

Refreshment Products Denmark ApS

Philip Heymans Alle 17, 1., 2900 Hellerup

CVR No. 31 42 77 46

Annual report for the year ended 31 December 2016
9th financial year

Approved at the annual general meeting of shareholders
on 23/5 2017

chairman NICHOLAS WILLIAM BOE STENDEKUP



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Company Details

Incorporated on 1 April 1998

Refreshment Products Denmark ApS
Philip Heymans Alle 17, 1.,
2900 Hellerup
Tel: +45 39 45 47 00
Fax: +45 39 45 47 48

Supervisory Board

Mikael Bonde Nielsen
Charlotte Balfour Van Burleigh
Carsten Sparre Conrad, Chairman

Executive Board

Charlotte Balfour Van Burleigh

Parent

European Refreshments, Drogheda, Ireland

Auditors

Ernst & Young P/S
Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4,
2000 Frederiksberg
Tel: +45 70 10 80 50
Fax: +45 35 87 22 00

Bankers

Citibank

Statement by management on the annual report

Today, management has discussed and approved the annual report of Refreshment Products Denmark ApS for the financial year 1 January - 31 December 2016.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2016 and of the results of its operations for the financial year 1 January - 31 December 2016.

In our opinion, the management's review includes a fair review of the matters dealt with in the management's review.

We recommend the adoption of the annual report at the annual general meeting.

Copenhagen, 22.05 2017

Executive Board:



Charlotte Balfour Van Burelgh

Supervisory Board:


22/05/17

Carsten Sparre Conrad
Chairman


22/05/17

Charlotte Balfour Van Burelgh


22/05/17

Mikael Bonde Nielsen

Independent auditors' report

To the shareholders of Refreshment Products Denmark ApS

Opinion

We have audited the financial statements of Refreshment Products Denmark ApS for the financial year 1 January – 31 December 2016, which comprise an income statement, balance sheet, statement of changes in equity, and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered 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.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain 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 override of internal control.
- ▶ Obtain 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.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events 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 conclusion is based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent auditors' report - continued

- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance 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.

Copenhagen, *22/5* 2017
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28
Christian Schwenn Johansen
State Authorised Public Accountant



Management's Review

Business activities and mission

The company's aim is to market brands owned by it and sell branded water to the Danish bottler to use such in packaging and selling the branded finished products to consumers.

Business review

The company's income statement for the year ended 31 December 2016 shows a net profit of DKK 11.145.679 and the balance sheet at 31 December 2016 shows equity of DKK 208.688.899.

Post balance sheet events

No events have occurred after the financial year end, which could significantly affect the company's financial position.

Outlook 2017

The company expects the results for the year ended 2017 to be on a par with those reported for the year 2016.

Material errors

In 2016, management found that, the reversal of water service settlement was omitted, hence not recognized in the financial statements for 2015.

Management has accordingly treated the omission in accordance with section 52(2) of the Danish Financial Statements Act regarding correction of material errors. Consequently, comparatives and opening equity has been restated in these financial statements.

The restatement has led to an increase in equity of DKK 2.737 thousand at 1 January 2016. Other external expenses have been positively affected by DKK 2.737 thousand. As at 31 December 2015, debt to group enterprises was reduced by DKK 2.737 thousand.

The information of the corrected misstatement are disclosed in statement of changes in equity and in material errors section under accounting principles.

Income statement
1 January - 31 December

	Notes	2016 DKK	2015 Restated DKK
Gross margin		22.920.550	14.047.942
Depreciation, amortisation and impairment losses	1	8.444.850	8.444.850
Profit before net financials		14.475.700	5.603.092
Financial income	2	290.292	234.611
Financial expenses	3	139.947	83.213
Financial profit		150.345	151.398
Profit before taxes		14.626.045	5.754.491
Tax for the year	4	3.480.366	1.151.745
Net profit for the year		11.145.679	4.602.746
Appropriation of profit			
Profit to be appropriated:			
Retained earnings		27.233.219	22.630.473
Net profit of the year		11.145.679	4.602.746
Available for appropriation		38.378.898	27.233.219
the supervisory board recommends the following appropriation of the profit:			
Retained earnings		38.378.898	27.233.219
Total appropriation		38.378.898	27.233.219

Balance sheet
at 31 December

	Notes	2016 DKK	2015 Restated DKK
ASSETS			
Licences and trademark rights, etc.		97.115.775	105.560.625
Intangible assets		97.115.775	105.560.625
Total fixed assets		97.115.775	105.560.625
Trade receivables		7.876.113	10.663.858
Receivables from group enterprises		100.610.764	91.443.447
Other receivables		-	370.210
Receivables		108.486.877	102.477.515
Cash		30.832.187	13.158.426
Total Current assets		139.319.064	115.635.941
Total assets		236.434.839	221.196.566
EQUITY AND LIABILITIES			
	Notes	2016 DKK	2015 Restated DKK
Share capital	5	127.000	127.000
Share premium		170.183.001	170.183.001
Retained earnings		38.378.898	27.233.219
Total equity		208.688.899	197.543.220
Provision for deferred tax		21.365.471	15.427.857
Total provisions		21.365.471	15.427.857
Trade payables		2.775.904	2.850.752
Debt to group enterprises		375.162	5.349.365
Income tax payable		935.770	-
Other payables		2.293.633	25.372
Short-term liabilities other than provisions		6.380.469	8.225.489
Total liabilities other than provisions		6.380.469	8.225.489
Total equity and liabilities		236.434.839	221.196.566
Security for loans	6		
Contingent liability	7		

Statement of changes in equity

(DKK)	Retained earnings/-			Total
	Share Capital	Share Premium	Accumulated loss	
Equity at 1/1/2016	127.000	170.183.001	24.495.847	194.805.848
Correction of material errors	-	-	2.737.372	2.737.372
Restated Equity at 1/1/2016	127.000	170.183.001	27.233.219	197.543.220
Transfer in the year	-	-	11.145.679	11.145.679
Equity at 31/12/2016	127.000	170.183.001	38.378.898	208.688.899

Notes

	Amortisation/depreciation and write-downs of intangible assets	
Note 1.	2016 DKK	2015 DKK
Licences and trademarks	8.444.850	8.444.850
	8.444.850	8.444.850
Note 2.	Other financial income	
	2016 DKK	2015 DKK
Intercompany interest	288.545	234.006
Other interest receivable, exchange gains and similar income	1.747	605
	290.292	234.611
Note 3.	Other financial expenses	
	2016 DKK	2015 DKK
Interest payable, exchange losses and similar expenses	139.947	83.213
	139.947	83.213
Note 4.	Tax for the year	
	2016 DKK	2015 DKK
Change in provision for deferred tax	5.937.614	663.766
Income taxes, current year	935.770	0
Tax adjustments, prior years	-3.393.018	487.979
	3.480.366	1.151.745

Tax Adjustment, prior year, includes tax received between joint tax entities.

Note 5. Share capital

The share capital has remained unchanged for the last 5 years.

Note 6. Security of loans

No security for loans had been placed at 31 December 2016.

Note 7. Contingent liability

The company is jointly taxed with its sister companies, Coca Cola Nordic Services ApS and Innocent ApS. Refreshment Products Denmark ApS acts as Management Company and is severally with other jointly taxed group entities liable for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest royalties and dividends falling due for payment on or after 1 July 2012.

Accounting policies

The Annual Report of Refreshment Products Denmark ApS has been prepared in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Material errors

In 2016, management found that, the reversal of water service settlement was omitted, hence not recognized in the financial statements for 2015.

Management has accordingly treated the omission in accordance with section 52(2) of the Danish Financial Statements Act regarding correction of material errors. Consequently, comparatives and opening equity has been restated in these financial statements.

The restatement has led to an increase in equity of DKK 2.737 thousand at 1 January 2016. Other external expenses have been positively affected by DKK 2.737 thousand. As at 31 December 2015, debt to group enterprises was reduced by DKK 2.737 thousand.

Reporting currency

The financial statements are presented in Danish kroner.

Foreign currency retranslation

Transactions in foreign currency are translated into Danish kroner at the exchange rate at the date of the transaction.

Monetary items in foreign currency are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

Income statement

Revenue

Refreshment Products Denmark ApS has ownership of certain intangible trademark and license brand rights allowing it to recognize revenue on the sale of the branded water to the Danish bottler. License income is recognised in accordance with the contents of the bottler agreements. License income is recognised as revenue at the time of usage of the license by the Danish bottler (sale of the branded water on the Danish market) provided that the income can be made up reliably. VAT, indirect taxes and discounts are excluded from the revenue.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases, etc.

Gross margin

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Raw materials and consumable' and 'Other external expenses' are consolidated into one item designated 'Gross margin'.

Accounting policies - continued

Amortisation/depreciation and write-downs

Amortisation/depreciation and write-downs include Amortisation/depreciation and write-downs of intangible assets. The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

	Useful life
Licences and trademark rights	20 years

The acquisition of licences and trademark rights is considered to be of material importance to the company. As the intangible assets are legally protected licenses and trademark rights, the management has assessed and applied the above extended useful life.

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised. In case of changes in the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Gains or losses on the sale of fixed assets are recognised in the income statement under 'Amortisation/depreciation'.

Net financials

Financial income and expenses are recognised in the income statement at the amounts that relate to the reporting period. Net financials include interest income and expenses, dividends declared, realised and unrealised capital and exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under the advance payment of tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments less the share of the tax for the year that concerns changes in equity.

Current and deferred taxes related to items recognised directly in equity are taken directly to equity.

All Danish group enterprises are jointly taxed. The Danish income tax charge is allocated between profit-making and loss making Danish enterprises in proportion to their taxable income (full allocation method). The affiliate company Coca-Cola Nordic Services ApS acts as a management company for all the companies encompassed by the joint taxation arrangement, meaning that the company is responsible for ensuring that taxes, etc. are paid to the Danish tax authorities.

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies having paid too little tax pay, as a maximum, a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Intangible assets comprise licenses and other acquired trademark rights.

Intangible assets are measured at cost less accumulated amortisation and write-downs.

An impairment test is made for acquired intangible assets if there are indications of decreases in value. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. The value is reduced by write-downs for bad debts.

Accounting policies - continued

Cash and cash equivalents

Cash comprises bank balances.

Income taxes

Current tax charges are recognised in the balance sheet as the estimated tax charge in respect of the expected taxable income for the year, adjusted for tax on prior years' taxable income and tax paid in advance.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.