



KOFOLA ČESKOSLOVENSKO A.S.
INTERIM REPORT IH 2016





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KOFOLA GROUP

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



CZK 3.5 BN 1H16
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 2016 survey



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



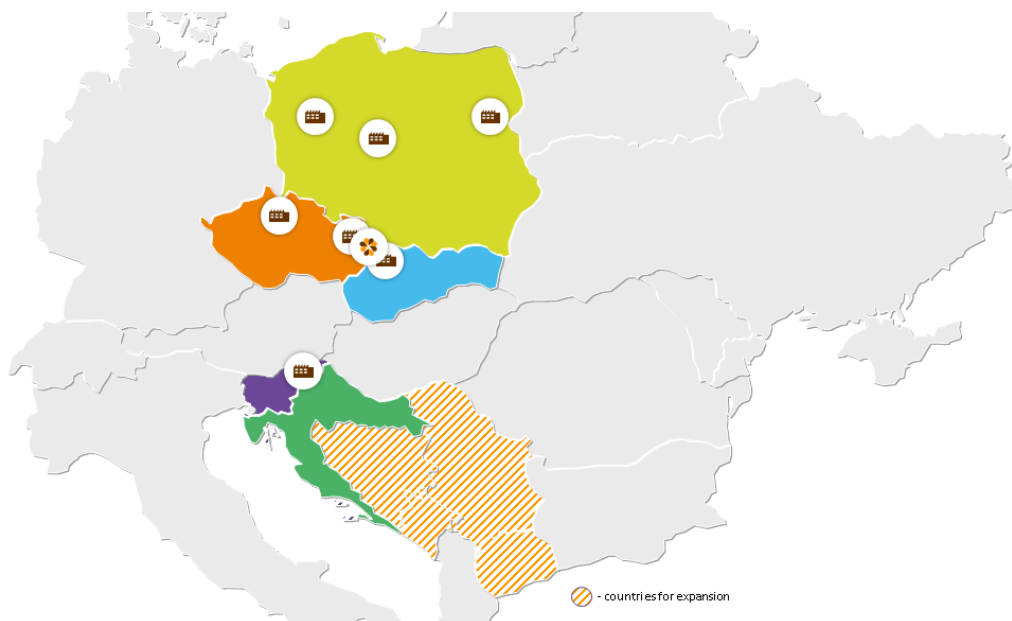
- ❖ no. 1 player in the soft drinks market in both Retail & HoReCa



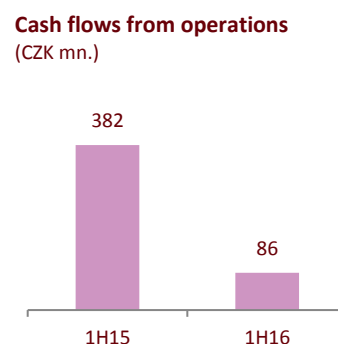
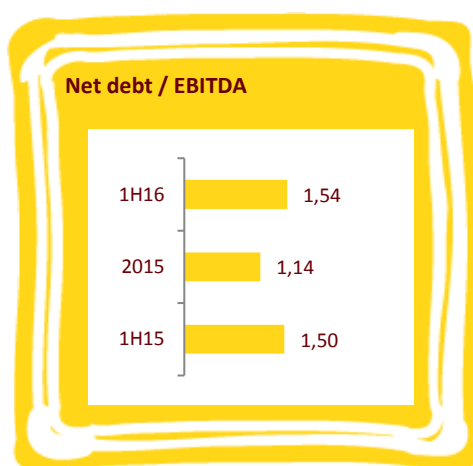
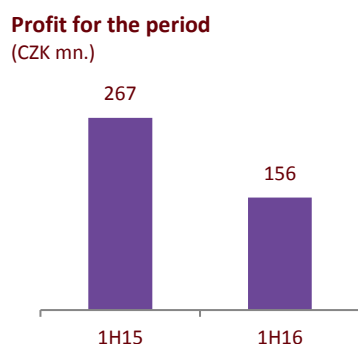
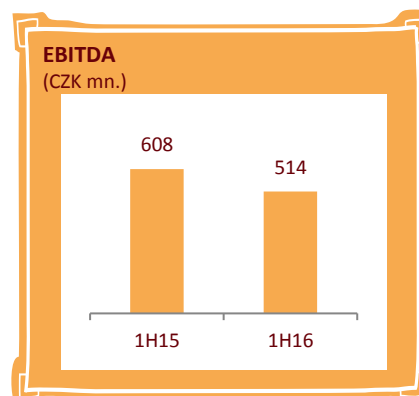
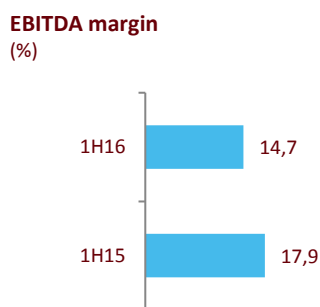
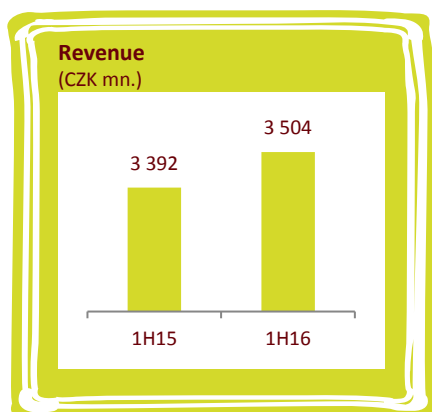
- ❖ no. 1 player in the soft drinks market in Slovenia
- ❖ no. 1 water brand in both Retail & HoReCa



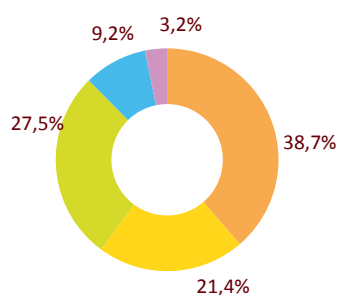
- ❖ production and distribution of PepsiCo products
- ❖ acquired brands Inka, Nara, Vočko



1. KOFOLA AT A GLANCE

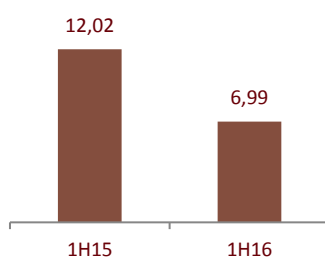


Geographical segment revenue
(%)

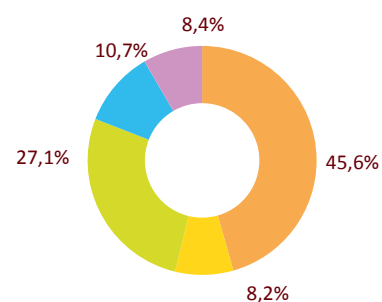


- Czech Republic
- Slovakia
- Poland
- Slovenia
- Export

Earnings per share (basic)
CZK



Product segment revenue
(%)



- Carbonated beverages
- Non-carbonated beverages
- Waters
- Syrups
- Other

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 3.2.

2. KOFOLA GROUP

2.1. 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.

2.2. 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. The Group has a leading market position on the CzechoSlovak market and is targeting to replicate its successes in the other CEE markets. The Group 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 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 the Czech Republic and Slovakia.



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.

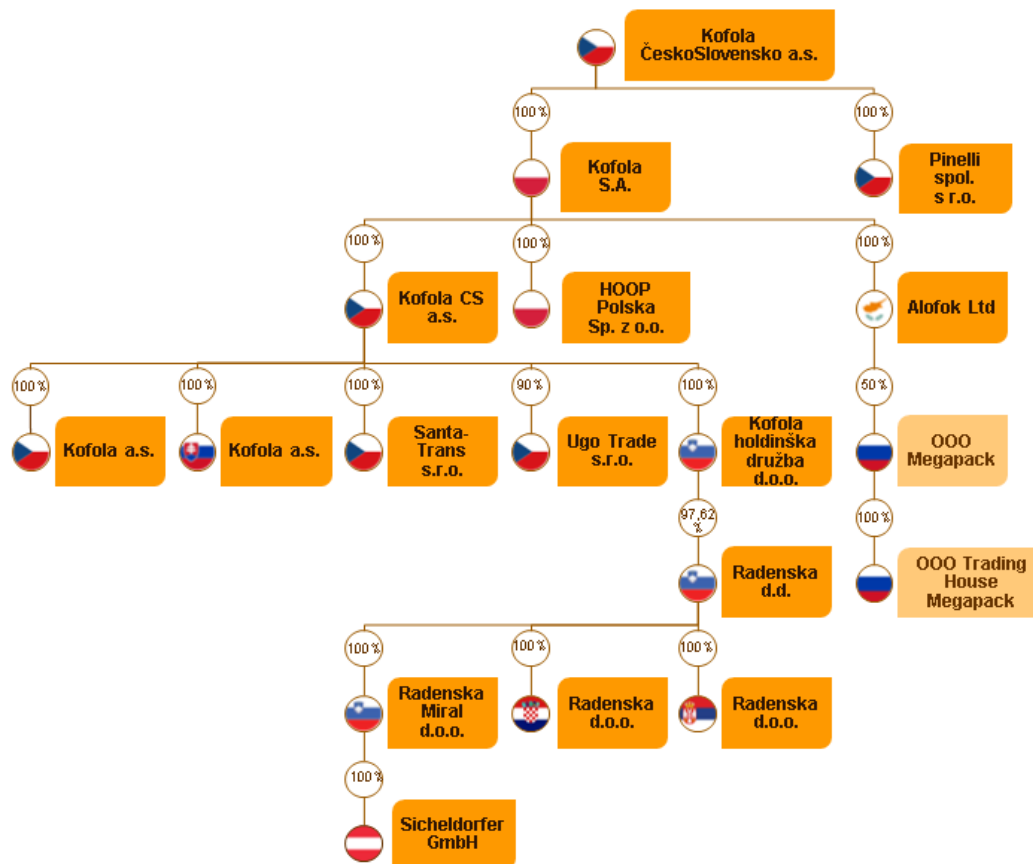
2. KOFOLA GROUP

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



2.3. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 JUNE 2016



On 4 April 2016, Kofola a.s. sold 100 % shares of PINELLI spol. s r.o. to Kofola ČeskoSlovensko a.s.

2. KOFOLA GROUP

DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			30.6.2016	31.12.2015
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%	97.62%
Radenska d.o.o.	Croatia	inactive	97.62%	97.62%
Radenska d.o.o.	Serbia	inactive	97.62%	97.62%
Radenska Miral d.d.	Slovenia	trademark licensing	97.62%	97.62%
PINELLI spol. s r.o.	Czech Republic	trademark licensing	100.00%	100.00%
Sicheldorfer GmbH	Austria	inactive	97.62%	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%

2.4. SUCCESSES AND AWARDS IN 2016



Czech TOP 100 – Kofola ČeskoSlovensko a.s. the third most admired company in the Czech Republic in 2016. Repeatedly in top 5 since 2007.

Agra 2016 - Radenska awarded 7 medals in an international quality assessment of fruit juices, soft drinks and bottled waters Agra, part of 54. International Fair of Agriculture and Food, Gornja Radgona.



3. BOARD OF DIRECTORS REPORT



3.1. BUSINESS OVERVIEW

OVERALL PERFORMANCE IN 1H16

The Group continues performing well on its core CzechoSlovak market, where its sales grew by more than 10 %. The growth was coming from all channels and the Group further strengthened its market share. Traditionally strong performance of key brands was supported in 1H by healthy and fresh products, which are gaining on their importance in the Group. We are happy to see that our activities in direct distribution, sales support and marketing in CzechoSlovakia are attracting interactive communication with consumers and related costs are reflected in the sales growth.

Similar picture is visible in Adriatic region (Slovenia+Ex-Yugo), where revenues grew by 7.1 % (8.9 % in local currency) like-to-like. We continue in building our presence in Adriatic countries outside of Slovenia through own sales and distribution organisation while extending the brand support for these countries. Thanks to this positive development CzechoSlovak and Adriatic markets are significantly growing their share on overall Group revenue (72 % in 1H 2016) and profits (85 % in 1H 2016).

To strengthen our competitiveness in the Polish market we plan to consolidate production capacities and invest in new product development. We remain acquisitive in all relevant markets.

ADJUSTMENTS OF REPORTED PERFORMANCE AND POSITION

Presented below is a description of the financial performance and financial position of Kofola Group for 1H16. It should be read along with the financial statements and with other financial information contained in the attached condensed consolidated financial statements and condensed separate financial statements. The Board of Directors is presenting and commenting on the consolidated financial results adjusted for one-off events in the following sections of part A.

3.1.1 ADJUSTED CONSOLIDATED FINANCIAL RESULTS

Adjusted consolidated financial results 1H16	1H16	One-off adjustments	1H16 adjusted
	CZK'000	CZK'000	CZK'000
Revenue	3 504 381	-	3 504 381
Cost of sales	(2 139 019)	-	(2 139 019)
Gross profit	1 365 362	-	1 365 362
Selling, marketing and distribution costs	(942 373)	18 000	(924 373)
Administrative costs	(226 230)	11 773	(214 457)
Other operating income, net	30 585	-	30 585
Operating result	227 344	29 773	257 117
EBITDA	484 197	29 773	513 970
Finance costs, net	(56 258)	-	(56 258)
Income tax	(41 560)	(3 420)	(44 980)
Profit for the period	129 526	26 353	155 879
- attributable to owners of Kofola ČeskoSlovensko a.s.	129 380	26 353	155 733

The operating profit of the Kofola Group for the 6-month period ended 30 June 2016 was affected by the following one-off items:

- Provision for impairment of financial receivable – Czech operation incurred net costs of CZK 18 000 thousand relating to the provision for impairment of financial receivable from an e-shop project. Tax applies at 19%.
- Merger costs - Czech operation incurred costs of CZK 6 582 thousand relating to the cross-border merger advisory.
- Acquisition costs – Slovenian operation incurred costs of CZK 5 191 thousand relating to the acquisition advisory.

3. BOARD OF DIRECTORS REPORT



Adjusted consolidated financial results 1H15	1H15	One-off adjustments	1H15 adjusted
	CZK'000	CZK'000	CZK'000
Revenue	3 356 669	35 393	3 392 062
Cost of sales	(1 979 627)	(22 417)	(2 002 044)
Gross profit	1 377 042	12 976	1 390 018
Selling, marketing and distribution costs	(868 630)	3 834	(864 796)
Administrative costs	(193 553)	8 691	(184 862)
Other operating income/(expenses), net	(39 519)	62 380	22 861
Operating result	275 340	87 881	363 221
EBITDA	520 198	87 881	608 079
Finance costs, net	(37 790)	-	(37 790)
Income tax	(41 811)	(16 698)	(58 509)
Profit for the period	195 739	71 183	266 922
- attributable to owners of Kofola ČeskoSlovensko a.s.	193 965	71 183	265 148

The operating profit of the Kofola Group for the 6-month period ended 30 June 2015 was affected by the following one-off items:

- Qualitative product complaints – Polish operation incurred extraordinary costs associated with the qualitative product complaints connected with the poor quality of packaging material. The net impact on Operating result was of CZK 79 190 thousand, of which CZK 35 393 thousand impacts Revenue, CZK 22 417 thousand impacts Cost of sales, CZK 3 834 thousand impacts Selling, marketing and distribution costs and CZK 62 380 thousand impacts net Other operating income/expenses, with Income tax impact of CZK 15 046 thousand.
- Group reorganisation advisory of CZK 5 030 thousand related to Polish operation, charged in Administrative costs, with Income tax impact of CZK 956 thousand.
- WAD GROUP acquisition advisory costs of CZK 3 661 thousand related to Slovak operation, charged in Administrative costs, with Income tax impact of CZK 696 thousand.

3.1.2 FINANCIAL PERFORMANCE

Adjusted consolidated financial results	1H16	1H15	Change	Change
	CZK'000	CZK'000	CZK'000	%
Revenue	3 504 381	3 392 062	112 319	3.3%
Cost of sales	(2 139 019)	(2 002 044)	(136 975)	6.8%
Gross profit	1 365 362	1 390 018	(24 656)	(1.8%)
Selling, marketing and distribution costs	(924 373)	(864 796)	(59 577)	6.9%
Administrative costs	(214 457)	(184 862)	(29 595)	16.0%
Other operating income, net	30 585	22 861	7 724	33.8%
Operating result	257 117	363 221	(106 104)	(29.2%)
EBITDA	513 970	608 079	(94 109)	(15.5%)
Finance costs, net	(56 258)	(37 790)	(18 468)	48.9%
Income tax	(44 980)	(58 509)	13 529	(23.1%)
Profit for the period	155 879	266 922	(111 043)	(41.6%)
- attributable to owners of Kofola ČeskoSlovensko a.s.	155 733	265 148	(109 415)	(41.3%)

REVENUE

In 1H16, the Group's revenue amounted to CZK 3 504 381 thousand and increased by CZK 112 319 thousand or 3.3% from CZK 3 392 062 thousand in 1H15.

The increase in CzechoSlovakia came from Rauch, Vinea and Kofola, branded products as well as from growing network of UGO bars. The sales reflect the impact of the acquisition of Radenska at the end of 1Q15 (in 2015 figures, Radenska is included since 1 April). If Radenska was consolidated from 1 January 2015, revenue in CzechoSlovakia and Adriatic region in 1H16 would show a growth of almost 10% compared to 1H15. This growth was partially offset by decreased sale of products in Poland.

In 1H16, the Group's revenue from sales of finished products and services amounted to CZK 3 271 093 thousand and increased by CZK 49 450 thousand or 1.5% from CZK 3 221 643 thousand in 1H15.

3. BOARD OF DIRECTORS REPORT



In 1H16, the Group's revenue from sales of goods and materials amounted to CZK 233 288 thousand and increased by CZK 62 869 thousand (36.9%) from CZK 170 419 thousand in 1H15. The increase in revenue from 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 1H16 and 1H15.

Product segments	1H16		1H15	
	Revenue	Share	Revenue	Share
	CZK'000	%	CZK'000	%
Carbonated beverages	1 598 558	45.6%	1 644 676	48.5%
Non-carbonated beverages	289 110	8.2%	247 768	7.3%
Waters	948 370	27.1%	843 741	24.9%
Syrups	375 015	10.7%	454 403	13.4%
Other	293 328	8.4%	201 474	5.9%
Total	3 504 381	100.0%	3 392 062	100.0%

The activities of the Group concentrate 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 91.6% of the Group's sales revenue in 1H16. In comparison with 1H15, 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, an increase in revenues from non-carbonated beverages due to increased distribution of Rauch products and an increase in revenue of 'Other' category products due to the growth of revenues from UGO fresh bars and higher sales of the energy drink Semtex. Syrups category is under pressure of competition and recorded decreased revenue.

The following table sets forth revenue from sales data split by countries for 1H16 and 1H15. The allocation of revenue to a particular country segment is based on the geographical location of the customers.

Geographical segments	1H16		1H15	
	Revenue	Share	Revenue	Share
	CZK'000	%	CZK'000	%
Czech Republic	1 355 755	38.7%	1 176 094	34.7%
Slovakia	748 373	21.4%	732 987	21.6%
Poland	964 509	27.5%	1 208 491	35.6%
Slovenia	322 535	9.2%	208 143	6.1%
Export*	113 209	3.2%	66 347	2.0%
Total	3 504 381	100.0%	3 392 062	100.0%

* including Croatia

Kofola grew its sales and market share in the Czech Republic, Slovakia and Slovenia. In total, the sales increased by 14.6% in comparison with 1H15 in these countries. This positive sales development was recorded in all channels (retail, HoReCa and impulse) and confirmed continuous attractiveness of the product offering by the Group.

In Czechoslovakia, the UGO fresh bars' revenue grew by CZK 57 461 thousand (68% year-on-year) and are becoming more important part of the Group's offering. The results were achieved by continuous roll out of own fresh bars and salad bars from 26 to 32 (23 %) and franchised fresh bars from 30 to 34 (13 %). The Group operated 66 fresh bars and salad bars as at 30 June 2016.

In Adriatic region, Kofola continues in its acquisition strategy. In February 2016, we acquired Nara, Inka and Vočko, Croatian brands with high growth potential for the Group. At the same time, the Group concluded a production and distribution contract with Pepsi.

In comparison with 1H15, there was a decrease in revenue from sales in Poland driven by lower sales of private labels and lower sales in the traditional channel.

COST OF SALES

In 1H16, the Group's cost of sales amounted to CZK 2 139 019 thousand and increased by CZK 136 975 thousand or 6.8% from CZK 2 002 044 thousand in 1H15. The increase is mainly attributable to the acquisition of Radenska at the end of 1Q15.

In 1H16, the Group's cost of products and services sold amounted to CZK 1 939 693 thousand and increased by CZK 101 929 thousand or 5.5 % from CZK 1 837 764 thousand in 1H15.

3. BOARD OF DIRECTORS REPORT



In 1H16, the Group's cost of goods and materials sold amounted to CZK 199 326 million and increased by CZK 35 046 thousand or 21.3% from CZK 164 280 thousand in 1H15. The significant increase in the cost of goods and materials sold was attributable mostly to the sale of Rauch products.

GROSS PROFIT

In 1H16, the Group's gross profit amounted to CZK 1 365 362 thousand and decreased by CZK 24 656 thousand or 1.8% from CZK 1 390 018 thousand in 1H15.

SELLING, MARKETING AND DISTRIBUTION COSTS

In 1H16, the Group's selling, marketing and distribution costs amounted to CZK 924 373 thousand and increased by CZK 59 577 thousand or 6.9% from CZK 864 796 thousand in 1H15. More than 80% of the increase was attributable to Radenska that was acquired at the end of 1H15 and as such the comparative period includes only its costs for 2Q15. The costs also increased in connection with building the sales and marketing team for the whole Adriatic region. The remaining part was driven by continuing development of direct distribution in the Czech Republic and an increase in sales support and marketing costs. The effectiveness of these costs was demonstrated by marketing campaigns attracting significant interactive communication with consumers, as well as sales growth above the market growth in these countries.

ADMINISTRATIVE COSTS

In 1H16, the Group's administrative costs amounted to CZK 214 457 thousand and increased by CZK 29 595 thousand or 16.0% from CZK 184 862 thousand in 1H15. The increase is mainly caused by the acquisition of Radenska at the end of 1Q15 (in 2015 figures, Radenska is included since 1 April).

OTHER OPERATING INCOME, NET

In 1H16, the Group's net other operating income amounted to CZK 30 585 thousand and was higher by CZK 7 724 thousand than net other operating income of CZK 22 861 thousand in 1H15.

EBITDA

The following table sets forth information regarding EBITDA for 1H16 and 1H15.

Adjusted EBITDA	1H16	1H15
	CZK'000 / %	CZK'000 / %
EBITDA*	513 970	608 079
EBITDA margin**	14.7%	17.9%

* EBITDA refers to operating result plus depreciation and amortisation
 ** Calculated as (EBITDA/Revenue)*100%

The following table sets forth information regarding EBITDA split by countries for 1H16 and 1H15.

Adjusted EBITDA by countries	1H16		1H15	
	EBITDA	EBITDA margin	EBITDA	EBITDA margin
	CZK'000	%	CZK'000	%
Czech Republic	169 053	12.5%	177 500	15.1%
Slovakia	197 576	26.4%	190 278	26.0%
Poland	75 997	7.9%	173 629	14.4%
Slovenia	72 630	22.5%	63 935	30.7%
Export	(1 286)	(1.1)%	2 737	4.1%
Total	513 970	14.7%	608 079	17.9%

The decrease of EBITDA is mainly caused by decreased performance in Poland and by increased costs relating to building the infrastructure in the Adriatic region (sales team, marketing and information system) that will subsequently translate into increased sales.

The EBITDA margin achieved by the Group in both the Czech Republic and Slovakia remains stable.

The EBITDA achieved by the Group in Poland decreased as a result of decreased sales mainly of private labels. The management decided about the termination of one of three production plants as part of the plan to increase the profitability of Polish operation.

3. BOARD OF DIRECTORS REPORT



The EBITDA in Slovenia generated by the Radenska Group increased both because of 2 quarters being included in 2016 but only 2Q is included in 2015 but also on like-to-like basis. The potential of Slovenian EBITDA profitability is not fully exploited due to the costs related to building the sales team and increased marketing costs.

The Group's EBITDA margins achieved on the CzechoSlovak market in 1H16 continue to be substantially higher than in Poland. This is because of its strong presence in the HoReCa distribution channel, where non-alcoholic beverages can be sold with higher margins to loyal customers (both restaurants and end consumers).

OPERATING PROFIT

Due to the reasons described above, in 1H16, the Group's operating profit amounted to CZK 257 117 thousand as compared to an operating profit of CZK 363 221 thousand in 1H15, showing 29.2% decrease.

FINANCE COSTS, NET

In 1H16, the Group's net finance costs amounted to CZK 56 258 thousand and increased by CZK 18 468 thousand as compared to CZK 37 790 thousand in 1H15. The changes in the Group's finance income and costs in the indicated periods resulted mainly from the loss from revaluation of derivatives as at 30 June 2016 of CZK 8 001 thousand. Net finance costs include also the share in the loss of associate that in 1H16 amounted to CZK (4 593) thousand compared to profit of CZK 698 thousand in 1H15.

PROFIT BEFORE TAX

Due to the reasons described above, in 1H16, the Group's profit before tax amounted to CZK 200 859 thousand and decreased by CZK 124 572 thousand as compared to profit before tax of CZK 325 431 thousand in 1H15.

INCOME TAX

In 1H16, income tax recorded by the Group amounted to CZK 44 980 thousand as compared to CZK 58 509 thousand in 1H15.

NET PROFIT FOR THE PERIOD

Due to the reasons described above, in 1H16, the Group's profit for the period amounted to CZK 155 879 thousand as compared to a profit for the period of CZK 266 922 thousand in 1H15.

3.1.3 FINANCIAL POSITION

Condensed statement of financial position	30.6.2016 CZK'000	31.12.2015 CZK'000	Change CZK'000	Change %
Total assets	8 451 952	8 491 014	(39 062)	(0.5%)
Non-current assets, out of which:	4 989 684	5 095 724	(106 040)	(2.1%)
<i>Property, plant and equipment</i>	<i>3 427 538</i>	<i>3 508 993</i>	<i>(81 455)</i>	<i>(2.3%)</i>
<i>Intangible assets</i>	<i>1 163 415</i>	<i>1 176 524</i>	<i>(13 109)</i>	<i>(1.1%)</i>
<i>Goodwill</i>	<i>86 302</i>	<i>86 302</i>	-	-
<i>Investment in associates</i>	<i>171 199</i>	<i>155 921</i>	<i>15 278</i>	<i>9.8%</i>
<i>Deferred tax assets</i>	<i>90 242</i>	<i>96 803</i>	<i>(6 561)</i>	<i>(6.8%)</i>
<i>Other</i>	<i>50 988</i>	<i>71 181</i>	<i>(20 193)</i>	<i>(28.4%)</i>
Current assets, out of which:	3 462 268	3 395 290	66 978	2.0%
<i>Inventories</i>	<i>554 809</i>	<i>501 093</i>	<i>53 716</i>	<i>10.7%</i>
<i>Trade and other receivables</i>	<i>1 301 840</i>	<i>934 452</i>	<i>367 388</i>	<i>39.3%</i>
<i>Cash and cash equivalents</i>	<i>1 592 583</i>	<i>1 940 008</i>	<i>(347 425)</i>	<i>(17.9%)</i>
<i>Other</i>	<i>13 036</i>	<i>19 737</i>	<i>(6 701)</i>	<i>(34.0%)</i>
Total equity and liabilities	8 451 952	8 491 014	(39 062)	(0.5%)
Equity	2 983 492	2 870 202	113 290	3.9%
Non-current liabilities	2 711 216	1 750 669	960 547	54.9%
Current liabilities	2 757 244	3 870 143	(1 112 899)	(28.8%)

ASSETS

At the end of 1H16, the Group's Property, plant and equipment amounted to CZK 3 427 538 thousand and decreased by CZK 81 455 thousand or 2.3 % from CZK 3 508 993 thousand at the end of 2015. This change was mainly caused by additions and finance lease additions totalling CZK 202 588 thousand and on the other hand the depreciation charge of CZK 256 853 thousand. The additions comprise mainly a building in the production area and sales support equipment in the Czech Republic and the expenditure for hall under construction in Poland.

3. BOARD OF DIRECTORS REPORT



As at 30 June 2016, Intangible assets were of CZK 1 163 415 thousand and decreased by CZK 13 109 thousand or 1.1 % in comparison with 31 December 2015 mainly because of a purchase of brands Inka, Nara and Vocko in Croatia and amortization of CZK 22 593 thousand.

The Group's current assets as at 30 June 2016 amounted to CZK 3 462 268 thousand, of which 46 % is represented by Cash and cash equivalents, 38 % is represented by Trade and other receivables and 16 % is formed by Inventories. The increase of CZK 66 978 thousand or 2.0 % is mainly attributable to increased trade and other receivables and inventories. The year-to-date change in working capital is affected by seasonality. On year-on-year basis current trade and other receivables decreased by CZK 8 866 thousand (0.7 %) and inventories decreased by CZK 37 816 thousand (6.4 %). Cash and cash equivalents in Radenska d.d. accounts for about 73 % of the Group's total cash and the Group expects its utilisation among others for future acquisition opportunities.

Deferred tax asset decreased by CZK 6 561 thousand to CZK 90 242 thousand, of which CZK 86 707 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 30 June 2016, the Group's current and non-current liabilities amounted to CZK 5 468 460 thousand, which constitutes a 2.7 % (CZK 152 352 thousand) decrease compared to CZK 5 620 812 thousand the end of December 2015. The loan for financing Radenska, d.d. acquisition with carrying amount of CZK 1 718 820 thousand as at 30 June 2016 is a main component of Group's liabilities. Based on the amendment to the loan for acquisition of Radenska the repayment date of Facility B of that loan of CZK 960 496 thousand was changed from 30 September 2016 to 30 September 2017 and as such the amount was reclassified from current bank credits and loans to non-current bank credits and loans.

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 1 550 216 thousand as at 30 June 2016, which represents an increase by CZK 273 334 thousand or 21.0 % compared to CZK 1 276 882 thousand as at 31 December 2015. This increase is attributable mainly to the decreased cash from payment of CAPEX.

The Group's consolidated net debt / 12m Adjusted EBITDA as at 30 June 2016 was of 1.54 compared to 1.14 at the end of 2015.

The Group's provisions decreased by CZK 61 866 thousand from CZK 221 392 thousand to CZK 159 526 thousand, mainly due to the release of provisions for yearly employees' bonuses and other provisions.

3.1.4 CASHFLOWS

NET CASH FLOW FROM OPERATING ACTIVITIES

In 1H16 the Group's net cash flow from operating activities amounted to CZK 85 642 thousand and decreased by CZK 296 074 thousand or 77.6% from CZK 381 716 thousand in 1H15. The decrease was mostly attributable to less favourable changes in working capital items.

NET CASH FLOW FROM INVESTING ACTIVITIES

In 1H16, the Group's net cash flow from investing activities amounted to CZK (295 331) thousand and increased by CZK 588 142 thousand from CZK (883 473) thousand in 1H15. The outflow decreases related mainly to the prior year acquisition of Radenska and on the other hand higher capital expenditure as compared to the previous period.

NET CASH FLOW FROM FINANCING ACTIVITIES

In 1H16, the Group's net cash flow from financing activities amounted to CZK (134 911) thousand and decreased by CZK 1 741 868 thousand from CZK 1 606 957 thousand in 1H15. The decrease was mainly a result of the prior year bank loan utilisation for financing the Radenska acquisition.

3.1.5 EXPECTED DEVELOPMENT IN SUBSEQUENT 6 MONTHS

Kofola Group will continue to deliver its products across Central and Eastern Europe, improving the efficiency of direct distribution in the Czech Republic and extending sales support in the Adriatic region.

The Group will enlarge the portfolio in the Adriatic region and further expand in the region.

A new strategy is being developed to improve product margins in Poland. The first step in this respect was taken when the Group announced the plan to end production in one of its three Polish production plants.

3. BOARD OF DIRECTORS REPORT



3.2. MAIN EVENTS

EXPANSION IN ADRIATIC REGION

In January 2016, the Group became an exclusive producer and distributor of PepsiCo portfolio products in the Croatian market. Cooperation with PepsiCo in Slovenian market has functioned for more than 20 years.

In the first quarter of 2016, the Group acquired the brands Vočko, Nara and Inka from the Croatian non-alcoholic drinks producer Badel 1862. The Group also became a distributor of Badel’s drinks in HoReCa segment.

These opportunities represent an extension of the Group’s portfolio in the Croatian market and a further expansion of the Group’s presence in the region.

CONSOLIDATION OF PRODUCTION IN POLAND

On 27 July 2016, the Hoop Polska management board announced the restructuring plan, concerning concentration of production in two plants and end of activity in the plant in Bielsk Podlaski. The decision to consolidate capacity will help to maintain high quality, strengthen the competitiveness of the company in the coming years and is a response to increasing price pressure in the Polish market.

When the restructuring process is finished, Hoop Polska plans to start very intensive and assertive activities in the areas of product development and promotion, which should strengthen the position of the company as one of the biggest and strongest beverage producers in Poland.

As the plan was introduced after the statement of financial position date, no provision is recognised in the condensed interim consolidated financial statements as at 30 June 2016 and for the 6 months period then ended. At this point, the Company is unable to make reliable estimate of financial impact of the restructuring plan.

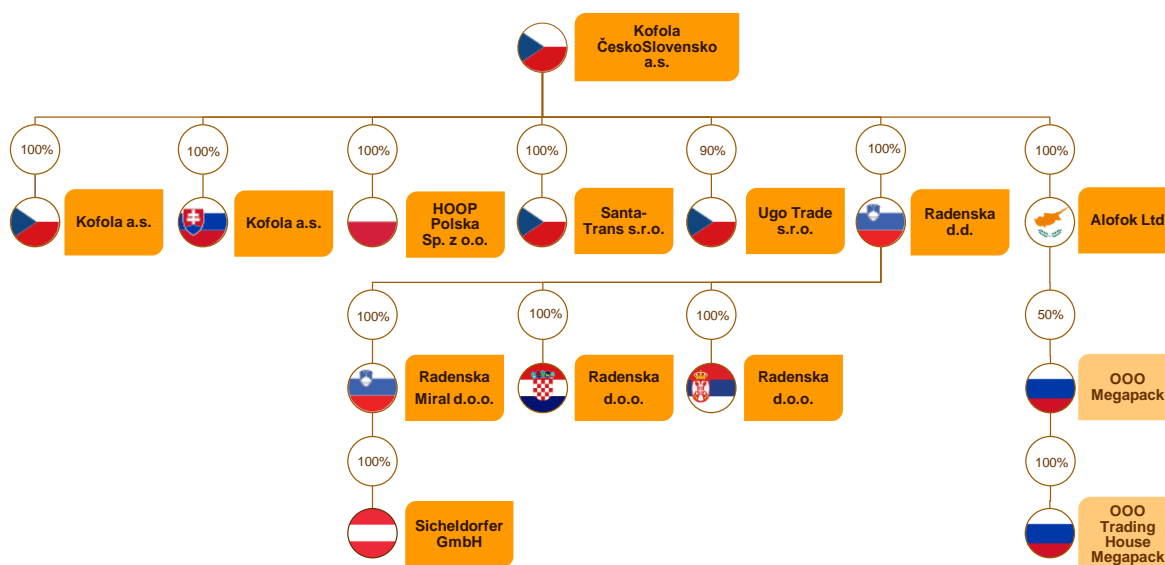
SQUEEZE-OUT OF RADENSKA MINORITY SHAREHOLDERS

On 25 July 2016, the Slovenian court approved the squeeze-out of Radenska d.d.’s minority shareholders. On 28 July 2016, Slovenian Central securities clearing corporation registered the squeeze-out and Kofola holdinška družba d.o.o. became the sole shareholder of Radenska d.d.

CHANGE IN THE STRUCTURE OF KOFOLA GROUP

On 1 August 2016, the court registered the cross-border merger of Kofola ČeskoSlovensko a.s., Kofola CS a.s., Kofola S.A., Kofola holdinška družba d.o.o. and PINELLI spol. s r.o.

The Group’s structure after the squeeze-out and the merger is as follows:



4. CORPORATE GOVERNANCE



4.1. SHARES AND SHAREHOLDERS

4.1.1 SHARE CAPITAL

As at 30 June 2016, 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.

4.1.2 SHAREHOLDERS STRUCTURE

Group shareholders structure	30.6.2016	
	Number of shares pcs	Share %
KSM Investment S.A.	11 321 383	50.78%
CED GROUP S. a r.l.	8 311 196	37.28%
René Musila	581 231	2.61%
Tomáš Jendřejek	581 190	2.61%
Others	1 500 000	6.72%
Total shares volume	22 295 000	100.00%



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS IH 2016
KOFOLA ČESKOSLOVENSKO A.S.

1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 6-month period ended 30 June 2016 and 30 June 2015 in CZK thousand.

Consolidated statement of profit or loss	Note	6M 2016	6M 2015
		CZK '000	CZK '000
Revenue from the sale of finished products and services	4.1	3 271 093	3 186 250
Revenue from the sale of goods and materials	4.1	233 288	170 419
Revenue		3 504 381	3 356 669
Cost of products and services sold	4.2	(1 939 693)	(1 815 347)
Cost of goods and materials sold	4.2	(199 326)	(164 280)
Cost of sales		(2 139 019)	(1 979 627)
Gross profit		1 365 362	1 377 042
Selling, marketing and distribution costs	4.2	(942 373)	(868 630)
Administrative costs	4.2	(226 230)	(193 553)
Other operating income	4.3	37 501	23 320
Other operating expenses	4.4	(6 916)	(62 839)
Operating profit		227 344	275 340
Finance income	4.5	10 273	15 215
Finance costs	4.6	(61 938)	(53 703)
Share of profit/(loss) of associate	4.11	(4 593)	698
Profit before income tax		171 086	237 550
Income tax expense	4.7	(41 560)	(41 811)
Profit for the period		129 526	195 739
<i>Attributable to:</i>			
Owners of Kofola ČeskoSlovensko a.s.		129 380	193 965
Non-controlling interests		146	1 774
Earnings per share for profit attributable to the ordinary equity holders of the company (in CZK)			
Basic earnings per share	4.8	5.80	8.79*
Diluted earnings per share	4.8	5.80	8.79*

* 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. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.2. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 6-month period ended 30 June 2016 and 30 June 2015 in CZK thousand.

Consolidated statement of other comprehensive income	Note	6M 2016 CZK '000	6M 2015 CZK '000
Profit for the period		129 526	195 739
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign subsidiaries		(35 174)	1 717
Exchange differences on translation of foreign associate	4.11	19 871	25 395
Other comprehensive income for the period, net of tax		(15 303)	27 112
Total comprehensive income for the period		114 223	222 851
Attributable to:			
Owners of Kofola ČeskoSlovensko a.s.		113 922	222 615
Non-controlling interests		301	236

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

1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2016, 31 December 2015 and 30 June 2015 in CZK thousand.

Assets	Note	30.6.2016 CZK'000	31.12.2015 CZK'000	30.6.2015 CZK'000
Non-current assets		4 989 684	5 095 724	5 079 479
Property, plant and equipment	4.9	3 427 538	3 508 993	3 434 695
Goodwill	4.10	86 302	86 302	88 154
Intangible assets	4.10	1 163 415	1 176 524	1 202 506
Investment in associate	4.11	171 199	155 921	207 478
Other receivables		48 482	56 348	23 108
Other non-financial assets		2 506	14 833	12 016
Deferred tax assets		90 242	96 803	111 522
Current assets		3 462 268	3 395 290	3 560 379
Assets classified as held for sale		3 520	3 506	3 550
Current assets excl. Assets classified as held for sale		3 458 748	3 391 784	3 556 829
Inventories		554 809	501 093	592 625
Trade and other receivables		1 301 840	934 452	1 310 706
Income tax receivables		9 516	16 231	7 536
Cash and cash equivalents		1 592 583	1 940 008	1 645 962
Total assets		8 451 952	8 491 014	8 639 858
Liabilities and equity				
Equity attributable to owners of Kofola ČeskoSlovensko a.s.		2 933 958	2 820 969	2 793 187
Share capital	1.5	2 229 500	2 229 500	151 443
Share premium and capital reorganisation reserve	1.5	(1 962 871)	(1 962 871)	-
Other reserves	1.5	2 077 768	2 085 568	2 046 788
Foreign currency translation reserve	1.5	151 252	166 710	263 681
Own shares	1.5	(933)	-	(2 957)
Retained earnings	1.5	439 242	302 062	334 232
Equity attributable to non-controlling interests		49 534	49 233	52 543
Total equity	1.5	2 983 492	2 870 202	2 845 730
Non-current liabilities		2 711 216	1 750 669	2 752 193
Bank credits and loans	4.14	1 971 577	994 323	2 026 745
Bonds issued	4.13	326 847	325 885	325 211
Finance lease liabilities		180 488	199 620	198 057
Provisions		23 840	24 940	3 654
Other liabilities		55 757	47 903	35 514
Deferred tax liabilities		152 707	157 998	163 012
Current liabilities		2 757 244	3 870 143	3 041 935
Bank credits and loans	4.14	598 383	1 637 805	659 940
Bonds issued	4.13	11 227	3 657	11 359
Finance lease liabilities		54 277	55 600	53 115
Trade and other payables		1 951 169	1 975 230	2 112 337
Income tax liabilities		6 502	1 399	6 522
Other financial liabilities		-	-	4 785
Provisions		135 686	196 452	193 877
Total liabilities		5 468 460	5 620 812	5 794 128
Total liabilities and equity		8 451 952	8 491 014	8 639 858

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

1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.4. CONSOLIDATED STATEMENT OF CASH FLOWS

for the 6-month period ended 30 June 2016 and 30 June 2015 in CZK thousand.

Consolidated statement of cash flows	Note	6M 2016 CZK '000	6M 2015 CZK '000
Cash flows from operating activities			
Profit before income tax		171 086	237 550
Adjustments for:			
Non-cash movements			
Depreciation and amortisation		256 853	244 858
Net interest	4.5, 4.6	38 836	35 014
Share of profit of associate	4.11	4 593	(698)
Change in the balance of provisions and adjustments		(60 059)	24 563
Revaluation of derivatives		8 001	-
Gain on sale of PPE and intangible assets		(1 162)	(5 661)
Net exchange differences		(3 134)	(1 688)
Other		14 225	7 441
Cash movements			
Income taxes paid		(29 098)	(60 514)
Change in operating assets and liabilities			
Change in receivables		(351 163)	(435 933)
Change in inventories		(53 000)	(135 099)
Change in payables		89 664	471 883
Net cash inflow from operating activities		85 642	381 716
Cash flows from investing activities			
Sale of property, plant and equipment		6 401	5 900
Acquisition of property, plant and equipment and intangible assets*	4.9, 4.10	(307 758)	(190 656)
Purchase of financial assets		(6 500)	(13 893)
Acquisition of subsidiary, net of cash acquired		-	(685 674)
Interest received		274	850
Other		12 252	-
Net cash outflow from investing activities		(295 331)	(883 473)
Cash flows from financing activities			
Finance lease payments		(30 555)	(36 542)
Proceeds from loans and bank credits		129 318	1 961 893
Repayment of loans and bank credits		(192 433)	(279 865)
Interest and bank charges paid		(31 841)	(38 529)
Other		(9 400)	-
Net cash outflow from financing activities		(134 911)	1 606 957
Net increase (decrease) in cash and cash equivalents		(344 600)	1 105 200
Cash and cash equivalents at the beginning of the period		1 940 008	568 764
Effects of exchange rate changes on cash and cash equivalents		(2 825)	(28 002)
Cash and cash equivalents at the end of the period		1 592 583	1 645 962

* including the brands Inka, Nara, Vočko

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

1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.5. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 6-month period ended 30 June 2016, 30 June 2015 in CZK thousand and 12-month period ended 31 December 2015.

Consolidated statement of changes in equity	Note	Equity attributable to owners of Kofola ČeskoSlovensko a.s.						Total	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)			
		CZK' 000	CZK' 000	CZK' 000	CZK' 000	CZK' 000	CZK' 000			
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		-	-	-	-	-	193 965	193 965	1 774	195 739
Other comprehensive income		-	-	-	28 650	-	-	28 650	(1 538)	27 112
Total comprehensive income for the period	1.2	-	-	-	28 650	-	193 965	222 615	236	222 851
Transfers		-	-	42 708	-	-	(42 708)	-	-	-
Share capital reduction		(56)	-	56	-	-	-	-	-	-
Own shares purchase		-	-	-	-	(146)	-	(146)	-	(146)
Acquisition of subsidiary		-	-	-	-	-	1 269	1 269	44 927	46 196
Balance at 30 June 2015		151 443	-	2 046 788	263 681	(2 957)	334 232	2 793 187	52 543	2 845 730
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		2 050 560	(2 068 268)	-	-	19 708	(22)	1 978	-	1 978
Shares issue		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
Balance at 1 January 2016		2 229 500	(1 962 871)	2 085 568	166 710	-	302 062	2 820 969	49 233	2 870 202
Profit/(loss) for the period		-	-	-	-	-	129 380	129 380	146	129 526
Other comprehensive income		-	-	-	(15 458)	-	-	(15 458)	155	(15 303)
Total comprehensive income for the period	1.2	-	-	-	(15 458)	-	129 380	113 922	301	114 223
Own shares purchase		-	-	-	-	(3 743)	-	(3 743)	-	(3 743)
Own shares transfer		-	-	-	-	2 810	-	2 810	-	2 810
Transfer		-	-	(7 800)	-	-	7 800	-	-	-
Balance at 30 June 2016		2 229 500	(1 962 871)	2 077 768	151 252	(933)	439 242	2 933 958	49 534	2 983 492

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 2016 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.

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 30 June 2016, 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
- Pavel Jakubík
- Moshe Cohen-Nehemia
- Petr Pravda
- Ivan Jakúbek

On 23 May 2016, Mr. Ivan Jakúbek was appointed as a member of the supervisory board and replaced Mr. Dariusz Prończuk who was removed from the supervisory board.

AUDIT COMMITTEE

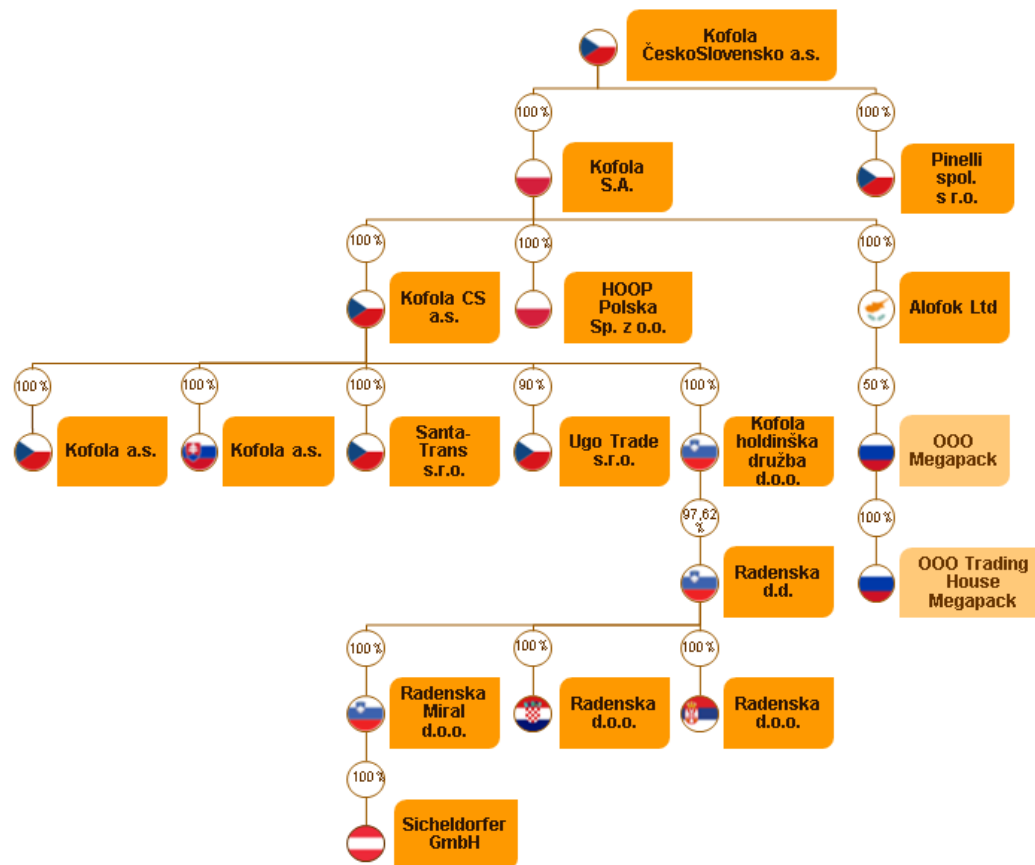
- Marek Piech – Chairman
- Pavel Jakubík
- Ivan Jakúbek

On 23 May 2016, Mr. Marek Piech was appointed as a chairman of the Audit Committee and replaced Mr. René Sommer who was removed from the audit committee.

2. GENERAL INFORMATION

2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 30 JUNE 2016



On 4 April 2016, Kofola a.s. sold 100 % shares of PINELLI spol. s r.o. to Kofola ČeskoSlovensko a.s.

2. GENERAL INFORMATION



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			30.6.2016	30.6.2015
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%	97.62%
Radenska d.o.o.	Croatia	inactive	97.62%	97.62%
Radenska d.o.o.	Serbia	inactive	97.62%	97.62%
Radenska Miral d.d.	Slovenia	trademark licensing	97.62%	97.62%
PINELLI spol. s r.o.	Czech Republic	trademark licensing	100.00%	100.00%
Sicheldorfer GmbH	Austria	inactive	97.62%	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%

3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The condensed 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 2016.

The condensed 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 condensed 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 cash flows and explanatory notes.

The Group’s condensed consolidated financial statements cover the period ended 30 June 2016 and contains comparatives for the period ended 30 June 2015.

The condensed 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.

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 2016. The Group has not early-adopted any standard.

The management of the Group is analysing potential impact of the not-yet effective standards on the consolidated financial statements of the Group.

3.2. FUNCTIONAL AND PRESENTATION CURRENCY

The condensed 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Closing exchange rates	30.6.2016	31.12.2015	30.6.2015
CZK/EUR	27.130	27.025	27.245
CZK/PLN	6.115	6.340	6.502
CZK/RUB	0.379	0.335	0.437
CZK/USD	24.433	24.824	24.347

Average exchange rates	1.1.2016 - 30.6.2016	1.1.2015 - 31.12.2015	1.1.2015 - 30.6.2015
CZK/EUR	27.039	27.283	27.503
CZK/PLN	6.191	6.525	6.644
CZK/RUB	0.347	0.406	0.430
CZK/USD	24.236	24.600	24.671

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

The consolidation methods based on which the present financial statements have been prepared have not changed compared to the methods used in the annual consolidated financial statements for the twelve-month period ended 31 December 2015.

3.5. ACCOUNTING METHODS

The accounting methods based on which the present financial statements have been prepared have not changed compared to the methods used in the annual consolidated financial statements for the twelve-month period ended 31 December 2015.

3. SIGNIFICANT ACCOUNTING POLICIES



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 30 June 2016 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information
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.
Impairment of investment in associates	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
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.
Income tax	Assumptions used to recognise deferred income tax assets.

3.7. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the present condensed interim consolidated financial statements for publication on 1 August 2016.

4. NOTES TO THE CONDENSED INTERIM 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 the six-month period ended 30 June 2016 that generated more than 10% of the Group's consolidated revenue. The Group's revenue from this customer in 1H16 amounted to CZK 538 939 thousand (1H15: CZK 716 150 thousand).

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



GEOGRAPHIC SEGMENTS

1.1.2016 – 30.6.2016	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	1 484 744	888 174	1 001 888	349 449	113 209	3 837 464	(333 083)	-	3 504 381
External revenue	1 355 755	748 373	964 509	322 535	113 209	3 504 381	-	-	3 504 381
Inter-segment revenue	128 989	139 801	37 379	26 914	-	333 083	(333 083)	-	-
Operating expenses	(1 457 903)	(751 696)	(971 376)	(314 650)	(114 495)	(3 610 120)	333 083	-	(3 277 037)
Related to external revenue	(1 328 914)	(611 895)	(933 997)	(287 736)	(114 495)	(3 277 037)	-	-	(3 277 037)
Related to inter-segment revenue	(128 989)	(139 801)	(37 379)	(26 914)	-	(333 083)	333 083	-	-
Operating result	26 841	136 478	30 512	34 799	(1 286)	227 344	-	-	227 344
Finance income / (costs), net						300 299	(351 964)	-	(51 665)
- within segment						(51 665)	-	-	(51 665)
- between segments						351 964	(351 964)	-	-
Share of loss of associate						-	-	(4 593)	(4 593)
Profit/(loss) before income tax						527 643	(351 964)	(4 593)	171 086
Income tax expense						(41 738)	178	-	(41 560)
Profit/(loss) for the period	241 597	98 722	132 577	14 331	(1 322)	485 905	(351 786)	(4 593)	129 526
EBITDA	144 471	197 576	75 997	67 439	(1 286)	484 197	-	-	484 197
Assets and liabilities									
Segment assets	4 936 106	1 500 249	2 424 897	2 227 715	3 075	11 092 042	(2 811 289)	171 199	8 451 952
Total assets	4 936 106	1 500 249	2 424 897	2 227 715	3 075	11 092 042	(2 811 289)	171 199	8 451 952
Segment liabilities	4 191 781	1 021 881	1 071 679	2 125 038	804	8 411 183	(2 942 723)	-	5 468 460
Equity									2 983 492
Total liabilities and equity									8 451 952
Other segment information									
Additions to PPE and Intangible assets	112 234	33 393	40 743	28 986	-	215 356	-	-	215 356
Depreciation and amortisation	117 630	61 098	45 485	32 640	-	256 853	-	-	256 853

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.1.2015 – 30.6.2015	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	1 275 229	897 180	1 213 401	210 422	66 460	3 662 692	(306 023)	-	3 356 669
External revenue	1 176 094	732 987	1 173 098	208 143	66 347	3 356 669	-	-	3 356 669
Inter-segment revenue	99 135	164 193	40 303	2 279	113	306 023	(306 023)	-	-
Operating expenses	(1 224 682)	(761 044)	(1 175 955)	(161 948)	(63 723)	(3 387 352)	306 023	-	(3 081 329)
Related to external revenue	(1 125 547)	(596 851)	(1 135 652)	(159 669)	(63 610)	(3 081 329)	-	-	(3 081 329)
Related to inter-segment revenue	(99 135)	(164 193)	(40 303)	(2 279)	(113)	(306 023)	306 023	-	-
Operating result	50 547	136 136	37 446	48 474	2 737	275 340	-	-	275 340
Finance income / (costs), net						410 434	(448 922)	698	(37 790)
- within segment						(38 488)	-	-	(38 488)
- between segments						448 922	(448 922)	-	-
Share of profit of associate						-	-	698	698
Profit/(loss) before income tax						685 774	(448 922)	698	237 550
Income tax expense						(41 997)	186	-	(41 811)
Profit/(loss) for the period	278 065	102 670	224 833	35 452	2 757	643 777	(448 736)	698	195 739
EBITDA	177 500	186 617	89 409	63 935	2 737	520 198	-	-	520 198
Assets and liabilities									
Segment assets	4 767 606	1 500 441	2 905 360	2 246 805	42 354	11 462 566	(3 030 186)	207 478	8 639 858
Total assets	4 767 606	1 500 441	2 905 360	2 246 805	42 354	11 462 566	(3 030 186)	207 478	8 639 858
Segment liabilities	4 145 220	962 524	1 571 657	2 162 559	36 892	8 878 852	(3 084 724)	-	5 794 128
Equity									2 845 730
Total liabilities and equity									8 639 858
Other segment information									
Additions to PPE and Intangible assets	89 176	196 058	172 425	15 813	-	473 472	-	-	473 472
Depreciation and amortisation	126 953	50 481	51 963	15 461	-	244 858	-	-	244 858

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PRODUCT SEGMENTS

1.1.2016 - 30.6.2016	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Other CZK '000	Total CZK '000
Revenue	1 598 558	289 110	948 370	375 015	293 328	3 504 381

1.1.2015 - 30.6.2015	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Other CZK '000	Total CZK '000
Revenue	1 609 283	247 768	843 741	454 403	201 474	3 356 669

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. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.2. EXPENSES BY NATURE

Expenses by nature	6M 2016 CZK'000	6M 2015 CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	256 853	244 858
Employee benefits expenses (i)	578 781	499 569
Consumption of materials and energy	1 655 392	1 615 190
Cost of goods and materials sold	199 326	164 280
Services	571 037	552 734
Rental costs	57 387	52 388
Taxes and fees	24 227	25 938
Insurance costs	8 517	7 222
Change in allowance to inventory	(4 330)	39 512
Change in allowance to trade receivables	(12 517)	(20 045)
Other cost/(income)	34 526	(72 101)
Total expenses by nature*	3 369 199	3 109 545
Change in finished products and work in progress	(61 577)	(67 735)
Reconciliation of expenses by nature to expenses by function	3 307 622	3 041 810
Selling, marketing and distribution costs	942 373	868 630
Administrative costs	226 230	193 553
Costs of products and services sold	1 939 693	1 815 347
Cost of goods and materials sold	199 326	164 280
Total costs of products sold, merchandise and materials, sales costs and administrative costs	3 307 622	3 041 810

* excluding other operating income and expenses

(i) Employee benefits expenses

Employee benefits expenses	6M 2016 CZK'000	6M 2015 CZK'000
Salaries	440 130	384 216
Social security and other benefit costs	75 016	55 982
Retirement benefit plan expenses	63 635	59 371
Total employee benefits expenses	578 781	499 569

4.3. OTHER OPERATING INCOME

Other operating income	6M 2016 CZK'000	6M 2015 CZK'000
Net gain from the sale of PPE and intangible assets	1 822	5 355
Gain from liquidation of PPE and intangible assets	-	359
Release of allowance to receivables	48	-
Compensation claims	1 287	-
Received penalties and damages	851	2 678
Tax return	13	-
Release of provision	20 913	-
Other	12 225	14 928
Total other operating income	37 501	23 320

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.4. OTHER OPERATING EXPENSES

Other operating expenses	6M 2016 CZK'000	6M 2015 CZK'000
Net loss from disposal of PPE and intangible assets	660	-
Loss from liquidation of PPE and intangible assets	-	53
Provided donations, sponsorship	4 318	4 824
Paid penalties and damages	29	5 235
Other tax paid	139	126
Other	1 770	52 601
Total other operating expenses	6 916	62 839

4.5. FINANCE INCOME

Finance income	6M 2016 CZK'000	6M 2015 CZK'000
Interest from:		
– bank deposits	1 479	1 083
– credits and loans granted	40	2 153
– receivables	-	27
Exchange gains	5 269	10 039
Gain from revaluation of derivatives	2 938	-
Other	547	1 913
Total finance income	10 273	15 215

4.6. FINANCE COSTS

Finance costs	6M 2016 CZK'000	6M 2015 CZK'000
Interest from:		
– bank loans and credits, finance lease and bonds	40 355	39 080
Exchange losses	3 690	7 541
Bank costs and charges	6 869	5 594
Loss from revaluation of derivatives	10 939	-
Other	85	1 488
Total finance costs	61 938	53 703

4.7. INCOME TAX

4.7.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the six-month period ended 30 June 2016 and 30 June 2015 were as follows:

Income tax expense	6M 2016 CZK'000	6M 2015 CZK'000
Current income tax	41 607	32 157
Current income tax on profits for the year	41 720	32 077
Adjustments for current income tax of prior periods	(113)	80
Deferred income tax	(47)	9 654
Related to arising and reversing of temporary differences	(3 457)	(72 386)
Related to tax losses	3 386	82 040
Other	24	-
Income tax expense	41 560	41 811

The income tax rate applicable to the majority of the Group's 2016 and 2015 income is 19%.

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.8. EARNINGS PER SHARE

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

	6M 2016 CZK'000	6M 2015*
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	129 380	193 965

	6M 2016 pcs	6M 2015*
Weighted average number of ordinary shares for EPS calculation	22 295 000	22 066 290
Effect of own shares	(2 720)	(382)
Weighted average number of ordinary shares used to calculate basic earnings per share	22 292 280	22 065 908
Dilution adjustments	-	-
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	22 292 280	22 065 908

* 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)	6M 2016 CZK'000	6M 2015*
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	129 380	193 965
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 292 280	22 065 908
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	5.80	8.79

* restated to show the impact of capital reorganisation in 2015

Diluted earnings per share (CZK/share)	6M 2016 CZK'000	6M 2015*
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	129 380	193 965
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs)	22 292 280	22 065 908
Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	5.80	8.79

* restated to show the impact of capital reorganisation in 2015

4.9. PROPERTY, PLANT AND EQUIPMENT

The additions to Property, plant and equipment were of CZK 194 551 thousand in 1H16.

The investment projects realised by the Group in 1H16 comprise primarily addition of a building in the production area and sales support equipment in the Czech Republic and the expenditure for hall under construction in Poland.

4.10. INTANGIBLE FIXED ASSETS

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.

In the reporting period of six-months ended 30 June 2016, the additions to intangible fixed assets were of CZK 20 805 thousand. The most significant additions were purchased brands Inka, Nara and Vočko in Croatia.

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.11. INVESTMENT IN ASSOCIATE

4.11.1 000 MEGAPACK

The main activities of the Megapack Group are the provision of beverage bottling services to third parties, production of own beverages, as well as their distribution on the territory of the Russian Federation.

Investment in associate	6M2016	2015	6M2015
	CZK'000	CZK'000	CZK'000
Opening balance	155 921	181 385	181 385
Share of profit/(loss) attributable to the Group	(4 593)	(3 393)	698
Share of other comprehensive income attributable to the Group	-	-	-
Dividends received	-	-	-
Exchange difference	19 871	(22 071)	25 395
Closing balance	171 199	155 921	207 478

Statement of financial position	30.6.2016	31.12.2015	30.6.2015
	CZK'000	CZK'000	CZK'000
Current assets	239 254	173 109	355 080
Non-current assets	155 888	139 404	196 765
Current liabilities	(174 153)	(108 519)	(277 659)
Non-current liabilities	(19 254)	(16 758)	(21 312)
Net assets	201 735	187 236	252 874

Statement of profit or loss	6M2016	2015	6M2015
	CZK'000	CZK'000	CZK'000
Revenue	270 687	917 046	538 567
Profit/(loss) for the period	(9 186)	(6 786)	1 396
Share of profit/(loss) attributable to Kofola ČeskoSlovensko group	(4 593)	(3 393)	698

4.12. DIVIDENDS

Declared dividends	6M 2016	6M 2015
	CZK'000	CZK'000
Declared dividend	-	-
Dividend per share (CZK/share) *	-	-

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

4.13. 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 through 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.

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



As at 30 June 2016, the Group has a liability from issued bonds in the total amount of CZK 338 074 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 of CZK 326 847 thousand are disclosed in non-current liabilities, and the liabilities from interests of CZK 11 227 thousand are presented in current liabilities.

Own bonds issued	Currency	30.6.2016 CZK'000	30.6.2015 CZK'000	Interest terms	Maturity date
Bonds issued KOFOLA VAR/18	CZK	338 074	336 570	12M PRIBOR + margin	10/2018
Bonds issued total		338 074	336 570		

4.14. BANK CREDITS AND LOANS

As at 30 June 2016, the Group's total bank loans and credits amounted to CZK 2 569 960 thousand and decreased by CZK 62 168 thousand compared to 31 December 2015.

Based on the amendment to the loan for acquisition of Radenska the repayment date of Facility B of that loan of CZK 960 496 thousand was changed from 30 September 2016 to 30 September 2017 and as such the amount was reclassified from current bank credits and loans to non-current bank credits and loans.

4.15. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 30 June 2016 the Group companies provided the following guarantees for third party entities:

Entity providing guarantees	Entity receiving guarantees	Currency	Guarantee amount FCY'000	Guarantee amount CZK'000	Guarantee period	Guarantees provided to	Relationship
Kofola CS a.s.	Unicredit Bank a.s.	EUR	4 923	133 550	12/2022	Santa-Trans.SK s.r.o.	third party*
Kofola CS a.s.	ČSOB Leasing	CZK	644	644	5/2020	Kolonial.cz s.r.o.	third party*
Kofola CS a.s.	ČSOB Leasing	CZK	325	325	5/2020	Kolonial.cz s.r.o.	third party*
Kofola CS a.s.	ČSOB Leasing	CZK	1 375	1 375	3/2020	Kolonial.cz s.r.o.	third party*
Kofola CS a.s.	ČSOB Leasing	CZK	492	492	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			136 912				

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

4.16. 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. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.17. RELATED PARTY TRANSACTIONS

4.17.1 SHAREHOLDERS STRUCTURE

Share capital structure Name of entity	Number of shares	% in share capital	30.6.2016	
			% 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.

4.17.2 SUBSIDIARIES AND ASSOCIATES

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

4.17.3 REMUNERATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration paid out to persons with executive authority in 1H16. 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	-	-	-	-	17 412	502
Members of the Company's Supervisory board and Audit committee	-	-	362	-	5 974	210
Other key management personnel of the Group	-	-	-	-	7 168	65
Total remuneration of the Group's key management personnel	-	-	362	-	30 554	777

4.17.4 OTHER RELATED PARTY TRANSACTIONS

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

Other related party transactions	Balance as at	
	30.6.2016 CZK'000	31.12.2015 CZK'000
Liability to shareholders of KSM Investment S.A.	(44 919)	(45 366)
Total	(44 919)	(45 366)

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

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.18. FINANCIAL INSTRUMENTS

4.18.1 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	1 145 867	-	-	1 145 867
Cash and cash equivalents	1 592 583	-	-	1 592 583
Derivatives (i)	-	(20 086)	-	(20 086)
Bank credits and loans	-	-	(2 569 960)	(2 569 960)
Bonds issued	-	-	(338 074)	(338 074)
Trade and other payables	-	-	(1 759 622)	(1 759 622)
Total	2 738 450	(20 086)	(4 667 656)	(1 949 292)

(i) Fair value of 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.

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.

4.19. OTHER MATTERS

WITHDRAWAL FROM ACQUISITION OF WAD GROUP, A.S.

Kofola Group decided to withdraw from the acquisition of WAD GROUP, a. s., owner of 40-percent share in WATER HOLDING, a. s. that is a 100-percent shareholder of Slovenské pramene a žriedla, a.s., Stredoslovenské žriedla, a.s. and Zlatá studňa, s.r.o.

Based on the share purchase agreement concluded on 19 June 2015, Kofola should have entered into WATER HOLDING as a minority shareholder, Kofola regarded the conditions necessary for the approval of the transaction imposed by the Antimonopoly office of the Slovak Republic as currently hardly realisable.

4.20. SUBSEQUENT EVENTS

On 27 July 2016, Hoop Polska management board has announced the plan of company's restructuring proces, concerning concentration of production in two plants and end of activity in plant in Bielsk Podlaski. The restructuring will continue from August to December 2016, covering 140 employees of the Bielsk Podlaski plant. The costs of restructuring will amount approx. to PLN 6-7 million. As the plan was introduced after the statement of financial position date, no provision is recognised in the condensed interim consolidated financial statements as at 30 June 2016 and for the 6 months period then ended. At this point, the Company is unable to make reliable estimate of financial impact of the restructuring plan.

On 25 July 2016, the Slovenian court approved the squeeze-out of Radenska d.d.'s minority shareholders. On 28 July 2016, the Slovenian Central securities clearing corporation registered the squeeze-out and Kofola holdinška družba d.o.o. became a sole shareholder of Radenska d.d.

On 1 August 2016, the court registered the cross-border merger of Kofola ČeskoSlovensko a.s., Kofola CS a.s., Kofola S.A., Kofola holdinška družba d.o.o. and PINELLI spol. s r.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 condensed consolidated financial statements.



CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS 1H 2016
KOFOLA ČESKOSLOVENSKO A.S.

1. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



1.1. SEPARATE STATEMENT OF PROFIT OR LOSS

for the 6-month period ended 30 June 2016 and 30 June 2015 in CZK thousand.

Separate statement of profit or loss	Note	6M 2016 CZK '000	6M 2015 CZK '000
Administrative costs	4.2	(10 383)	-
Operating loss		(10 383)	-
Finance costs	4.3	(327)	(1)
Loss before income tax		(10 710)	(1)
Income tax expense		-	-
Loss for the period		(10 710)	(1)
Earnings per share for profit attributable to the ordinary equity holders of the company (in CZK)			
Basic earnings per share	4.4	(0.48)	(0.00)
Diluted earnings per share	4.4	(0.48)	(0.00)

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 6-month period ended 30 June 2016 and 30 June 2015 in CZK thousand.

Separate statement of other comprehensive income	Note	6M 2016 CZK '000	6M 2015 CZK '000
Loss for the period		(10 383)	(1)
Other comprehensive income for the period		-	-
Total comprehensive income for the period		(10 383)	(1)

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

1. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



1.3. SEPARATE STATEMENT OF FINANCIAL POSITION

as at 30 June 2016, 31 December 2015 and 30 June 2015 in CZK thousand.

Assets	Note	30.6.2016 CZK'000	31.12.2015 CZK'000	30.6.2015 CZK'000
Non-current assets		7 753 981	7 628 981	-
Investment in subsidiaries	4.5	7 753 217	7 628 217	-
Deferred tax assets		764	764	-
Current assets		123 680	140 707	1 999
Trade and other receivables		21 990	1 373	-
Cash and cash equivalents		101 690	139 334	1 999
Total assets		7 877 661	7 769 688	1 999
Liabilities and equity				
	Note	30.6.2016 CZK'000	31.12.2015 CZK'000	30.6.2015 CZK'000
Total equity		7 700 097	7 711 740	1 999
Share capital	1.5	2 229 500	2 229 500	2 000
Share premium	1.5	5 494 517	5 494 517	-
Own shares	1.5	(933)	-	-
Accumulated deficit	1.5	(22 987)	(12 277)	(1)
Non-current liabilities		-	-	-
Current liabilities		177 564	57 948	-
Trade and other payables		137 564	17 948	-
Other financial liabilities		40 000	40 000	-
Total liabilities		177 564	57 948	-
Total liabilities and equity		7 877 661	7 769 688	1 999

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

1. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

1.4. SEPARATE STATEMENT OF CASH FLOWS

for the 6-month period ended 30 June 2016 and 30 June 2015 in CZK thousand.

Separate statement of cash flows	Note	6M 2016 CZK '000	6M 2015 CZK '000
Cash flows from operating activities			
Loss before income tax	1.1	(10 710)	-
<i>Adjustments for:</i>			
Non-cash movements			
Net interest	4.3	303	-
<i>Change in operating assets and liabilities</i>			
Change in receivables		(17 807)	-
Change in payables		(5 687)	-
Net cash inflow from operating activities		(33 901)	-
Cash flows from investing activities			
Interest paid		-	(1)
Net cash outflow from investing activities		-	(1)
Cash flows from financing activities			
Purchase of own shares		(3 743)	-
Net cash outflow from financing activities		(3 743)	-
Net decrease in cash and cash equivalents		(37 644)	-
Cash and cash equivalents at the beginning of the period		139 334	2 000
Cash and cash equivalents at the end of the period		101 690	1 999

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 6-month period ended 30 June 2016, 12-month period ended 31 December 2015 and 6-month period ended 30 June 2015 in CZK thousand.

Separate statement of changes in equity	Note	Share capital CZK'000	Share premium CZK'000	Own shares CZK'000	Accumulated deficit CZK'000	Total equity CZK'000
Balance at 1 January 2015		2 000	-	-	-	2 000
Profit for the period		-	-	-	(1)	(1)
Total comprehensive income for the period	1.2	-	-	-	(1)	(1)
Balance at 30 June 2015		2 000	-	-	(1)	1 999
Balance at 1 January 2015		2 000	-	-	-	2 000
Loss for the period		-	-	-	(12 277)	(12 277)
Total comprehensive income for the period	1.2	-	-	-	(12 277)	(12 277)
Share capital increase		2 200 000	5 389 120	-	-	7 589 120
Shares issue		27 500	112 750	-	-	140 250
Transaction costs		-	(7 353)	-	-	(7 353)
Balance at 31 December 2015		2 229 500	5 494 517	-	(12 277)	7 711 740
Balance at 1 January 2016		2 229 500	5 494 517	-	(12 277)	7 711 740
Loss for the period		-	-	-	(10 710)	(10 710)
Total comprehensive income for the period	1.2	-	-	-	(10 710)	(10 710)
Purchase of own shares		-	-	(3 743)	-	(3 743)
Transfer of own shares		-	-	2 810	-	2 810
Balance at 30 June 2016		2 229 500	5 494 517	(933)	(22 987)	7 700 097

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 2016 was holding of the subsidiaries.

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

BOARD OF DIRECTORS

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

SUPERVISORY BOARD

- René Sommer – Chairman
- Jacek Woźniak
- Pavel Jakubík
- Moshe Cohen-Nehemia
- Petr Pravda
- Ivan Jakúbek

On 23 May 2016, Mr. Ivan Jakúbek was appointed as a member of the supervisory board and replaced Mr. Dariusz Prończuk who was removed from the supervisory board.

AUDIT COMMITTEE

- Marek Piech – Chairman
- Pavel Jakubík
- Ivan Jakúbek

On 23 May 2016, Mr. Marek Piech was appointed as a chairman of the Audit Committee and replaced Mr. René Sommer who was removed from the audit committee.

3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The condensed 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 2016.

The condensed 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 condensed 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 6-month period ended 30 June 2016 and contain comparatives for the 6-month period ended 30 June 2015.

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 2016. The Group has not early-adopted any standard.

The management of the Company is analysing potential impact of not-yet effective standards on the financial statements of the Company.

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.

3. SIGNIFICANT ACCOUNTING POLICIES



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

Closing exchange rates	30.6.2016	31.12.2015	30.6.2015
CZK/EUR	27.130	27.025	27.245
CZK/PLN	6.115	6.340	6.502
CZK/RUB	0.379	0.335	0.437
CZK/USD	24.433	24.824	24.347

Average exchange rates	1.1.2016 - 30.6.2016	1.1.2015 - 31.12.2015	1.1.2015 - 30.6.2015
CZK/EUR	27.039	27.283	27.503
CZK/PLN	6.191	6.525	6.644
CZK/RUB	0.347	0.406	0.430
CZK/USD	24.236	24.600	24.671

3.4. ACCOUNTING METHODS

The accounting policy and methods based on which the financial information contained in this report has been prepared have not changed compared to the annual separate financial statements for the year 2015.

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 30 June 2016 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information
Impairment of investments in subsidiaries and associates	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates.
Income tax	Assumptions used to recognise deferred income tax assets.

3.6. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

The Board of Directors approved the present separate financial statements for publication on 1 August 2016.

4. NOTES TO THE CONDENSED INTERIM 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	6M 2016 CZK'000	6M 2015 CZK'000
Services	9 055	-
Rental costs	47	-
Taxes and fees	1 125	-
Insurance costs	225	-
Other	(69)	-
Total expenses by nature*	10 383	-
Change in finished products and work in progress	-	-
Reconciliation of expenses by nature to expenses by function	10 383	-
Administrative costs	10 383	-
Total costs of products sold, merchandise and materials, sales costs and administrative costs	10 383	-

* excluding other operating income and expenses

4.3. FINANCE COSTS

Finance costs	6M 2016 CZK'000	6M 2015 CZK'000
Interest from loans and credits	303	(1)
Bank costs and charges	24	-
Total finance costs	327	(1)

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



4.4. EARNINGS PER SHARE

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

	6M 2016 CZK'000	6M 2015*
Loss for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(10 710)	(1)

	6M 2016 pcs	6M 2015*
Weighted average number of ordinary shares for EPS calculation	22 295 000	22 066 290
Effect of own shares	(2 720)	(382)
Weighted average number of ordinary shares used to calculate basic earnings per share	22 292 280	22 065 908
Dilution adjustments	-	-
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	22 292 280	22 065 908

* 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)	6M 2016 CZK'000	6M 2015*
Loss for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(10 710)	-
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 292 280	22 065 908
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	(0.48)	(0.00)

* restated to show the impact of shares split in 2015

Diluted earnings per share (CZK/share)	6M 2016 CZK'000	6M 2015*
Loss for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(10 710)	-
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs)	22 292 280	22 065 908
Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	(0.48)	(0.00)

* restated to show the impact of shares split in 2015

4.5. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries Name of entity	Ownership interest		Carrying amount	
	30.6.2016 %	31.12.2015 %	30.6.2016 CZK'000	31.12.2015 CZK'000
Kofola S.A. (i)	100%	100%	7 628 217	7 628 217
PINELLI spol. s r.o. (ii)	100%	100%	125 000	-
Total investment in subsidiaries			7 753 217	7 628 217

The Company has not identified any impairment indicator regarding its investment in Kofola S.A. and PINELLI spol. s r.o.

(i) Kofola S.A.

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.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



The composition of cost is as follows:

Composition of Kofola S.A. cost	CZK'000
Purchased Kofola S.A.'s own shares	19 875
In-kind contribution of Kofola S.A.'s shares	7 589 254
Remaining shares purchased from former minority shareholders	19 088

(ii) PINELLI spol. s r.o.

On 4 April 2016, the Company purchased 100 % shares of PINELLI spol. s r.o. from Kofola a.s.

PINELLI spol. s r.o. is a limited liability company with its registered office in Krnov, Za Drahou 165/1, Pod Bezručovým vrchem, the Czech Republic. The company is registered by the Regional Court Regional Court in Ostrava, section C, Insert No. 37942 with identification number 49811908.

4.6. RELATED PARTY TRANSACTIONS

4.6.1 SHAREHOLDERS STRUCTURE

Share capital structure	30.6.2016		
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.

4.6.2 SUBSIDIARIES AND ASSOCIATES

Interests in subsidiaries and associates are set out in section 4.5.

4.6.3 REMUNERATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration paid out to persons with executive authority in 1H16. 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	-	-	-	-	17 412	502
Members of the Company's Supervisory board and Audit committee	-	-	362	-	5 974	210
Other key management personnel of the Group	-	-	-	-	7 168	65
Total remuneration of the Group's key management personnel	-	-	362	-	30 554	777

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



4.6.4 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	
	2016	2015	30.6.2016	31.12.2015
	CZK'000	CZK'000	CZK'000	CZK'000
Reinvoicing of IPO-related cost from Kofola S.A.	-	(7 510)	(11 088)	(11 088)
Sale of own shares to group companies	2 810	-	2 810	-
Purchase of PINELLI spol. s r.o. from Kofola a.s.	-	-	(125 000)	-
Loan from Kofola a.s. (CZ)	(303)	(147)	(40 450)	(40 147)
Total	2 507	(7 657)	(173 728)	(51 235)

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

4.7. SUBSEQUENT EVENTS

On 1 August 2016, the court registered the cross-border merger of Kofola ČeskoSlovensko a.s., Kofola CS a.s., Kofola S.A., Kofola holdinška družba d.o.o. and PINELLI spol. s r.o.

No other 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.

STATUTORY DECLARATION AND APPROVAL FOR PUBLICATION



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

To the best of our knowledge, the 1H16 interim 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 six-month period ended 30 June 2016 and of the outlook for future development of the financial position, business activities and financial performance.

The 1H16 interim report was approved for publication on 1 August 2016.

1.8.2016 <i>date</i>	Janis Samaras <i>name and surname</i>	Chairman of the Board of Directors <i>position/role</i>	 <i>signature</i>
1.8.2016 <i>date</i>	René Musila <i>name and surname</i>	Member of the Board of Directors <i>position/role</i>	 <i>signature</i>
1.8.2016 <i>date</i>	Tomáš Jendřejek <i>name and surname</i>	Member of the Board of Directors <i>position/role</i>	 <i>signature</i>
1.8.2016 <i>date</i>	Daniel Buryš <i>name and surname</i>	Member of the Board of Directors <i>position/role</i>	 <i>signature</i>
1.8.2016 <i>date</i>	Jiří Vlasák <i>name and surname</i>	Member of the Board of Directors <i>position/role</i>	 <i>signature</i>
1.8.2016 <i>date</i>	Roman Zúrik <i>name and surname</i>	Member of the Board of Directors <i>position/role</i>	 <i>signature</i>

