



KOFOLA ČESKOSLOVENSKO A.S.
INTERIM REPORT IQ 2016





TABLE OF CONTENTS

A. BOARD OF DIRECTORS REPORT

1.	KOFOLA AT A GLANCE	A-3
2.	KOFOLA GROUP	A-5
2.1.	Kofola ČeskoSlovensko	A-5
2.2.	Kofola Group	A-5
2.3.	Group structure	A-6
2.4.	Successes and Awards in 2016	A-7
3.	BUSINESS OVERVIEW	A-8
3.1.	Main events	A-8
3.2.	Business overview	A-9
4.	CORPORATE GOVERNANCE	A-14
4.1.	Shares and shareholders	A-14

B. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1.	CONSOLIDATED FINANCIAL STATEMENTS	B-1
1.1.	Consolidated statement of profit or loss	B-1
1.2.	Consolidated statement of other comprehensive income	B-2
1.3.	Consolidated statement of financial position	B-3
1.4.	Consolidated statement of cash flows	B-4
1.5.	Consolidated statement of changes in equity	B-5
2.	GENERAL INFORMATION	B-6
2.1.	Corporate information	B-6
2.2.	Group structure	B-7
3.	SIGNIFICANT ACCOUNTING POLICIES	B-9
3.1.	Statement of compliance and basis of preparation	B-9
3.2.	Functional and presentation currency	B-9
3.3.	Foreign currency translation	B-9
3.4.	Consolidation methods	B-10
3.5.	Accounting methods	B-10
3.6.	Significant estimates	B-10
3.7.	Approval of consolidated financial statements	B-11
4.	NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	B-12
4.1.	Segment information	B-12
4.2.	Expenses by nature	B-16
4.3.	Other operating income	B-16
4.4.	Other operating expenses	B-16
4.5.	Finance income	B-17
4.6.	Finance costs	B-17
4.7.	Income tax	B-17
4.8.	Earnings per share	B-18
4.9.	Property, plant and equipment	B-18
4.10.	Intangible fixed assets	B-18
4.11.	Investment in associate	B-19
4.12.	Dividends	B-19
4.13.	Bonds	B-19
4.14.	Bank credits and loans	B-20
4.15.	Future commitments, contingent assets and liabilities	B-20
4.16.	Legal and arbitration proceedings	B-20
4.17.	Related party transactions	B-21
4.18.	Financial instruments	B-22
4.19.	Other matters	B-22
4.20.	Subsequent events	B-22



C. CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

1.	SEPARATE FINANCIAL STATEMENTS	C-1
1.1.	Separate statement of profit or loss	C-1
1.2.	Separate statement of other comprehensive income	C-1
1.3.	Separate statement of financial position	C-2
1.4.	Separate statement of cash flows	C-3
1.5.	Separate statement of changes in equity	C-3
2.	GENERAL INFORMATION	C-4
2.1.	Corporate information	C-4
3.	SIGNIFICANT ACCOUNTING POLICIES	C-5
3.1.	Statement of compliance and basis of preparation	C-5
3.2.	Functional and presentation currency	C-5
3.3.	Foreign currency translation	C-5
3.4.	Accounting methods	C-6
3.5.	Significant estimates	C-6
3.6.	Approval of separate financial statements	C-6
4.	NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS	C-7
4.1.	Segment information	C-7
4.2.	Expenses by nature	C-7
4.3.	Finance costs	C-7
4.4.	Earnings per share	C-8
4.5.	Investment in subsidiary	C-8
4.6.	Related party transactions	C-9
4.7.	Subsequent events	C-9
D.	APPROVAL FOR PUBLICATION	
1.	APPROVAL FOR PUBLICATION	D-1

KOFOLA GROUP

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



CZK 1.5 BN 1Q16
REVENUES



7
PRODUCTION PLANTS



2 000
EMPLOYEES



LISTED ON
PRAGUE STOCK EXCHANGE
WARSAW STOCK EXCHANGE



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



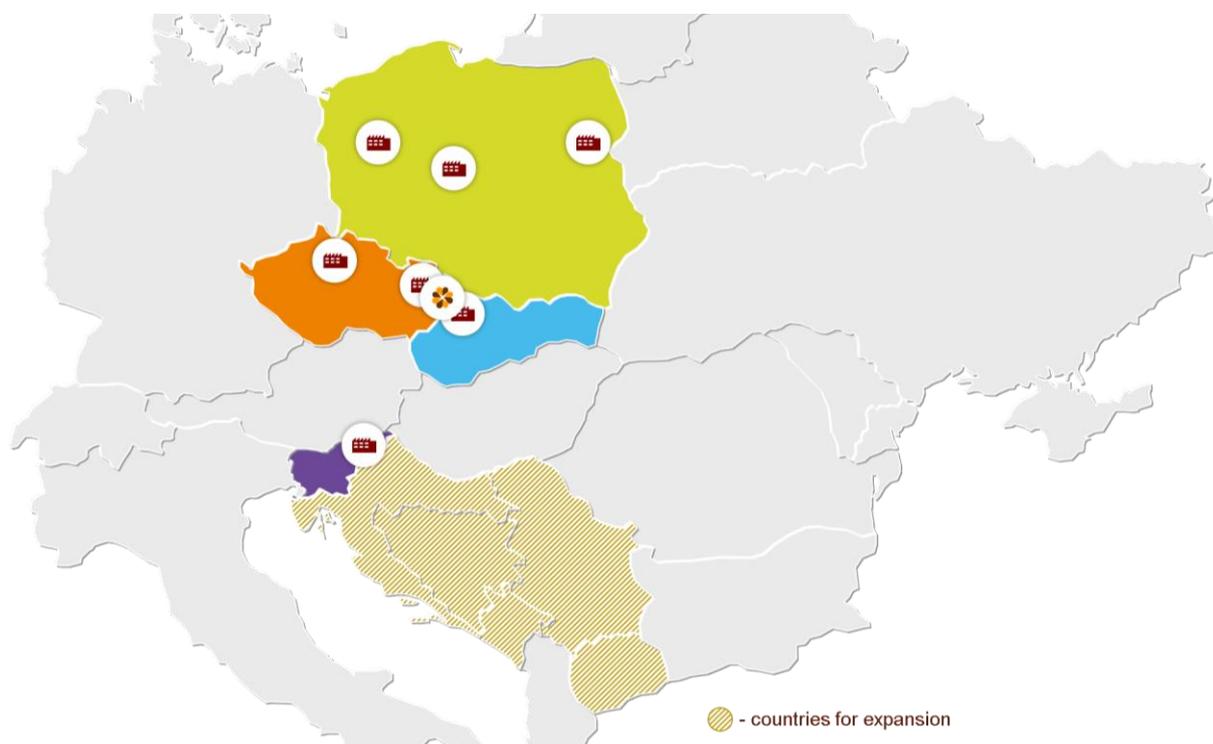
- ❖ no. 2 syrup brand
- ❖ no. 3 cola brand
- ❖ one of leading private label soft drinks producers



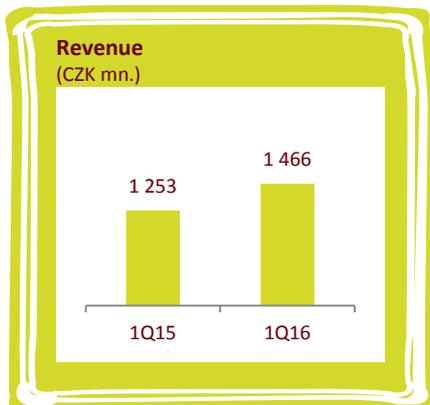
- ❖ no. 1 player in the soft drinks market in both Retail & HoReCa



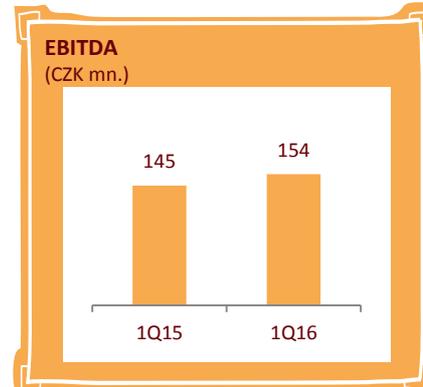
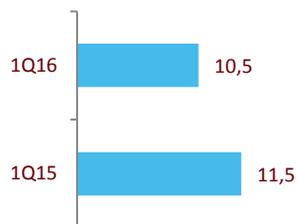
- ❖ no. 1 player in the soft drinks market in Slovenia
- ❖ no. 1 water brand in both Retail & HoReCa



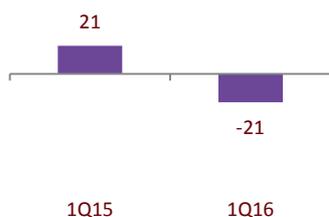
1. KOFOLA AT A GLANCE



EBITDA margin
(%)



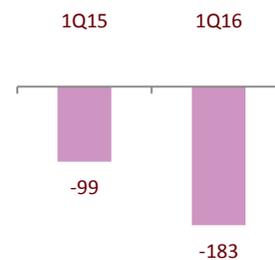
Profit for the period
(CZK mn.)



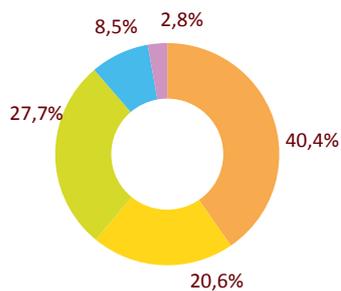
Net debt / EBITDA



Cash flows from operations
(CZK mn.)

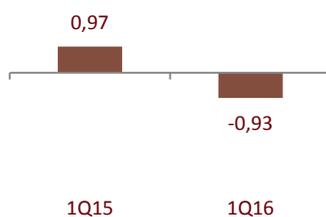


Geographical segment revenue
(%)

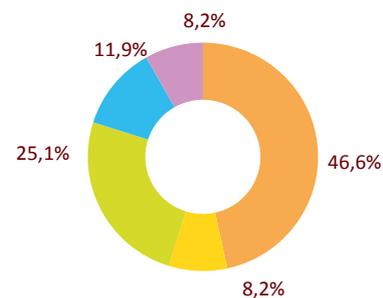


- Czech Republic
- Slovakia
- Poland
- Slovenia
- Export

Earnings per share (basic)
CZK



Product segment revenue
(%)



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

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. Despite the fact that the core market for the Group is still, from the perspective of both profitability and market presence, the CzechoSlovak market, the Group also gained a significant presence within the Polish market after the merger with Hoop in 2008, as well as in Slovenia after the acquisition of Radenska in 2015. The Group also has limited activities in Russia.

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

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



KEY BRANDS

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

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

2. KOFOLA GROUP

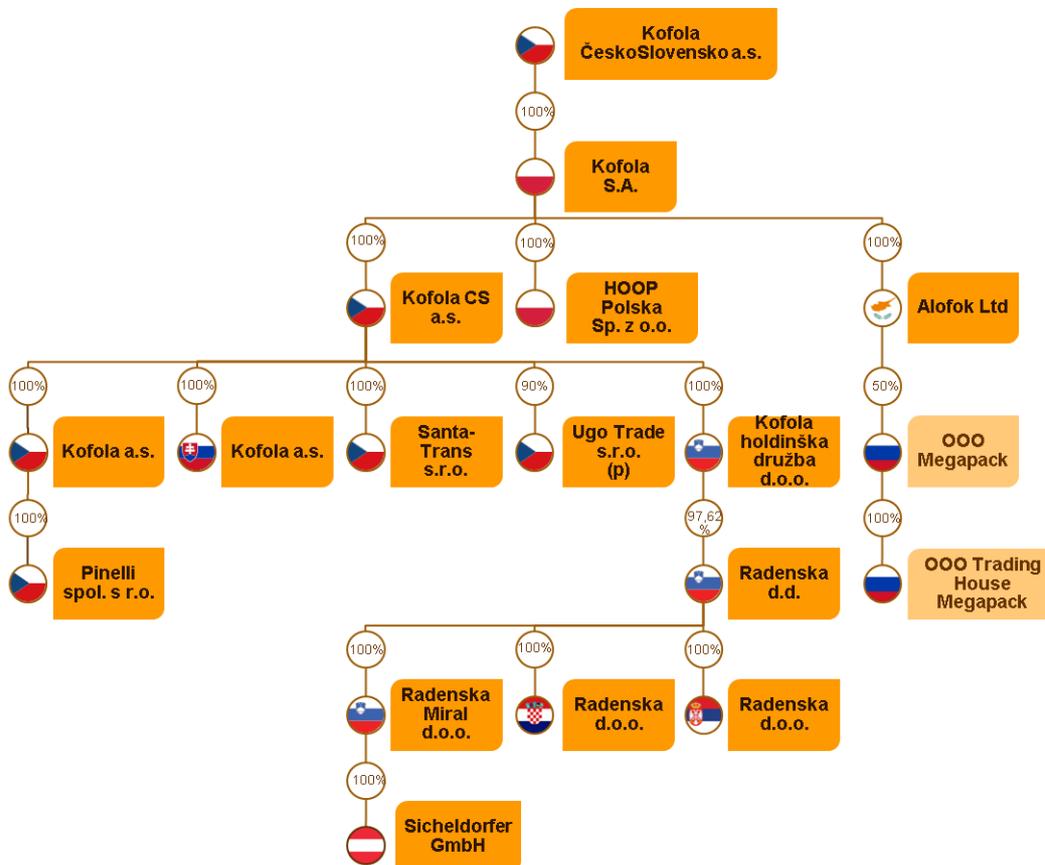


Main brands by main markets are shown in the visualisation below:



2.3. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 31 MARCH 2016



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

2. KOFOLA GROUP



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			31.3.2016	31.3.2015
Holding companies				
Kofola ČeskoSlovensko a.s.	Czech Republic	top holding company		
Kofola CS a.s.	Czech Republic	holding	100.00%	100.00%
KOFOLA S.A.	Poland	holding	100.00%	100.00%
Kofola holdinška družba d.o.o.	Slovenia	holding	100.00%	100.00%
Alofok Ltd	Cyprus	holding	100.00%	100.00%
Production and trading				
Kofola a.s.	Czech Republic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.	Poland	production and distribution of non-alcoholic beverages	100.00%	100.00%
UGO Trade s.r.o.	Czech Republic	operation of fresh bars chain	90.00%	90.00%
Radenska d.d.	Slovenia	production and distribution of non-alcoholic beverages	97.62%	87.16%
Radenska d.o.o.	Croatia	inactive	97.62%	87.16%
Radenska d.o.o.	Serbia	inactive	97.62%	87.16%
Radenska Miral d.d.	Slovenia	trademark licensing	97.62%	87.16%
PINELLI spol. s r.o.	Czech Republic	trademark licensing	100.00%	100.00%
Sicheldorfer GmbH	Austria	inactive	97.62%	87.16%
Transportation				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
Associated companies				
OOO Megapack	Russia	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

2.4. SUCCESSES AND AWARDS IN 2016



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

3. BOARD OF DIRECTORS REPORT

3.1. MAIN EVENTS

EXPANSION IN ADRIATIC REGION

Since January 2016, the Group became an exclusive producer and distributor of the PepsiCo portfolio products on Croatian market. The cooperation with PepsiCo on Slovenian market works for more than 20 years.

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

These opportunities represent an extension of the Group's portfolio for Croatian market and an expansion of the presence further to the region.

DELISTING OF KOFOLA S.A. SHARES FROM WSE

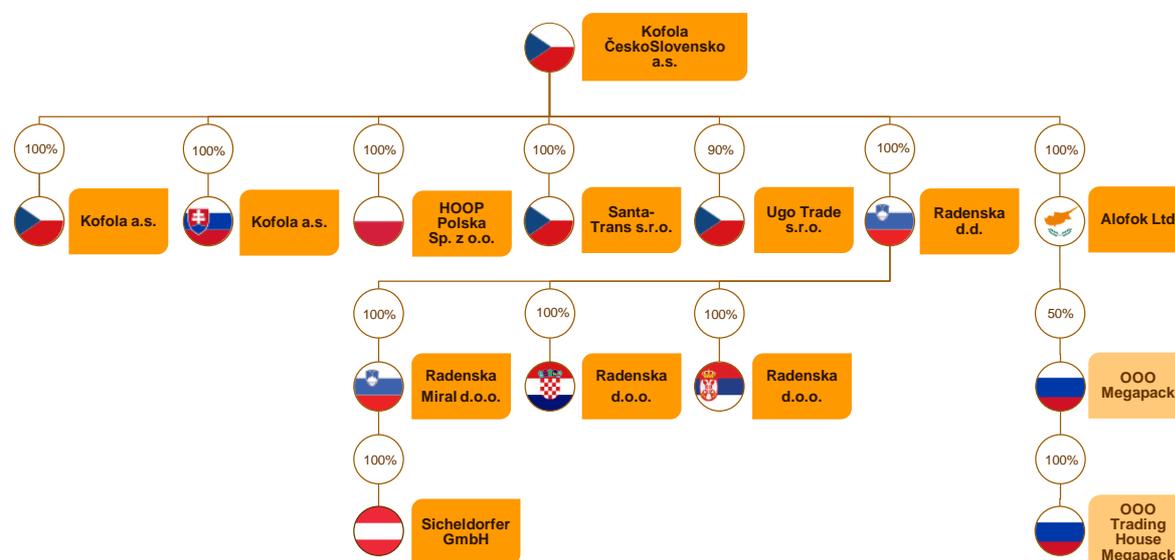
As of 15 March 2016, the public trading with Kofola S.A. shares on Warsaw Stock Exchange was terminated and Kofola S.A. shares were delisted.

CHANGE IN THE STRUCTURE OF KOFOLA GROUP

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

On 26 April 2016, Kofola holdinška družba d.o.o. announced the commencement of a squeeze-out procedure of Radenska d.d.'s minority shareholders. At the end of the process, Kofola holdinška družba d.o.o. should become the sole shareholder of Radenska d.d.

The Group's structure after the squeeze-out and the merger will be as follows:



3. BOARD OF DIRECTORS REPORT

3.2. BUSINESS OVERVIEW

Presented below is a description of the financial performance and financial position of Kofola Group for 1Q16. It should be read along with the financial statements and with other financial information contained in the attached condensed consolidated financial statements and condensed separate financial statements.

3.2.1 CONSOLIDATED FINANCIAL RESULTS

No items have been treated as one-off in the results for 1Q16 and 1Q15 and as such the results have not been adjusted for any such items for the business overview purposes.

3.2.2 FINANCIAL PERFORMANCE

Consolidated financial results	1Q16	1Q15	Change	Change
	CZK'000	CZK'000	CZK'000	%
Revenue	1 466 304	1 252 957	213 347	17.0%
Cost of sales	(949 944)	(803 123)	(146 821)	18.3%
Gross profit	516 360	449 834	66 526	14.8%
Selling, marketing and distribution costs	(386 899)	(338 950)	(47 949)	14.1%
Administrative costs	(104 058)	(79 838)	(24 220)	30.3%
Other operating income, net	883	1 252	(369)	(29.5%)
Operating result	26 286	32 298	(6 012)	(18.6%)
EBITDA	153 787	144 552	9 235	6.4%
Finance costs, net	(39 119)	(7 399)	(31 720)	428.7%
Income tax	(8 328)	(3 512)	(4 816)	137.1%
Profit/(loss) for the period	(21 161)	21 387	(42 548)	(198.9%)
- attributable to owners of Kofola ČeskoSlovensko a.s.	(20 634)	21 462	(42 096)	(196.1%)

REVENUE

In 1Q16, the Group's revenue amounted to CZK 1 466 304 thousand and increased by CZK 213 347 thousand or 17.0% from CZK 1 252 957 thousand in 1Q15.

In 1Q16, the Group's revenue from sales of finished products and services amounted to CZK 1 363 383 thousand and increased by CZK 194 205 thousand or 16.6% from CZK 1 169 178 thousand in 1Q15. The increase reflected mainly the impact of the acquisition of Radenska at the end of 1Q15 as well as the increase in volume of sold Rauch products in the Czech Republic and Slovakia, increased revenues from UGO bars, which was partially offset by diminishing sales of products in Poland.

In 1Q16, the Group's revenue from sales of goods and materials amounted to CZK 102 921 thousand and increased by CZK 19 142 thousand (22.8%) from CZK 83 779 thousand in 1Q15. The increase in revenues from the sale of goods and materials was attributable mostly to sales of Rauch products.

The following table sets forth revenues from sales data split by category of products for 1Q16 and 1Q15.

Product segments	1Q16		1Q15	
	Revenue	Share	Revenue	Share
	CZK'000	%	CZK'000	%
Carbonated beverages	683 563	46.6%	620 989	49.5%
Non-carbonated beverages	119 831	8.2%	104 702	8.4%
Waters	368 496	25.1%	248 964	19.9%
Syrups	174 316	11.9%	199 420	15.9%
Other	120 098	8.2%	78 882	6.3%
Total	1 466 304	100.0%	1 252 957	100.0%

The activities of the Group concentrated on the production of beverages in four market categories: carbonated beverages (including cola beverages), non-carbonated beverages, types of bottled water and syrups. Together these categories accounted for 91.8% of the Group's sales revenue in 1Q16. In comparison with 1Q15, the structure of sales by products changed as compared to the previous period mainly due to the acquisition of Radenska, which translated into a higher share of water in revenues from sales, an increase in revenues from non-carbonated beverages due to increased distribution of Rauch products in 1Q15 and an increase in revenues from sales of 'Other' category products due to the growth of revenues from UGO fresh bars and higher sales of the energy drink Semtex.

3. BOARD OF DIRECTORS REPORT



The following table sets forth revenue from sales data split by countries for 1Q16 and 1Q15. The allocation of revenue to a particular country segment was made based on the geographical location of the customers.

Geographical segments	1Q16		1Q15	
	Revenue	Share	Revenue	Share
	CZK'000	%	CZK'000	%
Czech Republic	591 977	40.4%	460 213	36.8%
Slovakia	302 555	20.6%	292 273	23.3%
Poland	405 933	27.7%	489 196	39.0%
Slovenia	124 488	8.5%	-	-
Export	41 351	2.8%	11 275	0.9%
Total	1 466 304	100.0%	1 252 957	100.0%

In comparison with 1Q15, there was a further decrease in revenues from sales in Poland driven by lower sales of private labels and lower sales in the traditional channel. In the Czech Republic the Group recorded an increase that was mainly attributable to the increased sale of Kofola brand products and increased sale of Rauch products supported by an increase in impulse channel and further development of direct distribution in HoReCa channel. In Slovakia the increase was related mainly to the sale of Rauch products. The UGO fresh bars generated increased revenue by CZK 23 599 thousand (62%).

COST OF SALES

In 1Q16, the Group's cost of sales amounted to CZK 949 944 thousand and increased by CZK 146 821 thousand or 18.3% from CZK 803 123 thousand in 1Q15. The increase is mainly attributable to increased production due to the acquisition of Radenska at the end of 1Q15.

In 1Q16, the Group's cost of products and services sold amounted to CZK 856 492 thousand and increased by CZK 129 582 thousand or 17.8 % from CZK 726 910 thousand in 1Q15.

In 1Q16, the Group's cost of goods and materials sold amounted to CZK 93 452 million and increased by CZK 17 239 thousand or 22.6% from CZK 76 213 million in 1Q15. The significant increase in the cost of goods and materials sold was attributable mostly to the sale of Rauch products.

GROSS PROFIT

In 1Q16, the Group's gross profit amounted to CZK 516 360 thousand and increased by CZK 66 526 thousand or 14.8% from CZK 449 834 thousand in 1Q15.

SELLING, MARKETING AND DISTRIBUTION COSTS

In 1Q16, the Group's selling, marketing and distribution costs amounted to CZK 386 899 thousand and increased by CZK 47 949 thousand or 14.1% from CZK 338 950 thousand in 1Q15. More than 80% the increase was attributable to Radenska that was acquired at the end of 1Q15 and as such is not included in the comparative period. The remaining increase was mainly driven by the development of direct distribution in the Czech HoReCa channel and an increase in sales support and marketing costs as the Group continues to intensely support its brands both financially and non-financially, which is demonstrated by its marketing campaigns attracting significant interactive communication with consumers.

ADMINISTRATIVE COSTS

In 1Q16, the Group's administrative costs amounted to CZK 104 058 thousand and increased by CZK 24 220 thousand or 30.3% from CZK 79 383 thousand in 1Q15. The increase resulted mostly from an increase in the headcount due to the acquisition of Radenska.

OTHER OPERATING INCOME, NET

In 1Q16, the Group's net other operating income amounted to CZK 883 thousand and was lower by CZK 369 thousand than net other operating income of CZK 1 252 thousand in 1Q15.

3. BOARD OF DIRECTORS REPORT

EBITDA

The following table sets forth information regarding EBITDA for 1Q16 and 1Q15.

EBITDA	1Q16	1Q15
	CZK'000 / %	CZK'000 / %
EBITDA*	153 787	144 552
EBITDA margin**	10.5%	11.5%

* 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 1Q16 and 1Q15.

EBITDA by countries	1Q16		1Q15	
	EBITDA	EBITDA margin	EBITDA	EBITDA margin
	CZK'000	%	CZK'000	%
Czech Republic	62 752	10.6%	46 612	10.1%
Slovakia	68 397	22.6%	55 903	19.1%
Poland	20 156	5.0%	42 565	8.7%
Slovenia	5 412	4.4%	(903)	-
Export	(2 930)	(7.1)%	375	3.3%
Total	153 787	10.5%	144 552	11.5%

The EBITDA margin achieved by the Group in both the Czech Republic and Slovakia slightly increased, mainly due favourable product mix and positive impact of the implemented direct distribution in the Czech Republic.

The EBITDA achieved by the Group in Poland decreased as a result of decreased sales mainly of private labels.

The EBITDA in Slovenia generated by the Radenska Group is relatively low due to 1Q not being the high season for water producers.

The Group's EBITDA margins achieved on the CzechoSlovak market in 1Q16 continue to be substantially higher than in Poland. This is because of a strong presence in the HoReCa distribution channel, where non-alcoholic beverages may be sold with higher margins to unusually loyal customers (both restaurants and end consumers).

OPERATING PROFIT

Due to the reasons described above, in 1Q16, the Group's operating profit amounted to CZK 26 286 thousand as compared to an operating profit of CZK 32 298 thousand in 1Q15, showing 18.6% decrease.

FINANCE COSTS, NET

In 1Q16, the Group's net finance costs amounted to CZK 39 119 thousand and increased by CZK 31 720 thousand as compared to CZK 7 399 thousand in 1Q15. The changes in the Group's finance income and costs in the indicated periods resulted mainly from the exchange differences, interest expense from Radenska acquisition loan and the loss from revaluation of derivatives.

SHARE IN THE RESULT OF ASSOCIATE

In 1Q16, the share in the result of associate recognised by the Group amounted to CZK (6 061) thousand compared to CZK (4 737) thousand in 1Q15.

PROFIT / (LOSS) BEFORE TAX

Due to the reasons described above, in 1Q16, the Group's loss before tax amounted to CZK (12 833) thousand and decreased by CZK 37 732 thousand as compared to profit before tax of CZK 24 899 thousand in 1Q15.

INCOME TAX

In 1Q16, income tax recorded by the Group amounted to CZK 8 328 thousand as compared to CZK 3 512 thousand in 1Q15.

NET PROFIT / (LOSS) FOR THE PERIOD

Due to the reasons described above, in 1Q16, the Group's loss for the period amounted to CZK 21 161 thousand as compared to a profit for the period of CZK 21 387 thousand in 1Q15.

3. BOARD OF DIRECTORS REPORT

3.2.3 FINANCIAL POSITION

Selected financial data	1Q16	2015	Change	Change
	CZK'000	CZK'000	CZK'000	%
Total assets	8 191 911	8 491 014	(299 103)	(3.5%)
Non-current assets, out of which:	5 072 457	5 095 724	(23 267)	(0.5%)
<i>Property, plant and equipment</i>	3 477 049	3 508 993	(31 944)	(0.9%)
<i>Intangible assets</i>	1 185 833	1 176 524	9 309	0.8%
<i>Goodwill</i>	86 302	86 302	-	-
<i>Investment in associates</i>	158 155	155 921	2 234	1.4%
<i>Deferred tax assets</i>	99 085	96 803	2 282	2.4%
<i>Other</i>	66 033	71 181	(5 148)	(7.2%)
Current assets, out of which:	3 119 454	3 395 290	(275 836)	(8.1%)
<i>Inventories</i>	553 175	501 093	52 082	10.4%
<i>Trade and other receivables</i>	1 009 259	934 452	74 807	8.0%
<i>Cash and cash equivalents</i>	1 526 927	1 940 008	(413 081)	(21.3%)
<i>Other</i>	30 093	19 737	10 356	52.5%
Total equity and liabilities	8 191 911	8 491 014	(299 103)	(3.5%)
Equity	2 862 758	2 870 202	(7 444)	(0.3%)
Non-current liabilities	1 726 447	1 765 504	(39 057)	(2.2%)
Current liabilities	3 602 706	3 855 308	(252 602)	(6.6%)

ASSETS

At the end of 1Q16, the Group's Property, plant and equipment amounted to CZK 3 477 049 thousand and decreased by CZK 31 944 thousand or 0.9 % from CZK 3 508 993 thousand at the end of 2015. This change was mainly caused by additions and finance lease additions totalling CZK 82 628 thousand and on the other hand the depreciation charge of CZK 116 316 thousand. The additions comprise mainly a building in the production area and sales support equipment in the Czech Republic and the expenditure for hall under construction in Poland.

As at 31 March 2016, Intangible assets were of CZK 1 185 833 thousand and increased by CZK 9 309 thousand or 0.8 % in comparison with 31 December 2015 mainly from a purchase of brands Inka, Nara and Vocko in Croatia.

The Group's current assets as at 31 March 2015 amounted to CZK 3 119 454 thousand, of which 49 % is represented by Cash and cash equivalents, 32 % is represented by Trade and other payables and 18 % is formed by Inventories. The decrease of CZK 275 836 thousand or 8.1% is mainly attributable to decreased cash mainly due to paid CAPEX. Cash and cash equivalents in Radenska d.d. accounts for about 78 % of the Group's total cash and the Group expects its utilisation among others for future acquisition opportunities.

Deferred tax asset increased by CZK 2 282 thousand to CZK 99 085 thousand, of which CZK 92 732 thousand is a deferred tax asset of Radenska d.d., resulting mainly from tax losses that are expected to be utilised in future.

LIABILITIES

As at 31 March 2016, the Group's current and non-current liabilities amounted to CZK 5 329 153 thousand, which constitutes a 5.2 % (CZK 291 659 thousand) decrease compared to CZK 5 620 812 thousand the end of December 2015. The loan for financing Radenska, d.d. acquisition with carrying amount of CZK 1 740 487 thousand as at 31 March 2016 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 1 703 169 thousand as at 31 March 2016, which represents an increase by CZK 426 287 thousand or 33.4 % compared to CZK 1 276 882 thousand as at 31 December 2015. This increase is attributable mainly to the decreased cash from payment of CAPEX.

The Group's consolidated net debt / 12m Adjusted EBITDA as at 31 March 2016 was of 1.53 compared to 1.14 at the end of 2015.

The Group's provisions decreased by CZK 46 828 thousand from CZK 221 392 thousand to CZK 174 564 thousand, mainly due to the release of provisions for yearly employees bonuses.

3. BOARD OF DIRECTORS REPORT



3.2.4 CASHFLOWS

NET CASH FLOW FROM OPERATING ACTIVITIES

In 1Q16 the Group's net cash flow from operating activities amounted to CZK (182 785) thousand and decreased by CZK 83 982 thousand or 85.0% from CZK (98 803) thousand in 1Q15. The decrease was mostly attributable to less favourable changes in working capital items.

NET CASH FLOW FROM INVESTING ACTIVITIES

In 1Q16, the Group's net cash flow from investing activities amounted to CZK (208 128) thousand and increased by CZK 444 241 thousand from CZK (652 369) thousand in 1Q15. The outflow decrease related mainly to the prior year acquisition of Radenska and on the other hand higher capital expenditure as compared to the previous period.

NET CASH FLOW FROM FINANCING ACTIVITIES

In 1Q16, the Group's net cash flow from financing activities amounted to CZK (20 031) thousand and decreased by CZK 1 711 052 thousand from CZK 1 691 021 thousand in 1Q15. The decrease was mainly a result of the prior year bank loan utilisation for financing the Radenska acquisition.

3.2.5 COUNTRIES

CZECH REPUBLIC

In 1Q16, compared 1Q15, Kofola a.s. (CZ) recorded an increase in revenues from sales to parties from outside the Group by CZK 113 721 thousand (27.1%). The company recorded increased sales in all segments, mainly in the retail segment. Kofola, Rauch and Semtex brands products recorded highest increases.

Fresh bars UGO generated increased revenue by CZK 23 599 thousand (62.0%) following the increased number of own fresh bars and salad bars from 23 to 31 (35 %) and franchised fresh bars from 29 to 32 (10 %) and as such the Group operated 63 fresh bars and salad bars as at 31 March 2016.

SLOVAKIA

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

In 1Q16, compared to 1Q15, Kofola a.s. (SK) recorded an increase in revenues from sales to parties from outside the Group by CZK 7 080 thousand (2.5%). The increase relates mainly to sale of Rauch products.

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

POLAND

In 1Q16, compared to 1Q15, Hoop Polska Sp. z o.o. recorded a decrease in revenue from sales to parties from outside the Group by CZK 53 703 thousand (11.6%). Decrease in revenue is driven mainly by lower sales of private labels.

SLOVENIA

The Group acquired Slovenian clear water segment leader Radenska d.d. in March 2015 as the continuation of the past successful acquisitions of businesses, brands and products through which the Group has grown into one of the leading producers and distributors of non-alcoholic beverages in the CEE.

The first quarter is not a main season for the water segment that is most significant for Radenska, still the revenue of Radenska for 1Q16 increased by 14.5 % in comparison with 1Q15.

4. CORPORATE GOVERNANCE



4.1. SHARES AND SHAREHOLDERS

4.1.1 SHARE CAPITAL

As at 31 March 2016, the share capital of Kofola ČeskoSlovensko a.s. totalled CZK 2 229 500 000 and comprised 22 295 000 common registered shares with a nominal value of CZK 100 each, issued as book-entry shares under Czech law in particular under the Czech Companies Act, with the ISIN CZ0009000121.

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

4.1.2 SHAREHOLDERS STRUCTURE

Group shareholders structure	31.3.2016	
	Number of shares pcs	Share %
KSM Investment S.A.	11 321 383	50.78%
CED GROUP S. a r.l.	8 311 196	37.28%
René Musila	581 231	2.61%
Tomáš Jendřejek	581 190	2.61%
Others	1 500 000	6.72%
Total shares volume	22 295 000	100.00%



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS IQ 2016
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 2016 and 31 March 2015 in CZK thousand.

Consolidated statement of profit or loss	Note	3M 2016 CZK '000	3M 2015 CZK '000
Revenue from the sale of finished products and services	4.1	1 363 383	1 169 178
Revenue from the sale of goods and materials	4.1	102 921	83 779
Revenue		1 466 304	1 252 957
Cost of products and services sold	4.2	(856 492)	(726 910)
Cost of goods and materials sold	4.2	(93 452)	(76 213)
Cost of sales		(949 944)	(803 123)
Gross profit		516 360	449 834
Selling, marketing and distribution costs	4.2	(386 899)	(338 950)
Administrative costs	4.2	(104 058)	(79 838)
Other operating income	4.3	3 179	6 972
Other operating expenses	4.4	(2 296)	(5 720)
Operating profit		26 286	32 298
Finance income	4.5	1 124	14 564
Finance costs	4.6	(34 182)	(17 226)
Share of loss of associate	4.11	(6 061)	(4 737)
Profit/(loss) before income tax		(12 833)	24 899
Income tax expense	4.7	(8 328)	(3 512)
Profit/(loss) for the period		(21 161)	21 387
<i>Attributable to:</i>			
Owners of Kofola ČeskoSlovensko a.s.		(20 634)	21 462
Non-controlling interests		(527)	(75)
Earnings per share for profit attributable to the ordinary equity holders of the company (in CZK)			
Basic earnings per share	4.8	(0.93)	0.97*
Diluted earnings per share	4.8	(0.93)	0.97*

* restated to show the impact of capital reorganisation in 2015

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

1. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.2. CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the 3-month period ended 31 March 2016 and 31 March 2015 in CZK thousand.

Consolidated statement of other comprehensive income	Note	3M 2016 CZK '000	3M 2015 CZK '000
Profit/(loss) for the period		(21 161)	21 387
Other comprehensive income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign subsidiaries		7 733	44 023
Exchange differences on translation of foreign associate	4.11	8 295	26 830
Other comprehensive income for the period, net of tax		16 028	70 853
Total comprehensive income for the period		(5 133)	92 240
Attributable to:			
Owners of Kofola ČeskoSlovensko a.s.		(4 624)	92 315
Non-controlling interests		(509)	(75)

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 2016, 31 December 2015 and 31 March 2015 in CZK thousand.

Assets	Note	31.3.2016 CZK'000	31.12.2015 CZK'000	31.3.2015 CZK'000
Non-current assets		5 072 457	5 095 724	5 193 903
Property, plant and equipment	4.9	3 477 049	3 508 993	3 539 801
Goodwill	4.10	86 302	86 302	89 433
Intangible assets	4.10	1 185 833	1 176 524	1 226 121
Investment in associate	4.11	158 155	155 921	203 478
Other receivables		63 452	56 348	26 515
Other non-financial assets		2 581	14 833	11 519
Deferred tax assets		99 085	96 803	97 036
Current assets		3 131 827	3 395 290	3 097 496
Assets classified as held for sale		3 519	3 506	-
Current assets excl. Assets classified as held for sale		3 115 935	3 391 784	3 097 496
Inventories		553 175	501 093	541 856
Trade and other receivables		1 009 259	934 452	1 009 389
Income tax receivables		26 574	16 231	6 073
Cash and cash equivalents		1 526 927	1 940 008	1 540 178
Total assets		8 191 911	8 491 014	8 291 399
Liabilities and equity				
Equity attributable to owners of Kofola ČeskoSlovensko a.s.		2 814 034	2 820 969	2 661 764
Share capital	1.5	2 229 500	2 229 500	151 443
Share premium and capital reorganisation reserve	1.5	(1 962 871)	(1 962 871)	-
Other reserves	1.5	2 085 568	2 085 568	2 004 024
Foreign currency translation reserve	1.5	182 720	166 710	305 884
Own shares	1.5	(2 311)	-	(2 755)
Retained earnings	1.5	281 428	302 062	203 168
Equity attributable to non-controlling interests		48 724	49 233	250 474
Total equity	1.5	2 862 758	2 870 202	2 912 238
Non-current liabilities		1 726 447	1 750 669	2 823 420
Bank credits and loans	4.14	968 404	994 323	2 081 130
Bonds issued	4.13	327 298	325 885	325 374
Finance lease liabilities		188 010	199 620	212 660
Provisions		23 936	24 940	3 680
Other liabilities		56 812	47 903	35 540
Deferred tax liabilities		161 987	157 998	165 036
Current liabilities		3 602 706	3 870 143	2 555 741
Bank credits and loans	4.14	1 684 886	1 637 805	674 896
Bonds issued	4.13	7 462	3 657	7 529
Finance lease liabilities		54 036	55 600	56 663
Trade and other payables		1 705 593	1 975 230	1 627 023
Income tax liabilities		101	1 399	20 193
Other financial liabilities		-	-	957
Provisions		150 628	196 452	168 480
Total liabilities		5 329 153	5 620 812	5 379 161
Total liabilities and equity		8 191 911	8 491 014	8 291 399

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 2016 and 31 March 2015 in CZK thousand.

Consolidated statement of cash flows	Note	3M 2016 CZK '000	3M 2015 CZK '000
Cash flows from operating activities			
Profit/(loss) before income tax		(12 833)	24 899
Adjustments for:			
Non-cash movements			
Depreciation and amortisation		127 501	112 254
Net interest	4.5, 4.6	19 070	12 112
Share of profit of associate	4.11	6 061	4 737
Change in the balance of provisions and adjustments		(54 668)	(60 391)
Revaluation of derivatives		8 943	-
Gain on sale of PPE and intangible assets		(96)	(4 382)
Net exchange differences		1 971	5 463
Other		8 257	(804)
Cash movements			
Income taxes paid		(18 911)	(15 631)
Change in operating assets and liabilities			
Change in receivables		(58 702)	(35 553)
Change in inventories		(47 063)	(20 640)
Change in payables		(162 315)	(120 867)
Net cash inflow from operating activities		(182 785)	(98 803)
Cash flows from investing activities			
Sale of property, plant and equipment		252	3 882
Acquisition of property, plant and equipment and intangible assets	4.9, 4.10	(214 355)	(129 625)
Purchase of financial assets		(6 500)	(11 051)
Acquisition of subsidiary, net of cash acquired		-	(516 135)
Interest received		223	560
Other		12 252	-
Net cash outflow from investing activities		(208 128)	(652 369)
Cash flows from financing activities			
Finance lease payments		(14 955)	(19 032)
Proceeds from loans and bank credits		107 438	1 792 974
Repayment of loans and bank credits		(87 338)	(66 664)
Interest and bank charges paid		(15 776)	(7 552)
Other		(9 400)	(8 705)
Net cash outflow from financing activities		(20 031)	1 691 021
Net increase (decrease) in cash and cash equivalents		(410 944)	939 849
Cash and cash equivalents at the beginning of the period		1 940 008	568 764
Effects of exchange rate changes on cash and cash equivalents		(2 137)	31 565
Cash and cash equivalents at the end of the period		1 526 927	1 540 178

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

Consolidated statement of changes in equity	Note	Equity attributable to owners of Kofola ČeskoSlovensko a.s.							Equity attributable to non-controlling interests	Total equity
		Share capital	Share premium and capital reorganisation reserve	Other reserves	Foreign currency translation reserve	Own shares	Retained earnings/ (Accumulated deficit)	Total		
		CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000		
Balance at 1 January 2015		151 499	-	2 004 024	235 031	(2 811)	181 706	2 569 449	7 380	2 576 829
Profit/(loss) for the period		-	-	-	-	-	21 462	21 462	(75)	21 387
Other comprehensive income		-	-	-	70 853	-	-	70 853	-	70 853
Total comprehensive income for the period	1.2	-	-	-	70 853	-	21 462	92 315	(75)	92 240
Share capital reduction		(56)	-	-	-	56	-	-	-	-
Acquisition of subsidiary		-	-	-	-	-	-	-	243 169	243 169
Balance at 31 March 2015		151 443	-	2 004 024	305 884	(2 755)	203 168	2 661 764	250 474	2 912 238
Balance at 1 January 2015		151 499	-	2 004 024	235 031	(2 811)	181 706	2 569 449	7 380	2 576 829
Profit for the period		-	-	-	-	-	227 657	227 657	1 344	229 001
Other comprehensive income		-	-	-	(68 533)	-	-	(68 533)	(1 890)	(70 423)
Total comprehensive income for the period	1.2	-	-	-	(68 533)	-	227 657	159 124	(546)	158 578
Dividends		-	-	-	212	-	(24 106)	(23 894)	(2 528)	(26 422)
Transfers		-	-	84 442	-	-	(84 442)	-	-	-
Acquisition of subsidiary		-	-	-	-	-	1 269	1 269	44 927	46 196
Own shares purchase		-	-	-	-	(19 854)	-	(19 854)	-	(19 854)
Share capital reduction		(59)	-	(2 898)	-	2 957	-	-	-	-
Capital restructuring		2 050 560	(2 068 268)	-	-	19 708	(22)	1 978	-	1 978
Shares issue		27 500	105 397	-	-	-	-	132 897	-	132 897
Balance at 31 December 2015		2 229 500	(1 962 871)	2 085 568	166 710	-	302 062	2 820 969	49 233	2 870 202
Balance at 1 January 2016		2 229 500	(1 962 871)	2 085 568	166 710	-	302 062	2 820 969	49 233	2 870 202
Loss for the period		-	-	-	-	-	(20 634)	(20 634)	(527)	(21 161)
Other comprehensive income		-	-	-	16 010	-	-	16 010	18	16 028
Total comprehensive income for the period	1.2	-	-	-	16 010	-	(20 634)	(4 624)	(509)	(5 133)
Own shares		-	-	-	-	(2 311)	-	(2 311)	-	(2 311)
Balance at 31 March 2016		2 229 500	(1 962 871)	2 085 568	182 720	(2 311)	281 428	2 814 034	48 724	2 862 758

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

2. GENERAL INFORMATION



2.1. CORPORATE INFORMATION

GENERAL INFORMATION

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

Main area of activity of Kofola ČeskoSlovensko a.s. in 2016 was holding of the subsidiary.

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

STOCK EXCHANGE LISTING

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

MANAGEMENT

As at 31 March 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

On 14 April 2016, Mr. Dariusz Prończuk submitted a letter of resignation from his office of the member of the Supervisory Board of the Company. Mr. Dariusz Prończuk's office of the member of the Supervisory Board of the Company terminates as of the moment the General Meeting will be able to discuss it on its earliest session.

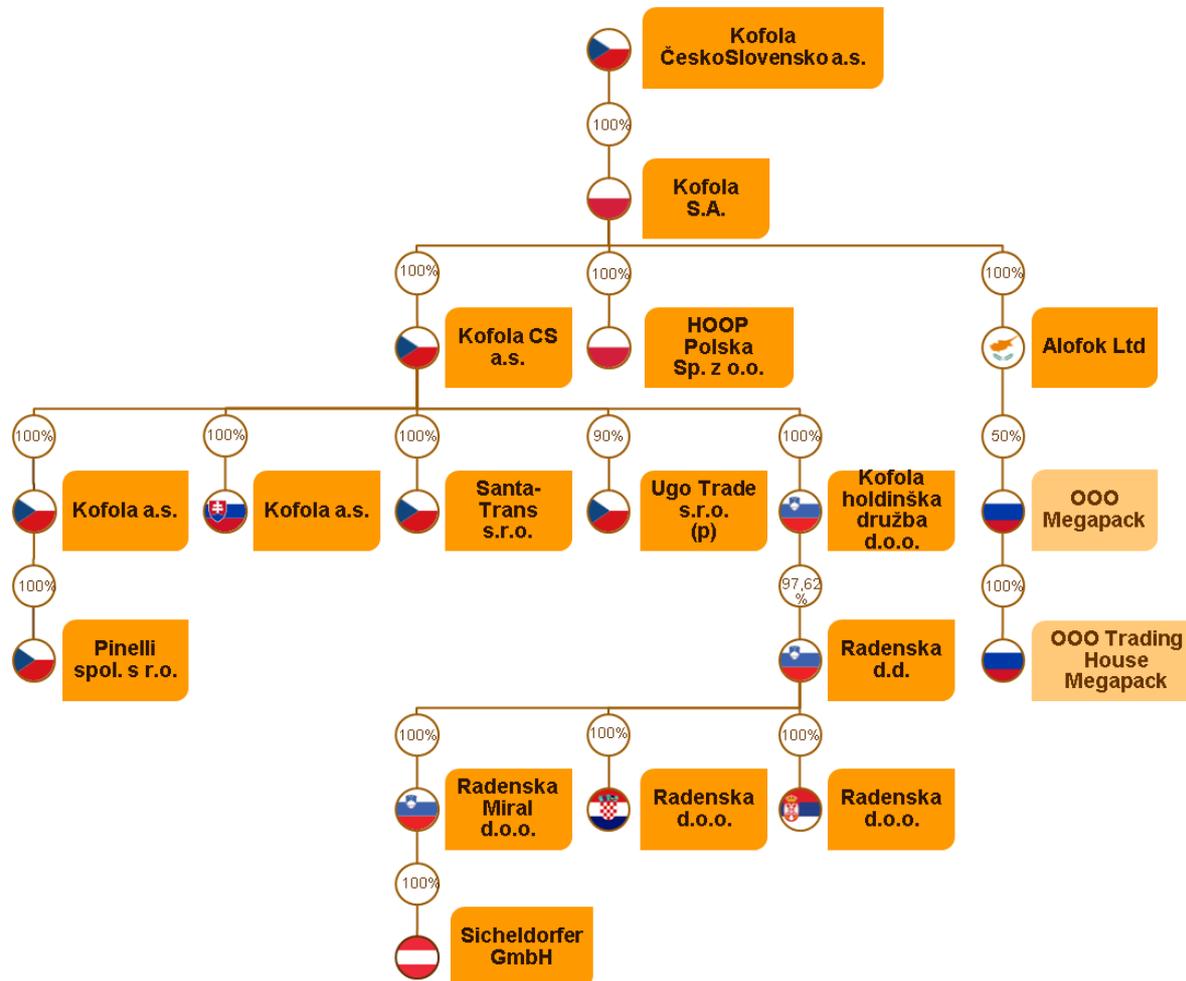
AUDIT COMMITTEE

- René Sommer - Chairman
- Pavel Jakubík
- Ivan Jakúbek

2. GENERAL INFORMATION

2.2. GROUP STRUCTURE

GROUP STRUCTURE CHART AS AT 31 MARCH 2016



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

2. GENERAL INFORMATION



DESCRIPTION OF THE GROUP COMPANIES

Name of entity	Place of business	Principal activities	Ownership interest and voting rights	
			31.3.2016	31.3.2015
Holding companies				
Kofola ČeskoSlovensko a.s.	Czech Republic	top holding company		
Kofola CS a.s.	Czech Republic	holding	100.00%	100.00%
KOFOLA S.A.	Poland	holding	100.00%	100.00%
Kofola holdinška družba d.o.o.	Slovenia	holding	100.00%	100.00%
Alofok Ltd	Cyprus	holding	100.00%	100.00%
Production and trading				
Kofola a.s.	Czech Republic	production and distribution of non-alcoholic beverages	100.00%	100.00%
Kofola a.s.	Slovakia	production and distribution of non-alcoholic beverages	100.00%	100.00%
Hoop Polska Sp. z o.o.	Poland	production and distribution of non-alcoholic beverages	100.00%	100.00%
UGO Trade s.r.o.	Czech Republic	operation of fresh bars chain	90.00%	90.00%
Radenska d.d.	Slovenia	production and distribution of non-alcoholic beverages	97.62%	87.16%
Radenska d.o.o.	Croatia	inactive	97.62%	87.16%
Radenska d.o.o.	Serbia	inactive	97.62%	87.16%
Radenska Miral d.d.	Slovenia	trademark licensing	97.62%	87.16%
PINELLI spol. s r.o.	Czech Republic	trademark licensing	100.00%	100.00%
Sicheldorfer GmbH	Austria	inactive	97.62%	87.16%
Transportation				
SANTA-TRANS s.r.o.	Czech Republic	road cargo transport	100.00%	100.00%
Associated companies				
OOO Megapack	Russia	production of non-alcoholic and low-alcoholic beverages	50.00%	50.00%
OOO Trading House Megapack	Russia	sale and distribution of non-alcoholic and low-alcoholic beverages	50.00%	50.00%

3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards (“IFRS”), as well as the interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) adopted by the European Union, published and effective for reporting periods beginning 1 January 2016.

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

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

The Group’s condensed consolidated financial statements cover the period ended 31 March 2016 and contain comparatives for the period ended 31 March 2015.

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

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

ADOPTION OF CHANGES TO STANDARDS

The Group has not changed its accounting policies as a result of standards and interpretations adopted by the European Union effective for the reporting periods starting from 1 January 2016. The Group has not early-adopted any standard.

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

3.2. FUNCTIONAL AND PRESENTATION CURRENCY

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

3.3. FOREIGN CURRENCY TRANSLATION

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

Closing exchange rates	31.3.2016	31.12.2015	31.3.2015
CZK/EUR	27.0550	27.025	27,530
CZK/PLN	6.3560	6.340	6,740
CZK/RUB	0.3542	0.335	0,441
CZK/USD	23.7570	24.824	25,586

Average exchange rates	1.1.2016 - 31.3.2016	1.1.2015 - 31.12.2015	1.1.2015 - 31.3.2015
CZK/EUR	27.0390	27.283	27,624
CZK/PLN	6.1960	6.525	6,590
CZK/RUB	0.3287	0.406	0,391
CZK/USD	24.5410	24.600	24,550

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

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

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

3.4. CONSOLIDATION METHODS

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

3.5. ACCOUNTING METHODS

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

3.6. 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 2016 may be changed in the future. The main estimates pertain to the following matters:

3. SIGNIFICANT ACCOUNTING POLICIES



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

3.7. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the present condensed interim consolidated financial statements for publication on 27 April 2016.

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.1. SEGMENT INFORMATION

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

Geographic segments

- Czech Republic
- Slovakia
- Poland
- Slovenia
- Export

Product segments

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

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

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

The Group identified one customer in the three-month period ended 31 March 2016 that generated more than 10% of the Group's consolidated revenue. The Group's revenue from this customer in 2016 amounted to CZK 310 858 thousand (2015: CZK 323 536 thousand).

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



GEOGRAPHIC SEGMENTS

1.1.2016 – 31.3.2016	Czech Republic	Slovakia	Poland	Slovenia	Export	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Revenue	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 loss 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	3 915 756	719 497	1 094 144	2 092 949	5 594	7 827 940	(2 498 787)	-	5 329 153
Equity									2 862 758
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

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



1.1.2015 – 31.3.2015	Czech Republic	Slovakia	Poland	Slovenia*	Export*	Subtotal	Consolidation adjustments	Russia	Total
	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000	CZK '000
Revenue	571 986	361 916	507 352	-	11 275	1 452 529	(199 572)	-	1 252 957
External revenue	460 213	292 273	489 196	-	11 275	1 252 957	-	-	1 252 957
Inter-segment revenue	111 773	69 643	18 156	-	-	199 572	(199 572)	-	-
Operating expenses	(585 943)	(331 365)	(491 120)	(903)	(10 900)	(1 420 231)	199 572	-	(1 220 659)
Related to external revenue	(474 170)	(261 722)	(472 964)	(903)	(10 900)	(1 220 659)	-	-	(1 220 659)
Related to inter-segment revenue	(111 773)	(69 643)	(18 156)	-	-	(199 572)	199 572	-	-
Operating result	(13 957)	30 551	16 232	(903)	375	32 298	-	-	32 298
Finance income / (costs), net						(15 684)	13 022	-	(2 662)
- within segment						(2 662)	-	-	(2 662)
- between segments						(13 022)	13 022	-	-
Share of profit of associate						-	-	(4 737)	(4 737)
Profit/(loss) before income tax						16 614	13 022	(4 737)	24 899
Income tax expense						(1 594)	(1 918)	-	(3 512)
Profit/(loss) for the period	(17 786)	19 777	13 589	(903)	343	15 020	11 104	(4 737)	21 387
EBITDA	46 612	55 903	42 565	(903)	375	144 552	-	-	144 552
Assets and liabilities									
Segment assets	4 213 337	1 468 322	2 334 541	2 303 166	69 280	10 388 646	(2 295 988)	198 741	8 291 399
Total assets	4 213 337	1 468 322	2 334 541	2 303 166	69 280	10 388 646	(2 295 988)	198 741	8 291 399
Segment liabilities	3 652 581	778 645	1 180 922	2 057 486	22 655	7 692 289	(2 313 128)	-	5 379 161
Equity									2 912 238
Total liabilities and equity									8 291 399
Other segment information									
Additions to PPE and Intangible assets	39 178	12 262	7 165	-	-	58 605	-	-	58 605
Depreciation and amortisation	60 569	25 352	26 333	-	-	112 254	-	-	112 254

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PRODUCT SEGMENTS

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

1.1.2015 - 31.3.2015	Carbonated beverages CZK '000	Non-carbonated beverages CZK '000	Waters CZK '000	Syrups CZK '000	Other CZK '000	Total CZK '000
Revenue	620 989	104 702	248 964	199 420	78 882	1 252 957

SEASONAL AND CYCLICAL NATURE OF THE OPERATIONS

SEASONALITY

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

CYCLICAL NATURE

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

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.2. EXPENSES BY NATURE

Expenses by nature	3M 2016 CZK'000	3M 2015 CZK'000
Depreciation of Property, plant and equipment and amortisation of Intangible assets	127 501	112 254
Employee benefits expenses (i)	272 563	212 059
Consumption of materials and energy	705 076	630 531
Cost of goods and materials sold	93 452	76 213
Services	218 174	186 761
Rental costs	25 474	20 679
Taxes and fees	18 473	10 399
Insurance costs	4 800	3 783
Change in allowance to inventory	(1 814)	(257)
Change in allowance to trade receivables	(5 877)	(8 488)
Other	5 450	3 474
Total expenses by nature*	1 463 272	1 247 408
Change in finished products and work in progress	(22 371)	(25 497)
Reconciliation of expenses by nature to expenses by function	1 440 901	1 221 911
Selling, marketing and distribution costs	386 899	338 950
Administrative costs	104 058	79 838
Costs of products and services sold	856 492	726 910
Cost of goods and materials sold	93 452	76 213
Total costs of products sold, merchandise and materials, sales costs and administrative costs	1 440 901	1 221 911

* excluding other operating income and expenses

(i) Employee benefits expenses

Employee benefits expenses	3M 2016 CZK'000	3M 2015 CZK'000
Salaries	206 184	164 730
Social security and other benefit costs	30 932	16 956
Retirement benefit plan expenses	35 447	30 373
Total employee benefits expenses	272 563	212 059

4.3. OTHER OPERATING INCOME

Other operating income	3M 2016 CZK'000	3M 2015 CZK'000
Net gain from the sale of PPE and intangible assets	96	4 369
Release of allowance to receivables	27	-
Received penalties and damages	1 032	2 148
Other	2 024	455
Total other operating income	3 179	6 972

4.4. OTHER OPERATING EXPENSES

Other operating expenses	3M 2016 CZK'000	3M 2015 CZK'000
Net loss from disposal of PPE and intangible assets	43	-
Provided donations, sponsorship	865	2 287
Paid penalties and damages	54	40
Other tax paid	57	40
Creation of provisions and adjustments	700	-
Other	577	3 353
Total other operating expenses	2 296	5 720

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.5. FINANCE INCOME

Finance income	3M 2016 CZK'000	3M 2015 CZK'000
Interest from:		
– bank deposits	836	560
– credits and loans granted	37	817
Exchange gains	-	12 613
Other	251	574
Total finance income	1 124	14 564

4.6. FINANCE COSTS

Finance costs	3M 2016 CZK'000	3M 2015 CZK'000
Interest from:		
– bank loans and credits, finance lease and bonds	19 943	13 490
Exchange losses	1 295	-
Bank costs and charges	3 936	3 684
Revaluation of derivatives	8 953	-
Other	55	52
Total finance costs	34 182	17 226

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 2016 and 31 March 2015 were as follows:

Income tax expense	3M 2016 CZK'000	3M 2015 CZK'000
Current income tax	8 059	4 962
Current income tax on profits for the year	8 059	4 962
Adjustments for current income tax of prior periods	-	-
Deferred income tax	269	(1 450)
Related to arising and reversing of temporary differences	2 445	8 395
Related to tax losses	(2 176)	(9 845)
Income tax expense	8 328	3 512

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

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.8. EARNINGS PER SHARE

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

	3M 2016 CZK'000	3M 2015 CZK'000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(20 634)	21 462

	3M 2016 pcs	3M 2015* pcs
Weighted average number of ordinary shares for EPS calculation	22 295 000	22 066 566
Effect of own shares	(2 026)	(547)
Weighted average number of ordinary shares used to calculate basic earnings per share	22 292 974	22 066 019
Dilution adjustments	-	-
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	22 292 974	22 066 019

* restated to show the impact of capital reorganisation in 2015

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

Basic earnings per share (CZK/share)	3M 2016 CZK'000	3M 2015 CZK'000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(20 634)	21 462
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 292 974	22 066 019
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	(0.93)	0.97

* restated to show the impact of capital reorganisation in 2015

Diluted earnings per share (CZK/share)	3M 2016 CZK'000	3M 2015 CZK'000
Profit for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(20 634)	21 462
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs)	22 292 974	22 066 019
Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	(0.93)	0.97

* restated to show the impact of capital reorganisation in 2015

4.9. PROPERTY, PLANT AND EQUIPMENT

The investment projects realised by the Group in 1Q16 comprise primarily addition of a building in the production area and sales support equipment in the Czech Republic and the expenditure for hall under construction in Poland.

4.10. INTANGIBLE FIXED ASSETS

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

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

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

In the reporting period of three-months ended 31 March 2016, the additions to intangible fixed assets were of CZK 19 192 thousand. The most significant additions were purchased brands Inka, Nara and Vocko in Croatia.

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.11. INVESTMENT IN ASSOCIATE

4.11.1 000 MEGAPACK

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

Investment in associate	3M2016	2015	3M2015
	CZK'000	CZK'000	CZK'000
Opening balance	155 921	181 385	181 385
Share of profit/(loss) attributable to the Group	(6 061)	(3 393)	(4 737)
Share of other comprehensive income attributable to the Group	-	-	-
Dividends received	-	-	-
Exchange difference	8 295	(22 071)	26 830
Closing balance	158 155	155 921	203 478

Statement of financial position	31.3.2016	31.12.2015	31.3.2015
	CZK'000	CZK'000	CZK'000
Current assets	163 647	173 109	296 403
Non-current assets	147 367	139 404	201 329
Current liabilities	(118 307)	(108 519)	(231 694)
Non-current liabilities	(16 864)	(16 758)	(22 880)
Net assets	175 843	187 236	243 158

Statement of profit or loss	3M2016	2015	3M2015
	CZK'000	CZK'000	CZK'000
Revenue	123 264	917 046	250 398
Loss for the period	(12 121)	(7 087)	(10 686)
Share of profit attributable to Kofola ČeskoSlovensko group	(6 061)	(3 393)	(5 343)

4.12. DIVIDENDS

Declared dividends	3M 2016	3M 2015
	CZK'000	CZK'000
Declared dividend	-	-
Dividend per share (CZK/share)*	-	-

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

4.13. BONDS

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

Bonds issued:

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

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

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



As at 31 March 2016, the Group has a liability from issued bonds in the total amount of CZK 334 760 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 of CZK 327 298 thousand are disclosed in non-current liabilities, and the liabilities from interests of CZK 7 462 thousand are presented in current liabilities.

Own bonds issued	Currency	31.3.2016 CZK'000	31.3.2015 CZK'000	Interest terms	Maturity date
Bonds issued KOFOLA VAR/18	CZK	334 760	332 903	12M PRIBOR + margin	10/2018
Bonds issued total		334 760	332 903		

4.14. BANK CREDITS AND LOANS

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

As at 31 March 2016, the Group's total bank loans and credits amounted to CZK 2 653 290 thousand and increased by CZK 21 162 thousand compared to 31 December 2015.

4.15. FUTURE COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

As at 31 March 2016 the Group companies provided the following guarantees for third party entities:

Entity providing guarantees	Entity receiving guarantees	Currency	Guarantee amount FCY'000	Guarantee amount CZK'000	Guarantee period	Guarantees provided to	Relationship
Kofola CS a.s.	Unicredit Bank a.s.	EUR	5 301	143 424	12/2022	Santa-Trans.SK s.r.o.	third party*
Kofola CS a.s.	ČSOB Leasing	CZK	644	644	5/2020	Kolonial.cz s.r.o.	third party*
Kofola CS a.s.	ČSOB Leasing	CZK	325	325	5/2020	Kolonial.cz s.r.o.	third party*
Kofola CS a.s.	ČSOB Leasing	CZK	1 375	1 375	3/2020	Kolonial.cz s.r.o.	third party*
Kofola CS a.s.	ČSOB Leasing	CZK	492	492	4/2018	Kolonial.cz s.r.o.	third party*
Kofola CS a.s.	Deutsche Leasing ČR	CZK	526	526	11/2020	Kolonial.cz s.r.o.	third party*
Total guarantees issued			146 786				

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

4.16. LEGAL AND ARBITRATION PROCEEDINGS

DENATIONALISATION PROCEEDINGS AGAINST RADENSKA

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

OTHER PROCEEDINGS

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

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

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.17. RELATED PARTY TRANSACTIONS

4.17.1 SHAREHOLDERS STRUCTURE

Share capital structure Name of entity	Number of shares	% in share capital	31.3.2016	
			% in share capital	% in voting rights
KSM Investment S.A.	11 321 383	50.78%	50.78%	50.78%
CED GROUP S. a.r.l.	8 311 196	37.28%	37.28%	37.28%
René Musila	581 231	2.61%	2.61%	2.61%
Tomáš Jendřejek	581 190	2.61%	2.61%	2.61%
Others	1 500 000	6.72%	6.72%	6.72%
Total	22 295 000	100.00%	100.00%	100.00%

Ultimate controlling party is represented by private individuals.

4.17.2 SUBSIDIARIES AND ASSOCIATES

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

4.17.3 REMUNERATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL

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

Remuneration of the Group's key management personnel	Amounts paid for activities in the Company's Board of Directors		Amounts paid for activities in the Company's Supervisory board and/or Audit committee		Amounts paid for other activities within the Group	
	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Members of the Company's Board of Directors	-	-	-	-	12 099	298
Members of the Company's Supervisory board and Audit committee	-	-	181	-	4 253	103
Other key management personnel of the Group	-	-	-	-	4 836	69
Total remuneration of the Group's key management personnel	-	-	181	-	21 188	469

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	
	31.3.2016	31.12.2015
	CZK'000	CZK'000
Liability to shareholders of KSM Investment S.A.	(45 184)	(45 366)
Total	(45 184)	(45 366)

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

4. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS



4.18. FINANCIAL INSTRUMENTS

4.18.1 FINANCIAL INSTRUMENTS CATEGORIES

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

Financial instruments	Financial assets at amortised cost	Derivatives at fair value through profit or loss	Financial liabilities at amortised cost	Total
	CZK'000	CZK'000	CZK'000	CZK'000
Trade and other receivables	910 878	-	-	910 878
Cash and cash equivalents	1 526 927	-	-	1 526 927
Derivatives (i)	-	(20 899)	-	(20 899)
Bank credits and loans	-	-	(2 653 290)	(2 653 290)
Bonds issued	-	-	(334 760)	(334 760)
Trade and other payables	-	-	(1 529 736)	(1 529 736)
Total	2 437 805	(20 899)	(4 517 786)	(2 100 880)

(i) Fair value of derivatives

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

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

4.19. OTHER MATTERS

ACQUISITION OF WAD GROUP, A.S.

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

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

CROSS-BORDER MERGER

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

4.20. SUBSEQUENT EVENTS

On 26 April 2016, Kofola holdinška družba d.o.o. announced the commencement of a squeeze-out procedure of Radenska d.d.'s minority shareholders. At the end of the process, Kofola holdinška družba d.o.o. should become the sole shareholder of Radenska d.d.

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



CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS IQ 2016
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 2016 and 31 March 2015 in CZK thousand.

Separate statement of profit or loss	Note	3M 2016 CZK '000	3M 2015 CZK '000
Administrative costs	4.2	(1 490)	-
Operating profit/(loss)		(1 490)	-
Finance costs	4.3	(166)	-
Profit/(loss) before income tax		(1 656)	-
Income tax expense		-	-
Profit/(loss) for the period		(1 656)	-
Earnings per share for profit attributable to the ordinary equity holders of the company (in CZK)			
Basic earnings per share	4.4	(0.07)	-
Diluted earnings per share	4.4	(0.07)	-

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 2016 and 31 March 2015 in CZK thousand.

Separate statement of other comprehensive income	Note	3M 2016 CZK '000	3M 2015 CZK '000
Profit/(loss) for the period		(1 656)	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		(1 656)	-

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 2016, 31 December 2015 and 31 March 2015 in CZK thousand.

Assets	Note	31.3.2016 CZK'000	31.12.2015 CZK'000	31.3.2015 CZK'000
Non-current assets		7 628 981	7 628 981	-
Investment in subsidiary	4.7	7 628 217	7 628 217	-
Deferred tax assets	4.5	764	764	-
Current assets		130 036	140 707	2 000
Trade and other receivables	4.8	700	1 373	-
Cash and cash equivalents	4.9	129 336	139 334	2 000
Total assets		7 759 017	7 769 688	2 000
Liabilities and equity	Note	31.3.2016 CZK'000	31.12.2015 CZK'000	31.3.2015 CZK'000
Total equity		7 706 341	7 711 740	2 000
Share capital	1.5	2 229 500	2 229 500	2 000
Share premium	1.5	5 494 517	5 494 517	-
Own shares	1.5	(3 743)	-	-
Accumulated deficit	1.5	(13 933)	(12 277)	-
Non-current liabilities		-	-	-
Current liabilities		52 676	57 948	-
Trade and other payables	4.11	12 676	17 948	-
Other financial liabilities	4.12	40 000	40 000	-
Total liabilities		52 676	57 948	-
Total liabilities and equity		7 759 017	7 769 688	2 000

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 2016 and 31 March 2015 in CZK thousand.

Separate statement of cash flows	Note	3M 2016 CZK '000	3M 2015 CZK '000
Cash flows from operating activities			
Profit before income tax	1.1	(1 656)	-
<i>Adjustments for:</i>			
Non-cash movements			
Net interest	4.3	152	-
<i>Change in operating assets and liabilities</i>			
Change in receivables		673	-
Change in payables		(5 424)	-
Net cash inflow from operating activities		(6 255)	-
Cash flows from investing activities			
Net cash outflow from investing activities		-	-
Cash flows from financing activities			
Purchase of own shares		(3 743)	-
Net cash outflow from financing activities		(3 743)	-
Net increase (decrease) in cash and cash equivalents		(9 998)	-
Cash and cash equivalents at the beginning of the period		139 334	2 000
Cash and cash equivalents at the end of the period		129 336	2 000

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

1.5. SEPARATE STATEMENT OF CHANGES IN EQUITY

for the 3-month period ended 31 March 2016, 12-month period ended 31 December 2015 and 3-month period ended 31 March 2015 in CZK thousand.

Separate statement of changes in equity	Note	Share capital CZK'000	Share premium CZK'000	Own shares CZK'000	Accumulated deficit CZK'000	Total equity CZK'000
Balance at 1 January 2015		2 000	-	-	-	2 000
Profit for the period		-	-	-	-	-
Total comprehensive income for the period	1.2	-	-	-	-	-
Balance at 31 March 2015		2 000	-	-	-	2 000
Balance at 1 January 2015		2 000	-	-	-	2 000
Loss for the period		-	-	-	(12 277)	(12 277)
Total comprehensive income for the period	1.2	-	-	-	(12 277)	(12 277)
Share capital increase		2 200 000	5 389 120	-	-	7 589 120
Shares issue		27 500	112 750	-	-	140 250
Transaction costs		-	(7 353)	-	-	(7 353)
Balance at 31 December 2015		2 229 500	5 494 517	-	(12 277)	7 711 740
Balance at 1 January 2016		2 229 500	5 494 517	-	(12 277)	7 711 740
Loss for the period		-	-	-	(1 656)	(1 656)
Total comprehensive income for the period	1.2	-	-	-	(1 656)	(1 656)
Own shares purchase		-	-	(3 743)	-	(3 743)
Balance at 31 March 2016		2 229 500	5 494 517	(3 743)	(13 933)	7 706 341

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

2. GENERAL INFORMATION



2.1. CORPORATE INFORMATION

GENERAL INFORMATION

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

Main area of activity of Kofola ČeskoSlovensko a.s. in 2016 was holding of the subsidiary.

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

STOCK EXCHANGE LISTING

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

MANAGEMENT

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

On 14 April 2016, Mr. Dariusz Prończuk submitted a letter of resignation from his office of the member of the Supervisory Board of the Company. Mr. Dariusz Prończuk's office of the member of the Supervisory Board of the Company terminates as of the moment the General Meeting will be able to discuss it on its earliest session.

AUDIT COMMITTEE

- René Sommer – Chairman
- Pavel Jakubík
- Ivan Jakúbek

3.1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

BASIS OF PREPARATION

The condensed separate financial statements have been prepared in accordance with the laws binding in the Czech Republic and with International Financial Reporting Standards (“IFRS”), as well as the interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) adopted by the European Union, published and effective for reporting periods beginning 1 January 2016.

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

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

The separate financial statements cover the 3 months period ended 31 March 2016 and contain comparatives for the year ended 31 March 2015.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise its judgement in the process of applying the group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the separate financial statements as disclosed in section 3.5.

ADOPTION OF CHANGES TO STANDARDS

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

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

3.2. FUNCTIONAL AND PRESENTATION CURRENCY

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

3.3. FOREIGN CURRENCY TRANSLATION

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES



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

Closing exchange rates	31.3.2016	31.12.2015	31.3.2015
CZK/EUR	27.0550	27.025	27,530
CZK/PLN	6.3560	6.340	6,740
CZK/RUB	0.3542	0.335	0,441
CZK/USD	23.7570	24.824	25,586

Average exchange rates	1.1.2016 - 31.3.2016	1.1.2015 - 31.12.2015	1.1.2015 - 31.3.2015
CZK/EUR	27.0390	27.283	27,624
CZK/PLN	6.1960	6.525	6,590
CZK/RUB	0.3287	0.406	0,391
CZK/USD	24.5410	24.600	24,550

3.4. ACCOUNTING METHODS

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

3.5. SIGNIFICANT ESTIMATES

Since some of the information contained in the separate financial statements cannot be measured precisely, the Company's management must perform estimates to prepare the separate financial statements. Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason the estimates made as at 31 March 2016 may be changed in the future. The main estimates pertain to the following matters:

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

3.6. APPROVAL OF SEPARATE FINANCIAL STATEMENTS

The Board of Directors approved the present separate financial statements for publication on 27 April 2016.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



4.1. SEGMENT INFORMATION

Because of the holding nature of the Company and the lack of operational activities, the operating segments are not reported.

4.2. EXPENSES BY NATURE

Expenses by nature	3M 2016 CZK'000	3M 2015 CZK'000
Services	339	-
Taxes and fees	926	-
Insurance costs	225	-
Total expenses by nature*	1 490	-
Change in finished products and work in progress	-	-
Reconciliation of expenses by nature to expenses by function	1 490	-
Administrative costs	1 490	-
Total costs of products sold, merchandise and materials, sales costs and administrative costs	1 490	-

* excluding other operating income and expenses

4.3. FINANCE COSTS

Finance costs	3M 2016 CZK'000	3M 2015 CZK'000
Interest from loans and credits	152	-
Bank costs and charges	14	-
Total finance costs	166	-

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS



4.4. EARNINGS PER SHARE

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

	3M 2016 CZK'000	3M 2015*
Loss for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(1 656)	-

	3M 2016 pcs	3M 2015*
Weighted average number of ordinary shares for EPS calculation	22 295 000	22 295 000
Effect of own shares	(2 026)	-
Weighted average number of ordinary shares used to calculate basic earnings per share	22 292 974	22 295 000
Dilution adjustments	-	-
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share	22 292 974	22 295 000

* restated to show the impact of shares split in 2015

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

Basic earnings per share (CZK/share)	3M 2016 CZK'000	3M 2015*
Profit/(Loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(1 656)	-
Weighted average number of ordinary shares used to calculate basic earnings per share (pcs)	22 292 974	22 295 000
Basic earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	(0.07)	-

* restated to show the impact of shares split in 2015

Diluted earnings per share (CZK/share)	3M 2016 CZK'000	3M 2015*
Profit/(Loss) for the period attributable to owners of Kofola ČeskoSlovensko a.s.	(1 656)	-
Adjusted weighted average number of ordinary shares used to calculate diluted earnings per share (pcs)	22 292 974	22 295 000
Diluted earnings per share attributable to owners of Kofola ČeskoSlovensko a.s. (CZK)	(0.07)	-

* restated to show the impact of shares split in 2015

4.5. INVESTMENT IN SUBSIDIARY

The Company holds 100% share of the ownership interest and voting rights in Kofola S.A., a joint-stock company with its registered office in Kutno, 5 Wschodnia, 99-300, Poland. The company is registered by the Regional Court for Łódź-Śródmieście in Łódź, XX Business Division of the National Court Register, with registration number KRS 0000134518.

The composition of cost of Kofola S.A. is as follows:

Composition of Kofola S.A. cost	31.3.2016 CZK'000
Purchased Kofola S.A.'s own shares	19 875
In-kind contribution of Kofola S.A.'s shares	7 589 254
Remaining shares purchased from former minority shareholders	19 088
Investment in subsidiary	7 628 217

The Company has not identified any impairment indicator regarding its investment in Kofola S.A.

4. NOTES TO THE CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

4.6. RELATED PARTY TRANSACTIONS

4.6.1 SHAREHOLDERS STRUCTURE

Share capital structure	31.3.2016		
Name of entity	Number of shares	% in share capital	% in voting rights
KSM Investment S.A.	11 321 383	50.78%	50.78%
CED GROUP S. a r.l.	8 311 196	37.28%	37.28%
René Musila	581 231	2.61%	2.61%
Tomáš Jendřejek	581 190	2.61%	2.61%
Others	1 500 000	6.72%	6.72%
Total	22 295 000	100.00%	100.00%

Ultimate controlling party is represented by private individuals.

4.6.2 SUBSIDIARIES AND ASSOCIATES

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

4.6.3 REMUNERATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL

Presented below is the structure of the remuneration paid out to persons with executive authority in 1Q16. No amounts were paid by the Company, the remuneration was paid by other Group entities.

Remuneration of the Group's key management personnel	Amounts paid for activities in the Company's Board of Directors		Amounts paid for activities in the Company's Supervisory board and/or Audit committee		Amounts paid for other activities within the Group	
	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation	Financial compensation	Non-financial compensation
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
Members of the Company's Board of Directors	-	-	-	-	12 099	298
Members of the Company's Supervisory board and Audit committee	-	-	181	-	4 253	103
Other key management personnel of the Group	-	-	-	-	4 836	69
Total remuneration of the Group's key management personnel	-	-	181	-	21 188	469

4.6.4 OTHER RELATED PARTY TRANSACTIONS

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

Other related party transactions	Profit or loss impact		Balance as at	
	2016	2015	31.3.2016	31.12.2015
	CZK'000	CZK'000	CZK'000	CZK'000
Reinvoicing of IPO-related cost from Kofola S.A.	-	(7 510)	(11 088)	(11 088)
Loan from Kofola a.s. (CZ)	(152)	(147)	(40 000)	(40 000)
Total	(152)	(7 657)	(51 088)	(51 088)

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

4.7. SUBSEQUENT EVENTS

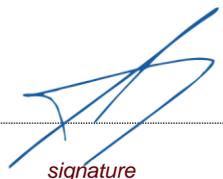
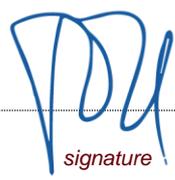
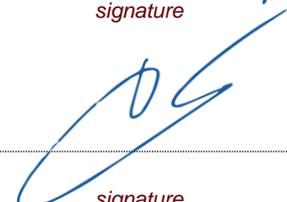
On 4 April 2016, Kofola ČeskoSlovensko a.s. purchased 100 % shares of PINELLI spol. s r.o. from Kofola a.s.

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

APPROVAL FOR PUBLICATION



The Interim report for 1Q16 was approved for publication on 27 April 2016.

27.4.2016	Janis Samaras	Chairman of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
27.4.2016	René Musila	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
27.4.2016	Tomáš Jendřejek	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
27.4.2016	Daniel Buryš	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
27.4.2016	Jiří Vlasák	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>
27.4.2016	Roman Zúrik	Member of the Board of Directors	
<i>date</i>	<i>name and surname</i>	<i>position/role</i>	<i>signature</i>

