302 062**	**181 706**

4.15.5 NON-CONTROLLING INTERESTS

Non-controlling interests	2015 CZK´000	2014 CZK´000
As at 1 January	**7 380**	**4 971**
NCI of Radenska at acquisition	44 927	-
Dividends	(2 528)	-
NCI acquired	-	(2 982)
NCI share of profit for period	1 344	(309)
NCI share of other comprehensive income	(1 890)	5 700
As at 31 December	**49 233**	**7 380**

4.15.6 DIVIDENDS

Declared dividends	2015 CZK´000	2014 CZK´000
Declared dividend	23 894	112 516
Dividend per share (CZK/share)*	0.90	4.30

* declared dividend divided by the number of shares outstanding as of dividend record date

4.16. PROVISIONS

Movements in provisions	Pension benefits CZK´000	Provisions for litigation, fines, court cases, damages CZK´000	Provision for personal expenses (bonuses) CZK´000	Other provisions CZK´000	Total CZK´000
Balance at 1 January 2015	**805**	**3 200**	**67 004**	**20 120**	**91 129**
Acquired through business combination	27 845	78 228	-	37 656	143 729
Increase due to creation (i)	1 473	34 688	67 419	16 683	120 263
Decrease due to usage/release (i)	(3 110)	(52 508)	(66 976)	(17 649)	(130 243)
Exchange differences	(529)	(1 675)	(152)	(1 130)	(3 486)
Balance at 31 December 2015	**26 484**	**71 933**	**67 295**	**55 680**	**221 392**
Of which:					
Current part	4 744	68 733	67 295	55 680	196 452
Non-current part	21 740	3 200	-	-	24 940
Balance at 31 December 2015	**26 484**	**71 933**	**67 295**	**55 680**	**221 392**
Balance at 1 January 2014	**819**	**3 995**	**46 677**	**9 230**	**60 721**
Increase due to creation	-	-	67 117	21 141	88 258
Decrease due to usage/release	-	(803)	(43 757)	(12 855)	(57 415)
Transfer to other category	-	-	(2 205)	2 205	-
Exchange differences	(14)	8	(828)	399	(435)
Balance at 31 December 2014	**805**	**3 200**	**67 004**	**20 120**	**91 129**
Of which:					
Current part	356	-	67 004	20 120	87 480
Non-current part	449	3 200	-	-	3 649
Balance at 31 December 2014	**805**	**3 200**	**67 004**	**20 120**	**91 129**

(i) Court litigation

Kofola CS a.s. is involved in two court proceedings against a competitor of the Group, in relation to protection against unfair competition and infringement of Kofola trademarks. Despite Kofola CS a.s. is claimant in both cases, it may incur costs in case any or both claims are not successful. Based on prudency principle, the Group recognised in the consolidated financial statements as at 30 September 2015 a provision of CZK 20 000 thousand for these costs and indicated and described the recognition as one-off cost. However, based on annual legal letter from company´s legal advisor the company derecognised the provision as at 31 December 2015. To be consistent with previously reported amounts, the creation and release of this provision of CZK 20 000 thousand is presented on lines "Increase due to creation" and "Decrease due to usage/release".

MOST SIGNIFICANT PROVISIONS

Most significant provisions include the provision for denationalisation process and the provision for water concession fees, both recorded in Radenska d.d.

The uncertainties about the amount or timing of most significant litigation provisions are stated in section 4.22.

4.17. BONDS

On 4 October 2013, according to resolution of the Board of Directors from 12 August 2013, amended on 25 September 2013, KOFOLA S.A. issued 110 pieces of bonds denominated in Czech Crowns with total nominal value of CZK 330 000 thousand.

Bonds issued:

- were not subject to public offering,
- were offered in private placements though underwriters, i.e. Česká spořitelna a.s. and PPF banka a.s., based on a subscription agreement from 3 October 2013,
- nominal value of one bond was CZK 3 000 000,
- issue price of one bond represented 99.0% of the nominal value,
- maturity of bonds was 60 months from the date of issue, i.e. 4 October 2018,
- interest shall be calculated annually, the end of the first interest period was planned for 4 October 2014,
- interest rate – 12M PRIBOR plus a margin of 415 basis points,
- purpose of the bond issue was to obtain funds which will be used primarily to diversify the sources of financing and refinance part of the existing debt of the Group.

Bonds issued have been put on the regulated market of the Prague Stock Exchange, the first listing took place on 7 October 2013.

Own bonds issued	Currency	31.12.2015	31.12.2014	Interest terms	Maturity date
		CZK´000	CZK´000		
Bonds issued KOFOLA VAR/18	CZK	329 542	327 456	12M PRIBOR + margin	10/2018
Bonds issued total		**329 542**	**327 456**		

4.18. BANK CREDITS AND LOANS

INDEBTEDNESS OF THE GROUP FROM THE CREDITS AND LOANS AND FROM ISSUED BONDS

As at 31 December 2015, the Group's total bank loans and credits amounted to CZK 2 632 128 thousand (2014: CZK 1 013 005 thousand) and increased by CZK 1 619 123 thousand compared to 31 December 2014 (CZK 90 436 thousand between 31 December 2014 and 31 December 2013), mainly due to a bank loan of CZK 1 881 734 thousand drawn to finance the acquisition of Radenska.

As at 31 December 2015, the Group has a liability from issued bonds in the total amount of CZK 329 542 thousand (2014: CZK 327 456 thousand). Liabilities from interests and obligations from bonds maturing in October 2018 of CZK 325 885 thousand (2014: CZK 323 814 thousand) thousand are disclosed in non-current liabilities, and the liabilities from interests of CZK 3 657 thousand (2014: CZK 3 707 thousand) thousand are presented in current liabilities.

CREDIT TERMS AND TERMS AND CONDITIONS

Based on credit agreements and Terms and Conditions of the Bonds Issue (TCBI), the companies of the Group are required to meet specified covenants. Credit agreements ended in the current reporting period have been extended for the next periods. In accordance with the requirements of IAS 1, a breach of credit terms that may potentially limit unconditional access to credits in the nearest year makes it necessary to classify such liabilities as current.

UGO Trade s.r.o. (Czech Republic) exceeded Net debt to EBITDA ratio covenant. The Group obtained a bank waiver for this breach confirming that the bank does accept the breach, however as the bank waiver was received after 31 December 2015, the Group classified the loan outstanding balance as current, in line with the requirements of the International Financial Reporting Standards. The breach of covenant was mainly caused by the expansion costs that are one-off in their nature.

All other bank loan covenants and the Terms and conditions of the issued bonds were met.

31.12.2015

Financing entity	Credit currency	Credit / limit amount FCY´000	Face value CZK´000	Carrying amount CZK´000	Interests terms	Maturity date	Collateral
Bank BPH S.A.	PLN	5 000	31 700	31 700	3M WIBOR + margin	4/2017	Mortgage on properties in Bielsk Podlaski, Grodzisk Wielkopolski, Kutno. Lien on items and rights. Assignment of receivables from selected sale contracts. Assignment of rights from all insurance policies. Lien and power of attorney to all bank accounts. Voluntary submission to collection. Guarantee by Kofola S.A.
Bank BPH S.A.	PLN	20 000	-	-	1M WIBOR + margin	4/2017	Mortgage on properties in Bielsk Podlaski, Grodzisk Wielkopolski, Kutno. Lien on items and rights. Assignment of receivables from selected sale contracts. Assignment of rights from all insurance policies. Lien and power of attorney to all bank accounts. Voluntary submission to collection. Guarantee by Kofola S.A.
Bank Millennium S.A.	PLN	5 000	31 700	31 700	3M WIBOR + margin	4/2017	Mortgage on properties in Bielsk Podlaski, Grodzisk Wielkopolski, Kutno. Lien on items and rights. Assignment of receivables from selected sale contracts. Assignment of rights from all insurance policies. Lien and power of attorney to all bank accounts. Voluntary submission to collection. Guarantee by Kofola S.A.
Bank Millennium S.A.	PLN	20 000	-	-	1M WIBOR + margin	4/2017	Mortgage on properties in Bielsk Podlaski, Grodzisk Wielkopolski, Kutno. Lien on items and rights. Assignment of receivables from selected sale contracts. Assignment of rights from all insurance policies. Lien and power of attorney to all bank accounts. Voluntary submission to collection. Guarantee by Kofola S.A.
Česká spořitelna, a.s.	CZK	37 000	8 706	8 706	1M PRIBOR + margin	4/2017	buildings, bill of exchange, receivables
Česká spořitelna, a.s.	CZK	200 000	86 667	86 667	1M PRIBOR + margin	12/2017	receivables, bill of exchange, buldings
Česká spořitelna, a.s.	CZK	100 000	-	-	3M PRIBOR + margin	1/2016	receivables, bill of exchange
Česká spořitelna, a.s.	CZK	40 000	39 946	39 946	3M PRIBOR + margin	1/2016	receivables, bill of exchange
Česká spořitelna, a.s.	CZK	7 000	-	-	margin	1/2016	bill of exchange
Česká spořitelna, a.s.	CZK	20 000	11 228	11 228	1M PRIBOR + margin	8/2018	buildings, receivables, technology
Česká spořitelna, a.s.	CZK	50 000	32 759	32 759	1M PRIBOR + margin	2/2019	buildings, receivables, bill of exchange
ČSOB, a.s.	CZK	20 000	8 667	8 667	1M PRIBOR + margin	2/2018	buildings, receivables, bill of exchange

Financing entity	Credit currency	Credit / limit amount FCY´000	Face value CZK´000	Carrying amount CZK´000	Interests terms	Maturity date	Collateral
ČSOB, a.s.	CZK	50 000	33 051	33 051	1M PRIBOR + margin	3/2019	buildings, receivables, bill of exchange
ČSOB, a.s.	CZK	290 000	290 000	290 000	1M PRIBOR + margin	notice of termination	inventories, receivables, bill of exchange, buildings
ČSOB, a.s.	CZK	50 000	41 228	41 228	1M PRIBOR + margin	11/2019	buildings
ČSOB, a.s.	CZK	30 000	-	-	O/N PRIBOR + margin	notice of termination	inventories, receivables, bill of exchange, buildings
ČSOB, a.s. + Česká spořitelna, a.s.	CZK	1 887 476	1 769 616	1 762 149	3M PRIBOR + margin	3/2024	bill of exchange, pledge of shares, receivables
Komerční banka, a.s.	CZK	10 000	-	-	margin	8/2016	bill of exchange
Komerční banka, a.s.	CZK	50 000	22 597	22 597	margin	12/2020	bill of exchange
Komerční banka, a.s.	CZK	20 000	20 000	20 000	1M PRIBOR + margin	notice of termination	promissory note "in blanco"
Komerční banka, a.s.	CZK	4 625	4 625	4 625	1M PRIBOR + margin	1/2019	promissory note "in blanco"
Oberbank Leasing spol. s r.o.	CZK	3 451	302	302	1M PRIBOR + margin	4/2016	fixed assets - kegs
Oberbank Leasing spol. s r.o.	CZK	3 541	387	387	1M PRIBOR + margin	5/2016	fixed assets - kegs
Oberbank Leasing spol. s r.o.	CZK	11 542	3 555	3 555	1M PRIBOR + margin	2/2017	fixed assets
Oberbank Leasing spol. s r.o.	CZK	5 180	1 595	1 595	1M PRIBOR + margin	2/2017	fixed assets
Oberbank Leasing spol. s r.o.	CZK	1 286	610	610	1M PRIBOR + margin	10/2017	fixed assets
Oberbank Leasing spol. s r.o.	CZK	484	158	158	margin	3/2017	fixed assets
Oberbank Leasing spol. s r.o.	CZK	1 004	371	371	margin	5/2017	fixed assets
Oberbank Leasing spol. s r.o.	CZK	1 020	419	419	margin	7/2017	fixed assets
Oberbank Leasing spol. s r.o. (2x)	CZK	2 989	522	522	3M PRIBOR + margin	8/2016	fixed assets
Oberbank Leasing spol. s r.o. (5x)	CZK	5 024	1 535	1 535	margin	2/2017	fixed assets
s Autoleasing, a.s.	CZK	452	452	452	margin	6/2019	fixed assets
s Autoleasing, a.s.	CZK	226	226	226	margin	8/2019	fixed assets
s Autoleasing, a.s. (12x)	CZK	3 730	2 774	2 774	margin	8/2019	fixed assets
s Autoleasing, a.s. (5x)	CZK	5 343	4 318	4 318	margin	12/2019	fixed assets
s Autoleasing, a.s. (8x)	CZK	5 169	3 761	3 761	margin	7/2019	fixed assets
s Autoleasing, a.s.	CZK	303	245	245	margin	12/2019	fixed assets
s Autoleasing, a.s.	CZK	303	245	245	margin	12/2019	fixed assets
s Autoleasing, a.s.	CZK	303	245	245	margin	12/2019	fixed assets
s Autoleasing, a.s.	CZK	1 001	809	809	margin	12/2019	fixed assets
s Autoleasing, a.s.	CZK	397	321	321	margin	12/2019	fixed assets
SG Equipment Finance CR s.r.o.	CZK	3 664	3 664	3 664	margin	7/2020	fixed assets
SG Equipment Finance CR s.r.o.	CZK	1 559	1 559	1 559	margin	7/2020	fixed assets
SG Equipment Finance CR s.r.o.	CZK	12 382	12 382	12 382	margin	11/2020	fixed assets
ŠkoFIN s.r.o.	CZK	221	79	79	margin	12/2016	fixed assets

Financing entity	Credit currency	Credit / limit amount FCY´000	Face value CZK´000	Carrying amount CZK´000	Interests terms	Maturity date	Collateral
UniCredit Bank Czech Republic and Slovakia, a.s.	EUR	5 500	-	-	1M EURIBOR + margin	3/2016	Receivables, Real Property, Movable assets (objects of loan), Patronal declaration of Kofola Holding, a.s., Subordinated liability Kofola Holding, a.s. - KSM Investment S.A., Notarial memorandum as execution title.
UniCredit Bank Czech Republic and Slovakia, a.s.	EUR	3 000	68 217	68 217	1M EURIBOR + margin	12/2020	Blank bill of exchange, Agreement of the right of lien on receivables no. 000622A/CORP/2015 of 15 December 2015.
Všeobecná úverová banka, a.s.	EUR	9 960	-	-	1M EURIBOR + margin	12/2017	Agreement of right of lien on plant assets; Blank bill of exchange Kofola.a.s.,Declaration of constitutor Kofola CS a.s.
Všeobecná úverová banka, a.s.	EUR	4 000	17 968	17 968	1M EURIBOR + margin	6/2016	Blank bill of exchange Kofola, a.s., Agreement of filling of blank bill of exchange no. 301/2007/D + receivables.
Všeobecná úverová banka, a.s.	EUR	4 500	80 386	80 386	1M EURIBOR + margin	3/2019	Blank bill of exchange, Agreement of the right of lien on fixed no. 52/ZZ/2014 of 26 March 2014.
Všeobecná úverová banka, a.s.	EUR	13 992	-	-	3M EURIBOR + margin	6/2024	Agreement of right of lien on plant assets and shares.
Total credits and loans			**2 639 595**	**2 632 128**			

31.12.2014

Financing entity	Credit currency	Credit / limit amount	Face value	Carrying amount	Interests terms	Maturity date	Collateral
		FCY´000	CZK´000	CZK´000			
Oberbank Leasing spol. s r.o.	CZK	2 989	1 287	1 287	3M PRIBOR + margin	8/2016	fixed assets
Oberbank Leasing spol. s r.o.	CZK	5 024	2 803	2 803	margin	2/2017	fixed assets
Oberbank Leasing spol. s r.o.	CZK	484	280	280	margin	3/2017	fixed assets
Oberbank Leasing spol. s r.o.	CZK	1 004	622	622	margin	5/2017	fixed assets
Oberbank Leasing spol. s r.o.	CZK	1 020	673	673	margin	7/2017	fixed assets
s Autoleasing, a.s.	CZK	5 169	4 752	4 752	margin	7/2019	fixed assets
s Autoleasing, a.s.	CZK	3 730	3 488	3 488	margin	8/2019	fixed assets
s Autoleasing, a.s.	CZK	5 343	5 343	5 343	margin	12/2019	fixed assets
ČSOB a.s.	CZK	50 000	50 000	50 000	1M PRIBOR + margin	11/2019	buildings
ČSOB a.s.	CZK	290 000	250 000	250 000	1M PRIBOR + margin	notice of termination	inventories, receivables, bill of exchange, buildings
Česká spořitelna, a.s.	CZK	100 000	-	-	3M PRIBOR + margin	10/2015	receivables, bill of exchange
Česká spořitelna, a.s.	CZK	40 000	39 938	39 938	3M PRIBOR + margin	10/2015	receivables, bill of exchange
Česká spořitelna, a.s.	CZK	140 000	22 526	22 526	1M PRIBOR + margin	6/2016	technology, receivables, bill of exchange
Česká spořitelna, a.s.	CZK	37 000	15 235	15 235	1M PRIBOR + margin	4/2017	buildings, bill of exchange, receivables
Oberbank Leasing spol. s r.o.	CZK	3 451	1 193	1 193	1M PRIBOR + margin	4/2016	fixed assets-kegs
Oberbank Leasing spol. s r.o.	CZK	3 541	1 298	1 298	1M PRIBOR + margin	5/2016	fixed assets-kegs
Oberbank Leasing spol. s r.o.	CZK	11 542	6 469	6 469	margin	2/2017	fixed assets
Oberbank Leasing spol. s r.o.	CZK	5 180	2 903	2 903	margin	2/2017	fixed assets
Oberbank Leasing spol. s r.o.	CZK	1 286	926	926	margin	10/2017	fixed assets
ČSOB a.s.	CZK	30 000	-	-	O/N PRIBOR + margin	notice of termination	inventories, receivables, bill of exchange, buldings
Česká spořitelna, a.s.	CZK	200 000	126 667	126 667	1M PRIBOR + margin	12/2017	receivables, bill of exchange, buldings
ČSOB a.s.	CZK	20 000	12 667	12 667	1M PRIBOR + margin	2/2018	buildings, receivables, bill of exchange
Česká spořitelna, a.s.	CZK	20 000	15 439	15 439	1M PRIBOR + margin	8/2018	buildings, receivables, technology
Česká spořitelna, a.s.	CZK	50 000	43 103	43 103	1M PRIBOR + margin	2/2019	buildings, receivables, bill of exchange
ČSOB a.s.	CZK	50 000	43 220	43 220	1M PRIBOR + margin	3/2019	buildings, receivables, bill of exchange
s Autoleasing, a.s.	CZK	303	303	303	margin	12/2019	fixed assets
s Autoleasing, a.s.	CZK	303	303	303	margin	12/2019	fixed assets
s Autoleasing, a.s.	CZK	303	303	303	margin	12/2019	fixed assets
Komerční banka, a. s.	CZK	20 000	20 000	20 000	1M PRIBOR + margin	notice of termination	promissory note "in blanco"
Komerční banka, a. s.	CZK	6 125	3 997	3 997	1M PRIBOR + margin	1/2019	promissory note "in blanco"
s Autoleasing, a.s.	CZK	574	574	574	margin	6/2019	fixed assets
s Autoleasing, a.s.	CZK	285	285	285	margin	8/2019	fixed assets
RT Torax	CZK	832	-	-	margin	8/2014	fixed assets
ČSOB leasing	CZK	138	-	-	margin	4/2014	fixed assets

Financing entity	Credit currency	Credit / limit amount FCY´000	Face value CZK´000	Carrying amount CZK´000	Interests terms	Maturity date	Collateral
ŠkoFIN s.r.o.	CZK	173	20	20	margin	5/2015	fixed assets
ŠkoFIN s.r.o.	CZK	10	10	10	margin	1/2015	fixed assets
ŠkoFIN s.r.o.	CZK	221	152	152	margin	12/2016	fixed assets
s Autoleasing, a.s.	CZK	1 001	1 001	1 001	margin	12/2019	fixed assets
s Autoleasing, a.s.	CZK	397	397	397	margin	12/2019	fixed assets
UniCredit Bank Czech Republic and Slovakia, a.s.	EUR	5 500	-	-	1M EURIBOR + margin	3/2015	Receivables, Real Property, Movable assets (objects of loan), Patronal declaration of Kofola Holding, a.s., Subordinated liability Kofola Holding, a.s. - KSM Investment S.A., Notarial memorandum as execution title.
Všeobecná úverová banka, a.s.	EUR	3 000	-	-	1M EURIBOR + margin	3/2015	Blank bill of exchange Kofola, a.s., Agreement of filling of blank bill of exchange no. 301/2007/D + receivables
Všeobecná úverová banka, a.s.	EUR	9 960	92 383	92 383	1M EURIBOR + margin	12/2017	Agreement of right of lien on plant assets; Blank bill of exchange Kofola,.a.s.,Declaration of constitutor Kofola CS a.s.
Všeobecná úverová banka, a.s.	EUR	4 150	18 841	18 841	1M EURIBOR + margin	6/2015	Blank bill of exchange, Agreement of the right of lient on trademark no. 79/ZZ/2012 of 25th April 2012
Všeobecná úverová banka, a.s.	EUR	4 500	107 342	107 342	1M EURIBOR + margin	3/2019	Blank bill of exchange, Agreement of the right of lien on fixed no. 52/ZZ/2014 of 26 March 2014.
Bank Millennium S.A.	PLN	9 000	58 131	58 131	3M WIBOR + margin	6/2017	Mortgage on properties in Bielsk Podlaski, Grodzisk Wielkopolski, Kutno. Lien on items and rights. Assignment of receivables from selected sale contracts. Assignment of rights from all insurance policies. Lien and power of attorney to all bank accounts. Voluntary submission to collection. Guarantee by Kofola S.A.
Bank BPH S.A.	PLN	9 000	58 131	58 131	3M WIBOR + margin	6/2017	Mortgage on properties in Bielsk Podlaski, Grodzisk Wielkopolski, Kutno. Lien on items and rights. Assignment of receivables from selected sale contracts. Assignment of rights from all insurance policies. Lien and power of attorney to all bank accounts. Voluntary submission to collection. Guarantee by Kofola S.A.

Financing entity	Credit currency	Credit / limit amount FCY´000	Face value CZK´000	Carrying amount CZK´000	Interests terms	Maturity date	Collateral
Bank Millennium S.A.	PLN	20 000	-	-	1M WIBOR + margin	4/2015	Mortgage on properties in Bielsk Podlaski, Grodzisk Wielkopolski, Kutno. Lien on items and rights. Assignment of receivables from selected sale contracts. Assignment of rights from all insurance policies. Lien and power of attorney to all bank accounts. Voluntary submission to collection. Guarantee by Kofola S.A.
Bank BPH S.A.	PLN	20 000	-	-	1M WIBOR + margin	4/2015	Mortgage on properties in Bielsk Podlaski, Grodzisk Wielkopolski, Kutno. Lien on items and rights. Assignment of receivables from selected sale contracts. Assignment of rights from all insurance policies. Lien and power of attorney to all bank accounts. Voluntary submission to collection. Guarantee by Kofola S.A.
Total credits and loans			**1 013 005**	**1 013 005**			

PLEDGES OF THE GROUP

Pledges of the Group	31.12.2015		31.12.2014	
	Cost	Net book value	Cost	Net book value
	CZK´000	CZK´000	CZK´000	CZK´000
Property, plant and equipment	2 441 477	1 351 846	2 874 852	1 699 313
Intangible assets (brands)	626 291	359 212	872 616	599 134
Inventories	396 557	396 557	400 057	400 057
Receivables	585 502	527 271	339 382	339 382
Total	**4 049 827**	**2 634 886**	**4 486 907**	**3 037 886**

4.19. TRADE AND OTHER PAYABLES

Trade and other payables	31.12.2015		31.12.2014	
	Current	Non-current	Current	Non-current
	CZK´000	CZK´000	CZK´000	CZK´000
Financial liabilities within trade and other payables				
Trade liabilities	1 220 123	-	1 011 071	-
Liabilities for purchased property, plant and equipment	161 792	-	52 228	-
Liabilities for purchased intangible assets	5 459	-	-	-
Dividend payable	13 540	-	-	-
Derivatives (i)	304	11 946	-	-
Advances received	183 917	-	203 609	-
Accrued liabilities and other creditors	251 625	35 957	227 908	34 440
Total	**1 836 760**	**47 903**	**1 494 816**	**34 440**
Non-financial liabilities within trade and other payables				
VAT	25 966	-	39 796	-
Payables to employees	84 281	-	68 848	-
Deferred revenue	642	-	357	-
Other	27 581	-	30 875	-
Total	**138 470**	**-**	**139 876**	**-**
Trade and other payables total	**1 975 230**	**47 903**	**1 634 692**	**34 440**

Trade payables are not interest bearing and are usually paid within 30-90 days of recognition.

Other payables are not interest bearing and payable on average within 1 month.

(i) Derivatives

The Group has concluded interest rate swap and commodity swap for diesel price. These derivatives are classified as held for trading and accounted for at fair value through profit or loss.

4.20. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2015 the Group companies provided the following guarantees for third party entities:

Entity providing guarantees	Entity receiving guarantees	Currency	Guarantee amount	Guarantee amount	Guarantee period	Guarantees provided to	Relationship
			FCY´000	CZK´000			
Kofola CS a.s.	Unicredit Bank a.s.	EUR	5 301	143 265	12/2022	Santa-Trans.SK s.r.o.	third party*
Kofola CS a.s.	ČSOB Leasing	CZK	680	680	5/2020	Kolonial.cz s.r.o.	third party*
Kofola CS a.s.	ČSOB Leasing	CZK	346	346	5/2020	Kolonial.cz s.r.o.	third party*
Kofola CS a.s.	ČSOB Leasing	CZK	1 456	1 456	3/2020	Kolonial.cz s.r.o.	third party*
Kofola CS a.s.	ČSOB Leasing	CZK	550	550	4/2018	Kolonial.cz s.r.o.	third party*
Kofola CS a.s.	Deutsche Leasing ČR	CZK	526	526	11/2020	Kolonial.cz s.r.o.	third party*
Total guarantees issued as at 31.12.2015				**146 823**			

* The fair value of the guarantees is close to zero (fair valuation in level 3).

4.20.1 COMMITMENTS FROM OPERATING LEASES – GROUP AS A LESSEE

The future minimum payments arising out of non-revocable operating lease agreements (lease of equipment) are as follows:

Commitments from operating leases - Group as a lessee	31.12.2015	31.12.2014
	CZK´000	CZK´000
In one year period	3 216	3 136
In period from one to five years	3 562	3 408
Total	**6 778**	**6 544**

4.21. FINANCE LEASE

The Group uses items of property, plant and equipment (mainly vehicles and various types of machines and equipment) based on finance lease agreements.

Net book value of finance lease assets	Leased assets with purchase option	Leased assets without purchase option	Total
	CZK´000	CZK´000	CZK´000
As at 31 December 2015	35 268	221 651	256 919
As at 31 December 2014	55 572	67 835	123 406

The net carrying amount at the end of the reporting period by classes of assets is provided below:

Net carrying amount by classes of assets	31.12.2015	31.12.2014
	CZK´000	CZK´000
Plant and equipment	140 578	5 697
Vehicles	116 341	117 709

Future minimum lease payments on these agreements and present value of minimum net lease payments are:

Future minimum lease payments	31.12.2015	31.12.2014
	CZK´000	CZK´000
Nominal value of minimum lease payment		
In one year period	61 633	46 804
In period from one to five years	175 894	86 022
Over five years	45 386	-
Total finance lease liabilities - total minimum lease payments	**282 913**	**132 826**
Finance costs of finance lease	27 693	17 587
Present value of minimum lease payments		
In one year period	55 600	40 607
In period from one to five years	158 677	74 632
Over five years	40 943	-
Total present value of minimum lease payments	**255 220**	**115 239**

4.22. LEGAL AND ARBITRATION PROCEEDINGS

DENATIONALISATION PROCEEDINGS AGAINST RADENSKA

There are pending denationalisation proceedings with respect to denationalisation claims of the legal successors of the former owners of Radenska – Wilhelmina Höhn Šarič and Ante Šarič. Although the denationalisation claims have been in the process of being decided on for many years (some for more than two decades), the competent authorities have still not ruled. Although the current decisions are favourable for Radenska, there is a significant risk that they are ill-founded and could therefore be reversed as there is no relevant case law. Therefore, the legal outcome of these proceedings remains highly unclear and uncertain.

OTHER PROCEEDINGS

Some of the Group Companies are routinely involved in legal proceedings which arise in the ordinary course of the Group's business but which are not material to the Group. The Company is not involved in any judicial, administrative or arbitration proceedings and has not conducted such proceedings in the past.

Apart from the above denationalisation proceedings, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Company and/or Group is aware, including any claims against the directors of the Company) which may have, or have had during the 12 months prior to the date of these financial statements, an effect on the financial position or profitability of the Company and/or the Group.

4.23. RELATED PARTY TRANSACTIONS

4.23.1 SHAREHOLDERS STRUCTURE

Share capital structure	2015			2014		
Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital	% in voting rights
KSM Investment S.A.	11 321 383	50.78%	50.78%	13 395 373	51.19%	51.19%
CED GROUP S. a r.l.	8 311 196	37.28%	37.28%	11 283 153	43.11%	43.11%
René Musila	581 231	2.61%	2.61%	687 709	2.63%	2.63%
Tomáš Jendřejek	581 190	2.61%	2.61%	687 660	2.63%	2.63%
Others	1 500 000	6.72%	6.72%	116 108	0.44%	0.44%
Total	**22 295 000**	**100.00%**	**100.00%**	**26 170 003**	**100.00%**	**100.00%**

Ultimate controlling party is represented by private individuals.

4.23.2 SUBSIDIARIES AND ASSOCIATES

Interests in subsidiaries and associates are set out in section 2.2.

4.23.3 REMUNERATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration paid out to persons with executive authority in 2015. No amounts were paid by the Company, the remuneration was paid by other Group entities.

Remuneration of the Group's key management personnel	Amounts paid for activities in the Company´s Board of Directors		Amounts paid for activities in the Company´s Supervisory board and/or Audit committee		Amounts paid for other activities within the Group	
	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Members of the Company´s Board of Directors	-	-	-	-	29 539	1 004
Members of the Company´s Supervisory board and Audit committee	-	-	729	-	10 579	416
Other key management personnel of the Group	-	-	-	-	11 003	277
Total remuneration of the Group's key management personnel	**-**	**-**	**729**	**-**	**51 121**	**1 697**

4.23.4 OTHER RELATED PARTY TRANSACTIONS

Presented below are the total amounts of transactions concluded with the Group's related parties:

Other related party transactions	Profit or loss impact		Balance as at 31 December	
	2015	2014	2015	2014
	CZK´000	CZK´000	CZK´000	CZK´000
Sale of products and services to associate	-	-	-	156
Dividend from associate (4.11)	-	22 478	-	-
Dividends to NCI	(2 528)	-	(2 243)	-
Liability to shareholders of KSM Investment S.A.	-	-	(45 336)	(35 095)
Total	**(2 528)**	**22 479**	**(47 579)**	**(34 939)**

All transactions with related parties have been concluded at market terms.

4.24. FINANCIAL RISK MANAGEMENT

The Group's primary financial instruments consist of bank credits, bonds, lease payables, cash and cash equivalents, deposits and loans. The main goal of holding such financial instruments is to obtain funds for business operations, or to invest the Group's available funds. In addition, the Group has other financial instruments, such as trade receivables and payables that arise as part of its operations. The accounting methods relating to those instruments are described above (section 3.5).

It is the Group's policy – now and throughout the reporting periods presented in these financial statements – not to trade in financial instruments.

The Group's activities are exposed to several types of financial risk: market risk (including foreign exchange risk, and cash-flow risk relating to changes in interest rates), credit risk and liquidity risk. In addition, the Group monitors the market prices risk relating to all of its financial instruments. Risks are managed by the Group's management, which recognises and assesses the above financial risks. The general risk management process is focused on the unpredictability of financial markets, and the Group tries to minimise any potential adverse effects on its financial results. The Group uses derivative financial instruments to hedge against certain types of risk, providing that the hedging instruments are considered to be cost effective. Management verifies and agrees the risk management methods with regard to every type of risk. A short description of these methods is presented below.

4.24.1 INTEREST RATE RISK

Interest rate risk is a risk that the fair value or future cash flows from a financial instrument will change due to changes in interest rates. The interest bearing financial liabilities of the Group are mainly bank credits and bonds. The Group has credit payables with variable interest rates, which give rise to a risk of an increase in those rates compared to the rates applied at contract conclusion. In addition, the Group places its free funds on variable interest rate deposits, which would bring the profits down if the interest rates fall. The Group also uses fixed interest rate instruments, with regard to which interest rate movements have no effect on interest costs or interest income. Trade and other receivables and payables are not interest bearing and have due dates of up to one year.

Management of the Group monitors its exposure to interest rate risk and interest rate forecasts. In order to protect against changes in interest rates, the Group has fixed part of the interest rate on loan for financing Radenska acquisition. The swap covers approximately one third of the loan principal outstanding.

If interest rates at the balance sheet date had been 100 basis points lower with all other variables held constant, profit for the year 2015 would have been CZK 21 949 thousand (2014: CZK 15 310 thousand) higher, mainly as a result of lower interest expense on variable interest for financial liabilities. If interest rates had been 100 basis points higher with all other variables held constant, profit for 2015 would have been CZK 21 949 thousand (2014: CZK 15 310 thousand) lower, mainly as a result of higher interest expense on variable interest financial liabilities.

4.24.2 CURRENCY RISK

The Group is exposed to the risk of changes in foreign exchange rates due to a volume of sales of finished products in local currencies of individual entities (CZK, EUR, PLN) and the fact that more than half of the costs of purchased raw materials are incurred in foreign currencies (mainly EUR). The currency risk relates primarily to the PLN and EUR exchange rates in relation to CZK. The Group's exposure associated with other currencies is immaterial.

The effect of currency risk on the Group's position is presented in the note (sensitivity analysis) below. The sensitivity analysis is based on a reasonable change in the assumed foreign exchange rate while the other assumptions remain unchanged. In practice this is not very likely, and changes in certain assumptions may be correlated, e.g. a change in interest rate and in the foreign exchange rate. The Group manages currency risk as a whole. The sensitivity analysis prepared by management for currency risk illustrates after-tax profit or loss effect of changes in the exchange rate of the EUR, PLN and USD to CZK.

Currency risk impact on profit or loss	31.12.2015 CZK´000	31.12.2014 CZK´000
EUR strengthening by 3%	(12 117)	(12 337)
EUR weakening by 3%	12 117	12 337
PLN strengthening by 3%	(2 813)	(4 190)
PLN weakening by 3%	2 813	4 190
USD strengthening by 10%	(25)	(141)
USD weakening by 10%	25	141

4.24.3 CREDIT RISK

Credit risk arises from cash deposits in banks along with other short-term deposits, as well as from trade and other financial receivables.

The Group undertakes activities aimed at limiting credit risk, consisting of checking the creditworthiness of its customers, setting credit limits, insuring selected receivables and monitoring the customers' financial position. An analysis of ageing structure of trade and other financial receivables as well as of the division of trade and other financial receivables by customers size assist with the credit risk management.

TRADE AND OTHER FINANCIAL RECEIVABLES

The Group is exposed to credit risk, defined as a risk that its debtors will not meet their obligations and thus cause the Group to incur losses.

Presented below is the ageing structure of receivables:

Credit risk	31.12.2015		31.12.2014	
	Trade receivables	Other financial receivables	Trade receivables	Other financial receivables
Neither past due nor impaired	CZK´000	CZK´000	CZK´000	CZK´000
Large retails chains	368 971	-	364 519	-
Medium sized companies	60 197	-	57 298	-
Small companies	154 987	26 123	127 496	1 220
Total neither past due nor impaired	**584 155**	**26 123**	**549 313**	**1 220**
Past due but not impaired				
- less than 30 days overdue	113 019	-	89 135	-
- 30 to 90 days overdue	21 927	-	20 891	-
- 91 to 180 days overdue	14 789	-	9 212	-
- 181 to 360 days overdue	3 850	-	4 888	-
- over 360 days overdue	801	-	305	-
Total past due but not impaired	**154 386**	**-**	**124 431**	**-**

Credit risk	31.12.2015		31.12.2014	
	Trade receivables	Other financial receivables	Trade receivables	Other financial receivables
Neither past due nor impaired	CZK´000	CZK´000	CZK´000	CZK´000
Individually determined to be impaired (gross)				
- less than 30 days overdue	1 256	74 191	17 210	-
- 30 to 90 days overdue	4 262	-	4 759	-
- 91 to 180 days overdue	2 464	-	799	-
- 181 to 360 days overdue	13 099	-	21 975	-
- over 360 days overdue	71 720	7 378	65 409	2 441
Total individually impaired (gross)	**92 801**	**81 569**	**110 152**	**2 441**
Less impairment provision (-)	**(84 472)**	**(81 380)**	**(109 202)**	**(1 707)**
Total	**746 870**	**26 312**	**674 694**	**1 954**

Subject to the above, management believes that the credit risk has been accounted for in the financial statements through the creation of appropriate allowances.

CASH AND CASH EQUIVALENTS

With regard to the Group’s other financial assets, such as cash and cash equivalents, credit risk arises as a result of the other party’s inability to pay, and the maximum amount of the Group’s exposure to this risk is equal to the balance sheet value of these amounts.

The credit risk associated with bank deposits, derivative instruments and other investments is considered to be immaterial, as the Group has concluded transactions with institutions that have a sound financial position.

Credit quality of cash in bank and in hand	31.12.2015	31.12.2014
Credit rating	CZK´000	CZK´000
A1	159	-
A2	1 360 122	256 739
A3	53 068	11 030
Aa3	55 276	-
B1	3	6
B2	26 593	-
Ba1	19 080	-
Baa1	-	4 337
Ba2	3 216	123 828
Baa2	1 023	71 737
Baa3	-	34 557
Caa3	279	234
Not on watch	2	55 344
Cash in hand	12 132	10 861
Total cash in bank and in hand	**1 530 953**	**568 673**

4.24.4 LIQUIDITY RISKS

The Group is exposed to liquidity risk, defined as a risk of losing the ability to pay its obligations as they become due. The risk arises from a potential restriction in access to financial markets or from a change in the attitude of banks in the area of granting credits, which may result in an inability to obtain new financing or refinancing of debts.

Management of the Group monitors the risk of insufficient funds by adjusting the structure of financing to prediction of future cash flows (planned investment included), diversifying of sources of financing and by keeping sufficient level of available credit lines.

It is the Group’s objective to maintain a balance between financing continuity and flexibility, by using various financing sources, such as credits, bonds, loans and finance lease agreements. The Group controls its financial liabilities so that in each given period the amount of liabilities due within the next 12 months does not pose a threat for the Group’s ability to meet its financial obligations. Despite the excess of current liabilities over current assets the Group’s management believes that the value of cash and cash equivalents as at the balance sheet date, the available credit lines of CZK 639 424 thousand as at 31 December 2015 and the Group’s financial position are such that the risk of losing liquidity may be assessed as not significant.

Analysis of financial liabilities is presented below. The amounts represent undiscounted cash flows, which represent the Group's maximum exposure to liquidity risk.

Future cash outflows related to financial liabilities:

Contractual cashflows of financial liabilities as at 31 December 2015	Less than 3 months CZK´000	Between 3-12 months CZK´000	Between 1-2 years CZK´000	Between 2-5 years CZK´000	Over 5 years CZK´000	Total contractual cash-flows CZK´000	Total carrying amount CZK´000
Trade liabilities	1 213 279	5 520	1 324	-	-	1 220 123	1 220 123
Bank credits and loans	105 047	1 579 809	268 546	487 045	305 517	2 745 964	2 632 128
Bonds issued	-	18 867	15 210	341 096	-	375 173	329 542
Finance lease liabilities	17 377	47 411	61 045	114 614	42 466	282 913	255 220
Advances received	183 917	-	-	-	-	183 917	183 917
Other financial liabilities	283 894	150 904	3 229	6 863	35 733	480 623	480 623
Total	**1 803 514**	**1 802 511**	**349 354**	**949 618**	**383 716**	**5 288 713**	**5 101 553**

Contractual cashflows of financial liabilities as at 31 December 2014	Less than 3 months CZK´000	Between 3-12 months CZK´000	Between 1-2 years CZK´000	Between 2-5 years CZK´000	Over 5 years CZK´000	Total contractual cash-flows CZK´000	Total carrying amount CZK´000
Trade liabilities	1 004 864	6 045	162	-	-	1 011 071	1 011 071
Bank credits and loans	68 400	529 903	244 586	246 183	-	1 089 072	1 013 005
Bonds issued	-	18 918	15 204	354 223	-	388 345	327 521
Finance lease liabilities	12 828	35 875	34 012	50 112	-	132 827	115 239
Advances received	203 609	-	-	-	-	203 609	203 609
Other financial liabilities	116 778	10 854	2 668	-	31 772	162 072	162 072
Total	**1 406 479**	**601 595**	**296 632**	**650 518**	**31 772**	**2 986 996**	**2 832 507**

The cash outflows schedules above do not include financial guarantees, fair value of which was determined to be close to zero and are listed in section 4.20.

4.25. CAPITAL MANAGEMENT

The Group manages capital by having a balanced financial policy with the objective of supplying the necessary funds to grow the business and, at the same time, secure an appropriate capital structure and financial liquidity and meet all the externally imposed capital requirements.

The Group manages net debt and monitors the net debt / adjusted EBITDA ratio.

The net debt is defined as the total value of liabilities arising out of credits, loans, bonds and leases, less cash and cash equivalents. Adjusted EBITDA is operating profit plus depreciation and amortisation adjusted by all one-off events (all nonrecurring or exceptional items not arising out of ordinary operations, such as impairment write downs, costs of relocation, extraordinary sale of fixed assets or group layoffs).

Net debt / Adjusted EBITDA calculation	2015 CZK´000	2014 CZK´000
Bank credits and loans	2 632 128	1 013 005
Bonds issued	329 542	327 521
Finance lease liabilities	255 220	115 239
Cash and cash equivalents	(1 940 008)	(568 764)
Net debt	**1 276 882**	**887 001**
Operating profit	434 679	442 825
Adjusted for:		
Product complaints (i)	(102 641)	-
Group reorganisation (ii)	(25 126)	-
WAD Group acquisition (iii)	(9 076)	-
Radenska acquisition (iv)	(27 284)	-
Implementation costs (v)	(8 341)	-
Release of provision (vi)	17 734	-
Depreciation and amortisation	513 201	471 995
Adjusted EBITDA	**1 102 614**	**914 820**
Annualisation of acquisition EBITDA*	21 712	-
Adjusted EBITDA for Net debt / EBITDA calculation	**1 124 326**	**914 820**
Net debt / Adjusted EBITDA	**1.14**	**0.97**

*adjustment should Radenska Group be acquired as at 1 January 2015

(i) Product complaints

Polish operations incurred net costs of CZK 102 641 thousand relating to the qualitative product complaints connected with the poor quality of packaging material.

(ii) Group reorganisation

Czech operations incurred costs of CZK 11 754 thousand relating to group reorganisation advisory (for details refer to section 3.1) and further costs of CZK 13 372 thousand relating to IPO promotion. These promotion costs include mainly IPO marketing activities and a provision for employee shares.

(iii) WAD Group acquisition

Slovak operations incurred costs of CZK 9 076 thousand relating to advisory for WAD Group acquisition (for details refer to section 4.29).

(iv) Radenska acquisition

Slovenian and polish operations incurred costs of CZK 27 283 thousand relating to advisory for Radenska acquisition.

(v) Implementation costs

Slovenian operations incurred costs of CZK 8 341 thousand relating mainly to implementation of the Group IT standards.

(vi) Release of provision

Slovenian operations released the provision for legal case of CZK 17 734 thousand.

4.26. FINANCIAL INSTRUMENTS

4.26.1 FINANCIAL INSTRUMENTS CATEGORIES

Fair value of Trade receivables, Other financial receivables, Cash and cash equivalents, Trade liabilities and Other financial liabilities is close to carrying amounts since the interest payable on them is either close to market rates or they are short-term.

Financial instruments	Financial assets at amortised cost	Derivatives at fair value through profit or loss	Financial liabilities at amortised cost	Total
	CZK´000	CZK´000	CZK´000	CZK´000
Trade and other receivables	829 530	-	-	829 530
Cash and cash equivalents	1 940 008	-	-	1 940 008
Derivatives (i)	-	(12 250)	-	(12 250)
Bank credits and loans	-	-	(2 632 128)	(2 632 128)
Bonds issued	-	-	(329 542)	(329 542)
Trade and other payables	-	-	(1 872 413)	(1 872 413)
Total	**2 769 538**	**(12 250)**	**(4 834 083)**	**(2 076 795)**

(i) Fair value of derivatives

Measured derivatives are not traded in active markets, however all significant inputs required for fair value measurement are observable and as such the Group has included this instrument in Level 2 of fair value hierarchy levels.

4.27. HEADCOUNT

The average headcount in the group was as follows:

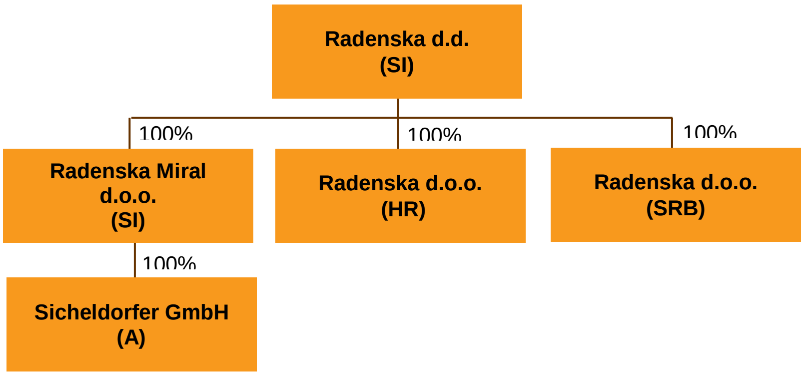
Average headcount	2015	2014
Management Board of the Parent entity	5	6
Management Boards of the Group entities	5	5
Administration	204	158
Sales, Marketing and Logistic department	970	790
Production division	609	471
Other	168	157
Total	**1 961**	**1 587**

4.28. ACQUISITION OF SUBSIDIARY

4.28.1 RADENSKA GROUP

On 17 March 2015, Kofola holdinška družba d.o.o. (formerly Kofola, družba za upravljanje, d.o.o.) acquired 87.16% of the shares and voting interest in Radenska d.d., producer of natural mineral and spring water products in Slovenia. The integration of Radenska d.d. into the Group offers to the customers the complete range of non-alcoholic drinks and allow to the Group increase in its market share. The consideration transferred comprised cash of CZK 1 650 855 thousand (EUR 59 959 thousand). On 8 April 2015, conditions precedent to the acquisition of stake in Radenska d.d. have been met and Kofola holdinška družba d.o.o. acquired additional 6.82% shares and voting interest in Radenska d.d. for CZK 129 203 thousand (EUR 4 693 thousand) and on 22 May 2015, upon the following takeover bid, additional 3.64% of shares was acquired for CZK 68 856 thousand (EUR 2 501 thousand). All of the additional share purchases have been triggered by the initial acquisition of the company Radenska d.d. and are taken as a one transaction. As of the date of these financial statements, the Group holds a total of 97.62% of shares in Radenska d.d.

Radenska Group has the following structure:



The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition.

Fair value of assets and liabilities	Radenska Group (consolidated book value) CZK´000	Fair value adjustments CZK´000	Radenska Group (consolidated fair value) CZK´000
Property, plant and equipment	560 087	(25 087)	535 000
Intangible fixed assets	11 673	138 617	150 290
Other financial assets	14 948	-	14 948
Deferred tax assets	110 836	4 265	115 101
Inventories	81 434	-	81 434
Trade receivables and other receivables	140 451	-	140 451
Cash and cash equivalents	1 141 859	-	1 141 859
Provisions	(143 075)	-	(143 075)
Deferred tax liability	688	(23 565)	(22 877)
Trade liabilities and other liabilities	(114 739)	-	(114 739)
Other financial liabilities	(4 551)	-	(4 551)
Total identifiable net assets acquired	**1 799 611**	**94 230**	**1 893 841**

Intangible fixed assets fair value adjustment of CZK 138 617 thousand with deferred tax liability adjustment of CZK (23 565) thousand relate to brands Radenska and Ora. Tangible fixed assets fair value adjustment of CZK (25 087) thousand with deferred tax asset adjustment of CZK 4 265 thousand relate to a revaluation of an administrative building. The gross value of trade and other receivables was of CZK 173 049 thousand as of acquisition date.

The following table summarizes the consideration transferred, non-controlling interest, net assets acquired and goodwill.

Goodwill calculation	CZK´000
Consideration transferred	1 848 914
Non-controlling interest	44 927
Net assets acquired	(1 893 841)
Goodwill	**-**

The valuation of net assets was prepared on the provisional basis. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

4.29. OTHER MATTERS

ACQUISITION OF WAD GROUP, A.S.

On 19 June 2015, the Group entered into a share purchase agreement to acquire 100% share in Slovak WAD GROUP a.s. that holds 40% share in WATER HOLDING a.s., a parent company of Slovenské pramene a žriedla a.s., Stredoslovenské žriedla a.s. a Zlatá studňa s.r.o. Water Holding Group is one of the leaders on Slovak bottled water market. Key brands of the group are Budiš, Fatra, Gemerka and Zlatá Studňa.

The acquisition is subject to approval of the Antimonopoly office of the Slovak Republic. As at the date of these financial statements, the procedure was still in progress.

4.30. SUBSEQUENT EVENTS

As of 15 March 2015, the public trading with Kofola S.A. shares on Warsaw Stock Exchange was terminated and Kofola S.A. shares were delisted.

At the beginning of 2016 the Group took first steps to commence the process of streamlining its structure through the cross-border merger of Kofola ČeskoSlovensko a.s., Kofola CS a.s., Kofola S.A. and Kofola holdinška družba d.o.o.

No other events have occurred after the end of the reporting period that would require adjusting the amounts recognised or disclosures made in the consolidated financial statements.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES

16.3.2016	**Janis Samaras**	**Chairman of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**René Musila**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**Tomáš Jendřejek**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**Daniel Buryš**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**Jiří Vlasák**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**Roman Zúrik**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*

SEPARATE FINANCIAL STATEMENTS 2015

KOFOLA ČESKOSLOVENSKO A.S.

1. SEPARATE FINANCIAL STATEMENTS

1.1. SEPARATE STATEMENT OF FINANCIAL POSITION

for the 12-month period ended 31 December 2015 and 31 December 2014 in CZK thousand.

Separate statement of profit or loss	Note	2015 CZK´000	2014 CZK ´000
Administrative costs	4.2	(12 258)	-
Other operating income	4.3	-	2
Operating profit/(loss)		**(12 258)**	**2**
Finance costs	4.4	(159)	(1)
Profit/(loss) before income tax		**(12 417)**	**1**
Income tax expense	4.5	140	-
Profit/(loss) for the period		**(12 277)**	**1**
Earnings per share for profit attributable to the ordinary equity holders of the company (in CZK)			
Basic earnings per share	4.6	(2.49)	0.03*
Diluted earnings per share	4.6	(2.49)	0.03*

The above separate statement of profit or loss should be read in conjunction with the accompanying notes.

1.2. SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 12-month period ended 31 December 2015 and 31 December 2014 in CZK thousand.

Separate statement of other comprehensive income	Note	2015 CZK´000	2014 CZK ´000
Profit/(loss) for the period		**(12 277)**	**1**
Other comprehensive income for the period		-	-
Total comprehensive income for the period		**(12 277)**	**1**

The above separate statement of other comprehensive income should be read in conjunction with the accompanying notes.

1. SEPARATE FINANCIAL STATEMENTS

1.3. SEPARATE STATEMENT OF FINANCIAL POSITION

as at 31 December 2015 and 31 December 2014 in CZK thousand.

Assets	Note	31.12.2015 CZK´000	31.12.2014 CZK ´000
Non-current assets		**7 628 981**	**-**
Investment in subsidiary	4.7	7 628 217	-
Deferred tax assets	4.5	764	-
Current assets		**140 707**	**2 000**
Trade and other receivables	4.8	1 373	-
Cash and cash equivalents	4.9	139 334	2 000
Total assets		**7 769 688**	**2 000**

Liabilities and equity	Note	31.12.2015 CZK´000	31.12.2014 CZK ´000
Total equity		**7 711 740**	**2 000**
Share capital	1.5	2 229 500	2 000
Share premium	1.5	5 494 517	-
Accumulated deficit	1.5	(12 277)	-
Non-current liabilities		**-**	**-**
Current liabilities		**57 948**	**-**
Trade and other payables	4.11	17 948	-
Other financial liabilities	4.12	40 000	-
Total liabilities		**57 948**	**-**
Total liabilities and equity		**7 769 688**	**2 000**

The above separate statement of financial position should be read in conjunction with the accompanying notes.

1.4. SEPARATE STATEMENT OF CASH FLOWS

for the 12-month period ended 31 December 2015 and 31 December 2014 in CZK thousand.

Separate statement of cash flows	Note	2015 CZK ´000	2014 CZK ´000
Cash flows from operating activities			
Profit before income tax	1.1	(12 417)	1
Adjustments for:			
Non-cash movements			
Net interest	4.4	147	-
Other		2 139	-
Change in operating assets and liabilities			
Change in receivables		(1 373)	-
Change in payables		9 690	-
Net cash inflow from operating activities		**(1 814)**	**1**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired	4.7	(38 963)	-
Net cash outflow from investing activities		**(38 963)**	**-**
Cash flows from financing activities			
Proceeds from loans and bank credits	4.12	40 000	-
Gross proceeds from the issue of shares	4.10	140 250	-
Other		(2 139)	-
Net cash outflow from financing activities		**178 111**	**-**
Net increase (decrease) in cash and cash equivalents		137 334	1
Cash and cash equivalents at the beginning of the period	4.9	2 000	1 999
Cash and cash equivalents at the end of the period	4.9	**139 334**	**2 000**

The above separate statement of cash flows should be read in conjunction with the accompanying notes.

1.5. SEPARATE STATEMENT OF CHANGES IN EQUITY

for the 12-month period ended 31 December 2015 and 31 December 2014 in CZK thousand.

Separate statement of changes in equity	Note	Share capital CZK´000	Share premium CZK´000	Accumulated deficit CZK´000	Total equity CZK´000
Balance at 1 January 2014		**2 000**	**-**	**(1)**	**1 999**
Profit for the period		-	-	1	**1**
Total comprehensive income for the period	1.2	**-**	**-**	**1**	**1**
Balance at 31 December 2014		**2 000**	**-**	**-**	**2 000**
Balance at 1 January 2015		**2 000**	**-**	**-**	**2 000**
Loss for the period		-	-	(12 277)	**(12 227)**
Total comprehensive income for the period	1.2	**-**	**-**	**(12 227)**	**(12 227)**
Share capital increase	4.10	2 200 000	5 389 120	-	**7 589 120**
Shares issue	4.10	27 500	112 750	-	**140 250**
Transaction costs	4.10	-	(7 353)	-	**(7 353)**
Balance at 31 December 2015		**2 229 500**	**5 494 517**	**(12 227)**	**7 711 740**

The above separate statement of changes in equity should be read in conjunction with the accompanying notes.

2. GENERAL INFORMATION

2.1. CORPORATE INFORMATION

GENERAL INFORMATION

Kofola ČeskoSlovensko a.s. (until 19 June 2015 Ywaki Consulting a.s.) ("the Company") is a joint-stock company registered on 12 September 2012. Its registered office is Nad Porubkou 2278/31a, Ostrava, 708 00, Czech Republic (until 19 June 2015 Karolinská 661/4, Praha 8, 186 00, Czech Republic) and the identification number is 24261980. The Company is recorded in the Commercial Register kept by the Regional Court in Ostrava, section B, Insert No. 10735. The Company´s websites are http://www.firma.kofola.cz and the phone number is +420 595 601 030.

Main area of activity of Kofola ČeskoSlovensko a.s. in 2015 was holding of the subsidiary.

Kofola ČeskoSlovensko a.s. is part of the Kofola Group, one of the leading producers and distributors of non-alcoholic beverages in Central and Eastern Europe. Besides the traditional markets of the Czech Republic and Slovakia where the Group is a leader, the Group is also present in Poland and in Slovenia with limited activities in Austria and Russia. The Group produces drinks with care and love in eight production plants and key brands include Kofola, Hoop Cola, Jupí, Jupík, Rajec, Radenska, Paola, Semtex and Vinea. On selected markets the Group distributes among others Rauch, Evian or Badoit products and under the licence produces RC Cola or Orangina.

STOCK EXCHANGE LISTING

Kofola ČeskoSlovensko a.s. is listed on Prague Stock Exchange (ticker KOFOL) and on Warsaw stock Exchange (ticker KOF).

MANAGEMENT

As at 31 December 2015, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

BOARD OF DIRECTORS

- Janis Samaras – Chairman
- René Musila
- Tomáš Jendřejek
- Daniel Buryš
- Jiří Vlasák
- Roman Zúrik

SUPERVISORY BOARD

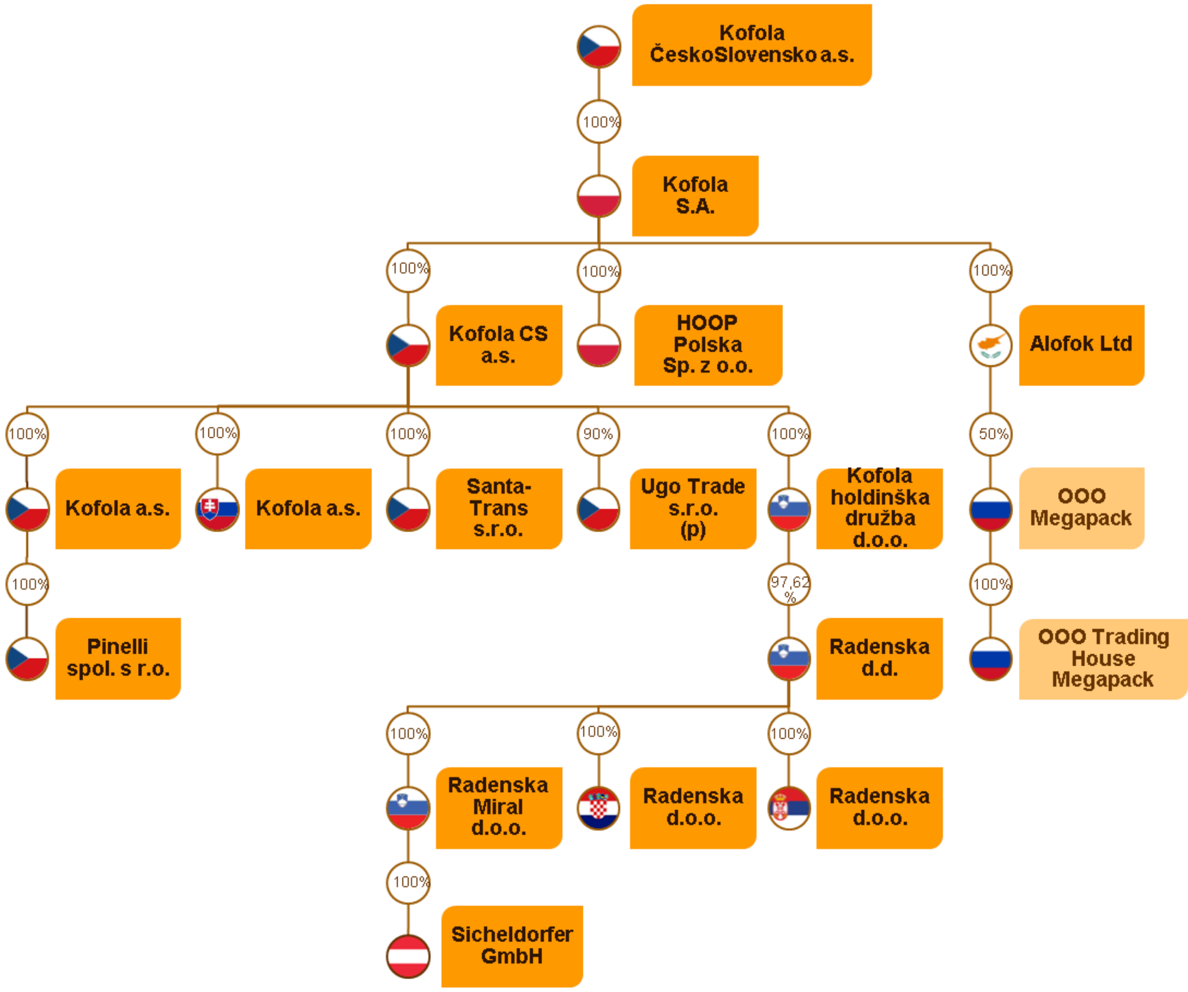
- René Sommer – Chairman
- Jacek Woźniak – Vice-Chairman
- Dariusz Prończuk
- Pavel Jakubík
- Moshe Cohen-Nehemia
- Petr Pravda

AUDIT COMMITTEE

- René Sommer
- Pavel Jakubík
- Ivan Jakúbek

2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 31 DECEMBER 2015



2. GENERAL INFORMATION

DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights 31.12.2015	Ownership interest and voting rights 31.12.2014
Holding companies				
Kofola ČeskoSlovensko a.s.	Czech Republic	top holding company		
Kofola CS a.s.	Czech Republic	holding	100.00%	100.00%
KOFOLA S.A.	Poland	holding	100.00%	100.00%
Kofola holdinška družba d.o.o.	Slovenia	holding	100.00%	100.00%
Alofok Ltd	Cyprus	holding	100.00%	100.00%
Production and trading				
Kofola a.s.	Czech Republic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.	Poland	production and distribution of non-alcoholic beverages	100.00%	100.00%
UGO Trade s.r.o.	Czech Republic	operation of fresh bars chain	90.00%	90.00%
Radenska d.d.	Slovenia	production and distribution of non-alcoholic beverages	97.62%	-
Radenska d.o.o.	Croatia	inactive	97.62%	-
Radenska d.o.o.	Serbia	inactive	97.62%	-
Radenska Miral d.d.	Slovenia	trademark licensing	97.62%	-
Sicheldorfer GmbH	Austria	production and distribution of water	97.62%	-
PINELLI spol. s r.o.	Czech Republic	trademark licensing	100.00%	100.00%
Transportation				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
Associated companies				
OOO Megapack	Russia	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
Disposed subsidiaries				
STEEL INVEST Sp. z o.o.*	Poland	inactive	-	100.00%

* The shares in STEEL INVEST Sp. z o.o. were disposed of on 2 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The separate financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards ("IFRS"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, published and effective for reporting periods beginning 1 January 2015.

The separate financial statements have been prepared on a going concern basis and in accordance with the historical cost method, except for financial assets and liabilities measured at fair value, and the assets, liabilities and contingent liabilities of the acquiree, which were stated at fair value as at the date of the acquisition as required by IFRS 3.

The separate financial statements include the separate statement of the financial position, separate statement of profit or loss, separate statement of other comprehensive income, separate statement of changes in equity, separate statement of cash flows and explanatory notes.

The separate financial statements cover the year ended 31 December 2015 and contain comparatives for the year ended 31 December 2014.

The separate financial statements are presented in Czech crowns ("CZK"), and all values, unless stated otherwise, are presented in CZK thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements as disclosed in section 3.5.

ADOPTION OF CHANGES TO STANDARDS

The Company has not changed its accounting policies as a result of standards and interpretations adopted by the European Union effective for the reporting periods starting from 1 January 2015. The Group has not early-adopted any standard. Following new standards and amendments not yet effective are relevant for Company:

- IFRS 9, 'Financial Instruments': Classification and Measurement.
- IFRS 15, 'Revenue from Contracts with Customers'.
- Amendment to IAS 1, Disclosure Initiative.
- Amendment to IAS 16, 'Property, plant and equipment', and IAS 38 'Intangible assets' on clarification of acceptable methods of depreciation and amortisation.
- Amendment to IAS 27, 'Separate financial statements' on equity method in separate financial statements.
- Amendment to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates', on Investment entities: Applying the consolidation exception.
- Amendment to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates' on the sale or contribution of assets between an investor and its associate or joint venture.

The management of the Company is analysing potential impact of the above mentioned standards on the financial statements of the Company.

Following new standards and amendments not yet effective are not relevant for Company:

- IFRS 14, 'Regulatory Deferral Accounts'.
- Amendment to IAS 16, 'Property, plant and equipment', and IAS 41, 'Agriculture' on Agriculture: Bearer plants.
- Amendment to IFRS 11, 'Joint arrangements' on Accounting for acquisitions of interests in joint operations.

3.2. FUNCTIONAL AND PRESENTATION CURRENCY

The separate financial statements are presented in Czech Korunas (CZK), which is the Company´s functional and presentation currency.

3.3. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

Monetary assets and liabilities expressed as at the balance sheet date in foreign currencies are translated using the closing exchange rate announced by the Czech National Bank for the end of the reporting period, and all foreign exchange gains or losses are recognized in profit or loss under:

- operating income and expense – for trading operations,
- finance income and costs – for financial operations.

Non-monetary assets and liabilities carried at historical cost expressed in a foreign currency are stated at the historical exchange rate as at the date of the transaction. Non-monetary assets and liabilities carried at fair value expressed in a foreign currency are translated at the exchange rate as at the date on which they were remeasured to the fair value.

The following exchange rates were used for the preparation of the financial statements:

Closing exchange rates	31.12.2015	31.12.2014
CZK/EUR	27.025	27.725
CZK/PLN	6.340	6.492
CZK/RUB	0.335	0.383
CZK/USD	24.824	22.834

Average exchange rates	1.1.2015 - 31.12.2015	1.1.2014 - 31.12.2014
CZK/EUR	27.283	27.533
CZK/PLN	6.525	6.582
CZK/RUB	0.406	0.549
CZK/USD	24.600	20.746

3.4. ACCOUNTING METHODS

3.4.1 INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The Company accounts for investments in subsidiaries, joint ventures and associates at cost.

3.4.2 FINANCIAL INSTRUMENTS

Financial instrument is any formal agreement that gives rise to a financial asset of one entity, and a financial liability or equity instrument of another entity.

The most significant assets that are subject to the financial instruments accounting policies are:

- loan receivables,
- derivative instruments (options, forward contracts, futures, swap contracts, embedded derivative instruments),
- other financial assets (trade receivables, cash).

Current trade receivables are stated at amortised cost by applying the effective interest rate method, and reduced by impairment write downs, if any.

The most significant liabilities that are subject to the financial instruments accounting policies:

- loan payables, bonds issued,
- credit payables,
- derivative instruments (options, forward contracts, futures, swap contracts, embedded derivative instruments),
- other financial liabilities.

Trade payables are stated at amortised cost by applying the effective interest rate method.

The Company's financial assets are classified to the following categories:

- financial assets at fair value through profit or loss, and
- loans and receivables.

Financial liabilities are divided into:

- financial liabilities at fair value through profit or loss, and
- financial liabilities stated at amortised cost – other liabilities.

Classification is based on the nature of the asset and management intention. The Company classifies its assets at their initial recognition, with subsequent reassessment performed as at each reporting date.

FINANCIAL ASSETS

Financial assets are initially recognised at fair value. Their initial valuation is increased by transaction costs, with the exception of financial assets stated at fair value through profit or loss. The transaction costs payable in case of a possible disposal of the asset are not deducted from subsequent measurement of financial assets. The asset is recognised in the balance sheet when the Group becomes a party to the agreement (contract), out of which the financial asset arises.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This category includes two groups of assets: financial assets held for trading and financial assets designated initially at fair value through profit or loss. A financial asset is included in the held for trading category if it was acquired in order to be sold in the near term, or if it is part of a portfolio in which a pattern or short-term trading exists, or if it is a derivative instrument with a positive fair value.

This category includes primarily derivative instruments in the Group's balance sheet, as well as debt and equity instruments acquired in order to be resold in the near term.

Assets classified as financial assets designated at fair value through profit or loss are stated as at each reporting date at fair value, and all gains or losses are recognised as financial income or costs. Derivative financial instruments are stated at fair value as at the balance sheet date and as at the end of each reporting period based on valuations performed by the banks realising the transactions. Other financial assets designated at fair value through profit or loss are valued using stock exchange prices, and in their absence, using appropriate valuation techniques, such as: the use of the prices in recent transactions, comparisons with similar instruments, option valuation models. The fair value of debt instruments represents primarily future cash flows discounted at the current market interest rate applicable to similar instruments.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Depending on their maturity date, they are included in non-current assets (assets due in more than 1 year after the end of the reporting period) or current assets (assets due within 1 year after the end of the reporting period). Loans and receivables are stated at amortised cost. Included in this category are primarily trade receivables and bank deposits and other cash funds, as well as loans and acquired unlisted debt instruments not included in the other financial assets categories.

FINANCIAL LIABILITIES

Financial liabilities are initially recognised at fair value. Transaction costs are deducted from the amount at initial recognition, except for financial liabilities at fair value through the profit or loss. The transaction costs payable upon a transfer of a financial liability are not added to the subsequent valuation of financial liabilities. The financial liabilities are recognised in the balance sheet when the Group becomes a party to the agreement, out of which the financial liability arises.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

This category includes two groups of liabilities: financial liabilities held for trading and financial liabilities designated at fair value through profit or loss. Financial liabilities held for trading are liabilities that: have been issued primarily to be transferred or repurchased in near term, or are a component of a portfolio of financial instruments that are managed together with a purpose of generating a profit from short-term fluctuations in price or trader's margin, or constitute derivative instruments.

The Company's financial liabilities at fair value through profit or loss include primarily derivative instruments with a negative fair value. Financial liabilities at fair value through profit or loss are measured at their fair value at the end of each reporting period, and all gains or losses are recognised as finance income or costs. Derivative instruments are measured at fair value at the end of each reporting period based on valuations performed by the banks realising the transactions. The fair value of debt instruments represents future cash flows discounted at the current market interest rate applicable to similar instruments.

FINANCIAL LIABILITIES STATED AT AMORTISED COST

Other financial liabilities, not classified as financial liabilities at fair value through profit or loss, are included in financial instruments stated at amortised cost. This category includes primarily trade payables, as well as loans payable. The liabilities included in this category are stated at amortised cost using the effective interest method.

DERECOGNITION OF FINANCIAL ASSETS

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

DERECOGNITION OF FINANCIAL LIABILITIES

The Group derecognises financial liability (or part of a financial liability) when it extinguishes, i.e. when the obligation is discharged, cancelled or expires. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

OFFSETTING

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. However, the offsetting is not possible if it cannot be legally enforced in the normal course of business, in the event of default or in the event of insolvency or bankruptcy of the entity or any of the counterparties.

3.4.3 TRADE AND OTHER RECEIVABLES

Trade and other financial receivables are carried at amortised cost (i.e. present value discounted using the effective interest rate) net of impairment write downs.

In cases when the effect of the time value of money is significant, the carrying value of a receivable is determined by discounting the expected future cash flows to the present value, using a discounted rate that reflects the current market assessments of the time value of money. Unwinding of the effects of discounting increasing the receivable is recorded as finance income.

Receivables not classified at fair value through profit or loss, are assessed at each reporting date to determine whether there is objective evidence of impairment. Such evidence includes:

- significant financial difficulties of the debtor,
- probability that the debtor will enter bankruptcy or financial reorganisation,
- default or delinquency by the debtor.

An impairment loss is recognised in profit or loss at the difference between an asset´s carrying amount and the present value of the estimated cash flows discounted at the asset´s original effective interest rate.

Receivables not individually impaired are assessed for impairment collectively, grouping receivables with similar risk characteristics. Generally, the Company creates bad debt provision at 100% for receivables overdue by more than 360 days and at 50% for receivables overdue by more than 180 but less than 360 days.

3.4.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash at bank and in hand, as well as highly liquid investments that can be readily convertible to known amount of cash and are subject to insignificant changes in the value.

The balance of cash and cash equivalents presented in the separate cash flow statement consists of cash at bank and in hand, as well as short-term deposits with original maturity up to 3 months.

3.4.5 EQUITY

Equity is classified by category and in accordance with binding legal regulations and the Company's Statute.

Share capital is carried at the amount stated in the Statute and in the National Court Register.

Declared but unpaid capital contributions are recorded as unpaid share capital. Treasury shares and unpaid share capital are deducted from the Company's equity.

Other elements of equity are: Share premium, Other reserves, Own shares and Retained earnings/Accumulated deficit.

Own shares acquired for cancellation, in accordance with the provisions of the Business Corporation Act, are recorded at cost as a negative amount as a separate component of equity.

Retained earnings/Accumulated deficit consist of accumulated profit or uncovered loss from previous years (accumulated profit/loss from previous years) and the profit/loss for the period.

Dividends are recognised as liabilities in the period in which they were approved.

3.4.6 INTEREST-BEARING BANK CREDITS, LOANS AND ISSUED BONDS

At initial recognition, all bank credits, loans and issued bonds are recorded at their fair value, which corresponds to the received cash funds, less the costs of obtaining the credit or loan or emission of bonds.

After their initial recognition, interest bearing credits, loans and issued bonds are stated at amortised cost by applying the effective interest rate method.

Amortised cost is determined by taking into account the costs of obtaining the credit, loan or issuing bond, as well as discounts and bonuses received or settlement fees charged at the settlement of the liability.

3.4.7 TRADE LIABILITIES AND OTHER LIABILITIES

Financial liabilities constitute a current obligation arising out of past events, the fulfilment of which is expected to result in an outflow of cash or other financial assets.

Financial liabilities other than financial liabilities stated at fair value through profit or loss are measured at amortised cost (i.e. discounted using the effective interest rate).

Exchange rate differences resulting from the balance sheet remeasurement of trade payables are recognised in cost of sales.

Non-financial current liabilities are measured at amounts due.

3.4.8 PROVISIONS

Provisions are created when the Company has a present obligation (legal or constructive) arising out of past events, and when it is likely that the fulfilment of this obligation will result in an outflow of economic benefits, and that the amount of the obligation can be reliably measured. If the Company expects that the costs covered by the provision will be refunded, for example based on an insurance policy, then the refund is recognised as a separate asset, but only if it is virtually certain that the refund will be received. The costs relating to a given provision are presented in the income statement net of any refunds. If the time value of money is material, the carrying amount of the provision is determined by discounting the forecasted future cash flows to their present values using a pre-tax discount rate reflecting the current market assessments of the time value of money and any risks associated with the given obligation. Subsequent increases of the provision due to unwinding of discount are presented as interest expense.

3.4.9 EMPLOYEE BENEFITS

PENSION OBLIGATIONS

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity or to a state pension plan. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Defined benefit plans driven by the Company define an amount of one-off benefit payment that employees receive on retirement, depending on years of service and level of their salary. The liability recognised in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the corresponding pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

For defined contribution plans, the Company pays contributions to state or private pension plans on monthly basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

TERMINATION BENEFITS

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates:

- when the Company can no longer withdraw the offer of those benefits; and
- when the Company recognises costs for a restructuring that is within the scope of IAS 37 and the restructuring involves the payment of termination benefits.

Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

3.4.10 REVENUE

Revenue is recognised at the amount of the economic benefits the Company is likely to obtain from a given transaction, and when the amount of revenue can be measured reliably. Revenue is measured excluding value added tax (VAT), excise tax and rebates (discounts, bonuses and other price reductions).

The amount of revenue is measured at the fair value of the consideration received or receivable. Revenue is stated at net present value when the effect of the time value of money is material (in case of payment after 360 days). If revenue is measured at discounted amount, the discount is recognised using the effective interest method as an increase in receivables, and as financial income in profit or loss.

Foreign exchange rate differences resulting from the realisation or the remeasurement of trade receivables are recognised in profit or loss.

Revenue is also recognised in accordance with the criteria specified below.

SALE OF GOODS AND PRODUCTS

Revenue is recognised when the significant risks and rewards of the ownership of goods and products have been transferred to the buyer, and when the amount of revenue may be measured reliably.

PROVISION OF SERVICES

Revenue from the provision of services is recognised at the end of the month in which the service was performed with reference to the percentage of completion of the service obligation.

INTEREST

Interest income is recognised gradually using the effective interest method.

DIVIDENDS

Dividends are recognised once the shareholders' right to receive them is established.

3.4.11 GOVERNMENT SUBSIDIES

The Company recognises government subsidies and subsidies from funds of the European Union once there is reasonable assurance that the subsidy will be received and that all of the related conditions will be complied with. Both of the above criteria must be met for a government subsidy to be recognised.

The Company may receive non-refundable government grants, mostly in the form of direct or indirect subsidies to investment projects. Subsidies reduce the carrying amounts of subsidised assets and are recognised in profit or loss as a reduction of depreciation over the expected useful life of the assets.

The Company may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, reducing the income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits.

3.4.12 INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted as at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by tax authorities.

Deferred income tax is recognised, using the balance sheet liability method, on tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the temporary differences will reverse or the tax loss carry forwards will be utilised..

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.4.13 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company issued two categories of instruments with dilutive potential: convertible debt and share options. The convertible debt is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect. For the share options, a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Earnings per share are presented separately for continuing operations and discontinued consolidation.

3.5. SIGNIFICANT ESTIMATES

Since some of the information contained in the separate financial statements cannot be measured precisely, the Company´s management must perform estimates to prepare the separate financial statements. Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason the estimates made as at 31 December 2015 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information	Section
Impairment of investments in subsidiaries and associates	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.	4.7
Income tax	Assumptions used to recognise deferred income tax assets.	4.5

3.6. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

The Board of Directors approved the present separate financial statements for publication on 16 March 2016.

4. NOTES TO THE SEPARATE FINANCIAL STATEMENTS

4.1. SEGMENT INFORMATION

Because of the holding nature of the Company and the lack of operational activities, the operating segments are not reported.

4.2. EXPENSES BY NATURE

Expenses by nature	2015 CZK´000	2014 CZK´000
Services	9 610	-
Taxes and fees	2 648	-
Total expenses by nature*	**12 258**	**-**
Change in finished products and work in progress	-	-
Reconciliation of expenses by nature to expenses by function	**12 258**	**-**
Administrative costs	12 258	-
Total costs of products sold, merchandise and materials, sales costs and administrative costs	**12 258**	**-**

* excluding other operating income and expenses

4.3. OTHER OPERATING INCOME

Other operating income	2015 CZK´000	2014 CZK´000
Other	-	2
Total other operating income	**-**	**2**
Total finance income	**-**	**-**

4.4. FINANCE COSTS

Finance costs	2015 CZK´000	2014 CZK´000
Interest from loans and credits	147	-
Exchange losses	1	-
Bank costs and charges	11	1
Total finance costs	**159**	**1**

4.5. INCOME TAX

4.5.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the years ended 31 December 2015 and 31 December 2014 were as follows:

Income tax expense	2015 CZK´000	2014 CZK´000
Current income tax	**-**	**-**
Deferred income tax	**(140)**	**-**
Related to tax losses	(140)	-
Income tax expense	**(140)**	**-**

The income tax rate applicable to the Company 2015 and 2014 income is 19%.

4.5.2 INCOME TAX RECOGNISED DIRECTLY IN EQUITY

Income tax recognised directly in equity	2015 CZK´000	2014 CZK´000
Deferred tax on IPO transaction costs (4.10)	624	-
Income tax recognised directly in equity	**624**	**-**

4.5.3 EFFECTIVE TAX RECONCILIATION

Effective tax	2015 CZK´000	2014 CZK´000
Profit before income tax	(12 417)	1
Tax at the rate of 19% valid in the Czech Republic	2 359	-
Tax effect of:		
Non-deductible expenses	(2 219)	-
Income tax expense	**140**	**-**
Effective tax rate (%)	**1.13%**	**0.00%**

4.5.4 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities			2015
	Deferred tax assets CZK´000	Deferred tax liabilities CZK´000	Net amount CZK´000
Temporary differences attributable to:			
Tax losses	764	-	764
Deferred tax assets liabilities	**764**	**-**	**764**

Deferred tax assets and liabilities			2014
	Deferred tax assets CZK´000	Deferred tax liabilities CZK´000	Net amount CZK´000
Temporary differences attributable to:			
Tax losses	-	-	-
Deferred tax assets liabilities	**-**	**-**	**-**

4.6. EARNINGS PER SHARE

The basic earnings per share ratio is calculated by dividing the profit for the period attributable to owners of Kofola ČeskoSlovensko a.s. by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share ration is calculated by dividing the profit for the period attributable to ordinary shareholders (after deducting the interest on redeemable preferred shares convertible to ordinary shares) by the weighted average number of ordinary shares outstanding during the period (adjusted by the effect of diluting options and own shares not subject to dividends).

Data relating to the profits and shares used to calculate basic and diluted earnings per share are presented below:

	2015 CZK´000	2014 CZK´000
Profit/(Loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(12 278)	1

	2015 pcs	2014* pcs
Weighted average number of ordinary shares for EPS calculation	4 924 795	20 000
Effect of own shares	-	-
Weighted average number of ordinary shares used to calculate basic earnings per share	**4 924 795**	**20 000**
Dilution adjustments	-	-
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	**4 924 795**	**20 000**

* restated to show the impact of shares split in 2015

Based on the above information, the basic and diluted earnings per share amounts to:

Basic earnings per share (CZK/share)	2015 CZK´000	2014 CZK´000
Profit/(Loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s.	**(12 278)**	**1**
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	4 924 795	20 000*
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	**(2.49)**	**0.03***

* restated to show the impact of shares split in 2015

Diluted earnings per share (CZK/share)	2015 CZK´000	2014 CZK´000
Profit/(Loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s.	**(12 278)**	**1**
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs)	4 924 795	20 000*
Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	**(2.49)**	**0.03***

* restated to show the impact of shares split in 2015

4.7. INVESTMENT IN SUBSIDIARY

The Company holds 100% share of the ownership interest and voting rights in Kofola S.A., a joint-stock company with its registered office in Kutno, 5 Wschodnia, 99-300, Poland. The company is registered by the Regional Court for Łódź-Śródmieście in Łódź, XX Business Division of the National Court Register, with registration number KRS 0000134518.

The composition of cost of Kofola S.A. is as follows:

Composition of Kofola S.A. cost	31.12.2015 CZK´000
Purchased Kofola S.A.'s own shares	19 875
In-kind contribution of Kofola S.A.'s shares (4.10)	7 589 254
Remaining shares purchased from former minority shareholders	19 088
Investment in subsidiary	**7 628 217**

The Company has not identified any impairment indicator regarding its investment in Kofola S.A.

4.8. TRADE AND OTHER RECEIVABLES

Trade receivables and other receivables	31.12.2015		31.12.2014	
	Current	Non-current	Current	Non-current
	CZK´000	CZK´000	CZK´000	CZK´000
Financial assets within Trade and other receivables				
Trade receivables	-	-	-	-
Total	**-**	**-**	**-**	**-**
Non-financial assets within Trade and other receivables				
Prepayments	1 373	-	-	-
Total	**1 373**	**-**	**-**	**-**
Trade and other receivables total	**1 373**	**-**	**-**	**-**

4.9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	31.12.2015	31.12.2014
	CZK´000	CZK´000
Cash in bank and in hand	139 334	2 000
Cash and cash equivalents	**139 334**	**2 000**

Free funds are held at bank and invested in the form of term and overnight deposits, primarily with variable interest rates.

Split by currency	31.12.2015	31.12.2014
	CZK´000	CZK´000
in CZK	139 334	2 000
Cash and cash equivalents	**139 334**	**2 000**

4.10. EQUITY

4.10.1 SHARE CAPITAL, SHARE PREMIUM AND CAPITAL REORGANISATION RESERVE

SHARE CAPITAL STRUCTURE

Share capital structure	2015		2014	
Type of shares	Shares	Par value	Shares	Par value
	pcs	CZK´000	pcs.	CZK´000
Ordinary shares	22 295 000	2 229 500	20	2 000
Total	**22 295 000**	**2 229 500**	**20**	**2 000**

Ordinary shares of Kofola ČeskoSlovensko a.s. have a par value of CZK 100. Holders of the ordinary shares are entitled to declared dividends and to one vote per share at general meeting of the Company.

All of the issued shares have been fully paid up.

MOVEMENTS IN ORDINARY SHARES

Movements in ordinary shares	Number of shares	Par value	Share premium	Total
	pcs	CZK'000	CZK'000	CZK'000
As at 1 January 2015	20	2 000	-	2 000
Change of shares par value (i)	19 980	-	-	-
Share capital increase – in-kind contribution (ii)	22 000 000	2 200 000	5 389 120	7 589 120
Share capital increase – shares issue (iii)	275 000	27 500	112 750	140 250
Transaction costs arising on share issue (iii)	-	-	(7 977)	(7 977)
Deferred tax recognised directly in equity (iii)	-	-	624	624
As at 31 December 2015	**22 295 000**	**2 229 500**	**5 494 517**	**7 724 017**

(i) Change of shares par value

On 8 September 2015, the shares split was registered and shares par value was changed to CZK 100. As of this date, the number of outstanding shares was 20 000 with total par value remaining at CZK 2 000 000.

(ii) Share capital increase – in-kind contribution

On 15 October 2015, KSM Investment S.A., CED Group S.a.r.l., Mr. René Musila and Mr. Tomáš Jendřejek executed Subscription Agreements on 22 000 000 shares of Kofola ČeskoSlovensko a.s. with a nominal value of CZK 100 each and paid the subscription price for these shares by way of in-kind contribution of all their shares they owned in Kofola S.A. As a result of the in-kind contribution of Kofola S.A. shares to Kofola ČeskoSlovensko a.s. to pay for 22 000 thousand newly subscribed shares of Kofola ČeskoSlovensko a.s. with the nominal value of CZK 100 by the participating shareholders, the share capital of Kofola ČeskoSlovensko a.s. increased by CZK 2 200 000 thousand to CZK 2 202 000 thousand and the share premium increased to CZK 5 389 120 thousand, following the valuation of the contributed shares according to paragraph 468 of the Business Corporation Act.

(iii) Share capital increase – shares issue (IPO)

Following the initial public offering of Kofola ČeskoSlovensko a.s. the Board of Directors passed a resolution on 1 December 2015 to increase the registered share capital of the Company (based on authorization from the general meeting of the Company dated 10 November 2015) in the amount of CZK 27 500 000, which corresponds to 275 000 New Shares with nominal value of CZK 100 each.

The issue price for one share was set at CZK 510, corresponding to gross proceeds for the Company of CZK 140.25 million.

Public offering transaction costs were recorded as a deduction from share premium to the extent that they are incremental costs directly attributable to the share issue under public offering. These transaction costs include cost of legal and audit services, administrative costs registration fees and other costs directly associated with issue and public offering of the shares described above. Total amount of such costs was CZK 7 977 thousand and relating tax benefit of CZK 624 thousand was recorded directly in equity.

4.10.2 RETAINED EARNINGS

Net retained earnings	31.12.2015 CZK´000	31.12.2014 CZK´000
Retained earnings/(Accumulated deficit)	-	(1)
Profit/(loss) for the period	(12 277)	1
Net accumulated deficit	**(12 277)**	**-**

4.11. TRADE AND OTHER PAYABLES

Trade and other payables	31.12.2015		31.12.2014	
	Current CZK´000	Non-current CZK´000	Current CZK´000	Non-current CZK´000
Financial liabilities within trade and other payables				
Trade liabilities	15 424	-	-	-
Accrued liabilities and other creditors	2 524	-	-	-
Total	**17 948**	**-**	**-**	**-**
Non-financial liabilities within trade and other payables				
Total	**-**	**-**	**-**	**-**
Trade and other payables	**17 948**	**-**	**-**	**-**

Trade payables are not interest bearing and are usually paid within 30-90 days of recognition.

Other payables are not interest bearing and payable on average within 1 month.

4.12. OTHER FINANCIAL LIABILITIES

The balance of CZK 40 000 thousand comprises a loan from Kofola a.s. (CZ). The loan bears fixed interest and is repayable by 31 December 2016.

4.13. FINANCIAL RISK MANAGEMENT

The Company's primary financial instruments consist of cash and cash equivalents and loans. The main goal of holding such financial instruments is to obtain funds for business operations, or to invest the Company's available funds. In addition, the Company has other financial instruments, such as trade receivables and payables that arise as part of its operations. The accounting methods relating to those instruments are described in section 3.4.

It is the Company's policy – now and throughout the reporting periods presented in these financial statements – not to trade in financial instruments.

The Company's activities are exposed to several types of financial risk: market risk (including foreign exchange risk, and cash-flow risk relating to changes in interest rates), credit risk and liquidity risk. In addition, the Company monitors the market prices risk relating to all of its financial instruments. Risks are managed by the Company's management, which recognises and assesses the above financial risks. The general risk management process is focused on the unpredictability of financial markets, and the Company tries to minimise any potential adverse effects on its financial results. The Company uses derivative financial instruments to hedge against certain types of risk, providing that the hedging instruments are considered to be cost effective. Management verifies and agrees the risk management methods with regard to every type of risk. A short description of these methods is presented below.

4.13.1 INTEREST RATE RISK

Interest rate risk is a risk that the fair value or future cash flows from a financial instrument will change due to changes in interest rates. The interest bearing financial liabilities of the Company are represented by an intercompany loan, however the interest rate is fixed and as such there is no interest risk. In addition, the Company places its free funds on variable interest rate deposits, which would bring the profits down if the interest rates fall. Trade and other receivables and payables are not interest bearing and have due dates of up to one year.

Management of the Company monitors its exposure to interest rate risk and interest rate forecasts.

Due to limited exposure to interest risk, no sensitivity analysis is provided.

4.13.2 CURRENCY RISK

The Company is exposed to the risk of changes in foreign exchange rates, mainly due to foreign exchange payables. The currency risk relates primarily to the PLN exchange rate in relation to CZK. The Company's exposure associated with other currencies is immaterial.

The effect of currency risk on the Company's position is presented in the note (sensitivity analysis) below. The sensitivity analysis is based on a reasonable change in the assumed foreign exchange rate while the other assumptions remain unchanged. In practice this is not very likely, and changes in certain assumptions may be correlated, e.g. a change in interest rate and in the foreign exchange rate. The Company manages currency risk as a whole. The sensitivity analysis prepared by management for currency risk illustrates after-tax profit or loss effect of changes in the exchange rate of the PLN to CZK.

Currency risk impact on profit or loss	**31.12.2015**	**31.12.2014**
	CZK´000	CZK´000
PLN strengthening by 3%	(84)	-
PLN weakening by 3%	84	-

4.13.3 CREDIT RISK

Credit risk arises from cash deposits in banks along with other short-term deposits, as well as from trade and other financial receivables.

The Company undertakes activities aimed at limiting credit risk, consisting of checking the creditworthiness of its customers, setting credit limits, insuring selected receivables and monitoring the customers' financial position.

CASH AND CASH EQUIVALENTS

With regard to the Company's other financial assets, such as cash and cash equivalents, credit risk arises as a result of the other party's inability to pay, and the maximum amount of the Group's exposure to this risk is equal to the balance sheet value of these amounts.

The credit risk associated with bank deposits is considered to be immaterial, as the Company has concluded transactions with institutions that have a sound financial position.

Credit quality of cash in bank and in hand Credit rating	31.12.2015 CZK´000	31.12.2014 CZK´000
A2	139 334	2 000
Total cash in bank and in hand	**139 334**	**2 000**

4.13.4 LIQUIDITY RISKS

The Company is exposed to liquidity risk, defined as a risk of losing the ability to pay its obligations as they become due. The risk arises from a potential restriction in access to financial markets or from a change in the attitude of banks in the area of granting credits, which may result in an inability to obtain new financing or refinancing of debts.

Management of the Company monitors the risk of insufficient funds by adjusting the structure of financing to prediction of future cash flows (planned investment included), diversifying of sources of financing and by keeping sufficient level of available credit lines.

It is the Company's objective to maintain a balance between financing continuity and flexibility, by using various financing sources, such as credits, bonds, loans and finance lease agreements. The Company controls its financial liabilities so that in each given period the amount of liabilities due within the next 12 months does not pose a threat for the Company's ability to meet its financial obligations.

Analysis of financial liabilities is presented below. The amounts represent undiscounted cash flows, which represent the Company's maximum exposure to liquidity risk.

Future cash outflows related to financial liabilities:

Contractual cashflows of financial liabilities as at 31 December 2015	Less than 3 months CZK´000	Between 3-12 months CZK´000	Between 1-2 years CZK´000	Between 2-5 years CZK´000	Over 5 years CZK´000	Total contractual cash-flows CZK´000	Total carrying amount CZK´000
Trade liabilities	15 424	-	-	-	-	15 424	15 424
Other financial liabilities	2 337	40 147	-	-	-	42 524	42 524
Total	**17 801**	**40 147**	**-**	**-**	**-**	**57 948**	**57 948**

4.14. FINANCIAL INSTRUMENTS

4.14.1 FINANCIAL INSTRUMENTS CATEGORIES

Fair value of Trade receivables, Other financial receivables, Cash and cash equivalents, Trade liabilities and Other financial liabilities is close to carrying amounts since the interest payable on them is either close to market rates or they are short-term.

Financial instruments	Financial assets at amortised cost CZK´000	Derivatives at fair value through profit or loss CZK´000	Financial liabilities at amortised cost CZK´000	Total CZK´000
Cash and cash equivalents	139 334	-	-	139 334
Trade and other payables	-	-	(17 948)	(17 948)
Other financial liabilities	-	-	(40 000)	(40 000)
Total	**139 334**	**-**	**(57 948)**	**81 386**

4.15. HEADCOUNT

The Company had no employees in both 2015 and 2014.

4. NOTES TO THE SEPARATE FINANCIAL STATEMENTS

4.16. RELATED PARTY TRANSACTIONS

4.16.1 SHAREHOLDERS STRUCTURE

Share capital structure			2015
Name of entity	**Number of shares**	**% in share capital**	**% in voting rights**
KSM Investment S.A.	11 321 383	50.78%	50.78%
CED GROUP S. a r.l.	8 311 196	37.28%	37.28%
René Musila	581 231	2.61%	2.61%
Tomáš Jendřejek	581 190	2.61%	2.61%
Others	1 500 000	6.72%	6.72%
Total	**22 295 000**	**100.00%**	**100.00%**

Ultimate controlling party is represented by private individuals.

4.16.2 SUBSIDIARIES AND ASSOCIATES

Interests in subsidiaries and associates are set out in section 4.7.

4.16.3 REMUNERATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration paid out to persons with executive authority in 2015. No amounts were paid by the Company, the remuneration was paid by other Group entities.

Remuneration of the Group's key management personnel	Amounts paid for activities in the Company´s Board of Directors		Amounts paid for activities in the Company´s Supervisory board and/or Audit committee		Amounts paid for other activities within the Group	
	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation
	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000	CZK´000
Members of the Company´s Board of Directors	-	-	-	-	29 539	1 004
Members of the Company´s Supervisory board and Audit committee	-	-	729	-	10 579	416
Other key management personnel of the Group	-	-	-	-	11 003	277
Total remuneration of the Group's key management personnel	**-**	**-**	**729**	**-**	**51 121**	**1 697**

4.16.4 OTHER RELATED PARTY TRANSACTIONS

Presented below are the total amounts of transactions concluded with the Group's related parties:

Other related party transactions	Profit or loss impact		Balance as at 31 December	
	2015	**2014**	**2015**	**2014**
	CZK´000	CZK´000	CZK´000	CZK´000
Reinvoicing of IPO-related cost from Kofola S.A.	(7 510)	-	(11 088)	-
Loan from Kofola a.s. (CZ)	(147)	-	(40 000)	-
Total	**(7 657)**	**-**	**(51 088)**	**-**

All transactions with related parties have been concluded at market terms.

4.17. SUBSEQUENT EVENTS

No events have occurred after the end of the reporting period that would require adjusting the amounts recognised and disclosures made in the separate financial statements.

4. NOTES TO THE SEPARATE FINANCIAL STATEMENTS

SIGNATURES OF THE COMPANY'S REPRESENTATIVES

16.3.2016	**Janis Samaras**	**Chairman of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**René Musila**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**Tomáš Jendřejek**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**Daniel Buryš**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**Jiří Vlasák**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
16.3.2016	**Roman Zúrik**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*