KOFOLA ČESKOSLOVENSKO A.S.
OPENING STATEMENT OF FINANCIAL POSITION AS AT 1/1/2016

kofola® ČeskoSlovensko

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1. OPENING STATEMENT OF FINANCIAL POSITION

1.1. OPENING STATEMENT OF FINANCIAL POSITION

as at 1 January 2016 in CZK thousand.

Assets	Note	1.1.2016 CZK ´000
Non-current assets		**4 309 831**
Property, plant and equipment	5.1	49 128
Goodwill		30 675
Intangible assets	5.2	369 074
Investment in subsidiaries	5.3	3 565 501
Other receivables	5.4	54 848
Loans provided to related parties	5.5	240 405
Other non-financial assets		200
Current assets		**364 010**
Trade and other receivables	5.4	110 848
Income tax receivables		7 160
Cash and cash equivalents	5.6	246 002
Total assets		**4 673 841**

Liabilities and equity	Note	1.1.2016 CZK ´000
Equity attributable to owners of the Company		**2 114 258**
Share capital		2 229 500
Other reserves		(371 265)
Retained earnings		256 023
Total equity		**2 114 258**
Non-current liabilities		**1 283 174**
Bank credits and loans	5.7	746 506
Bonds issued	5.8	325 885
Finance lease liabilities		7 641
Other payables	5.9	159 759
Deferred tax liabilities		43 383
Current liabilities		**1 276 409**
Bank credits and loans	5.7	1 070 729
Bonds issued	5.8	3 657
Finance lease liabilities		3 844
Trade and other payables	5.9	106 386
Other financial liabilities	5.11	51 298
Provisions	5.12	40 495
Total liabilities		**2 559 583**
Total liabilities and equity		**4 673 841**

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

2. BASIS OF PREPARATION

2.1. MERGER DESCRIPTION

The Board of Directors of Kofola ČeskoSlovensko a.s., a joint-stock company existing under the laws of the Czech Republic, with its registered office at Nad Porubkou 2278/31a, Poruba, 708 00 Ostrava, Czech Republic, Identification No.: 242 61 980, registered in the Commercial Register maintained by the Regional Court in Ostrava, Section B, Insert No.: 10735 (the "Successor Company"), as the successor company, prepared pursuant to the respective sections of the Act No. 125/2008 Coll., on Mergers of Business Companies and Cooperatives, as amended (the "Merger Act"), in particular Sec. 11b of the Merger Act, this Opening statement of financial position. The planned merger ("the Merger") will occur between the following entities (the "Merging entities" or "Involved companies"):

- the Successor Company as the successor company,
- Kofola CS a.s., a joint-stock company existing under the laws of the Czech Republic, with its registered office at Nad Porubkou 2278/31a, Poruba, 708 00 Ostrava, Czech Republic, Identification No.: 276 63 001, registered in the Commercial Register maintained by the Regional Court in Ostrava, Section B, Insert No.: 3109 (the "Dissolving Company 1"), as a dissolving company,
- PINELLI spol. s r.o., a limited liability company existing under the laws of the Czech Republic, with its registered office at Za Drahou 165/1, Pod Bezručovým vrchem, 794 01 Krnov, Czech Republic, Identification No.: 498 11 908, registered in the Commercial Register maintained by the Regional Court in Ostrava, Section C, Insert No.: 37942 (the "Dissolving Company 2"), as a dissolving company,
- Kofola S.A., a joint stock company existing under the laws of Poland, with its registered office at ul. Wschodnia 5, 99-300 Kutno, Poland, registered in the register of the entrepreneurs of the National Court Register maintained by the District Court for Łódź-Śródmieście in Łódź, XX Commercial Division of the National Court Register, under KRS No.: 0000134518, holding REGON No.: 012771739 (the "Dissolving Company 3"), as a dissolving company, and
- Kofola, holdinška družba, d.o.o., a limited liability company existing under the laws of Slovenia, with its registered office at Boračeva 37, 9252 Radenci, Slovenia, Identification No.: 6744605000, registered in the Commercial Register maintained by the District court in Ljubljana, Slovenia Agency of the Republic of Slovenia for Public Legal Records and Related Services under no. 2014/55764 (the "Dissolving Company 4"), as a dissolving company.

The Dissolving Company 1, Dissolving Company 2, Dissolving Company 3 and Dissolving Company 4 may be hereinafter jointly referred to as the "Dissolving Companies".

As of the date of this Opening statement of financial position:

- the Successor Company has more shareholders,
- the Dissolving Company 1 has a sole shareholder, which is the Dissolving Company 3,
- the Dissolving Company 2 has a sole participant, which is the Successor Company,
- the Dissolving Company 3 has a sole shareholder, which is the Successor Company, and
- the Dissolving Company 4 has a sole participant, which is the Dissolving Company 1.

The reason for the Merger is, in particular, to reach merger synergic effects, simplify organizational structure of the group and save administrative costs within the group.

2.2. PREPARATION OF OPENING STATEMENT OF FINANCIAL POSITION

The decisive date, as from which transactions made by the Dissolving Companies shall be considered, from the accounting point of view, as made for account of the Successor Company, is 1 January 2016. The Merger is based on the International Financial Reporting Standards as adopted by the European Union and the carrying values are incorporated from the consolidated financial statements prepared as of 31 December 2015 and for the period then ended.

As the Merger involves entities under common control, the management chose to use the predecessor accounting. As a result, no assets or liabilities were restated to their fair values. Instead, the Successor Company incorporated predecessors´ carrying values. Also, no new goodwill arose on the Merger.

This opening statement of financial position was prepared based on the assumption that the Merger will be approved and registered in the Commercial Register. Should the Merger not be approved and registered in the Commercial Register, this opening statement of financial position will not be valid and the Successor Company will carry down as the opening balances as of 1 January 2016 the closing balances from its financial statements as of 31 December 2015 an for the year then ended.

2. BASIS OF PREPARATION

For the full set of the individual financial statements including the income statement referred to the following:

- Kofola CS a.s. financial statements for the year ended 31 December 2015 prepared in accordance with Czech Accounting Standards and other relevant Czech accounting legislation,
- PINELLI spol. s r.o. financial statements for the year ended 31 December 2015 prepared in accordance with Czech Accounting Standards and other relevant Czech accounting legislation,
- Kofola S.A. financial statements for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU,
- Kofola, holdinška družba, d.o.o. financial statements for the year ended 31 December 2015 prepared in accordance with IFRS as adopted by the EU.

2.3. MERGER ACCOUNTING

2.3.1 EQUITY

The structure of the equity in the opening statement of financial position as of 1 January 2016 was formed by consolidation of the equity components of the Merging entities as presented in the table below.

Merger adjustments in equity represent mainly:

- the elimination of investments between the Merging entities,
- the goodwill related to acquisition of the Dissolving Company 2 by the Kofola Group, and
- the reclassification from Other reserves to Retained earnings relating to the dividend fund created from prior period profits at Kofola S.A.

EQUITY	Sum of separate financial statements of Merging entities	Merger adjustments	Opening statement of financial position
	CZK´000	CZK´000	CZK´000
Capital and reserves attributable to owners of the Company	**12 771 641**	**(10 657 383)**	**2 114 258**
Share capital	2 585 760	(356 260)	2 229 500
Share premium	5 494 517	(5 494 517)	-
Other reserves	4 472 207	(4 843 472)	(371 265)
Retained earnings	219 157	36 866	256 023
Total equity	**12 771 641**	**(10 657 383)**	**2 114 258**

2.3.2 ASSETS

The Successor Company incorporates the carrying values from the consolidated financial statements prepared as of 31 December 2015 and for the year then ended.

Merger adjustments in assets represent mainly:

- the elimination of investments, loans provided and trade and other receivables between the Merging entities,
- the goodwill related to acquisition of the Dissolving Company 2 by the Kofola Group, and
- the reclassification of deferred tax asset to net deferred tax liability.

ASSETS	Sum of separate financial statements of Merging entities	Merger adjustments	Opening statement of financial position
	CZK´000	CZK´000	CZK´000
Non-current assets	**17 067 366**	**(12 757 535)**	**4 309 831**
Property, plant and equipment	49 128	-	49 128
Goodwill	-	30 675	30 675
Intangible assets	369 074	-	369 074
Investment in subsidiaries	14 253 233	(10 687 732)	3 565 501
Other receivables	54 848	-	54 848
Loans provided to related parties	2 336 356	(2 095 951)	240 405
Other non-financial assets	200	-	200
Deferred tax assets	4 527	(4 527)	-
Current assets	**617 722**	**(253 712)**	**364 010**
Trade and other receivables	364 560	(253 712)	110 848
Income tax receivables	7 160	-	7 160
Cash and cash equivalents	246 002	-	246 002
TOTAL ASSETS	**17 685 088**	**(13 011 247)**	**4 673 841**

2.3.3 LIABILITIES

The Successor Company incorporates the elements of the Dissolving Companies' liabilities as reported in the consolidated financial statements in respect of the Dissolving Companies as of 31 December 2015.

Merger adjustments in liabilities represent mainly:

- the elimination of loans provided between the Merging entities recorded in captions Other non-current payables and Trade and other payables ,
- the elimination of trade and other payables between the Merging entities, and
- the reclassification of deferred tax asset to net deferred tax liability.

LIABILITIES	Sum of separate financial statements of Merging entities CZK´000	Merger adjustments CZK´000	Opening statement of financial position CZK´000
Non-current liabilities	**3 289 024**	**(2 005 850)**	**1 283 174**
Bank credits and loans	746 506	-	746 506
Bonds issued	325 885	-	325 885
Finance lease liabilities	7 641	-	7 641
Other payables	2 161 082	(2 001 323)	159 759
Deferred tax liabilities	47 910	(4 527)	43 383
Current liabilities	**1 624 423**	**(348 014)**	**1 276 409**
Bank credits and loans	1 070 729	-	1 070 729
Bonds issued	3 657	-	3 657
Finance lease liabilities	3 844	-	3 844
Trade and other payables	264 400	(158 014)	106 386
Other financial liabilities	241 298	(190 000)	51 298
Provisions	40 495	-	40 495
Total Liabilities	**4 913 447**	**(2 353 864)**	**2 559 583**

3. GENERAL INFORMATION

3.1. CORPORATE INFORMATION

GENERAL INFORMATION

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

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

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

STOCK EXCHANGE LISTING

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

MANAGEMENT

As at 1 January 2016, the composition of the Board of Directors, Supervisory Board and Audit Committee was as follows:

BOARD OF DIRECTORS

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

SUPERVISORY BOARD

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

AUDIT COMMITTEE

- René Sommer - Chairman
- Pavel Jakubík
- Ivan Jakúbek

4. SIGNIFICANT ACCOUNTING POLICIES

4.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The opening statement of financial position has been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards ("IFRS"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, published and effective for reporting periods beginning 1 January 2016.

The opening statement of financial position has 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.

The opening statement of financial position is presented in Czech crowns ("CZK"), and all values, unless stated otherwise, are presented in CZK thousand.

The preparation of the opening statement of financial position 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 Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the opening statement of financial position are disclosed in section 4.5.

ADOPTION OF CHANGES TO STANDARDS

The Company has not changed its accounting policies as a result of standards and interpretations adopted by the European Union effective for the reporting periods starting from 1 January 2016. The Company has not early-adopted any standard. Following new standards and amendments not yet effective are relevant for the Company:

- IFRS 9, 'Financial Instruments': Classification and Measurement.
- IFRS 15, 'Revenue from Contracts with Customers'.
- Amendment to IAS 1, Disclosure Initiative.
- Amendment to IAS 16, 'Property, plant and equipment', and IAS 38 'Intangible assets' on clarification of acceptable methods of depreciation and amortisation.
- Amendment to IAS 27, 'Separate financial statements' on equity method in separate financial statements.

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

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

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

4.2. FUNCTIONAL AND PRESENTATION CURRENCY

The opening statement of financial position is presented in Czech Korunas (CZK), which is the Company´s functional and presentation currency.

4.3. FOREIGN CURRENCY TRANSLATION

The financial statements items 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 recognised in profit or loss under:

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

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

Closing exchange rates	1.1.2016
CZK/EUR	27.025
CZK/PLN	6.340
CZK/RUB	0.335
CZK/USD	24.824

4.4. ACCOUNTING METHODS

4.4.1 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, less accumulated depreciation, less any impairment losses. The cost of fixed assets consists of their acquisition price plus all costs directly associated with the asset’s acquisition and adaptation for use. The costs also include the cost of replacing parts of machines and equipment as they are incurred, if the recognition criteria are met. Costs incurred after the asset is given over for use, such as maintenance and repairs, are charged to profit or loss as they are incurred.

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

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

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

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

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

DEPRECIATION

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

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

4.4.2 BORROWING COSTS

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

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

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

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

4.4.3 LEASES

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

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

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

4.4.4 INTANGIBLE FIXED ASSETS

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

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

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

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

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

4.4.5 RECOVERABLE AMOUNT OF FIXED ASSETS

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

4.4.6 FINANCIAL INSTRUMENTS

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

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

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

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

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

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

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

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

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

Financial liabilities are divided into:

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

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

FINANCIAL ASSETS

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

This category includes primarily derivative instruments in the Company's statement of financial position, as well as debt and equity instruments acquired in order to be resold in the near term.

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

LOANS AND RECEIVABLES

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

FINANCIAL LIABILITIES

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

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

FINANCIAL LIABILITIES STATED AT AMORTISED COST

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

DERECOGNITION OF FINANCIAL ASSETS

The Company derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Company has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

DERECOGNITION OF FINANCIAL LIABILITIES

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

OFFSETTING

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

4.4.7 TRADE AND OTHER RECEIVABLES

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

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

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

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

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

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

4.4.8 CASH AND CASH EQUIVALENTS

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

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

4.4.9 EQUITY

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

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

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

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

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

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

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

4.4.10 INTEREST-BEARING BANK CREDITS, LOANS AND ISSUED BONDS

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

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

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

4.4.11 TRADE LIABILITIES AND OTHER LIABILITIES

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

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

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

Non-financial current liabilities are measured at amounts due.

4.4.12 PROVISIONS

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

4.4.13 EMPLOYEE BENEFITS

PENSION OBLIGATIONS

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

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

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

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

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

TERMINATION BENEFITS

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

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

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

4.4.14 INCOME TAX

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

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

4.5. SIGNIFICANT ESTIMATES

Since some of the information contained in the opening statement of financial position cannot be measured precisely, the Company´s management must perform estimates. 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 1 January 2016 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information
Impairment of individual tangible and intangible assets	Key assumptions used to determine the recoverable amount: Impairment indicators, used models, discount rates, growth rates, projected future cash flows, net cost inflow in year 5 (last year of projected cash flows).
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.

5. NOTES TO THE OPENING STATEMENT OF FINANCIAL POSITION

5.1. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	Cost	Accumulated depreciation	Impairment allowance	Net book value
	CZK´000	CZK´000	CZK´000	CZK´000
Land	2 358	-	(659)	1 699
Plant and equipment	50 899	(33 092)	-	17 807
Vehicles	52 211	(23 001)	-	29 210
Other fixed assets	-	-	-	-
Fixed assets under construction	412	-	-	412
Total	**105 880**	**(56 093)**	**(659)**	**49 128**

5.2. INTANGIBLE ASSETS

Intangible assets	Cost	Accumulated depreciation	Impairment allowance	Net book value
	CZK´000	CZK´000	CZK´000	CZK´000
Software	134 817	(99 485)	-	35 332
Trademarks and other rights	363 298	(29 760)	-	333 538
Intangible assets under construction	204	-	-	204
Total	**498 319**	**(129 245)**	**-**	**369 074**

5.3. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries	Place of business	Principal activities	Ownership interest and voting rights	Cost
				CZK´000
Kofola a.s. (CZ)	Czech Republic	production and distribution of non-alcoholic beverages	100.00%	197 499
Kofola a.s. (SK)	Slovakia	production and distribution of non-alcoholic beverages	100.00%	51 023
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	8 760
UGO trade s.r.o.	Czech Republic	operation of fresh bars chain	90.00%	73 876
Radenska d.d.	Slovenia	production and distribution of non-alcoholic beverages	97.62%	1 814 808
Hoop Polska Sp. z o.o.	Poland	production and distribution of non-alcoholic beverages	100.00%	1 312 832
Alofok Ltd.	Cyprus	holding	100.00%	106 703
Total				**3 565 501**

5. NOTES TO THE OPENING STATEMENT OF FINANCIAL POSITION

5.4. TRADE AND OTHER RECEIVABLES

Trade receivables and other receivables	Current CZK´000	Non-current CZK´000
Financial assets within Trade and other receivables		
Trade receivables	85 787	-
Other receivables	29 229	54 848
Provision for impairment of other receivables	(12 914)	-
Total	**102 102**	**54 848**
Non-financial assets within Trade and other receivables		
VAT receivable	1 638	-
Prepayments	4 468	-
Other	2 640	-
Total	**8 746**	**-**
Trade and other receivables total	**110 848**	**54 848**

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

5.5. LOANS PROVIDED TO RELATED PARTIES

The balance comprises a loan provided to a subsidiary of CZK 202 880 thousand and a loan provided to a subsidiary of CZK 37 525 thousand.

5.6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	1.1.2016 CZK´000
Cash in bank and in hand	232 688
Short-term deposits	13 314
Total cash and cash equivalents	**246 002**

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

Split by currency	1.1.2016 CZK´000
in CZK	190 217
in EUR	3 496
in PLN	52 285
in USD	4
Total cash and cash equivalents	**246 002**

5.7. BANK CREDITS AND LOANS

Financing entity	Credit currency	Credit / limit amount FCY´000	Face value CZK´000	Carrying amount CZK´000	Interests terms	Maturity date	Collateral
ČSOB, a.s.	CZK	50 000	41 228	41 228	1M PRIBOR + margin	11/2019	buildings
ČSOB, a.s. + Česká spořitelna, a.s.	CZK	1 887 476	1 769 616	1 762 149	3M PRIBOR + margin	3/2024	bill of exchange, pledge of shares, receivables
Oberbank Leasing spol. s r.o.	CZK	484	158	158	margin	3/2017	fixed assets
Oberbank Leasing spol. s r.o.	CZK	1 004	371	371	margin	5/2017	fixed assets
Oberbank Leasing spol. s r.o.	CZK	1 020	419	419	margin	7/2017	fixed assets
Oberbank Leasing spol. s r.o. (2x)	CZK	2 989	522	522	3M PRIBOR + margin	8/2016	fixed assets
Oberbank Leasing spol. s r.o. (5x)	CZK	5 024	1 535	1 535	margin	2/2017	fixed assets
s Autoleasing, a.s. (12x)	CZK	3 730	2 774	2 774	margin	8/2019	fixed assets
s Autoleasing, a.s. (5x)	CZK	5 343	4 318	4 318	margin	12/2019	fixed assets
s Autoleasing, a.s. (8x)	CZK	5 169	3 761	3 761	margin	7/2019	fixed assets
Total credits and loans		**1 962 239**	**1 824 702**	**1 817 235**			

5.8. BONDS ISSUED

On 4 October 2013, 110 pieces of bonds denominated in Czech Crowns with total nominal value of CZK 330 000 thousand were issued. The bonds:

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

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

Own bonds issued	Currency	1.1.2016 CZK´000	Interest terms	Maturity date
Bonds issued KOFOLA VAR/18	CZK	329 542	12M PRIBOR + margin	10/2018
Bonds issued total		**329 542**		

5.9. TRADE AND OTHER PAYABLES

Trade and other payables	Current CZK´000	Non-current CZK´000
Financial liabilities within trade and other payables		
Trade liabilities	41 877	-
Liabilities for purchased property, plant and equipment	16 111	-
Derivatives (i)	-	7 791
Accrued liabilities and other creditors	28 980	151 968
Total	**86 968**	**159 759**
Non-financial liabilities within trade and other payables		
VAT	1 776	-
Payables to employees	11 626	-
Other	6 016	-
Total	**19 418**	**-**
Trade and other payables total	**106 386**	**159 759**

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

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

(i) Derivatives

The interest rate swap has been concluded. This derivative is classified as held for trading and accounted for at fair value through profit or loss.

5.10. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 1 January 2016 the Company provided the following guarantees for third party entities:

Entity receiving guarantees	Currency	Guarantee amount* FCY´000	Guarantee amount* CZK´000	Guarantee period	Guarantee provided to	Relationship
Oberbank Leasing spol. s r.o.	CZK	302	302	4/2016	Kofola a.s. (CZ)	subsidiary
Oberbank Leasing spol. s r.o.	CZK	3 555	3 555	2/2017	Kofola a.s. (CZ)	subsidiary
Oberbank Leasing spol. s r.o.	CZK	1 595	1 595	2/2017	Kofola a.s. (CZ)	subsidiary
Oberbank Leasing spol. s r.o.	CZK	610	610	10/2017	Kofola a.s. (CZ)	subsidiary
Oberbank Leasing spol. s r.o.	CZK	387	387	5/2016	Kofola a.s. (CZ)	subsidiary
ČSOB, a.s.	CZK	33 051	33 051	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	8 667	8 667	2/2018	Kofola a.s. (CZ)	subsidiary
UniCredit Bank Czech Republic and Slovakia, a.s.	EUR	5 301	143 265	12/2022	Santa-Trans.SK s.r.o. (SR)	third party
ČSOB Leasing, a.s.	CZK	680	680	5/2020	Kolonial.cz s.r.o.	third party
ČSOB Leasing, a.s.	CZK	346	346	5/2020	Kolonial.cz s.r.o.	third party
ČSOB Leasing, a.s.	CZK	1 456	1 456	3/2020	Kolonial.cz s.r.o.	third party
ČSOB Leasing, a.s.	CZK	550	550	4/2018	Kolonial.cz s.r.o.	third party
Deutsche Leasing ČR, spol. s r.o.	CZK	526	526	11/2020	Kolonial.cz s.r.o.	third party
City-Arena PLUS, a.s.	EUR	7	184	8/2020	UGO Trade s.r.o.	subsidiary
Bank Millennium S.A.	PLN	5 000	31 700	4/2017	Hoop Polska Sp. z o.o.	subsidiary
Bank BPH S.A.	PLN	5 000	31 700	4/2017	Hoop Polska Sp. z o.o.	subsidiary
Toyota Leasing S.A.	EUR	202	5 452	2/2018	Hoop Polska Sp. z o.o.	subsidiary
Total			**554 026**			

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

5.11. OTHER FINANCIAL LIABILITIES

Other financial liabilities comprise the loan provided by a subsidiary of CZK 40 000 thousand and a dividend payable to shareholders of CZK 11 298 thousand.

5.12. PROVISIONS

Provisions	Balance at 1 January 2016 CZK´000
Provision for personal expenses (bonuses)	40 084
Other provisions	411
Total	**40 495**

5.13. FINANCIAL INSTRUMENTS

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

Financial instruments	Financial assets at amortised cost	Derivatives at fair value through profit or loss	Financial liabilities at amortised cost	Total
	CZK´000	CZK´000	CZK´000	CZK´000
Cash and cash equivalents	246 002	-	-	246 002
Trade and other receivables	156 950	-	-	156 950
Loans provided to related parties	240 405	-	-	240 405
Trade and other payables	-	(7 791)	(238 936)	(246 727)
Bank credits and loans	-	-	(1 817 235)	(1 817 235)
Bonds issued	-	-	(329 542)	(329 542)
Other financial liabilities	-	-	(51 298)	(51 298)
Total	**643 357**	**(7 791)**	**(2 437 011)**	**(1 801 445)**

5.14. FINANCIAL RISK MANAGEMENT

The Company's primary financial instruments consist of cash and cash equivalents, loans provided to related parties, bonds issued and bank credits and loans. The main goal of holding such financial instruments is to obtain funds for business operations, or to invest the Company's available funds. In addition, the Company has other financial instruments, such as trade receivables and payables that arise as part of its operations. The accounting methods relating to those instruments are described in section 4.4.

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

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

5.14.1 INTEREST RATE RISK

Interest rate risk is a risk that the fair value or future cash flows from a financial instrument will change due to changes in interest rates. The interest bearing financial liabilities of the Company are represented by an intercompany loan, however the interest rate is fixed and as such there is no interest risk. In addition, the Company places its free funds on variable interest rate deposits, which would bring the profits down if the interest rates fall. Trade and other receivables and payables are not interest bearing and have due dates of up to one year.

Management of the Company monitors its exposure to interest rate risk and interest rate forecasts.

5.14.2 CURRENCY RISK

The Company is exposed to the risk of changes in foreign exchange rates, mainly due to foreign exchange loan provided to a subsidiary. The currency risk relates primarily to the PLN exchange rate in relation to CZK. The Company's exposure associated with other currencies is immaterial.

5.14.3 CREDIT RISK

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

The Company undertakes activities aimed at limiting credit risk, consisting of checking the creditworthiness of its customers, setting credit limits, insuring selected receivables and monitoring the customers' financial position.

CASH AND CASH EQUIVALENTS

With regard to the Company's other financial assets, such as cash and cash equivalents, credit risk arises as a result of the other party's inability to pay.

The credit risk associated with bank deposits is considered to be immaterial, as the Company has concluded transactions with institutions that have a sound financial position.

Credit quality of cash in bank and in hand	1.1.2016
Credit rating	CZK´000
A2	176 144
A3	53 068
Aa3	3 378
Cash in hand	98
Total cash in bank and in hand	**232 688**

5.14.4 LIQUIDITY RISKS

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

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

It is the Company's objective to maintain a balance between financing continuity and flexibility, by using various financing sources, such as credits, bonds, loans and finance lease agreements. The Company controls its financial liabilities so that in each given period the amount of liabilities due within the next 12 months does not pose a threat for the Company's ability to meet its financial obligations.

6. APPROVAL FOR PUBLICATION

The Board of Directors approved the present opening statement of financial position for publication on 15 April 2016.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES

15.4.2016	**Janis Samaras**	**Chairman of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
15.4.2016	**René Musila**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
15.4.2016	**Tomáš Jendřejek**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
15.4.2016	**Daniel Buryš**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
15.4.2016	**Jiří Vlasák**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*
15.4.2016	**Roman Zúrik**	**Member of the Board of Directors**	
date	*name and surname*	*position/role*	*signature*

Independent auditor's report for special purposes

to the shareholders of Kofola ČeskoSlovensko a.s.

We have audited the accompanying pro-forma opening statement of financial position of Kofola ČeskoSlovensko a.s., identification number 24261980, with registered office at Nad Porubkou 2278/31a, Ostrava - Poruba ("the Company") as at 1 January 2016 and notes, including a summary of significant accounting policies and other explanatory information ("the pro-forma opening balance sheet"), prepared under the assumption that the merger of the Company and Kofola CS a.s., PINELLI spol. s r.o., Kofola S.A., Kofola, holdinška družba, d.o.o. is approved and recorded as at 1 January 2016 in accordance with relevant clauses of the Act on Transformations of Companies and Co-operatives valid in the Czech Republic.

Board of Directors' Responsibility for the Pro-forma Opening Balance Sheet

The Board of Directors is responsible for the preparation of the pro-forma opening balance sheet in accordance with International Financial Reporting Standards as adopted by the European Union in the context of the relevant clauses of the Act on Transformations of Companies and Co-operatives and for such internal control as the Board of Directors determines is necessary to enable the preparation of the pro-forma opening balance sheet that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this pro-forma opening balance sheet based on our audit. We conducted our audit in accordance with the Act on Auditors of the Czech Republic, International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the pro-forma opening balance sheet is free from material misstatement.

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

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

Opinion

In our opinion, the pro-forma opening balance sheet of the Company as at 1 January 2016 has been prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the European Union in the context of the relevant provisions of the Act on Transformations of Companies and Co-operatives valid in the Czech Republic.

Emphasis of Matter

We draw attention to note 2 to the pro-forma opening balance sheet explaining that the pro-forma opening balance sheet was prepared under the assumption that the merger will be approved and recorded in the Commercial Register. If the merger is not approved and recorded in the Commercial Register, the accompanying pro-forma opening balance sheet would become invalid and the opening balances of the Company as at 1 January 2016 would be the same as the closing balances from the financial statements of the Company as at 31 December 2015. Further, we draw attention to the fact that this pro-forma opening balance sheet does not represent a complete set of financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Income statement, cash flow statement, movements on equity and related explanatory notes are necessary to provide true and fair view of the financial position and the financial performance of the Company. Our opinion is not qualified in respect of this matter.

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PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Evidence No 021.

Kofola ČeskoSlovensko a.s.
Independent auditor's report for special purposes

This report has been prepared solely for the purpose of recording the merger of the Company and Kofola CS a.s., PINELLI spol. s r.o., Kofola S.A. and Kofola, holdinška družba, d.o.o. as at 1 January 2016 by the relevant court and should not be used for any other purposes.

15 April 2016

PricewaterhouseCoopers Audit, s.r.o.
represented by

Marek Richter
Partner

Kateřina Trombalová
Statutory Auditor, Evidence No. 2370