Coca-Cola HBC Finance B.V.

Amsterdam, the Netherlands

Annual Report 2015

Coca-Cola HBC Finance B.V. – Annual Report 2015

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Coca-Cola HBC Finance B.V. – Annual Report 2015

DIRECTORS' REPORT

In accordance with the Articles of Association of Coca-Cola HBC Finance B.V. (the "Company"), the Board of Directors herewith submits the Company's annual report for the year ended 31 December 2015.

General

Coca-Cola HBC Finance B.V., a private company with limited liability, was incorporated in the Netherlands on 13 April 2001, as a 100% owned subsidiary of CC Beverages Holdings II B.V. with its statutory seat in Amsterdam. The Company functions under the Laws of the Netherlands and is included in a fiscal unity with CC Beverages Holdings II B.V. for income tax purposes.

The Company acts as a finance vehicle for Coca-Cola HBC A.G. and its subsidiaries (the 'Group' or the 'Coca-Cola HBC Group'). Funding of these activities is achieved mainly through the debt capital markets. The ultimate parent company of the Group is Coca-Cola HBC A.G. based in Zug, Switzerland (the "Parent").

Financial Review

Interest income for the 2015 financial year amounted to €98.2 million (2014: €117.1 million) and profit for the 2015 financial year amounted to €17.2 million (2014: €26.2 million). The decrease in profit is mainly attributable to a decrease in net finance income of €17.1 million partially offset by an increase in foreign exchange gains of €5.5 million. The decrease in net finance income was attributable to the decrease in interest income, both from financing to the Group and external interest income of €18.9 million; partially offset by the €1.8 million lower interest expense from financing from the Group. Interest income from the Group decreased by €15.6 million mainly due to a decrease in the average interest rate applied.

The €5.5 million increase in the net foreign exchange gains was mainly driven by the high volatility of the Russian rouble and the unhedged receivable position in UK sterling. Since June 2015, the receivable position in UK sterling is hedged.

In the 2015 income statement, interest income and expense in the hedging result (forward points) have been recorded as external interest income and expense respectively. The 2014 comparatives were reclassified accordingly; more specifically a gain of €18.6 million was reclassified from net foreign exchange gains to interest income and a loss €4.7 million was reclassified from net foreign exchange gains to external interest expense.

In June 2015, the Company replaced its then-existing €500.0 million syndicated revolving credit facility with a new €500.0 million syndicated loan facility expiring on 24 June 2020, with the option to extend for one more year.

In August 2015, the Company entered into an additional forward starting swap with a notional principal amount of €100.0 million. As a result, the notional principal amount of the outstanding forward starting swap contracts as at 31 December 2015 totalled €600.0 million. The forward starting swap contracts hedge the interest rate risk related to its euro denominated forecasted fixed rate debt of €600.0 million issued in March 2016.

The bond of $400 million issued in 2003, which was fully hedged by cross currency swap contracts and which matured in September 2015, was fully repaid using the available cash balance.

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The Coca-Cola HBC Group's goal is to maintain a conservative financial profile. This is evidenced by the Investment Grade credit ratings maintained with both Standard & Poor's and Moody's. In May 2015, Standard & Poor's changed the Company's outlook from negative to stable. In November 2015, Moody's also changed the Company's outlook from negative to stable.

Outlook

The Company operates as an intragroup financing and currency risk hedging entity and only operates for this purpose.

The Company has a robust liquidity management framework in place, which ensures that there are sufficient funds available to cover its short and long-term commitments.

The cash position of the Company is, in combination with cash inflow resulting from the issuance of a €600.0 million bond in March of 2016, sufficient for the redemption of the €600.0 million bond due in November 2016. The tender offer, which took place in March 2016, reduced the outstanding nominal bond to be redeemed in November 2016 by €214.6 million.

Principal risks and uncertainties

In the course of its business, the Company is exposed to several financial risks. Our overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our financial performance. These include amongst others, foreign currency risk, interest rate risk, credit risk and liquidity risk. These risks are managed and monitored in accordance with the Treasury Policy, which describes objectives, responsibilities and management of the treasury risks. The policy is updated on a regular basis.

Foreign currency risk

The Company is exposed to the effect of foreign currency risk on cash balances and on funding provided to the Group. Forward exchange contracts are used to hedge the Company's foreign currency risk. These contracts normally mature within one year. As a matter of policy, the Company does not enter into speculative derivative financial instruments. The policy is to negotiate the terms of the hedge derivatives to match the terms of the hedged item in order to maximize hedging effectiveness.

Interest rate risk

The long-term borrowings, from the capital market have a fixed interest rate. Any short-term borrowings from external parties, excluding commercial paper, as well as most of the borrowings from Group companies are primarily floating rate instruments. Almost all the lending to Group companies have a floating interest rate based on the average borrowing cost of the Company, which is reset on a quarterly basis.
Interest rate option contracts may also be utilized by the Company to reduce the impact of adverse change in interest rates on current and future floating rate debt.

Credit risk

The Company has policies in place that limit the amount of counterparty exposure to any single financial institution. The investment policy objective is to minimise counterparty risks, with strict investment limits set per counterparty, on the excess cash balances invested as well as the credit quality of the counterparties. The Board of Directors of the Company approve counterparty limits to ensure that risks are controlled effectively and that transactions are undertaken with approved counterparties.

Liquidity risk

The Company actively manages liquidity risk to ensure there are sufficient funds available for any short term and long-term commitments. The commercial paper program and the unutilized revolving credit facility are used to manage the liquidity risk. Cash and cash equivalents for the year ending 31 December 2015 amounted to €387.2 million (2014: €544.0 million). This decreased cash balance was mainly the net result of external borrowing repayments of €276.3 million partially offset by a net decrease of financing to the Group of €99.8 million. The net decrease of financing to the Group was combination of a decrease in lending to the Group of €41.3 million and an increase of €58.5 million in borrowing from the Group.
Coca-Cola HBC A.G. and Coca-Cola HBC Holdings B.V. are the guarantors for the committed external financial liabilities of the Company.

Management is comfortable with how risks are addressed within the Company.

The Corporate Audit Department monitors the internal financial control system across all Coca-Cola HBC Group companies, including Coca-Cola HBC Finance B.V. and reports the findings to management and the Audit Committee of Coca-Cola HBC A.G. The audit plan and audit scope for the Company is focused on the areas of greatest risks, using a risk based approach audit plan.

Coca-Cola HBC Group has adopted a strategic Enterprise Wide Risk Management (EWRM) approach to risk management, providing a fully integrated common risk management framework across the Coca-Cola HBC Group, including Coca-Cola HBC Finance B.V. The primary aim of this framework is to minimise the organisation's exposure to unforeseen events and to provide certainty to the management of identified risks in order to create stable environment within which the Company can deliver its operational and strategic objectives for the Group. These objectives are achieved by:

- Monthly management reporting
- Regular reviews by the Board of Directors of Coca-Cola HBC Finance B.V.

Dividends

The directors do not recommend the distribution of dividends for the year 2015. (2014: nil)

Managing Directors

During the year under review, the Company had four Managing Directors, who received no remuneration during the current or previous financial year. On 12 November 2015, Sjors van der Meer resigned as Managing Director and Rutger van Hilst was appointed as Managing Director. The Company has no Supervisory Directors.

The size and composition of the Board of Directors and the combined experience and expertise should reflect the best fit for the profile and strategy of the Company. Since 2012, the Board has, with the exception of a few months in 2013, one female Director. The Company is aware that the gender diversity is still below the goals as set out in article 2:276 section 2 of the Dutch Civil Code and the Company will pay close attention to gender diversity in the process of recruiting and appointing new Managing Directors.

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Directors' statement

The 2015 annual report of Coca-Cola HBC Finance B.V. has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and, in our opinion gives a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company's operations and cash flows for the financial year 2015.

Amsterdam, 28 April 2016

Directors

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Garyfallia Spyriouni	**Michalis Imellos**	**Wilhelmus Joseph Langeveld**	**Rutger Alexander van Hilst**

INCOME STATEMENT
YEAR ENDED 31 DECEMBER

	Notes	2015 €'000	2014 €'000
Interest income from financing to related parties	5,23	81,685	97,284
External interest income	5	16,552	19,809
Total interest income		98,237	117,093
External interest expense	5	(62,300)	(62,246)
Interest expense from financing from related parties	5,23	(19,423)	(21,216)
Total interest expense		(81,723)	(83,462)
Net interest income		16,514	33,631
Other finance cost	5	(2,034)	(2,100)
Net finance income		14,480	31,531
Net foreign exchange gains and losses	6	9,319	3,863
Net other (expenses)/income	7	(796)	(501)
Profit before tax		23,003	34,893
Tax	9	(5,765)	(8,725)
Profit for the year		17,238	26,168

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER

		2015 €'000	2014 €'000
Profit after tax		17,238	26,168
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement:			
Cash flow hedges			
Gains/(losses) during the year		115	(29,079)
Losses reclassified to the income statement		4,573	7,441
Taxation on movements cash flow hedges	9	-	(1,897)
Total other comprehensive income		4,688	(23,535)
Total comprehensive income for the year		21,926	2,633

The accompanying notes form an integral part of these financial statements.

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BALANCE SHEET
AS AT 31 DECEMBER

	Notes	2015 €'000	2014 €'000
Assets			
Property, plant and equipment	12	78	-
Receivables from related parties	23	2,219,282	2,373,138
Derivative assets	11	2,546	875
Prepayments		1,224	118
Total non-current assets		2,223,130	2,374,131
Receivables from related parties	23	215,386	106,505
Derivative assets	11	6,794	17,975
Prepayments		457	468
Other current assets	13	35	3,560
Cash and cash equivalents	14	387,248	544,045
Total current assets		609,920	672,553
Total assets		2,833,050	3,046,684
Liabilities			
Short-term borrowings	15	773,303	434,101
Payables to related parties	23	607,549	330,539
Accrued interest payable		13,440	16,309
Derivative liabilities	11	29,207	44,596
Current tax liabilities	16	21,221	15,493
Other current liabilities/accruals		783	421
Total current liabilities		1,445,503	841,459
Long-term borrowings	15	794,874	1,393,276
Payables to related parties	23	258,561	476,745
Derivative liabilities	11	2,536	25,562
Other liabilities		8	-
Total non-current liabilities		1,055,979	1,895,583
Total liabilities		2,501,482	2,737,042
Equity			
Share capital	17	1,018	1,018
Share premium	17	263,064	263,064
Hedging reserve	19	(24,539)	(29,227)
Retained earnings	18	92,025	74,787
Total equity		331,568	309,642
Total equity and liabilities		2,833,050	3,046,684

The accompanying notes form an integral part of these financial statements.

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STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

YEAR ENDED 31 DECEMBER

	Share capital €'000	Share premium €'000	Hedging Reserve €'000	Retained earnings €'000	Total shareholder's equity €'000
As at 1 January 2014	1,018	263,064	(5,692)	48,619	**307,009**
Profit for the year	-	-	-	26,168	**26,168**
Other comprehensive income for the year	-	-	(23,535)	-	**(23,535)**
Total comprehensive income for the year	**-**	**-**	**(23,535)**	**26,168**	**2,633**
As at 31 December 2014	**1,018**	**263,064**	**(29,227)**	**74,787**	**309,642**
Profit for the year	-	-	-	17,238	**17,238**
Other comprehensive income for the year	-	-	4,688	-	**4,688**
Total comprehensive income for the year	**-**	**-**	**4,688**	**17,238**	**21,926**
As at 31 December 2015	**1,018**	**263,064**	**(24,539)**	**92,025**	**331,568**

The accompanying notes form an integral part of these financial statements.

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CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER

		2015 €'000	2014 €'000
Operating activities			
Profit before tax		**23,003**	34,893
Adjustments for:			
Interest expense		**81,723**	83,462
Interest income		**(98,237)**	(117,093)
Amortisation of prepaid fees of the facility		**653**	349
Depreciation of property, plant and equipment		**7**	-
Other		**11**	14
Increase in financing to the Group		**(3,210,940)**	(1,669,973)
Decrease in financing to the Group		**3,252,273**	1,983,846
Increase in financing from the Group		**4,879,025**	5,418,209
Decrease in financing from the Group		**(4,820,561)**	(5,546,339)
(Increase)/decrease in other assets		**(8,982)**	3,271
Increase/(decrease) in other liabilities		**607**	(578)
Payments for purchases of property, plant and equipment		**(85)**	-
Interest received		**101,966**	123,846
Interest paid		**(80,896)**	(107,387)
Taxes paid		**(36)**	(15)
Cash flow generated from operating activities		**119,531**	**206,505**
Financing activities			
Proceeds from external borrowings		**715,529**	1,006,225
Repayment of external borrowings		**(991,857)**	(1,318,072)
Cash flow used in financing activities		**(276,328)**	**(311,847)**
Decrease in cash and cash equivalents		**(156,797)**	**(105,342)**
Cash and cash equivalents at 1 January		**544,045**	649,387
Decrease in cash and cash equivalents		**(156,797)**	(105,342)
Cash and cash equivalents at 31 December	**14**	**387,248**	**544,045**

The accompanying notes form an integral part of these financial statements.

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1. General information

Coca-Cola HBC Finance B.V. (the "Company"), a private company with limited liability, was incorporated in the Netherlands on 13 April 2001, as a 100% owned subsidiary of CC Beverages Holdings II B.V. with its statutory seat in Amsterdam. The Company functions under the Laws of the Netherlands.

Registered Company number: 34154633
Registered address: Naritaweg 165,1043 BW Amsterdam, the Netherlands

The Company acts as a finance vehicle for Coca-Cola HBC A.G. (the ultimate "Parent" and controlling entity) and its subsidiaries (the "Group" or the "Coca-Cola HBC Group"). Funding of these activities is primarily through the debt capital markets.

The Parent owns 100% of the ordinary shares of the Company through its subsidiary CC Beverages Holdings II B.V.

Copies of the Group's consolidated financial statements are available on the website of the Group, www.coca-colahellenic.com, and from its registered office:

Coca-Cola HBC A.G.
Turmstrasse 26
Zug, CH 6300
Switzerland

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Comparative figures have been adjusted where necessary to conform with changes in presentation in the current year. Positive forward points included within net foreign exchange gains of €18.6 million have been reclassified to external interest income and negative forward points of €4.7 million included within net foreign exchange gains have been reclassified to interest expense in both the income statement, note 5 and 6 and the cash flow statement. In addition in the cash flow statement interest received has increased by €18.6 million, interest paid has increased by €4.5 million and the movement in other liabilities has decreased by €0.2 million These reclassifications provide a better insight into the related components of the income statement.

2.1 Basis of preparation

The financial statements of Coca-Cola HBC Finance B.V. have been prepared in accordance with International Financial Reporting Standards "IFRS" as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union ("EU"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of the derivative financial instruments to fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

2.1.2 Changes in accounting policy and disclosures

(a)Accounting pronouncements adopted in 2015

In the current period, the Company has adopted the following standards and amendments which were issued by the IASB, that are effective for accounting periods beginning on 1 January 2015:

Annual Improvements to IFRSs: 2010-2012 Cycle;
Annual Improvements to IFRSs: 201-2013 Cycle;
Defined Benefit Plans: Employee Contributions: Amendments to IAS 19.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) Accounting pronouncements not yet adopted

At the date of approval of these financial statements, the following standards and interpretations were issued but not yet effective and not early adopted. The Company is currently evaluating the impact the amendments or standards will have on its financial statements.

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and the timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The EU has not yet endorsed the new standard.

In July 2014, the IASB issued IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The EU has not yet endorsed the new standard.

In January 2016, the IASB issued IFRS 16 *Leases*. The new standard supersedes IAS 17 and its objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. The EU has not yet endorsed the new standard.

In addition the below amendments have been issued by the IASB and are not yet effective:

Annual Improvements to IFRSs: 2012-2014 Cycle
Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture. The EU has not yet endorsed this amendment.
Amendments to IAS 1: Disclosure initiatives
Amendments to IFRS 11: Accounting for acquisitions of interests in joint operations.

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2.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Euro, which is the functional currency of the Company.

(b) Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when such assets or liabilities are designated hedging instruments in a qualifying cash flow hedge relation. In that case, the results are deferred in other comprehensive income. Foreign exchange gains and losses related to borrowings and cash and cash equivalents are presented in the income statement within 'net foreign exchange gains or losses' together with all other foreign exchange gains and losses.

Non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

2.3 Recognition of interest income

Interest income is measured at the fair value of the consideration received or receivable, and represents amounts receivable for financing provided to related Group companies or for deposits held with financial institutions.

The Company's major activity is obtaining finance, predominately from debt capital markets, and providing finance to Group companies.

Interest income is recognised on a time proportion basis using the effective interest rate method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

2.4 Interest expense

Interest expenses are recognised in the income statement in the period in which they are incurred using the effective interest rate method and therefore includes the amortisation of the paid transactions costs, the paid discount and received premium of the financial instruments as well as the commitment fee of the facility.

2.5 Property, plant and equipment

All property, plant and equipment is initially recorded at cost and subsequently measured at cost less accumulated depreciation and impairment losses. Subsequent expenditure is added to the carrying value of the asset when it is probable that future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the operation. Depreciation is calculated on a straight-line basis to allocate the depreciable amount over the estimated useful life of the assets as follows:

Computers	4 years
Furniture and fittings	8 years

The depreciation charges are recorded in the "Net other (expenses)/income" in the income statement.

2.6 Financial assets

2.6.1 Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedging instrument in a hedge accounting relation. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'Receivables from related parties', 'Other current assets' and 'Cash and cash equivalents' in the balance sheet (notes 2.10 and 2.11).

2.6.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement immediately. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'exchange gains and losses' in the period in which they arise.

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.8 Impairment of financial assets

Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event'); and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter into bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is estimated as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

2.9 Derivative financial instruments and hedging activities

The Company uses financial instruments, including interest rate swap contracts, forward starting interest rate swap contracts, cross currency swap contracts, interest rate option contracts and currency derivatives. Their use is undertaken only to manage interest and currency risk associated with the Company's underlying business activities. In addition, the Company enters into commodity contracts and currency derivatives to manage respectively the commodity and currency risk associated the Group's underlying business activities.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as either:

(a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
(b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

All derivative financial instruments that are not part of an effective hedging relationship (undesignated hedges) are classified as assets or liabilities at fair value through income statement. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. Regular way purchases and sales of financial assets are accounted for at trade date.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 11. Movements on the hedging reserve in other comprehensive income are described in Note 19. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Company only applies fair value hedge accounting for hedging fixed interest risk on borrowings and risk for firm commitments on payments in foreign currency. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'external interest expense'. The gain or loss relating to the ineffective portion is also recognised in the income statement within 'external interest expense'. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk, are recognised in the income statement within 'external interest expense'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the income statement over the period to maturity.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are recognised and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'external interest expense'.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss (for example, when the interest payment that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'external interest expense'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'external interest expense'.

2.10 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Receivables, which are due within 1 year, are classified as current.

2.10.1 Receivables from related parties

Since the principal activity of the Company is the provision of financial services to the Parent and its subsidiaries, receivables to related parties primarily relate to the lending activities of the Company with the Group.

2.11 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes deposits held at call with banks, other short-term highly liquid investments, such as money market funds, with original maturities of three months or less and bank overdrafts. The shares in the money market funds can be sold at any time without a fine and are considered as highly liquid as they can be redeemed with same day value. Cash and cash equivalents are stated at face value.

2.12 Payables

Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.12.1 Payables to related parties

Since the principal activity of the Company is the provision of financial services to the Parent and its subsidiaries, payables to related parties primarily relate to the borrowing activities of the Company with the Group.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.14 Current income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Company generates taxable income. Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts to be paid to the tax authorities.

2.15 Share capital

Ordinary shares are classified as equity.

When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded to the share premium reserve.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds and recorded to the share premium reserve.

Where any Group Company purchases the Company's equity share capital (treasury shares), the consideration paid, including any direct attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders and recorded in the share premium reserve.

2.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the volatility of financial markets and seeks to minimise potential adverse effects on the Company's cash flows. The Company uses derivative financial instruments to hedge certain risk exposures.

Group Treasury carries out risk management activities in accordance with policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's subsidiaries. The Group's Board of Directors has approved the Treasury Policy and Chart of Authority, which together provide the control framework for all treasury and treasury related transactions. They contain written procedures for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

(i) Foreign currency risk

The Company is exposed to the effect of foreign currency risk on recognised monetary assets and liabilities that are denominated in currencies other than the functional currency. Foreign currency forward contracts are used to hedge the Company's foreign currency risk. The majority of the foreign currency forward contracts have maturities of less than one year.

Except for the US dollar bond redeemed in 2015, which was hedged to Euro for both the principal as the interest payments, the Company borrows in Euro in the external capital and commercial paper market. Both borrowing and lending to Group companies is mainly in Euro. Financing with Group companies denominated in currencies other than Euro is hedged with forward contracts including, since June 2015, the receivable loan in UK sterling.

The following tables present details of the Company's sensitivity to reasonably possible increases and decreases in the Euro against the relevant foreign currencies. In determining reasonable possible changes, the historical volatility over a twelve-month period of the respective foreign currencies in relation to the Euro has been considered. The sensitivity analysis determines the potential gains and losses in the income statement or equity arising from the Company's foreign exchange positions as a result of the corresponding percentage increases and decreases in the Company's main foreign currencies, relative to the Euro. The sensitivity analysis includes outstanding foreign currency denominated monetary items, external loans as well as loans with the Group where the denomination of the loan is in a currency other than the functional currency of the Company. The sensitivity analysis for exchange rate risk for 2015 and 2014 are as follows:

2015 exchange risk sensitivity analysis

	% of historical volatility over a 12-month period	Euro strengthens against local currency		Euro weakens against local currency	
		Gain/(loss) in income statement	(Loss)/gain in equity	(Loss)/gain in income statement	Gain/(loss) in equity
		€'000	€'000	€'000	€'000
US dollar	12,26%	25		(32)	
Romanian leu	3,63%	(31)	-	33	-
Russian rouble	28,12%	(346)	-	818	-
Polish zloty	7,13%	(16)	-	20	-
UK sterling	9,82%	76	-	(104)	-
Bulgarian lev	0,54%	(1)	-	1	-
Hungarian forint	7,43%	5	-	(7)	-
Czech koruna	3,41%	2	-	(2)	-
Croatian kuna	2,11%	(1)	-	1	-
Swiss franc	22,61%	29	-	(66)	-
Total		**(258)**	-	**662**	-

2014 exchange risk sensitivity analysis

	% of historical volatility over a 12-month period	Euro strengthens against local currency		Euro weakens against local currency	
		Gain/(loss) in income statement	(Loss)/gain in equity	(Loss)/gain in income statement	Gain/(loss) in equity
		€'000	€'000	€'000	€'000
US dollar	5.91%	(317)	-	357	-
Romanian leu	3.18%	(6)	-	6	-
Russian rouble	31.25%	(1,892)	-	4,445	-
Polish zloty	4.85%	(12)	-	13	-
UK sterling	5.85%	3,100	-	(3,484)	-
Bulgarian lev	0.81%	35	-	(36)	-
Hungarian forint	6.50%	-	-	-	-
Czech koruna	2.37%	1	-	(1)	-
Croatian kuna	0.97%	-	-	-	-
Swiss franc	1.93%	1	-	(1)	-
Total		**910**	-	**1,299**	-

(ii) Price risk

The Company does not invest in equity securities. Although the Company itself is not exposed to commodity price risk, the Company enters into commodity contracts with financial institutions, which are mirrored by derivatives with relevant Group companies (i.e. on a back-to-back basis with Group companies).

(iii) Interest rate risk

The long-term borrowings, including the effect of swap contracts, from the capital market have a fixed interest rate. Short-term borrowings from external parties as well as most of the borrowings from Group companies are floating rate instruments. Almost all the lending to Group companies is based on the average borrowing cost of the Company plus a fixed mark-up. This average borrowing cost is reset on a quarterly basis.

The combination of the interest rate swap agreements and cross-currency interest rate swap agreements utilised by the Company modifies the Company's exposure to interest rate risk and the changes in fair value of debt by converting the Company's fixed rate US dollar debt into a fixed rate obligation based on Euro over the life of the underlying US dollar notes. The cross currency and interest rate swap contracts that were related to the $400 million USD denominated debt, matured on 17 September 2015, being the date the US dollar debt matured and was fully repaid

The portion of the coupon of the forecasted bond, which was issued in March 2016, that was affected from the fluctuation of the interest rates hedged against a fixed interest rate payable by means of three forward interest rate swap agreements concluded in the third quarter of 2014 and one contract concluded in the third quarter of 2015 with 10-year duration. The cumulative amount hedged is €600.0 million with a weighted average fixed interest rate payable of 1.4559%. The derivatives were settled on issuance of the bond.

The sensitivity analysis in the following paragraphs has been determined based on exposure to interest rates of both derivative and non-derivative instruments existing at the balance sheet date and assuming constant foreign exchange rates. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the Company's income statement and equity for the year ended 31 December 2015 would have affected by a loss of €4.3 million (2014: €6.8 million loss) and by a €53.7 million gain (2014: €45.4 million swaps entered into in 2014 and 2015 used as cash flow hedging instruments gain) respectively.

If interest rates had been 100 basis points lower and all other variables were held constant, the Company's income statement and equity for the year ended 31 December 2015 would have affected by €3.6 million gain (2014: €2.7 million gain) and by a €58.4 million loss (2014: €49.5 million loss) respectively.

The impact in the Company's income statement is mainly attributable to the Company's exposure to interest rate fluctuations. The impact in the Company's equity is attributable to the changes in the fair value of the forward starting swaps entered into in 2014 and 2015 used as cash flow hedging instruments assuming 100% hedge effectiveness.

(b) Credit risk

The Company is exposed to credit risk from loans or deposits to Group companies and to financial institutions.

All loans to Group companies need to be approved by the Board of Directors.

The investment policy objective is to minimise counterparty risks whilst ensuring an acceptable return on the excess cash position. Counterparty limits are approved by the Board of Directors of the Company in order to ensure that risks are controlled effectively and transactions are undertaken with approved counterparties as described in the Treasury Policy.

The Company's maximum exposure to credit risk, in the event that counterparties fail to perform their obligations at 31 December 2015 in relation to each class of recognised financial assets, is the carrying amount of those assets.

With respect to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Company's maximum credit risk exposure for each derivative instrument is the carrying amount of the derivative (refer to note 11). In addition, when market conditions are favourable, the Company makes use of money market funds to invest temporarily excess cash balances and to diversify its counterparty risk. These funds all have a minimum AAA rating and strict investment limits are set, per fund, depending on the size of the fund.

The Company only undertakes investment with third parties and derivatives transactions with banks and financial institutions that have a minimum credit rating of 'BBB-' from Standard & Poor's or 'Baa3' from Moody's. The Company also uses the Credit Default Swaps rate of a counterparty in order to measure more timely the credit worthiness of a counterparty and set up its counterparties in tiers in order to assign maximum exposure and tenor per tier. If the Credit Default Swap Rates of a certain counterparty exceeds 400 basis points, the Company will stop trading derivatives with that counterparty and will try to cancel any deposits on a best effort basis.

(c) Liquidity risk

The Company actively manages liquidity risk to ensure there are sufficient funds available for any short-term and long-term commitments. The commercial paper programme as well as the unused revolving credit facility, are used to manage this risk.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, access to the debt capital markets, and by continuously monitoring forecast and actual cash flows. In note 15, the undrawn facilities that the Company has its disposal to manage liquidity are discussed under the headings 'Commercial paper programme and committed credit facilities' and 'Euro medium-term note programme (EMTN)'.

Coca-Cola HBC A.G. and Coca-Cola HBC Holdings B.V. are guarantors for the most of the external financial liabilities of the Company. In addition, Coca-Cola HBC A.G. has given a Letter of Comfort for the Citibank pool bank accounts, which are part of the Multi Currency Notional Pooling and Citibank credit facility lines.

The following tables detail the Company's remaining contractual maturities for its financial liabilities. The table includes both interest and principal undiscounted cash flows, assuming that the interest rates remain constant as at 31 December 2015:

2015	Less than 1 year €'000	1 to 2 years €'000	2 to 5 years €'000	More than 5 years €'000
Bonds, bills and unsecured notes	818,000	19,000	857,000	-
Payables to related parties	636,910	258,886	3,783	-
Foreign currency forward contracts	479	-	-	-
Forward starting swap contracts	24,559	-	-	-
Other Borrowings	783	7	-	-
Estimated net outflow for the liabilities as at 31 December	**1,480,731**	**277,893**	**860,783**	**-**

2014	Less than 1 year €'000	1 to 2 years €'000	2 to 5 years €'000	More than 5 years €'000
Bonds, bills and unsecured notes	491,197	644,500	57,000	819,000
Payables to related parties	352,983	37,707	442,278	-
Foreign currency forward contracts	3,300	-	-	-
Cross-currency swap contracts	38,370	-	-	-
Forward starting swap contracts	-	-	22,842	53,276
Other Borrowings	459	-	-	-
Estimated gross outflow for the liabilities as at 31 December	**886,309**	**682,207**	**522,120**	**872,276**
Cross-currency and interest rate swap contracts	18,074	451	6,375	43,590
Estimated gross inflow for the liabilities as at 31 December	**18,074**	**451**	**6,375**	**43,590**
Estimated net outflow for the liabilities as at 31 December	**868,235**	**681,756**	**515,745**	**828,686**

The Company hedges exposures to changes in the fair value of debt, as well as in the foreign exchange cash flows of debt, redeemed in 2015, by using a combination of interest rate and cross-currency swap contracts (refer to note 11.a and 11.b). In both tables above the cash outflows and the cash inflows of the bonds and their related cross-currency swap contracts and interest rate swap contracts have been included on separate lines; however, Company's cash flow management looks at the outcome of the combination of these instruments. The cash outflow from the forward starting interest rate swap contracts, which is payable starting March 2016, is also included in the table.

The net present value of the liabilities from foreign currency forward contracts is included in this table. The contracts included in the liquidity overview do not contain the back-to-back contracts with Group companies.

3.2 Capital management

The Company acts as a finance vehicle for the Group and operates within the goals and objectives set out by the Group. Coca-Cola HBC A.G. and Coca-Cola HBC Holdings B.V. are the guarantors for all external financial liabilities of the Company.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as going concern and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may increase or decrease debt, issue or buy back shares, adjust the amount of dividends paid to shareholders, or return capital to shareholders. The Company may increase or decrease its debt in order to reach the optimal capital structure.

The Group's goal is to maintain a conservative financial profile. This is evidenced by the credit ratings maintained with Standard & Poor's and Moody's. In May 2015, Standard & Poor's changed the outlook from negative to stable and affirmed "BBB+" long term, "A2" short term corporate credit ratings. In November 2015, Moody's changed the outlook from negative to stable and affirmed the Group's. "Baa1" long term, P2 short term corporate credit ratings.

The Group monitors its financial capacity and credit ratings by reference to a number of key financial ratios including net debt to comparable adjusted EBITDA, which provides a framework within which the Group's capital base is managed. This ratio is calculated as net debt divided by comparable adjusted EBITDA. The ratio of the Group at 31 December 2015 and 2014 are included in the Group's consolidated financial statements.

3.3 Fair values estimation

For financial instruments such as cash, deposits, , short-term borrowings (excluding the current portion of bonds and notes payable) and other financial liabilities (other than bonds and notes payable), carrying values are a reasonable approximation of their fair values. For the loans receivable/payable from/to related parties the carrying values are a reasonable approximation of their fair values, as the interest rate is reset quarterly, based on the average borrowing cost of the company and the margin interest is set at an at-arm's-length basis. According to the fair value hierarchy, the financial instruments measured at fair value are classified as follows:

- Level 1 - Quoted prices in active markets for identical assets and liabilities. The fair value of bonds is based on quoted market prices at 31 December 2015.
- Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair value of foreign currency forward contracts, foreign currency option contracts, commodity swap contracts and forward starting swap contracts is determined by using valuation techniques. These valuation techniques maximise the use of observable market data. The fair value of the foreign currency forward contracts, foreign currency option contracts, commodity swap contracts and cross currency swap contracts is calculated by reference to quoted forward exchange, deposit rates and forward rate curve of the underlying commodity at 31 December 2015 for contracts with similar maturity dates. The fair value of interest rate swap contracts and forward starting swap contracts is determined as the difference in the present value of the future interest cash inflows and outflows based on observable yield curves.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at 31 December 2015 and 2014, all financial assets and financial liabilities against fair value were within level 2 as depicted in the tables below:

As at 31 December 2015	Level 2 € 000	Total € 000
Financial assets at FVTPL		
Commodity contracts	4,701	4,701
Foreign currency forward/option contracts	4,639	4,639
Total financial assets	**9,340**	**9,340**
Financial liabilities at FVTPL		
Commodity contracts	4,690	4,690
Foreign currency forward/option contracts	2,494	2,494
Derivative financial liabilities used for cash flow hedging		
Forward starting swap contracts	24,559	24,559
Total financial liabilities	**31,743**	**31,743**

As at 31 December 2014	Level 2 € 000	Total € 000
Financial assets at FVTPL		
Commodity contracts	2,094	2,094
Foreign currency forward/option contracts	6,134	6,134
Derivative financial assets used for cash flow hedging		
Interest rate swap contracts	10,622	10,622
Total financial assets	**18,850**	**18,850**
Financial liabilities at FVTPL		
Commodity contracts	2,110	2,110
Foreign currency forward/option contracts	9,090	9,090
Derivative financial liabilities used for cash flow hedging		
Cross-currency swap contracts	34,284	34,284
Forward interest swap contracts	24,674	24,674
Total financial liabilities	**70,158**	**70,158**

3.4 Offsetting financial assets and financial liabilities

(a) Financial assets

The following financial assets are subject to offsetting,

As at 31 December 2015 (€ '000)	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet		
				Financial instruments	Cash collateral received	Net amount
Derivative financial assets	9,340	-	**9,340**	2,613	-	**6,727**
Cash and cash equivalents	387,248	-	**387,248**	-	-	**387,248**
Total	**396,588**	-	**396,588**	**2,613**	-	**393,975**

As at 31 December 2014 (€ '000)	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Related amounts not set off in the balance sheet		
				Financial instruments	Cash collateral received	Net amount
Derivative financial assets	18,850	-	**18,850**	(17,078)	-	**1,772**
Cash and cash equivalents	544,045	-	**544,045**	-	-	**544,045**
Total	**562,895**	-	**562,895**	**(17,078)**	-	**545,817**

(b) Financial liabilities

The following financial liabilities are subject to offsetting,

As at 31 December 2015	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet		
				Financial instruments	Cash collateral pledged	Net amount
Derivative financial liabilities	31,743	-	**31,743**	2,613	-	**29,130**
Total	**31,743**	-	**31,743**	**2,613**	-	**29,130**

As at 31 December 2014	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Related amounts not set off in the balance sheet		
				Financial instruments	Cash collateral pledged	Net amount
Derivative financial liabilities	70,158	-	**70,158**	(17,078)	(3,529)	**49,551**
Total	**70,158**	-	**70,158**	**(17,078)**	**(3,529)**	**49,551**

The Company enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements or similar agreements. In general, under such agreements the counterparties can elect to settle into one single net amount the aggregated amounts owed by each counterparty on a single day with respect of all outstanding transactions of the same currency and the same type of derivative. In the event of default or early termination, all outstanding transactions under the agreement are terminated and subject to any set-off. These agreements do not meet all of the IAS 32 criteria for offsetting in the balance sheet, as the Company does not have any current legally enforceable right to offset amounts since the right can be applied if elected by both counterparties.

4. Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Income taxes

The tax filings of the Company are subject to final assessment by the tax authorities. Where the final tax assessment of these filings is different from the amounts that were initially recorded, such differences will affect the income tax provision in the period in which such determination is made.

(b) Fair value of derivatives and other financial instruments

The fair values of financial instruments that are not traded in an active market (level 2) are determined using fair valuation techniques (refer to notes 3.1 and 3.3). The Company uses its judgement to select a variety of fair valuation methods and makes assumptions that are mainly based on market conditions existing at each balance sheet date.

5. Interest income, interest expense and other finance cost

	2015 €'000	2014 €'000
Interest income on loans to related parties	81,609	97,192
Interest income on In-House-Cash	76	92
Interest income from financing to related parties (note 23)	**81,685**	**97,284**

In-House-Cash (IHC) program is used for processing internal and external payment transactions within the Group. Under this program, the Company is the IHC bank centre in which the Group subsidiaries hold current accounts.

Interest differential (forward points) on derivatives contracts	16,007	18,591
Interest income on current bank accounts	215	431
Interest income on time deposits	272	560
Income on investment funds	10	216
Other external interest income	48	11
External interest income	**16,552**	**19,809**
Total interest income	**98,237**	**117,093**

	2015 €'000	2014 €'000
Bond financing costs	56,737	52,564
Ineffectiveness cash flow and fair value hedges (note 11e)	20	4,611
Interest differential (forward points) on derivatives contracts	5,421	4,677
Interest on Commercial paper	57	381
Other external interest	65	13
External interest expense	**62,300**	**62,246**
Interest on loans to related parties	17,245	18,924
Interest on In-House-Cash	179	394
Guarantee fee from Coca-Cola HBC A.G.	1,999	1,898
Interest expense from financing from related parties (note 23)	**19,423**	**21,216**
Total interest expense	**81,723**	**83,462**

	2015 €'000	2014 €'000
Revolving facility financing costs	1,067	1,325
Amortisation of old facility	331	-
Finance advisory and bank costs	636	775
Other finance costs	**2,034**	**2,100**

6. Net foreign exchange gains

	2015 €'000	2014 €'000
Fair value gain (loss) on forward contracts	5,174	(1,140)
Net foreign exchange gain on financing activities	4,145	5,003
Total net foreign exchange gain	**9,319**	**3,863**

The hedging of the Group borrowing in Russian Roubles led to a gain in 2015 of €14.0 million (2014: €13.5 million), of which €10.4 million (2014: €13,9 million) relates to the forward points of the related forward contracts and recorded in interest income and expense; the Group loan in UK Sterling is hedged since June 2015. The result of the unhedged period is an exchange gain of €5.2 million (2014: gain of €4.0 million).

7. Net other (expenses)/income

	2015	2014
	€'000	€'000
Independent auditor's remuneration	(25)	(25)
Non-recoverable VAT	(179)	(109)
Intra-Group recharge for In-House Cash and hedging services	434	358
Other general administrative expenses	(1,026)	(725)
Total net other (expenses)/income	**(796)**	**(501)**

The independent auditor's remuneration only relates to the audit of the financial statements. The Company received other services from the independent auditor's firm network in 2015 and 2014 of €37 thousand and €40 thousand respectively relating assurance services for the update of the EMTN programme which are included in other finance cost.

8. Staff costs

The staff costs are included in other general administrative expenses.

	2015	2014
	€'000	€'000
Gross salary	134	60
Social charges	15	9
Total staff costs	**149**	**69**

No pension charges have been included as the Company has no agreed upon pension scheme for its employees.

9. Income tax expense

The Company primarily performs financing activities for the Group with the required funds for its activity being borrowed from both Group and external funding sources. For these activities, the Company charges the Group companies an arm's length remuneration and as a result, thereof a profit (interest) margin is earned in the Netherlands. This interest margin, after deduction of administrative expenses, is subject to taxation in the Netherlands.

The Company and CC Beverages Holdings II B.V. form a fiscal unity for Dutch corporate income tax purposes. All companies included in the fiscal unity are jointly and severally liable for the income tax liability. As agreed with CC Beverages Holdings II B.V, the Company has recorded an income tax charge in its financial statements for the year 2015 of €5.7 million (2014: €10.6 million) as if it is a stand-alone entity liable to pay corporate income tax.

	2015 €'000	2014 €'000
Current income tax charge for the year	**5,729**	**10,607**
Taxation on reversal of cash flow hedge reserve movements of previous years	-	(1,897)
Current income tax in income statement	**5,729**	**8,710**
Withholding tax	36	15
Tax in income statement	**5,765**	**8,725**

In March 2011 the Company signed an Advanced Pricing Agreement (APA) with the Dutch tax authorities for the period 1 January 2010 through 31 December 2013. The APA was prolonged until 31 December 2014 in agreement with the Dutch tax authorities. In 2015, a Transfer Pricing study was prepared in order to determine an arm's length remuneration for the long-term and short-term financing activities which are performed by the Company within the Group; the study, which was prepared in accordance with the OECD Transfer Pricing Guidelines and the Dutch Corporate Income Tax Act 1969, has been communicated to the Dutch Tax Authorities.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average Dutch tax rate.

	2015 €'000	2014 €'000
Profit before tax	**23,003**	**34,893**
Tax calculated at the Dutch tax rate (2015: 25%; 2014: 25%)*	5,741	8,713
Tax effects of:		
- tax deductible items	(9)	(3)
- tax deduction investment premium	(4)	-
- different depreciation rates fixed assets and non-deductible mixed costs related to staff	1	-
- taxation on reversal of cash flow hedge reserve movements of previous years	-	1,897
Current income tax charge for the year	**5,729**	**10,607**

* The first €200 thousands is taxed at 20%.

The amount of cash flow hedge reserve movement reflected in the total shareholder's equity was net of tax until 2013. Since 2014 the cash flow hedge reserve taxation is deferred including the opening balance position 2014 of the cash flow hedge reserve. The tax charge relating to the cash flow hedge reserve is reflected in next table:

	2015 €'000	2014 €'000
Movement cash flow hedge reserve before tax	4,688	(21,638)
Reversal of taxation on movements previous years to income statement	-	(1,897)
Movement cash flow hedge reserve after tax	**4,688**	**(23,535)**

10. Financial instruments

(a) Financial Instruments by category

Categories of financial instruments as at 31 December were as follows:

	As at 31 December 2015			
	Loans and receivables €'000	Assets at fair value through income statement €'000	Derivatives used for hedging €'000	Total €'000
Derivative financial instruments	-	9,340	-	9,340
Receivables excluding prepayments	2,434,703	-	-	2,434,703
Cash and cash equivalents	387,248	-	-	387,248
Total	**2,821,951**	**9,340**	**-**	**2,831,291**

	As at 31 December 2015			
	Other financial liabilities at amortised cost €'000	Liabilities at fair value through income statement €'000	Derivatives used for hedging €'000	Total €'000
Borrowings	1,568,177	-	-	1,568,177
Derivative financial liabilities	-	7,184	24,559	31,743
Trade and other payables	901,562	-	-	901,562
Total	**2,469,739**	**7,184**	**24,559**	**2,501,482**

	As at 31 December 2014			
	Loans and receivables	Assets at fair value through income statement	Derivatives used for hedging	Total
	€'000	€'000	€'000	€'000
Derivative financial instruments	-	18,850	-	18,850
Receivables excluding prepayments	2,483,203	-	-	2,483,203
Cash and cash equivalents	544,045	-	-	544,045
Total	**3,027,248**	**18,850**	-	**3,046,098**

	As at 31 December 2014			
	Other financial liabilities at amortised cost	Liabilities at fair value through income statement	Derivatives used for hedging	Total
	€'000	€'000	€'000	€'000
Borrowings	1,827,377	-	-	1,827,377
Derivative financial liabilities	-	45,484	24,674	70,158
Trade and other payables	839,507	-	-	839,507
Total	**2,666,884**	**45,484**	**24,674**	**2,737,042**

(b) Credit quality of the financial assets

The credit quality of financial assets that are neither past due or impaired can be assessed by reference to external credit ratings (if available) or to historic information about counterparty default rates. Reference is made to note 3.1(b).

11. Derivative financial instruments

The derivative financial instruments are included in the Company's balance sheet as follows:

	As at 31 December 2015		As at 31 December 2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	€'000	**€'000**	**€'000**	**€'000**
Interest rate swap contracts – undesignated hedge	-	-	10,622	-
Forward starting swap contracts – cash flow hedge	-	24,559	-	24,674
Cross currency swap contracts – undesignated hedge	-	-	-	34,284
Foreign currency forward and option contracts – undesignated hedge	4,639	2,494	6,134	9,090
Commodity contracts – undesignated hedge	4,701	4,690	2,094	2,110
Total	**9,340**	**31,743**	**18,850**	**70,158**
Less non-current portion:				
Forward starting swap contracts – cash flow hedge	-	-	-	24,674
Commodity contracts – undesignated hedge	2,546	2,536	875	888
	2,546	**2,536**	**875**	**25,562**
Current portion	**6,794**	**29,207**	**17,975**	**44,596**

Hedge accounting has not been applied to the undesignated derivatives, which economically hedge the Company's risks.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability, if the maturity of the hedged item is less than 12 months.

As at 31 December 2015, other receivables which served as collateral for net open position of interest rate and cross-currency swap derivative financial instruments was €nil (2014: €3.5m) as the respective financial instruments matured on 17 September 2015.

The forward starting swap contracts were settled on issuance of the forecasted fixed rate debt in March 2016 (refer to note 26) and will impact the income statement over the term of the debt issued.

(a) Interest rate swap contracts and forward starting swap contracts

The interest rate swap contracts with notional value of $400 million, which were related to the $400 million dollar fixed rate debt, matured on 17 September 2015.

The Company entered into forward starting swaps of €500 million in 2014 and an additional €100 million in August 2015 to hedge the interest rate risk related to its Euro-denominated forecasted issuance of fixed rate debt in March 2016. The notional principal amounts of the outstanding forward starting swap contracts at 31 December 2015 total €600 million and formally designated as cash flow hedges

The interest rate swap contracts outstanding at 31 December 2015 were as follows:

Currency	Amount € million	Fair value € million	Start Date	Maturity Date	Receive Floating rate	Pay Weighted average fixed rate
EUR	600	(24.6)	9 March 2016	9 March 2026	Euribor	1.4559%
		(24.6)				

Repricing date of the fixed payments for all euro denominated forward starting swap contracts is the 9th of March whereas repricing of the floating receipts is the 9th of March and the 9th of September until maturity.

(b) Cross-currency swap contracts

The cross-currency swap contracts with notional value of $400 million (€357.1 million) as at 31 December 2014, which were related to the $400 million US dollar denominated debt, matured on 17 September 2015.

(c) Foreign currency forward and option contracts

The notional principal amounts of the outstanding foreign currency forward and option contracts at 31 December 2015 was €662.1 million (2014: €438.1 million). Most of the foreign currency forward and option contracts are back-to-back contracts with Group entities. Those forward contracts that are not back-to-back with the Group's entities cover the foreign currency risk from the intercompany loans.

(d) Commodity swap contracts

The notional principal amounts of the outstanding commodity swap contracts at 31 December 2015 was €55.4 million (2014: €36.3 million). All of the commodity swap contracts with financial institutions are mirrored with back-to-back contracts with Group entities.

(e) Derivatives gains and losses

Derivatives held by the Company have given rise to the following losses (gains) being recorded in the income statement and the statement of comprehensive income:

Cash flow hedges
The net amount reclassified from other comprehensive income to the income statement for the period amounted to a €4.6 million loss (2014: €7.4 million loss) all of which was recorded in external interest expense. No ineffectiveness has been recognised in 2015 (2014: €4.6 million loss).

Fair value hedges
No interest rate swap was used as fair value hedging instruments in 2015 and 2014.

Undesignated hedges
The net losses on foreign currency contracts at fair value through income statement (for which hedge accounting was not applied) amounted to a €3.5 million loss (2014: €38.5 million loss) all of which was recorded in net foreign exchange losses.

12. Property, plant and equipment

	Computers €'000	Furniture and fittings €'000	Total €'000
At 1 January 2015			
Net book value	**0**	**0**	**0**
Additions	**73**	**12**	**85**
Depreciation charge	**(6)**	**(1)**	**(7)**
Closing net book value	**67**	**11**	**78**
At 31 December 2015			
Cost	**73**	**12**	**85**
Accumulation depreciation	**(6)**	**(1)**	**(7)**
Net book value	**67**	**11**	**78**

13. Other current assets

At 31 December 2014 the other current assets comprised a collateral for the net open positions of interest rate and cross currency swap derivative financial instruments and amounts to €3.5 million, the collateral ended with the termination of the swaps with the redemption of the US dollar bond in September 2015.

14. Cash and cash equivalents

Cash and cash equivalents at 31 December comprise the following:

	2015 €'000	2014 €'000
Cash at bank, in transit and in hand	31,948	15,841
Money market funds	-	263,204
Short term deposits	355,300	265,000
Total cash and cash equivalents	**387,248**	**544,045**

15. Borrowings

The Company holds the following borrowings at 31 December:

	2015 €'000	2014 €'000
Commercial paper	173,500	100,000
Current portion of long-term bonds, bills and unsecured notes	599,803	334,101
Total borrowings falling due within one year	**773,303**	**434,101**
Bonds, bills and unsecured notes falling due within one to two years	-	599,550
Bonds, bills and unsecured notes falling due within two to five years	794,874	-
Bonds, bills and unsecured notes falling due after five years	-	793,726
Total borrowings falling due after one year	**794,874**	**1,393,276**
Total borrowings	**1,568,177**	**1,827,377**

(a) Commercial paper programme and committed credit facilities

In March 2002, the Company established a €1.0 billion global commercial paper programme (the 'old CP programme') to further diversify its short-term funding sources. In October 2013, a new €1.0 billion euro-commercial paper programme (the 'new CP programme' and, together with the old CP programme, the 'CP programmes') was established in place of the old CP programme. The euro-commercial paper notes may be issued either as non-interest bearing notes sold at a discount or as interest bearing notes at a fixed or at a floating rate. All commercial papers issued under the CP programmes must be repaid within 7 to 364 days. The new CP programme has been granted the STEP label and is fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC A.G. and Coca-Cola HBC Holdings B.V. The outstanding amount under the CP programme was €173.5 million as at 31 December 2015 (2014: €100.0 million).

In June 2015, the Group replaced its then-existing €500.0 million syndicated revolving credit facility with a new €500.0 million syndicated loan facility, provided by various financial institutions, expiring on 24 June 2020, with the option to be extended for one more year. This facility can be used for general corporate purposes and carries a floating interest rate over EURIBOR and LIBOR. No amounts have been drawn under the syndicated loan facility since inception. The syndicated loan facility is fully unconditionally and irrevocably guaranteed by Coca-Cola HBC AG and Coca-Cola HBC Holdings B.V. and is not subject to any financial covenants.

(b) Bonds and notes summary

The summary of the bonds of the Company at 31 December 2015 is as follows:

	Start date	Maturity date	Fixed Coupon
€800m Eurobond	18 June 2013	18 June 2020	2.375%
€300m Eurobond	16 November 2009	16 November 2016	4.250%
€300m Eurobond	2 March 2011	16 November 2016	4.250%

(c) Euro medium-term note programme ('EMTN')

In 2001, the Company established a €2.0 billion euro medium-term note programme (the 'old EMTN programme'), which was increased to €3.0 billion in April 2012. In June 2013, a new €3.0 billion euro medium-term note program (the 'new EMTN programme' and, together with the old EMTN programme, the 'EMTN programmes') was established in place of the old EMTN programme. Notes are issued under the new EMTN programme through the Company and are fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC A.G. and Coca-Cola HBC Holdings B.V. Former guarantor 3E (Cyprus) Limited has been merged in Coca-Cola HBC Holdings B.V. in August 2014.

In December 2008, the Company completed the issue of a €500.0 million 5-year euro-denominated 7.875% fixed rate bond. Proceeds from the bond offering were partly used to pay for the acquisition of Socib S.p.A. by Coca-Cola Hellenic and partly to refinance the floating rate bond that matured in March 2009. In June 2013 the Company, as a result of the public tender offer, redeemed €182.9 million of its €500 million euro-denominated bond. The Company paid an amount of €8.0 million buy back premium which was included in the other finance cost line. The €317.1 million remainder of the €500 million euro-denominated bond has been repaid in January 2014.

In March 2011, the Company completed the successful offering of €300.0 million 4.25% fixed rate euro-denominated notes under the old EMTN programme to be consolidated and form a single series with the existing €300.0 million 4.25% fixed rate notes due 16 November 2016 issued in November 2009. The issue of these notes brought the total outstanding amount of the series to €600.0 million. The proceeds of the issue were used to repay the existing €301.1 million 4.375% notes due on 15 July 2011 at maturity in July 2011.

In June 2013, the Company completed the issue of €800.0 million 2.375% 7-year fixed rate euro-denominated notes under the new EMTN programme. The net proceeds of the new issue, after financing the repurchase of €182.9 million of the 7.875% 5-year fixed rate euro-denominated notes due January 2014, was used to refinance certain upcoming note maturities, namely the $500.0 million notes due September 2013 and the remaining €317.1 million notes due January 2014.

As at 31 December 2015, a total of €1.4 billion in Eurobonds issued under the €3.0 billion EMTN programmes were outstanding. A further amount of €2.2 billion is available for issuance under the new EMTN programme.

(d) Notes issued in the US market

On 17 September 2003, the Company successfully completed, a $900.0 million global offering of privately placed notes with registration rights. The first tranche consisted of an aggregate principal amount of $500.0 million due 2013 and the second tranche consisted of an aggregate principal amount of $400.0 million (€328.6 million at 31 December 2014 exchange rates) which was redeemed in September 2015. The net proceeds of the offering were used to refinance certain outstanding debt, the leveraged re-capitalisation of the Group and the acquisition of Römerquelle GmbH. In December 2003, an exchange offer was made by Coca-Cola Hellenic Bottling Company S.A in order to effect the exchange of the privately placed notes for similar notes registered with the SEC. Acceptances under the offer, which was finalised in February 2004, were $898.1 million. Both tranches of notes were de-registered in connection with the Parent's voluntary share exchange offer by filing a Form 15F with the SEC in August 2013 and the notes due in September 2013 and September 2015 were fully repaid upon maturity.

The notes issued in the US market were fully, unconditionally and irrevocably guaranteed by Coca-Cola HBC A.G. and Coca-Cola HBC Holdings B.V. are not subject to any financial covenants.

(e) Fair value, foreign currencies and interest rate information

As at 31 December 2015 the fair value of all bonds and notes payable, including the current portion, is €1,465.8 million (2014: €1,831.6 million) compared to their book value, including the current portion, of €1,394.7 million (2014: €1,727.4 million). The fair values are within level 1 of the fair value hierarchy, refer to note 3.3.

Borrowings at 31 December were held in the following currencies:

	Current 2015 €'000	Non-current 2015 €'000	Current 2014 €'000	Non-current 2014 €'000
Euro	773,303	794,874	100,000	1,393,276
US dollar	-	-	334,101	-
Borrowings	**773,303**	**794,874**	**434,101**	**1,393,276**

The carrying amounts of the borrowings held at fixed, as well as the weighted average interest rates and maturities of fixed rate borrowings are as follows in 2015 and 2014:

2015	Fixed interest rate € '000	Total 2015 € '000	Fixed rate liabilities Weighted Average interest rate	Weighted average maturity for which rate is fixed (years)
Euro	1,568,177	1,568,177	2.8%	2.6
Financial liabilities	**1,568.177**	**1,568,177**	**2.8%**	**2.6**

2014	Fixed interest rate € '000	Total 2014 € '000	Fixed rate liabilities Weighted Average interest rate	Weighted average maturity for which rate is fixed (years)
Euro	1,493,304	1,493,304	3.0%	3.7
US Dollar	334,101	334,101	5.5%	0.7
Financial liabilities	**1,827,405**	**1,827,405**	**3.5%**	**3.1**

The Company did not hold floating interest rate borrowings as at 31 December 2015.

Financial liabilities represent fixed rate borrowings to external parties held by the Company. The Company's policy is to hedge exposures to changes in the fair value of debt and interest rates by using a combination of cross-currency swap contracts, fixed to floating rate interest rate swap contracts, as well as interest rate option contracts.

16. Current tax liabilities

The current tax liabilities which amounted to €21.2 million as at 31 December 2015 (2014: €15.5 million), reflect the current account balance with CC Beverages Holdings II B.V. connected with income tax liabilities.

17. Share capital and share premium

The authorised capital of the Company is €5.0 million and is divided into 50,000 shares of €100 each. The issued share capital at 31 December 2015 and 2014 comprised 10,180 shares of €100 each fully paid, with total nominal value €1,018,000.

In August 2004, 10,000 shares with a nominal value of €100 each were issued at an issue price of €4.5 million. The difference between the issue price and the total nominal value of the new shares was recorded as share premium.

In October 2009, the Company received a capital contribution recorded in share premium for an amount of 384.6 million.

On 2 February 2011, the Company repaid to CC Beverages Holdings II B.V. the amount of €125.0 million in share premium. As at 31 December 2015, the Company's share premium amounted to €263.1 million (2014: €263.1 million).

There is only one class of shares, of which the par value is €100. Each share provides the right to one vote at general meetings of the Company and entitles the holder to dividends declared by the Company.

18. Retained earnings

The profit for the year is the only movement in retained earnings in 2015 and 2014.

19. Hedging reserve

The hedging reserve amounts to a €24.5 million loss as at 31 December 2015 (2014: €29.2 million loss).

20. Dividends

No dividends have been declared or distributed during 2015 (2014: nil).

21. Directors' remuneration

The Directors did not receive any remuneration during the year (2014: nil).

22. Commitments

The Company and CC Beverages Holdings II B.V. form a fiscal unity for Dutch corporate income tax purposes. Both companies included in the fiscal unity are jointly and severally liable for Dutch tax liabilities of both companies.

23. Related party transactions

Since the principal activity of the Company is the provision of financial services to the Group, related party transactions relate to the borrowing and lending activities of the Company with the Group.

The income tax liability, which is a short term payable to CC Beverages Holdings II B.V., is not included in the overviews in the paragraphs (a) to (d).

(a) Interest income and receivables

The table below show the most important related parties in both the interest income and related party receivables:

		Related parties receivable as at 31 December		Interest income	
		2015	2014	2015	2014
Company	**Country**	**€'000**	**€'000**	**€'000**	**€'000**
CC Beverages Holdings II B.V.	The Netherlands	1,326,536	1,322,355	44,037	41,815
Coca-Cola HBC Italia Srl	Italy	530,154	653,000	21,043	33,985
Coca-Cola HBC Northern Ireland Limited	Northern Ireland	257,914	56,090	1,995	2,347
CCB Management services GmbH	Austria	100,776	83,399	3,138	4,259
Coca-Cola HBC A.G.	Switzerland	78,298	111,306	6,127	7,342
Coca-Cola Finance Plc	England and Wales	2,682	124,255	1,074	4,808
Other related parties		138,308	129,238	4,271	2,728
Total		**2,434,668**	**2,479,643**	**81,685**	**97,284**

(b) Interest expense and payables

		Related parties payable as at 31 December		Interest expense	
		2015	2014	2015	2014
Company	**Country**	**€'000**	**€'000**	**€'000**	**€'000**
Coca-Cola HBC Procurement GmbH	Austria	160,195	176,049	734	134
Star Bottling Limited	Cyprus	117,280	111,869	1,061	69
Coca-Cola HBC Finance Plc	England and Wales	89,791	84	584	-
Coca-Cola HBC Romania Ltd	Romania	87,079	40,134	943	639
Coca-Cola HBC Switzerland Ltd	Switzerland	57,989	49,577	22	88
LL Coca-Cola HBC Eurasia	Russia	36,450	62,568	10,946	15,263
Brewinvest S.A.	Greece	-	113,773	144	513
Coca-Cola HBC A.G.	Switzerland	577	318	1,999	1,898
Other related parties		316,749	252,912	2,990	2,612
Total		**866,110**	**807,284**	**19,423**	**21,216**

The amount of interest expense from Coca-Cola HBC A.G. relates entirely to the guarantee fee. The Parent Company, as main guarantor for the EMTN programmes, charges a guarantee fee to the Company that is recharged as part of the mark-up calculated in the average borrowing costs for lending to Group companies.

c) Financing with the Group by category

The loans to and borrowings from Group companies per category is as follows:

	As at 31 December 2015		As at 31 December 2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	€'000	**€'000**	**€'000**	**€'000**
Long term loans and borrowings	2,219,282	258,561	2,373,138	476,745
Short term loans and borrowings	204,017	461,532	96,339	234,092
Citipool bank accounts	-	-	-	84
IHC-accounts	11,133	145,416	10,015	96,026
Other	236	601	151	337
Total	**2,434,668**	**866,110**	**2,479,643**	**807,284**

The non-current receivables will fall due within less than five years. The interest income and expense on loans to/from the Coca-Cola HBC Group for the year was settled, for most of the loans listed above, on a three-month basis. The interest accrual related to the last quarter of 2015 was settled in January 2016.

Both the receivable In-House-Cash (IHC) accounts as well as the payable IHC accounts are classified under current Group receivables, respectively payables, as the IHC accounts have the same liquidity characteristics as bank accounts. The interest revenues and expenses from the IHC program are reflected in note 5.
The remaining contractual maturities for the Company's liabilities to related parties are included in the liquidity tables in note 3.1.c.

(d) Currency and interest characteristics of the financing to and from Group companies

The financing to and from Group companies per currency is as follows:

	As at 31 December 2015		As at 31 December 2014	
	Assets	**Liabilities**	**Assets**	**Liabilities**
	€'000	**€'000**	**€'000**	**€'000**
EUR	2,136,359	624,388	2,407,551	610,304
RUB	-	36,450	-	62,568
GBP	257,985	1,237	56,282	3,148
CHF	-	58,315	-	49,292
RON	-	78,239	-	29,139
Other	40,324	67,481	15,810	52,833
Total	**2,434,668**	**866,110**	**2,479,643**	**807,284**

Financing in other currencies than Euro is hedged with forward contracts.

The financing to and from Group companies by interest rate profile is as follows:

	31 December 2015		31 December 2014	
	Assets	Liabilities	Assets	Liabilities
	€'000	€'000	€'000	€'000
Average borrowing cost rate*	2,419,899	-	2,339,983	-
Fixed rate*	-	196,993	111,305	233,698
Floating rate*	11,133	668,516	24,747	573,249
Other	3,636	601	3,608	337
Total	**2,434,668**	**866,110**	**2,479,643**	**807,284**

* Amounts include related interest accruals.

The average borrowing cost rate is reset on a quarterly basis and is based on the average borrowing cost of the Company. The weighted average fixed rate for loans granted in 2014 amounted to 3.25%. For loans received, the average fixed rate was 2,97% in 2015 (2014: 1.20%).

The floating rates are based upon the underlying currency reference rate plus a margin that varies depending on the underlying currency and risk profile.

(e) Intra-group recharge for In-House-Cash and hedging services

The Company recharges fees for the In-House-Cash and hedging services which are included in the net other (expenses)/income (refer to note 7).

(f) Intra-group guarantees

The external debt under the EMTN Programmes, the Commercial Paper Programme and Committed Credit facilities (note 15) are guaranteed by the related party entities of the Company, Coca-Cola HBC A.G. and Coca-Cola HBC Holdings B.V.

24. Segmental analysis

The Company has one operating segment being the finance vehicle of the Group. Refer to note 23(a) and 23(b) analysis of interest income and receivables by counterparty.

25. Average number of employees

During the year 2015, the average number of employees calculated on a full-time-equivalent basis was 2.0 (2014: 0.6).

26. Events after the balance sheet date

On 3 March 2016, the Company issued a fixed rate bond of €600.0 million due 11 November 2024, under the Group's €3.0 billion Euro medium-term note programme. The coupon rate of the new bond is 1.875% which, including the amortisation of the loss on the forward starting swap contracts (refer to note 11) over the term of the fixed rate bond, results in an effective interest rate of 2.99%. The new bond is guaranteed by Coca-Cola HBC AG and Coca-Cola HBC Holdings B.V. The proceeds from the bond issue will be mainly used for the repayment of existing bonds. On the same date, the Company announced a tender offer for its bonds maturing in November 2016, resulting in a reduction in their nominal value by approximately €214.6 million.

The financial statements on pages 6 to 9 and the attached notes on pages 10 to 43 have been approved by the Directors in Amsterdam on 28 April 2016.

Directors:

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Garyfallia Spyriouni	**Michalis Imellos**	**Wilhelmus Joseph Langeveld**	**Rutger Alexander van Hilst**

Profit appropriation according to the Articles of Association

According to article 18 of the Articles of Association, the net result for the year is at the disposal of the General Meeting of Shareholders.

Proposed appropriation of profit

The Board of Directors proposes that the net profit for the period ended 31 December 2015, be added to retained earnings:

	€'000
Addition to retained earnings	17,238
Net profit	**17,238**

This proposal has already been included in the financial statements.

Subsequent events

On 3 March 2016, the Company issued a fixed rate bond of €600.0 million due 11 November 2024, under the Group's €3.0 billion Euro medium-term note programme. The coupon rate of the new bond is 1.875% which, including the amortisation of the loss on the forward starting swap contracts over the term of the fixed rate bond, results in an effective interest rate of 2.99%. The new bond is guaranteed by Coca-Cola HBC AG and Coca-Cola HBC Holdings B.V. The proceeds from the bond issue will be mainly used for the repayment of existing bonds. On the same date, the Company announced a tender offer for its bonds maturing in November 2016, resulting in a reduction in their nominal value by approximately €214.6 million.

Independent auditor's report

The Independent Auditor's report can be found on page 45.

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Independent auditor's report

To: the general meeting of Coca-Cola HBC Finance B.V.

Report on the financial statements 2015

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Coca-Cola HBC Finance B.V. as at 31 December 2015, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2015 of Coca-Cola HBC Finance B.V., Amsterdam ('the company').

The accompanying financial statements comprise:

- the balance sheet as at 31 December 2015;
- the following statements for 2015: the income statement, the statement of comprehensive income, changes in shareholder's equity and the cash flow statement; and
- the notes, comprising a summary of the significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Coca Cola HBC Finance B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

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

Ref.: e0378670

PricewaterhouseCoopers Accountants N.V., Paterswoldseweg 806, 9728 BM Groningen, P.O. Box 8060, 9702 KB Groningen, The Netherlands
T: +31 (0) 88 792 00 50, F: +31 (0) 88 792 94 24, www.pwc.nl

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Our audit approach

Overview and context

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where Directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that may represent a risk of material misstatement due to fraud.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a financing company. We therefore included specialists in the area of financial instruments in our team.

The main purpose of the company is the financing of Coca-Cola HBC A.G. and its subsidiaries (the 'group' or the 'Coca-Cola HBC group'). The company finances the loans it provides to the companies of the group through bond offerings in international capital markets, commercial paper programs and also through a syndicated revolving credit facility. The repayment of the bonds to investors is guaranteed by the ultimate parent Coca-Cola HBC A.G. and the group company Coca-Cola HBC Holdings B.V. as disclosed in note 15 to the financial statements. Furthermore, the commercial paper and the syndicated revolving credit facility are also guaranteed by these two companies. Loans are issued to group companies with financial instruments in place to mitigate the currency risk. For facilitating the Coca-Cola HBC group in its financing activities, the company receives a margin.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, help us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at €28.3 million and €1.2 million for the income statement line items Net foreign exchange gains and losses, Net other (expenses) / income and Income tax (2014: €27.5 million). The benchmark applied is 1% of total assets and 5% of profit before tax for the income statement line items specified above. Due to the large amounts in the financial statements relative to the income statement line items specified above, which is inherent to the nature of the company's business, we consider it appropriate to use two levels of quantitative materiality. We consider this approach to be more suitable and balanced for this type of companies than the overall benchmark we used in previous year which was 0,9% of total assets.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons.

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We agreed with the Directors that we would report to them misstatements identified during our audit above €1.4 million for the balance sheet and €0.1 million for the income statement line items specified above (2014: €1.4 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Directors, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We have described below the key audit matters and included a summary of the audit procedures we performed on those key audit matters. Due to the nature of the company's business we recognise that key audit matters may be long-standing and therefore may not change significantly from one year to the next. As compared to prior year there has been no changes in key audit matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these key audit matters individually or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Key audit matter	*How our audit addressed the matter*
Valuation and existence of (loan) receivables from related parties We consider the valuation and existence of the loans issued, as disclosed in note 23 to the financial statements for a total amount of €2,434.7 million as a key audit matter. This is due to the size of the loan portfolio and given that an impairment may have a material effect on the income statement. Loans are initially recognized at its fair value and subsequently measured at amortized cost using the effective interest method. The Directors did not identify any impairment triggers regarding the loans issued to Coca-Cola HBC group companies.	We have performed audit work addressing the valuation and existence of the loans issued to Coca-Cola HBC group companies, through: • reconciliation of the sub ledger of the loans to the general ledger; • testing on a sample basis the movements of the loans to the contracts and bank statements; • confirmation procedures with the counterparties of the loans; • testing of the amortized costs assessment; • testing the fair value of the loans receivable; • analysis of the financial situation of the group companies to which loans have been provided; and • assessed whether there were any impairments triggers. We concur with the position taken by the Directors as set out in the financial statements with respect to the valuation of the loans.

Derivative valuation

We consider the fair value of the derivatives portfolio as disclosed in notes 3.3 and 11 to the financial statements of €9.3 million classified under the financial assets and €31.7 million classified under the financial liabilities, as a key audit matter. This is due to the nature of the portfolio that includes longer dated interest rate swaps and due to the market for these swaps and options that are not always fully liquid. In addition, the recent market developments including the volatility of the currency basis spread further increases the subjectivity of the valuation of these instruments as well as the number of input factors to take into account in the valuation. The portfolio includes short term cross-currency swaps, foreign currency forwards and options, forward starting interest rate swaps, interest rate swaps and commodity swaps.

We have tested the valuation of derivatives as well as the valuation of hedged items in hedge accounting relations (when relevant) by performing an independent calculation of the fair value per year-end of each derivative in the material classes of derivatives (short term cross-currency swaps, foreign currency forwards and options, forward starting swaps, interest rate swap and commodity swaps) and compare them with the estimates made by the Directors.

We concur with the position taken by the Directors as set out in the financial statements with respect to the valuation of the derivatives.

Hedge accounting

We consider the accounting for derivatives as a key audit matter. Refer to note 3, 5, 6, 10, 11, 15 and 19 of the financial statements. This is due to the detailed formal and technical requirements that are applicable to the application of hedge accounting and because inappropriate application of these requirements can lead to a material effect on the income statement.

We have tested on a sample basis whether hedge documentation and hedge effectiveness testing meet the requirements of IAS 39 Financial Instruments and whether the hedge effectiveness test is mathematically correct. We have reconciled the outcome of the effectiveness testing for the derivative portfolio as a whole to the financial statements.

We concur with the accounting and disclosing of the derivatives by the Directors as set out in the financial statements.

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Responsibilities of the Directors

The Directors are responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for
- such internal control as the Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Directors are responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Directors should prepare the financial statements using the going concern basis of accounting unless the Directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the directors' report and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the directors' report and other information):

- We have no deficiencies to report as a result of our examination about whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the directors' report, to the extent we can assess, is consistent with the financial statements.

Our appointment

We were appointed as auditors of Coca-Cola HBC Finance B.V. following the passing of a resolution by the shareholders at the annual meeting held on 1 May 2015 and has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of more than 10 years.

Groningen, 28 April 2016
PricewaterhouseCoopers Accountants N.V.

Original has been signed by H.D.M. Plomp RA

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Appendix to our auditor's report on the financial statements 2015 of Coca Cola HBC Finance B.V.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the accompanying financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgment and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Concluding on the appropriateness of the Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.