

COCA-COLA HBC FINANCE B.V.

AMSTERDAM, THE NETHERLANDS

ANNUAL REPORT 2014

Coca-Cola HBC Finance B.V. – Annual Report 2014

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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 2014.

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 parent company of the Group is Coca-Cola HBC A.G. based in Zug, Switzerland (the “Parent”).

Financial Review

Interest income for the 2014 financial year amounted to €98.5 million (2013: €105.8 million) and profit for the 2014 financial year amounted to €26.2 million (2013: €7.7 million). The increase in profit is mainly attributable to an increase in net finance income of €11.1 million and an increase in foreign exchange gains of €13.1 million. The higher net finance income is due to the lower external financing cost amounting to €27.1 million partially offset by the €8.6 million higher interest expense from financing from the Group. The interest income from the Group decreased by €7.5 million mainly due to the lower amount lent to Group companies as well as due to a decrease in the average interest rate applied.

The higher interest expenses from financing from the Group, as well as the foreign exchange gain are attributable to the increased average balance of borrowing in Russian roubles with a floating interest rate of approximately 10% (2013 approximately 7%). The foreign exchange gain of €17.8 million (2013 : €4.7 million gain) relates mainly to the hedging benefit of Company’s liability position in Russian roubles of €13.5 million (2013 : €6.5 million); as well as the gain of €4.0 million (2013 : €1.5 million loss) on the unhedged receivable position in UK sterling.

The Company entered into forward starting swap contracts in 2014 to cover the interest rate risk to its euro denominated forecasted fixed rate debt, which is expected to be issued by March 2016.

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 affirming their ratings respectively in May 2014 and July 2014.

Outlook

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 sufficient for the redemption of the \$400 million bond in September 2015.

Principal risks and uncertainties

In the course of its business, the Company is exposed to several financial risks. These include amongst others, foreign currency risk, interest rate risk, credit risk and liquidity risk. These risks are managed in accordance with the Treasury Policy, which describes objectives, responsibilities and management of the treasury risks. The policy is updated on a regular basis.

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Foreign currency risk

The Company is exposed to the effect of foreign currency risk on cash balances and on funding provided to the Group. The foreign currency risk of the US dollar bond and interest payments has been swapped to Euro by means of cross currency swap contracts. Forward exchange contracts are used to hedge a portion of 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. The short-term borrowings from external parties, excluding the commercial papers, as well as most of the borrowings from Group companies are primarily floating rate instruments, with the exception of the \$400 million bond maturing in September 2015 and the respective swap contracts, which have a fixed rate as well. 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 limited concentrations of credit risk across financial institutions. The Company has policies in place that limit the amount of counterparty exposure to any single financial institution. The investment policy objective is to minimize counterparty risks, with strict investment limits set per counterparty, on the excess cash balances invested. 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.

Coca-Cola HBC A.G. and Coca-Cola HBC Holdings B.V. are the main guarantors for the committed external financial liabilities of the Company. Effective August 2014, former guarantor 3E (Cyprus) Limited was merged with Coca-Cola HBC Holdings B.V. Furthermore, the Company keeps a cash collateral as a pledge for the net open positions of interest rate and cross currency swap derivative financial instruments with one financial institution.

Liquidity risk

The Company actively manages liquidity risk to ensure there are sufficient funds available for any short term and long-term commitment. The commercial paper program and the unutilized revolving credit facility are used to manage this risk. Cash and cash equivalents for the year ending 31 December 2014 amounted to €544.0 million (2013: €649.4 million). This decreased cash balance was mainly the net result of external and intra group borrowing repayments of €317.1 million and €128.1 million respectively partially offset by payment received of €313.9 million in respect of intra group loans.

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 minimize 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:

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- 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 2014. (2013: 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. The composition of the board did not change. The Company has no Supervisory Directors.

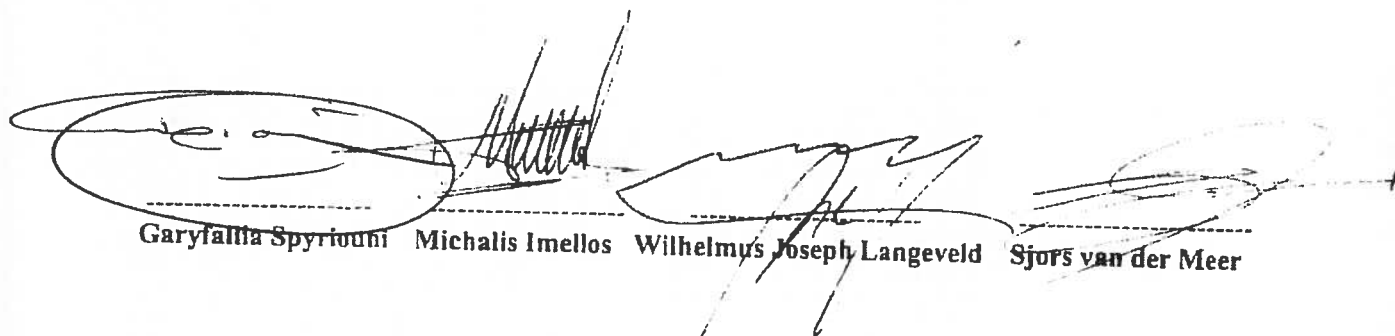
The size and composition of the Board of Directors and the combined experience and expertise should reflect the best fit for the profile and strategy of the Company. Since 2012 the Board has, with the exception of a few months in 2013, one female Director. The Company is aware that the gender diversity 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.

Directors' statement

The 2014 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 2014 and of the results of the Company's operations and cash flows for the financial year 2014.

Amsterdam, 30 April 2015

Directors



Garyfalla Spyridoni Michalis Imellos Wilhelmus Joseph Langeveld Sjoors van der Meer

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INCOME STATEMENT

YEAR ENDED 31 DECEMBER

		2014	2013
	Notes	€'000	€'000
Interest income from financing to related parties	5,22	97,284	104,804
External interest income	5	1,218	1,045
Total interest income		98,502	105,849
External interest expense	5	(57,569)	(75,600)
Interest expense from financing from related parties	5,22	(21,216)	(12,576)
Total interest expense		(78,785)	(88,176)
Net interest income		19,717	17,673
Other finance cost	5	(2,100)	(11,182)
Net finance income		17,617	6,491
Net foreign exchange gains	6	17,777	4,692
Other expenses	7	(501)	(930)
Profit before tax		34,893	10,253
Tax	9	(8,725)	(2,599)
Profit for the year		26,168	7,654

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER

	2014	2013
	€'000	€'000
Profit after tax	26,168	7,654
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges		
Losses during the year	(29,079)	(3,978)
Losses reclassified to the profit and loss for the year	7,441	8,755
Taxation on movements cash flow hedges	9	(1,194)
Total	(23,535)	3,583
Total comprehensive income for the year	2,633	11,237

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

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BALANCE SHEET

AS AT 31 DECEMBER

	Notes	2014 €'000	2013 €'000
Assets			
Receivables from related parties	22	2,373,138	2,790,263
Derivative assets	11	875	23,786
Prepayments		118	446
Total non-current assets		2,374,131	2,814,495
Receivables from related parties	22	106,505	11,788
Derivative assets	11	17,975	6,194
Prepayments		468	426
Other current assets	12	3,560	8,869
Cash and cash equivalents	13	544,045	649,387
Total current assets		672,553	676,664
Total assets		3,046,684	3,491,159
Liabilities			
Short-term borrowings	14	434,101	417,197
Payables to related parties	22	330,539	511,077
Accrued interest payable		16,309	40,321
Derivative liabilities	11	44,596	7,697
Current tax liabilities	15	15,493	4,886
Other current liabilities/accruals		421	832
Total current liabilities		841,459	982,010
Long-term borrowings	14	1,393,276	1,695,411
Payables to related parties	22	476,745	426,350
Derivative liabilities	11	25,562	80,379
Total non-current liabilities		1,895,583	2,202,140
Total liabilities		2,737,042	3,184,150
Equity			
Share capital	16	1,018	1,018
Share premium	16	263,064	263,064
Hedging reserve	18	(29,227)	(5,692)
Retained earnings	17	74,787	48,619
Total equity		309,642	307,009
Total equity and liabilities		3,046,684	3,491,159

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 2013	1,018	263,064	(9,275)	40,965	295,772
Total comprehensive income for the year	-	-	3,583	7,654	11,237
As at 31 December 2013	1,018	263,064	(5,692)	48,619	307,009
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

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

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CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER

	2014	2013
	€'000	€'000
Operating activities		
Profit before tax	34,893	10,253
Adjustments for:		
Interest expense	78,785	88,176
Buy back premium	-	7,957
Interest income	(98,502)	(105,849)
Amortisation of prepaid fees of the facility	349	348
Other	14	0
Increase in financing to the Group	(1,669,973)	(2,968,919)
Decrease in financing to the Group	1,983,846	2,916,612
Increase in financing from the Group	5,418,209	4,873,148
Decrease in financing from the Group	(5,546,339)	(4,680,845)
Decrease in other assets	3,271	991
(Decrease)/Increase in other liabilities	(395)	2,421
Interest received	105,255	100,268
Interest paid	(102,893)	(110,116)
Taxes paid	(15)	(61)
Cash flow generated from operating activities	206,505	134,384
Financing activities		
Proceeds from external borrowings	1,006,225	1,525,000
Repayment of external borrowings	(1,318,072)	(1,369,443)
Cash flow (used in)/generated from financing activities	(311,847)	155,557
(Decrease)/Increase in cash and cash equivalents	(105,342)	289,941
Cash and cash equivalents at 1 January	649,387	359,446
(Decrease)/Increase in cash and cash equivalents	(105,342)	289,941
Cash and cash equivalents at 31 December	13 544,045	649,387

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

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Notes to the financial statements for the year ended 31 December 2014

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 “Parent”) and its subsidiaries (the “Group” or the “Coca-Cola HBC Group”). Funding of these activities is mainly done 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.

More specifically, in Note 3, the line foreign currency forward contracts in the liquidity table has changed from notional amounts of the cash outflow and cash inflow of the foreign currency forward contracts, to their respective net present value.

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.

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Notes to the financial statements for the year ended 31 December 2014

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Company

In the current period the Company has adopted the following new and revised standards and interpretations which were issued by the IASB and the International Financial Reporting Interpretations Committee ('IFRIC') of the IASB and adopted by the EU, that are relevant to its operations and effective for accounting periods beginning on 1 January 2014. None of these standards and interpretations had a significant effect on the financial statements of the Company but did impact the disclosures. The revised and new standards and interpretations are as follows:

Amendment to IAS 32 *Financial Instruments: Presentation*. The amendment relates to the application guidance of IAS 32 and clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of the financial position.

Amendment to IAS 39 *Novation of Derivatives*. The amendment provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

Amendments to IFRS 13 *Fair Value Measurement*. The amendments clarify that short-term receivables and payables may be recorded at invoice amounts when the impact of discounting is not material. These amendments result from the annual improvements to IFRS (2010-2012 cycle).

IFRIC 21 "Levies" which clarifies that an entity recognises a liability for a levy when the activity that triggers the payment, as identified by the relevant legislation, occurs.

(b) New standards and interpretations not yet adopted

At the date of approval of these financial statements the following standards and interpretations relevant to the Company's operations 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.

Amendments to IAS 24 *Related party disclosures* the amendment clarifies that entity that provides key management personnel services is a related party subject to the related party disclosures. The amendments result from the IASB's annual improvements to IFRS (2010-2012 cycle) issued in December 2013. The effective dates of the amendments are generally for annual periods beginning on or after 1 July 2014.

Amendments to IFRS 13 *Fair Value Measurement* which clarify that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and liabilities on a net basis, applies to all contracts (including non financial contracts). The amendments result from the IASB's annual improvements to IFRS (2011-2013 cycle) issued in December 2013. The effective dates of the amendments are generally for annual periods beginning on or after 1 July 2014.

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 application permitted. This standard has not yet been adopted by the EU.

Amendments to IFRS 7 *Financial Instruments: Disclosures*. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required. The amendments result from the IASB's annual improvements to IFRS (2012-2014 Cycle) issued in September 2014. The effective dates of the amendments are generally for annual periods beginning on or after 1 January 2016. This amendment has not yet been adopted by the EU.

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Notes to the financial statements for the year ended 31 December 2014

In December 2014, the IASB issued an amendment to IAS 1 *Presentation of Financial Statements*. The amendment clarifies the materiality guidance in IAS 1 and how this applies to financial statements as a whole, including primary statements and notes. Additional disclosures may be necessary if the information required by IFRS is not sufficient for the understanding of the impact of particular transactions or events on the entity's financial performance. This standard has not yet been adopted by the EU.

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 Revenue recognition

Revenue 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.

2.3.1 Interest income

Revenue comprises interest income from financing provided to Group companies. The Company's major activity is obtaining finance, predominately from third party investors, and providing finance to Group companies. For the provision of these services to Group companies, a fee is included in the interest rates charged to them in accordance with intercompany agreements.

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.

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Notes to the financial statements for the year ended 31 December 2014

2.4 Interest expense

Interest expenses is recognised in profit or loss 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 Financial assets

2.5.1 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 the purpose of 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 2.9 and 2.10).

2.5.2 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. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. 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.

2.6 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.

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Notes to the financial statements for the year ended 31 December 2014

2.7 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 or held-to-maturity investment 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.

2.8 Derivative financial instruments and hedging activities

The Company uses financial instruments, including interest rate swap contracts, forward starting 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 profit and loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss as they arise. Regular way purchases and sales of financial assets are accounted for at trade date.

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Notes to the financial statements for the year ended 31 December 2014

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 is shown in Note 18. 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. Trading derivatives are classified as a current asset or liability.

(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 'interest expense on bank loans'. The gain or loss relating to the ineffective portion is also recognised in the income statement within 'interest expenses on bank loans'. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk, are recognised in the income statement within 'interest expense on bank loans'.

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 profit or loss 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 'interest expense on bank loans'.

Amounts accumulated in equity are reclassified to profit or loss 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 'interest expense on bank loans'.

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 'interest expense on bank loans'.

2.9 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.

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2.9.1 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.

2.10 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.

2.11 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.

2.11.1 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.

2.12 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.

2.13 Current and deferred 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.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the

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transaction affects neither accounting nor the taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

2.14 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.

2.15 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group'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 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.

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(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 a portion of the Company's foreign currency risk. The majority of the foreign currency forward contracts and foreign currency option contracts have maturities of less than one year.

Except for the US dollar bond, which is 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, except for a UK Sterling denominated loan amounting to €55.9 million at 31 December 2014, which is unhedged.

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 2014 and 2013 are as follows:

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	-

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2013 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	7.33%	13,982	(793)	(16,208)	918
Romanian leu	4.95%	(172)	-	256	-
Russian rouble	7.28%	(301)	-	2,416	-
Polish zloty	6.43%	(172)	-	166	-
UK sterling	6.77%	4,158	-	(4,762)	-
Bulgarian lev	1.44%	(38)	-	39	-
Hungarian forint	7.97%	(7)	-	60	-
Czech koruna	6.54%	(193)	-	328	-
Croatian kuna	1.35%	-	-	3	-
Swiss franc	4.41%	(481)	-	652	-
Total		16,776	(793)	(17,050)	918

(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 (until 17 September 2015).

The portion of the coupon of the potential bond, which is planned to be issued by March 2016, that will be affected from the fluctuation of the interest rates is hedged against a fixed interest rate payable by means of three forward interest rate swap agreements concluded in the third quarter of 2014 with 10-year duration. The cumulative amount hedged is €500.0 million and the weighted average fixed interest rate payable is 1.5228%.

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

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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 profit and loss and equity for the year ended 31 December 2014 would have affected by a loss of €6.8 million (2013: €9.2 million loss) and by a €45.4 million gain (2013: €0 million) respectively.

If interest rates had been 100 basis points lower and all other variables were held constant, the Company's profit and loss and equity for the year ended 31 December 2014 would have affected by €2.7 million gain (2013: €5.1 million gain) and by a €49.5 million loss (2013: €0 million) respectively .

The impact in the Company's profit and loss 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 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 Company has policies that limit the amount of credit exposure to any single financial institution. The investment policy objective is to minimize counterparty risks whilst ensuring an acceptable return on the excess cash position. Counterparty limits are approved by the Board of Directors of the Company to ensure that risks are controlled effectively and transactions are undertaken with approved counterparties as described in the Treasury Policy.

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. Former guarantor 3E (Cyprus) Limited was merged into Coca-Cola HBC Holdings B.V. in August 2014. Furthermore, the Company keeps cash collateral as a pledge for the net open positions of interest rate and cross currency swap derivative financial instruments with one financial institution. 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 Company's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 December 2014 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, the Company regularly 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 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.

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(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 program, 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 14, 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)'.

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 2014:

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	682,707	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

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2013	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	502,496	350,541	682,500	838,000
Payables to related parties	527,332	17,655	415,284	-
Foreign currency forward contracts	1,581	-	-	-
Cross-currency swap contracts	9,850	76,907	-	-
Other Borrowings	833	-	-	-
Estimated gross outflow for the liabilities as at 31 December	1,042,092	445,103	1,097,784	838,000
Cross-currency and interest rate swap contracts	15,955	15,955	-	-
Estimated gross inflow for the liabilities as at 31 December	15,955	15,955	-	-
Estimated net outflow for the liabilities as at 31 December	1,026,137	429,148	1,097,784	838,000

The Company hedges exposures to changes in the fair value of debt, as well as in the foreign exchange cash flows of debt 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 September 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 two other Group companies 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 2014, Standard & Poor's affirmed Coca-Cola Hellenic Bottling Company S.A. "BBB+" long term, "A2" short term corporate credit ratings. The corporate credit ratings by Moody's remained unchanged over the period, i.e. "Baa1" long term and negative outlook.

The Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as 'Total equity' plus 'Net debt' as shown in the consolidated balance sheet. The gearing ratios of the Group at 31 December 2014 and 2013 are included in the Group's consolidated financial statements.

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3.3 Fair values estimation

For financial instruments such as cash, deposits, loans receivable/payable from/to related parties, 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. 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 2014.
- 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, bonds and notes payable, interest rate swap contracts, forward starting swap contracts and cross currency 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 2014 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 2014 and 2013 all financial assets and financial liabilities were within level 2 as depicted in the tables below:

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 hedging		
Cash flow hedges		
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
Hedged financial liabilities		
Derivative financial liabilities used for hedging		
Fair value hedges		
Cash flow hedges		
Cross-currency swap contracts	34,284	34,284
Interest rate swap contracts	24,674	24,674
Total financial liabilities	70,158	70,158

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As at 31 December 2013	Level 2 € 000	Total € 000
Financial assets at FVTPL		
Commodity contracts	2,703	2,703
Foreign currency forward/option contracts	5,202	5,202
Derivative financial assets used for hedging		
Cash flow hedges		
Interest rate swap contracts	22,075	22,075
Total financial assets	29,980	29,980
Financial liabilities at FVTPL		
Commodity contracts	2,696	2,696
Foreign currency forward/option contracts	6,706	6,706
Hedged financial liabilities		
Derivative financial liabilities used for hedging		
Fair value hedges		
Cash flow hedges		
Cross-currency swap contracts	78,674	78,674
Total financial liabilities	88,076	88,076

3.4 Offsetting financial assets and financial liabilities

(a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements.

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

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As at 31 December 2013 (€ '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	29,980	-	29,980	(24,638)	-	5,342
Cash and cash equivalents	672,082	(22,695)	649,387	-	-	649,387
Total	702,062	(22,695)	679,367	(24,638)	-	654,729

(b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

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
Bank overdrafts	-	-	-	-	-	-
Total	70,158	-	70,158	(17,078)	(3,529)	49,551

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As at 31 December 2013	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	88,076	-	88,076	(24,638)	(8,754)	54,684
Bank overdrafts	22,695	(22,695)	-	-	-	-
Total	110,771	(22,695)	88,076	(24,638)	(8,754)	54,684

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. 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

	2014	2013
	€'000	€'000
Interest income on loans to related parties	97,192	104,624
Interest income on In-House-Cash accounts Group companies	92	180
Interest income from financing to related parties (Note 22)	97,284	104,804

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In-House-Cash (IHC) program started in 2012 and 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 income on current bank accounts	431	358
Interest income on time deposits	560	406
Income on investment funds	216	231
Other external interest income	11	50
External interest income	1,218	1,045
Total interest income	98,502	105,849

	2014	2013
	€'000	€'000
Bond financing costs	52,564	68,977
Ineffectiveness cash flow and fair value hedges (note 11e)	4,611	6,202
Interest on Commercial paper	381	356
Other external interest	13	65
External interest expense	57,569	75,600

Interest on loans to related parties	18,924	10,455
Interest on In-House-Cash accounts Group companies	394	338
Guarantee fee from Coca-Cola HBC A.G.	1,898	1,783
Interest expense on financing from related parties (Note 22)	21,216	12,576
Total interest expense	78,785	88,176

	2014	2013
	€'000	€'000
Buy back premium	-	7,957
Revolving facility financing costs	1,325	1,324
Not-amortisable costs related to the 800 M bond	-	783
Finance advisory and bank costs	775	1,118
Other finance costs	2,100	11,182

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6. Net foreign exchange gains and losses

	2014	2013
	€'000	€'000
Fair value (loss) on forward contracts (note 11e)	(1,468)	(1,203)
Net foreign exchange gain on financing activities	19,245	5,895
Total net foreign exchange gain	17,777	4,692

The hedging of the Group borrowing in Russian Roubles led to a gain in 2014 of €13.5 million, of which €13.9 million relate to the forward points of the related forward contracts (2013: €6.5 million); the unhedged Group loan in UK Sterling resulted in an exchange gain of €4.0 million (2013: loss of €1.5 million).

7. Other expenses

	2014	2013
	€'000	€'000
Auditor's remuneration	25	25
VAT	109	578
Intra-Group recharge for In-House Cash and hedging services	(358)	(274)
Other general administrative expenses	725	601
Total other expenses	501	930

The auditor's remuneration only relates to the audit of the financial statements. The Company did receive other services from the auditor's firm network in 2014 and 2013 of €40 thousands and €50 thousands respectively relating to assurance services for the update of the EMTN program.

8. Staff costs

The staff costs are included in the general administrative expenses.

	2014	2013
	€'000	€'000
Gross salary	60	60
Social charges	9	9
Total staff costs	69	69

No pension charges have been included as the Company has no pension scheme for its employee.

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.

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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 2014 of €10.6 million (2013: €3.7 million) as if it is a stand-alone entity liable to pay corporate income tax.

	2014 €'000	2013 €'000
Current income tax charge for the year	10,607	3,732
Taxation on reversal of cash flow hedge reserve movements of previous years	(1,897)	-
Taxation on cash flow hedge reserve movement reclassified to cash flow hedge reserve	-	(1,194)
Current income tax in income statement	8,710	2,538
Withholding tax	15	61
Tax in income statement	8,725	2,599

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 is prolonged until a new APA is agreed with the Dutch tax authorities. In July 2012, the Dutch tax authorities issued a letter to supplement this APA. The APA provides for a minimum taxable profit of the Company. The minimum taxable profit of the Company, as described in the APA is based on a predetermined profit margin on average loans receivable and on average equity.

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

	2014 €'000	2013 €'000
Profit before tax	34,893	10,253
Tax calculated at the Dutch tax rate (2014: 25%; 2013: 25%)*	8,713	2,553
Tax effects of:		
- tax deductible items	(3)	(15)
- taxation on reversal of cash flow hedge reserve movements of previous years	1,897	-
- taxation on cash flow hedge reserve movement 2013		1,194
Current income tax charge for the year	10,607	3,732

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

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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 table below:

	2014 €'000	2013 €'000
Movement cash flow hedge reserve before tax	(21,638)	4,777
Reversal of taxation on movements previous years to income statement	(1,897)	-
Tax charge to income statement	-	(1,194)
Movement cash flow hedge reserve after tax	(23,535)	3,583

10(a) Financial Instruments by category

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

As at 31 December 2014

	Loans and receivables €'000	Assets at fair value through profit and loss €'000	Derivatives used for hedging €'000	Total €'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 €'000	Liabilities at fair value through profit and loss €'000	Derivatives used for hedging €'000	Total €'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

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As at 31 December 2013

	Loans and receivables €'000	Assets at fair value through profit and loss €'000	Derivatives used for hedging €'000	Total €'000
Derivative financial instruments	-	7,905	22,075	29,980
Receivables excluding prepayments	2,810,920	-	-	2,810,920
Cash and cash equivalents	649,387	-	-	649,387
Total	3,460,307	7,905	22,075	3,490,287

As at 31 December 2013

	Other financial liabilities at amortised cost €'000	Liabilities at fair value through profit and loss €'000	Derivatives used for hedging €'000	Total €'000
Borrowings	2,112,608	-	-	2,112,608
Derivative financial liabilities	-	9,402	78,674	88,076
Trade and other payables	983,466	-	-	983,466
Total	3,096,074	9,402	78,674	3,184,150

10(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 paragraph 3.1(b).

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Notes to the financial statements for the year ended 31 December 2014

11. Derivative financial instruments

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

	As at 31 December 2014		As at 31 December 2013	
	Assets	Liabilities	Assets	Liabilities
	€'000	€'000	€'000	€'000
Interest rate swap contracts – cash flow hedge	-	-	22,075	-
Interest rate swap contracts – undesignated hedge	10,622	-	-	-
Forward starting swap contracts – cash flow hedge	-	24,674	-	-
Cross currency swap contracts – cash flow hedge	-	-	-	78,674
Cross currency swap contracts – undesignated hedge	-	34,284	-	-
Foreign currency forward and option contracts – undesignated hedge	6,134	9,090	5,202	6,706
Commodity contracts – undesignated hedge	2,094	2,110	2,703	2,696
Total	18,850	70,158	29,980	88,076
Less non-current portion:				
Interest rate swap contracts – cash flow hedge	-	-	22,075	-
Forward starting swap contracts – cash flow hedge	-	24,674	-	-
Cross currency swap contracts – cash flow hedge	-	-	-	78,674
Commodity contracts – undesignated hedge	875	888	1,711	1,705
	875	25,562	23,786	80,379
Current portion	17,975	44,596	6,194	7,697

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 2014, other receivables of €3.5 million (2013: €8.8 million) served as collateral for net open positions of interest rate and cross currency swap derivative financial instruments. The collateral resets monthly and earns interest based on Euro Overnight Index Average (EONIA) rate.

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Notes to the financial statements for the year ended 31 December 2014

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

The Company uses interest rate swap contracts to hedge the foreign exchange cash flow exposure on the \$400m fixed rate debt. In October 2014, these cash flow hedges have been de-designated. The change in fair value of the derivatives from the date of de-designation amounted to €3.3m loss, which has been recognised in interest expense (2013: €nil). The notional principal amounts of the outstanding interest rate swap contracts totalled \$400.0m (2013: \$400.0m). The interest rate swap contracts with notional value of \$500.0m, which were related to the \$500.0m US dollar fixed rate debt, matured in September 2013.

The Company entered into forward starting swap contracts in 2014 to cover the interest rate risk related to its euro denominated forecasted issuance of fixed rate debt in March 2016 and formally designated as cash flow hedges. The notional principal amounts of the outstanding forward starting swap contracts at 31 December 2014 total €500.0m.

The interest rate swap contracts outstanding at 31 December 2014 were as follows:

Currency	Amount \$ million	Fair value € million	Start Date	Maturity Date	Receive fixed rate	Pay Floating rate
USD	400	10.6	17 September 2003	17 September 2015	5.5000%	Libor + margin
		€ million				Weighted average fixed rate
	€ million				Floating rate	
EUR	500	(24.7)	9 March 2016	9 March 2026	Euribor	1.5228%
		(14.1)				

Repricing dates for the US dollar denominated interest rate swap contracts are the 17th of March and the 17th of September annually until maturity. 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 Company entered into cross-currency swap contracts to cover the currency risk related to its US dollar denominated debt (refer to Note 14). At 31 December 2014 the fair value of the cross-currency swap contracts represented a liability of €34.3million (2013: €78.7 million). The €44.4 million gain (2013: €3.1 million loss) on the \$400.0 million cross-currency swap contracts during 2014 was offset by the €38.5 million loss (2013: €13.0 million gain) recorded on the translation of \$400.0 million bond to euro. The change in the fair value of the derivatives from the date of de-designation amounted to €2.1 gain, which has been recognised in interest expense (2013: €nil).

The \$400.0 million cross-currency swap contracts are recorded as a short-term liability, as the maturity of the instrument is less than 12 months after the balance sheet date.

The notional principal amounts of the outstanding cross-currency swap contracts at 31 December 2014 total €357.1 million (2013: €357.1 million).

The cross-currency swap contracts outstanding at 31 December 2014 can be summarised as follows:

Notional amounts	Fair value				Receive \$	Weighted average
\$ million	€ million	€ million	Start date	Maturity date	floating rate	Pay rate
400.0	357.1	34.3	17 September 2003	17 September 2015	Libor + margin	2.7203%
400.0	357.1	34.3				

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Repricing dates for the US dollar denominated cross currency swap contracts are the 17th of March and the 17th of September annually until maturity.

(c) Foreign currency forward and option contracts

The notional principal amounts of the outstanding foreign currency forward and option contracts at 31 December 2014 are €438.1 million (2013: €685.6 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 2014 are €36.3 million (2013: €40.4 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 profit and loss for the period amounted to a €7.4 million loss (2013: €8.7 million loss) all of which was recorded in interest expense. The ineffectiveness recognised in interest expense for the interest rate and cross-currency swap contracts used for cashflow hedging was €4.6 million (2013: €6.1 million loss). No ineffectiveness has been recognised for the forward starting swap contracts.

Fair value hedges

No interest rate swap were used as fair value hedging instruments in 2014. The fair value of the interest rate swaps used as fair value hedging instruments in 2013 decreased by €11.3 million upon their maturity, which had been recognised in interest expense and offset with a similar gain on borrowings.

Undesignated hedges

The net losses on foreign currency contracts at fair value through profit and loss (for which hedge accounting was not applied) amounted to a €38.5 million loss (2013: €11.8 million loss) all of which was recorded in net foreign exchange losses.

12. Other current assets

Other current assets comprises of collateral received for the net open positions of interest rate and cross currency swap derivative financial instruments and amounts to €3.5 million (2013: €8.8 million).

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Notes to the financial statements for the year ended 31 December 2014

13. Cash and cash equivalents

Cash and cash equivalents at 31 December comprise the following:

	2014	2013
	€'000	€'000
Cash at bank, in transit and in hand	15,841	2,033
Money market funds	263,204	392,354
Short term deposits	265,000	255,000
Total cash and cash equivalents	544,045	649,387

14. Borrowings

The Company holds the following borrowings at 31 December:

	2014	2013
	€'000	€'000
Commercial paper	100,000	100,000
Current portion of long-term bonds, bills and unsecured notes	334,101	317,197
Total borrowings falling due within one year	434,101	417,197
Bonds, bills and unsecured notes falling due within one to two years	599,550	303,529
Bonds, bills and unsecured notes falling due within two to five years	-	599,304
Bonds, bills and unsecured notes falling due within after five years	793,726	792,578
Total borrowings falling due after one year	1,393,276	1,695,411
Total borrowings	1,827,377	2,112,608

(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. Former guarantor 3E (Cyprus) Limited has been merged in Coca-Cola HBC Holdings B.V. in August 2014. The outstanding amount under the CP programmes was €100.0 million as at 31 December 2014 (2013: €100.0 million).

In May 2011, the Company 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 11 May 2016. This facility can be used for general corporate purposes and carries a floating interest rate over EURIBOR and LIBOR. The facility was amended in June 2013 and the Parent acceded to it as a guarantor. The facility allows the Company to draw down, on three to five days' notice, amounts in tranches and repay them in periods ranging from one to six months, or any other period agreed between the financial institutions and the Parent. 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 A.G., Coca-Cola HBC Holdings B.V. and Coca-Cola HBC Finance Plc and is not subject to any financial covenants.

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(b) Bonds and notes summary

The summary of the bonds of the Company during 2014 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%
US\$400m notes	17 September 2003	17 September 2015	5.500%

(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 programme (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 is 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 2014, a total of €1.4 billion in Eurobonds issued under the €3.0 billion Euro Medium Term Note 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) due 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

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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 were fully repaid upon maturity.

The notes issued in the US market are 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. Former guarantor 3E (Cyprus) Limited has been merged in Coca-Cola HBC Holdings B.V. in August 2014.

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

As at 31 December 2014 the fair value of all bonds and notes payable, including the current portion, is €1,831.6 million (2013: €2,070.7 million) compared to their book value, including the current portion, of €1,727.4 million (2013: €2,012.6 million).

Borrowings at 31 December were held in the following currencies:

	Current 2014 €'000	Non-current 2014 €'000	Current 2013 €'000	Non-current 2013 €'000
Euro	100,000	1,393,276	417,197	1,391,882
US dollar	334,101	-	-	303,529
Borrowings	434,101	1,393,276	417,197	1,695,411

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 2014 and 2013:

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	1,493,276	1,493,276	3.0%	3.7
US Dollar	334,101	334,101	5.5%	0.7
Financial liabilities	1,827,377	1,827,377	3.5%	3.1

2013	Fixed interest rate € '000	Total 2013 € '000	Fixed rate liabilities weighted average interest rate	Weighted average maturity for which rate is fixed (years)
Euro	1,809,079	1,809,079	3.8%	3.9
US Dollar	303,529	303,529	5.5%	1.7
Financial liabilities	2,112,608	2,112,608	4.1%	3.5

The Company did not hold floating interest rate borrowings as at 31 December 2014.

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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. In order to hedge the foreign exchange cash flow exposure on the \$400 million US dollar fixed rate debt a combination of floating to fixed rate cross currency swap contracts and fixed to floating interest rate swap contracts were used and restructured to a €357.1 million fixed-rate liability.

15. Current tax liabilities

The current tax liabilities which amounted to €15.5 million as at 31 December 2014 (2013: €4.9 million), reflect the current account balance with CC Beverages Holdings II B.V. connected with income tax liabilities.

16. 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 2014 and 2013 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.

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 2014, the Company's share premium amounted to €263.1 million (2013: €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.

17. Retained earnings

The profit for the year is the only movement in retained earnings in 2014 and 2013.

18. Hedging reserve

The hedging reserve amounts to a €29.2 million debit balance as at 31 December 2014. As at 31 December 2013 the reserve was accounted for net of tax and amounted to a €5.7 million debit balance. The cash flow hedge reserve reflects changes in the fair values of derivatives accounted for as cash flow hedges. See note 9 for analysis of the movement in the reserve and explanation of the taxation changes.

19. Dividends

No dividends have been declared and distributed during 2014 (2013: nil).

20. Directors' remuneration

The Directors did not receive any remuneration during the year (2013: nil).

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Notes to the financial statements for the year ended 31 December 2014

21. 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.

22. 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 as at 31 December	Receivables		Interest income	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
CC Beverages Holdings II B.V.	1,322,355	1,094,522	41,815	19,081
Coca-Cola HBC Italia Srl	653,000	1,103,775	33,985	43,156
Coca-Cola Finance Plc	124,255	104,059	4,808	4,942
Coca-Cola HBC A.G.	111,306	170,655	7,342	2,493
CCB Management services GmbH	83,399	119,104	4,259	3,855
Coca-Cola HBC Northern Ireland Limited	56,090	67,229	2,347	3,040
3E (Cyprus) Limited	-	-	-	20,357
Other related parties	129,238	142,707	2,728	7,880
Total	2,479,643	2,802,051	97,284	104,804

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(b) Interest expense and payables

Related parties as at 31 December	Payables		Interest expense	
	2014	2013	2014	2013
	€'000	€'000	€'000	€'000
Coca-Cola HBC Procurement GmbH	176,049	199,287	134	72
Brewinvest S.A.	113,773	35,273	513	45
Star Bottling Limited	111,869	87,862	69	62
LL Coca-Cola HBC Eurasia	62,568	198,242	15,263	8,739
Coca-Cola HBC Switzerland Ltd	49,577	42,231	88	76
Coca-Cola HBC Romania Ltd	40,134	29,464	639	367
Coca-Cola HBC A.G.	318	1,783	1,898	1,783
Other related parties	252,996	343,285	2,612	1,432
Total	807,284	937,427	21,216	12,576

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, 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 can be split in the following categories:

	As at 31 December 2014		As at 31 December 2013	
	Assets	Liabilities	Assets	Liabilities
	€'000	€'000	€'000	€'000
Long term loans and borrowings	2,373,138	476,745	2,790,263	426,350
Short term loans and borrowings	96,339	234,092	195	249,208
Citipool bank accounts	-	84	388	1,878
IHC-accounts	10,015	96,026	9,218	258,191
Other	151	337	1,987	1,800
Total	2,479,643	807,284	2,802,051	937,427

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 2014 is settled in January 2015.

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.

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Notes to the financial statements for the year ended 31 December 2014

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

The financing to and from Group companies can be split in the following currencies:

	As at 31 December 2014		As at 31 December 2013	
	Assets	Liabilities	Assets	Liabilities
	€'000	€'000	€'000	€'000
EUR	2,407,551	610,304	2,722,772	641,246
RUB	-	62,568	-	198,242
GBP	56,282	3,148	67,512	1,945
CHF	-	49,292	-	43,954
RON	-	29,139	-	17,005
Other	15,810	52,833	11,767	35,035
Total	2,479,643	807,284	2,802,051	937,427

Most of the financing in other currencies than Euro are hedged with forward contracts, except for the GBP loan.

The financing to and from Group companies can be split in the following interest rate profiles:

	31 December 2014		31 December 2013	
	Assets	Liabilities	Assets	Liabilities
	€'000	€'000	€'000	€'000
Average borrowing cost rate*	2,339,983	-	2,609,874	-
Fixed rate*	111,305	233,698	170,655	128,797
Floating rate*	24,747	573,249	16,096	806,830
Other	3,608	337	5,426	1,800
Total	2,479,643	807,284	2,802,051	937,427

* 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 amounted for loans to 3.25% in 2014 (2013: 3.25%) and for borrowings to 1.20% in 2014 (2013: 1.71%).

The floating rates are based upon the underlying currency formal rate with different margins depending on the underlying currency and risk profile.

23. Number of Employees

During the year 2014 there was one employee employed by the Company (2013: 1).

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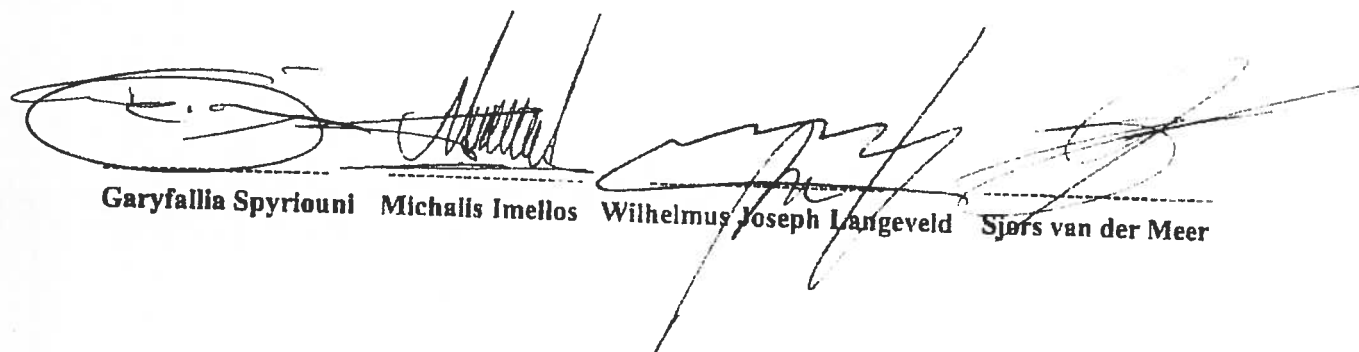
Notes to the financial statements for the year ended 31 December 2014

24. Events after the balance sheet date

The ongoing situation in the Russian Federation among other things, has resulted in increased volatility in currency markets causing the Russian rouble to depreciate significantly against some major currencies. Management continuously monitors and assesses the situation in order to ensure that timely actions and initiatives are undertaken to minimise potential adverse impact on the Company's performance.

The financial statements on pages 5 to 8 and the attached notes on pages 9 to 40 have been approved by the Directors in Amsterdam on 30 April 2015.

Directors:



Garyfallia Spyriouni Michalis Imellos Wilhelmus Joseph Langeveld Sjors van der Meer

Coca-Cola HBC Finance B.V. – Annual Report 2014

OTHER INFORMATION

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 2014, be added to retained earnings:

	€'000
Addition to retained earnings	26,168
Net profit	26,168

This proposal has already been included in the financial statements.

Subsequent events

The ongoing situation in the Russian Federation among other things, has resulted in increased volatility in currency markets causing the Russian rouble to depreciate significantly against some major currencies. Management continuously monitors and assesses the situation in order to ensure that timely actions and initiatives are undertaken to minimise potential adverse impact on the Company's performance.

Independent auditor's report

The Independent Auditor's report can be found on page 43.



Independent auditor's report

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

Report on the financial statements 2014

Our opinion

In our opinion the financial statements give a true and fair view of the financial position of Coca-Cola HBC Finance B.V. as at 31 December 2014, 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 financial statements 2014 of Coca-Cola HBC Finance B.V., Amsterdam ('the company').

The financial statements comprise:

- the balance sheet as at 31 December 2014;
- the following statements for 2014: the income statement, the statements of comprehensive income and 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).

Ref.: e0353490

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PwC is the brand under which PricewaterhouseCoopers Accountants N.V. (Chamber of Commerce 34180285), PricewaterhouseCoopers Belastingadviseurs N.V. (Chamber of Commerce 34180284), PricewaterhouseCoopers Advisory N.V. (Chamber of Commerce 34180287), PricewaterhouseCoopers Compliance Services B.V. (Chamber of Commerce 51414406), PricewaterhouseCoopers Pensions, Actuarial & Insurance Services B.V. (Chamber of Commerce 54226368), PricewaterhouseCoopers B.V. (Chamber of Commerce 34180289) and other companies operate and provide services. These services are governed by General Terms and Conditions ('algemene voorwaarden'), which include provisions regarding our liability. Purchases by these companies are governed by General Terms and Conditions of Purchase ('algemene inkoopvoorwaarden'). At www.pwc.nl more detailed information on these companies is available, including these General Terms and Conditions and the General Terms and Conditions of Purchase, which have also been filed at the Amsterdam Chamber of Commerce.

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

Our audit approach

Overview

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. 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 Managing Directors that may represent a risk of material misstatement due to fraud.

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 is financing the companies of the group through bond offerings on the international capital markets, commercial paper programs and a syndicated revolving credit facility. The repayment of the bonds to the 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 14 to the financial statements. Furthermore, the commercial paper is also guaranteed by these two companies and the syndicated revolving credit facility is guaranteed by the two companies and group company Coca-Cola HBC Finance Plc. Loans are issued to group companies with financial instruments in place to mitigate both the interest rate risk as well as the currency risk, except for a UK Sterling denominated loan.

Materiality

The scope of our audit is influenced by the application of materiality. Our audit opinion aims on providing reasonable assurance about whether the financial statements are free from material misstatement. 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.

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

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 27.5 million (2013: € 31.0 million). The general benchmark is 1% of total assets. Based on our professional judgement we have used 0.9% of total assets, to ensure that all relevant balance sheet and income statement items are in scope. We use total assets given the company's main activity is intra-group lending. The company facilitates the Coca-Cola HBC group in its financing activities for which it receives a margin.

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

We agreed with the Managing Directors that we would report to them misstatements identified during our audit above € 1.4 million (2013: € 1.5 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our audit

The company is financing companies belonging to the Coca-Cola HBC group. As part of our testing procedures we tested the existence of the loans by sending out confirmations to confirm the outstanding intercompany loans.

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 Managing Directors, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those 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 matters.

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p>Valuation of the loans issued</p> <p>We consider the valuation of the loans issued, as disclosed in note 22 to the financial statements for a total amount of € 2,479.6 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.</p> <p>Loans are initially recognized at its fair value and subsequently measured at amortized cost using the effective interest method.</p> <p>Management did not identify any impairment triggers regarding the loans issued to Coca-Cola HBC group companies.</p>	<p>We have performed detailed audit work addressing the existence and valuation 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, analysis of the financial situation of the group companies to which loans have been provided, and assessed whether there were any impairments triggers.</p> <p>We concur with the position taken by the Managing Directors as set out in the financial statements with respect to the valuation of the loans.</p>
<p>Derivative valuation</p> <p>We consider the fair value of the derivatives portfolio as disclosed in notes 3.3 and 11 to the financial statements of € 18.9 million classified under the financial assets and € 70.2 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.</p>	<p>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 comparing them with the estimates made by management.</p> <p>We concur with the position taken by the Managing Directors as set out in the financial statements with respect to the valuation of the derivatives.</p>

<i>Key audit matter</i>	<i>How our audit addressed the matter</i>
<p><i>Derivative accounting and disclosures</i></p> <p>We consider the accounting for and disclosure of derivatives as a key audit matter. Refer to notes 3, 5, 6, 10, 11, 14 and 18 of the financial statements. This is due to the detailed formal and technical requirements that are applicable to the application of hedge accounting and that inappropriate application of these requirements can lead to a material effect on the income statement.</p>	<p>We have tested on a sample basis whether hedge documentation and hedge effectiveness testing meet the requirements of IAS 39 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. Furthermore we have tested whether the disclosures in the financial statements meet the requirements of IFRS 7 and IFRS 13.</p> <p>We concur with the accounting and disclosing of the derivatives by the Managing Directors as set out in the financial statements.</p>

Responsibilities of the Managing Directors

The Managing 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 Managing Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Managing Directors are responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Managing Directors should prepare the financial statements using the going concern basis of accounting unless the Managing Directors either intend to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Managing 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 has been performed with a high but not absolute level of assurance which makes it possible that we did not detect all errors and frauds.

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 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 8 May 2014 and has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of more than 10 years.

Groningen, 30 April 2015
PricewaterhouseCoopers Accountants N.V.

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

Appendix to our auditor's report on the financial statements 2014 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 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 Managing Directors.
- Concluding on the appropriateness of the Managing 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 Managing 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 Managing 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 Managing 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.