



KOFOLA ČESKOSLOVENSKO A.S.
INTERIM REPORT 3M 2017



kofola[®]
ČeskoSlovensko



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KOFOLA GROUP

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



CZK 1.3 BN 3M17
REVENUES



7
PRODUCTION PLANTS



2 100
EMPLOYEES



LISTED ON
PRAGUE STOCK EXCHANGE
WARSAW STOCK EXCHANGE



- ❖ no. 2 player in the soft drinks market
- ❖ Kofola and Jupí the most trustful brands in 2016 survey
- ❖ 3rd most admired company in 2016 survey



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



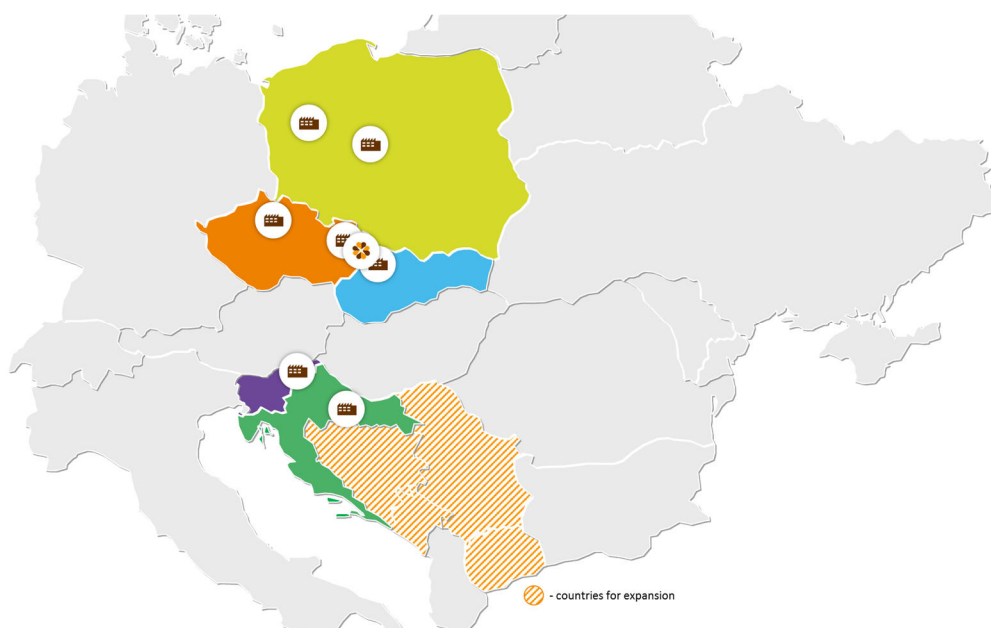
- ❖ no. 1 player in the soft drinks market in both Retail & HoReCa



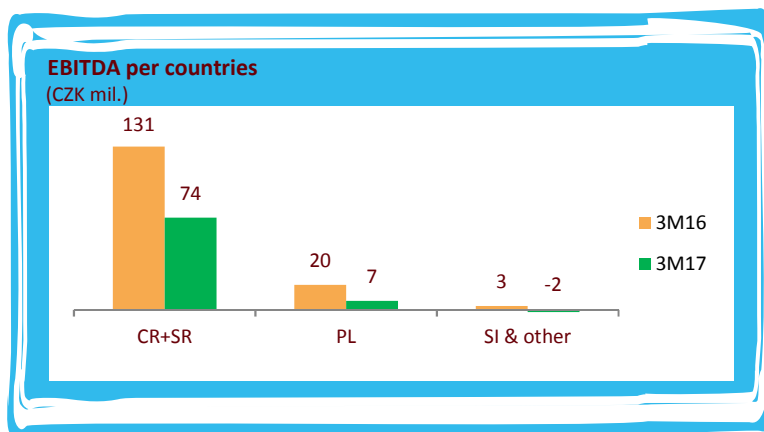
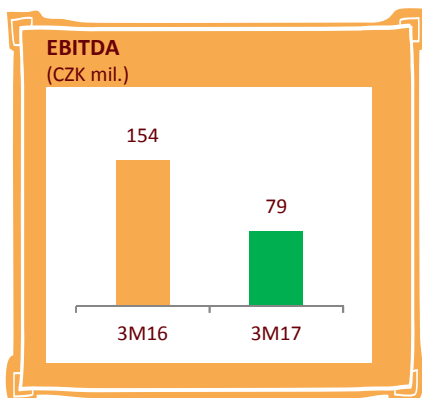
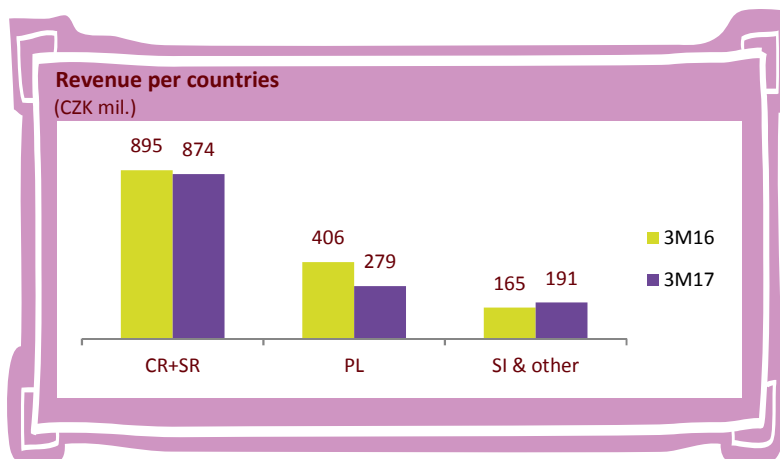
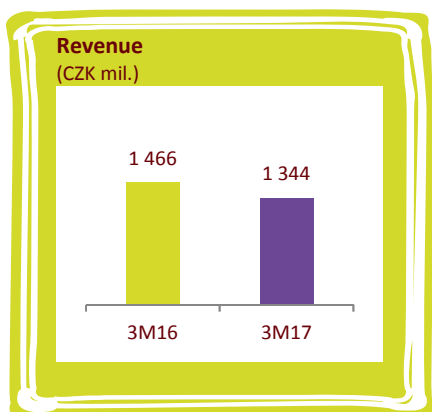
- ❖ no. 1 player in the soft drinks market in Slovenia
- ❖ no. 1 water brand in both Retail & HoReCa



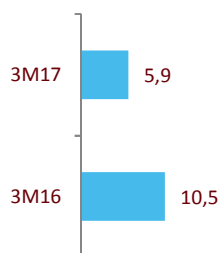
- ❖ production and distribution of PepsiCo products
- ❖ no. 2 water brand
- ❖ no.2 syrup brand



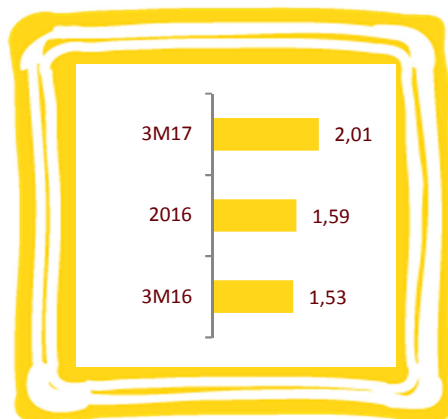
1. KOFOLA AT A GLANCE



EBITDA margin
(%)



Net debt / EBITDA



Profit for the period
(CZK mil.)



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 3.1.

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.

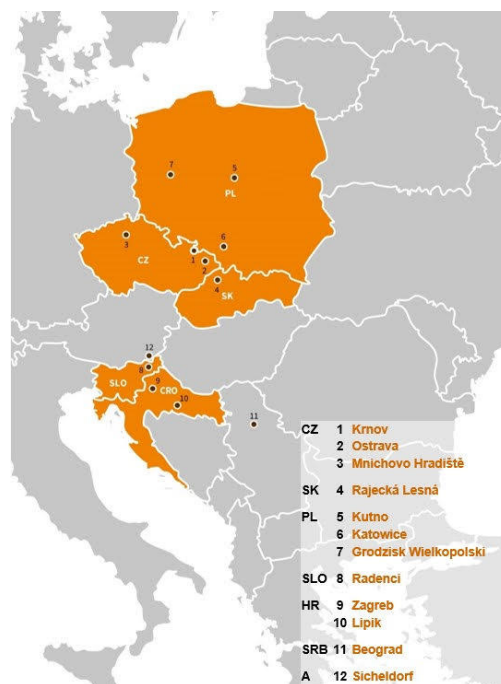
The Group produces its products with care and love in seven main production plants located in the Czech Republic (two plants), Slovakia (one plant), Poland (two plants), Slovenia (one plant) and Croatia (one plant).

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, Studenac and Rajec, syrups Jupí and Paola, beverages for children Jupik, 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.



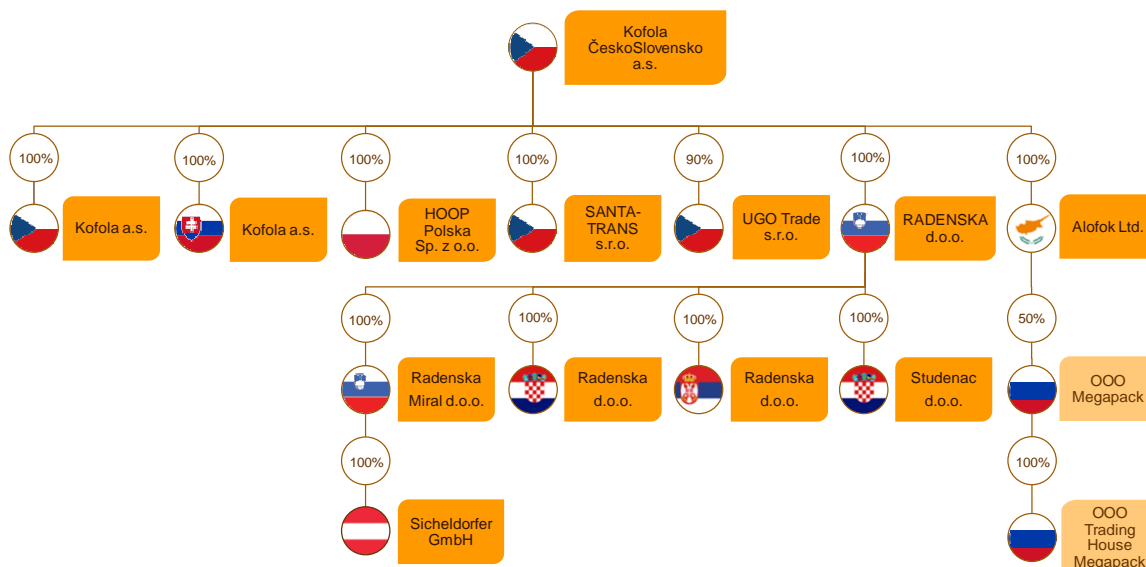
2. KOFOLA GROUP

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



2.3. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 31 MARCH 2017



2. KOFOLA GROUP



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			31.3.2017	31.12.2016
Holding companies				
Kofola ČeskoSlovensko a.s.	Czech Republic	top holding company		
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.o.o.	Slovenia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o.	Croatia	inactive	100.00%	100.00%
Radenska d.o.o.	Serbia	inactive	100.00%	100.00%
Radenska Miral d.o.o.	Slovenia	trademark licensing	100.00%	100.00%
Sicheldorfer GmbH	Austria	inactive	100.00%	100.00%
Transportation				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
Associated companies				
OOO Megapack	Russia	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

2. KOFOLA GROUP



2.4. SUCCESSES AND AWARDS IN 2017



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

Czech TOP 100 – Kofola named as a Brand, which communication in 2016 impressed the most.



Radenska with taste awarded „**Product of the year**” in category of mineral waters with taste in Slovenia.

Radenska classic awarded „**Trusted brand**” in category of bottled water in Slovenia.



3. BOARD OF DIRECTORS REPORT

3.1. BUSINESS OVERVIEW

OVERALL PERFORMANCE IN 3M2017

Kofola Group managed to maintain sales in its core markets in the CzechoSlovakia and Adriatic region on the comparative period's level – when total consolidated revenue in these countries grew by 0.2%.

The Group's revenue on CzechoSlovak market declined by 2.3 %. The decrease was coming from the Retail channel where revenues in the first quarter were adversely impacted by the shift of the Easter. The performance of key brands was supported by healthy and fresh UGO products, which are gaining on their importance in the Group.

Adriatic region (Slovenia+Ex-Yugo) showed strong revenues growth by 16.4 %, this was also influenced by the Studenac acquisition (acquired before the 2016 year-end). We continue in building our presence in Adriatic countries outside of Slovenia through own sales and a distribution organisation where we extend the brand support. CzechoSlovak and Adriatic markets have significantly growing share on overall Group revenue (76.9 % in 3M 2017, 70.3% in 3M 2016) and adjusted EBITDA (91.5 % in 3M2017, 88.6% in 3M2016).

To strengthen our competitiveness in the Polish market, we further continue with the consolidation of production capacities started last year and invest in new product development to support strategic focus on own brands.

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 in 3M2017. It should be read along with the financial statements and with other financial information contained in the attached consolidated financial statements and 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 2017	3M17	One-off adjustments	3M17 adjusted
	CZK'000	CZK'000	CZK'000
Revenue	1 343 528	-	1 343 528
Cost of sales	(875 426)	2 123	(873 303)
Gross profit	468 102	2 123	470 225
Selling, marketing and distribution costs	(440 839)	-	(440 839)
Administrative costs	(89 811)	1 621	(88 190)
Other operating income, net	13 042	(11 937)	1 105
Operating result	(49 506)	(8 193)	(57 699)
Depreciation and amortisation	136 661	-	136 661
EBITDA	87 155*	(8 193)	78 962**
Finance costs, net	(12 839)	-	(12 839)
Income tax	1 829	225	2 054
(Loss) for the period	(60 516)	(7 968)	(68 484)
- attributable to owners of Kofola ČeskoSlovensko a.s.	(59 484)	(7 968)	(67 452)

* EBITDA refers to operating result plus depreciation and amortisation.

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

The operating profit of the Kofola Group for the 3-month period ended 31 March 2017 was affected by the following one-off items:

- Net revenue from the sale of warehouse of CZK 2 945 thousand, tax 17 % applies (in Slovenian segment).
- Costs connected with SAP implementation of CZK 1 621 thousand, tax 17% applies (in Slovenian segment).
- Net result from the sale of production line in Poland of CZK 8 992 thousand.
- Costs connected with maintenance of Bielsk production hall of CZK 2 123 thousand.

The operating profit of the Kofola Group for the 3-month period ended 31 March 2016 was not adjusted for any one-off items.

3. BOARD OF DIRECTORS REPORT

3.1.2 FINANCIAL PERFORMANCE

Adjusted consolidated financial results	3M17	3M16	Change	Change
	CZK'000	CZK'000	CZK'000	%
Revenue	1 343 528	1 466 304	(122 776)	(8,4%)
Cost of sales	(873 303)	(949 944)	76 641	(8,1%)
Gross profit	470 225	516 360	(46 135)	(8,9%)
Selling, marketing and distribution costs	(440 839)	(386 899)	(53 940)	13,9%
Administrative costs	(88 190)	(104 058)	15 868	(15,2%)
Other operating income, net	1 105	883	222	25,1%
Operating result	(57 699)	26 286	(83 985)	(319,5%)
EBITDA	78 962	153 787	(74 825)	(48,7%)
Finance costs, net	(12 839)	(39 119)	26 280	(67,2%)
Income tax	2 054	(8 328)	10 382	(124,7%)
(Loss) for the period	(68 484)	(21 161)	(47 323)	223,6%
- attributable to owners of Kofola ČeskoSlovensko a.s.	(67 452)	(20 634)	(46 818)	226,9%

REVENUE

In 3M2017, the Group's revenue amounted to CZK 1 343 528 thousand and decreased by CZK 122 776 thousand or 8.4% from CZK 1 466 304 thousand in 3M2016.

The decrease was caused by lower sales in Poland and in the Czech Republic (syrups and Kofola) that were partially offset by the increase in Slovakia that came from Rauch, Semtex and Kofola, increased sales in Ugo and increased sales in Slovenia and Croatia. Sales of syrups were lower when compared with the last period but exceeding our expectation, this category is sensitive to increased purchasing power of customers.

In 3M2017, the Group's revenue from sales of finished products and services amounted to CZK 1 232 082 thousand and decreased by CZK 131 301 thousand or 9.6% from CZK 1 363 383 thousand in 3M2016.

In 3M2017, the Group's revenue from sales of goods and materials amounted to CZK 111 446 thousand and increased by CZK 8 525 thousand (8.3%) from CZK 102 921 thousand in 3M2016. 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 split by category of products for 3M17 and 3M16.

Product lines	3M17		3M16	
	Revenue	Share	Revenue	Share
	CZK'000	%	CZK'000	%
Carbonated beverages	558 488	41.57%	683 563	46.62%
Non-carbonated beverages	108 457	8.07%	119 831	8.17%
Waters	391 081	29.11%	368 496	25.13%
Syrups	151 347	11.26%	174 316	11.89%
Other	134 155	9.99%	120 098	8.19%
Total	1 343 528	100.00%	1 466 304	100.00%

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 90.01% of the Group's sales revenue in 3M2017. In comparison with 3M2016, the structure of sales by products changed mainly due to lower revenues from carbonated beverages in Poland, an increase in revenue of 'Other' category products are caused by growing revenues from UGO fresh bars and higher sales of the energy drink Semtex. Syrups category is still under pressure of competition.

The following table sets forth revenue from sales split by countries for 3M17 and 3M16. The allocation of revenue to a particular country segment is based on the geographical location of customers.

Geographical segments	3M17		3M16	
	Revenue	Share	Revenue	Share
	CZK'000	%	CZK'000	%
Czech Republic	566 319	42.15%	591 977	40.38%
Slovakia	307 770	22.91%	302 555	20.63%
Poland	279 224	20.78%	405 933	27.68%
Slovenia	130 912	9.74%	124 488	8.49%
Other*	59 303	4.42%	41 351	2.82%
Total	1 343 528	100.00%	1 466 304	100.00%

* including Croatia (3M2017: 28 213, 3M2016: 12 249)

3. BOARD OF DIRECTORS REPORT



Kofola maintained its sales in CzechoSlovakia and Adriatic region. In total, the sales in these regions increased by 0.2% in comparison with 3M2016.

In CzechoSlovakia, the UGO's revenue grew by CZK 18 959 thousand to CZK 80 606 thousand (30.8%) and are becoming more important part of the Group's revenues. UGO operated 75 fresh bars and salad bars as at 31 March 2017.

In Adriatic region, Kofola continues in its acquisition strategy. In 1Q2016, we acquired Nara, Inka and Vočko, Croatian brands with a high growth potential for the Group. At the same time, the Group concluded a production and distribution contract with Pepsi in the Croatian market. At the end of the last year, we acquired Studenac in Croatia, its revenues are consolidated from 1Q2017.

In comparison with 3M2016, there was a decrease in revenue from sales in Poland driven by lower sales of private labels and lower sales in the traditional channel.

Total Group's consolidated revenues without Polish segment grew by 0.4% (CZK 3 933 thousand) in comparison with 3M2016.

COST OF SALES

In 3M2017, the Group's adjusted cost of sales amounted to CZK 873 303 thousand and decreased by CZK 76 641 thousand or 8.1% from CZK 949 944 thousand in 3M2016. The decrease of cost of sales is in relation to decreased revenue. Increased cost of sales is caused by growing prices of sugar.

In 3M2017, the Group's adjusted cost of products and services sold amounted to CZK 773 357 thousand and decreased by CZK 83 135 thousand or 9 % from CZK 856 492 thousand in 3M2016.

In 3M2017, the Group's cost of goods and materials sold amounted to CZK 99 946 thousand and increased by CZK 6 494 thousand or 6.9% from CZK 93 452 thousand in 3M2016. The increase in the cost of goods and materials sold was attributable mostly to the sale of Rauch products.

GROSS PROFIT

In 3M2017, the Group's gross profit amounted to CZK 470 225 thousand and decreased by CZK 46 135 thousand or 8.9% from CZK 516 360 thousand in 3M2016, this was influenced by decreased gross profit mainly in Poland, which was partially compensated by increased gross profit in Radenska and Ugo.

SELLING, MARKETING AND DISTRIBUTION COSTS

In 3M2017, the Group's selling, marketing and distribution costs amounted to CZK 440 839 thousand and increased by CZK 53 940 thousand or 13.9% from CZK 386 899 thousand in 3M2016. The increase is influenced by increased costs of cca CZK 19 000 thousand in Adriatic region, where the costs increased in connection with building the sales and marketing team for the whole Adriatic region and due to acquired Studenac subsidiary, increased costs in UGO of cca CZK 21 000 thousand related to its further expansion, the remaining part was driven by increased costs in CzechoSlovakia (higher bad debt provisions, increased logistic costs in Slovakia) which were partly compensated by lower selling, marketing and distribution costs in Poland.

ADMINISTRATIVE COSTS

In 3M2017, the Group's adjusted administrative costs amounted to CZK 88 190 thousand and decreased by CZK 15 868 thousand or 15.2% from CZK 104 058 thousand in 3M2016, the net decrease is driven by decreased administrative costs in Poland and CzechoSlovakia which exceeded slightly increased costs in Adriatic due to acquired Studenac subsidiary.

OTHER OPERATING INCOME, NET

In 3M2017, the Group's adjusted net Other operating income amounted to CZK 1 105 thousand and was higher by CZK 222 thousand than net Other operating income of CZK 883 thousand in 3M2016.

EBITDA

The following table sets forth information regarding EBITDA for 3M17 and 3M16.

3. BOARD OF DIRECTORS REPORT

Adjusted EBITDA	3M17	3M16
	CZK'000 / %	CZK'000 / %
EBITDA*	78 962	153 787
EBITDA margin**	5.88%	10.49%

* 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 3M17 and 3M16.

Adjusted EBITDA by countries	3M17		3M16	
	EBITDA	Share	EBITDA	Share
	CZK'000	%	CZK'000	%
Czech Republic	21 417	27.1%	62 752	40.8%
Slovakia	53 140	67.3%	68 397	44.5%
Poland	6 833	8.7%	20 156	13.1%
Slovenia	6 565	8.3%	5 412	3.5%
Other	(8 993)	(11.4%)	(2 930)	(1.9%)
Total	78 962	100.00%	153 787	100.00%

The net decrease of EBITDA is caused by decreased performance in Poland and CzechoSlovakia which was not fully compensated by increased performance in Slovenia.

The EBITDA achieved by the Group in Poland decreased as a result of decreased sales mainly of private labels. The EBITDA in the Czech Republic decreased due to lower sales of Kofola and Jupi syrups and increased selling and marketing expenses which should result in increased sales in later periods.

The negative EBITDA in the Other segment is caused by the newly acquired Studenac subsidiary, its potential is not fully exploited due to the costs related to building of the sales team and marketing and admin costs.

The Group's EBITDA margins achieved in the CzechoSlovak market in 3M2016 continues 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). Significant part of revenues in Poland comes from private labels.

The Group's adjusted EBITDA without Poland decreased by CZK 61 502 thousand (46%) in comparison with 3M2016.

OPERATING PROFIT

Due to the reasons described above, in 3M2017, the Group's operating loss amounted to CZK 57 699 thousand as compared to an operating profit of CZK 26 286 thousand in 3M2016.

FINANCE COSTS, NET

In 3M2017, the Group's net Finance costs amounted to CZK 12 839 thousand and decreased by CZK 26 280 thousand as compared to CZK 39 119 thousand in 3M2016. Decreased net Finance costs are mainly influenced by decreased foreign exchange losses by cca CZK 10 000 thousand and decreased loss from revaluation of derivatives by cca CZK 17 000 thousand when compared with 3M2016. Net Finance costs include also the share in the loss of associate that in 3M2017 amounted to CZK (2 837) thousand compared to loss of CZK (6 061) thousand in 3M2016.

NET LOSS FOR THE PERIOD

Due to the reasons described above, in 3M2017, the Group's loss for the period amounted to CZK 68 484 thousand as compared to a loss for the period of CZK 21 161 thousand in 3M2016.

3. BOARD OF DIRECTORS REPORT

3.1.3 FINANCIAL POSITION

Consolidated statement of financial position	31.3.2017	31.12.2016	Change	Change
	CZK'000	CZK'000	CZK'000	%
Total assets	7 853 638	8 019 883	(166 245)	(2,1%)
Non-current assets, out of which:	4 930 977	4 915 863	15 114	0,3%
<i>Property, plant and equipment</i>	3 440 964	3 442 624	(1 660)	(0,0%)
<i>Intangible assets</i>	1 168 717	1 164 092	4 625	0,4%
<i>Goodwill</i>	86 302	86 302	-	-
<i>Investment in associates</i>	69 358	67 782	1 576	2,3%
<i>Deferred tax assets</i>	102 949	101 481	1 468	1,4%
<i>Other</i>	62 687	53 582	9 105	17,0%
Current assets, out of which:	2 922 661	3 104 020	(181 359)	(5,8%)
<i>Inventories</i>	553 036	485 440	67 596	13,9%
<i>Trade and other receivables</i>	1 069 333	1 081 680	(12 347)	(1,1%)
<i>Cash and cash equivalents</i>	1 177 422	1 421 014	(243 592)	(17,1%)
<i>Assets held for sale</i>	111 918	111 715	203	0,2%
<i>Other</i>	10 952	4 171	6 781	162,6%
Total equity and liabilities	7 853 638	8 019 883	(166 245)	(2,1%)
Equity	2 724 578	2 739 468	(14 890)	(0,5%)
Non-current liabilities	1 546 481	1 580 357	(33 876)	(2,1%)
Current liabilities	3 582 579	3 700 058	(117 479)	(3,2%)

ASSETS

At 31 March 2017, the Group's Property, plant and equipment amounted to CZK 3 440 964 thousand and decreased by CZK 1 660 thousand from CZK 3 442 624 thousand at the end of 2016. This change was mainly caused by additions and finance lease additions totalling CZK 88 466 thousand and on the other hand the depreciation charge of CZK 123 115 thousand, significant effect has exchange difference (cca CZK 41 000 thousand). The additions comprise mainly an addition to a production line in Slovenia.

As at 31 March 2017, Intangible assets were of CZK 1 168 717 thousand and increased by CZK 4 625 thousand or 0.4 % in comparison with 31 December 2016 mainly because of insignificant software additions, amortization of CZK 13 546 thousand and exchange differences.

The Group's current assets without assets held for sale as at 31 March 2017 amounted to CZK 2 810 743 thousand, of which 42 % is represented by Cash and cash equivalents, 38 % is represented by Trade and other receivables and 20 % is formed by Inventories. The net decrease of CZK 181 562 thousand or 6.1 % is mainly attributable to decreased cash and increased inventory (first quarter is off-season). Cash and cash equivalents in RADENSKA d.o.o. accounts for about 83 % of the Group's total cash and the Group expects its utilisation among others for future acquisition opportunities or loan payout.

Deferred tax asset increased by CZK 1 468 thousand to CZK 102 949 thousand, of which CZK 90 134 thousand is a deferred tax asset of Radenska d.o.o., resulting mainly from tax losses that are expected to be utilised in future.

LIABILITIES

As at 31 March 2017, the Group's current and non-current liabilities amounted to CZK 5 129 060 thousand, which constitutes a 2.9% (CZK 151 355 thousand) decrease compared to CZK 5 280 415 thousand the end of December 2016. The loan for financing RADENSKA d.o.o. acquisition with carrying amount of CZK 1 692 764 thousand as at 31 March 2017 is a main component of Group's liabilities.

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 1 987 676 thousand as at 31 March 2017, which represents an increase of CZK 299 011 thousand or 18 % compared to CZK 1 688 665 thousand as at 31 December 2016. This increase is attributable mainly to the decreased cash from payment of CAPEX and changes in operating cash flow.

The Group's consolidated net debt / Adjusted EBITDA as at 31 December 2016 was of 2.01 compared to 1.59 at the end of 2016.

The Group's provisions decreased by CZK 43 521 thousand from CZK 184 237 thousand to CZK 140 716 thousand, mainly due to the release of provisions for bonuses.

3. BOARD OF DIRECTORS REPORT



3.1.4 CASHFLOWS

NET CASH FLOW FROM OPERATING ACTIVITIES

In 3M2017, the Group's net cash flow from operating activities amounted to CZK (185 789) thousand and decreased by CZK 3 004 thousand or 1.6% from CZK (182 785) thousand in 3M2016. Both period's cash flows are off-season and do not differentiate.

NET CASH FLOW FROM INVESTING ACTIVITIES

In 3M2017, the Group's net cash outflow from investing activities amounted to CZK (86 305) thousand and increased by CZK 121 823 thousand from CZK (208 128) thousand in 3M2016. The outflow decrease related mainly to the prior year capex (higher by cca 112 000 thousand in the previous period) and higher cash inflows from sales of fixed assets.

NET CASH FLOW FROM FINANCING ACTIVITIES

In 3M2017, the Group's net cash flow from financing activities amounted to CZK 25 957 thousand and increased by CZK 45 988 thousand from CZK (20 031) thousand in 3M2016. The increase was mainly a result of bank loans proceeds, and on the other hand, dividend paid to the parent company.

3.1.5 EXPECTED DEVELOPMENT IN SUBSEQUENT 6 MONTHS

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

In next 6 months, Adriatic region will face certain uncertainty related to Agrokor Group prebankruptcy procedure. We believe that we can benefit from this situation because our biggest competitor Agrokor has very limited commercial budgets. Otherwise, Adriatic region will continue in development started in 2016. We will enlarge distribution index of current products in Croatia and benefit from last year launches. In Slovenia, we will introduce new sport water and redesign of kids' waters. Our key goal is to improve Studenac distribution - namely full listings in all major Croatian accounts.

Polish segment will carry on its business activities with focus on branded products that will be supported by increased marketing activities. New innovative products will be introduced to enhance its market position.

4. CORPORATE GOVERNANCE



4.1. SHARES AND SHAREHOLDERS

4.1.1 SHARE CAPITAL

As at 31 March 2017, 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	31.3.2017	
	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 3M 2017
KOFOLA ČESKOSLOVENSKO A.S.

1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.1. CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the 3-month period ended 31 March 2017 and 31 March 2016 in CZK thousand.

Consolidated statement of profit or loss	Note	3M17 CZK'000	3M16 CZK'000
Revenue from the sale of finished products and services	4.1	1 232 082	1 363 383
Revenue from the sale of goods and materials	4.1	111 446	102 921
Revenue		1 343 528	1 466 304
Cost of products and services sold	4.2	(775 480)	(856 492)
Cost of goods and materials sold	4.2	(99 946)	(93 452)
Cost of sales		(875 426)	(949 944)
Gross profit		468 102	516 360
Selling, marketing and distribution costs	4.2	(440 839)	(386 899)
Administrative costs	4.2	(89 811)	(104 058)
Other operating income	4.3	16 128	3 179
Other operating expenses	4.4	(3 086)	(2 296)
Operating result		(49 506)	26 286
Finance income	4.5	12 878	1 124
Finance costs	4.6	(22 880)	(34 182)
Share of profit/(loss) of associate	4.11	(2 837)	(6 061)
(Loss) before income tax		(62 345)	(12 833)
Income tax expense	4.7	1 829	(8 328)
(Loss) for the period		(60 516)	(21 161)
<i>Attributable to:</i>			
Owners of Kofola ČeskoSlovensko a.s.		(59 484)	(20 634)
Non-controlling interests		(1 032)	(527)
Earnings per share for (loss) attributable to the ordinary equity holders of the company (in CZK)			
Basic earnings per share	4.8	(2.67)	(0.93)
Diluted earnings per share	4.8	(2.67)	(0.93)

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 3-month period ended 31 March 2017 and 31 March 2016 in CZK thousand.

Consolidated statement of other comprehensive income	Note	3M17 CZK '000	3M16 CZK '000
(Loss) for the period		(60 516)	(21 161)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign subsidiaries		41 416	7 733
Exchange differences on translation of foreign associate	4.11	4 413	8 295
Other comprehensive income for the period, net of tax		45 829	16 028
Total comprehensive (loss) for the period		(14 687)	(5 133)
Attributable to:			
Owners of Kofola ČeskoSlovensko a.s.		(13 655)	(4 624)
Non-controlling interests		(1 032)	(509)

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 31 March 2017, 31 December 2016 and 31 March 2016 in CZK thousand.

Assets	Note	31.3.2017	31.12.2016	31.3.2016	31.3.2016
		CZK'000	CZK'000	Restated CZK'000	Reported CZK'000
Non-current assets		4 930 977	4 915 863	5 072 457	5 072 457
Property, plant and equipment	4.9	3 440 964	3 442 624	3 477 049	3 477 049
Goodwill	4.10	86 302	86 302	86 302	86 302
Intangible assets	4.10	1 168 717	1 164 092	1 185 833	1 185 833
Investment in associate	4.11	69 358	67 782	158 155	158 155
Other receivables		60 246	51 142	63 452	63 452
Other non-financial assets		2 441	2 440	2 581	2 581
Deferred tax assets		102 949	101 481	99 085	99 085
Current assets		2 922 661	3 104 020	3 119 454	3 119 454
Assets classified as held for sale		111 918	111 715	3 519	3 519
Current assets excl. Assets classified as held for sale		2 810 743	2 992 305	3 115 935	3 115 935
Inventories		553 036	485 440	553 175	553 175
Trade and other receivables		1 069 333	1 081 680	1 009 259	1 009 259
Income tax receivables		10 952	4 171	26 574	26 574
Cash and cash equivalents		1 177 422	1 421 014	1 526 927	1 526 927
Total assets		7 853 638	8 019 883	8 191 911	8 191 911
Liabilities and equity					
	Note	31.3.2017	31.12.2016	31.3.2016	31.3.2016
		CZK'000	CZK'000	Restated CZK'000	Reported CZK'000
Equity attributable to owners of Kofola ČeskoSlovensko a.s.		2 722 714	2 736 572	2 803 253	2 814 034
Share capital	1.5	2 229 500	2 229 500	2 229 500	2 229 500
Share premium and capital reorganisation reserve	1.5	(1 962 871)	(1 962 871)	(1 962 871)	(1 962 871)
Other reserves	1.5	2 076 026	2 075 994	2 085 568	2 085 568
Foreign currency translation reserve	1.5	211 754	165 925	182 720	182 720
Own shares	1.5	(1 118)	(915)	(2 311)	(2 311)
Retained earnings	1.5	169 423	228 939	270 647	281 428
Equity attributable to non-controlling interests	1.5	1 864	2 896	48 724	48 724
Total equity	1.5	2 724 578	2 739 468	2 851 977	2 862 758
Non-current liabilities		1 546 481	1 580 357	1 726 447	1 726 447
Bank credits and loans	4.14	867 713	880 318	968 404	968 404
Bonds issued	4.13	327 467	327 072	327 298	327 298
Finance lease liabilities		152 916	167 295	188 010	188 010
Provisions		26 624	27 002	23 936	23 936
Other liabilities		12 578	15 925	56 812	56 812
Deferred tax liabilities		159 183	162 745	161 987	161 987
Current liabilities		3 582 579	3 700 058	3 613 487	3 602 706
Bank credits and loans	4.14	1 751 923	1 672 723	1 684 886	1 684 886
Bonds issued	4.13	7 419	3 668	7 462	7 462
Finance lease liabilities		57 660	58 603	54 036	54 036
Trade and other payables		1 641 579	1 779 351	1 716 374	1 705 593
Income tax liabilities		9 906	17 562	101	101
Other financial liabilities		-	10 916	-	-
Provisions		114 092	157 235	150 628	150 628
Total liabilities		5 129 060	5 280 415	5 339 934	5 329 153
Total liabilities and equity		7 853 638	8 019 883	8 191 911	8 191 911

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 3-month period ended 31 March 2017 and 31 March 2016 in CZK thousand.

Consolidated statement of cash flows	Note	3M17 CZK '000	3M16 CZK '000
Cash flows from operating activities			
(Loss) before income tax	1.1	(62 345)	(12 833)
Adjustments for:			
Non-cash movements			
Depreciation and amortisation	4.2	136 661	127 501
Net interest	4.5, 4.6	17 418	19 070
Share of result of associate	4.11	2 837	6 061
Change in the balance of provisions and adjustments		(39 000)	(54 668)
Revaluation of derivatives	4.5, 4.6	(2 259)	8 943
Gain on sale of PPE and intangible assets	4.3, 4.4	(13 182)	(96)
Net exchange differences		(9 838)	1 971
Other		3 014	8 257
Cash movements			
Income taxes paid		(16 582)	(18 911)
Change in operating assets and liabilities			
Change in receivables		16 742	(58 702)
Change in inventories		(59 277)	(47 063)
Change in payables		(159 978)	(162 315)
Net cash inflow from operating activities		(185 789)	(182 785)
Cash flows from investing activities			
Sale of property, plant and equipment		16 177	252
Acquisition of property, plant and equipment and intangible assets		(102 491)	(214 355)
Purchase of financial assets		-	(6 500)
Interest received		9	223
Sale of other securities		-	12 252
Net cash outflow from investing activities		(86 305)	(208 128)
Cash flows from financing activities			
Finance lease payments		(14 804)	(14 955)
Proceeds from loans and bank credits		140 266	107 438
Repayment of loans and bank credits		(74 928)	(87 338)
Dividends paid to company's shareholders		(10 916)	-
Interest and bank charges paid		(13 458)	(15 776)
Purchase of own shares		(203)	(3 743)
Other		-	(5 657)
Net cash outflow from financing activities		25 957	(20 031)
Net increase (decrease) in cash and cash equivalents		(246 137)	(410 944)
Cash and cash equivalents at the beginning of the period		1 421 014	1 940 008
Effects of exchange rate changes on cash and cash equivalents		2 545	(2 137)
Cash and cash equivalents at the end of the period		1 177 422	1 526 927

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 3-month period ended 31 March 2017, 12-month period ended 31 December 2016 and 3-month period ended 31 March 2016 in CZK thousand.

Consolidated statement of changes in equity	Note	Equity attributable to owners of Kofola ČeskoSlovensko a.s.							Equity attributable to non-controlling interests	Total equity
		Share capital	Share premium and capital reorganisation reserve	Other reserves	Foreign currency translation reserve	Own shares	Retained earnings	Total		
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000		
Balance as at 1 January 2017		2 229 500	(1 962 871)	2 075 994	165 925	(915)	228 939	2 736 572	2 896	2 739 468
(Loss) for the period	1.1	-	-	-	-	-	(59 484)	(59 484)	(1 032)	(60 516)
Other comprehensive income / (loss)		-	-	-	45 829	-	-	45 829	-	45 829
Total comprehensive income / (loss) for the period	1.2	-	-	-	45 829	-	(59 484)	(13 655)	(1 032)	(14 687)
Own shares purchase		-	-	-	-	(203)	-	(203)	-	(203)
Transfers		-	-	32	-	-	(32)	-	-	-
Balance as at 31 March 2017		2 229 500	(1 962 871)	2 076 026	211 754	(1 118)	169 423	2 722 714	1 864	2 724 578

1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



Consolidated statement of changes in equity	Note	Equity attributable to owners of Kofola ČeskoSlovensko a.s.						Equity attributable to non-controlling interests	Total equity	
		Share capital	Share premium and capital reorganisation reserve	Other reserves	Foreign currency translation reserve	Own shares	Retained earnings			Total
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000			CZK'000
Balance as 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
Correction of errors	3.7	-	-	-	-	-	(10 781)	(10 781)	-	(10 781)
Balance as at 1 January 2016 Restated		2 229 500	(1 962 871)	2 085 568	166 710	-	291 281	2 810 188	49 233	2 859 421
(Loss) for the period	1.1	-	-	-	-	-	(20 634)	(20 634)	(527)	(21 161)
Other comprehensive income		-	-	-	16 010	-	-	16 010	18	16 028
Total comprehensive income / (loss) for the period	1.2	-	-	-	16 010	-	(20 634)	(4 624)	(509)	(5 133)
Own shares purchase		-	-	-	-	(2 311)	-	(2 311)	-	(2 311)
Balance as at 31 March 2016		2 229 500	(1 962 871)	2 085 568	182 720	(2 311)	270 647	2 803 253	48 724	2 851 977
Balance as 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
Correction of errors	3.7	-	-	-	-	-	(10 781)	(10 781)	-	(10 781)
Balance as at 1 January 2016 Restated		2 229 500	(1 962 871)	2 085 568	166 710	-	291 281	2 810 188	49 233	2 859 421
Profit / (loss) for the period		-	-	-	-	-	86 373	86 373	(2 973)	83 400
Other comprehensive (loss)		-	-	-	(785)	-	-	(785)	-	(785)
Total comprehensive income / (loss) for the period		-	-	-	(785)	-	86 373	85 588	(2 973)	82 615
Dividends		-	-	-	-	-	(156 051)	(156 051)	-	(156 051)
Transfers		-	-	(9 574)	-	-	9 574	-	-	-
Own shares purchase		-	-	-	-	(3 743)	-	(3 743)	-	(3 743)
Own shares transfer		-	-	-	-	2 828	-	2 828	-	2 828
Squeeze out of non-controlling interest		-	-	-	-	-	(2 238)	(2 238)	(43 364)	(45 602)
Balance as at 31 December 2016		2 229 500	(1 962 871)	2 075 994	165 925	(915)	228 939	2 736 572	2 896	2 739 468

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 2017 was providing certain services for the other companies in Kofola Group, e.g. strategic services, services related to products, shared services and holding of licences and trademarks.

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, Slovenia and Croatia 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 Pepsi, Rauch, Evian or Badoit products and under the licence produces RC Cola or Orangina.

Based on the information known to the Board of Directors of the Company acting with due care, the Company was for the whole reported period part of the group controlled by KSM Investment S.A. („Group“).

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

STOCK EXCHANGE LISTING

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

MANAGEMENT

As at 31 March 2017, 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

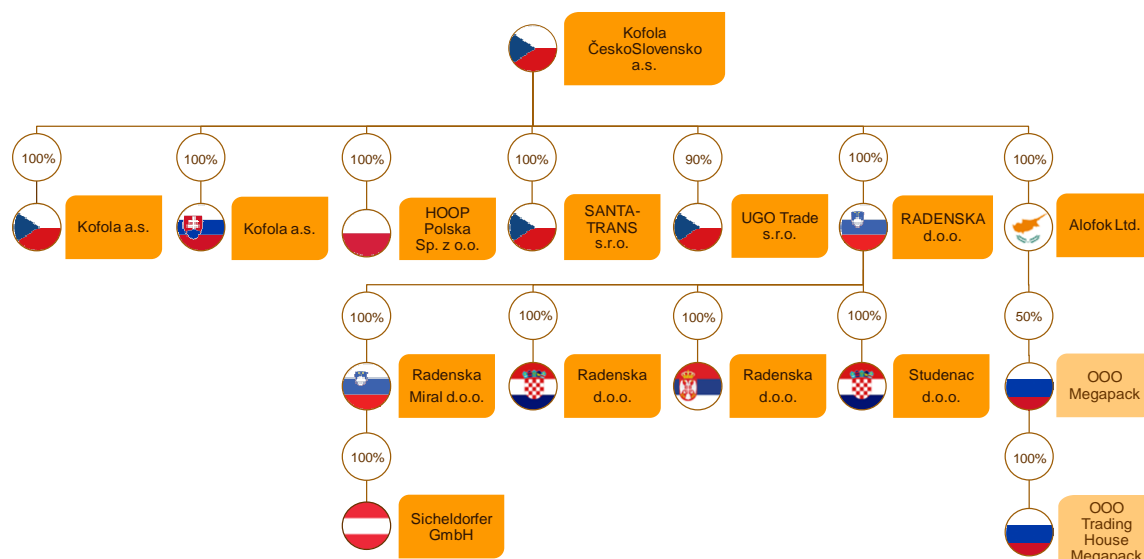
AUDIT COMMITTEE

- Marek Piech – Chairman
- Pavel Jakubík
- Ivan Jakúbek

2. GENERAL INFORMATION

2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 31 MARCH 2017



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			31.3.2017	31.12.2016
Holding companies				
Kofola ČeskoSlovensko a.s.	Czech Republic	top holding company		
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.o.o.	Slovenia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Studenac d.o.o.	Croatia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Radenska d.o.o.	Croatia	inactive	100.00%	100.00%
Radenska d.o.o.	Serbia	inactive	100.00%	100.00%
Radenska Miral d.o.o.	Slovenia	trademark licensing	100.00%	100.00%
Sicheldorfer GmbH	Austria	inactive	100.00%	100.00%
Transportation				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
Associated companies				
OOO Megapack	Russia	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

3. SIGNIFICANT ACCOUNTING POLICIES



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 2017.

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 31 March 2017 and contains comparatives for the period ended 31 March 2016.

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.

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

- IFRS 9 – Financial Instruments,
- IFRS 15 – Revenue from Contracts with Customers,
- IFRS 16 – Leases (not adopted by the European Union).

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

Other new standards and amendments are not relevant to the Group or will not have material effect on its financial statements.

3.2. FUNCTIONAL AND PRESENTATION CURRENCY

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.3. FOREIGN CURRENCY TRANSLATION

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

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

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

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

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

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

Closing exchange rates	31.3.2017	31.12.2016	31.3.2016
CZK/EUR	27.0300	27.0200	27.0550
CZK/PLN	6.3950	6.1260	6.3560
CZK/RUB	0.4480	0.4200	0.3540
CZK/USD	25.2820	25.6390	23.7570
CZK/HRK	3.6300	3.5750	3.5960

Average exchange rates	1.1.2017 - 31.3.2017	1.1.2016 - 31.12.2016	1.1.2016 - 31.3.2016
CZK/EUR	27.0200	27.0330	27.0390
CZK/PLN	6.2540	6.1980	6.1960
CZK/RUB	0.4320	0.3660	0.3290
CZK/USD	25.3780	24.4320	24.5410
CZK/HRK	3.6190	3.5890	3.5500

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. SIGNIFICANT ACCOUNTING POLICIES

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 2016.

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 2016.

3.6. SIGNIFICANT ESTIMATES

Since some of the information contained in the consolidated financial statements cannot be measured precisely, the Group's management must perform estimates to prepare the consolidated financial statements. Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason, the estimates made as at 31 March 2017 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. RESTATEMENTS AND CORRECTION OF ERRORS

In 2004 and 2006, Radenska concluded a contract for the sale and storage of state material reserves - 1,800,004 litres of bottled water as a national reserve. The inventory remained in the Radenska balance sheet, because Radenska bears all the risks associated with the holding, the risks will be transferred to the Office for material reserves at the moment of the delivery.

In 2004 and 2006, Radenska recorded the transaction in Cash and Revenue, therefore, costs and benefits of this transaction were not reported in the same period.

In 2016, we corrected the error by adjusting the comparative financial statements, i.e. Retained earnings and Current liabilities, in amount of CZK 10 781 thousand (EUR 399 thousand).

3.8. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the present consolidated financial statements for publication on 11 May 2017.

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 (“CODM”) 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
- Other

Furthermore, CODM monitors revenue, but not a profit measure, from the following product lines:

- 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 Other represents an aggregation of few other countries mainly in Europe with similar economic characteristics.

The Group identified one customer in the three-month period ended 31 March 2017 that generated more than 10% of the Group’s consolidated revenue. The Group’s revenue from this customer in 3M17 amounted to CZK 137 342 thousand (3M16: CZK 310 858 thousand).

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

GEOGRAPHIC SEGMENTS

1.1.2017 – 31.3.2017	Czech Republic	Slovakia	Poland	Slovenia	Other	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Revenue	618 631	379 398	301 160	145 286	69 835	1 514 310	(170 782)	-	1 343 528
External revenue	566 319	307 770	279 224	130 912	59 303	1 343 528	-	-	1 343 528
Inter-segment revenue	52 312	71 628	21 936	14 374	10 532	170 782	(170 782)	-	-
Operating expenses	(662 472)	(357 111)	(308 340)	(153 609)	(82 284)	(1 563 816)	170 782	-	(1 393 034)
Related to external revenue	(610 160)	(285 483)	(286 404)	(139 235)	(71 752)	(1 393 034)	-	-	(1 393 034)
Related to inter-segment revenue	(52 312)	(71 628)	(21 936)	(14 374)	(10 532)	(170 782)	170 782	-	-
Operating result	(43 841)	22 287	(7 180)	(8 323)	(12 449)	(49 506)	-	-	(49 506)
Finance income / (costs), net						(10 160)	158	-	(10 002)
- within segment						(10 002)	-	-	(10 002)
- between segments						(158)	158	-	-
Share of loss of associate						-	-	(2 837)	(2 837)
Profit/(loss) before income tax						(59 666)	158	(2 837)	(62 345)
Income tax expense						1 439	390	-	1 829
Profit/(loss) for the period	(41 773)	15 411	(12 123)	(6 621)	(13 121)	(58 227)	548	(2 837)	(60 516)
EBITDA	21 417	53 140	13 702	7 889	(8 993)	87 155	-	-	87 155
One-offs (note 4.25)	-	-	(6 869)	(1 324)	-	(8 193)	-	-	(8 193)
Adjusted EBITDA	21 417	53 140	6 833	6 565	(8 993)	78 962	-	-	78 962
Assets and liabilities									
Segment assets	6 111 703	1 312 447	1 635 267	2 254 164	251 186	11 564 767	(3 778 911)	67 782	7 853 638
Total assets	6 111 703	1 312 447	1 635 267	2 254 164	251 186	11 564 767	(3 778 911)	67 782	7 853 638
Segment liabilities	3 640 662	855 642	691 494	397 235	100 855	5 685 888	(556 828)	-	5 129 060
Equity									2 724 578
Total liabilities and equity									7 853 638
Other segment information									
Additions to PPE and Intangible assets	16 026	12 943	15 923	35 546	10 770	91 208	-	-	91 208
Depreciation and amortisation	65 258	30 853	20 882	16 212	3 456	136 661	-	-	136 661
Other Impairment losses	3 439	1 459	507	2 702	-	8 107	-	-	8 107
Other Impairment losses reversals	(162)	(892)	(1 814)	-	-	(2 868)	-	-	(2 868)

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.1.2016 – 31.3.2016	Czech Republic	Slovakia	Poland	Slovenia	Other	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Revenue	645 564	362 503	420 093	136 438	41 351	1 605 949	(139 645)	-	1 466 304
External revenue	591 977	302 555	405 933	124 488	41 351	1 466 304	-	-	1 466 304
Inter-segment revenue	53 587	59 948	14 160	11 950	-	139 645	(139 645)	-	-
Operating expenses	(641 663)	(323 854)	(422 670)	(147 195)	(44 281)	(1 579 663)	139 645	-	(1 440 018)
Related to external revenue	(588 076)	(263 906)	(408 510)	(135 245)	(44 281)	(1 440 018)	-	-	(1 440 018)
Related to inter-segment revenue	(53 587)	(59 948)	(14 160)	(11 950)	-	(139 645)	139 645	-	-
Operating result	3 901	38 649	(2 577)	(10 757)	(2 930)	26 286	-	-	26 286
Finance income / (costs), net						64 071	(97 129)	-	(33 058)
- within segment						(33 058)	-	-	(33 058)
- between segments						97 129	(97 129)	-	-
Share of profit of associate						-	-	(6 061)	(6 061)
Profit/(loss) before income tax						90 357	(97 129)	(6 061)	(12 833)
Income tax expense						(8 504)	176		(8 328)
Profit/(loss) for the period	(21 386)	27 997	98 103	(19 923)	(2 938)	81 853	(96 953)	(6 061)	(21 161)
EBITDA	62 752	68 397	20 156	5 412	(2 930)	153 787	-	-	153 787
Assets and liabilities									
Segment assets	4 664 637	1 354 263	2 459 223	2 160 699	7 795	10 646 617	(2 612 861)	158 155	8 191 911
Total assets	4 664 637	1 354 263	2 459 223	2 160 699	7 795	10 646 617	(2 612 861)	158 155	8 191 911
Segment liabilities (Restated)	3 915 756	719 497	1 094 144	2 103 730	5 594	7 838 721	(2 498 787)	-	5 339 934
Equity (Restated)									2 851 977
Total liabilities and equity									8 191 911
Other segment information									
Additions to PPE and Intangible assets	54 535	13 438	22 058	11 789	-	101 820	-	-	101 820
Depreciation and amortisation	58 851	29 748	22 733	16 169	-	127 501	-	-	127 501
Other Impairment losses	986	-	2 565	-	-	3 551	-	-	3 551
Other Impairment losses reversals	(3 596)	(3 918)	(3 720)	-	-	(11 234)	-	-	(11 234)

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PRODUCT LINES

1.1.2017 - 31.3.2017	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Other CZK '000	Total CZK '000
Revenue	558 488	108 457	391 081	151 347	134 155	1 343 528

1.1.2016 - 31.3.2016	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Other CZK '000	Total CZK '000
Revenue	683 563	119 831	368 496	174 316	120 098	1 466 304

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 2016, about 21% (17% in 2015) of revenue from the sales of finished products and services was earned in the 1st quarter, with 29% (30% in 2015), 28% (30% in 2015) and 22% (23% in 2015) 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	3M17	3M16
	CZK'000	CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	136 661	127 501
Employee benefits expenses (i)	283 673	272 563
Consumption of materials and energy	681 626	705 076
Cost of goods and materials sold	99 946	93 452
Services	228 161	218 174
Rental costs	30 274	25 474
Taxes and fees	18 982	18 473
Insurance costs	3 024	4 800
Change in allowance to inventory	(1 094)	(1 814)
Change in allowance to trade receivables	4 573	(5 877)
Other cost/(income)	2 480	5 450
Total expenses by nature*	1 488 306	1 463 272
Change in finished products and work in progress	(82 230)	(22 371)
Reconciliation of expenses by nature to expenses by function	1 406 076	1 440 901
Selling, marketing and distribution costs	440 839	386 899
Administrative costs	89 811	104 058
Costs of products and services sold	775 480	856 492
Cost of goods and materials sold	99 946	93 452
Total costs of products sold, merchandise and materials, sales costs and administrative costs	1 406 076	1 440 901

* excluding Other operating income, Other operating expenses and Impairment

(i) Employee benefits expenses

Employee benefits expenses	3M17	3M16
	CZK'000	CZK'000
Salaries	214 183	206 184
Social security and other benefit costs	32 945	30 932
Pension benefit plan expenses	36 545	35 447
Total employee benefits expenses	283 673	272 563

4.3. OTHER OPERATING INCOME

Other operating income	3M17	3M16
	CZK'000	CZK'000
Net gain from the sale of PPE and intangible assets	13 182	96
Release of allowance to receivables	-	27
Reinvoiced payments	657	-
Received penalties and compensation for damages	1 176	1 032
Other	1 113	2 024
Total other operating income	16 128	3 179

4.4. OTHER OPERATING EXPENSES

Other operating expenses	3M17	3M16
	CZK'000	CZK'000
Net loss from disposal of PPE and intangible assets	-	43
Provided donations, sponsorship	2 735	865
Paid penalties and damages	34	54
Other tax expense	48	57
Creation of provisions	-	700
Other	269	577
Total other operating expenses	3 086	2 296

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

4.5. FINANCE INCOME

Finance income	3M17 CZK'000	3M16 CZK'000
Interest from:		
– bank deposits	7	836
– credits and loans granted	164	37
Exchange gains	9 169	-
Gain from revaluation of derivatives	3 305	-
Other	233	251
Total finance income	12 878	1 124

4.6. FINANCE COSTS

Finance costs	3M17 CZK'000	3M16 CZK'000
Interest from:		
– bank loans and credits, finance lease and bonds	17 589	19 943
Exchange losses	669	1 295
Bank costs and charges	3 437	3 936
Loss from revaluation of derivatives	1 046	8 953
Other	139	55
Total finance costs	22 880	34 182

4.7. INCOME TAX

4.7.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the three-month period ended 31 March 2017 and 31 March 2016 were as follows:

Income tax expense	3M17 CZK'000	3M16 CZK'000
Current income tax	3 053	8 059
Current income tax on profits for the year	3 026	8 059
Adjustments for current income tax of prior periods	27	-
Deferred income tax	(4 882)	269
Related to arising and reversing of temporary differences	(2 853)	2 445
Related to tax losses	(2 029)	(2 176)
Income tax expense	(1 829)	8 328

The income tax rate applicable to the majority of the Group's 2017 and 2016 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:

	3M17 CZK'000	3M16 CZK'000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(59 484)	(20 634)

	3M17 Pcs	3M16 pcs
Weighted average number of ordinary shares for EPS calculation	22 295 000	22 295 000
Effect of own shares	(2 108)	(2 026)
Weighted average number of ordinary shares used to calculate basic earnings per share	22 292 892	22 292 974
Dilution adjustments	-	-
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	22 292 892	22 292 974

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

Basic earnings per share (CZK/share)	3M17 CZK'000	3M16 CZK'000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(59 484)	(20 634)
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 292 892	22 292 974
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	(2.67)	(0.93)

Diluted earnings per share (CZK/share)	3M17 CZK'000	3M16 CZK'000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(59 484)	(20 634)
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs)	22 292 892	22 292 974
Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	(2.67)	(0.93)

4.9. PROPERTY, PLANT AND EQUIPMENT

The additions to Property, plant and equipment were of CZK 88 466 thousand in 3M17.

The investment projects realised by the Group in 3M17 comprise primarily additions to production machinery and sales support equipment, mainly in Adriatic region, Slovakia and Poland.

The investment projects realised by the Group in 3M16 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 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 three-months ended 31 March 2017, the additions to intangible assets were of CZK 2 742 thousand. The most significant additions were purchases of software licence.

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	3M17	2016	3M16
	CZK'000	CZK'000	CZK'000
Opening balance	67 782	155 921	155 921
Share of profit/(loss) attributable to the Group	(2 837)	(915)	(6 061)
Impairment	-	(126 469)	-
Exchange difference	4 413	39 245	8 295
Closing balance	69 358	67 782	158 155

Statement of financial position	31.3.2017	31.12.2016	31.3.2016
	CZK'000	CZK'000	CZK'000
Current assets	168 426	187 030	163 647
Non-current assets	207 471	167 568	147 367
Current liabilities	(111 500)	(103 365)	(118 307)
Non-current liabilities	(19 982)	(19 140)	(16 864)
Net assets	244 415	232 093	175 843

Statement of profit or loss	3M17	2016	3M16
	CZK'000	CZK'000	CZK'000
Revenue	134 006	558 524	123 264
(Loss) for the period	(5 674)	(1 830)	(12 122)
Share of (loss) attributable to Kofola ČeskoSlovensko group	(2 837)	(915)	(6 061)

4.12. DIVIDENDS

Declared dividends	3M17	3M16
	CZK'000	CZK'000
Declared dividend*	-	-
Dividend per share (CZK/share) **	-	-

* net of dividend to own shares

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

4.13. BONDS

On 4 October 2013, according to the 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

Own bonds issued	Currency	31.3.2017 CZK'000	31.12.2016 CZK'000	31.3.2016 CZK'000	Interest terms	Maturity date
Bonds issued KOFOLA VAR/18	CZK	334 886	330 740	334 760	12M PRIBOR + margin	10/2018
Bonds issued total		334 886	330 740	334 760		

INDEBTEDNESS OF THE GROUP FROM ISSUED BONDS

As at 31 March 2017, the Group has a liability from issued bonds in the total amount of CZK 334 886 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 of CZK 327 467 thousand are disclosed in non-current liabilities, and the liabilities from interests of CZK 7 419 thousand are presented in current liabilities.

Terms and conditions of the issued bonds were met.

4.14. BANK CREDITS AND LOANS

INDEBTEDNESS OF THE GROUP FROM THE CREDITS AND LOANS

As at 31 March 2017, the Group's total bank loans and credits amounted to CZK 2 619 636 thousand (2016: CZK 2 553 041 thousand) and increased by CZK 66 595 thousand compared to 31 December 2016.

4.15. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 31 March 2017 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 for	Relationship
Kofola ČeskoSlovensko a.s.	Unicredit Bank a.s.	EUR	4 355	117 707	12/2022	Santa-Trans.SK s.r.o.	third party*
Total guarantees issued as at 31.3.2017				117 707			

* 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. The value of net assets in Radenska as of 31 March 2017 is CZK 1 763 mil.

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	31.3.2017			31.12.2016		
	Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital
KSM Investment S.A.	11 321 383	50.78%	50.78%	11 321 383	50.78%	50.78%
CED GROUP S. a r.l.	8 311 196	37.28%	37.28%	8 311 196	37.28%	37.28%
René Musila	581 231	2.61%	2.61%	581 231	2.61%	2.61%
Tomáš Jendřejek	581 190	2.61%	2.61%	581 190	2.61%	2.61%
Others	1 500 000	6.72%	6.72%	1 500 000	6.72%	6.72%
Total	22 295 000	100.00%	100.00%	22 295 000	100.00%	100.00%

Ultimate controlling party is KSM Investment S.A., with registered office Rue de Neudorf 560A, L-2220 Luxembourg.

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 2017. All costs were paid by the Company, except for the remuneration of Other key management personnel which 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		Amounts paid for activities in the Company's 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	Financial compensation	Non-financial compensation
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Members of the Company's Board of Directors	-	-	-	-	-	-	9 372	272
Members of the Company's Supervisory board	-	-	257	-	-	-	2 066	105
Members of the Company's Audit committee	-	-	-	-	52	-	-	-
Other key management personnel of the Group	-	-	-	-	-	-	3 746	-
Total remuneration of the Group's key management personnel	-	-	257	-	52	-	15 184	377

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		
	31.3.2017	31.12.2016	31.3.2016
	CZK'000	CZK'000	CZK'000
Liability to shareholders of KSM Investment S.A.	-	(10 916)	(45 184)
Total	-	(10 916)	(45 184)

All transactions with related parties have been concluded at market terms and represent dividends and loan.

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.

31.3.2017	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	925 358	-	-	925 358
Cash and cash equivalents	1 177 422	-	-	1 177 422
Derivatives (i)	-	(12 465)	-	(12 465)
Bank credits and loans	-	-	(2 619 636)	(2 619 636)
Bonds issued	-	-	(334 886)	(334 886)
Trade and other payables	-	-	(1 384 176)	(1 384 176)
Total	2 102 780	(12 465)	(4 338 698)	(2 248 383)

(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.

31.12.2016	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	951 105	-	-	951 105
Cash and cash equivalents	1 421 014	-	-	1 421 014
Derivatives (ii)	-	(14 691)	-	(14 691)
Bank credits and loans	-	-	(2 553 041)	(2 553 041)
Bonds issued	-	-	(330 740)	(330 740)
Trade and other payables	-	-	(1 617 459)	(1 617 459)
Total	2 372 119	(14 691)	(4 501 240)	(2 143 812)

(ii) Fair value of derivatives

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

4.19. SUBSEQUENT EVENTS

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



CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS 3M 2017
KOFOLA ČESKOSLOVENSKO A.S.

1. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

1.1. SEPARATE STATEMENT OF PROFIT OR LOSS

for the 3-month period ended 31 March 2017 and 31 March 2016 in CZK thousand.

Separate statement of profit or loss	Note	3M17	3M16
		CZK'000	Restated * CZK'000
Revenue from the sale of finished products and services		90 635	29 939
Revenue from the sale of goods and materials		-	65
Revenue		90 635	30 004
Cost of products and services sold	4.2	(9 869)	(4 837)
Cost of goods and materials sold		-	-
Cost of sales		(9 869)	(4 837)
Gross profit		80 766	25 167
Selling, marketing and distribution costs	4.2	(44 616)	(11 025)
Administrative costs	4.2	(53 904)	(24 553)
Other operating income	4.3	577	861
Other operating expenses	4.4	(150)	(522)
Operating result		(17 327)	(10 072)
Finance income	4.5	14 928	4 223
Finance costs	4.6	(12 860)	(25 248)
(Loss) before income tax		(15 259)	(31 097)
Income tax benefit	4.7	(3 446)	(3 641)
(Loss) for the period		(18 705)	(34 738)
Earnings/ (loss) per share (in CZK)			
Basic earnings per share	4.8	(0.84)	(1.56)
Diluted earnings per share	4.8	(0.84)	(1.56)

* 3M16 restated Statement of profit or loss includes extra costs and revenues for the period starting 12 March 2016 of merged companies which are described in the note 2.1.

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 3-month period ended 31 March 2017 and 31 March 2016 in CZK thousand.

Separate statement of other comprehensive income	Note	3M17	3M16
		CZK'000	Restated CZK'000
Profit / (loss) for the period		(18 705)	(34 738)
Other comprehensive income for the period		-	-
Total comprehensive income / (loss) for the period		(18 705)	(34 738)

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 31 March 2017, 31 December 2016 and 31 March 2016 in CZK thousand.

Assets	Note	31.3.2017	31.12.2016	31.3.2016
		CZK'000	CZK'000	Restated CZK'000
Non-current assets		3 869 122	3 882 962	4 323 524
Property, plant and equipment	4.10	64 225	68 706	45 086
Goodwill	4.11	30 675	30 675	30 675
Intangible assets	4.11	365 350	374 709	379 193
Investments in subsidiaries	4.9	3 365 198	3 365 198	3 565 501
Other receivables		42 663	42 663	61 952
Loans provided to related parties		811	811	240 917
Other non-financial assets		200	200	200
Deferred tax assets		-	-	-
Current assets		465 797	473 056	270 332
Trade and other receivables		452 753	442 505	70 924
Income tax receivables		2 802	2 802	7 604
Cash and cash equivalents		10 242	27 749	191 804
Total assets		4 334 919	4 356 018	4 593 856
Liabilities and equity	Note	31.3.2017	31.12.2016	31.3.2016
		CZK'000	CZK'000	Restated CZK'000
Total equity		2 059 088	2 077 996	2 075 775
Share capital	1.5	2 229 500	2 229 500	2 229 500
Share premium	1.5	-	-	-
Other reserves	1.5	(496 266)	(496 266)	(371 266)
Own shares	1.5	(1 118)	(915)	(3 743)
Retained earnings / (Accumulated losses)	1.5	326 972	345 677	221 284
Non-current liabilities		1 037 084	1 066 970	1 267 552
Bank credits and loans	4.14	646 989	676 268	716 995
Bonds issued	4.13	327 467	327 072	327 298
Finance lease liabilities		8 522	9 665	7 119
Other liabilities		12 350	15 655	169 138
Deferred tax liabilities		41 756	38 310	47 002
Current liabilities		1 238 747	1 211 052	1 250 529
Bank credits and loans	4.14	1 077 008	1 077 018	1 074 579
Bonds issued	4.13	7 419	3 668	7 462
Finance lease liabilities		4 494	4 957	3 471
Trade and other payables		136 433	78 516	97 949
Other financial liabilities		-	10 916	51 298
Provisions		13 393	35 977	15 770
Total liabilities		2 275 831	2 278 022	2 518 081
Total liabilities and equity		4 334 919	4 356 018	4 593 856

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 3-month period ended 31 March 2017 and 31 March 2016 in CZK thousand.

Separate statement of cash flows	Note	3M17	3M16
		CZK '000	Restated CZK '000
Cash flows from operating activities			
Profit / (loss) before income tax	1.1	(15 259)	(31 097)
Adjustments for:			
Non-cash movements			
Depreciation and amortisation	4.2	16 256	13 653
Net interest	4.5, 4.6	9 975	12 012
Change in the balance of provisions and adjustments		(22 584)	(24 749)
Revaluation of derivatives	4.5, 4.6	(3 505)	8 162
Gain on sale of PPE and intangible assets	4.4	-	64
Net exchange differences	4.5	(8 834)	(465)
Other		2 590	5 137
Cash movements			
Income tax		-	(466)
Change in operating assets and liabilities			
Change in receivables		(2 637)	42 688
Change in payables		18 736	4 209
Net cash (outflow) from operating activities		(5 262)	29 147
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(12 230)	(34 572)
Purchase of financial assets		-	(6 500)
Interest received		1	2
Dividends received		81 046	-
Loans granted		(77 020)	-
Net cash inflow / (outflow) from investing activities		(8 203)	(41 070)
Cash flows from financing activities			
Finance lease payments		(1 606)	(895)
Proceeds from loans		46 717	-
Repayment of loans and bank credits		(29 863)	(26 435)
Dividends paid to the shareholders of the Company		(10 916)	-
Interest and bank charges paid		(8 171)	(11 200)
Purchase of own shares		(203)	(3 743)
Change of cash due to merger		-	106 668
Net cash inflow / (outflow) from financing activities		(4 042)	63 570
Net increase/(decrease) in cash and cash equivalents		(17 507)	52 470
Cash and cash equivalents at the beginning of the period		27 749	139 334
Cash and cash equivalents at the end of the period	1.3	10 242	191 804

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

1. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



1.5. SEPARATE STATEMENT OF CHANGES IN EQUITY

for the 3-month period ended 31 March 2017, 12-month period ended 31 December 2016 and 3-month period ended 31 March 2016 in CZK thousand.

Separate statement of changes in equity	Note	Share premium		Other reserves	Own shares	Retained earnings / (Accumulated losses)	Total equity
		Share capital	Share premium				
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Balance as at 1 January 2016		2 229 500	5 494 517	-	-	(12 277)	7 711 740
(Loss) for the period	1.1	-	-	-	-	(34 738)	(34 738)
Total comprehensive (loss) for the period	1.2	-	-	-	-	(34 738)	(34 738)
Own shares purchase		-	-	-	(3 743)	-	(3 743)
Effect of merger (Restatement)		-	(5 494 517)	(371 266)	-	268 299	(5 597 484)
Balance as at 31 March 2016 (Restated)		2 229 500	-	(371 266)	(3 743)	221 284	2 075 775
Balance as at 1 January 2016		2 229 500	5 494 517	-	-	(12 277)	7 711 740
Profit for the period		-	-	-	-	245 706	245 706
Total comprehensive income for the period		-	-	-	-	245 706	245 706
Own shares purchase		-	-	-	(3 743)	-	(3 743)
Dividends		-	-	-	-	(156 051)	(156 051)
Effect of merger		-	(5 494 517)	(371 266)	-	268 299	(5 597 484)
Effect of merger (purchase of Pinelli)		-	-	(125 000)	-	-	(125 000)
Own shares sale		-	-	-	2 828	-	2 828
Balance as at 31 December 2016		2 229 500	-	(496 266)	(915)	345 677	2 077 996
Balance as at 1 January 2017		2 229 500	-	(496 266)	(915)	345 677	2 077 996
(Loss) for the period	1.1	-	-	-	-	(18 705)	(18 705)
Total comprehensive income for the period	1.2	-	-	-	-	(18 705)	(18 705)
Own shares purchase		-	-	-	(203)	-	(203)
Balance as at 31 March 2017		2 229 500	-	(496 266)	(1 118)	326 972	2 059 088

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 2017 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 seven production plants (incl. Croatia) 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.

CROSS BORDER MERGER

The Board of Directors of Kofola ČeskoSlovensko a.s. approved on 12 March 2016 the cross-border merger.

As a result of the merger, the following companies were dissolved (“Dissolving Companies”):

- Kofola CS a.s. (CZ),
- PINELLI spol. s r.o. (CZ),
- Kofola S.A. (PL),
- Kofola, holdinška družba d.o.o. (SI).

All assets and liabilities of the Dissolving Companies have been transferred to Kofola ČeskoSlovensko a.s. under universal succession.

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

AUDIT COMMITTEE

- Marek Piech – Chairman
- Pavel Jakubík
- Ivan Jakúbek

3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The separate financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards (“IFRS”), as well as the interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) adopted by the European Union, published and effective for reporting periods beginning 1 January 2017.

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

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

The separate financial statements cover the period ended 31 March 2017 and contains comparatives for the period ended 31 March 2016. Due to the merger described in 2.1. the comparative financial statements have been restated.

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 C 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 2017. The Company has not early-adopted any standard.

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

- IFRS 9 – Financial Instruments,
- IFRS 15 – Revenue from Contracts with Customers,
- IFRS 16 – Leases (not adopted by the European Union).

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

Other new standards and amendments are not relevant to the Company or will not have material effect on its financial statements.

3.2. FUNCTIONAL AND PRESENTATION CURRENCY

The separate financial statements are presented in Czech crowns (CZK), which is the Company’s functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES



3.3. FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions.

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

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

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

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

Closing exchange rates	31.3.2017	31.12.2016	31.3.2016
CZK/EUR	27.0300	27.0200	27.0550
CZK/PLN	6.3950	6.1260	6.3560
CZK/RUB	0.4480	0.4200	0.3540
CZK/USD	25.2820	25.6390	23.7570
CZK/HRK	3.6300	3.5750	3.5960

Average exchange rates	1.1.2017 - 31.3.2017	1.1.2016 - 31.12.2016	1.1.2016 - 31.3.2016
CZK/EUR	27.0200	27.0330	27.0390
CZK/PLN	6.2540	6.1980	6.1960
CZK/RUB	0.4320	0.3660	0.3290
CZK/USD	25.3780	24.4320	24.5410
CZK/HRK	3.6190	3.5890	3.5500

3.4. 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 separate financial statements for the twelve-month period ended 31 December 2016.

3.5. SIGNIFICANT ESTIMATES

Since some of the information contained in the separate financial statements cannot be measured precisely, the Company's management must perform estimates to prepare the separate financial statements. Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason, the estimates made as at 31 March 2017 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 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 11 May 2017.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

4.1. SEGMENT INFORMATION

The Board of Directors of the Company, as the chief decision maker, does not use segment results of the Company, neither in the decision-making process nor in the allocation of resources and assessment of the performance.

The Company acts as a holding company and as such, provides certain services for the other companies in Kofola Group. This comprises, in particular, the provision of:

- strategic services, including: cooperation in the preparation of business, marketing, production, investment and financing plans, management of subsidiaries, including their financing;
- services related to products (quality department), including: central product development, innovation process management, costing and pricing, production and logistics planning, quality control;
- shared services, including: preparation and management of accounting and reporting methods, controlling and reporting, IT services, legal services, back office services, internal audit; and
- licenses and trademarks: Kofola ČeskoSlovensko a.s. owns most licenses, trademarks for branded beverages and similar copyrights for the products distributed on the CzechoSlovak market, for which the other Group Companies pay royalties.

4.2. EXPENSES BY NATURE

Expenses by nature	3M17 CZK' 000	3M16 CZK' 000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	16 256	13 653
Employee benefits expenses (i)	52 661	16 620
Consumption of materials and energy	2 198	1 894
Services	34 040	4 474
Rental costs	1 804	1 670
Taxes and fees	885	1 261
Insurance costs	148	491
Change in allowance to trade receivables	-	(24)
Other costs/(income)	397	376
Total expenses by nature*	108 389	40 415
Reconciliation of expenses by nature to expenses by function	108 389	40 415
Selling, marketing and distribution costs	44 616	11 025
Administrative costs	53 904	24 553
Costs of products and services sold	9 869	4 837
Total costs of products sold, merchandise and materials, sales costs and administrative costs	108 389	40 415

* excluding Other operating income, Other operating expenses and Impairment

(i) Employee benefits expenses

Employee benefits expenses	3M17 CZK' 000	3M16 CZK' 000
Salaries	38 556	12 524
Social security and other benefit costs	2 871	675
Pension benefit plan expenses	11 234	3 421
Total employee benefits expenses	52 661	16 620

Costs in the 3M16 period include originally presented costs of Kofola ČeskoSlovensko a.s. and costs of merged companies described in the note 2.1 for the period beginning 12 March 2016. Costs in the 3M17 period include costs for the whole 1st quarter 2017.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

4.3. OTHER OPERATING INCOME

Other operating income	3M17 CZK'000	3M16 CZK'000
Received penalties and damages	-	2
Other	577	859
Total other operating income	577	861

4.4. OTHER OPERATING EXPENSES

Other operating expenses	3M17 CZK'000	3M16 CZK'000
Net loss from disposal of PPE and intangible assets	-	64
Provided donations, sponsorship	150	374
Other	-	84
Total other operating expenses	150	522

4.5. FINANCE INCOME

Finance income	3M17 CZK'000	3M16 CZK'000
Interest from:		
– bank deposits	1	677
– credits and loans granted	2 341	2 669
Exchange gains	8 834	465
Gain from revaluation of derivatives	3 305	-
Other	447	412
Total finance income	14 928	4 223

4.6. FINANCE COSTS

Finance costs	3M17 CZK'000	3M16 CZK'000
Interest from:		
– bank loans and credits, finance lease and bonds	12 317	15 358
Bank costs and charges	543	1 728
Loss from revaluation of derivatives	-	8 162
Total finance costs	12 860	25 248

4.7. INCOME TAX

4.7.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Main income tax elements for the three-month period ended 31 March 2017 and 31 March 2016 were as follows:

Income tax expense	3M17 CZK'000	3M16 CZK'000
Current income tax	-	-
Deferred income tax	3 446	3 641
Related to arising and reversing of temporary differences	3 446	3 870
Related to tax losses	-	(229)
Income tax benefit	3 446	3 641

The income tax rate applicable to the Company in 2017 and 2016 income is 19%.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



4.8. EARNINGS PER SHARE

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

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

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

	3M17	3M16
	CZK'000	CZK'000
Profit / (loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(18 705)	(34 738)

	3M17	3M16
	pcs	pcs
Weighted average number of ordinary shares for EPS calculation	22 295 000	22 295 000
Effect of own shares	(2 108)	(2 026)
Weighted average number of ordinary shares used to calculate basic earnings per share	22 292 892	22 292 974
Dilution adjustments	-	-
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	22 292 892	22 292 974

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

Basic earnings per share (CZK/share)	3M17	3M16
	CZK'000	CZK'000
Profit / (loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(18 705)	(34 738)
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 292 892	22 292 974
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	(0.84)	(1.56)

Diluted earnings per share (CZK/share)	3M17	3M16
	CZK'000	CZK'000
Profit / (loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(18 705)	(34 738)
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs)	22 292 892	22 292 974
Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	(0.84)	(1.56)

4.9. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries Name of entity	Ownership interest		Cost		Carrying amount	
	31.3.2017	31.12.2016	31.3.2017	31.12.2016	31.3.2017	31.12.2016
	%	%	CZK'000	CZK'000	CZK'000	CZK'000
Kofola a.s. (CZ)	100.00%	100.00%	197 498	197 498	197 498	197 498
Kofola a.s. (SK)	100.00%	100.00%	51 023	51 023	51 023	51 023
Hoop Polska Sp. z o.o.	100.00%	100.00%	2 460 176	2 460 176	1 067 574	1 067 574
SANTA-TRANS s.r.o.	100.00%	100.00%	8 760	8 760	8 760	8 760
UGO Trade s.r.o.	90.00%	90.00%	111 401	111 401	111 401	111 401
RADENSKA d.o.o.	100.00%	100.00%	1 860 411	1 860 411	1 860 411	1 860 411
Alofok Ltd.	100.00%	100.00%	354 450	354 450	68 531	68 531
Total investment in subsidiaries			5 043 719	5 043 719	3 365 198	3 365 198

4.10. PROPERTY, PLANT AND EQUIPMENT

The investment projects realised by the Company in 2017 comprise primarily low cost equipment.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



4.11. INTANGIBLE ASSETS

The Goodwill arose on merger with Pinelli spol. s r.o. 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, Citrocola, Semtex and Erektus.

In the reporting period of three-months ended 31 March 2017, the additions to intangible assets were of CZK 1 802 thousand. The most significant additions were purchases of software licence.

4.12. EFFECT OF MERGER

The structure of the equity as of 12 March 2016 was formed by consolidation of the equity components of the merging entities (described in section 2.1.) as presented in the table below.

Merger adjustments in equity represent mainly:

- the elimination of investments between the merging entities in the amount of (CZK 5 896 458 thousand),
- the goodwill related to acquisition of Pinelli spol. s r.o. in the amount of CZK 30 675 thousand,
- the reclassification from Other reserves to Retained earnings relating to the dividend fund created from prior period profits at Kofola S.A. in the amount of CZK 37 392 thousand, and
- retained earnings of merged companies in the amount of CZK 230 907 thousand.

4.13. BONDS

On 4 October 2013, according to the 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.

INDEBTEDNESS OF THE COMPANY FROM ISSUED BONDS

As at 31 March 2017, the Company has a liability from issued bonds in the total amount of CZK 334 886 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 of CZK 327 467 thousand are disclosed in non-current liabilities, and the liabilities from interests of CZK 7 419 thousand are presented in current liabilities. The interest was paid on 4 October 2016.

Terms and conditions of the issued bonds were met.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

4.14. BANK CREDITS AND LOANS

INDEBTEDNESS OF THE GROUP FROM THE CREDITS AND LOANS

As at 31 March 2017, the Company's total bank loans and credits amounted to CZK 1 723 997 thousand.

4.15. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 31 March 2017 the Company provided the following guarantees for other entities:

Entity providing guarantees	Entity receiving guarantees	Currency	Guarantee amount FCY'000	Guarantee amount CZK'000	Guarantee period	Guarantees provided for	Relationship
Kofola ČeskoSlovensko a.s.	Oberbank Leasing	CZK	199	199	10/2017	Kofola a.s. (CZ)	subsidiary
	ČSOB a.s.	CZK	20 339	20 339	3/2019	Kofola a.s. (CZ)	subsidiary
	ČSOB a.s.	CZK	290 000	290 000	notice of termination	Kofola a.s. (CZ)	subsidiary
	ČSOB a.s.	CZK	3 667	3 667	2/2018	Kofola a.s. (CZ)	subsidiary
	Unicredit Bank a.s.	EUR	4 355	117 707	12/2022	Santa-Trans.SK s.r.o.	third party*
	City-Arena PLUS a.s.	EUR	7	184	8/2020	UGO Trade s.r.o.	subsidiary
	Toyota Leasing S.A.	EUR	64	1 719	2/2018	Hoop Polska Sp. z o.o.	subsidiary
Total guarantees issued			433 815				

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

4.16. FINANCIAL INSTRUMENTS

4.16.1 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.

31.3.2017	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	79 212	-	-	79 212
Cash and cash equivalents	10 242	-	-	10 242
Derivatives (i)	-	(12 350)	-	(12 350)
Bank credits and loans	-	-	(1 723 997)	(1 723 997)
Bonds issued	-	-	(334 886)	(334 886)
Trade and other payables	-	-	(39 877)	(39 877)
Total	89 454	(12 350)	(2 098 760)	(2 021 656)

(i) Fair value of derivatives

The Group has concluded interest rate swap. 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 Company has included this instrument in Level 2 of fair value hierarchy levels.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

31.12.2016	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	470 837	-	-	470 837
Cash and cash equivalents	27 749	-	-	27 749
Derivatives (ii)	-	(15 655)	-	(15 655)
Bank credits and loans	-	-	(1 753 286)	(1 753 286)
Bonds issued	-	-	(330 740)	(330 740)
Trade and other payables	-	-	(70 684)	(70 684)
Total	498 586	(15 655)	(2 154 710)	(1 671 779)

(ii) Fair value of derivatives

The Group has concluded interest rate swap. 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 Company has included this instrument in Level 2 of fair value hierarchy levels.

4.17. RELATED PARTY TRANSACTIONS

4.17.1 SHAREHOLDERS STRUCTURE

Share capital structure	31.3.2017			31.12.2016		
	Name of entity	Number of shares	% in share capital	% in voting rights	Number of shares	% in share capital
KSM Investment S.A.	11 321 383	50.78%	50.78%	11 321 383	50.78%	50.78%
CED GROUP S. a r.l.	8 311 196	37.28%	37.28%	8 311 196	37.28%	37.28%
René Musila	581 231	2.61%	2.61%	581 231	2.61%	2.61%
Tomáš Jendřejek	581 190	2.61%	2.61%	581 190	2.61%	2.61%
Others	1 500 000	6.72%	6.72%	1 500 000	6.72%	6.72%
Total	22 295 000	100.00%	100.00%	22 295 000	100.00%	100.00%

Ultimate controlling party is KSM Investment S.A., with registered office Rue de Neudorf 560A, L-2220 Luxembourg.

4.17.2 SUBSIDIARIES AND ASSOCIATES

Interests in subsidiaries and associates are set out in section A 2.3.

4.17.3 REMUNERATION OF THE COMPANY'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration paid out to persons with executive authority in 2017. All costs were paid by the Company, except for the remuneration of Other key management personnel which 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		Amounts paid for activities in the Company's 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	Financial compensation	Non-financial compensation
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Members of the Company's Board of Directors	-	-	-	-	-	-	9 372	272
Members of the Company's Supervisory board	-	-	257	-	-	-	2 066	105
Members of the Company's Audit committee	-	-	-	-	52	-	-	-
Other key management personnel of the Group	-	-	-	-	-	-	3 746	-
Total remuneration of the Group's key management personnel	-	-	257	-	52	-	15 184	377

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



4.17.4 OTHER RELATED PARTY TRANSACTIONS

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

Other related party transactions	Profit or loss impact 3M2017		Balance as at 31.3.2017	
	Revenues	Costs	Assets	Liabilities
	CZK'000	CZK'000	CZK'000	CZK'000
Alofok Ltd.	-	-	1 277	-
Hoop Polska Sp. z o.o.	3 014	(27)	222 067	(4)
Kofola a.s. (CZ)	41 176	(724)	1 219	(47 350)
Kofola a.s. (SK)	34 574	(4 460)	49 731	(184)
RADENSKA d.o.o.	8 941	-	75 099	(28)
SANTA-TRANS s.r.o.	317	(42)	980	(26)
Studenac d.o.o.	1 128	-	1 128	-
UGO Trade s.r.o.	1 922	(30)	57 462	(43)
Total	89 944	(5 283)	407 835	(47 635)

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

4.18. SUBSEQUENT EVENTS

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

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 3M17 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 three-month period ended 31 March 2017 and of the outlook for future development of the financial position, business activities and financial performance.

The 3M17 interim report was approved for publication on 11 May 2017.

11.5.2017 <i>date</i>	Janis Samaras <i>name and surname</i>	Chairman of the Board of Directors <i>position/role</i>	 <i>signature</i>
11.5.2017 <i>date</i>	René Musila <i>name and surname</i>	Member of the Board of Directors <i>position/role</i>	 <i>signature</i>
11.5.2017 <i>date</i>	Tomáš Jendřejek <i>name and surname</i>	Member of the Board of Directors <i>position/role</i>	 <i>signature</i>
11.5.2017 <i>date</i>	Daniel Buryš <i>name and surname</i>	Member of the Board of Directors <i>position/role</i>	 <i>signature</i>
11.5.2017 <i>date</i>	Jiří Vlasák <i>name and surname</i>	Member of the Board of Directors <i>position/role</i>	 <i>signature</i>
11.5.2017 <i>date</i>	Roman Zúrik <i>name and surname</i>	Member of the Board of Directors <i>position/role</i>	 <i>signature</i>

