Pivovary
LOBKOWICZ

Pivovary Lobkowicz Group, a.s.

a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Prague 4, Hvězdova 1716/2b, postal code 140 78, Identification number: 272 58 611, registered in the Commercial Register maintained by the Municipal Court in Prague, File B, Insert 10035 (the **Issuer**).

Offering of up to 5,700,000 book-entry ordinary shares (subject to the Over-allotment Option to increase such amount by up to 855,000 Over-allotment Shares) with a nominal value of CZK 160 each in the share capital of the Issuer and admission to trading on the Prime Market operated by Burza cenných papírů Praha, a.s.

THIS DOCUMENT IS A PROSPECTUS (the **Prospectus**) which has been prepared for (i) an offering of up to 5,700,000 book-entry ordinary shares (subject to the Over-allotment Option to increase such amount by up to 855,000 Over-allotment Shares) with a nominal value of CZK 160 each in the share capital of the Issuer (the **Offering**) and (ii) admission of the entire issued share capital of the Issuer to trading on the Prime Market operated by Burza cenných papírů Praha, a.s. (the Prague Stock Exchange, the **PSE**) (the **Admission**).

Up to 2,300,000 shares (the **New Shares**) will be newly issued by the Issuer and offered for sale and up to 3,400,000 shares (the **Sale Shares**) will be sold by the Selling Shareholders (the New Shares and the Sale Shares jointly, the **Offer Shares**).

The Offering in the Czech Republic will be commenced on 12 May 2014 and closed on 22 May 2014. The Offering in Austria will be commenced on 13 May 2014 and closed on 22 May 2014.

The offer price per Offer Share (the **Offer Price**) will be announced by the Issuer on or around 23 May 2014. The maximum Offer Price for the Offer Shares (the **Maximum Price**) for Retail Investors has been set at CZK 175 per Offer Share.

The Offering consists of (i) a public offering in the Czech Republic, (ii) a public offering in Austria and (iii) an international offering by way of a private placement to eligible investors in reliance on Regulation S under the United States Securities Act of 1933, as amended (the **Securities Act**), in each case in accordance with securities laws and other rules applicable in the relevant jurisdictions.

The Prospectus has been prepared pursuant to (i) Czech Act no. 256/2004 Coll., on undertaking on capital markets, as amended (the **CMA**) which implements Directive 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading, as amended (the **Prospectus Directive**) and (ii) Regulation (EC) No 809/2004 implementing the Prospectus Directive, as amended (the **Prospectus Regulation**).

The Prospectus has been approved by the decision of the Czech National Bank (the **CNB**), reference number 2014/4828/570, file. no. Sp/2014/15/572 dated 9 May 2013, which entered into force on 9 May 2013. Application will be made to the PSE for the entire issued share capital of the Issuer to be admitted to trading on the Prime Market operated by the PSE.

In connection with the Offering, the Selling Shareholders have granted to the Lead Manager an option (the **Over-allotment Option**), exercisable for 30 calendar days after the announcement of the Offer Price, i.e., 30 calendar days after the Pricing and Allotment Date, to make available additional 855,000 existing shares or representing up to 15 % of the aggregate number of Offer Shares available in the Offering, i.e., the Over-allotment Shares at the Offer Price to cover over-allotments, if any, made in connection with the Offering and to cover short positions resulting from stabilisation transactions, if any. Such stabilisation shall be carried out in accordance with the rules set out in the Regulation (EC) No. 2273/2003, implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programmes and stabilisation of financial instruments (the **Stabilisation Regulation**).

Erste Group Bank AG will act as the Lead Manager and Sole Bookrunner of the Offering (the **Lead Manager**). Česká spořitelna, a.s. will act as listing agent in the Czech Republic for the Offering and listing of the shares on the Prime Market operated by the PSE (the **Domestic Lead Manager**).

Lead Manager and Sole Bookrunner
Erste Group Bank AG

Domestic Lead Manager
Česká spořitelna, a.s.

The date of this Prospectus is 7 May 2014.

IMPORTANT INFORMATION

THE FOLLOWING IS IMPORTANT and requires your immediate attention: Prospective investors are advised to familiarise themselves with the following information before reading, accessing or making any other use of the Prospectus.

The Prospectus has been prepared pursuant to (i) the CMA which implements the Prospectus Directive and (ii) the Prospectus Regulation. The Prospectus has been approved by the decision of the CNB, reference number 2014/4828/570, file. no. Sp/2014/15/572 dated 9 May 2013 which entered into force on 9 May 2013. An application will be made to the PSE for the entire issued share capital of the Issuer to be admitted to trading on the Prime Market operated by the PSE.

The Issuer and the Board accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Board (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The prospective investors should read the entire Prospectus when considering the investment in the Issuer. By accepting this Prospectus, the prospective investor warrants, represents, acknowledges and agrees that he/she has read, agrees to and will comply with the content of the Prospectus.

The prospective investors should only rely on information contained in this Prospectus. No person has been authorised to give any information or make any representation other than those contained in the Prospectus and, if given or made, such information or representation cannot be relied upon.

The Offering consists of (i) a public offering in the Czech Republic, (ii) a public offering in Austria and (iii) an international offering by way of a private placement to eligible investors in reliance on Regulation S under the Securities Act, in each case in accordance with securities laws and other rules applicable in the relevant jurisdictions.

The Prospectus does not constitute an offer of, or the solicitation of an offer to purchase Offer Shares to any person in any jurisdiction to whom or in which jurisdiction such offer or solicitation is unlawful and, in particular, it is not for distribution in Australia, Canada, Russian Federation, Japan and the United States, in each case except in compliance with exemption from applicable securities laws.

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SHARES MAY NOT BE OFFERED, SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN OR TO THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES.

THERE WILL BE NO PUBLIC OFFER OF THE OFFER SHARES IN THE UNITED STATES. THE OFFER SHARES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

Any investment in the Offer Shares is subject to a number of risks. Prior to making an investment decision, prospective investors should carefully consider and reach their own conclusions regarding the risks and uncertainties associated with the Issuer's business and the legal and regulatory environment within which the Issuer operates, together with all other information contained in this Prospectus. Description of these risks can be found in the 'Risk Factors' section of the Prospectus. An investment in the Offer Shares is only suitable for investors knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment. Prior to any investment in the Offer Shares, prospective investors should consult their accountants and legal and financial advisors on acquisition of the Offer Shares.

The contents of the Prospectus are not to be construed as legal, business or tax advice. Some of the tax consequences which may apply to the purchase, holding, transfer, redemption or other disposal of the Offer Shares can be found in the 'Taxation' section of this Prospectus.

The definitions for the capitalised terms used in this Prospectus can be found in the 'Definitions' section of this Prospectus.

References to the singular in the Prospectus shall include the plural and *vice versa*, where the context so requires.

Information about the Issuer's website does not form any part of the Prospectus.

Apart from responsibilities and liabilities, if any, which may be imposed on the Lead Manager, the Domestic Lead Manager and legal advisor of the Lead Manager under the CMA or the regulatory regime established thereunder or other relevant securities regulation, the Lead Manager, the Domestic Lead Manager, and legal advisor of the Lead Manager make no representations, expressed or implied, nor accept any responsibility for the contents of the Prospectus, or any other statement made or purported to be made by any of them or on their behalf in connection with the Issuer, the Offer Shares, the Offering or the Admission.

The Issuer, the Selling Shareholders, the Lead Manager and the Domestic Lead Manager may withdraw from the Offering at any time. The Issuer, the Selling Shareholders and the Lead Manager and the Domestic Lead Manager reserve the right to reject any offer to purchase the Offer Shares in whole or in part and to sell less than the full amount of the Offer Shares sought by any prospective investor to such investor.

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1. SHRNUTÍ PROSPEKTU

Následující shrnutí bylo připraveno v souladu se zákonem č. 256/2004 Sb., o podnikání na kapitálovém trhu, v platném znění (**ZPKT**), směrnicí 2003/71/ES o prospektu, který má být zveřejněn při veřejné nabídce nebo přijetí cenných papírů k obchodování, v platném znění (**Směrnice o prospektu**) a nařízení Komise (ES) č. 809/2004, kterým se provádí Směrnice o prospektu. Shrnutí je sestaveno na modulární bázi s využitím požadavků na zveřejnění informací, které jsou známy jako „*prvky*". Tyto prvky jsou číslovány v oddílech A až E (A.1 až E.7). Toto shrnutí obsahuje všechny prvky, jejichž začlenění je požadováno pro daný typ cenného papíru a emitenta. Vzhledem k tomu, že některé prvky nejsou pro tento typ shrnutí požadovány, mohou se v něm vyskytovat mezery v pořadí číslování jednotlivých prvků. Přestože může být vložení některého prvku požadováno pro toto shrnutí, s ohledem na typ cenného papíru a emitenta je možné, že pro daný prvek nebude možné poskytnout žádnou relevantní informaci. V takovém případě je obsaženo krátké označení daného prvku, které je doplněno o slova „*nepoužije se*".

ODDÍL A – ÚVOD A UPOZORNĚNÍ		
A.1	**Upozornění pro investory**	Toto shrnutí představuje úvod do prospektu. Jakékoliv rozhodnutí investora investovat do Nabízených Akcií (jak je tento pojem definován níže v části E.3) by mělo být založeno na zvážení prospektu jako celku. V případě, že u soudu bude vznesena žaloba týkající se údajů uvedených v tomto prospektu, může být žalující investor povinen nést náklady spojené s překladem prospektu vynaložené před zahájením soudního řízení, nestanoví-li příslušné právní předpisy jinak. Osoby, které vyhotovily shrnutí prospektu včetně jeho překladu, jsou odpovědné za správnost údajů v tomto shrnutí jen v případě, že je shrnutí prospektu zavádějící nebo v případě nepřesné při společném výkladu s ostatními částmi prospektu, nebo že shrnutí prospektu, při společném výkladu s ostatními částmi prospektu, neobsahuje informace uvedené v § 36 odst. 5 písm. b) ZPKT.
A.2	**Souhlas pro zprostředkovatele**	Pivovary Lobkowicz Group a.s. (**Emitent)** souhlasí s použitím prospektu a přebírá odpovědnost za jeho obsah s ohledem na následný a opětovný prodej Nabízených Akcií ze strany Erste Group Bank AG **(Hlavní manažer)**, společnosti Česká spořitelna, a.s. (**Domácí hlavní manažer**), brokerjet České spořitelny, a.s., působící, jako zprostředkovatel Domácího hlavního manažera pro účely nabídky individuálním (neprofesionálním) investorům v České republice a Brokerjet Bank AG, Erste Bank der österreichischen Sparkassen AG, a rakouské spořitelny (Sparkassen), které působí jako zprostředkovatelé Hlavního manažera pro účely nabídky individuálním (neprofesionálním) investorům v Rakousku, a to po dobu šesti měsíců ode dne vyhotovení prospektu. Tento souhlas není dále podmíněn. **Informace o podmínkách nabídky Hlavního manažera, Domácího hlavního manažera a zprostředkovatelů, konané v období 6 měsíců ode dne vyhotovení prospektu, poskytnou Hlavní manažer, Domácí hlavní manažer a zprostředkovatelé.**

ODDÍL B – EMITENT		
B.1	**Firma Emitenta**	Pivovary Lobkowicz Group, a.s.
B.2	**Sídlo, právní forma Emitenta, právní předpisy a země registrace**	Emitent je akciovou společností založenou a existující podle práva České republiky, se sídlem Praha 4, Hvězdova 1716/2b, PSČ 140 78, IČO 272 58 611, zapsanou v obchodním rejstříku vedeném Městským soudem v Praze, oddíl B, vložka 10035. Emitent provozuje činnost podle zákona č. 90/2012 Sb., o obchodních korporacích (**Zákon o obchodních korporacích**) a podle pravidel v něm stanovených.
B.3	**Současné podnikání a hlavní činnosti**	Emitent je holdingovou společností a předmět jeho podnikání zahrnuje výrobu, obchod a služby neuvedené v přílohách 1-3 zákona č. 455/1991 Sb., o živnostenském podnikání, v platném znění. Emitent ovládá Skupinu (jak je tento pojem definován níže v části B.5), jejíž aktivity převážně zahrnují provozování malých a středních regionálních pivovarů a prodej piva a nealkoholických nápojů. Skupina nabízí široké portfolio značek piva, diferenciovaných typem, chutí a cenou a další nealkoholické nápoje a stolní vody. V současnosti zahrnuje portfolio Skupiny 70 značek piva. Kromě tradičních typů piva jako světlá piva a ležáky, nabízí Skupina řadu speciálních typů piva od piv polotmavých, tmavých, vícestupňových, kvasnicových, nefiltrovaných, pšeničných, typu „*ale*“ nebo „*bock*“, ochucených či „*radler*“ až po piva nealkoholická. Skupina při výrobě používá tradičních receptury a kvalitní suroviny. Skupina distribuuje své produkty zejména v České republice prostřednictvím (i) maloobchodních řetězců a (ii) místních restaurací a hostinců. Zahraniční distribuce produktů Skupiny směřuje zejména do Německa a na Slovensko.
B.4a	**Významné trendy ovlivňující Skupinu Emitenta**	**Trendy v pivním průmyslu** V souladu s obecným vývojem na trhu i Skupina zažívá mírný posun v charakteru prodejů směrem z gastronomických zařízení do domácností. Skupina udržuje výrazně vyšší podíl prodeje do gastronomických zařízení než je průměr na trhu. V roce 2013 podíl prodejů do gastronomických zařízení, včetně privátních značek, představoval 54 % celkových prodejů piva na domácím trhu Skupiny. Bez zahrnutí privátních značek představoval v roce 2013 podíl prodejů Skupiny do gastronomických zařízení 64 %. **Současné trendy ovlivňující Emitenta** První čtyři měsíce roku 2014 přinesly celkové prodeje piva ve výši 272.609 hl a znamenaly tak zvýšení prodejů o více než 23.500 hl v porovnání s prvními čtyřmi měsíci roku 2013 (meziroční nárůst o 9,5%). Zvýšení prodejů je způsobeno především vyššími prodeji lahvového piva, zejména dodávkami kartonů piva vlastních značek Skupiny do prodejen obchodního řetězce Lidl. Vzhledem k vyšším objemům prodeje lahvového piva vzrostly náklady na (i) dopravu do centrálních skladů klíčových obchodních řetězců, (ii) a na sekundární distribuci do jednotlivých prodejen. Díky zprovoznění nových mobilních aplikací pro sběr objednávek a marketingových dat, a pro zpracování sekundární distribuce, Skupina předpokládá meziroční úsporu nákladů na zaměstnance ve výši

<table>
<tr><td></td><td></td><td>10.000.000 Kč.</td></tr>
<tr><td>B.5</td><td>Skupina Emitenta</td><td>Emitent je holdingovou společností Skupiny, která zahrnuje devět hlavních dceřiných společností, kterými jsou:
(i) Pivovary Lobkowicz, a.s.;
(ii) K Brewery Management, s.r.o.;
(iii) Pivovar Uherský Brod, a.s.;
(iv) Pivovar Jihlava, a.s.;
(v) Pivovar Protivín, a.s.;
(vi) Pivovar Klášter, a.s.;
(vii) Pivovar Vysoký Chlumec, a.s.;
(viii) Pivovar Černá Hora, a.s.; a
(ix) Pivovar Rychtář, a.s.
Pivovary Lobkowicz, a.s., je řídící společností poskytující Skupině finanční, obchodní, administrativní, IT, daňové, marketingové, výrobní a další manažerské služby. K Brewery Management, s.r.o. je společností, prostřednictvím které jsou ovládány některé dceřiné společnosti. Ostatní společnosti ve Skupině převážně provozují pivovary vyrábějící pivo.</td></tr>
<tr><td>B.6</td><td>Akcionáři</td><td>K datu prospektu Emitent má a k datu Kapitalizace (jak je tento pojem definován níže v části E.3) bude mít čtyři akcionáře, kterými jsou (i) Palace Capital, a.s., (ii) GO solar s.r.o., (iii) Eva Kropová a (iv) Zdeněk Radil.
Jediným akcionářem Palace Capital, a.s. je Martin Burda. Jediným společníkem Go solar s.r.o. je FOSSTON a.s. a ovládajícím akcionářem FOSSTON a.s. je Gregorz Hóta.
Tabulka níže zobrazuje akcionářskou strukturu Emitenta k (i) datu prospektu a (ii) k datu Kapitalizace (jak je tento pojem definován níže v části E.3):
<table>
<tr><th></th><th colspan="2">Ke dni prospektu</th><th colspan="2">Ke dni Kapitalizace</th></tr>
<tr><th>Akcionář</th><th>Počet Akcií – počet hlasů</th><th>%</th><th>Počet Akcií – počet hlasů</th><th>%</th></tr>
<tr><td>Palace Capital, a.s.</td><td>6.875</td><td>55,00%</td><td>6.290.938</td><td>67,01%</td></tr>
<tr><td>GO solar s.r.o.</td><td>3.750</td><td>30,00%</td><td>3.094.688</td><td>32,97%</td></tr>
<tr><td>Eva Kropová</td><td>750</td><td>6,00%</td><td>750</td><td>0,01%</td></tr>
<tr><td>Zdeněk Radil</td><td>1.125</td><td>9,00%</td><td>1.125</td><td>0,01%</td></tr>
<tr><td>Spolu</td><td>12.500</td><td>100,00%</td><td>9.387.501</td><td>100,00%</td></tr>
</table>
Vzhledem k tomu, že Palace Capital, a.s. (i) ke dni prospektu vlastní 6.875 Akcií (jak je tento pojem definován níže v části C.1) představujících 55,00% podíl na hlasovacích právech a (ii) ke dni Kapitalizace bude vlastnit 6.290.938 Akcií představujících 67,01% podíl na hlasovacích právech, je Palace Capital, a.s. ovládajícím akcionářem Emitenta.</td></tr>
</table>

B.7	**Vybrané hlavní historické finanční údaje**	Historická finanční data uvedená níže odkazují na účetní období končící 31. prosince 2011, 2012 a 2013. Finanční výkazy byly zpracovány v souladu s mezinárodními účetními standardy aprobovanými právem EU. **Přehled úplných hospodářských výsledků** *(v tisících Kč)* **2011 2012 2013** **Tržby** ***1.059.810*** ***1.156.718*** ***1.159.135*** růst v % *n/a* *9,1%* *0,2%* **EBITDA (účetní)*** ***124.500*** ***184.071*** ***225.827*** růst v % *n/a* *47,8%* *22,7%* účetní EBITDA marže v % *11,7%* *15,9%* *19,5%* **EBITDA (očištěná)**** ***132.591*** ***187.029*** ***190.346*** růst v % *n/a* *41,1%* *1,8%* očištěná EBITDA marže v % *12,5%* *16,2%* *16,4%* **Provozní výsledek hospodaření** ***-60.215*** ***-162*** ***40.765*** růst v % *n/a* *n/m* *n/m* provozní marže v % *-5,7%* *-0,0%* *3,5%* **Finanční výsledek hospodaření** ***-80.050*** ***-42.422*** ***-95.444*** **Výdaje na daň z příjmů** *-8.740* *-12.232* *-15.040* **Ztráta v příslušném účetním období** *-149.005* *-54.817* *-69.720* **Menšinový výsledek hospodaření** *6.313* *7.909* *4.061* **Čistá ztráta z období připadající na akcionáře** ***-155.318*** ***-62.726*** ***-73.781*** *n/a – data pro tuto položku nejsou k dispozici* *n/m – data pro tuto položku nejsou definována* **Účetní EBITDA znamená zisk z provozní činnosti po odečtení vlivu úroků, daní, odpisů a amortizace.* ***Očištěná EBITDA znamená zisk z provozní činnosti po odečtení vlivu úroků, daní, odpisů a amortizace a před odečtením mimořádných výsledků z prodeje aktiv.* I přes složité ekonomické podmínky a celkový pokles na trhu s pivem v České republice, byla Skupina schopna vykázat nárůst tržeb jak v roce 2013, tak v roce 2012. Zatímco v roce 2012 vykázala Skupina tržby 1,157 mil. Kč, což představovalo nárůst o 9,1% z 1,060 mil. Kč vykázaných v roce 2011, tržby v roce 2013 zůstaly prakticky stejné a činily 1,159 mil. Kč, tedy o 0,2% více než v roce 2012. Klíčovým ukazatelem rentability Skupiny je ukazatel očištěná EBITDA, který je definován jako výsledek provozní činnosti po odečtení obvyklé amortizace, odpisů a snížení hodnot aktiv a po odečtení mimořádných výsledků z prodeje aktiv. V roce 2013 vykázala Skupina očištěný ukazatel EBITDA ve výši 190 mil. Kč, což představuje nárůst o 1,8% z 187 mil. Kč vykázaných v roce 2012. V roce 2012 ukazatel očištěná EBITDA zaznamenal nárůst o 41,1% z 133 mil. Kč v roce 2011. V roce 2013 Emitent vykázal kladné výsledky z provozní činnosti ve výši 41 milionů Kč, což představuje nárůst o 41 milionů Kč z původních 0 Kč v roce 2012. V roce 2011 Emitent vykázal negativní výsledky z provozní činnosti v celkové výši -60 milionů Kč. Vykázaná čistá ztráta připadající na akcionáře za účetní období byla výrazně ovlivněna úrokovými náklady souvisejícími s úvěry poskytnuté akcionáři. Zatímco celková částka úvěrů poskytnutých akcionáři činila na konci roku 2013 1.737 mil. Kč, úrokové náklady

související s těmito akcionářskými úvěry činily 86 mil. Kč. Jako výsledek Skupina vykázala čistou ztrátu připadající na akcionáře za účetní období ve výši -74 mil. Kč. Náklady na úroky spojené s akcionářskými úvěry byly ve výši 20 milionů Kč a 62 milionů Kč v letech 2012 a 2011.

Přehled finanční pozice *(v tisících Kč)*

	2011	2012	2013
Dlouhodobá aktiva	*1.380.183*	*1.334.816*	*1.320.714*
Oběžná aktiva	*682.365*	*637.114*	*691.929*
Aktiva celkem	***2.062.548***	***1.971.930***	***2.012.643***
Vlastní kapitál	*-384.548*	*-439.348*	*-759.583*
Ostatní dlouhodobé závazky	*1.501.772*	*1.910.861*	*1.841.097*
Krátkodobé závazky	*945.323*	*500.417*	*931.129*
Vlastní kapitál a závazky celkem	***2.062.548***	***1.971.930***	***2.012.643***

V roce 2013 se vlastní kapitál snížil na -760 milionů Kč z -439 milionů Kč vykázaných v roce 2012. Celková negativní výše vlastního kapitálu je především výsledkem kumulované ztráty ve výši -551 milionů Kč a změny stavu rezerv a jiných majetkových operací ve výši -204 milionů Kč. Jiné majetkové operace odráží především rozdíl ve výši -186 milionů Kč mezi celkovou hodnotou protiplnění sjednaného při pořízení menšinového podílu ve společnosti Pivovar Vysoký Chlumec, a.s. a získané účetní hodnoty menšinového podílu. V důsledku Kapitalizace bude celkový vlastní kapitál Emitenta kladný.

Pokles krátkodobých závazků na 500 milionů Kč v roce 2012 z 945 milionů Kč evidovaných v roce 2011 byl způsoben především splacením závazků vůči akcionářům ve výši 450 milionů Kč, přičemž současně došlo k nárůstu dlouhodobých akcionářských úvěrů. V roce 2013 se krátkodobé závazky zvýšily na 931 milionů Kč v důsledku akvizice zbývajícího 50% podílu ve společnosti Pivovar Vysoký Chlumec, a.s., která vytvořila závazek ve výši 250 milionů Kč. Zbývající část nárůstu krátkodobých závazků je převážně způsobena nárůstem bankovního zadlužení.

Finanční prostředky poskytnuté akcionáři *(v tisících Kč)*

Skupina má významné množství finančních prostředků poskytnutých akcionáři, které se řadí mezi krátkodobé a dlouhodobé akcionářské úvěry a další závazky vůči akcionářům.

Celkovou výši finančních prostředků poskytnutých akcionáři tvoří vlastní kapitál připadající na akcionáře, krátkodobé a dlouhodobé akcionářské úvěry a ostatní závazky vůči akcionářům. Celková výše finančních prostředků dosahovala v roce 2013 910 milionů Kč, což představuje pokles o 93 milionů Kč z 1.003 milionů Kč v roce 2012. To bylo způsobeno zejména poklesem vlastního kapitálu připadajícího na akcionáře, který klesl z -560 milionů Kč v roce 2012 na -827 milionů v roce 2013. V roce 2011 dosahovaly finanční prostředky poskytnuté akcionáři Skupiny 1.003.873 Kč.

V roce 2013 došlo ke splacení akcionářských úvěrů v hodnotě 77 milionů Kč a došlo ke vzniku dalšího závazku vůči akcionářům ve výši 250 milionů Kč vyplývajícího z akvizice zbývajícího podílu ve společnosti Pivovar Vysoký Chlumec, a.s.

V roce 2012 dosahovala celková výše finančních prostředků

		poskytnutých akcionáři 1.003 milionů Kč, což představuje pokles zhruba o 1 milion Kč ve srovnání s částkou 1.004 milionů Kč za rok 2011. Ostatní závazky vůči akcionářům ve výši 450 milionů Kč byly splaceny a ze strany akcionářů došlo k poskytnutí dodatečných dlouhodobých úvěrů ve výši 511 milionů Kč Následující tabulka shrnuje celkovou výši finančních prostředků poskytnutých akcionáři. **2011 2012 2013 2014*** Vlastní kapitál připadající akcionářům *-497.501 -560.209 -826.686 n/a* Krátkodobé akcionářské úvěry *10.225 0 0 0* Dlouhodobé akcionářské úvěry *1.041.149 1.563.293 1.486.500 0* Ostatní závazky vůči akcionářům *450.000 0 250.000 0* **Finanční prostředky poskytnuté akcionáři *1.003.873 1.003.084 909.814 n/a*** **Představuje data po Kapitalizaci, n/a znamená, že data nejsou k dispozici nebo nejsou známa k datu tohoto prospektu.* Ke dni Kapitalizace (jak je tento pojem definován níže v části E.3) budou všechny nesplacené akcionářské úvěry včetně případných naběhlých úroků kapitalizovány do základního kapitálu nebo vloženy do kapitálových fondů Emitenta. Ke dni 15. dubna 2014 má Emitent vůči akcionářům závazky, včetně všech úroků, v celkové výši 1.749.650.784 Kč. V důsledku Kapitalizace a vkladů do kapitálových fondů Emitenta dojde k zániku akcionářských úvěrů a rovněž dalších obdobných dluhů Emitenta vůči akcionářům. **Bankovní úvěry** *(v tisících Kč)* Kromě úvěrů poskytnutých akcionáři má Skupina možnost čerpat bankovní úvěry a související produkty. Tyto bankovní úvěry jsou poskytovány Skupině za podmínek obvyklých v obchodním styku a jsou předmětem zajištění a zástav poskytovanými Skupinou. V roce 2013 zaznamenala Skupina bankovní úvěry a půjčky ve výši 549 milionů Kč ve srovnání s částkou 419 milionů Kč za rok 2012. Nárůst bankovní zadluženosti byl zejména způsoben načerpáním úvěrů od společnosti PPF banka a.s. ve výši 100 milionů Kč a částečným načerpáním kontokorentního úvěru od společnosti Citibank Europe plc, organizační složka v maximální výši 165 milionů Kč. V roce 2012 dosahovaly bankovní úvěry a půjčky částky 419 milionů Kč, což představuje pokles o 67 milionů Kč z částky 486 milionů Kč zaznamenané za rok 2011. K poklesu nesplacené částky bankovních úvěrů a půjček došlo v důsledku splacení několika úvěrů. **2011 2012 2013** Dlouhodobé bankovní úvěry *367.467 264.574 259.925* Krátkodobé bankovní úvěry a související produkty *118.934 154.688 288.818* **Celkové bankovní úvěry a související produkty *486.401 419.262 548.743***
B.8	**Vybrané klíčové pro forma finanční informace**	Nepoužije se, neboť v prospektu nejsou obsaženy pro forma finanční informace.

B.9	**Prognózy či odhady zisku**	Nepoužije se, neboť v prospektu nejsou obsaženy prognózy či odhady zisku.
B.10	**Výhrady ve zprávě auditora**	Nepoužije se, neboť zprávy auditora o historických finančních údajích byly bez výhrad.
B.11	**Výhrady k provoznímu kapitálu**	Nepoužije se, neboť Emitent má za to, že Skupina Emitenta má dostačující provozní kapitál pro její současné potřeby (platí po dobu alespoň 12 měsíců od data prospektu).

ODDÍL C – AKCIE		
C.1	**Popis akcií**	Základní kapitál Emitenta tvoří kmenové akcie na majitele o jmenovité hodnotě 160 Kč v zaknihované podobě (**Akcie**). Akcie jsou a budou vydávané podle českého práva, zejména podle Zákona o obchodních korporacích. Je vydán jen jeden druh Akcií Emitenta a žádný jiný druh vydán nebude. Akcie jsou vedené v evidenci Centrálního depozitáře cenných papírů. ISIN kód Akcií je CZ0005124420.
C.2	**Měna emise akcií**	Akcie jsou denominovány v českých korunách (Kč).
C.3	**Počet akcií vydaných a splacených**	Ke dni vyhotovení prospektu činí základní kapitál Emitenta 2.000.000 Kč a sestává z 12.500 kusů Akcií s nominální hodnotou 160 Kč za jednu Akcii. Akcie byly úplně splaceny v době jejich vydání.
C.4	**Práva spojená s cennými papíry**	Akcie zakládají shodná práva, a to i pro účely hlasování. Na základě stanov Emitenta a Zákona o obchodních korporacích mají akcionáři zejména právo (i) účastnit se valné hromady a hlasovat na ní, (ii) na podíl na zisku Emitenta (dividenda), (iii) uplatnit přednostní právo v případě zvýšení základního kapitálu Emitenta a (iv) na podíl na likvidačním zůstatku.
C.5	**Omezení převoditelnosti akcií**	Volná převoditelnost Akcií není žádným způsobem omezena.
C.6	**Přijetí k obchodování na regulovaném trhu**	Emitent požádá o přijetí Akcií k obchodování na trhu Prime Market Burzy cenných papírů Praha (**BCPP**).
C.7	**Dividendová politika**	Před rokem 2014 nevyplatil Emitent žádnou dividendu. Dividendová politika po Nabídce (jak je tento pojem definován níže v části E.3) bude spočívat ve vyplácení dividendy ve výši odpovídající hospodářské situaci Emitenta a jeho obchodnímu plánu při zachování přiměřené úrovně likvidity. V souladu s touto politikou management Emitenta neplánuje vyplatit dividendu pro léta 2014 a 2015, kdy bude veškerá volná likvidita použita pro další rozšiřování distribuční sítě a potencionální akvizice dalších pivovarů. Dividendová politika bude průběžně, v závislosti na různých faktorech, revidována. V současnosti management Emitenta zamýšlí doporučit valné hromadě výplatu dividendy pro rok 2016 a roky následující ve výši 40 až 70% z čistého zisku Emitenta za příslušný rok, a to po zvážení všech okolností, které mohou mít negativní vliv na volně distribuovatelné rezervy Emitenta, včetně obchodních vyhlídek Emitenta, jeho

		budoucích příjmů, požadavků na hotovost, předpokládaných nákladů a výdajů, jakož i plánů na expanzi a za předpokladu, že taková platba dividendy nenaruší kapitálovou strukturu Emitenta.

ODDÍL D – RIZIKA		
D.1	**Hlavní rizika specifická pro odvětví Skupiny Emitenta**	**Rizika spojená se společností** • Mezi konkurenty Skupiny na domácím trhu s pivem jsou i společnosti, které jsou součástí nadnárodních pivovarských skupin. Tyto společnosti mají podstatně vyšší ekonomickou sílu než Emitent a je možné, že v případě zvýšení konkurence na trhu jim nebude Emitent schopen efektivně konkurovat. • Skupina v některých případech spoléhá na jediného dodavatele surovin (chmel, slad), energií (elektřina, zemní plyn) nebo obalů a je proto vystavena riziku, že tento dodavatel nebude schopen dodat své výrobky či suroviny v požadované kvalitě, nebo množství požadovaném v objednávkách Skupiny nebo může zvýšit cenu dostupných dodávek. • Úspěch Skupiny podstatně závisí na úsilí a schopnostech klíčových osob a schopnosti Skupiny udržet si je. Skupina nemusí být do budoucna schopna získat a udržet si takové osoby, což by mohlo mít značně nepříznivý vliv na perspektivu, provozní činnost a finanční situaci Skupiny. • Finanční výsledky Skupiny jsou závislé na schopnosti získávat nové klienty a na udržení těch stávajících. V segmentu restauračních zařízení je báze klientů velmi rozdrobená, a proto rozhodnutí jakéhokoli klienta v tomto segmentu o ukončení spolupráce se Skupinou nebude mít výraznější dopad na hospodaření Skupiny. V segmentu maloobchodu však existuje několik významných zákazníků, jejichž rozhodnutí o ukončení spolupráce se Skupinou může mít podstatně negativní vliv na dosažené výnosy a na finanční hospodaření Skupiny. • Obchodní značky Skupiny jsou, společně s jejími zaměstnanci, jejím nejhodnotnějším aktivem a jedním ze základů její růstové strategie. Cokoliv, co nepříznivě ovlivní důvěru spotřebitelů a zájmových skupin ve značky Skupiny může mít značně nepříznivý vliv na perspektivu, provozní činnost a finanční situaci Skupiny. • Obchodní a provozní výsledky činnosti Skupiny mohou být negativně ovlivněny přírodními katastrofami nebo jinými společenskými či technickými poruchami, co může nepříznivě působit na podnikání, finanční situaci a/nebo výsledky provozní činnosti Skupiny. • Skupina nemusí být schopna získat dodatečný kapitál pro svoje budoucí potřeby nebo pro refinancování jejího stávajícího veřejného či soukromého financování, strategických vztahů nebo dalších ujednání, což by mohlo mít nepříznivý vliv na obchodní a finanční situaci a výsledky provozní činnosti Skupiny. • Obchodní a finanční flexibilita Skupiny je omezena určitými omezujícími ukazateli a dohodami ve smlouvách o úvěru (a to úvěrovými smlouvami uzavřenými mezi Skupinou a Sberbank CZ, a.s., PPF banka a.s., Komerční banka, a.s. a Citibank Europe

		plc, organizační složka). Jakékoliv porušení těchto omezení nebo ukazatelů může mít za následek vznik povinnosti splatit úvěr před splatností, což by mohlo mít nepříznivý vliv na obchodní a finanční situaci a výsledky provozní činnosti Skupiny. • Součástí strategie Skupiny je expanze prostřednictvím akvizice dalších pivovarů. Skupina nemusí být schopna plnit plán expanze z důvodu právních, finančních nebo z důvodu ochrany hospodářské soutěže a dalších rizik spojených s takovými investicemi nebo z důvodu potenciálních nebo současných, známých nebo neznámých závazků vzniklých v souvislosti s těmito investicemi. Na trhu rovněž nemusí být dostupné vhodné akviziční cíle, případně nemusí být dosažena dohoda s jejich majiteli. • Neschopnost Skupiny prodloužit smlouvy s dodavateli a jinými smluvními partnery sjednané na dobu určitou (které jsou uzavírány na období jednoho roku a pravidelně prodlužovány), nebo jakékoliv jiné smlouvy, za podmínek přijatelných pro Skupinu, ukončení těchto smluv nebo spor se smluvními partnery by mohly narušit distribuční kanály Skupiny, dodávku zásob, vyvolat snížení cen nebo prodeje nebo ztrátu zákazníků. Skupina je dále závislá na schopnosti smluvních partnerů plnit své závazky, a její provozní činnost může být ovlivněna jejich nízkou výkonností, selháním či podvodným jednáním. • Na českém trhu s pivem, se konzumace piva přesouvá z gastronomických zařízení do domácností. Pokračující změny v distribučních kanálech ve prospěch prodeje v maloobchodech by mohly nepříznivě ovlivnit finanční situaci Emitenta. **Právní a regulatorní rizika** • Nový zákon č. 89/2012 Sb., občanský zákoník, Zákon o obchodních korporacích a další související předpisy nabyly účinnosti v nedávné době (od 1. ledna 2014), a tedy ovlivňují značnou část právních vztahů. Emitent nemusí být schopen předvídat důsledky některých jeho právních kroků, z důvodu neexistence dostatečné rozhodovací praxe soudů. **Rizika spojená s Českou republikou** • Změny a vývoj hospodářských, regulatorních, správních a jiných politik v České republice a dalších evropských jurisdikcích, ve kterých Skupina provozuje svoji činnost, a které nedokáže ovlivnit, by mohly významně nepříznivě a nepředvídatelným způsobem ovlivnit podnikání Skupiny, její vyhlídky, finanční situaci a výsledky provozní činnosti. **Rizika spojená s trhem s pivem** • Pohled společnosti na sociální přijatelnost produktů Skupiny by mohl rovněž vést k poklesu hodnoty značky a prodeje produktů Skupiny a mohl by ovlivnit podnikání Skupiny. • Jakýkoliv pokles poptávky po pivu Skupiny ve prospěch alternativních nápojů (jako jsou vína, piva typu „radler“, „cider“ nebo ovocné nápoje) nebo pokles marží Skupiny způsobený faktory, které Emitent nedokáže ovlivnit vůbec nebo jen v malé míře, by mohl mít nepříznivý dopad na podnikání, finanční situaci a výsledky provozní činnosti Emitenta. • Společnosti působící na trhu alkoholických nápojů jsou, čas od času, vystaveny soudním sporům vztahujícím se k reklamám na

		alkohol, programům o zneužití alkoholu a zdravotním a společenským následkům nadměrné konzumace alkoholu a sporům souvisejícím s odpovědností za výrobky. Jakýkoliv takový spor může mít nepříznivý vliv na podnikání Skupiny, její finanční situaci a/nebo výsledky provozní činnosti.
D.3	**Hlavní rizika specifická pro cenné papíry**	• V závislosti na výsledcích bookbuildingu mohou Prodávající Akcionáři odmítnout realizovat úpis nově vydaných Akcií, v důsledku čehož nemusí dojít k účinnosti zvýšení základního kapitálu a následně může být zrušena i Nabídka (jak je tento pojem definován v části E.3). • Neexistuje žádná pevná dohoda ohledně poměru, ve kterém se budou Prodávající Akcionáři účastnit Nabídky; Prodávající Akcionáři jsou pouze limitováni maximálním počtem 3.400.000 prodávaných Akcií, které budou nabízeny. Po vypršení lhůty dohod znemožňujících prodej Akcií mohou akcionáři bez omezení prodat další Akcie. Navíc mohou stávající akcionáři prodat nebo jiným způsobem převést jakékoliv Akcie mezi sebou navzájem kdykoliv po Nabídce nebo poté, kdy dojde k oznámení nabídkové ceny Nabízených Akcií, což může vest ke změně akcionářské struktury Emitenta, včetně změny ovládajícího akcionáře nebo akcionářů. • Kurz akcií kótovaných společností může být značně nestálý, což by mohlo zabránit akcionářům prodat své akcie za pořizovací nebo vyšší cenu. Faktory ovlivňující kurz akcií zahrnují ekonomickou výkonnost Emitenta, velké nákupy nebo prodeje akcií, legislativní změny nebo hospodářské, politické nebo regulatorní podmínky. • Počet Nabízených Akcií přidělených investorům může být menší než počet Akcií požadovaný v objednávkách investorů. Dojde-li ke zkrácení objednávek, nebudou objednávky v počtu přesahujícím přidělené Nabízené Akcie brány v úvahu a veškeré platby přijaté v souvislosti s těmito objednávkami budou vráceny bez jakéhokoliv úroku nebo jiné kompenzace. • Likvidita a obchodní cena akcií mohou být nepříznivě ovlivněny v případě, že se nevyvine nebo neudrží aktivní trh s akciemi. • Emitent se může rozhodnout vydat v budoucnu dodatečné akcie. Jakákoliv budoucí emise akcií může rozředit majetek akcionáře a snížit hodnotu jeho akcií. • Emitentova schopnost vyplácet v budoucnu dividendy záleží mimo jiné na podnikatelských vyhlídkách Skupiny, budoucích výsledcích její provozní činnosti a dalších faktorech, které považují řídící orgány a/nebo valná hromada za relevantní, což se nemusí nevyhnutelně shodovat s krátkodobými zájmy všech akcionářů Emitenta. • Ekonomická výkonnost Emitenta v předešlých letech nezaručuje budoucí rozvoj jeho podnikatelských činností a finanční situace, a proto investoři nemohou spoléhat na historické finanční údaje jako na předpověď Emitentovy budoucí výkonnosti. • Veřejné nabídky podléhají různým vlivům nezávislým na Emitentovi. V případě, že by takové okolnosti mohly nepříznivě ovlivnit výsledky Nabídky (jak je tento pojem definován níže v části E.3), může se Emitent rozhodnout Nabídku odložit, přerušit nebo zrušit.

		• Emitent nikdy neměl povinnosti související s obchodováním na evropském regulovaném trhu, jako je například poskytování informací o jeho činnosti; jde zejména o aktuální a pravidelné zprávy o jeho činnosti, o informování veřejnosti o nabytí velkých podílů na Emitentovi jinými investory; může se proto stát, že Emitent nebude schopen tyto povinnosti splnit. To může vést k tomu, že investorům nebudou včas nebo vůbec poskytnuty citlivé informace z hlediska ceny akcií nebo že obsah zveřejněných materiálů nebude dostatečný. • Není možné zajistit, aby analytici v oblasti pivovarnictví a cenných papírů poskytovali průběžné a dostatečné analýzy ohledně Emitentova podnikání, neboť Emitent nemá na analytiky připravující tyto analýzy a zprávy jakýkoliv vliv. Analytici navíc mohou snížit výhled akcií nebo poskytovat negativní doporučení, která mohou vést k poklesu hodnoty akcií. • Podíl akcií Emitenta, které budou volně obchodovány, bude omezený, což může nepříznivě ovlivnit likviditu, obchodovatelnost a hodnotu akcií. • Obchodování s akciemi na BCPP může být BCPP nebo Českou národní bankou (**ČNB**) z různých důvodů přerušeno. Jakékoliv přerušení obchodování může nepříznivě ovlivnit cenu akcií. • Přijetí akcií k obchodování na trhu Prime Market BCPP, vyžaduje získání souhlasu burzovního výboru, k jehož získání musí Emitent splnit požadavky uvedené v předpisech burzy a dalších platných předpisech. Není však zaručeno, že všechny podmínky budou splněny a že akcie budou přijaty k obchodování na BCPP ke dni jejich přijetí podle předpokladů či zda vůbec budou přijaty. • Soud může zamítnout registraci zvýšení základního kapitálu, což by mělo za následek jeho neúčinnost. Pro případ, že by došlo k této situaci, Nabídka bude zrušena.

ODDÍL E – NABÍDKA		
E.1	**Celkové čisté výnosy Nabídky a odhadované výdaje**	Emitent a Prodávající Akcionáři očekávají hrubý výnos z Nabídky (jak je tento pojem definován níže v části E.3) v přibližné výši 997.500.000 Kč a čistý výnos z Nabídky v přibližné výši 968.557.500 Kč, za předpokladu, že cena nabídky bude maximální cena a všechny Nabízené Akcie (jak je tento pojem definován níže v části E.3) budou upsány (bez uplatnění Nadlimitní opce). Na Emitenta připadne hrubý výnos z Nabídky v přibližné výši 402.500.000 Kč a čistý výnos z Nabídky v přibližné výši 387.242.500 Kč. Na Prodávající Akcionáře připadne hrubý výnos z Nabídky v přibližné výši 595.000.000 Kč a čistý výnos z Nabídky v přibližné výši 581.315.000 Kč. Emitent a Prodávající Akcionáři odhadují, že náklady Nabídky (jak je tento pojem definován níže v části E.3) a výdaje spojené s přijetím Akcií k obchodování na trhu Prime Market BCPP budou v přibližné výši 28.942.500 Kč. Z toho Emitent ponese náklady v přibližné výši 15.257.500 Kč a Prodávající Akcionáři ponesou náklady v přibližné výši 13.685.000 Kč. Žádné náklady spojené přímo s Nabídkou nebudou účtovány investorům. Investoři ponesou jen vlastní náklady spojené s vlastním

		vyhodnocením investice a účastí v Nabídce, včetně makléřských poplatků účtovaných obchodníky s cennými papíry.
E.2a	**Důvody nabídky a použití výnosů**	Emitent a Prodávající Akcionáři se rozhodli uskutečnit Nabídku (jak je tento pojem definován níže v části E.3) za účelem získání nového kapitálu k budoucímu finančnímu rozvoji Emitenta a umožnění částečného odchodu Prodávajících Akcionářů z Emitenta. Emitent obdrží jen čisté výnosy z prodeje nových Akcií a Prodávající Akcionáři obdrží čisté výnosy z prodeje prodávaných Akcií a dalších akcií, které budou nabízeny v souvislosti s uplatněním nadlimitní opce popsané níže. **Výnosy z prodeje nových Akcií** Čisté výnosy z prodeje nových Akcií (za předpokladu že cena nabídky bude maximální cena a všechny nové Akcie budou prodány a nedojde k uplatnění nadlimitní opce) jsou odhadovány na 387.242.500 Kč. Emitent hodlá čisté výnosy z prodeje nových Akcií využít následujícím způsobem: • Distribuční síť – Emitent hodlá použít na získání nových gastronomických zařízení částku ve výši přibližně 200 mil. Kč. Prostředky budou požity majiteli gastronomických zařízení k ukončení existujících smluv s jinými pivovary a uzavření nových smluv s Emitentem. Emitent v současné době zaznamenává vysokou poptávku ze strany majitelů gastronomických zařízení po svých produktech. Emitent předpokládá, že předmětné smlouvy budou uzavřeny v relativně krátkém časovém horizontu po uskutečnění Nabídky. Emitent předpokládá, že zvýšení počtu smluvních gastronomických zařízení bude mít příznivý dopad na Emitentovy finanční výsledky. • Konsolidace trhu – Emitent hodlá získat další středně velké pivovary. Emitent v současné době uvažuje o akvizici pivovaru s ročním výstavem 80-100 tisíc hektolitrů piva s ukazatelem EBITDA v rozmezí 15-20 mil. Kč za celkovou částku ve výši přibližně 100 mil. Kč. Emitent je v pokročilé fázi vyjednávání s potencionálním prodejcem; nicméně doposud nebyl uzavřen žádný závazný dokument. Pokud bude vyjednávání neúspěšné, bude Emitent příležitostně hledat obdobné investiční příležitosti v České republice. • Růst exportu – Emitent hodlá investovat do zahraničních obchodních řetězců, které prodávají jeho výrobky a tím podpořit své zviditelnění na klíčových exportních trzích v Rusku / Společenství nezávislých států a na Slovensku. Emitent dále plánuje investovat do gastronomického odvětví na Slovensku. • Obecné podnikatelské účely – jakákoliv částka, která nebude použita na akviziční činnosti uvedené výše, bude použita na obecné podnikatelské účely k podpoře tržního postavení a růstu Emitenta, například na marketing, propagační činnost a podporu prodeje.
E.3	**Podmínky Nabídky**	**Zvýšení základního kapitálu Emitenta** Předtím, než dojde k Nabídce (jak je tento pojem definován níže), musí dojít k navýšení základního kapitálu Emitenta. Podle informací Emitenta hodlají Prodávající Akcionáři (jak jen tento pojem

		definován níže v části E.5) upsat 9.375.001 kusů nově vydaných Akcií a za tímto účelem kapitalizovat své existující pohledávky vůči Emitentovi (**Kapitalizace**). Kapitalizací dojde k započtení emisního kurzu nově vydaných Akcií vůči pohledávkám Prodávajících Akcionářů s tím, že zbývající část pohledávek (bude-li jaká) bude vložena do kapitálových fondů Emitenta. Uvedeným postupem dojde k zániku všech úvěrů, které Prodávající Akcionáři poskytli Emitentovi, a rovněž veškerých dalších obdobných dluhů Emitenta vůči Prodávajícím Akcionářům. Prodávající Akcionáři mohou zcela nebo z části odmítnout upsat nově vydávané Akcie na základě výsledku bookbuildingu (sběru objednávek). Existuje proto riziko, že Prodávající Akcionáři neupíší a nezaplatí za nově vydávané akcie, nebo že upíší a zaplatí za méně nově vydávaných Akcií, než je třeba k úspěšnému zvýšení základního kapitálu. V důsledku toho nemusí dojít ke zvýšení základního kapitálu Emitenta a Nabídka by v takovém případě byla zrušena. V závislosti na výsledcích bookbuildingu upíše až 2.300.000 kusů nově vydaných Akcií Hlavní manažer. **Nabídka** Nabídka zahrnuje: • až 2.300.000 Emitentem nově vydaných Akcií; • až 3.400.000 prodávaných Akcií, které budou (po Kapitalizaci), ve vlastnictví Prodávajících Akcionářů (nové Akcie a prodávané Akcie společně jako **Nabízené Akcie**), a • až 855.000 nadlimitních Akcií, které budou po Kapitalizaci ve vlastnictví Prodávajících Akcionářů, v případě uplatnění nadlimitní opce. V součtu je v rámci nabídky nabízeno až 5.700.000 Nabízených Akcií (**Nabídka**). Tento počet může být dále navýšen až o 855.000 nadlimitních Akcií. Celkově může být alokován menší počet Nabízených Akcií nežli jejich maximální počet, například z důvodu nedostatečné poptávky za cenu přijatelnou pro Emitenta a Prodávající Akcionáře. V souvislosti s alokací Nabízených Akcií, Prodávající Akcionáři udělili Hlavnímu manažerovi, za účelem krytí nadlimitních požadavků investorů na koupi Akcií, opci k nákupu dodatečných až 855.000 nadlimitních Akcií za Nabídkovou cenu. Na základě konečného počtu Nabízených Akcií, nové Akcie a prodávané Akcie budou přidělovány proporcionálně, až do chvíle kdy bude 2.300.000 kusů nových Akcií zakoupeno investory. Jakékoliv další Akcie v Nabídce, s výjimkou maximální hodnoty nových Akcií, budou Akcie vlastněné Prodávajícími Akcionáři. Konečný počet Nabízených Akcií a konečná nabídková cena bude oznámena prostřednictvím tiskové zprávy v České republice a v souladu s platnými právními předpisy a praxí na trhu v České republice. Předpokládaný harmonogram hlavních událostí je následující:

Schválení prospektu CNB	nejpozději do 12. května 2014
Zveřejnění schváleného prospektu v České	nejpozději do 12. května 2014

republice na internetových stránkách Emitenta (dostupných i z Rakouska)	
Doručení oznámení ČNB o schválení prospektu FMA	nejpozději do 12. května 2014
Bookbuilding	od 12. května 2014 do 22. května 2014
Nabídka institucionálním investorům v České republice	od 12. května 2014 do 22. května 2014
Nabídka individuálním (neprofesionálním) investorům v České republice	od 12. května 2014 do 22. května 2014
Nabídka institucionálním investorům v Rakousku	13. května 2014 do 22. května 2014
Nabídka individuálním (neprofesionálním) investorům v Rakousku	13. května 2014 do 22. května 2014
Pokyny k nákupu institucionálních investorů v České republice	od 12. května 2014 do 22. května 2014
Pokyny k nákupu individuálních (neprofesionálních) investorů v České republice	od 12. května 2014 do 22. května 2014
Pokyny k nákupu institucionálních a individuálních (neprofesionálních) investorů v Rakousku	od 13. (14). května 2014 do 22. května 2014
Rozhodnutí o Nabídkové ceně a alokaci	23. května 2014
Datum vypořádání a zaplacení	27. května 2014
Datum přijetí k obchodování na regulovaném trhu a první den obchodování	28. května 2014

Nabídková cena za Nabízenou Akcii bude stanovena na základě výsledků bookbuildingu a bude oznámena dne nebo okolo dne 23. května 2014. Maximální cena za Nabízenou Akcii je pro individuální (neprofesionální) investory stanovena na 175 Kč za Akcii.

Pro účely Nabídky není stanoven minimální ani maximální počet Nabízených Akcií, které mohou být objednány.

Individuální (neprofesionální) investoři v České republice

Individuální (neprofesionální) investoři v České republice jsou povinni dodržovat pokyny Domácího hlavního manažera. Pokyny k nákupu od českých individuálních (neprofesionálních) investorů mohou být podány prostřednictvím poboček Domácího hlavního manažera, ve kterých jsou příslušné služby poskytovány, během obvyklé otevírací doby nebo prostřednictvím společnosti brokerjet České spořitelny, a.s. v rámci nabídky pro české individuální (neprofesionální) investory; pokyny k nákupu budou vkládány do elektronického systému příslušného depozitáře banky českých individuálních (neprofesionálních) investorů. Pokyny k nákupu mohou být podávány pouze v českých korunách (Kč).

		V případě zadání pokynu k nákupu u Domácího hlavního manažera jsou čeští individuální (neprofesionální) investoři povinni zaplatit zálohu odpovídající nejvyšší cenně, kterou je individuální (neprofesionální) investor ochoten zaplatit za počet Nabízených Akcií, které hodlá nakoupit. V případě, že český individuální (neprofesionální) investor nespecifikuje v pokynu k nákupu žádnou cenu, pak Domácí hlavní manažer zváží přijetí takového pokynu s maximální nabízenou cenou. Záloha by měla být uhrazena použitím prostředků, které jsou k dispozici na účtu příslušného českého individuálního (neprofesionálního) investora vedeného Domácím hlavním manažerem. Český individuální (neprofesionální) investor je povinen vést na takovém účtu peněžní prostředky až do dne uhrazení. Žádné Nabízené Akcie nebudou investorovi přiděleny, pokud nabídková cena bude vyšší než nejvyšší cena stanovená českým individuálním (neprofesionálním) investorem v pokynu k nákupu. Jakýkoliv přebytek peněžních prostředků na účtu českého individuálního (neprofesionálního) investora vedeného Domácím hlavním manažerem, bude uvolněn na základě pokynů příslušného investora po Dni vypořádání. Pokud zadají čeští individuální (neprofesionální) investoři pokyny k nákupu více Nabízených Akcií než je jim přidělen, dojde k poměrnému krácení pokynů zadaných u Domácího hlavního manažera, a to bez ohledu na cenový limit za Nabízenou Akcii nabídnutý každým z investorů, a za předpokladu, že tento cenový limit není nižší než nabídková cena. Veškeré zlomkové příděly budou zaokrouhleny směrem dolů. Čeští individuální (neprofesionální) investoři mohou zadat pokyny k nákupu i u jiných obchodníků s cennými papíry, než u Domácího hlavního manažera nebo u společnosti brokerjet České spořitelny, a.s., avšak k nákupu jakýchkoliv Nabízených Akcií musí dodržet postupy a požadavky těchto obchodníků s cennými papíry. **Individuální (neprofesionální) investoři v Rakousku** Individuální (neprofesionální) investoři v Rakousku jsou povinni dodržovat pokyny Hlavního manažera. Pokyny k nákupu od rakouských individuálních (neprofesionálních) investorů mohou být podány na pobočkách Erste Bank, der österreichischen Sparkassen AG nebo rakouské spořitelny během obvyklé otvírací doby nebo prostřednictvím Brokerjet Bank AG v rámci nabídky pro rakouské individuální (neprofesionální) investory; pokyny k nákupu budou vkládány do elektronického systému příslušného depozitáře banky rakouských individuálních (neprofesionálních) investorů. Pokyny k nákupu mohou být podávány pouze v českých korunách (Kč). Žádné Nabízené Akcie nebudou investorovi přiděleny, pokud bude nabídková cena vyšší než nejvyšší cena stanovená rakouským individuálním (neprofesionálním) investorem v pokynu k nákupu. Vypořádání Nabízených Akcií bude provedeno v českých korunách (Kč) za použití aktuálního směnného kurzu stanoveného Hlavním manažerem v pravidelné F/X fixaci ke dni alokace. Rakouský individuální (neprofesionální) investor nese kurzové riziko mezi zadáním pokynu a datem alokace. Pokud zadají rakouští individuální (neprofesionální) investoři pokyny k nákupu více Nabízených Akcií než je jim přidělen, dojde k poměrnému krácení pokynů zadaných v rámci nabídky pro rakouské individuální (neprofesionální) investory, a to bez ohledu na cenový limit za Nabízenou Akcii nabídnutý každým z investorů, a za

		předpokladu, že tento cenový limit není nižší než nabídková cena. Veškeré zlomkové příděly budou zaokrouhleny směrem dolů. Rakouští individuální (neprofesionální) investoři mohou zadat pokyny k nákupu i u jiných obchodníků s cennými papíry, než u Erste Bank, der österreichischen Sparkassen AG, rakouské spořitelny nebo Brokerjet Bank AG, avšak k nákupu jakýchkoliv Nabízených Akcií musejí dodržet postupy a požadavky těchto obchodníků s cennými papíry.
E.4	**Podstatné zájmy spojené s Nabídkou**	Emitent má za to, že akcionáři mají zájmy, které jsou s ohledem na velikost jejich současného podílu na Emitentovi podstatné pro Nabídku. Nabídka současně umožní částečný odchod Prodávajících Akcionářů z Emitenta. Zdeněk Radil (předseda představenstva) a Prodávající Akcionáři se dohodli, že Prodávající Akcionáři, krátce po Nabídce, prodají Zdeňku Radilovi takové množství Akcií, aby se stal po zvýšení základního kapitálu 3% akcionářem Emitenta. Žádný jiný člen představenstva nebo managementu Emitenta, ani Prodávající Akcionáři nehodlají upsat Nabídkové Akcie kryté Nabídkou.
E.5	**Prodávající Akcionáři a dohody znemožňující prodej akcií**	Prodávané akcie a nadlimitní Akcie budou prodány Prodávajícími Akcionáři podle Nabídky. Prodávající Akcionáři jsou uvedeni v tabulce níže: **Prodávající Akcionáři** — **Počet Akcií** **Palace Capital, a.s.**, je akciová společnost založená a existující podle práva České republiky, se sídlem Luhačovice, Lázeňské náměstí č. 436, PSČ 763 26, IČO: 634 74 948, zapsaná v obchodním rejstříku vedeném Krajským soudem v Brně, oddíl B, vložka 1682 — až do 3.400.000 prodávaných Akcií, ale společně s GO solar s.r.o. nepřesahující dohromady 3.400.000 prodávaných Akcií až do 855.000 nadlimitních Akcií, ale společně s GO solar s.r.o. nepřesahující dohromady 855.000 nadlimitních Akcií **GO solar s.r.o.**, je společnost s ručením omezeným založená a existující podle práva České republiky, se sídlem Praha 8 - Karlín, Sokolovská 394/17, PSČ 186 00, IČO: 247 18 025, zapsaná v obchodním rejstříku vedeném Městským soudem v Praze, oddíl C, vložka 168501 — až do 3.094.688 prodávaných Akcií, ale společně s Palace Capital, a.s. nepřesahující dohromady 3.400.000 prodávaných Akcií až do 855.000

		nadlimitních Akcií, ale společně s Palace Capital, a.s. nepřesahující dohromady 855.000 nadlimitních Akcií **Dohody znemožňující prodej Akcií** Emitent souhlasil, že po dobu 180 dnů od Data vypořádání (jak je tento pojem definován v části E.3) bez předchozího písemného souhlasu Hlavního manažera nenavrhne ani nepodpoří nabídku dalších akcií, neoznámí úmysl nabízet nové akcie a/nebo emitovat cenné papíry konvertovatelné na Akcie ani cenné papíry, které představují právo na získání Akcií, ani neuzavře žádnou transakci, jejíž ekonomický efekt by byl srovnatelný s prodejem akcií. Prodávající Akcionáři souhlasili, že po dobu 180 dnů od Data vypořádání bez předchozího písemného souhlasu Hlavního manažera: (i) neprodá ani neoznámí úmysl prodat Akcie, (ii) nebude emitovat cenné papíry konvertovatelné na Akcie, (iii) nebude emitovat cenné papíry, které představují právo na získání Akcií, a také (iv) neuzavře transakci, jejíž ekonomický efekt by byl srovnatelný s efektem prodeje Akcií. Výše uvedené dohody se neaplikují na prodeje akcií nebo jejich jiné převody mezi Palace Capital, a.s., Go solar s.r.o., panem Zdeňkem Radilem a paní Evou Kropovou.
E.6	**Zředění**	Tabulky uvedené níže popisují akcionářskou strukturu Emitenta (i) ke dni vyhotovení prospektu, (ii) ke dni Kapitalizace, (iii) po skončení Nabídky, za předpokladu, že se uskuteční úplný prodej Nabízených Akcií a Prodávající Akcionáři se zúčastní Nabídky ve stejném poměru v jakém se podíleli na zvýšení základního kapitálu a včetně Akcií nabytých Zdeňkem Radilem (ale bez nadlimitních Akcií) a (iv) po skončení Nabídky za předpokladu, že se uskuteční úplný úpis a prodej Nabízených Akcií a nadlimitních Akcií (a Prodávající Akcionáři se zúčastní Nabídky, včetně nadlimitních Akcií, ve stejném poměru, v jakém se podíleli na zvýšení základního kapitálu) a včetně Akcií nabytých Zdeňkem Radilem.

	Ke dni vyhotovení prospektu		**Ke dni Kapitalizace**	
Akcionář	**Počet Akcií**	**%**	**Počet Akcií**	**%**
Palace Capital, a.s.	6.875	55,00%	6.290.938	67,01%
GO solar s.r.o.	3.750	30,00%	3.094.688	32,97%
Eva Kropová	750	6,00%	750	0,01%
Zdeněk Radil	1.125	9,00%	1.125	0,01%
Veřejnost	--	--	--	--
Celkem	**12.500**	**100,00%**	**9.387.501**	**100,00%**

<table>
<tr><td></td><td></td><td>
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<tr><th></th><th colspan="2">Po Nabídce</th><th colspan="2">Po Nabídce (za předpokladu plného uplatnění Nadlimitní opce)</th></tr>
<tr><th>Akcionář</th><th>Počet Akcií</th><th>%</th><th>Počet Akcií</th><th>%</th></tr>
<tr><td>Palace Capital, a.s.</td><td>3.778.800</td><td>32,33%</td><td>3.205.693</td><td>27,43%</td></tr>
<tr><td>GO solar s.r.o.</td><td>1.857.324</td><td>15,89%</td><td>1.575.431</td><td>13,48%</td></tr>
<tr><td>Eva Kropová</td><td>750</td><td>0,01%</td><td>750</td><td>0,01%</td></tr>
<tr><td>Zdeněk Radil</td><td>350.627</td><td>3,00%</td><td>350.627</td><td>3,00%</td></tr>
<tr><td>Veřejnost</td><td>5.700.000</td><td>48,77%</td><td>6.555.000</td><td>56,09%</td></tr>
<tr><td>Celkem</td><td>11.687.501</td><td>100,00%</td><td>11.687.501</td><td>100,00%</td></tr>
</table>
</td></tr>
<tr><td>E.7</td><td>Odhad výše nákladů účtovaných investorovi</td><td>Nepoužije se. Náklady Nabídky a výdaje spojené s přijetím základního kapitálu Emitenta k obchodování na trhu Prime Market BCPP nese výlučně Emitent. Žádné výdaje nebudou účtovány přímo investorům. Investoři ponesou jen vlastní náklady spojené s oceněním a účastí v Nabídce, včetně makléřských poplatků účtovaných obchodníky s cennými papíry.</td></tr>
</table>

2. ZUSAMMENFASSUNG

Die nachfolgende Prospektzusammenfassung wurde in Einklang mit dem tschechischen Gesetz Nr. 256/2006 (Sammlg.), bezüglich Unternehmen auf Kapitalmärkten, in der jeweils gültigen Fassung (das **KMG**), der Prospektrichtlinie und der Prospektverordnung erstellt. Diese Zusammenfassung setzt sich aus als „*Schlüsselinformationen*" bezeichneten Angaben zusammen. Diese Schlüsselinformationen sind in den Abschnitten A bis E (A.1 bis E.7) nummeriert. Diese Zusammenfassung enthält all die geforderten Schlüsselinformationen, die in einer Zusammenfassung für diese Art von Wertpapieren und Emittenten einzubeziehen sind. Da gewisse Schlüsselinformationen nicht adressiert werden müssen, können Lücken in der Nummerierung der Schlüsselinformationen in dieser Zusammenfassung vorhanden sein. Auch wenn grundsätzlich eine Schlüsselinformation aufgrund der Art der Wertpapiere und des Emittenten in der Zusammenfassung anzuführen wäre, ist es möglich, dass hinsichtlich dieser Schlüsselinformationen keine relevanten Angaben gemacht werden können. In einem solchen Fall wird eine kurze Beschreibung der Schlüsselinformation mit dem Hinweis „*entfällt*" aufgenommen.

ABSCHNITT A — EINLEITUNG UND WARNHINWEISE		
A.1	**Warnhinweise an den Anleger**	Die folgende Zusammenfassung sollte als Einleitung zum Prospekt verstanden werden. Anleger sollten sich bei jeder Entscheidung zur Anlage in die Angebotsaktien (Definition wie nachstehend in Abschnitt E.3) auf die Prüfung des gesamten Prospekts stützen. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach den nationalen Rechtsvorschriften des jeweiligen Mitgliedsstaats des Europäischen Wirtschaftsraums vor Prozessbeginn die Kosten für die Übersetzung des Prospekts zu tragen haben. Zivilrechtlich haften nur diejenigen Personen, die die Verantwortung für die Zusammenfassung samt etwaiger Übersetzungen übernommen haben, und dies auch nur für den Fall, dass die Zusammenfassung, verglichen mit den anderen Teilen des Prospekts, irreführend, unrichtig oder inkohärent ist oder, verglichen mit den anderen Teilen des Prospekts, Informationen gemäß § 36 Abs. 5 (b) KMG vermissen lässt.
A.2	**Zustimmung zu Finanzintermediären**	Die Pivovary Lobkowicz Group a.s. (der **Emittent**) billigt ab dem Datum des Prospekts die Verwendung des Prospekts für den Weiterverkauf der Angebotsaktien für einen Zeitraum von sechs Monaten durch die Erste Group Bank AG (der **Lead Manager**) und die Česká spořitelna, a.s. (der **Inländische Lead Manager**) sowie durch die brokerjet České spořitelny, a.s., einem Finanzintermediär des Inländischen Lead Manager zum Zwecke des Angebots an tschechische Kleinanleger sowie und Brokerjet Bank AG, die Erste Bank der österreichischen Sparkassen AG und österreichische Sparkassen, wobei es sich bei diesen um Finanzintermediäre des Lead Manager zum Zwecke des Angebots an österreichische Kleinanleger handelt, und übernimmt in dieser Hinsicht auch die Verantwortung für dessen Inhalt. Diese Zustimmung ist an keinerlei Bedingungen geknüpft. **Informationen zu den Bedingungen des Angebots, das der Lead Manager, der Inländische Lead Manager und die Finanzintermediäre in einem Zeitraum von sechs Monaten ab dem Datum des Prospekts durchführen, werden vom Lead Manager, vom Inländische Lead Manager und von den Finanzintermediären zur Verfügung gestellt.**

ABSCHNITT B – EMITTENT		
B.1	**Bezeichnung des Geschäfts**	Pivovary Lobkowicz Group, a.s.
B.2	**Sitz, Rechtsform, Recht, Land der Gründung**	Bei dem Emittent handelt es sich um eine nach dem Recht der Tschechischen Republik gegründete und bestehende Aktiengesellschaft mit eingetragenem Sitz in Prag 4, Hvězdova 1716/2b, Postleitzahl 140 78, ID-Nr. 272 58 611, eingetragen ins Firmenbuch beim Amtsgericht in Prag, Abteilung B, Eintrag 10035. Der Emittent betreibt sein Geschäft im Rahmen des tschechischen Gesetzes Nr. 90/2012 (Sammlg.), bezüglich Kapitalgesellschaften, in der jeweils gültigen Fassung (das **Gesetz über die Kapitalgesellschaften**) und der vorliegend begründeten Bestimmungen.
B.3	**Art der derzeitigen Geschäftstätigkeit und Haupttätigkeiten des Emittenten und der Gruppe**	Bei dem Emittenten handelt es sich um eine Holding-Gesellschaft, deren Geschäftszweck Produktion, Handel und Dienstleistungen umfassen, die nicht in den Anhängen 1 – 3 des tschechischen Gesetzes Nr. 455/1991 (Sammlg.), bezüglich Handelserlaubnisse, in der jeweils gültigen Fassung (das **Gesetz über Handelserlaubnisse**) genannt sind. Der Emittent beherrscht die Gruppe (Definition wie nachstehend in Abschnitt B.5), deren Schwerpunkt auf dem Betrieb regional angesiedelter kleiner und mittelständischer Brauereien sowie dem Verkauf von Bier und nichtalkoholischen Getränken liegt. Die Gruppe vertreibt ein umfangreiches Angebot an Biermarken, die sich jeweils durch Sorte, Geschmack und Preis unterscheiden, sowie ein Sortiment an nichtalkoholischen Getränken und Tafelwasser. Derzeit umfasst das Markenangebot 70 Biermarken. Neben den traditionellen Biersorten, wie Leichtbier und Lager, bietet die Gruppe zahlreiche besondere Biersorten an, die von halbdunklen Bieren, Dunkellager, Starkbieren über Hefebiere, trübe Biere, Weizenbiere, diverse Ales, Bockbiersorten und aromatisierte Biere oder Radler bis hin zu alkoholfreien Bieren reichen. Besonderes Augenmerk legt der Konzern auf die Verwendung traditionsreicher Rezepte und feinster Zutaten im Herstellungsverfahren. Die Gruppe vertreibt ihre Produkte vornehmlich in der Tschechischen Republik über (i) den Einzelhandel und (ii) örtliche Restaurants und Gaststätten. Die wichtigsten Exportkunden der Gruppe sind in Deutschland und in der Slowakischen Republik ansässig.
B.4a	**Wichtige jüngste Trends, die sich auf die Gruppe auswirken**	**Trends in der Bierbranche** Entsprechend der Marktentwicklung verzeichnet die Gruppe derzeit eine leichte Verlagerung vom Horeca-Sektor hin zum Einzelhandel. Im Vergleich zum Marktdurchschnitt kann die Gruppe einen in Bezug auf den Gesamtabsatz weit höheren Anteil im Horeca-Sektor halten. Im Jahr 2013 betrug der Absatz im Horeca-Sektor 54 % des gesamten inländischen Bierabsatzes der Gruppe, einschließlich Eigenmarken. Ohne die Eigenmarken erzielte die Gruppe im Jahr 2013 64 % seines Umsatzes im Horeca-Sektor. **Jüngste Trends, die sich auf den Emittenten auswirken**

		In den ersten vier Monaten des Jahres 2014 verzeichnete die Gruppe einen Bierabsatz von insgesamt 272.609 Hektoliter; dies entspricht im Vergleich zu den ersten vier Monaten des Jahres 2013 einer Steigerung des Absatzes von über 23.500 Hektolitern (+9,5 % im Jahresvergleich). Die Steigerung des Bierabsatzes ist hauptsächlich auf einen höheren Absatz von Flaschenbieren zurückzuführen, insbesondere durch die Belieferung der Einzelhandelskette Lidl mit Eigenmarken der Gruppe in Pappverpackung. Aufgrund des höheren Absatzes von Flaschenbieren ergaben sich Mehrkosten sowohl (i) für den Transport zu den zentralen Warenlagern der wichtigsten Einzelhandelsketten sowie (ii) im Sekundärvertrieb an die einzelnen Läden. Die Gruppe erwartet im Jahresvergleich dank der Einführung neuer mobiler Anwendungen zur Bestellannahme und für Marketingdaten sowie für die Bearbeitung des Sekundärvertriebs Einsparungen bei den Personalkosten im Betrag von CZK 10.000.000.
B.5	**Gruppenstruktur**	Bei dem Emittenten handelt es sich um die Holding-Gesellschaft der Gruppe mit fünf wesentlichen Tochtergesellschaften: (i) Pivovary Lobkowicz, a.s.; (ii) K Brewery Management, s.r.o.; (iii) Pivovar Uherský Brod, a.s.; (iv) Pivovar Jihlava, a.s.; (v) Pivovar Protivín, a.s.; (vi) Pivovar Klášter, a.s.; (vii) Pivovar Vysoký Chlumec, a.s.; (viii) Pivovar Černá Hora, a.s.; und (ix) Pivovar Rychtář, a.s. Bei der Pivovary Lobkowicz, a.s. handelt es sich um eine Managementgesellschaft, die für die Gruppe Dienstleistungen in den Bereichen Finanzen, Geschäfte, Verwaltung, IT, Steuern, Marketing, Produktion und sonstige Managementtätigkeiten erbringt. Bei der K Brewery Management, s.r.o. handelt es sich um eine Gesellschaft, über die die anderen Tochtergesellschaften beherrscht werden. Die anderen Tochtergesellschaften betreiben hauptsächlich Brauereien.
B.6	**Aktionäre**	Der Emittent hat zum Datum des Prospekts bzw. zum Datum der Kapitalisierung (Definition wie nachstehend in Abschnitt E.3) vier Aktionäre, und zwar (i) Palace Capital, a.s., (ii) GO solar s.r.o., (iii) Frau Eva Kropová und (iv) Herr Zdeněk Radil. Alleinaktionär der Palace Capital, a.s. ist Herr Martin Burda. Alleinaktionär der Go solar s.r.o. ist die FOSSTON a.s. und kontrollierender Aktionär der FOSSTON a.s. ist Herr Gregorz Hóta. Die nachstehende Tabelle zeigt die Aktionärsstruktur des Emittenten (i) zum Datum des Prospekts und (ii) zum Datum der Kapitalisierung (Definition wie nachstehend in Abschnitt E.3):

			Zum Datum des Prospekts		**Zum Datum der Kapitalisierung**	
		Aktionär	**Anzahl der Aktien – Stimmrechte _**	**%**	**Anzahl der Aktien – Stimmrechte**	**%**
		Palace Capital, a.s.	6.875	55,00 %	6.290.938	67,01 %
		GO solar s.r.o.	3.750	30,00 %	3.094.688	32,97 %
		Frau Eva Kropová	750	6,00 %	750	0,01 %
		Herr Zdeněk Radil	1.125	9,00 %	1.125	0,01 %
		Gesamt	**12.500**	**100,00 %**	**9.387.501**	**100,00 %**
		Palace Capital, a.s. ist der kontrollierende Aktionär des Emittenten, da diese Gesellschaft (i) zum Datum des Prospekts Eigentümer von 6.875 Aktien (Definition wie nachstehend in Abschnitt C.1) ist, die 55,00 % der Stimmrechte verkörpern und (ii) zum Datum der Kapitalisierung Eigentümer von 6.290.938 Aktien sein wird, die dann 67,01 % der Stimmrechte verkörpern.				
B.7	**Ausgewählte wesentliche historische Finanzinformationen**	Die nachfolgend dargestellten historischen Finanzinformationen beziehen sich auf die Finanzjahre endend zum 31. Dezember 2011, 2012 und 2013. Die wesentlichen Finanzinformationen wurden in Einklang mit den IFRS erstellt, wie sie in der EU anzuwenden sind.				

Zusammenfassung der Konzerngesamtergebnisrechnung *(in Tausend CZK)*

	2011	**2012**	**2013**
Umsatzerlöse	***1.059.810***	***1.156.718***	***1.159.135***
Zuwachs in %	*k.A.*	*9,1%*	*0,2%*
Normativer EBITDA*	***124.500***	***184.071***	***225.827***
Zuwachs in %	*k.A.*	*47,8%*	*22,7%*
Gewinnspanne normativer EBITDA in %	*11,7%*	*15,9%*	*19,5%*
Fortlaufender EBITDA**	***132.591***	***187.029***	***190.346***
Zuwachs in %	*k.A.*	*41,1%*	*1,8%*
Gewinnspanne fortlaufender EBITDA in %	*12,5%*	*16,2%*	*16,4%*
Ergebnisse aus betrieblicher Tätigkeit	***-60.215***	***-162***	***40.765***
Zuwachs in %	*k.A.*	*o.B.*	*o.B.*
Gewinnspanne Betriebsgewinn in %	*-5,7%*	*-0,0%*	*3,5%*
Nettofinanzierungsaufwendungen	***-80.050***	***-42.422***	***-95.444***
Aufwendungen für Steuern vom Einkommen und Ertrag	*-8.740*	*-12.232*	*-15.040*
Verlust im laufenden Abrechnungszeitraum	*-149.005*	*-54.817*	*-69.720*
Ergebnis der nicht beherrschenden Anteile	*6.313*	*7.909*	*4.061*
Den Aktionären zurechenbares Periodenergebnis (Nettoverlust)	***-155.318***	***-62.726***	***-73.781***

		k.A. - es liegen keine Angaben vor. *o.B. – Angaben sind ohne Bedeutung.* **Der normative EBITDA ist definiert als Ergebnis aus betrieblicher Tätigkeit vor planmäßiger Abschreibung (auf Sachanlagen und immaterielle Vermögensgegenstände) und Neubewertung der Sachanlagen (results from operating activities net of ordinary amortization, depreciations and impairment).* **Der fortlaufende EBITDA ist definiert als Ergebnis aus betrieblicher Tätigkeit vor planmäßiger Abschreibung (auf Sachanlagen und immaterielle Vermögensgegenstände) und Neubewertung der Sachanlagen sowie vor dem außerordentlichen Ergebnis aus dem Verkauf von Vermögensgegenständen (results from operating activities net of ordinary amortization, depreciations and impairments and net of extraordinary results from sales of assets).* Trotz der schwierigen wirtschaftlichen Bedingungen und dem allgemein rückläufigen Biermarkt in der Tschechischen Republik, konnte die Gruppe sowohl im Jahr 2013 als auch im Jahr 2012 Umsatzzuwächse verzeichnen. Während die Gruppe im Jahr 2012 Umsatzerlöse im Betrag von CZK 1.157 Mio. veröffentlichte, was verglichen mit den im Jahr 2011 verzeichneten CZK 1.060 Mio. einem Zuwachs von 9,1 % entsprach, blieben die Umsatzerlöse im Jahr 2013 mit CZK 1.159 Mio. nahezu stabil und legten, verglichen mit dem Jahr 2012, um 0,2 % zu. Der fortlaufende EBITDA ist der wesentliche Indikator für die Leistungsfähigkeit der Gesellschaft und ist definiert als Ergebnis aus betrieblicher Tätigkeit vor der planmäßigen Abschreibung (Abschreibungen auf Sachanlagen und immaterielle Vermögensgegenstände) und Neubewertung der Sachanlagen sowie vor dem außerordentlichen Ergebnis aus dem Verkauf von Vermögensgegenständen. Im Jahr 2013 verzeichnete die Gruppe einen fortlaufenden EBITDA im Betrag von CZK 190 Mio., was verglichen mit den CZK 187 Mio. im Jahr 2012 einem Zuwachs von 1,8 % entspricht. Im Jahr 2012 verzeichnete der fortlaufende EBITDA einen Zuwachs von 41,1 % von CZK 133 Mio. im Jahr 2011. Im Jahr 2013 veröffentlichte der Emittent ein positives Ergebnis aus betrieblicher Tätigkeit im Betrag von CZK 41 Mio., was verglichen mit den CZK 0 Mio. im Jahr 2012 einem Zuwachs von CZK 41 Mio. entspricht. Im Jahr 2011 hatte der Emittent ein negatives Ergebnis aus betrieblicher Tätigkeit im Betrag von CZK - 60 Mio. veröffentlicht. Das den Aktionären zurechenbare Periodenergebnis in Gestalt des veröffentlichten Nettoverlusts war im Wesentlichen bedingt durch die Zinsaufwendungen im Zusammenhang mit den Aktionärsdarlehen. Während sich die Aktionärsdarlehen Ende 2013 insgesamt auf CZK 1.737 Mio. beliefen, betrugen die Zinsaufwendungen im Zusammenhang mit diesen Aktionärsdarlehen CZK 86 Mio. Infolgedessen gab die Gruppe für diesen Zeitraum ein den Aktionären zurechenbares Periodenergebnis in Gestalt eines Nettoverlusts im Betrag von CZK - 4 Mio. bekannt. Die Zinsaufwendungen im Zusammenhang mit Aktionärsdarlehen betrugen im Jahr 2012 CZK 20 Mio. und im Jahr 2011 CZK 62 Mio.

Zusammenfassung der Konzernbilanz *(in Tausend CZK)*

	2011	2012	2013
Langfristige Vermögenswerte	*1.380.183*	*1.334.816*	*1.320.714*
Kurzfristige Vermögenswerte	*682.365*	*637.114*	*691.929*
Bilanzsumme	***2.062.548***	***1.971.930***	***2.012.643***
Eigenkapital, gesamt	*-384.548*	*-439.348*	*-759.583*
Sonstige langfristige Verbindlichkeiten	*1.501.772*	*1.910.861*	*1.841.097*
Kurzfristige Verbindlichkeiten	*945.323*	*500.417*	*931.129*
Eigenkapital und Verbindlichkeiten, gesamt	***2.062.548***	***1.971.930***	***2.012.643***

Im Jahr 2013 verringerte sich das Gesamteigenkapital auf CZK - 760 Mio., verglichen mit CZK - 439 Mio. im Jahr 2012. Insgesamt ist das negative Gesamteigenkapital auf einen Verlustvortrag im Betrag von CZK - 551 Mio. sowie Änderungen in den Rücklagen und sonstigen Equity-Geschäften im Betrag von CZK - 204 Mio. zurückzuführen. Sonstige Equity-Geschäfte stellen hauptsächlich die Differenz im Betrag von CZK - 186 Mio. zwischen dem Gesamtkaufpreis für den Erwerb des nicht beherrschenden Anteils an der Pivovar Vysoký Chlumec, a.s. und dem Buchwert der nicht beherrschenden Anteile dar. Infolge der Kapitalisierung wird das Gesamteigenkapital des Emittenten positiv.

Der Rückgang der kurzfristigen Verbindlichkeiten von CZK 945 Mio. im Jahr 2011 auf CZK 500 Mio. im Jahr 2012 ist hauptsächlich auf die Rückzahlung von Verbindlichkeiten gegenüber Aktionären im Betrag von CZK 450 Mio. und auf die gleichzeitige Zunahme langfristiger Aktionärsdarlehen zurückzuführen. Infolge des Erwerbs der restlichen Beteiligung von 50 % an der Pivovar Vysoký Chlumec, a.s., was zu Verbindlichkeiten im Betrag von CZK 250 Mio. führte, nahmen die kurzfristigen Verbindlichkeiten im Jahr 2013 zu und betrugen CZK 931 Mio. Im Übrigen beruht die Zunahme kurzfristiger Verbindlichkeiten hauptsächlich auf vermehrten Bankschulden.

Von den Aktionären bereitgestellte Mittel *(in Tausend CZK)*

Der Gruppe wurden seitens der Aktionäre beträchtliche Mittel bereitgestellt, die als kurzfristige bzw. langfristige Aktionärsdarlehen und sonstige Verbindlichkeiten gegenüber Aktionären ausgewiesen sind.

Die von den Aktionären insgesamt bereitgestellten Mittel stellen die Summe aus dem den Aktionären zurechenbaren Eigenkapital, den kurzfristigen und langfristigen Aktionärsdarlehen und den sonstigen Verbindlichkeiten gegenüber Aktionären dar. Im Jahr 2013 betrugen die Mittel insgesamt CZK 910 Mio.; dies entspricht einem Rückgang um CZK 93 Mio. von CZK 1.003 Mio. im Jahr 2012. Dies war hauptsächlich auf den Rückgang des den Aktionären zurechenbaren Eigenkapitals zurückzuführen, das sich von im Jahr 2012 veröffentlichten CZK -560 Mio. auf CZK -827 Mio. im Jahr 2013 verringerte. Im Jahr 2011 betrugen die der Gruppe von Aktionären insgesamt bereitgestellten Mittel CZK 1.003.873.

Im Jahr 2013 wurden Aktionärsdarlehen im Betrag von CZK 77 Mio. zurückgezahlt und neue sonstige Verpflichtungen gegenüber den Aktionären im Betrag von CZK 250 Mio., die im

Zusammenhang mit dem Erwerb der restlichen Beteiligung an der Pivovar Vysoký Chlumec, a.s. stehen, verzeichnet.

Im Jahr 2012 betrugen die von den Aktionären insgesamt bereitgestellten Mittel CZK 1.003 Mio., was einem Rückgang von ungefähr CZK 1 Mio. im Vergleich zu den CZK 1.004 Mio. im Jahr 2011 darstellt. Sonstige Verbindlichkeiten gegenüber Aktionären im Betrag von CZK 450 Mio. wurden zurückgezahlt und zusätzliche langfristige Darlehen im Betrag von CZK 511 Mio. wurden von den Aktionären bereitgestellt.

Der Gesamtbetrag der Mittel, die durch Aktionäre bereitgestellt wurden, ist in der nachfolgenden Tabelle zusammengefasst.

	2011	**2012**	**2013**	**2014***
Den Aktionären zurechenbares Eigenkapital	*-497.501*	*-560.209*	*-826.686*	*k.A.*
Kurzfristige Aktionärsdarlehen	*10.225*	*0*	*0*	*0*
Langfristige Aktionärsdarlehen	*1.041.149*	*1.563.293*	*1.486.500*	*0*
Sonstige Verbindlichkeiten gegenüber Aktionären	*450.000*	*0*	*250.000*	*0*
Von Aktionären bereitgestellte Mittel	***1.003.873***	***1.003.084***	***909.814***	***k.A.***

** Angaben nach einem Kapitalisierungsdatum, k.A. bedeutet, dass zum Datum des Prospekts keine Angaben vorlagen oder bekannt waren.*

Zum Datum der Kapitalisierung (Definition siehe nachfolgend in Abschnitt E.3) werden alle ausstehenden Aktionärsdarlehen, einschließlich aufgelaufener Zinsen in Grundkapital kapitalisiert oder in das Firmenkapital des Emittenten eingezahlt. Zum 15. April 2014 betrugen die Gesamtverbindlichkeiten des Emittenten gegenüber Aktionären, einschließlich aufgelaufener Zinsen, CZK 1.749.650.784. Infolge der Kapitalisierung und Einzahlung in das Grundkapital des Emittenten, fallen die Aktionärsdarlehen und gleichartige Schulden des Emittenten gegenüber den Aktionären weg.

Bankdarlehen *(in Tausend CZK)*

Zusätzlich zu den Aktionärsdarlehen profitiert die Gruppe von der Möglichkeit der Inanspruchnahme von Bankdarlehen und sonstigen Krediten. Diese Bankkredite werden der Gruppe zu Marktbedingungen bereitgestellt und sind durch Pfandrechte und Sicherheitshinterlegungen seitens der Gruppe gesichert.

Im Jahr 2013 verzeichnete die Gruppe Bankdarlehen und –kredite im Betrag von insgesamt CZK 549 Mio., verglichen mit CZK 419 Mio. im Jahr 2012. Die Zunahme der Bankschulden war hauptsächlich zurückzuführen auf die Inanspruchnahme von Darlehen, die von der PPF banka a.s. im Betrag von CZK 100 Mio. bereitgestellt worden waren sowie von einer teilweisen Inanspruchnahme des Kontokorrentkredits, der von der Citibank Europe plc, organizační složka in einer Höhe von maximal CZK 165 Mio. bereitgestellt worden war.

Im Jahr 2012 betrugen die Bankdarlehen und –kredite insgesamt CZK 419 Mio.; dies entspricht einem Rückgang um CZK 67 Mio. im Vergleich zu den für das Jahr 2011 veröffentlichten CZK 486 Mio. Die ausstehenden Beträge aus Bankdarlehen und –krediten verringerten sich durch die Rückzahlung mehrere Darlehen.

		<table><tr><th></th><th>2011</th><th>2012</th><th>2013</th></tr><tr><td>Langfristige Bankdarlehen</td><td>367.467</td><td>264.574</td><td>259.925</td></tr><tr><td>Kurzfristige Bankdarlehen und -kredite</td><td>118.934</td><td>154.688</td><td>288.818</td></tr><tr><td>Bankdarlehen und -kredite, gesamt</td><td>486.401</td><td>419.262</td><td>548.743</td></tr></table>
B.8	**Ausgewählte wesentliche Pro-Forma-Finanzinformationen**	Entfällt. Pro-Forma-Finanzinformationen sind in dem Prospekt nicht aufgenommen.
B.9	**Gewinnprognosen und -schätzungen**	Entfällt. Gewinnprognosen und -schätzungen sind in dem Prospekt nicht aufgenommen.
B.10	**Einschränkungen im Hinblick auf historische Finanzinformationen**	Entfällt, die Prüfberichte im Hinblick auf die historischen Finanzinformationen enthalten keine Einschränkungen.
B.11	**Einschränkungen im Hinblick auf das Geschäftskapital**	Entfällt, der Emittent ist der Auffassung, dass das Geschäftskapital der Gruppe für seine derzeitigen Bedürfnisse ausreicht (d.h. mindestens für die zwölf Monate ab dem Datum des Prospekts).

ABSCHNITT C – WERTPAPIERE		
C.1	**Beschreibung der Aktien**	Auf den Inhaber lautende Stammaktien mit einem Nominalwert im Betrag von je CZK 160, in stückeloser Form (die **Aktien**). Die Aktien sind und werden nach tschechischem Recht ausgegeben, insbesondere gemäß dem Gesetz über die Kapitalgesellschaften. Es besteht nur eine Gattung Aktien beim Emittent, es gibt keine sonstigen Aktiengattungen. Die Aktien sind in der tschechischen Wertpapiersammelbank (*Centrálny depozitár cenných papierov SR, a. s.*) eingetragen. Die ISIN der Aktien ist CZ0005124420.
C.2	**Währung der Aktien**	Die Aktien lauten auf tschechische Kronen (CZK).
C.3	**Zahl der ausgegebenen und zur Gänze eingezahlten Aktien**	Zum Datum des Prospekts beträgt das Grundkapital des Emittenten CZK 2.000.000, unterteilt in 12.500 Aktien mit einem Nominalwert im Betrag von je CZK 160 pro Aktie. Die Aktien sind zum Zeitpunkt der Ausgabe zur Gänze eingezahlt.
C.4	**Mit den Aktien verbundene Rechte**	Die Aktien sind untereinander gleichrangig, auch für Zwecke der Stimmabgabe. Vorbehaltlich der Satzung des Emittenten und des Gesetzes über die Kapitalgesellschaften haben Aktionäre im Wesentlichen Anspruch (i) auf Teilnahme an der Hauptversammlung und auf dortige Stimmabgabe, (ii) auf Erhalt eines Anteils am Gewinn des Emittenten (Dividende), (iii) im Falle der Erhöhung des Grundkapitals des Emittenten auf Ausübung von Vorkaufsrechten und (iv) auf Erhalt eines Anteils an einem etwaigen Liquidationserlös.
C.5	**Beschränkungen der freien Übertragbarkeit**	Es bestehen keine Beschränkungen der freien Übertragbarkeit der Aktien.

C.6	**Zulassung zum Handel an einem geregelten Markt**	Bei der Prager Aktienbörse (*Prague Stock Exchange*; die **PSE**) wird ein Antrag auf Börsenzulassung des gesamten ausgegebenen Grundkapitals des Emittenten zum Handel am Prime-Market Segment der PSE gestellt.
C.7	**Dividendenpolitik**	Vor dem Jahr 2014 hat der Emittent keine Dividenden ausgeschüttet. Die allgemeine Dividendenpolitik nach dem Angebot (Definition wie nachstehend in Abschnitt E.3) sieht die Ausschüttung von Dividenden auf einem Niveau entsprechend der wirtschaftlichen Lage des Emittenten und seinen Entwicklungsplänen bei gleichzeitiger Gewährleistung einer angemessenen Liquidität vor. Entsprechend dieser Politik plant das Management des Emittenten für die Jahre 2014 und 2015 keine Ausschüttung von Dividenden, da der gesamte verfügbare Kapitalfluss zur weiteren Vergrößerung des Vertriebsnetzes und ggf. für mögliche Aufkäufe von Brauereien aufgewendet werden soll. Abhängig von verschiedenen Faktoren wird diese Dividendenpolitik jedoch von Zeit zu Zeit überprüft. Derzeit beabsichtigt das Management des Emittenten, der Hauptversammlung für das Jahr 2016 und darüber hinaus eine Dividendenauszahlungsquote von 40 % bis 70 % des Nettogewinns des Emittenten im jeweiligen Jahr zu empfehlen, und zwar nach Berücksichtigung sämtlicher Umstände, die auf die frei ausschüttbaren Rücklagen des Emittenten, einschließlich Geschäftsaussichten, künftige Einkünfte, Barmittelbedarf, veranschlagte Kosten und Auslagen sowie auf die Expansionspläne nachteilige Auswirkungen haben könnten, sowie unter der Voraussetzung, dass eine solche Dividendenausschüttung die Kapitalstruktur des Emittenten nicht beeinträchtigt.

ABSCHNITT D – RISIKEN		
D.1	**Schlüsselinformationen zu den wesentlichen Risiken im Zusammenhang mit dem Geschäft der Gruppe**	**Risiken im Zusammenhang mit der Gesellschaft** • Zu den Wettbewerbern der Gruppe in der inländischen Brauereibranche zählen Gesellschaften, die Teil supranationaler Brauereikonzerne sind. Die wirtschaftliche Stärke dieser Unternehmen ist deutlich größer als die des Emittenten und es wird dem Emittenten möglicherweise nicht gelingen, sich in einem stärker umkämpften Markt weiterhin gegen Wettbewerber durchzusetzen. • In einigen Fällen bezieht die Gruppe ihre Zutaten (Hopfen, Malz), ihren Energiebedarf (Elektrizität, Erdgas) bzw. ihre Verpackungen aus nur einer Quelle und ist damit dem Risiko ausgesetzt, dass diese Zulieferer ggf. Produkte oder Materialien nicht in der erforderlichen Qualität oder Quantität liefern können, um die Aufträge der Gruppe ausführen zu können, und/oder den Preis der verfügbaren Vorräte erhöhen könnten. • Die Leistungsfähigkeit der Gruppe hängt von ihrer Fähigkeit ab, Kunden zu gewinnen und an sich zu binden. Im Segment Horeca ist die Anzahl der Kunden groß, bei gleichzeitig minimaler Konzentration. Infolgedessen ist der Entschluss eines Kunden, die Zusammenarbeit mit der Gruppe zu beenden ohne wesentlichen Einfluss auf die Fähigkeit der Gruppe, Umsätze zu erzielen. Demgegenüber sind im Segment Einzelhandel einige wesentliche Kunden aktiv, deren Entschluss, die Zusammenarbeit mit der Gruppe zu beenden, wesentliche

		nachteilige Auswirkungen auf die Umsätze und das Finanzergebnis der Gruppe haben kann. • Der Erfolg der Gruppe hängt wesentlich von den Anstrengungen und Fähigkeiten von Schlüsselmitarbeitern sowie der Fähigkeit der Gruppe, diese Mitarbeiter zu halten, ab. Es besteht die Möglichkeit, dass es der Gruppe in Zukunft nicht gelingt, solche Mitarbeiter zu werben und an sich zu binden; dies könnte die Aussichten, den Betrieb und die finanzielle Situation der Gruppe erheblich beeinträchtigen. • Neben den Mitarbeitern stellen die Marken der Gruppe ihre wertvollsten Vermögenswerte und ein Schlüsselelement in der Wachstumsstrategie der Gruppe dar. Alle Umstände, die das Vertrauen der Verbraucher und Interessenvertreter in die Marken der Gruppe nachteilig beeinflussen, könnten das Geschäft, die finanzielle Situation und/oder das Geschäftsergebnis der Gruppe beeinträchtigen. • Das Geschäft und das Geschäftsergebnis der Gruppe könnten durch Naturkatastrophen oder andere soziale oder technische Störungen, die das Geschäft, die finanzielle Situation und/oder das Geschäftsergebnis des Emittenten beeinträchtigen könnten, negativ beeinflusst werden. • Scheitert die Gruppe bei der Beschaffung zusätzlicher Mittel für ihren zukünftigen Kapitalbedarf oder der Refinanzierung ihrer laufenden Finanzierungen durch öffentliche oder private Mittel, strategische Beziehungen oder durch andere Vereinbarungen, so könnte das Geschäft, die finanzielle Situation und/oder das Geschäftsergebnis der Gruppe beeinträchtigen. • Die unternehmerische und finanzielle Flexibilität der Gruppe wird durch bestimmte einschränkende Vereinbarungen in den Bestimmungen der Facility-Verträge eingeschränkt (nämlich durch Darlehensverträge zwischen der Gruppe und der Sberbank CZ, a.s., der PPF banka a.s., der Komerční banka, a.s. und der Citibank Europe plc, organizační složka). Verstöße gegen diese Beschränkungen oder Vereinbarungen könnten zur vorzeitigen Fälligstellung der Rückzahlung von Verbindlichkeiten führen; dies kann die Fähigkeit der Gruppe, andere Verbindlichkeiten bedienen zu können wesentlich beeinträchtigen und zur Insolvenz der Gruppe führen. • Ein Aspekt der Strategie der Gruppe ist die Erweiterung durch den Erwerb zusätzlicher Brauereien. Aufgrund von z. B. rechtlichen, finanziellen, kartellrechtlichen und anderen Risiken im Zusammenhang mit einer solchen Investition oder aufgrund von potentiellen oder gegenwärtigen bekannten oder unbekannten Verbindlichkeiten aus dieser Investition ist die Gruppe möglicherweise nicht in der Lage, diese Erweiterungspläne umzusetzen. Es besteht die Möglichkeit, dass der Markt keine geeigneten Akquisitionsobjekte bietet oder mit den betreffenden Eigentümern keine Einigung erzielt werden kann. • Die Nichtverlängerung von befristeten Vertriebsverträgen (die jeweils nur auf ein Jahr mit jährlicher Verlängerung geschlossen werden) oder sonstigen Verträgen mit unternehmensfremden Vertriebshändlern und sonstigen Auftragnehmern zu für die Gruppe annehmbaren Bedingungen, die Beendigung dieser Verträge oder ein Rechtsstreit mit einem Auftragnehmer könnten

		zur Unterbrechung der normalen Vertriebskanäle der Gruppe, der Lieferungen, zur Entstehung von Vorfälligkeitskosten und zum Verlust von Umsätzen oder Kunden führen. Darüber hinaus ist die Gruppe abhängig von der Leistung der Auftragnehmer, und deren Betrieb könnte durch mangelhafte Leistung, Fehlverhalten oder Betrug seitens der Auftragnehmer beeinträchtigt werden. • Der Schwerpunkt des Bierkonsums auf dem tschechischen Markt hat sich von der Gastronomie in die Haushalte verschoben. Eine Fortsetzung der Trendwende bei den Vertriebskanälen in Richtung des Einzelhandelsgeschäfts könnte die finanzielle Lage des Emittenten beeinträchtigen. **Rechtliche und regulatorische Risiken** • Das neue tschechische Gesetz Nr. 89/2012 (Sammlg.), das Zivilgesetzbuch, in der jeweils geltenden Fassung, das Gesetz über die Kapitalgesellschaften und weitere, damit zusammenhängende Gesetze sind vor kurzem in der Tschechischen Republik in Kraft getreten und beeinflussen somit weite Teile der Rechtsverhältnisse. Der Emittent könnte mangels Erfahrung auf dem Gebiet der juristischen Beschlussfassung nicht in der Lage sein, die Folgen einiger seiner Rechtshandlungen abzusehen. **Risiken im Zusammenhang mit der Tschechischen Republik** • Veränderungen und Entwicklungen der wirtschaftlichen, regulatorischen, verwaltungstechnischen und anderen Richtlinien in der Tschechischen Republik und anderen europäischen Ländern, in denen die Gruppe tätig ist, auf die die Gruppe keinen Einfluss hat, könnten das Geschäft, die Aussichten, finanzielle Situation und Betriebsergebnisse der Gruppe in einer nicht vorhersehbaren Art und Weise wesentlich beeinträchtigen. **Risiken im Zusammenhang mit Brauereibranche** • Ein Rückgang der gesellschaftlichen Akzeptanz der Produkte der Gruppe könnte außerdem zu einer Minderung des Markenwerts und der Absätze der Produkte der Gruppe führen und das Geschäft der Gruppe beeinträchtigen. • Ein Rückgang der Nachfrage nach dem Bier der Gruppe zugunsten von alternativen Getränken (wie etwa Weine, Beimischgetränke (*Radler*), Apfelschaumweine (*Ciders*) und Getränke mit Fruchtgeschmack) oder eine Minderung der Preismargen der Produkte der Gruppe aufgrund von Faktoren, auf die der Emittent geringen oder keinen Einfluss hat, könnte das Geschäft, die finanzielle Situation und/oder das Geschäftsergebnis des Emittenten beeinträchtigen. • Unternehmen der Industrie für alkoholische Getränke sind regelmäßig Gerichtsstreitigkeiten im Zusammenhang mit Werbung für Alkohol, Programmen gegen Alkoholmissbrauch, oder gesundheitlichen und gesellschaftlichen Folgen übermäßigen Alkoholgenusses sowie Gerichtsstreitigkeiten im Hinblick auf Produkthaftungsfragen ausgesetzt. Gerichtsstreitigkeiten dieser Art könnten das Geschäft, die finanzielle Situation und/oder Betriebsergebnisse der Gruppe beeinträchtigen.

D.3	**Schlüsselinformationen zu den wesentlichen Risiken, die für die Wertpapiere spezifisch sind**	• Die Verkaufenden Aktionäre könnten den Vollzug ihrer Zeichnung neu ausgegebener Aktien infolge des Ergebnisses des Bookbuilding-Verfahrens verweigern, die Kapitalerhöhung könnte infolgedessen nicht wirksam werden und das Angebot (Definition wie nachstehend in Abschnitt E.3) könnte zurückgezogen werden. • Es besteht keine feste Vereinbarung über das Verhältnis, in dem die Verkaufenden Aktionäre an dem Angebot teilnehmen; eine Beschränkung der Verkaufenden Aktionäre ergibt sich lediglich durch die Höchstzahl der zum Verkauf stehenden Aktien, die 3.400.000 nicht übersteigen kann. Nach Ablauf der Lock-up-Frist können die Aktionäre weitere Aktien ohne Beschränkungen verkaufen. Darüber hinaus haben die derzeitigen Aktionäre jederzeit nach dem Angebot oder nach Bekanntgabe des Angebotspreises der Angebotsaktien die Möglichkeit, Aktien untereinander zu verkaufen oder in sonstiger Weise zu übertragen, und dies könnte zu einer Veränderung der Aktionärsstruktur des Emittenten, bis hin zu einem Kontrollwechsel, führen. • Der Aktienkurs börsennotierter Unternehmen kann sehr volatil sein; dies könnte verhindern, dass die Aktionäre ihre Aktien zum Erwerbspreis oder darüber verkaufen können. Zu diesen Faktoren könnten die Leistung des Emittenten, größere Käufe oder Verkäufe der Aktien, Änderungen durch den Gesetzgeber und allgemeine wirtschaftliche, politische und aufsichtsbehördliche Bedingungen zählen. • Anlegern könnte eine geringere Anzahl an Aktien zugeteilt werden, als diese wünschen. In diesem Fall bleiben sämtliche Aufträge unberücksichtigt, die die zugeteilte Anzahl an Angebotsaktien überschreiten und alle erfolgten Zahlungen werden ohne Zinsen oder sonstigen Ausgleich zurückerstattet. • Wird ein aktiver Handelsmarkt nicht entwickelt und aufrechterhalten, könnte dies die Liquidität und den Handelspreis der Aktien beeinträchtigen. • Der Emittent kann beschließen, zusätzliche Aktien anzubieten. Weitere Aktienausgaben könnten den Besitz der Aktionäre verwässern und den Preis der Aktien senken. • Die weitere Dividendenfähigkeit des Emittenten hängt unter anderem von den Geschäftsaussichten der Gruppe, zukünftigen Betriebsergebnissen und anderen Faktoren ab, die das Management und/oder die Hauptversammlung für wichtig erachten, die nicht zwangsläufig mit den kurzfristigen Interessen der Aktionäre des Emittenten übereinstimmen müssen. • Die Ertragskraft des Emittenten in den Vorjahren ist keine Garantie für die zukünftige Entwicklung der Geschäftstätigkeit und der finanzielle Situation des Emittenten; Investoren können sich daher nicht auf historische Finanzdaten als Prognose für die zukünftige Leistung des Emittenten verlassen. • Öffentliche Angebote unterliegen unabhängig vom Emittenten vielen Umständen. Sollten diese Umstände die Ergebnisse des Angebots beeinträchtigen, könnte der Emittent (Definition wie nachstehend in Abschnitt E.3) entscheiden, das Angebot zu verzögern, auszusetzen oder zurückzunehmen.

		• Da der Emittent bisher keinen Verpflichtungen im Hinblick auf den Handel seiner Aktien an einem geregelten europäischen Markt, wie z. B. der Offenlegung von Informationen, insbesondere in Form der laufenden und regelmäßigen Lageberichte und der Bekanntgabe von Mitteilungen zu großen Beteiligungen von Investoren, unterlag, könnte er nicht in der Lage sein, diesen nachzukommen. Folglich könnten den Investoren kurssensible Informationen nicht rechtzeitig oder gar nicht zur Verfügung gestellt werden oder die Qualität von Inhalten öffentlich bekanntgegebener Materialien könnte unzulänglich sein. • Eine von Branchenanalysten oder Wertpapieranalysten im Hinblick auf das Geschäft des Emittenten veröffentlichte kontinuierliche und ausreichende Analysten Research Coverage kann nicht garantiert werden, da der Emittent keinen Einfluss auf Analysten hat, die derartige Untersuchungen und Berichte anfertigen. Darüber hinaus könnten Analysten die Aktien herabstufen oder negative Empfehlungen im Hinblick auf die Aktien aussprechen, was den Aktienpreis senken könnte. • Der Streubesitz der Aktien des Emittenten wird begrenzt sein, was sich negativ auf die Liquidität, den Marktpreis und den Wert der Aktien auswirken kann. • Der Handel mit den Aktien an der PSE könnte aus verschiedenen Gründen durch die PSE oder die Tschechische Nationalbank (*Czech National Bank*: die **CNB**) ausgesetzt werden. Die Aussetzung des Handels könnte den Aktienpreis beeinträchtigen. • Für die Zulassung der Aktien zum Handel im durch die PSE betriebenen Prime-Market-Segment muss die Genehmigung der Zulassungsstelle eingeholt werden; dazu muss der Emittent bestimmte in den Vorschriften der PSE festgelegte Anforderungen erfüllen und anwendbare Gesetze einhalten. Es gibt jedoch keine Garantie dafür, dass all diese Voraussetzungen erfüllt werden und dass die Aktien am Listing-Stichtag wie geplant oder überhaupt zum Handel an der PSE zugelassen werden. • Das zuständige Gericht könnte die Eintragung der Kapitalerhöhung ablehnen, was zur Unwirksamkeit dieser Erhöhung führen würde. Folge hieraus wäre die Rücknahme des Angebots.

ABSCHNITT E – ANGEBOT		
E.1	**Gesamtnettoerlöse und geschätzte Gesamtkosten des Angebots**	Unter der Annahme, dass der Angebotspreis dem Maximalpreis entsprechend wird, und dass alle Angebotsaktien (Definition wie nachstehend in Abschnitt E.3.) gezeichnet werden (ohne Ausübung der Mehrzuteilungsoption), erwarten der Emittent und die Verkaufenden Aktionäre aus dem Angebot (Definition wie nachstehend in Abschnitt E.3) Bruttoerlöse im Betrag von ungefähr CZK 997.500.000 sowie Nettoerlöse im Betrag von ungefähr CZK 968.557.500 zu erhalten. Der Emittent erwartet aus dem Angebot Bruttoerlöse im Betrag von ungefähr CZK 402.500.000 sowie Nettoerlöse im Betrag von ungefähr CZK 387.242.500. Die Bruttoerlöse aus dem Angebot

		betragen für die Verkaufenden Aktionäre ungefähr CZK 595.000.000, die Nettoerlöse CZK 581.315.000. Nach Schätzung des Emittenten und der Verkaufenden Aktionäre betragen die Ausgaben für das Angebot (Definition wie nachstehend in Abschnitt E.3) sowie die Kosten im Zusammenhang mit der Zulassung der Aktien zum Handel am Prime-Market Segment der PSE ungefähr CZK 28.942.500. Davon betragen die Kosten des Emittenten bis zu ungefähr CZK 15.257.500 und die Kosten der Verkaufenden Aktionäre bis zu ungefähr CZK 13.685.000. Investoren werden für das Angebot keine Kosten unmittelbar in Rechnung gestellt. Die Investoren werden ihre Kosten im Zusammenhang mit der Evaluierung der Investition sowie der Teilnahme an dem Angebot selbst tragen, einschließlich der von Finanzbrokern in Rechnung gestellten Provisionen.
E.2a	**Gründe für das Angebot und Zweckbestimmung der Erlöse**	Der Emittent und die Verkaufenden Aktionäre haben sich zur Durchführung des Angebots (Definition wie nachstehend in Abschnitt E.3) entschlossen, um neues Kapital zur Finanzierung des zukünftigen Wachstums des Emittenten zu beschaffen und den Verkaufenden Aktionären einen teilweisen Rückzug vom Emittenten zu ermöglichen. Der Emittent erhält lediglich die Nettoerlöse aus dem Verkauf der jungen Aktien und die Verkaufenden Aktionäre erhalten die Nettoerlöse aus dem Verkauf der zum Verkauf stehenden Aktien sowie der weiteren Aktien, die im Zusammenhang mit der nachfolgend beschriebenen Mehrzuteilungsoption angeboten werden. **Erlöse aus dem Verkauf von jungen Aktien** Die Nettoerlöse aus dem Verkauf der jungen Aktien werden (unter der Annahme, dass der Angebotspreis dem Maximalpreis entsprechen wird und alle jungen Aktien verkauft werden, sowie dass die Mehrzuteilungsoption nicht ausgeübt wird) auf einen Betrag von CZK 387.242.500 geschätzt. Der Emittent beabsichtigt, die Nettoerlöse aus dem Verkauf der jungen Aktien wie folgt zu verwenden: • Vertriebsnetz – Der Emittent beabsichtigt, ungefähr CZK 200 Mio. für die Akquise neuer Restaurants und Gaststätten zu verwenden. Die Mittel werden von Restaurant- und Gaststättenbesitzern zur Ablöse von mit anderen Brauereien bestehenden Verträgen verwendet, um sodann mit dem Emittenten oder seinen Tochtergesellschaften neue Verträge abzuschließen. Der Emittent erlebt derzeit eine hohe Nachfrage seitens Restaurant- und Gaststättenbesitzern an seinen Produkten, und der Emittent erwartet, dass innerhalb einer relativ kurzen Zeit nach dem Angebot neue Verträge unterzeichnet werden können. Der Emittent ist der Auffassung, dass sich ein Anstieg an Restaurants und Gaststätten mit denen er Brauereiverträge abschließt, positiv auf die finanzielle Lage des Emittenten auswirken wird. • Marktkonsolidierung – Der Emittent beabsichtigt den Erwerb weiterer mittelständischer Brauereien. Derzeit zieht der Emittent den Erwerb einer Brauerei mit einem jährlichen Produktionsvolumen von 80.000 bis 100.000 Hektolitern Bier

		und einem EBITDA im Bereich von CZK 15 bis 20 Mio. für einen Gesamtkaufpreis von ungefähr CZK 100 Mio. in Erwägung. Der Emittent befindet sich in fortgeschrittenen Verhandlungen mit dem potentiellen Verkäufer; jedoch wurde bislang keine Absichtserklärung unterzeichnet. Sollten die Verhandlungen scheitern, wird der Emittent umgehend ähnliche Anlagemöglichkeiten in der Tschechischen Republik prüfen. • Exportwachstum – Der Emittent beabsichtigt die Investition in ausländische Einzelhandelsketten, die die Produkte des Emittenten im Angebot führen und seine verbesserte Wahrnehmung in wichtigen Exportmärkten in Russland / der GUS und der Slowakei unterstützen. Zudem plant der Emittent in der Slowakei Investitionen im Bereich Gastronomie. • Allgemeine Unternehmenszwecke – alle Beträge, die nicht für die beiden vorstehend ausgeführten Akquisitionen eingesetzt werden, werden für allgemeine Unternehmenszwecke verwendet, die die Marktposition stärken und das Wachstum des Emittenten unterstützen helfen, z.B. für Marketing, Werbekampagnen und Vertriebsunterstützung.
E.3	**Angebotskonditionen**	**Erhöhung des Grundkapitals des Emittenten** Bevor das Angebot (Definition wie nachstehend) erfolgt, muss das Grundkapital der Gruppe erhöht werden. Nach Kenntnis des Emittenten beabsichtigen die Verkaufenden Aktionäre (Definition wie nachstehend in Abschnitt E.5) die Zeichnung von bis zu 9.375.001 neu ausgegebenen Aktien und kapitalisieren zu diesem Zweck ihre Forderungen gegenüber dem Emittenten (die **Kapitalisierung**). Durch die Kapitalisierung wird der Ausgabepreis der neu ausgegebenen Aktien mit den bestehenden Forderungen der Verkaufenden Aktionäre aufgerechnet und ein etwa noch vorhandener Restbetrag aus diesen Forderungen wird in das Grundkapital des Emittenten eingezahlt. Hierdurch fallen alle Darlehen, die dem Emittenten von den Verkaufenden Aktionären bereitgestellt wurden, sowie sämtliche sonstigen Schulden des Emittenten gegenüber den Verkaufenden Aktionären weg. Die Verkaufenden Aktionäre haben, je nach Ergebnis des Bookbuilding-Verfahrens die Möglichkeit den Vollzug der Zeichnung neu ausgegebener Aktien insgesamt oder in Teilen zu verweigern. Daher besteht das Risiko, dass die Verkaufenden Aktionäre neu ausgegebene Aktien entweder nicht zeichnen und bezahlen, oder aber eine geringere Anzahl an neu ausgegebenen Aktien zeichnen und bezahlen, als dies vom Emittenten angenommen wird, und die für eine erfolgreiche Kapitalerhöhung erforderlich ist. Es besteht die Möglichkeit, dass die Erhöhung des Grundkapitals des Emittenten infolgedessen evtl. nicht durchgeführt wird und das Angebot zurückgenommen werden würde. Der Lead Manager wird, je nach Ergebnis des Bookbuilding-Verfahrens, bis zu 2.300.000 der neu ausgegebenen Aktien zeichnen. **Angebot** Das Angebot umfasst: • bis zu 2.300.000 vom Emittenten neu ausgegebene Aktien; • bis zu 3.400.000 zum Verkauf stehende Aktien, die sich

zukünftig (nach der Kapitalisierung) im Eigentum der Verkaufenden Aktionäre befinden werden (die jungen Aktien und die zum Verkauf stehenden Aktien zusammen: die **Angebotsaktien**), und

- bis zu 855.000 zusätzliche Mehrzuteilungsaktien, die sich zukünftig (nach der Kapitalisierung) im Zusammenhang mit der Mehrzuteilungsoption im Eigentum der Verkaufenden Aktionäre befinden werden.

Insgesamt werden im Rahmen des Angebots bis zu 5.700.000 Angebotsaktien zum Kauf angeboten (das **Angebot**). Diese Anzahl kann um bis zu 855.000 Mehrzuteilungsaktien erhöht werden.

Insgesamt kann eine geringere Anzahl an Angebotsaktien als die maximale Gesamtanzahl zugeteilt werden; beispielsweise infolge unzureichender Nachfrage auf einem für den Emittenten und die Verkaufenden Aktionäre zufriedenstellenden Preisniveau.

In Verbindung mit dem Kauf der Angebotsaktien, haben die Verkaufenden Aktionäre dem Lead Manager, ausschließlich zum Zwecke der Deckung von Mehrzuteilungen, die Option eingeräumt, zusätzlich 855.000 Mehrzuteilungsaktien zum Kaufpreis zu erwerben.

Die Zuteilung der jungen Aktien und der zum Verkauf stehenden Aktien erfolgt auf Grundlage der endgültigen Anzahl der Angebotsaktien anteilig, bis die 2.300.000 jungen Aktien von Investoren in Gänze gekauft wurden. Mit Ausnahme der maximalen Anzahl junger Aktien handelt es sich daher bei allen zusätzlichen Aktien in dem Angebot um Aktien, die im Eigentum der Verkaufenden Aktionäre stehen.

Die Bekanntgabe der endgültigen Anzahl an Angebotsaktien sowie des Angebotspreises erfolgt in Form einer Pressemitteilung in der Tschechischen Republik und in Einklang mit den anwendbaren Gesetze und den Marktgepflogenheiten in der Tschechischen Republik.

Der Zeitplan für die wesentlichen Ereignisse ist voraussichtlich folgender:

Billigung des Prospekts durch die CNB	spätestens am 12. Mai 2014
Veröffentlichung des gebilligten Prospekts in der Tschechischen Republik durch Veröffentlichung auf der Website des Emittenten (Zugriff auch von Österreich aus möglich)	spätestens am 12. Mai 2014
Mitteilung der Billigung des Prospekts durch die CNA an die FMA	spätestens am 12. Mai 2014
Bookbuilding	12 Mail 2014 bis 22. Mai 2014
Angebot an institutionelle Anleger in der Tschechischen Republik	12 Mail 2014 bis 22. Mai 2014
Angebot an Kleinanleger in der Tschechischen Republik	12 Mail 2014 bis 22. Mai 2014
Angebot an institutionelle Anleger in Österreich	13. Mai 2014 bis 22. Mai 2014
Angebot an Kleinanleger in Österreich	13. Mai 2014 bis 22. Mai 2014

Kaufaufträge durch institutionelle Anleger in der Tschechischen Republik	12 Mail 2014 bis 22. Mai 2014
Kaufaufträge durch Kleinanleger in der Tschechischen Republik	12 Mail 2014 bis 22. Mai 2014
Kaufaufträge durch Kleinanleger und institutionelle Anleger in Österreich	13. (14.) Mai 2014 bis 22. Mai 2014
Preisfestsetzungs- und Zuteilungsstichtag	23. Mai 2006
Abwicklungsstichtag und Zahlungsstichtag	27. Mai 2014
PSE Listing-Stichtag + erster Handelstag	28. Mai 2014

Die Bekanntgabe des Angebotspreises pro Angebotener Aktie, der von dem Ergebnis des Bookbuilding-Verfahrens abhängig ist, erfolgt durch den Emittenten am oder um den 23. Mai 2014. Für Kleinanleger wurde der maximale Angebotspreis für die Angebotenen Aktien auf CZK 175 pro Angebotener Aktie festgesetzt.

Es bestehen keine Vorgaben zur Mindest- oder Höchstanzahl von Aktien, die im Rahmen des Angebots geordert werden können.

Tschechische Kleinanleger

Tschechische Kleinanleger sind verpflichtet, den Anweisungen des Inländischen Lead Manager Folge zu leisten. Kaufaufträge der tschechischen Kleinanleger können während der Angebotsfrist für tschechische Kleinanleger über die Niederlassungen des Inländischen Lead Manager, die die entsprechenden Dienstleistungen anbieten, während der üblichen Geschäftszeiten oder über die brokerjet České spořitelny, a.s. übermittelt werden; Kaufaufträge werden in das elektronische System der betreffenden Depotbank des tschechischen Kleinanlegers eingegeben. Die Übermittlung von Kaufaufträgen erfolgt ausschließlich in CZK.

Bei Erteilung von Kaufaufträgen über den Inländischen Lead Manager müssen die tschechischen Kleinanleger eine Anzahlung mindestens im Betrag des von dem betreffenden tschechischen Kleinanleger akzeptierten Höchstpreises multipliziert mit der Anzahl der Angebotsaktien, die er kaufen möchte, leisten. Gibt der tschechische Kleinanleger im Kaufauftrag keinen Preis an, so geht der Inländische Lead Manager davon aus, dass der betreffende Auftrag zum Höchstpreis erfolgt. Die Anzahlung ist in sofort verfügbaren Mitteln auf ein Konto des betreffenden tschechischen Kleinanlegers bei dem Inländischen Lead Manager zu leisten. Tschechische Kleinanleger dürfen über das Barguthaben auf einem solchen Konto erst nach dem Zahlungsstichtag verfügen.

Liegt der Angebotspreis über dem von einem tschechischen Kleinanleger im Kaufauftrag festgelegten Höchstpreis, erhält dieser Anleger keine Angebotsaktien. Über ggf. bestehende überschüssige Barguthaben auf einem internen Konto eines tschechischen Kleinanlegers beim Inländischen Lead Manager wird gemäß den Anweisungen des betreffenden Anlegers nach dem Zahlungsstichtag verfügt.

Erteilt ein tschechischer Anleger Aufträge zum Kauf von Angebotsaktien, die die Anzahl der Angebotsaktien, die ihm letztlich zugeteilt werden, übersteigen, werden die Zuteilungen für

		Aufträge, die über den Inländischen Lead Manager erteilt wurden, anteilig reduziert, und zwar unabhängig von der Preisobergrenze pro Angebotsaktie, die der betreffende tschechische Anleger vorgeschlagen hat, soweit sich diese Preisobergrenze nicht unter dem Angebotspreis bewegt. Sämtliche Bruchteilszuteilungen werden abgerundet. Tschechischen Kleinanleger haben die Möglichkeit, Kaufaufträge über andere Finanzbroker als den Inländischen Lead Manager oder über brokerjet České spořitelny, a.s. zu erteilen und sind gehalten, die Verfahren und Anforderungen dieser Finanzbroker zum Kauf von Angebotsaktien zu beachten. **Österreichische Kleinanleger** Österreichische Kleinanleger sind verpflichtet, den Anweisungen des Lead Manager Folge zu leisten. Kaufaufträge der österreichischen Kleinanleger können während der Angebotsfrist für österreichische Kleinanleger über die Niederlassungen von Erste Bank, der österreichischen Sparkassen AG oder eine österreichische Sparkasse während der üblichen Geschäftszeiten oder über die Brokerjet Bank AG übermittelt werden; Kaufaufträge werden in das elektronische System der betreffenden Depotbank des österreichischen Kleinanlegers eingegeben. Die Übermittlung von Kaufaufträgen erfolgt ausschließlich in CZK. Liegt der Angebotspreis über dem von einem österreichischen Kleinanleger im Kaufauftrag festgelegten Höchstpreis, erhält dieser Anleger keine Angebotsaktien. Die Abwicklung der Angebotsaktien erfolgt in CZK unter Anwendung des aktuellen Wechselkurses, den der Lead Manager auf Grundlage des offiziellen Wechselkurses am Zuteilungstag bestimmt. Der österreichische Anleger trägt das Wechselkursrisiko zwischen Erteilung des Auftrags und Zuteilungsdatum. Erteilt ein österreichischer Anleger Aufträge zum Kauf von Angebotsaktien, die die Anzahl der Angebotsaktien, die ihm letztlich zugeteilt werden übersteigen, werden die Zuteilungen für Aufträge, die im Rahmen des Angebots für österreichische Kleinanleger erteilt wurden anteilig reduziert, und zwar unabhängig von der Preisobergrenze pro Angebotsaktie, die der betreffende österreichische Anleger vorgeschlagen hat, soweit sich diese Preisobergrenze nicht unter dem Angebotspreis bewegt. Sämtliche Bruchteilszuteilungen werden abgerundet. Österreichische Kleinanleger haben die Möglichkeit, Kaufaufträge über andere Finanzbroker als Erste Bank, der österreichischen Sparkassen AG, eine österreichische Sparkasse bzw. über die Brokerjet Bank AG zu erteilen und sind gehalten, die Verfahren und Anforderungen dieser Finanzbroker zum Kauf von Angebotsaktien zu beachten.
E.4	**Beschreibung der für das Angebot wesentlichen Beteiligungen**	Der Emittent ist der Auffassung, dass die Aktionäre über Beteiligungen verfügen, die aufgrund der Größe ihres bestehenden Aktienbesitzes an dem Emittenten für das Angebot wesentlich sind. Zudem wird das Angebot einen teilweisen Rückzug der Verkaufenden Aktionäre vom Emittenten ermöglichen. Herr Zdeněk Radil (Vorsitzender des Verwaltungsrats) und die Verkaufenden Aktionäre sind übereingekommen, dass die Verkaufenden Aktionäre unmittelbar nach dem Angebot Herrn Zdeněk Radil eine entsprechende Anzahl an Aktien verkaufen

		werden, durch die Herr Zdeněk Radil nach der Kapitalerhöhung Aktionär mit einer 3 %-igen Beteiligung am Emittenten wird. Weder die anderen Mitglieder des Verwaltungsrats und das Management des Emittenten noch die Verkaufenden Aktionäre beabsichtigen, die Angebotenen Aktien, die dem Angebot zugrunde liegen, zu zeichnen.
E.5	**Verkaufende Aktionäre und Lock-up-Vereinbarungen**	**Verkaufende Aktionäre** Die zum Verkauf stehenden Aktien und die Mehrzuteilungsaktien werden von den Verkaufenden Aktionären nach Maßgabe des Angebots verkauft. Die Verkaufenden Aktionäre sind in der nachfolgenden Tabelle aufgeführt. **Verkaufender Aktionär** — **Anzahl der Aktien** **Palace Capital, a.s.**, eine nach dem Recht der Tschechischen Republik gegründete und bestehende Aktiengesellschaft mit eingetragenem Sitz in Luhačovice, Lázeňské náměstí č.436, Postleitzahl 763 26, ID-Nr. 63474948, eingetragen ins Firmenbuch beim Amtsgericht in Brünn (Brno), Abteilung B, Eintrag 1682. — bis zu 3.400.000 zum Verkauf stehende Aktien, jedoch nicht mehr als 3.400.000 zum Verkauf stehende Aktien insgesamt, gemeinsam mit GO solar s.r.o. bis zu 855.000 Mehrzuteilungsaktien, jedoch nicht mehr als 855.000 Mehrzuteilungsaktien insgesamt, gemeinsam mit GO solar s.r.o. **GO solar s.r.o.**, eine nach dem Recht der Tschechischen Republik gegründete und bestehende Gesellschaft mit beschränkter Haftung mit eingetragenem Sitz in Prag 8 - Karlín, Sokolovská 394/17, Postleitzahl 186 00, ID-Nr. 24718025, eingetragen ins Firmenbuch beim Amtsgericht in Prag, Abteilung C, Eintrag 168501. — bis zu 3.094.688 zum Verkauf stehende Aktien, jedoch nicht mehr als 3.400.000 zum Verkauf stehende Aktien insgesamt, gemeinsam mit Palace Capital, a.s. bis zu 855.000 Mehrzuteilungsaktien, jedoch nicht mehr als 855.000 Mehrzuteilungsaktien insgesamt, gemeinsam mit Palace Capital, a.s. **Lock-up-Vereinbarungen:** Der Emittent hat sich verpflichtet, für die Dauer von 180 Tagen nach dem Abwicklungsstichtag (Definition wie nachstehend in

<table>
<tr><td></td><td></td><td>Abschnitt E.3) ohne eine vorherige schriftliche Einwilligung des Lead Manager kein Angebot zu den Aktien zu unterbreiten oder zu unterstützen, keine Absicht zum Angebot junger Aktien zu bekunden und/oder keine Wertpapiere auszugeben, die in die Aktien oder in Wertpapiere, die in sonstiger Weise das Recht auf Erwerb der Aktien verkörpern, umgewandelt werden können, bzw. keine Transaktion abzuschließen, deren wirtschaftliche Auswirkung dem Verkauf der Aktien gleich käme.

Die Verkaufenden Aktionäre verpflichten sich, für die Dauer von 180 Tagen nach dem Abwicklungsstichtag: (i) keine Aktien zu verkaufen oder eine Absicht zum Verkauf der Aktien zu bekunden, (ii) keine in Aktien wandelbaren Wertpapiere auszugeben, (iii) keine Wertpapiere auszugeben, die in irgendeiner Weise das Recht auf Erwerb der Aktien verkörpern, sowie (iv) keine Transaktionen abzuschließen, deren wirtschaftliche Auswirkung dem Verkauf der Aktien gleich käme.

Die vorstehende Lock-up-Vereinbarung findet auf Verkäufe oder sonstige Übertragungen von Aktien zwischen Palace Capital, a.s., Go solar s.r.o., Herrn Zdeněk Radil und Frau Eva Kropová keine Anwendung.</td></tr>
<tr><td>E.6</td><td>Verwässerung</td><td>Die nachstehenden Tabellen zeigen die Aktionärsstruktur des Emittenten (i) zum Datum des Prospekts und (ii) zum Datum der Kapitalisierung, (iii) nach dem Angebot unter der Annahme, dass die Angebotsaktien vollständig verkauft werden und die Verkaufenden Aktionäre an dem Angebot im selben Verhältnis, wie sie an der Erhöhung des Grundkapitals beteiligt waren, teilnehmen werden, einschließlich der von Herrn Zdeněk Radil erworbenen Aktien (jedoch ohne die Mehrzuteilungsaktien), (iv) nach dem Angebot unter der Annahme, dass die Angebotsaktien und die Mehrzuteilungsaktien vollständig verkauft werden(und die Verkaufenden Aktionäre an dem Angebot und an den Mehrzuteilungsaktien im selben Verhältnis teilnehmen, wie sie an der Erhöhung des Grundkapitals beteiligt waren), einschließlich der von Herrn Zdeněk Radil erworbenen Aktien.
<table>
<tr><th></th><th colspan="2">Zum Datum des Prospekts</th><th colspan="2">Zum Datum der Kapitalisierung</th></tr>
<tr><th>Aktionär</th><th>Anzahl der Aktien</th><th>%</th><th>Anzahl der Aktien</th><th>%</th></tr>
<tr><td>Palace Capital, a.s.</td><td>6.875</td><td>55,00 %</td><td>6.290.938</td><td>67,01 %</td></tr>
<tr><td>GO solar s.r.o.</td><td>3.750</td><td>30,00 %</td><td>3.094.688</td><td>32,97 %</td></tr>
<tr><td>Frau Eva Kropová</td><td>750</td><td>6,00 %</td><td>750</td><td>0,01 %</td></tr>
<tr><td>Herr Zdeněk Radil</td><td>1.125</td><td>9,00 %</td><td>1.125</td><td>0,01 %</td></tr>
<tr><td>Öffentlich</td><td>--</td><td>--</td><td>--</td><td>--</td></tr>
<tr><td>Gesamt</td><td>12.500</td><td>100,00 %</td><td>9.387.501</td><td>100,00 %</td></tr>
</table>
</td></tr>
</table>

			Nach dem Angebot		**Nach dem Angebot (bei Ausübung der Mehrzuteilungsoption zur Gänze)**	
		Aktionär	**Anzahl der Aktien**	**%**	**Anzahl der Aktien**	**%**
		Palace Capital, a.s.	3.778.800	32,33 %	3.205.693	27,43 %
		GO solar s.r.o.	1.857.324	15,89 %	1.575.431	13,48 %
		Frau Eva Kropová	750	0,01 %	750	0,01 %
		Herr Zdeněk Radil	350.627	3,00 %	350.627	3,00 %
		Öffentlich	5.700.000	48,77 %	6.555.000	56,09 %
		Summe	**11.687.501**	**100,00 %**	**11.687.501**	**100,00 %**
E.7	**Schätzung der Kosten, die dem Anleger in Rechnung gestellt werden**	Entfällt. Die Kosten für das Angebot sowie die Kosten im Zusammenhang mit der Zulassung des Grundkapitals des Emittenten zum Handel am Prime-Market-Segment der PSE trägt der Emittent zur Gänze. Dem Anleger werden unmittelbar keine Kosten in Rechnung gestellt. Die Investoren werden ihre Kosten im Zusammenhang mit der Evaluierung des Angebots sowie der Teilnahme an dem Angebot selbst tragen, einschließlich der von Finanzbrokern in Rechnung gestellten Provisionen.				

3. SUMMARY OF THE PROSPECTUS

The following summary has been prepared pursuant to the Czech act no. 256/2004 Coll., on undertakings in capital markets, as amended (the **CMA**), the Prospectus Directive and Prospectus Regulation. Summaries are drafted on a modular basis of disclosure requirements known as 'Elements'. These Elements are numbered in Sections A – E (A.1 – E.7) below. This summary contains all Elements required to be included in a summary for these types of securities and issuers. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary marked 'not applicable'.

SECTION A – INTRODUCTION AND WARNINGS		
A.1	**Warning to investors**	This summary should be read as an introduction to the prospectus. Any decision of the investor to invest in the Offer Shares (as defined below in Section E.3) should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff (investor) might have to bear the costs of translating the prospectus before the legal proceedings are initiated, if not stated otherwise in the applicable law. Civil liability attaches to persons who are responsible for this summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus, or if this summary does not provide, when read together with the other parts of the prospectus, information required by Section 36 (5) b) of the CMA.
A.2	**Consent for intermediaries**	Pivovary Lobkowicz Group a.s. (the **Issuer**) agrees to the use of the prospectus and accepts responsibility for its content, with respect to a subsequent resale of the Offer Shares by Erste Group Bank AG (the **Lead Manager**), Česká spořitelna, a.s. (the **Domestic Lead Manager**), brokerjet České spořitelny, a.s. which is an intermediary of the Domestic Lead Manager for the purpose of the Czech retail offering, and Brokerjet Bank AG, Erste Bank der österreichischen Sparkassen AG and Austrian savings bank (Sparkassen),which are intermediaries of the Lead Manager for the purpose of the Austrian retail offering, for a period of six months from the date of the prospectus. There are no conditions attached to this consent. **Information on terms and conditions of the offering by the Lead Manager, the Domestic Lead Manager and the intermediaries to be carried out in a period of six months from the date of the prospectus will be provided by the Lead Manager, the Domestic Lead Manager and the intermediaries.**

SECTION B – ISSUER		
B.1	**Business name**	Pivovary Lobkowicz Group, a.s.
B.2	**Domicile, legal form, legislation and country of incorporation**	The Issuer is a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Prague 4, Hvězdova 1716/2b, postal code 140 78, Identification

		number: 272 58 611, registered in the Commercial Register maintained by the Municipal Court in Prague, File B, Insert 10035. The Issuer operates under the Czech act no. 90/2012 Coll., on corporate entities, as amended (the **Companies Act**) and the regulation established hereunder.
B.3	**Current operations and principal activities of the Issuer and the Group**	The Issuer is a holding company and its subject of business includes production, trade and services not specified in annexes 1-3 of the Czech act no. 455/1991 Coll., on trade licence business, as amended. The Issuer controls the Group (as defined below in Section B.5) whose key activity is the operation of regional small and medium-sized breweries and sale of beer and non-alcoholic drinks. The Group offers a wide portfolio of beer brands, differentiated by type, taste and price, and an assortment of soft drinks and table water. Currently, the brand portfolio comprises of 70 beer brands. Besides traditional beer types such as light beers and lagers, the Group offers numerous special beer types ranging from semi-dark beers, dark lagers, stronger beers, yeast beers, unfiltered beers, wheat beers, various ales, bock-type beers, flavoured beers or radlers to non-alcoholic beers. The Group focuses on using traditional recipes and finest ingredients in the production process. The Group distributes its products mainly in the Czech Republic through (i) retail chain stores, and (ii) local restaurants and public houses. The Group's key export customers are mainly in Germany and in the Slovak Republic.
B.4a	**Significant trends affecting the Group**	**Beer industry trends** In line with the market development, the Group is experiencing a slight shift from on-trade segment to off-trade segment. The Group is able to maintain significantly higher share of on-trade sales on total sales than market average. In 2013, on-trade sales accounted for 54% of total domestic beer sales of the Group, including private label. Excluding private label production, the Group realised 64% sales in on-trade segment in 2013. **Recent trends affecting the Issuer** In the first four months of 2014, the Group's total beer sales reached 272,609 hl, meaning an increase in sales by more than 23,500 hl (+9.5% year-on-year) when compared to the first four months of 2013. Increase in beer sales is mainly attributable to higher sales in bottled beer, specifically in the form of supplies of the Group's own brand cardboard box beers to the Lidl retail chain. Due to higher sales of the bottled beer the costs of transportation grew both in, (i) transportation to the central warehouses of the key retail chains, as well as in (ii) secondary distribution to the particular shops. Personnel costs savings in the amount of CZK 10,000,000 are expected in a year-on year comparison thanks to implementing of new mobile applications for order and marketing data collection and for secondary distribution processing.
B.5	**Group Structure**	The Issuer is the holding company of the Group and has nine principal subsidiaries: (i) Pivovary Lobkowicz, a.s.;

<table>
<tr><td></td><td></td><td>(ii) K Brewery Management, s.r.o.;
(iii) Pivovar Uherský Brod, a.s.;
(iv) Pivovar Jihlava, a.s.;
(v) Pivovar Protivín, a.s.;
(vi) Pivovar Klášter, a.s.;
(vii) Pivovar Vysoký Chlumec, a.s.;
(viii) Pivovar Černá Hora, a.s.; and
(ix) Pivovar Rychtář, a.s.

Pivovary Lobkowicz, a.s. is a managing company providing the Group with financial, business, administrative, IT, tax, marketing, production and other management services. K Brewery Management, s.r.o. is a company through which the other subsidiaries are controlled. The other subsidiaries mainly operate breweries.</td></tr>
<tr><td>B.6</td><td>Shareholders</td><td>As at the date of the prospectus, the Issuer has and at the date of the Capitalisation (as defined below in Section E.3) it will have four shareholders, namely (i) Palace Capital, a.s., (ii) GO solar s.r.o., (iii) Ms Eva Kropová and (iv) Mr Zdeněk Radil.

The sole shareholder of Palace Capital, a.s. is Mr Martin Burda. The sole shareholder of Go solar s.r.o. is FOSSTON a.s. and the controlling shareholder of FOSSTON a.s. is Mr Gregorz Hóta.

The table below indicate the shareholding structure of the Issuer as (i) at the date of the prospectus and (ii) at the date of the Capitalisation (as defined below in Section E.3):

<table>
<tr><th></th><th colspan="2">At the date of the prospectus</th><th colspan="2">At the date of the Capitalisation</th></tr>
<tr><th>shareholder</th><th>Number of Shares – voting rights</th><th>%</th><th>Number of Shares – voting rights</th><th>%</th></tr>
<tr><td>Palace Capital, a.s.</td><td>6,875</td><td>55.00%</td><td>6,290,938</td><td>67.01%</td></tr>
<tr><td>GO solar s.r.o.</td><td>3,750</td><td>30.00%</td><td>3,094,688</td><td>32.97%</td></tr>
<tr><td>Ms Eva Kropová</td><td>750</td><td>6.00%</td><td>750</td><td>0.01%</td></tr>
<tr><td>Mr Zdeněk Radil</td><td>1,125</td><td>9.00%</td><td>1,125</td><td>0.01%</td></tr>
<tr><td>Total</td><td>12,500</td><td>100.00%</td><td>9,387,501</td><td>100.00%</td></tr>
</table>

By virtue of the fact that Palace Capital, a.s. (i) as at the date of the prospectus owns 6,875 of Shares (as defined below in Section C.1) representing 55.00% of voting rights and (ii) as at the date of Capitalisation will own 6,290,938 of Shares representing 67.01% of voting rights, Palace Capital, a.s. is the controlling shareholder of the Issuer.</td></tr>
<tr><td>B.7</td><td>Selected historical key financial information</td><td>The historical financial information presented below refers to the financial years ended on 31 December 2011, 2012, and 2013. The key financial information was prepared according to the IFRS as adopted by the EU.</td></tr>
</table>

Summary of the Consolidated Statement of Comprehensive Income *(in thousands of CZK)*

	2011	2012	2013
Revenue	***1,059,810***	***1,156,718***	***1,159,135***
growth in %	*n/a*	*9.1%*	*0.2%*
normative EBITDA*	***124,500***	***184,071***	***225,827***
growth in %	*n/a*	*47.8%*	*22.7%*
Normative EBITDA margin in %	*11.7%*	*15.9%*	*19.5%*
recurrent EBITDA**	***132,591***	***187,029***	***190,346***
growth in %	*n/a*	*41.1%*	*1.8%*
Recurrent EBITDA margin in %	*12.5%*	*16.2%*	*16.4%*
Results from operating activities	***-60,215***	***-162***	***40,765***
growth in %	*n/a*	*n/m*	*n/m*
Operating profit margin in %	*-5.7%*	*-0.0%*	*3.5%*
Net finance expenses	***-80,050***	***-42,422***	***-95,444***
Income tax expense	*-8,740*	*-12,232*	*-15,040*
Loss of current accounting period	*-149,005*	*-54,817*	*-69,720*
Profit attributable to non-controlling interests	*6,313*	*7,909*	*4,061*
Net loss of the period for the period attributable to shareholders	***-155,318***	***-62,726***	***-73,781***

n/a – data are not available
n/m – data are not meaningful
**The normative EBITDA is defined as results from operating activities before ordinary amortization, depreciations and impairments.*
***The recurrent EBITDA is defined as results from operating activities before ordinary amortization, depreciations and impairments and net of extraordinary results from sales of assets.*

Despite difficult economic conditions and general decline in the beer market in the Czech Republic, the Group was able to report an increase in revenues both in 2013 and 2012. While the Group reported revenues of CZK 1,157 million in 2012 which represented an increase by 9.1% from CZK 1,060 million reported in 2011, the revenues in 2013 remained almost stable and amounted to CZK 1,159 million, up by 0.2% compared to 2012.

The Group's key indicator of profitability represents recurrent EBITDA which is defined as result from operating activities net of ordinary amortisation, depreciations and impairments and net of extraordinary results from sales of assets. In 2013, the Group reported recurrent EBITDA in the amount of CZK 190 million which represented an increase by 1.8% from CZK 187 million reported in 2012. In 2012 the recurrent EBITDA represented an increase by 41.1% from CZK 133 million in 2011.

In 2013, the Issuer has reported positive results from operating activities in the amount of CZK 41 million which represented an increase by CZK 41 million from CZK 0 million reported in 2012. In 2011, the Issuer reported negative results from operating activities totalling CZK -60 million.

The reported net loss for the period attributable to shareholders was significantly influenced by the interest expense related to the shareholders loans. While the total amount of the shareholders loans amounted to CZK 1,737 million as at the end of 2013, the interest

expense related to these shareholders loans amounted to CZK 86 million. As a result, the Group reported a net loss for the period attributable to shareholders to CZK -74 million. The interest expenses related to shareholders loans amounted to CZK 20 million and CZK 62 million in 2012 and 2011, respectively.

Summary of the Consolidated Statement of Financial Position *(in thousands of CZK)*

	2011	2012	2013
Non-current assets	*1 ,380,183*	*1,334,816*	*1,320,714*
Current assets	*682,365*	*637,114*	*691,929*
Total Assets	***2,062,548***	***1,971,930***	***2,012,643***
Total equity	*-384,548*	*-439,348*	*-759,583*
Other non-current liabilities	*1,501,772*	*1,910,861*	*1,841,097*
Current liabilities	*945,323*	*500,417*	*931,129*
Total Equity and Liabilities	***2,062,548***	***1,971,930***	***2,012,643***

In 2013, total equity has decreased to CZK -760 million from CZK -439 million reported in 2012. The overall negative total equity is the result of accumulated losses totalling CZK -551 million and changes in reserves and other equity operations in the amount of CZK -204 million. Other equity operations mainly reflect the difference in the amount of CZK -186 million between the total consideration agreed for the acquisition of the non-controlling interest in the Pivovar Vysoký Chlumec, a.s. and the book value of the non-controlling interest acquired. As a result of Capitalisation, the total equity of the Issuer will become positive.

In 2012, decrease of the current liabilities to CZK 500 million from CZK 945 million reported in 2011 was mainly caused by the repayment of liability to shareholders in the amount of CZK 450 million and simultaneous increase in non-current shareholders loans. In 2013, the current liabilities increased to CZK 931 million as a result of the acquisition of the remaining 50% stake in Pivovar Vysoký Chlumec, a.s. which generated a liability in the amount of CZK 250 million. The remaining part of the increase in current liabilities is mostly attributable to the increase in bank debt

Funds provided by shareholders *(in thousands of CZK)*

The Group has significant amount of funds provided by the shareholders which are classified as short-term and long-term shareholders loans and other liabilities to the shareholders.

The total funds provided by the shareholders are the sum of equity attributable to the shareholders, short-term and long-term shareholders' loans and other liabilities to the shareholders. The total funds amounted to CZK 910 million in 2013 which represented decrease by CZK 93 million from CZK 1,003 million in 2012. It was mainly caused by the decrease in equity attributable to the shareholders which declined from CZK -560 million reported in 2012 to CZK -827 million reported in 2013. In 2011, Group's total funds provided by shareholders amounted to CZK 1,003,873.

In 2013, shareholders' loans in the amount of CZK 77 million were repaid and new other liability to the shareholders in the amount of CZK 250 million was recorded as a result of the acquisition of the remaining stake in Pivovar Vysoký Chlumec, a.s.

In 2012, the total funds provided by the shareholders amounted to

		CZK 1,003 million which represented decrease by approx. CZK 1 million as compared to CZK 1,004 million in 2011. Other liabilities to shareholders in the amount of CZK 450 million were repaid and additional long-term loans were provided by the shareholders in the amount of CZK 511 million. The following table summarises the total amount of funds provided by shareholders. **2011 / 2012 / 2013 / 2014*** Equity attributable to shareholders: *-497,501 / -560,209 / -826,686 / n/a* Short-term shareholders' loans: *10,225 / 0 / 0 / 0* Long-term shareholders' loans: *1 041,149 / 1,563,293 / 1,486,500 / 0* Other liabilities to shareholders: *450,000 / 0 / 250,000 / 0* **Funds provided by shareholders**: ***1,003,873 / 1,003,084 / 909,814 / n/a*** **represents data after a date of Capitalisation, n/a means data are not available or known as of the date of the Prospectus* As at the date of the Capitalisation (as defined below in Section E.3), all outstanding shareholders loans including any accrued interest will be capitalised to share capital or deposited into the Issuer's capital funds. As at 15 April 2014, the total Issuer's liabilities to shareholders including any accrued interest amounted to CZK 1,749,650,784. As a result of the Capitalisation and deposition in the Issuer's capital funds, the shareholders loans will cease to exist as well as other similar debts of the Issuer against the shareholders. **Bank loans** *(in thousands of CZK)* Apart from the shareholders loans, the Group benefits from the possibility to draw bank loans and other facilities. These bank facilities are provided to the Group at the arm's length and are subject to pledges and collaterals provided by the Group. In 2013, the Group reported total bank loans and facilities in the amount of CZK 549 million, as compared to CZK 419 million reported in 2012. The increase in bank debt was mainly attributable to the drawdown of loans provided by PPF banka a.s. in the amount of CZK 100 million and partial drawdown of the overdraft account provided by Citibank Europe plc, organizační složka in the maximum amount of CZK 165 million. In 2012, total bank loans and facilities amounted to CZK 419 million, down by CZK 67 million from CZK 486 million reported in 2011. The outstanding amount of bank loans and facilities declined due to repayment of several loans. **2011 / 2012 / 2013** Long-term bank loans: *367,467 / 264,574 / 259,925* Short-term bank loans and facilities: *118,934 / 154,688 / 288,818* **Total bank loans and facilities**: ***486,401 / 419,262 / 548,743***
B.8	**Selected key *pro forma* financial information**	Not applicable, as no *pro forma* financial information is included in the prospectus.

B.9	**Profit forecast and estimates**	Not applicable, as no profit forecast and estimates are included in the prospectus.
B.10	**Qualifications on historical financial information**	Not applicable, the auditor's reports on historical financial information were unqualified.
B.11	**Working capital qualifications**	Not applicable, the Issuer is of the opinion that the Group has sufficient working capital for its present requirements (that is, for at least the next 12 months from the date of the prospectus).

SECTION C – SHARES		
C.1	**Description of the shares**	Ordinary bearer shares with a nominal value of CZK 160 each, in a book-entry form (the **Shares**). The Shares are and will be issued under Czech law, in particular, under the Companies Act. There is only one class of the Issuer's Shares and no other class of Shares exists. The Shares are registered within the Central Securities Depository (in Czech, *Centrální depozitář cenných papírů, a.s.*). The ISIN of the Shares is CZ0005124420.
C.2	**Currency of the shares**	The Shares are denominated in Czech crowns (CZK).
C.3	**Number of issued and fully paid shares**	At the date of the prospectus, the share capital of the Issuer amounts to CZK 2,000,000 and consists of 12,500 Shares with a nominal value of CZK 160 per Share. The Shares were fully paid at the moment of the issue.
C.4	**Rights attached to the shares**	The Shares rank *pari passu* with each other, including for voting purposes. Subject to the Issuer's articles of association and the Companies Act shareholders are mainly entitled to (i) attend the general meeting and vote there, (ii) a proportion of the Issuer's profit (dividend), (iii) exercise pre-emptive rights in case of an increase in the Issuer's share capital and (iv) a share in any surplus in liquidation.
C.5	**Restrictions on the free transferability**	There are no restrictions on the free transferability of the Shares.
C.6	**Admission to trading on a regulated market**	Application will be made to the Prague Stock Exchange (the **PSE**) for the entire issued share capital of the Issuer to be admitted to trading on the Prime Market operated by the PSE.
C.7	**Dividend policy**	No dividends were paid out by the Issuer before 2014. The general dividend policy following the Offering (as defined below in Section E.3) is to pay dividends at level consistent with the economic situation of the Issuer and its development plans while maintaining a reasonable level of liquidity. Pursuant to this policy the Issuer's management does not plan to pay any dividends for the years 2014 and 2015, as all the free cash flow shall be used for further expansion of distribution network and potential acquisitions of breweries, as the case may be. This dividend policy will, however, be reviewed from time to time depending on various factors. The current intention of the Issuer's management is to recommend to the

		general meeting for the year 2016 and beyond a dividend payout ratio of 40% to 70% of the Issuer's net profit for the relevant year, after taking into account any circumstances that may have a negative impact on the Issuer's freely distributable reserves, including the Issuer's business prospects, future earnings, cash requirements, envisaged costs and expenses as well as expansion plans and provided that such dividend payment would not impair the capital structure of the Issuer.

SECTION D – RISKS		
D.1	**Key information on the key risks relating to the Group's business**	**Risks relating to the company** • The Group's competitors in the domestic brewing industry include companies that are part of supranational brewing groups. These firms have significantly greater economic strength than the Issuer, and it is possible that in a more competitive market the Issuer will not be able to continue to compete effectively. • The Group relies in some cases on single source suppliers for its ingredients (hops, malt), energies (electricity, natural gas) or packages supplies and as such is exposed to the risk that these suppliers could be unable to deliver products or material in the required quality or in the required quantities to fulfil the Group's orders and/or may increase the price of available supplies. • The Group's operating performance depends on the ability to attract and retain customers. In the on-trade segment, the number of costumers is large and their concentration is minimal. As a result, decision of any costumer to terminate the cooperation with the Group will not have a significant impact on the Group's ability to generate revenues. On the other hand, there are several key customers in the off-trade segment which may have substantial negative impact on the Group's revenues and financial performance should they decide to terminate the cooperation with the Group. • The Group's success depends substantially upon the efforts and abilities of key individuals and the Group's ability to retain such staff. The Group may not be successful in attracting and retaining such individuals in the future, which could have a material adverse effect on the Group's prospects, operations and financial condition. • The Group's brands are, along with its people, its most valuable assets and one of the key elements in Group's growth strategy. Anything that adversely affects consumer and stakeholder confidence in its brands could have an adverse effect on its business, financial condition and/or results of operations. • The Group's business and operating results could be negatively impacted by natural disasters or by other social or technical disruptions which could adversely affect Issuer's business, financial condition and/or results of operations. • The Group's failure to raise additional funds for its future capital needs or to refinance its current funding through public or private financing, strategic relationships or through other arrangements could have an adverse effect on its business, financial condition and/or results of operations.

		• The Group's commercial and financial flexibility is restricted by certain restrictive covenants under the terms of the facility agreements (namely loan agreements concluded between the Group and Sberbank CZ, a.s., PPF banka a.s., Komerční banka, a.s. and Citibank Europe plc, organizační složka). Any breaches of these restrictions or covenants may result in acceleration of the repayment of indebtedness prior to maturity, which may have a material adverse effect on the Group's ability to service other liabilities and consequently may lead to its insolvency. • An aspect of the Group's strategy is expansion through the acquisition of additional breweries. The Group may be unable to fulfil these plans for expansion, due to, for example, legal, financial, antitrust and other risks in connection with such an investment or due to potential or current, known or unknown liabilities arising from the investment. The appropriate acquisition targets may not be available on the market or the agreement may not be reached with its owners • Any failure to renew fixed term distribution (which are only concluded for one year and annually prolonged) or any other agreements with third-party distributors and other contractors on terms acceptable to the Group, the termination of these agreements or a dispute with a contractor could result in disruption of the Group's normal distribution channels, supplies, incurrence of breakage costs and loss of sales or customers. In addition, the Group relies on the performance of its contractors and their operations may be adversely affected by poor performance, misconduct or fraud on the part of them. • There has been a shift in beer consumption from catering establishments to the household on the Czech brewing market. The continuing trend changes in the distribution channels in favour of sales in retail stores could adversely affect the financial situation of the Issuer. **Legal and regulatory risks** • The new Czech act no. 89/2012 Coll., Civil Code, as amended, Companies Act and other related legislation recently become effective in the Czech Republic and thus affect considerable area of legal relationships. The Issuer may be unable to predict results of some of its legal actions due to a lack of judicial decision-making experience. **Risks relating to the Czech Republic** • Changes and developments in economic, regulatory, administrative or other policies in the Czech Republic and other European jurisdictions where the Group operates, over which it has no control, could significantly affect the Group's business, prospects, financial conditions and results of operations in a manner that could not be predicted. **Risks relating to brewing industry** • A decline in the social acceptability of the Group's products may also lead to a decrease in brand equity and sales of Group's products and affect Group's business. • Any decrease in the demand for Group's beer in favour of alternative beverages (such as wines, radlers, ciders and fruit flavoured drinks) or decreases in Group's product pricing

		margins on the basis of factors over which Issuer has little or no control could adversely affect Issuer's business, financial condition and/or results of operations. • Companies in the alcoholic beverage industry are, from time to time, exposed to litigation relating to alcohol advertising, alcohol abuse programmes or health and societal consequences from the excessive alcohol consumption and to litigation related to product liability issues. Any such litigation could adversely affect the Group's business, financial condition and/or results of operations.
D.3	**Key information on the key risks that are specific to the securities**	• The Selling Shareholders may refuse to consummate their subscription of newly issued Shares on the basis of the results of the bookbuilding procedure, consequently the capital increase might not become effective and the Offering (as defined below in Section E.3) may be cancelled. • There is no firm agreement on the ratio in which the Selling Shareholders will participate in the Offering; the Selling Shareholders are only limited by the maximum number of the sale Shares to be offered which cannot exceed 3,400,000. After the lock-up period expires, the shareholders may sell additional amount of its Shares without any restrictions. In addition, the current shareholders may sell or otherwise transfer any Shares among themselves any time after the Offering or after the announcement of the offer price of the Offer Shares and this may result in change of the shareholding structure of the Issuer, including the change of the controlling shareholder(s). • The share price of quoted companies can be highly volatile, which may prevent shareholders from being able to sell their shares at or above the price they paid for them. These factors could include performance of the Issuer, large purchases or sales of the shares, legislative changes and general economic, political or regulatory conditions. • The number of the Offer Shares allocated to investors may be lower than the number requested by the investors. In a case of reduction, all orders exceeding the allotted number of the Offer Shares will be disregarded and any payments made will be returned without any interest or any other compensation. • If an active trading market is not developed or maintained, the liquidity and trading price of the shares may be adversely affected. • The Issuer may decide to offer additional shares in the future. Any future issuances of the shares may dilute the holdings of shareholders and may depress the price of the shares. • The Issuer's ability to pay dividends in the future depends on, among other things, the Group's business prospects, future results of operation and other factors the management bodies and/or the general meeting deem relevant, which do not necessarily have to coincide with the short-term interests of all the Issuer's shareholders. • The Issuer's economic performance in previous years does not guarantee future development of business operation and financial condition of the Issuer and therefore investors cannot rely on any historical financial data as a forecast of the Issuer's

		future performance. • Public offerings are subject to various circumstances independent of the Issuer. If such circumstances would have an adverse impact on the results of the Offering (as defined below in Section E.3), the Issuer may decide to delay, suspend or cancel the Offering. • The Issuer has never been subject to obligations related to being traded on an European regulated market, such as disclosure of information; in particular the current and periodic reports as well as making public the notifications on large shareholdings of investors, therefore it may fail to fulfil them. As a consequence, the investors may not be provided on time or at all with price-sensitive information or the content of materials made public may be of unsatisfactory quality. • There can be no guarantee of continued and sufficient analyst research coverage that industry or securities analysts publish about the Issuer's business, as the Issuer has no influence on analysts who prepare such researches and reports. Furthermore, analysts may downgrade the shares or provide negative recommendations regarding the shares, which could result in a decline in the price of shares. • The Issuer's shares will have a limited free float, which may have a negative effect on the liquidity, marketability or value of shares. • Trading in the shares on the PSE may be suspended by the PSE or Czech National Bank (the **CNB**) for various reasons. Any suspension of trading could adversely affect the price of shares. • The admission of the shares to trading on the Prime Market operated by the PSE requires obtaining the approval of the listing committee and to obtain such approval, certain requirements provided for in the regulations of the PSE and other applicable laws must be fulfilled by the Issuer. However, there is no guarantee that all of these conditions will be met and that the shares will be admitted to trading on the PSE on the listing date as expected or at all. • The court might refuse the capital increase registration which would result in an ineffectiveness of such increase. Should that happen the Offering will be cancelled.

SECTION E – OFFER		
E.1	**Total net proceeds of the Offering and estimated expenses**	The Issuer and Selling Shareholders expect gross proceeds from the Offering (as defined below in Section E.3) of approximately CZK 997,500,000 and net proceeds from the Offering of approximately CZK 968,557,500, assuming that the offer price will be the maximum price and all Offer Shares (as defined below in Section E.3) are subscribed (without exercise of the over-allotment option). The Issuer's expected gross proceeds from the Offering amount to approximately CZK 402,500,000 and net proceeds from the Offering amount to approximately CZK 387,242,500. The Selling Shareholders' gross proceeds from the Offering amount to approximately CZK 595,000,000 and net proceeds from the Offering

		amount to approximately CZK 581,315,000. The Issuer and the Selling Shareholders estimate that the expenses of the Offering (as defined below in Section E.3) and costs related to the admission of the Shares to trading on the Prime Market operated by the PSE will amount to approximately CZK 28,942,500. From this amount the Issuer's costs will amount up to approximately CZK 15,257,500 and Selling Shareholders' costs will amount up to approximately CZK 13,685,000. There will be no costs related to the Offering directly charged to the investors. Investors will bear their own costs related to the evaluation of the investment and participation in the Offering including brokerage fees charged by brokers.
E.2a	**Reasons for the offer and use of proceeds**	The Issuer and the Selling Shareholders decided to carry out the Offering (as defined below in Section E.3) in order to raise new capital to finance future growth of the Issuer and to enable the Selling Shareholders a partial exit from the Issuer. The Issuer will only receive the net proceeds from the sale of the new Shares, and the Selling Shareholders will receive the net proceeds from the sale of the sale Shares and the additional Shares to be offered in connection with the over-allotment option as described below. **Proceeds from the sale of new Shares** The net proceeds from the sale of the new Shares (assuming that the offer price will be the maximum price and all new Shares will be sold and over-allotment option will not be exercised) are estimated to CZK 387,242,500. The Issuer intends to use the net proceeds from the sale of the new Shares as follows: • Distribution network – The Issuer intends to spend approx. CZK 200 million on the acquisition of new restaurants and public houses. The money will be used by owners of restaurants and public houses for redemption of their existing contracts with other breweries and new contracts will be signed with the Issuer or its subsidiaries. The Issuer currently observes a high demand on the side of restaurant and pub owners for the Issuers' products and the Issuer estimates that new contracts can be executed within a relatively short period after the Offering. The Issuer believes that increasing the number of contracted restaurants and public houses will have a positive impact on the financial standing of the Issuer. • Market consolidation – The Issuer intends to acquire additional medium-sized breweries. The Issuer currently contemplates the acquisition of a brewery with a yearly production of between 80 to 100 thousands hectolitres of beer with EBITDA in the range of CZK 15-20 million for a total consideration of approximately CZK 100 million. The Issuer is in an advanced stage of negotiations with the potential seller; however, no letter of intent has been signed. Should the negotiations fail, the Issuer will analyse similar investment opportunities in the Czech Republic on an ad hoc basis. • Export growth – The Issuer intends to invest in foreign retail chains listing Issuer's products and support it's visibility in key export markets in Russia / Commonwealth of Independent

		States and Slovakia. Moreover, the Issuer intends to invest in gastronomy segment in Slovakia. • General corporate purposes – any amount not utilised for the above two acquisition activities will be used for general corporate purposes supporting the market position and growth of the Issuer, e.g. marketing, promotion activities and sales support.
E.3	**Terms and conditions of the Offering**	**Increase in the Issuer's share capital** The Issuer's share capital must be increased before the Offering (as defined below) takes place. As to the knowledge of the Issuer, the Selling Shareholders (as defined in Section E.5 below) intend to subscribe for up to 9,375,001 newly issued Shares and capitalise their existing receivables against the Issuer for this purpose (the **Capitalisation**). By way of the Capitalisation the issue price of the newly issued Shares will be set off with the existing receivables of the Selling Shareholders and a remaining amount of such receivables (if any) will be deposited into the Issuer's capital funds. By the above, all loans provided by the Selling Shareholders to the Issuer will cease to exist as well as any other similar debts of the Issuer against the Selling Shareholders. The Selling Shareholders may refuse to consummate their subscription of new issued Shares fully or partly, on the basis of the results of the bookbuilding procedure. Therefore, there is a risk that the Selling Shareholders will not subscribe and pay for the newly issued Shares or that they will subscribe and pay for less newly issued Shares than the Issuer assumes and that is necessary for the successful capital increase. As a result, the increase in the Issuer's share capital may not happen and the Offering would be cancelled. The Lead Manager will subscribe up to the 2,300,000 of the newly issued Shares according to the bookbuilding results. **Offering** The offer comprises: • up to 2,300,000 newly issued Shares by the Issuer; • up to 3,400,000 sale Shares to be owned (after Capitalisation) by the Selling Shareholders (the new Shares and the sale Shares jointly, the **Offer Shares**), and • up to 855,000 additional over-allotment Shares to be owned (after Capitalisation) by the Selling Shareholders in connection with the over-allotment option. In total, up to 5,700,000 Offer Shares are being offered for sale in the offering (the **Offering**). This amount may be increased by additional up to 855,000 over-allotment Shares. In total, a smaller number of the Offer Shares than the total maximum number may be allocated. This may happen, for instance, as a result of insufficient demand at a price level satisfactory to the Issuer or the Selling Shareholders. In connection with the purchase of the Offer Shares, Selling Shareholders have granted the Lead Manager an option, solely for the purpose of covering over allotments, to purchase an additional 855,000 over-allotment Shares at the offer price.

Based on the final number of the Offer Shares, the new Shares and the sale Shares will be allocated proportionally until all 2,300,000 new Shares are fully purchased by investors. Any additional Shares in the Offering excluding the maximum amount of new Shares will be thus Shares owned by the Selling Shareholders.

The final number of the Offer Shares and the offer price will be announced through a press release in the Czech Republic and in accordance with applicable laws and market practice in the Czech Republic.

The expected timetable of principal events is as follows:

Approval of the prospectus by the CNB	not later than 12 May 2014
Publication of the approved prospectus in the Czech Republic by means of publication on the Issuer's website (accessible also from Austria)	not later than 12 May 2014
Notification of the approved prospectus by the CNB to the FMA	not later than 12 May 2014
Bookbuilding	12 May 2014 to 22 May 2014
Czech Institutional Offering	12 May 2014 to 22 May 2014
Czech Retail Offering	12 May 2014 to 22 May 2014
Austrian Institutional Offering	13 May 2014 to 22 May 2014
Austrian Retail Offering	13 May 2014 to 22 May 2014
Purchase orders by the Institutional Investors in the Czech Republic	12 May 2014 to 22 May 2014
Purchase orders by Retail Investors in the Czech Republic	12 May 2014 to 22 May 2014
Purchase orders by Retail Investors and Institutional Investors in Austria	13 (14) May 2014 to 22 May 2014
Pricing and Allotment Date	23 May 2014
Settlement Date and Payment Date	27 May 2014
PSE Listing Date + first day of trading	28 May 2014

The offer price per the Offer Share based on the results of bookbuilding will be announced by the Issuer on or around 23 May 2014. The maximum offer price for the Offer Shares for retail investors has been set at CZK 175 per the Offer Share.

There are no minimum or maximum number of Offer Shares which can be ordered within the Offering.

Czech retail investors

Czech retail investors are required to follow the instructions provided by the Domestic Lead Manager. Purchase orders from the Czech retail investors can be submitted via branches of the Domestic Lead Manager, in which respective services are

		provided, during usual business hours or through brokerjet České spořitelny, a.s. within the Czech retail offering period; purchase orders will be entered into the electronic system of the Czech retail investor's respective depositary bank. Purchase orders can only be submitted in CZK. When placing purchase orders with the Domestic Lead Manager, Czech retail investors will be required to pay a deposit equal at least to the total of the highest price accepted by such a retail investor and the number of the Offer Shares he or she is willing to purchase. If the Czech retail investor does not specify in the purchase order any price then the Domestic Lead Manager will consider such an order placed at the maximum price. The deposit should be paid using immediately available funds into an account of the respective Czech retail investor held with the Domestic Lead Manager. Czech retail investor must not dispose of the cash balance in such an account until the payment date. If the offer price will be higher than the highest price determined by a Czech retail investor in the purchase order, no Offer Shares will be delivered to such an investor. Any excess in cash balance at a Czech retail investor's internal account kept at Domestic Lead Manager will be disposed of in accordance with the instructions of such an investor after the Settlement Date. If Czech retail investors place orders for purchase of more Offer Shares than the final number of the Offer Shares allotted to them, allocations to orders placed with the Domestic Lead Manager will be reduced pro rata, regardless of the price limit per the Offer Share proposed by each of them, as long as such a price limit is not lower than the offer price. All fractional allocations will be rounded down. Czech retail investors may place purchase orders with other brokers than the Domestic Lead Manager or brokerjet České spořitelny, a.s. and must comply with procedures and requirements of these brokers in order to purchase any Offer Shares. **Austrian retail investors** Austrian retail investors are required to follow the instructions provided by the Lead Manager. Purchase orders from the Austrian retail investors can be submitted in branches of Erste Bank, der oesterreichischen Sparkassen AG or an Austrian savings bank during usual business hours or through Brokerjet Bank AG within the Austrian retail offering period; purchase orders will be entered into the electronic system of the Austrian retail investor's respective depositary bank. Purchase orders can only be submitted in CZK. If the offer price will be higher than the highest price determined by an Austrian retail investor in the purchase order, no Offer Shares will be delivered to such investor. Settlement of the Offer Shares will be effected in CZK using the current foreign exchange rate determined by the Lead Manager in the regular F/X fixing on the allotment date. The Austrian retail investor bears the foreign exchange risk between placing the order and the allotment date. If Austrian retail investors place orders for purchase of more Offer Shares than the final number of the Offer Shares allotted to them, allocations to orders placed in the Austrian retail offering will be reduced pro rata, regardless of the price limit per the Offer Share proposed by each of them, as long as such a price limit is not lower

		than the offer price. All fractional allocations will be rounded down. Austrian retail investors may place purchase orders with other brokers than the Erste Bank der oesterreichischen Sparkassen AG, an Austrian savings bank or Brokerjet Bank AG and must comply with procedures and requirements of these brokers in order to purchase any Offer Shares.
E.4	**Material interest in the Offering**	The Issuer is of the opinion that the shareholders have interests that are material to the Offering by virtue of the size of their existing shareholding in the Issuer. In addition, the Offering will make a partial exit of the Selling Shareholders from the Issuer possible. Mr Zdeněk Radil (the chairman of the board of directors) and the Selling Shareholders have agreed that the Selling Shareholders will, shortly after the Offering, sell to Mr Zdeněk Radil such amount of the Shares so that Mr Zdeněk Radil becomes the 3% shareholder of the Issuer after the capital increase. Neither the remaining members of the Issuer's board of directors and the management, nor the Selling Shareholders intend to subscribe for the Offer Shares covered by the Offering.
E.5	**Selling Shareholders and Lock-up agreements**	**Selling Shareholders** The sale Shares and over-allotment Shares will be sold by the Selling Shareholders pursuant to the Offering. The Selling Shareholders are listed in the table below: **Selling Shareholder** — **Number of Shares** **Palace Capital, a.s.**, a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Luhačovice, Lázeňské náměstí č.436, postal code 763 26, Identification number 63474948, registered in the Commercial Register maintained by the Regional Court in Brno, File B, Insert 1682 — up to 3,400,000 sale Shares, but jointly with GO solar s.r.o. not exceeding 3,400,000 sale Shares in total up to 855,000 over-allotment Shares, but jointly with GO solar s.r.o. not exceeding 855,000 over-allotment Shares in total **GO solar s.r.o.**, a limited liability company established and existing under the laws of the Czech Republic, with its registered office at Prague 8 – Karlín, Sokolovská 394/17, postal code 186 00, Identification number 24718025, registered in the Commercial Register maintained by the Municipal Court in Prague, File C, Insert 168501 — up to 3,094,688 sale Shares, but jointly with Palace Capital, a.s. not exceeding 3,400,000 sale Shares in total up to 855,000 over-allotment Shares, but jointly with Palace Capital, a.s. not exceeding 855,000 over-allotment Shares in total

		Lock-up agreements The Issuer has agreed that for the period of 180 days from the Settlement Date (as defined above in Section E.3), it will not, without the prior written consent of the Lead Manager, propose or support an offering of any of the shares, announce any intention to offer new shares and/or to issue any securities convertible into the Shares or securities that in any other manner represent the right to acquire the Shares, or conclude any transaction of which the economic effect would be similar to the effect of selling the shares. The Selling Shareholders have agreed that for a period of 180 days from the Settlement Date, they will not: (i) sell or announce an intention to sell any of the Shares, (ii) issue any securities exchangeable into the Shares, (iii) issue any securities that in any other manner represent the right to acquire the Shares, and also (iv) conclude any transaction of which the economic effect would be similar to the effect of selling shares. The above described Lock-up agreement does not apply to sales or any other transfers of the Shares between Palace Capital, a.s., Go solar s.r.o., Mr Zdeněk Radil and Ms Eva Kropová.
E.6	**Dilution**	The tables below indicate the shareholding structure of the Issuer as (i) at the date of the prospectus, (ii) at the date of the Capitalisation, (iii) after the Offering assuming that complete sale of the Offer Shares takes place and the Selling Shareholders participate in the Offering in the same ratio as in the share capital increase and including the Shares acquired by Mr Zdeněk Radil (but excluding the over-allotment Shares) and (iv) after the Offering assuming that complete sale of the Offer Shares and the over-allotment Shares takes place (and the Selling Shareholders participate in the Offering and in the over-allotment Shares in the same ratio as in the share capital increase) and including the shares acquired by Mr Zdeněk Radil.

	At the date of the prospectus		**At the date of the Capitalisation**	
shareholder	**Number of Shares**	**%**	**Number of Shares**	**%**
Palace Capital, a.s.	6,875	55.00%	6,290,938	67.01%
GO solar s.r.o.	3,750	30.00%	3,094,688	32.97%
Ms Eva Kropová	750	6.00%	750	0.01%
Mr Zdeněk Radil	1,125	9.00%	1,125	0.01%
Public	--	--	--	--
Total	**12,500**	**100.00%**	**9,387,501**	**100.00%**

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<tr><td></td><td colspan="2">After the Offering</td><td colspan="2">After the Offering (with the full exercise of the Over-Allotment Option)</td></tr>
<tr><td>shareholder</td><td>Number of Shares</td><td>%</td><td>Number of Shares</td><td>%</td></tr>
<tr><td>Palace Capital, a.s.</td><td>3,778,800</td><td>32.33%</td><td>3,205,693</td><td>27.43%</td></tr>
<tr><td>GO solar s.r.o.</td><td>1,857,324</td><td>15.89%</td><td>1,575,431</td><td>13.48%</td></tr>
<tr><td>Ms Eva Kropová</td><td>750</td><td>0.01%</td><td>750</td><td>0.01%</td></tr>
<tr><td>Mr Zdeněk Radil</td><td>350,627</td><td>3.00%</td><td>350,627</td><td>3.00%</td></tr>
<tr><td>Public</td><td>5,700,000</td><td>48.77%</td><td>6,555,000</td><td>56.09%</td></tr>
<tr><td>Total</td><td>11,687,501</td><td>100.00%</td><td>11,687,501</td><td>100.00%</td></tr>
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<tr><td>E.7</td><td>Estimated expenses charged to investors</td><td>Not applicable. The expenses of the Offering and costs related to the admission of the share capital of the Issuer to the trading on the Prime Market operated by the PSE will be borne by the Issuer in full. No expenses will be directly charged to investors. Investors will bear their own costs related to the evaluation of and participation in the Offering including brokerage fees charged by brokers.</td></tr>
</table>

4. RISK FACTORS

Any investment in the Issuer is subject to a number of risks. Prior to making an investment decision, prospective investors should carefully consider and reach their own conclusions regarding the risks and uncertainties (the **Risk Factors**) associated with the Issuer's business and the legal and regulatory environment in which the Issuer operates, together with all other information contained in this Prospectus.

As the Issuer and the Group are closely interconnected, all Risk Factors listed below in respect of the Group automatically relate to the Issuer, provided that in the relevant Risk Factor it is not stated explicitly otherwise.

The Risk Factors described below are those that the Issuer considers to be material as at the date of this Prospectus. However, they are not the only factors the Issuer is facing. Additional Risk Factors not presently known to the Issuer, or that the Issuer currently considers to be immaterial, may individually or cumulatively materially and adversely affect the business, results, financial condition and prospects of the Issuer. If any or a combination of these Risk Factors actually occur, the business, results of operations, financial condition and/or prospects of the Issuer could be materially and adversely affected. In such a case, the market price of the shares could decline and investors may lose all or part of their investment. Investors should consider carefully whether an investment in the shares is suitable for them in the light of the information in this Prospectus and their personal circumstances. The order in which the individual risks are presented does not provide an indication of the likelihood of their occurrence nor of the severity or significance of the individual risks.

4.1. RISKS RELATING TO THE GROUP'S BUSINESS

(a) **The financial strength of the Group is small compared with competitors**

The Group's competitors in the domestic brewing industry include companies that are part of supranational brewing groups. These firms have significantly greater economic strength than the Issuer, and it is possible that in a more competitive market the Issuer will not be able to continue to compete effectively.

(b) **The Group depends on certain key suppliers**

Regarding several ingredients (hops, malt), energies (electricity, natural gas) or packages (bottles, cans etc.) (information on key supply agreements can be found in 'Material Contracts' section, 'Supply Agreements' subsection of the Prospectus), the Group relies on single or limited number of suppliers and as such is exposed to the risk that these suppliers could be unable to deliver products or material or energies in the required quality or in the required quantities to fulfil the Group's orders and/or may increase the price. The Group cannot predict the future availability or prices of the products, materials or energies required for its products. Although the prices of some of these commodities have decreased compared with the peak levels reached in mid-2008, they remain very volatile. In addition, changes in packaging mixes continue to pressure input costs. Any shortage of, change in price of, or supply disruptions to, any of energy, the raw and/or packaging materials may lead to delays or reductions in the Group's production, additional costs, contractual penalties, reduction of orders by unsatisfied customers or the loss of certain customers or may have a material adverse effect on its business, financial condition and/or results of operations.

(c) **The Group's business may suffer from low diversification of customers / Concentration risk**

The Group's operating performance depends on the ability to attract and retain customers. In the on-trade segment, the number of costumers is large and their concentration is minimal. As a result, decision of any costumer to terminate the cooperation with the Group will not have a significant impact on the Group's ability to generate revenues. On the other hand, there are several key customers in the off-trade segment which may have substantial negative impact on the Group's revenues and financial performance should they decide to terminate the cooperation with the Group.

(d) **The Group's success depends on retaining key personnel and management staff and attracting highly skilled individuals**

The Group's success depends substantially upon the efforts and abilities of key individuals and the Group's ability to retain such staff. The executive management team has significant experience in the international brewing industry and fast moving consumer goods and has made an important contribution to the Group's growth and success. The loss of their skills could have an adverse effect on the Group's operations. Competition for highly skilled individuals is intensive. The Group may not be successful in attracting and retaining such individuals in the future, which could have a material adverse effect on the Group's prospects, operations and financial condition. The loss of certain individuals in non-managerial positions may also have a materially adverse effect on the Group's business where such individuals possess specialised knowledge which cannot be easily replaced.

(e) **The Group relies on the strength of its brands**

The Group's revenues largely depend on the strength of the Group's brands (more information can be found in 'Information about the Issuer' section, subsection 'Trademarks' of this Prospectus). The Group's brands are, along with its people, its most valuable assets and one of the key elements in the Group's growth strategy. Anything that adversely affects consumer and stakeholder confidence in its brands could have an adverse effect on its business, financial condition and/or results of operations. Also, if Group fails to ensure the relevance and attractiveness of its brands and the enhancement of brand marketing, this could also have an adverse effect on its business, financial condition and/or results of operations.

A reputation of the Issuer and its brands, sales and revenues can be damaged by a product recall, product liability and/or general safety, health and environmental issues, including the discovery of contaminants in the Group's beverage products, or unethical or irresponsible behaviour by the Group or its employees. Additionally, poor quality or integrity of Group's products may result in health hazards, reputational damage, lower volumes and financial claims. Any damage to Group's brands or reputation could have an adverse effect on its business, financial condition and/or results of operations, even if the negative publicity is factually inaccurate or unfounded.

(f) **The Group may be impacted by changes in the availability or price of raw materials, packaging and other input costs**

The supply and price of raw material used to produce the Group's products, primarily malted barley, hops, water, sugar and packaging materials, can be affected by a number of factors beyond its control, including the level of crop production around the world, export demand, government regulations and legislation affecting agriculture, adverse weather conditions, currency fluctuations, economic factors affecting growth decisions, plant diseases and pests.

If the Group cannot pass on raw materials prices or increase in packaging costs to customers, or if sales volumes decrease as a result of higher prices, the Group's sales and/or profits may decrease, which could adversely affect Group's businesses, financial condition and results of operations.

(g) **The Group is exposed to fluctuations in exchange rates**

The Group operates internationally; its reporting currency is the Czech crown (CZK). However, certain receivables to and payables of the Issuer (up to EUR 1,2 million) are denominated in foreign currency. Except for supplies to Lidl and to Slovakia (which are CZK denominated), exports are denominated in EUR. The most important EUR denominated purchases are hops, electricity, some packaging materials and special malts purchases. Consequently, significant fluctuations in exchange rates between CZK and foreign currencies and vice versa may have impact on the turnover derived from its activities, as well as on the asset and liability elements denominated in foreign currency. Furthermore, the CNB could impose certain restrictions or requirements with respect to operations in foreign currency. Significant fluctuations in foreign currency could have a material adverse effect on the Issuer's business, financial conditions or results of operations.

(h) **Natural and other disasters could have an adverse effect on the Group's business, financial condition and/or results of operations**

All of the Group's production and administrative facilities are located in the Czech Republic. A natural disaster such as fire, floods or earthquakes, or other unanticipated events, including power interruption, telecommunications failures, equipment failures and technical defects,

explosions, fires, break-ins, labour disputes, terrorist attacks or acts of war could significantly disrupt our ability to manufacture our products and to operate our business. Any such event may have a particularly severe impact on the Group, especially if it occurs over a longer period. If any of the Group's production facilities or material equipment were to experience any damage or downtime, the Group may not only incur costs for repair but, more importantly, may be unable to meet its production targets and meet the demand of customers for its products and its customer relationships and overall business could suffer. The Group may not have back-up capacities to replace or make up for affected production facilities and/or material equipment. Any damage or disruption of production at the Group's facilities could have a material adverse effect on our business, financial condition and results of operations.

(i) **The Group's future capital needs may require that it seeks debt financing, refinancing or additional equity funding, which may not be available or may be significantly more expensive**

From time to time, the Group may be required to raise additional funds for its future capital needs or to refinance its current funding through public or private financing, strategic relationships or through other arrangements. However, due to current economic uncertainty and recent crises in the global financial markets, there can be no assurance that the funding, if needed, will be available on attractive terms, or at all. In addition, any additional financing arrangements may be dilutive to shareholders, and debt financing, if available, may involve restrictive covenants. In addition, debt financing, refinancing or additional equity funding may be significantly more expensive due to the lack of market liquidity and the general lack of confidence in the equity markets. The Group's failure to raise capital when needed could have an adverse effect on its business, financial condition and/or results of operations.

(j) **The Group is exposed to interest rate risk on its floating rate indebtedness**

The Group is partly financed by floating rate debt. The interest rate of the most significant loans (in the amount of approximately CZK 545 million) provided to the Group references PRIBOR interest rate (more information can be found in 'Information about the Issuer' section, 'Material Contracts' subsection of this Prospectus). As the reference interest rate on these debts can fluctuate, the Group is exposed to interest rate risk. Higher interest rates may result in higher interest costs which could adversely affect the Group's business, financial condition and/or results of operations.

(k) **The terms of the Group's financing arrangements may limit its commercial and financial flexibility**

The Group's commercial and financial flexibility is restricted by certain restrictive covenants under the terms of the facility agreements as listed in 'Information about the Issuer' section, 'Material Contracts' subsection of this Prospectus.

These include (without limitation)

(i) Several loan agreements entered into by (a) Sberbank CZ, a.s. and Pivovar Vysoký Chlumec a.s., (b) Sberbank CZ, a.s. and Pivovar Rychtář, and (c) Sberbank CZ, a.s. and Pivovar Protivín which all contain restrictions relating to mergers, acquisitions, the incurrence of financial indebtedness and the granting of security over or disposal of assets.

(ii) Several loan agreements entered into by (a) PPF banka a.s. and the Issuer, (b) PPF banka a.s. and Pivovar Černá Hora a.s., and (c) PPF banka a.s. and Pivovar Uherský Brod, a.s. which all contain restrictions relating to guarantees and indemnities and derivative transactions, the incurrence of financial indebtedness and the granting of security over or disposal of assets.

(iii) Several loan agreements enter into by Komerční banka, a.s. and MORAVAMALT, s.r.o. which contain restrictions relating to guarantees, the incurrence of financial indebtedness and the granting of security over or.

(iv) Loan agreement entered into by Citibank Europe plc and the Issuer which contain restrictions relating to the incurrence of financial indebtedness and disposal of assets.

Specifically, such covenants could have important consequences for the Group's business and operations, including, but not limited to: (i) making it more difficult to satisfy obligations with

respect to debts and liabilities; (ii) requiring the Group to dedicate a part of cash flow from operations to debt repayments; (iii) increasing the Group's vulnerability to a downturn in business or general economic or industry conditions; (iv) limiting the Group's flexibility in planning for or reacting to competition or changes in its business and industry; (v) limiting the Group's ability to pursue strategic acquisitions or exploiting certain business opportunities or other growth projects; and (vi) limiting the Group's ability to borrow additional funds or raise equity capital in the future.

Any breaches of the restrictions or covenants contained in the Facility Agreements or any of the Group's outstanding borrowings in the future may result in acceleration of the repayment of such existing or future indebtedness prior to maturity, which may have a material adverse effect on the Group's ability to service other liabilities and consequently may lead to its insolvency.

In addition, the Group may be able to incur substantial additional debt in the future, including indebtedness in connection with any future acquisition. If new debt is added to the current debt levels, the risks described above could intensify.

(l) **The Group may be unsuccessful in fulfilling its acquisition strategy**

In the past the Group has invested in or acquired other companies and businesses. The Group may also make acquisitions of or investments in, businesses that it believes could expand its distribution channels. Even if the Group were to announce an acquisition, it may not be able to complete it. Additionally, any future acquisition or substantial investment would present a number of risks, including: (i) that the Group may not be able to identify suitable targets or acquire businesses on favourable terms, (ii) that the price it pays for such an investment may not reflect the real value of the target; (iii) legal, financial, antitrust and other risks in connection with such an acquisition or investment; (iv) potential or current, known or unknown liabilities arising from the acquisition or investment that could adversely affect the Group's financial risk profile and (vi) difficulty in realizing the potential financial or strategic benefits of the transaction.

The risks referred to in this section could have a material adverse effect on the Group's business, financial condition or results of operation.

(m) **The Group's export to foreign markets may be complicated by uncertain political situation, unsuccessful enforcement of contracts and volatile tax and customs rules**

The Group also exports its products to a number of foreign countries. Currently, most of the Group's products are exported to the Slovak Republic and Germany. The Group intends to penetrate new markets and increase its presence in some other foreign markets, for instance Russia, China, India, Scandinavia, Baltic countries, USA etc. The Group has no or only limited experience with market conditions on this new markets and the Group might not be able to fulfil its export strategy. In addition, some of the new export countries amount to emerging markets and are associated with higher economic and political risk (for instance, Russia, China or India). There is also greater uncertainty in connection with compliance with contractual conditions and the possibilities of successful enforcement of contract terms in litigation before local courts. The payment behaviour of customers in these countries and general law enforcement are often less satisfactory than in the Czech Republic. Export to these countries is also exposed to the risk of changes in customs terms and imposition of non-tariff import barriers to protect local producers.

(n) **The Group is exposed to the credit risk of its customers and suppliers. In particular, the Group may suffer losses as a result of payment delays and defaults of its contractual counterparties**.

The Group is subject to the risk of non-collectability of payments and to the risk of default if customers or other business associates fail to meet their contractual obligations (in particular, their payment obligations), or fail to fully perform them, or do not perform them in time. As of 30 April 2014, past-due receivables held by the Group amounted to approximately CZK 168 million. This risk of non-collectability and default may also pertain to defaults by a particular category of customers or other business associates or due to a general increase in bad debt which exceeds the norm.

The ability or willingness of the Group's business associates to pay their bills payable could substantially deteriorate and measures to limit risk (such as monitoring customers' credit

standing, monitoring payment receipts, accounts receivable management and credit default insurance) could turn out to be insufficient.

The Group's suppliers may also experience financial difficulties, which could result in the Group having problems sourcing the materials it uses in producing its products. In such a scenario, the Group may encounter difficulties and might not be able to manufacture its products for customers in a timely fashion.

Any of these factors could have a material adverse effect on the Group's business, financial condition or results of operation.

(o) **The Group's operations may be disrupted if it is unable to enter into or maintain distribution or any other agreements on favourable terms or at all**

Some distribution and other agreements are generally concluded for a fixed term and terminable upon a short notice period. All contracts with Czech retail chains are concluded for a one-year period and a risk exists that these chains would demand unacceptable conditions for the Group when renegotiating such contracts, especially in terms of price. Any failure to renew agreements with third-parties on terms acceptable to the Group, the termination of these agreements or a dispute with a third party contractors could result in disruption of the Group's normal distribution channels, incurrence of breakage costs and loss of sales or customers. The Group may not be able to satisfactorily replace any of its third-party contractors on a timely basis or at all, which could disrupt its operations in the relevant market. In addition, the Group relies on the performance of its distributors and other third party contractors and their operations may be adversely affected by poor performance, misconduct or fraud on the part of them. Any consolidation among distributors or any other contractors may also impact the Group's ability to renegotiate distribution agreements on favourable terms, if at all, which could adversely affect the Group's competitive position and operations in the market.

(p) **Changes in distribution channels in the Czech Republic may have an adverse effect on the Group's business and its profitability**

On the Czech brewing market, there has been a shift in beer consumption from catering establishments to the household. This phenomenon causes a decrease in sales of keg beer in favour of bottled beer that is sold in retail stores. Profit margins in retail stores are typically smaller than in the case of catering establishments. The continuing trend changes in the distribution channels in favour of sales in retail stores could adversely affect the financial situation of the Issuer.

(q) **General credit risk**

Credit risk is a risk where the borrower or counterparty may not be able or incline to fail to comply with the contractual terms, which adversely affect the price of shares.

4.2. LEGAL AND REGULATORY RISKS

(a) **Changes in the tax legislation or the interpretation of tax legislation could cause the Group's obligation to pay additional taxes**

Any change in tax legislation or its interpretation could increase the Group's tax burden or additional obligation to pay taxes by the Group. Statements in this Prospectus are based on current tax law and practice in the Czech Republic, which is subject to change. Such changes could adversely affect the Group's business, financial condition and/or results of operations.

(b) **Uncertain legal environment in the Czech Republic resulting from a new civil law legislation**

In the Czech Republic the new Civil Code, Companies Act and other related legislation were recently adopted which regulate a considerable area of legal relationships. The Issuer may be unable, due to a lack of judicial decision-making experience, to predict results of some of its legal actions.

The Civil Code now protects the use of a name of a natural person in the same way as a company name. A natural person after which the Issuer is named may require that its name can no longer be used for such a purpose, irrespective of any previous agreements if the demand of the natural person is justified or due to substantial change of circumstances or on any other

reasonable grounds. Such act could adversely affect the Group's business, financial condition and/or results of operations.

(c) **The Group may not be able to protect its intellectual property rights**

The Group owns and holds licences trademarks (for, among other things, its product and brand names and packaging) and other intellectual property rights that are important to its business and competitive position. The Group has invested considerable effort in protecting its brands, including the registration of trademarks. The Group cannot ensure that third parties will not infringe on or misappropriate these rights by, for example, imitating the Group's products, asserting rights in, or ownership of, the Group's trademarks or other intellectual property rights or in trademarks that are similar to trademarks that the Group owns and licences. If the Group is unable to protect its intellectual property, any infringement or misappropriation could have an adverse effect on its business, financial condition and/or results of operations and/or its ability to develop its business. Applications filed by the Group in respect of new trademarks or patents may not be granted.

(d) **The Group's insurance coverage may not be sufficient**

The Group carries various forms of business and liability insurance. However, the group does not have insurance coverage for all of the risks and liabilities it assumes in connection with its business. Some types of risks, such as risk of wars, acts of terrorism, or natural disasters, generally are not insured because they are either uninsurable or it is not economically practical to obtain insurance for such risks. Moreover, insurers recently have become more reluctant to insure against these types of events. Should an uninsured loss or a loss in excess of insured limits occur, this could adversely impact Group's business, results of operations and financial condition.

4.3. RISKS RELATING TO THE CZECH REPUBLIC

Political, economic and regulatory changes could negatively impact the Group

The Group operates primarily in the Czech Republic and other European jurisdictions. The economic, regulatory and administrative situation in each of these countries is developing continuously, mainly as a result of economic transformation and accession or application to the EU. The Group has no or limited influence on these changes. Changes and developments in economic, regulatory, administrative or other policies in the country where the Group operates, over which it has no control, could significantly affect the Group's business, prospects, financial conditions and results of operations in a manner that could not be predicted.

The Group's results are dependent on general economic conditions over which it has no control. General economic conditions such as employment rates and disposable income in the countries in which the Group operates can have an impact on its revenues. Accordingly, there can be no assurance that adverse general economic conditions in those countries in which the Group operates will not have adverse effects on the Group's business, financial condition, results of operations or prospects.

4.4. RISKS RELATING TO BREWING INDUSTRY

(a) **The growth in competition in the brewing industry**

Over the last years, beer consumption in the Czech market showed a decline or stagnation, which may result in a more competitive approach between brewing groups and possibly leading to a decrease in the market share or profit margin of the Group. This process could be further worsened by import of cheap beer from abroad, which the local producers will not be able to compete with in terms of price. The above factors could adversely affect the financial performance of the Group.

(b) **Negative societal perceptions of alcohol could lead to both a decrease in Issuer equity and sales of the Group's products**

In recent years, there has been increased media, social and political criticism directed at the alcoholic beverage industry. An increasingly negative perception in society towards alcohol could prompt legislators to implement restrictive measures such as limitations on advertising, distribution and sales and increased tax and may cause consumption trends to shift away from

beer to non-alcoholic beverages. Such measures and a potential change in consumption trends could lead to a decrease in brand equity and sales of Group's products, which, in turn, could adversely affects the Group's business, financial condition and/or results of operations.

(c) **Decreases in beer consumption in favour of other beverage categories could have an adverse effect on the Group's business, financial condition and/or results of operations**

The Group is exposed to mature markets where the attractiveness of the beer category is challenged by other drink categories and could lower demand for beer as a result of consumption trends shifting in favour of other beverages , especially in favour of wine including wine spritzer, "*radler*" type beers, ciders and fruit flavoured / mixed drinks with low alcohol content. In addition, the Group competes with alternative beverages, based on factors over which it has little or no control and that may result in fluctuations in demand for Group's products. Such factors include variation and perceptions in health consciousness, changes in the prevailing economic conditions, changes in the demographic make-up of target consumers, changing social trends and attitudes to alcoholic beverages and a shift in beverage preferences of consumers. In these markets, the on-trade channel (i.e., restaurants, hotels, bars and cafeterias) is also under pressure, which may exert negative pricing pressure on the Group's products in response to such on-trade channel pressure. Any decrease in the demand for the Group's beer in favour of alternative beverages or decreases in the Group's product pricing margins on the basis of factors over which the Group has little or no control could adversely affects Issuer's business, financial condition and/or results of operations.

(d) **Seasonal consumption cycles may adversely affect demand for the Group's products**

Demand for the Group's products may be affected by seasonal consumption cycles and adverse weather conditions. The Issuer experiences the strongest demand for its products when temperatures rise and particularly during the summer months. Adverse weather conditions, such as unseasonably cool or wet weather in the spring and summer or spring months, can adversely affect sales volumes.

(e) **The Group is exposed to litigation risk**

Companies in the alcoholic beverage industry are, from time to time, exposed to litigation relating to alcohol advertising, alcohol abuse programmes or health and societal consequences from the excessive consumption of alcohol and to litigation related to product liability issues, including the discovery of contaminants in beverage products. Further, increasing restrictions over alcoholic beverages increases the risk of non-compliance, which increases the likelihood of litigation claims. Additionally, more supervision by regulators and the growing litigation claim culture of the general public may potentially increase the impact of non-compliance and the risks of litigation, both financially and on the business reputation of the Group. Any such litigation could adversely affect the Group's business, financial condition and/or results of operations.

4.5. RISKS RELATING TO AN INVESTMENT IN THE SHARES

(a) **The Selling Shareholders may refuse to consummate their subscription of newly issued Shares on the basis of the results of the bookbuilding procedure, the capital increase might not become effective and the Offering may be cancelled**

The Selling Shareholders may refuse to consummate their subscription of newly issued Shares, on the basis of the results of the bookbuilding procedure. Therefore, there is a risk that the Selling Shareholders will not subscribe and pay for the newly issued Shares or that they will subscribe and pay for less newly issued Shares than the Issuer assumes and that is necessary for the capital increase. As a result, the increase in the Issuer's share capital may not happen. In that case, also the Offering would be cancelled.

(b) **The transfer of Shares among Shareholders after the Offering or after the Pricing and Allotment Day may result in change of the shareholding structure of the Issuer**

There is no firm agreement on the ratio in which the Selling Shareholders will participate in the Offering; the Selling Shareholders are only limited by the maximum number of the Sale Shares to be offered which cannot exceed 3,400,000. In connection with the Offering take place certain lock-up period regarding to the sale of the additional shares by the Shareholder. After the lock-

up period expires, any Shareholder may sell additional amount of its shares without any restrictions. In addition, the Shareholders may sell or otherwise transfer any Shares among themselves any time after the Offering or the Pricing and Allotment Day, which could result in a change of the shareholding structure of the Issuer as indicated at the date of the Prospectus, including the change of the controlling shareholder(s).

(c) **The price of the shares may fluctuate significantly and investors could lose all or part of their investment**

The share price of quoted companies can be highly volatile, which may prevent shareholders from being able to sell their shares at or above the price they paid for them. The Offer Price may not be indicative of prices prevailing in the trading market and investors may not be able to resell the shares at or above the price they paid for them. The market price for the shares could fluctuate significantly for various reasons, many of which are outside the Issuer's control. These factors could include performance of the Issuer, large purchases or sales of the shares, legislative changes and general economic, political or regulatory conditions.

(d) **Reduction of Allocation**

The number of the Offer Shares allocated to investors may be lower than the number requested by the investors. This may happen, for instance, as a result of insufficient demand at a price level satisfactory to the Issuer or the Selling Shareholders; or if the demand exceeds the final number of the Offer Shares. In a case of reduction, all orders exceeding the allotted number of the Offer Shares will be disregarded and any payments made will be returned without any interest or any other compensation.

(e) **A liquid market for the shares may fail to develop**

The Issuer decided to apply for listing of the shares to the public on the Prime Market operated by the PSE, therefore investors should familiarise themselves with the rules of the Prime Market before making the investment.
The Admission should not be taken as implying that there will be a liquid market for the shares. Prior to the Admission, there has been no public market for the shares, and there is no guarantee that an active trading market will develop or be sustained after the Admission. If an active trading market is not developed or maintained, the liquidity and trading price of the shares may be adversely affected.

(f) **Future issuances of the shares may dilute the holdings of shareholders and may depress the price of the shares**

Other than in connection with the Admission, the Issuer has no current plans for offering the shares. It is possible that the Issuer may decide to offer additional shares in the future. Future sales or the availability for sale of substantial amounts of the shares in the public market could dilute the holdings of shareholders, adversely affect the prevailing market price of the shares and impair the Issuer's ability to raise capital through future sales of equity securities.

(g) **There is no guarantee that the Issuer will pay dividends in the future**

The Issuer is not under a continuous obligation to pay dividends to its shareholders. Any payment of dividends in the future will depend upon the decisions of the management bodies and the general meeting. Payment of (future) dividends may be made only if the Issuer's net assets exceed total amount paid and called up part of the capital and any reserves required to be maintained by law or by the Articles. In addition, for the decision to pay dividends the following factors (among others) shall also be taken into account: the Group's business prospects, future results of operations, cash flows, financial position, reinvestment needs, expansion plans, contractual restrictions, and other factors the management bodies and/or the general meeting deem relevant, which do not necessarily have to coincide with the short-term interests of all the Issuer's shareholders.

(h) **Historical financial statements of the Issuer do not guarantee future results and revenues**

The Issuer's economic performance in previous years does not guarantee future development of business operation and financial condition of the Issuer and therefore investors cannot rely on any historical financial data as a forecast of the Issuer's future performance.

(i) **Some investors may be exposed to fluctuations in exchange rates**

The Investor should invest in shares with the knowledge (especially if its basic currency is other than Czech crowns) that any change in currency exchange rate may affect the value of its equity portfolio.

(j) **The Offering may be delayed, suspended or cancelled**

Public offerings are subject to various circumstances independent of the Issuer. In particular, the demand for the shares is shaped by, among other things, investors' sentiment towards the sector, legal and financial conditions of the Offering, etc. If such circumstances would have an adverse impact on the results of the Offering, the Issuer may decide to delay, suspend or cancel the Offering. Consequently, the investors may be unable to successfully purchase the shares and payments made by investors during the Offering, if any, may be returned without any compensation.

(k) **The Issuer has no experience in complying with requirements of an European regulated market**

A public company is subject to a number of obligations mostly relating to disclosure of information, in particular the current and periodic reports as well as making public the notifications on large shareholdings of investors after being admitted to trading on an European regulated market (the Prime Market operated by the PSE). The Issuer has never been subject to such obligations and may fail to fulfil them. As a consequence, the investors may not be provided on time or at all with price-sensitive information or the content of materials made public may be of unsatisfactory quality. In addition, the Issuer may be fined or otherwise punished for non-compliance with regulations relating to public company what may have adverse impact on the Issuer's financial results, the price of shares and demand for the shares.

(l) **Reports, researches or recommendation of the analysts may have adverse impact on the value of the shares**

The market price and/or trading volume of the shares may be influenced by the research and reports that industry or securities analysts publish about the Issuer's business. There can be no guarantee of continued and sufficient analyst research coverage for the Issuer, as the Issuer has no influence on analysts who prepare such researches and reports. If analysts fail to publish reports on the Issuer regularly or cease publishing such reports at all, the Issuer may lose the capital market visibility, which in turn could cause the shares price and/or trading volume to decline. Furthermore, analysts may downgrade the shares or provide negative recommendations regarding the shares, which could result in a decline in the price of shares.

(m) **The Issuer will have a limited free float, which may have a negative effect on the liquidity, marketability or value of shares**

Prior to the Offering, the Shareholders own 100% of the Issuer's outstanding shares and immediately after the Offering (without the exercise of the Over-Allotment Option) the Shareholders will own 51,23%, provided that all shares are placed with investors and assuming no exercise of the Over-allotment Option. Consequently, the free float of shares held by the public will be limited.

Under the CMA, the PSE requires that (i) 25% of the shares to be listed on the market are in the ownership of the public of the EU member states or (ii) there is at least such portion of the shares in the ownership of the public of the EU member states which guarantees non-problematic trading in the shares on the PSE market. This condition does not need to be met if the ownership of the public shall be ensured by the trading and the PSE comes to a conclusion that the needed free float will be achieved in a short time after the admission to trading or if the required free float was already achieved on a similar official market of a non EU member state.

(n) **Trading in the shares on the PSE may be suspended**

The PSE may suspend trading in shares if (i) the shares no longer comply with the applicable rules specified in the CMA, (ii) the Issuer was dissolved, becomes insolvent, its assets are declared insolvent or a reorganisation of the Issuer was authorised by the court, (iii) if the Issuer or the shares has ceased to fulfil the requirements established by generally binding legislation, the Exchange Rules of the PSE or the conditions set by the Exchange Chamber of the PSE, (iv)

if the Issuer does not comply with its reporting obligations in respect of shares, or (v) for other, extraordinary reasons. The PSE may take such step only if it does not threaten to cause significant damage to investors' interests or the orderly functioning of the market.

With respect to PSE, the CNB may also suspend the trading in the shares for a maximum of 6 months if there is no other feasible way to avoid large economic losses or significant damage to the investors' interests. The CNB may suspend trading repeatedly and such a decision of the CNB may contain a binding request addressed to the PSE to examine whether the conditions for delisting of the shares from trading are fulfilled.

The Issuer will make every effort to comply with all applicable regulations in this respect. However, there can be no assurance that trading in the shares will not be suspended. Any suspension of trading could adversely affect the price of shares.

(o) **The Issuer may be unable to list the shares on the PSE or the Issuer may be delisted from the PSE**

The admission of the shares to trading on the Prime Market operated by the PSE requires among other things that (i) the shares are registered with the clearing and settlement system of the CDCP and (ii) the listing committee of the PSE approves the listing and trading of the shares on the PSE. To obtain the approval of the listing committee the Issuer must meet certain requirements provided for in the regulations of the PSE and other applicable laws. Such requirements include that: (i) the securities to be admitted must be fully paid and tradable without any restrictions; (ii) the minimum issue value must be EUR 1 million; (iii) the minimum free float must be 25%; (iv) the Issuer shall have published its financial statements for at least three preceding years or, if shorter, the period of its existence and (v) there are no circumstances under which the listing could harm investors, their interests and the public interest. The listing committee decides whether to admit a security to trading, and has some discretion to deviate from the admission requirements described above. The application for admission of a security to trading on the Prime Market operated by the PSE can be filed by an issuer or, in certain cases, by a member of the PSE. The application must provide certain basic data with regard to the issuer and the issue. The listing committee reviews and approves the application.

The Issuer intends to take all the necessary steps to ensure that its shares are admitted to trading on the PSE as soon as possible after the closing of the Offering. However, there is no guarantee that all of these conditions will be met and that the shares will be admitted to trading on the PSE on the Listing Date as expected or at all. In addition, if the Issuer fails to fulfil certain requirements or obligations under the applicable provisions of securities laws, including in particular the requirements and obligations under the CMA, the CNB could impose a fine on the Issuer or delist its shares from trading on the PSE.

Furthermore, the PSE must delist the shares from trading if (i) the shares no longer comply with the applicable rules specified in the CMA, (ii) the Issuer was dissolved, insolvency was declared over its assets or a reorganisation of the Issuer was authorised by the court, (iii) if the Issuer or the shares have ceased to fulfil the requirements established by generally binding legislation, the Exchange Rules of the PSE or the conditions set by the Exchange Chamber of the PSE, (iv) the Issuer does not comply with its reporting obligations in respect of the shares, or (iv) for another, exceptional reason. The PSE may take such step only if it does not threaten to cause significant damage to investors' interests or the orderly functioning of the market. The Issuer believes that as at the date hereof there are no circumstances which could give grounds for delisting of the shares from the PSE in the foreseeable future. However, there can be no assurance that any of such circumstances will not arise in relation to the shares in the future. Delisting of the shares from the PSE could have an adverse effect on the liquidity of the shares and, consequently, on investors' ability to sell the shares at a satisfactory price.

(p) **The increase in the share capital of the Issuer may be declared ineffective**

For the purpose of the Offering, an increase in the share capital of the Issuer must be made. The increase in the share capital should be effective by subscription of the shares and payment of 30% of their issue price (Section 464 of the Companies Act). Within the subsequent registration of the capital increase in the Commercial Register, the court might cancel the capital increase (Section 465(2) of the Companies Act). Should that happen, the Offering will become ineffective and the Issuer must, among other things, (i) return the issue price to the investors, (ii)

publish the decision of the court (if applicable) and (iii) without undue delay instruct the CDCP to cancel the shares issued in connection with the increase in the share capital (Section 466 of the Companies Act).

(q) **Changes in taxation legislation or the interpretation of tax legislation could affect the Issuer's ability to provide returns to Shareholders**

Any change in taxation legislation or the interpretation of tax legislation could affect the Issuer's ability to provide returns to Shareholders. Statements in this Prospectus concerning the taxation of investors in the shares are based on current tax law and practice in the Czech Republic, which is subject to change. The taxation of an investment in the Issuer depends on the individual circumstances of each investor.

Prospective investors should therefore consider carefully whether investment in the Issuer is suitable for them, in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.

5. INFORMATION ABOUT THE ISSUER

5.1. PERSONS RESPONSIBLE

The Issuer and the Board accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Board (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Apart from responsibilities and liabilities, if any, which may be imposed on the Lead Manager, the Domestic Lead Manager and the legal advisor of the Lead Manager under the CMA or the regulatory regime established thereunder or other relevant securities regulation, the Lead Manager, the Domestic Lead Manager and the legal advisor of the Lead Manager make no representations, expressed or implied, nor accept any responsibility for the contents of the Prospectus, or any other statement made or purported to be made by any of them or on their behalf in connection with the Issuer, the Shares, the Offering or the Admission.

Pivovary Lobkowicz Group, a.s.

Zdeněk Radil

Chairman of the Board

5.2. STATUTORY AUDITORS

a) Issuer's auditors in respect of non-consolidated audited financial statements in accordance with CZ GAAP

Period:	2011-2013
Business name and Identification no.:	Finaudit Třinec, s.r.o., Identification number: 603 19 283
Authorisation no.:	100
Registered office:	Vendryně 1142, postal code 739 94, the Czech Republic
Membership in professional association:	Chamber of Auditors of the Czech Republic
Responsible person:	Mr Edvard Jursa, licence no. 1319

b) Issuer's auditors in respect of consolidated audited financial statements in accordance with CZ GAAP

Period:	2011-2013
Business name and Identification no.:	HM Group s.r.o., Identification number: 639 78 547
Authorisation no.:	170
Registered office:	Prague 9, Kamencová 59, postal code 198 00, the Czech Republic
Membership in professional association:	Chamber of Auditors of the Czech Republic
Responsible person:	Mr Lubomír Harna, licence no. 170

c) Issuer's auditors in respect of audited financial statements in accordance with IFRS

Period:	2011-2013
Business name and Identification no.:	APOGEO Audit, s.r.o. Identification number: 271 97 310
Authorisation no.:	451
Registered office:	Prague 3 – Žižkova, Koněvova 2660/141, postal code 130 83, the Czech Republic
Membership in professional association:	Chamber of Auditors of the Czech Republic
Responsible person:	Mr František Novák, licence no. 1043

The historical financial information for 2011, 2012 and 2013 have been independently audited by the statutory auditors.

5.3. SELECTED FINANCIAL INFORMATION

The historical financial information presented below refers to the financial years ended on 31 December 2011, 2012, and 2013. The financial statements below were prepared according to the IFRS as adopted by the EU.

(a) Summary of the Consolidated Statement of Comprehensive Income

The following table summarises the key financial indicators from consolidated statements of comprehensive income prepared in accordance with IFRS.

Summary of Comprehensive Income *(in thousands of CZK)*

	2011	2012	2013
Revenue	***1,059,810***	***1,156,718***	***1,159,135***
growth in %	*n/a*	*9.1%*	*0.2%*
normative EBITDA*	***124,500***	***184,071***	***225,827***
growth in %	*n/a*	*47.8%*	*22.7%*
Normative EBITDA margin in %	*11.7%*	*15.9%*	*19.5%*
recurrent EBITDA**	***132,591***	***187,029***	***190,346***
growth in %	*n/a*	*41.1%*	*1.8%*
Recurrent EBITDA margin in %	*12.5%*	*16.2%*	*16.4%*
Results from operating activities	*-60,215*	*-162*	*40,765*
growth in %	*n/a*	*n/m*	*n/m*
Operating profit margin in %	*-5,7%*	*-0,0%*	*3,5%*
Net finance expenses	***-80,050***	***-42,422***	***-95,444***
Income tax expense	*-8,740*	*-12,232*	*-15,040*
Loss of current accounting period	*-149,005*	*-54,817*	*-69,720*
Profit attributable to non-controlling interests	*6,313*	*7,909*	*4,061*
Net loss for the period attributable to shareholders	***-155,318***	***-62,726***	***-73,781***

n/a – data not available
n/m – data not meaningful
**The normative EBITDA is defined as results from operating activities before ordinary amortisation, depreciations and impairments.*
***The recurrent EBITDA is defined as results from operating activities before ordinary amortisation, depreciations and impairments and net of extraordinary results from sales of assets.*

Despite difficult economic conditions and general decline in the beer market in the Czech Republic, the Group was able to report an increase in revenues both in 2013 and 2012. While the Group reported revenues of CZK 1,157 million in 2012 which represented an increase by 9.1% from CZK 1,060 million reported in 2011, the revenues in 2013 remained almost stable and amounted to CZK 1,159 million, up by 0.2% compared to 2012.

The Group's key indicator of profitability represents recurrent EBITDA which is defined as result from operating activities net of ordinary amortisation, depreciations and impairments and net of extraordinary results from sales of assets. In 2013, the Group reported recurrent EBITDA in the amount of CZK 190 million which represented an increase by 1.8% from CZK 187 million reported in 2012 followed by an increase by 41.1% from CZK 133 million in 2011.

In 2013, the Issuer has reported positive results from operating activities in the amount of CZK 41 million which represented an increase by CZK 41 million from CZK 0 million reported in 2012. In 2011, the Issuer reported negative results from operating activities totalling CZK - 60 million.

The reported net loss for the period attributable to Shareholders was significantly influenced by the interest expense related to the shareholders loans. While the total amount of shareholders loans amounted to CZK 1,737 million as at the end of 2013, the interest expense related to these shareholders loans amounted to CZK 86 million. As a result, the Group reported a net loss for the period attributable to Shareholders to CZK -74 million. The interest expense related to

shareholders loans amounted to CZK 20 million and CZK 62 million in 2012 and 2011, respectively.

(b) **Summary of the Consolidated Statement of Financial Position**

The following table summarises the key financial indicators from consolidated statements of financial position prepared in accordance with IFRS.

Summary of Financial Position *(in thousands of CZK)*

	2011	2012	2013
Non-current assets	1,380,183	1,334,816	1,320,714
Current assets	*682,365*	*637,114*	*691,929*
Total Assets	***2,062,548***	***1,971,930***	***2,012,643***
Total equity	*-384,548*	*-439,348*	*-759,583*
Other non-current liabilities	*1,501,772*	*1,910,861*	*1,841,097*
Current liabilities	*945,323*	*500,417*	*931,129*
Total Equity and Liabilities	***2,062,548***	***1,971,930***	***2,012,643***

In 2013, total equity has decreased to CZK -760 million from CZK -439 million reported in 2012. The overall negative total equity is the result of accumulated losses totalling CZK -551 million and changes in reserves and other equity operations in the amount of CZK -204 million. Other equity operations mainly reflect the difference in the amount of CZK -186 million between the total consideration agreed for the acquisition of the non-controlling interest in the Pivovar Vysoký Chlumec, a.s. and the book value of the non-controlling interest acquired. As a result of Capitalisation, the total equity of the Issuer will become positive as described in the 'Information about the Issuer' section, 'Capital Resources' subsection of this Prospectus.

In 2012, decrease of the current liabilities to CZK 500 million from CZK 945 million reported in 2011 was mainly caused by the repayment of liability to Shareholders in the amount of CZK 450 million and simultaneous increase in non-current shareholders loans. In 2013, the current liabilities increased to CZK 931 million as a result of the acquisition of the remaining 50% stake in Pivovar Vysoký Chlumec, a.s. which generated a liability in the amount of CZK 250 million. The remaining part of the increase in current liabilities is mostly attributable to the increase in bank debt.

(c) **Funds provided by Shareholders**

The Group has significant amount of funds provided by Shareholders, which are classified as short-term and long-term shareholders loans and other liabilities to Shareholders.

The total funds provided by Shareholders are the sum of equity attributable to Shareholders, short-term and long-term shareholders' loans and other liabilities to Shareholders. The total funds amounted to CZK 910 million in 2013 which represented decrease by CZK 93 million from CZK 1,003 million in 2012. The decrease was mainly caused by the decrease in equity attributable to Shareholdes which declined from CZK -560 million reported in 2012 to CZK -827 million reported in 2013. In 2011, Group's total funds amounted to CZK 1,003,873.

In 2013, shareholders' loans in the amount of CZK 77 million were repaid and new other liability to shareholders in the amount of CZK 250 million was recorded as a result of the acquisition of the remaining stake in Pivovar Vysoký Chlumec, a.s.

In 2012, the total funds provided by Shareholders amounted to CZK 1,003 million which represented decrease by approx. CZK 1 million as compared to CZK 1,004 million in 2011. Other liabilities to shareholders in the amount of CZK 450 million were repaid and additional long-term loans were provided by Shareholders in the amount of CZK 511 million.

The following table summarises the total amount of funds provided by Shareholders.

Funds provided by shareholders *(in thousands of CZK)*

	2011	2012	2013	2014*
Equity attributable to shareholders	*-497,501*	*-560,209*	*-826,686*	*n/a*
Short-term shareholders' loans	*10,225*	*0*	*0*	*0*
Long-term shareholders' loans	*1,041,149*	*1,563,293*	*1,486,500*	*0*

Other liabilities to shareholders	*450,000*	*0*	*250,000*	*0*
Funds provided by shareholders	***1,003,873***	***1,003,084***	***909,814***	***n/a***

**represents data after a date of Capitalisation, n/a means data are not available or known as of the date of the Prospectus*

As at the date of the Capitalisation, all outstanding shareholders loans including any accrued interest will be capitalised to share capital (more information on the Capitalisation can be found in 'Information on Shares' section, 'Increase in the Issuer's share capital' subsection of this Prospectus) or deposited into the Issuer's capital funds. As at 15 April 2014, the total Issuer's liabilities to shareholders including any accrued interest amounted to CZK 1,749,650,784. As a result of the Capitalisation and deposition in the Issuer's capital funds, there will be no shareholders loans or other liabilities to shareholders after the Offering.

(d) **Bank loans**

Apart from the shareholders loans, the Group benefits from the possibility to draw bank loans and other facilities. These bank facilities are provided to the Group at the arm's length and are subject to pledges and collaterals provided by the Group (more information can be found in 'Information about the Issuer' section, 'Material Contracts' subsection of this Prospectus).

In 2013, the Group reported total bank loans and facilities in the amount of CZK 549 million, as compared to CZK 419 million reported in 2012. The increase in bank debt was mainly attributable to the drawdown of loan provided by PPF banka a.s. in the amount of CZK 100 million and partial drawdown of the overdraft account provided by Citibank Europe plc, organizační složka in the maximum amount of CZK 165 million.

In 2012, total bank loans and facilities amounted to CZK 419 million, down by CZK 67 million from CZK 486 million reported in 2011. The outstanding amount of bank loans and facilities declined due to repayment of several loans.

Overview of bank loans *(in thousands of CZK)*

	2011	**2012**	**2013**
Long-term bank loans	*367,467*	*264,574*	*259,925*
Short-term bank loans and facilities	*118 ,934*	*154,688*	*288,818*
Total bank loans and facilities	***486,401***	***419,262***	***548,743***

The information about Capitalisation, indebtedness and net indebtedness as of 15 April 2014 can be found in the 'Essential Information' section, 'Capitalisation and Indebtedness' subsection of this Prospectus.

5.4. RISK FACTORS

Any investment in the Issuer is subject to a number of risks. The list of risks the Issuer considers to be material as at the date of this Prospectus can be found in the 'Risk Factors' section of this Prospectus.

5.5. ISSUER

(a) **Basic information**

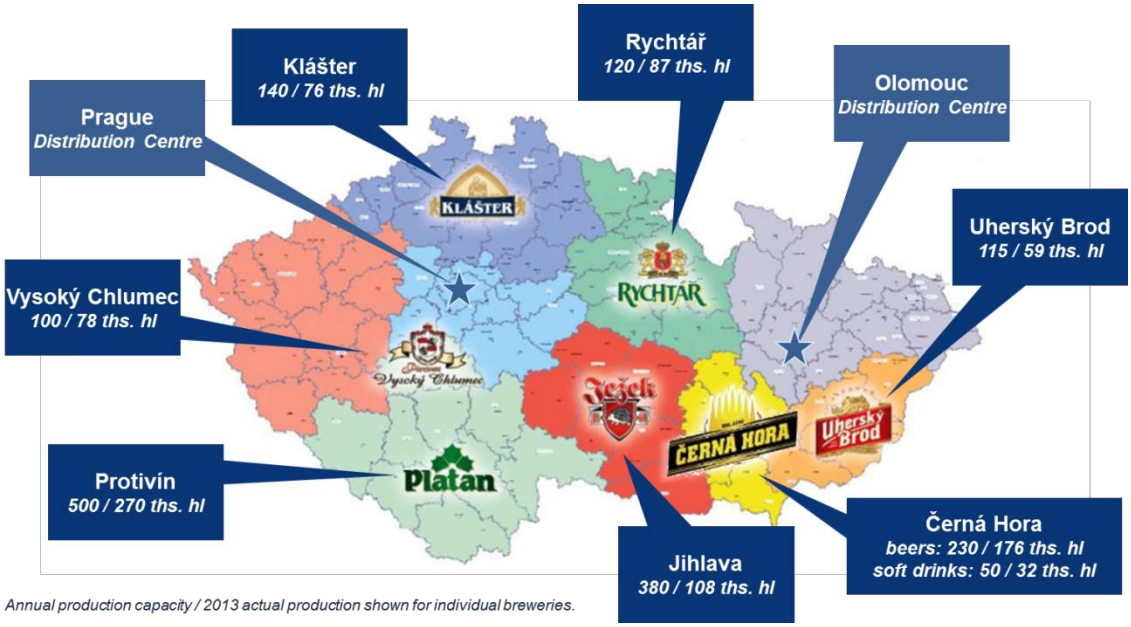
Business name:	Pivovary Lobkowicz Group, a.s.
Place of registration:	Czech Republic, Municipal Court in Prague, File B, Insert 10035
Identification number:	272 58 611
Tax identification number:	CZ 699002113
Date of incorporation:	20 July 2005
Legal form:	joint-stock company
Country of incorporation:	Czech Republic
The legislation under which the Issuer operates:	Companies Act and regulation established hereunder
Registered office:	Prague 4, Hvězdova 1716/2b, postal code 140 78

Telephone contact (Mr Petr Božoň):	+420 731 635 188
E-mail (Mr Petr Božoň):	petr.bozon@pivovary-lobkowicz.cz
Web site:	www.pivovary-lobkowicz-group.com

(b) History and development of the Group

In 2005, the Group's founders made up the business plan to invest into beer industry fostered by growing interest of consumers in attractive beer brands from smaller breweries and, in part, by own dissatisfaction with the situation in domestic beer industry. Additionally, this idea was stressed by the changing trends in consumer behaviour and general interest in regional food and by the increased consumer's interest in food quality. Following that the Issuer was founded. Its objective was to develop a strong group of traditional regional breweries as a counterweight to the large global breweries. In the course of the following years, breweries were acquired and top managers from other companies involved in brewing industry were hired in order to consolidate the Issuer.

In 2007, the Issuer acquired minority interests in Pivovar Černá Hora, a.s. and Pivovar Svijany. In 2008, the Group further expanded by acquisition of Pivovar Protivín, a.s., a majority stake in Pivovar Rychtář, a.s., Pivovar Klášter, a.s., Pivovar Uherský Brod, a.s.; and Pivovar Jihlava, a.s. In 2009, Pivovar Vysoký Chlumec, a.s. was acquired. In 2010, a 100% interest in Pivovar Černá Hora, a.s. was acquired and the Issuer disposed of minority interest in Pivovar Svijany. More information can be found in 'Information about the Issuer' section, 'Organisational structure' subsection of this Prospectus.



Annual production capacity / 2013 actual production shown for individual breweries.

The current structure of the Group was formed in 2009. Nowadays, the Group comprises 7 traditional regional breweries manufacturing beer and Pivovary Lobkowicz, a.s. and K Brewery Management, s.r.o. which provide the Group with the sales, distribution, marketing, finance, IT and tax services.

According to the Group's estimates and its competitors' annual reports and press releases, the Group ranks as the fifth largest player at the Czech brewing market (including export) and number four largest player in terms of sales in the Czech Republic. The Group includes regional brewing companies located throughout the Czech Republic.

(c) Principal investments

The principal areas for investments by Issuer's Subsidiaries are four: promotion material (PM), tap technology (TT), packaging and production investments.

(In Thousands CZK) investments	2011	2012	2013
Total	**104,097**	**91,142**	**388,681**

PM	7,157	5,684	15,522
TT	36,127	28,936	23,906
Packaging	27,136	18,161	20,885
Production	33,677	38,361	78,368
Acquisition of 50% share in PivovarVysoký Chlumec, a.s.	0	0	250,000

As for promotional material, the investments focus on the equipment of newly acquired restaurants and refurbishing of the existing establishments. The promotional material comprises, among others, simple and conventional advertisements, parasols, table cloths, glasses, menu boards, beer coasters and a number of other small-size items used for promotion, at the sales point, of the beer and soft beverage brands of the Group.

Tap technology is the essential means for restaurants to sell the Group products. As with promotional material, these investments are directed at newly acquired establishments as well as to the refurbishing of existing ones. The most significant items in the tap technology category are beer taps, cooling systems, keg tappers, tanks, bars. The property stays with the customers based on a contract of borrowing, while the Issuer (or as the case may be any of its Subsidiaries) remains the owner.

The area of packaging is represented by purchases of new kegs and carrier boxes.

The Issuer has an option to acquire the remaining part of the Pivovar Rychtář, a.s. for a total consideration of CZK 43.6 million. The transaction should be settled on18 November 2014 at the latest. The Issuer intends to exercise the option and declares to have sufficient funds for the contemplated acquisition even without the proceeds from the Offering.

The most significant production investments over the relevant years include the following:

(i) 2011

Pivovar Protivín – continuous flow pasteuriser, bottling line – CZK 3,230,000 – replacement of the system controlling the beer use-by date; the system eliminates non-spore forming pathogenic microorganisms.

Pivovar Uherský Brod – waste steam condenser – CZK 4,411,000 – the investment reduces energy consumption in production. This system makes use of waste heat during hop brewing, and is used for preheating of sweet wort.

Pivovar Klášter – lager tanks – CZK 7,064,000 – necessary replacement of the system controlling the supply of beer to filling lines. This system was identified as key for maintaining the all-year-round quality of the beer.

(ii) 2012

Pivovar Protivín – tunnel pasteuriser, bottling line – CZK 4,761,000 – replacement of the system controlling the beer use-by date; the system eliminates non-spore forming pathogenic microorganisms.

Pivovar Protivín – gas boiler room – CZK 5,585,000 – investment replacing the old coal boiler room. The replacement was carried out due to the outdated coal boiler room and in line with the goal of increasing the system's efficiency.

Pivovar Protivín – IFS certification – CZK 4,367,000 – building investment necessary for achieving the quality certificate required by the Lidl store chain.

Pivovar Klášter – water treatment plant reconstruction – CZK 3,972,000 – building improvements and replacement of machinery.

Pivovar Černá Hora – fermentation room – CZK 14,846,000 – increase of the brewery's capacity.

(iii) 2013

Pivovar Protivín – malt silos – CZK 3,352,000 – construction of new malt silos ensuring separation of individual malt varieties, in particular the Bojos type barley malt used exclusively for the manufacturing of the Lobkowicz Premium lager.

Pivovar Protivín – cooling system reconstruction – CZK 10,813,000 – necessary replacement of the existing cooling system by a new, more energy-efficient technology.

Pivovar Protivín – empty bottle inspection machine – CZ 4,424,000 – an important part of the bottling line ensuring that beer is poured only into clean and intact bottles.

Pivovar Protivín – gas boiler room – CZK 10,901,000 – completion of works dating from 2012.

Pivovar Protivín – steam waste condenser – CZK 3,059,000 – first construction phase, the investment reduces energy consumption in production. This system makes use of waste heat during hop brewing and is used for preheating sweet wort.

Pivovar Uherský Brod – cooling system reconstruction – CZK 3,857,000 – reconstruction of the Brewery's cooling system machinery.

Pivovar Klášter – boiler room – CZK 6,307,000 – replacement of unfit equipment.

Pivovar Klášter – cooling system reconstruction – CZK 6,712,000 – construction works and replacement of the Brewery's cooling system machinery.

Pivovar Černá Hora – administrative building – CZK 12,722,000 – reconstruction of the administrative building, addition of a new storey. The newly built premises are used as offices by the staff of a Pivovary Lobkowicz affiliated company. Formerly, Pivovary Lobkowicz used rented premises.

(iv) 2014

Pivovar Protivín – Vapour condenser – approx. CZK 10,000,000 – first construction phase, the investment reduces energy consumption in production. This system makes use of waste heat during hop brewing which is used for preheating sweet wort. This investment was financed from internal resources of the Group.

5.6. BUSINESS OVERVIEW

(a) Principal activities

The Issuer is the holding company of the Group and its business comprises providing of production, trade and services not specified in annexes 1 to 3 of the Trade Licensing Act.

The Group's key activity is the operation of regional small and medium-sized breweries and sale of production on the Czech market and abroad.

(i) The Group's breweries

The Group operates the following seven breweries (figures in thousands of hectolitres):

Brewery	Annual production capacity		Actual production in 2013		Acquired in*
	Beers	Soft drinks	Beers	Soft drinks	
Protivín	500	-	270	-	2008
Rychtář	120	-	87	-	2008
Klášter	140	-	76	-	2008
Uherský Brod	115	-	59	-	2008
Jihlava	380	-	108	-	2008
Vysoký Chlumec	100	-	78	-	2009
Černá Hora	230	50	176	32	2010

Total	**1 585**	**50**	**854**	**32**	**-**

Source: The Issuer

Most of the Group's breweries have a rich history dating back to the Middle Ages – the oldest of them dates back to 1298. As described in 'Information about the Issuer' section, 'History and development of the Group' subsection of this Prospectus, the breweries are located, almost throughout the entire Czech Republic. The Group's products are distributed throughout the country as well as abroad, using its own and leased distribution centres, selected wholesalers and export partners.

(ii) Production

The Group offers customers a wide portfolio of beer brands, differentiated by type, taste and price, and an assortment of soft drinks and table water. Currently, the brand portfolio comprises 70 beer brands, which is unique on the Czech market, as well as 10 soft drink brands and two mixed drinks brands based on beer ("*radler*"/ "*shandy*"). More information about the trademarks and brands used by the Group can be found in 'Information about the Issuer' section, 'Trademarks' subsection of this Prospectus.

The following table shows the Group's production during the years 2009 to 2013.

Total production (2009-2013, in thousands of hectolitres)

Brewery	**2009**	**2010**	**2011**	**2012**	**2013**
Protivín	186	240	238	284	270
Rychtář	70	94	87	85	87
Klášter	46	69	49	62	76
Uherský Brod	71	72	62	60	59
Jihlava	82	89	94	97	108
Vysoký Chlumec	96	100	94	83	78
Černá Hora – beers	150	176	201	195	176
Total – beers	**700**	**840**	**824**	**867**	**854**
Černá Hora – soft drinks	50	45	39	39	32

Source: The Issuer

(iii) Key inputs

Most of the Group's breweries a use traditional production process for beer brewing, i.e. brewhouse – fermenting room – cellar. The only exception is Jihlava brewery, which is partially replacing the fermenting room, and a cellar with cylindrical-conical tanks. The Group utilises central purchasing for the majority of inputs.

Production inputs

Key material inputs for beer brewing are malt, hops and water. The raw material represented mostly malt in the amount of approx. CZK 137 million, hops in the amount of approx. CZK 25 million and packaging material in the amount of approx. CZK 62 million. Approximately 90% of malt used is Czech malt purchased from a 50% owned subsidiary, namely Moravamalt. For malting, Moravamalt uses barley exclusively purchased from Czech farmers. Special malts such as caramel malt, Bavarian malt and other malts are purchased from international producers.

The second most important material input is hops – mostly Saaz hops, purchased based on long-term purchasing contracts valid until 2020, with selected breweries. Total costs of hops account for around CZK 30 million annually. The third important material input is water, supplied mostly from own resources of the Group's breweries.

Energy – electricity and gas – are the fourth important production input of the Group. They are centrally purchased based on one-year contracts.

Packaging inputs

The Group uses standard reusable packaging materials – kegs, beer crates and bottles (NRW standard bottles widely used in Europe). They are centrally purchased on an if-needed basis. Lobkowicz Premium brand is the only brand in the Group's portfolio using non-standard bottles.

Disposable packaging elements such as labels, bottle stoppers and cardboards are also important packaging materials in terms of costs, exceeding CZK 60 million in 2013.

Logistics

Logistics services are centrally purchased from external providers with the exception of distribution to public houses and restaurants in Rychtář and Černá Hora regions, where the Group operates 15 own trucks. Externally purchased logistics services account for approx. CZK 100 million annually.

The Group has seven own distribution centres located in the premises of its breweries. In addition, the Group leases distribution centres in Prague (distribution point for Prague and Central Bohemia regions) and Olomouc (distribution point for Olomouc and Northern Moravia regions) and external warehouses in Jihlava and Uherský Brod. Two additional distribution centres with no warehouse are located in Ostrava and Karlovy Vary, serviced via selected wholesale partners. In total, the Group utilises eleven distribution centres and two external warehouses.

Route planning is realised using RIRO software made by Rinkai s.r.o. Sales representatives collect orders and upload them using smartphones. The above-mentioned software then plans routes based on collected demand, taking into account customers' time preferences and minimising logistics costs. As a final step, the information system automatically invoices to the customer.

(iv) Beers produced by the Group

Besides traditional beer types such as light beers and lagers, the Group offers numerous special beer types ranging from semi-dark beers, dark beers, strong beers, yeast beers, unfiltered beers, wheat beers, various ales, bock-type beers, flavoured beers or radlers to non-alcoholic beers. The Group focuses on using traditional recipes and finest ingredients in the production process.

Beers produced by the Group

		Protivín	Rychtář	Klášter	Uherský Brod	Jihlava	Vysoký Chlumec	Černá Hora
Premium	**Premium lager**	Lobkowicz Premium						
	Premium dark lager	Merlin						
	Premium non-alcoholic	Lobkowicz Premium Nealko						
Light beers		Schwarzen-berg	Rychtář Klasik, Rychtář Standard	Klášter	Perun	Šenkovní 10	Princ Max X.	Tas
Lagers		Schwarzen-berg, Platan 11, Platan Premium	Rychtář Premium	Klášter Ležák 11, Klášter Premium	Patriot, Premium	Ježek 11	Vévoda	Páter, Ležák
Non-alcoholic beers		Platan Nealko						Forman světlý, Forman polotmavý
Special beers	**Light special beers**	Prácheňská Perla	Rychtář Speciál		Comenius	Jihlavský Grand, Telčský Zachariáš		Kvasar

	Semi-dark and dark beers	Protivínský Granát					Démon	Granát, Klášterní, Kern
	Yeast and unfiltered beers	Platan kvasnicový	Rychtář Natur	Klášter kvasnicový	Patriot nefiltrovaný	Ježek kvasnicový		Páter nefiltrovaný, Sklepní
	Wheat beers					Jihlavský Alt Bier	Chlumecký Vít	Velen
	Flavoured beers						Borůvka (blueberry), Fruit Ale	Borůvka (blueberry)
	"World beers"			Klášterní XIX. Bock	Kounic (Wiener lager), Sváteční kouřový ležák (Rauchbier)		Chlumecký Pale Ale, Chlumecký Amber Ale	
Radlers ("*Refresh*" brand)								lime & orange, cranberry & grapefruit
Special occasion beers	numerous brands							

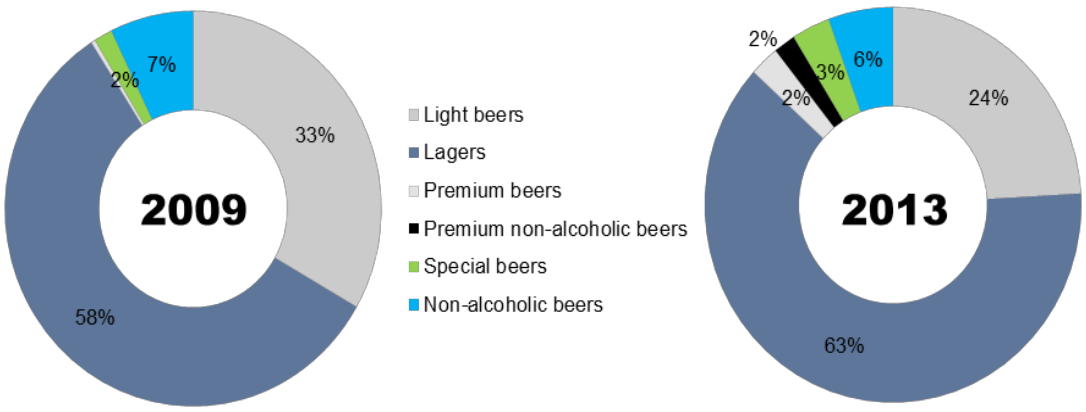
Source: The Issuer

Based on product portfolio analysis conducted in 2009, the Group introduced the "*Lobkowicz Premium*" premium brand in 2009 and its non-alcoholic variant and dark "*Merlin*" lager in 2010 (all produced in Protivín). The Group decided to introduce these brands because such products were demanded by customers and also due to higher profitability of premium brands.

Due to higher flexibility of individual breweries of the Group compared to the largest breweries on the Czech market, it is able to promptly react to market trends and introduce new beer types, maintaining reasonable economies of such moves. The Group is also able to produce smaller batches of special occasion beers, unlike its larger competitors.

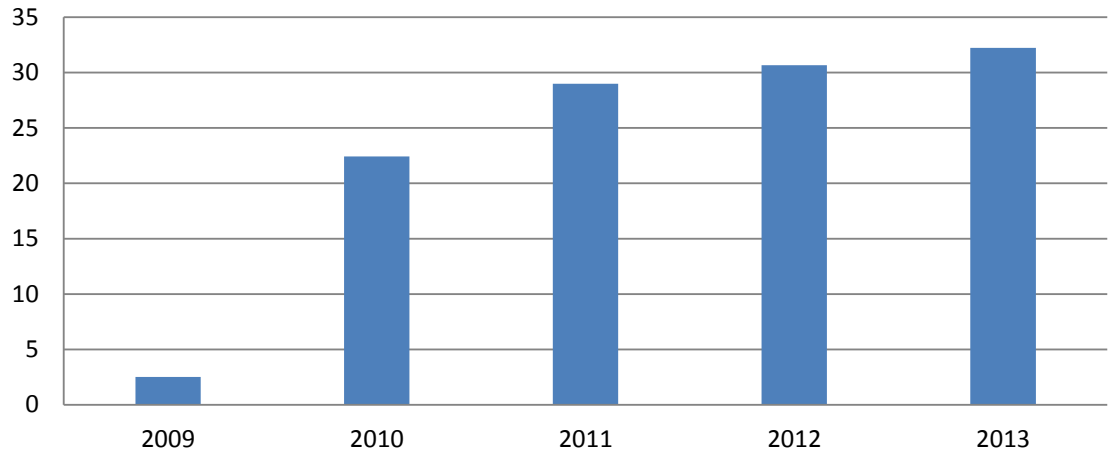
Promotion and sale of higher margin premium beers and special beers such as Lobkowicz Premium is a top strategic priority of the Group. Production in the premium segment had 4,4% share on the Group's total beer production in 2013.

Beer production by segments (2009 / 2013, in hectolitres)



Source: The Issuer

Premium segment sales (2009-2013, in thousands of hectolitres)

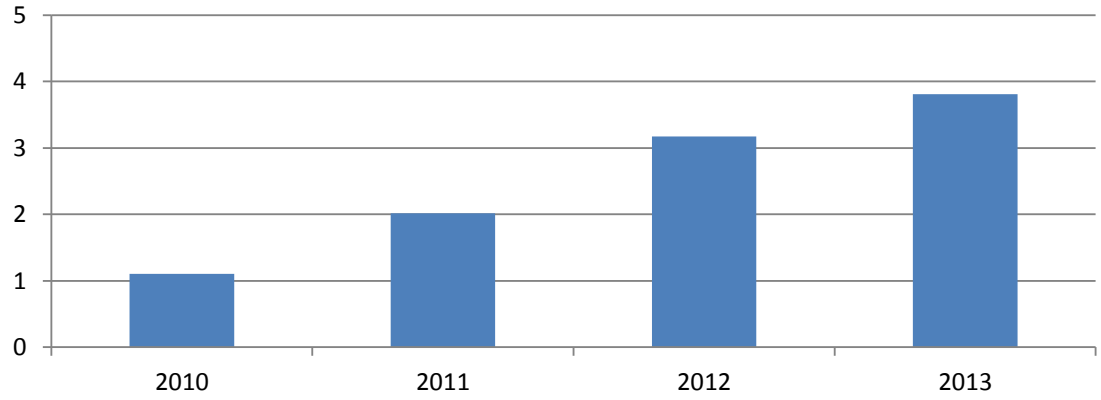


Source: The Issuer

Apart from the premium segment, the Group has introduced a total of 25 beer innovations in on-trade segment and eight new packaging variants ("*mix-packs*") in the off-trade segment since 2009. To meet the popular demand, the Group introduced two types of "*radler*" in 2012 under the "*Refresh*" brand.

Annually, the Group offers special beers prepared for various occasions such as Christmas, Easter, St. Nicholas Day, etc. Production of such beers extends the Group's product portfolio and also provides it with an important marketing tool.

Special occasion beers sales (2010-2013, in thousands of hectolitres)



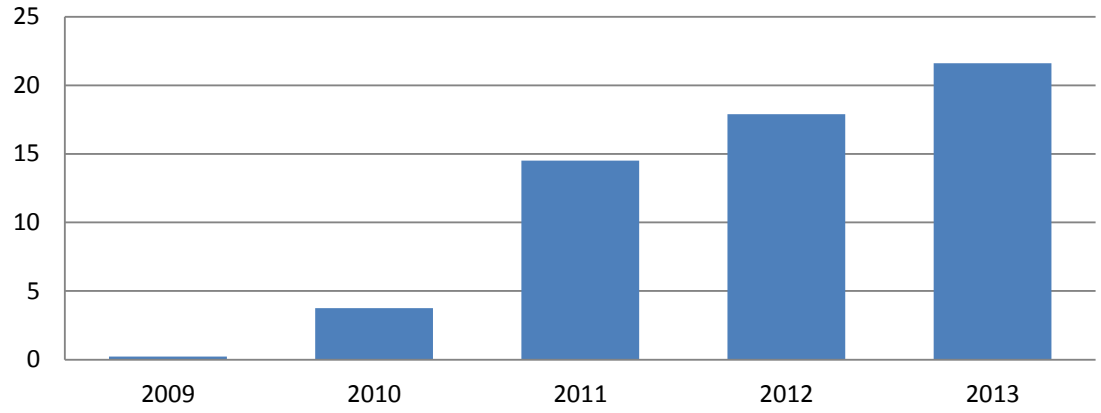
Source: The Issuer

Due to operating seven breweries, the Group was able to introduce beer mix-packs consisting of products of its different breweries. So far, the Group has introduced eight of such mix-packs.

Mix-packs examples

Source: The Issuer

Mix-packs sales (2009-2013, in thousands of hectolitres)



Source: The Issuer

In 2014, the Group intends to introduce IPA-style beers (India Pale Ale) and Porter-style beers to its product portfolio.

(v) Soft drinks produced by the Group

Soft drinks produced by the Group include eight flavoured soft drinks and two kinds of water. Fructose and stevia are used for sweetening all the flavoured soft drinks; they also all contain hops extract.

Soft drinks produced by the Group

Brand	Description	Produced in
Malina	sparkling, raspberry flavoured	Černá Hora
Vita	still, orange and peach flavoured	Černá Hora
Zázvorka	sparkling, ginger flavoured	Černá Hora
Sylvána	sparkling, grape flavoured	Černá Hora
Tonic	sparkling, tonic flavoured	Černá Hora
Kombajnérka	sparkling, lemon flavoured	Černá Hora
Grena	sparkling, grapefruit and lemon flavoured	Černá Hora
Koala	sparkling, cola flavoured	Černá Hora
Artézia neperlivá	still water	Černá Hora
Artézia jemně perlivá	sparkling water	Černá Hora

Source: The Issuer

(vi) Sales activities

The Group's sales are principally divided into two categories – the more profitable on-trade segment, serving public houses and restaurants (mainly sales of draught drinks) and the off-trade segment, serving retailers (bottled drinks).

In line with market development, the Group is experiencing a slight shift from the on-trade segment to the off-trade segment. The Group is able to maintain a significantly higher share of on-trade sales on total sales than market average though, as described in more detail below in the 'Principal Markets' subsection of this Prospectus. In 2013, on-trade sales accounted for 54% of total domestic beer sales of the Group, including private labels. Excluding private label production, the Group realised 64% sales in the on-trade segment in 2013.

In 2013, more than 5,300 customers in the on-trade segment were supplied directly and more than 1,000 exclusively through a third party – mostly wholesalers. During 2011-2013, the Group was able to sign new contracts with 1,709 customers in the on-trade segment.

Number of the Group's On-trade customers

On-Trade Customers	2009	2010	2011	2012	2013
Supplied directly	*3,407*	*4,836*	*5,349*	*5,273*	*5,306*
Supplied via third party				*1,176*	*1,058*
Total				***6,449***	***6,364***

Source: The Issuer
Note: Data for supplies via third party not available for 2009-2011

Most public houses and restaurants in the Czech Republic are contractually bound to purchase certain volumes of beer from the Big 4 players. On-trade customers are motivated to move away from Big 4 beers and to differentiate themselves from other public houses and restaurants due to increasing popularity of regional beers as described in 'Principal Markets' subsection of this section of the Prospectus.

The process of customer acquisition in the on-trade segment consists in offering down-payments to public houses and restaurants owners for redemption of their existing contracts with other breweries (contractual penalty for outstanding volumes) and in providing initial investments in the outlet, such as tapping equipment, glasses, table cloths etc.

The Group typically signs contracts with its on-trade segment customers for a period of 3-5 years. To minimise dubious receivables, acquisitions (new contract signings) in the on-trade segment are evaluated by a three-step profitability model. Cases exceeding certain minimum value are also evaluated by an external credit scoring agency. Due to high demand from potential on-trade customers to sell the Group's beers, the new contracts can be signed quickly.

The Group has a successful track record in on-trade customer acquisitions – 237 public houses and restaurants were acquired in 2012/2013 with contractual purchases totalling 59 thousand hl annually. In addition, pipeline for acquisitions of concrete public houses and restaurants by the Group totalling CZK 125 million currently exist.

Acquisitions of individual breweries by the Group resulted in the past in increase on-trade segment sales in their domestic region. The Group provides above standard customer service which results in closer customer relationships. Offering regional and special beers also helps with distribution network expansion in the on-trade segment.

Off-trade segment goods are delivered to 62 wholesale warehouses and distribution centres of Czech and foreign retail chains. The split between wholesale and direct distribution is approx. 50:50 both in terms of volume and value. Some off-trade customers use mix of wholesale and direct distribution.

The Group has a business relationship with all the international retail chains operating in the Czech Republic and also with Czech purchasing alliance COOP and with most privately owned Czech retail / franchise chains. Focus is currently on increasing deliveries to international retail chains operating outside the Czech Republic – exports.

So far the Group doesn't have own can filling capabilities and uses external providers (Budějovický Budvar). 1,481 hl of beer has been filled in cans in 2013 – premium brands *Lobkowicz* (589 hl), *Lobkowicz Nealko* (447 hl) and *Merlin* (445 hl).

In the off-trade segment, private label production accounts for approximately 35%. Key private label customers include Lidl (brands "*Argus Majestic*", "*Argus Nealko*", "*Argus Pšeničné*", "*Argus Radler*"), Ahold ("*Bertold*" brand) and Interspar ("*Pittinger*" brand).

The Group's Protivín brewery is the first IFS-certified ("*International Food Standard*") brewery in the Czech Republic, meeting Lidl's requirements for private label suppliers.

In terms of volumes, exports accounted for 20% of the Group's sales in 2012 and in 2013 and for 17% in 2011. Approx. 60% of exports is realised in the off-trade segment. The Group's key export customers are German retail chains Norma and Lidl, and Slovak customers, altogether making up more than 75% of the total exports.

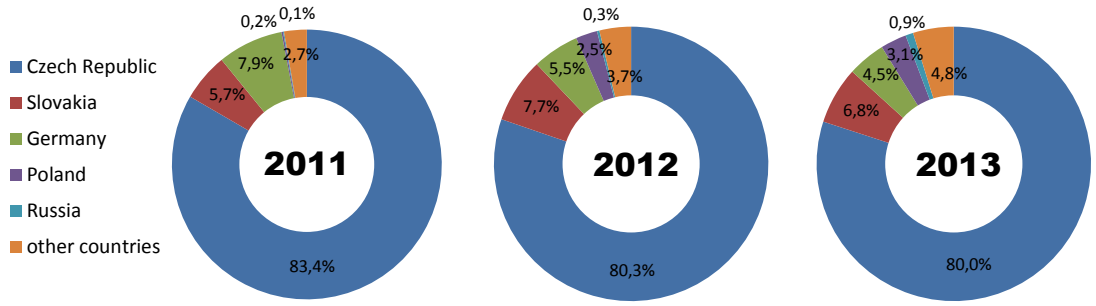
Exports to key markets – Slovakia, Germany, Poland and Russia – including supplies to Norma and Lidl retail chains reached the following volumes:

Production breakdown by target countries (2011-2013, in thousand hectolitres)

Country	2011	2012	2013
Slovakia	*47*	*65*	*57*
Germany	*65*	*47*	*38*
Poland	*2*	*22*	*26*
Russia	*1*	*2*	*8*

Source: The Issuer

Production breakdown by target countries (2011-2013, in terms of volumes)



Source: The Issuer

Norma

The German grocery chain Norma ranked among the Group's top customers 5-6 years ago, purchasing mainly the "*Lobkowicz*" beer (both light and dark beer) produced in Vysoký Chlumec. Due to low profitability and impossibility of increasing prices, sales to Norma gradually decreased from nearly 75 thousand hl in 2010 to 37 thousand hl in 2013. Norma still purchases beers produced in Vysoký Chlumec ("*Fürst*" and "*Baron*" brands) and sells them under the "*Lobkowicz*" brand.

Lidl

The second key account Lidl significantly increased purchases from the Group – from 17 thousand hl in 2010 to 63 thousand hl in 2013. Lidl sells beers produced by the Group, mostly private label beers, in multiple markets – Slovakia, Poland, Bulgaria, Romania, Hungary and Croatia.

Slovakia

The Group's supplies to Slovakia are mainly secured by two key wholesale partners –ČH, s.r.o. ("*ČH Žilina*"), importing beers produced in Černá Hora, Klášter and since 2013 also in Vysoký Chlumec, and Distrib Capital, s.r.o. ("*Distrib Capital*"), importing beers produced in Protivín, Jihlava and Uherský Brod. Exports to Slovakia decreased from 34 thousand hl in 2010 to 28 thousand hl in 2013 (except for supplies to Lidl) due to shrinking Slovak beer market as well as unfavourable payment conditions and change of focus of business activities of the Group's Slovak partners. Thanks to a new contract signed with Distrib Capital, the Group expects exports to Slovakia to increase above 30 thousand hl in 2014. Exports to Slovakia are mainly supported by building of visibility and brand awareness. No significant investments are being realised.

Other export markets

The remainder of the Group's exports go to 32 countries world-wide. This export segment grew from 14 thousand hl in 2010 to 41 thousand hl in 2013 (except for supplies to Norma and Lidl in all respective countries). In this segment, the Group is able to realise the highest selling price, which increases each year. The Group's plan for 2014 in this segment is 45 thousand hl. Key

export markets are Russia/CIS, Italy, Poland, Scandinavia and Asia. The Group also exports to Brazil.

In Russia+CIS (8 thousand hl for Russia and 2 thousand hl for the rest of CIS in 2013), the Group cooperates with two key partners, purchasing "*Klášter"* beer and private label "*Karlovar"* beer respectively. Both of the Group's partners focus on European part of Russia/CIS but with to expand to Asia. The Group estimates that increased support in terms of introduction of new packaging, mix-packs, extension of warranties, special packaging for the Christmas, Easter and all the "Russian" holidays and other marketing activities would result in export volumes increase of approx. 50%. Additional activities leading to increased volumes would be listing and presentation in retail chains such as Auchan or Metro. The Group believes there is significant export potential in Ukraine.

In Italy (6.5 thousand hl in 2013), the Group also cooperates with two key partners. The Group currently negotiates entry to the off-trade segment, which would increase its export volumes to Italy. Potential investments would be aimed at increased product presentation, sales promotions, support of local beer festivals and other regional events, as well as advertising in general and beer-related periodics.

In Poland (3.6 thousand hl in 2013 except for supplies to Lidl), the Group carries out on-going activities in the field of visibility increasing and supplies of tapping equipment and other point of sale equipment to on-trade customers. The Group intends to organise beer-related events in cooperation with selected customers. Investments of approx. €1,000 per listing in one retail outlet (chains such as Bedronka or Auchan) could lead to up to 20 thousand hl annual increase in the Group's off-trade sales to Poland. Such investments would have to be accommodated by sales promotions and by additional investments to set-up of bottle redemption machines.

In Scandinavia (4thousand hl in 2013), the Group estimates the export volume to increase by up to 5 thousand hl per year under the condition of investing into a can filling line, resulting in the Group's ability to sell canned beer for a competitive price. The Group doesn't expect significant sales growth in Finland or Norway. Exports to Denmark and Sweden could be positively affected by introduction of "organic" beer, especially in terms of value (price).

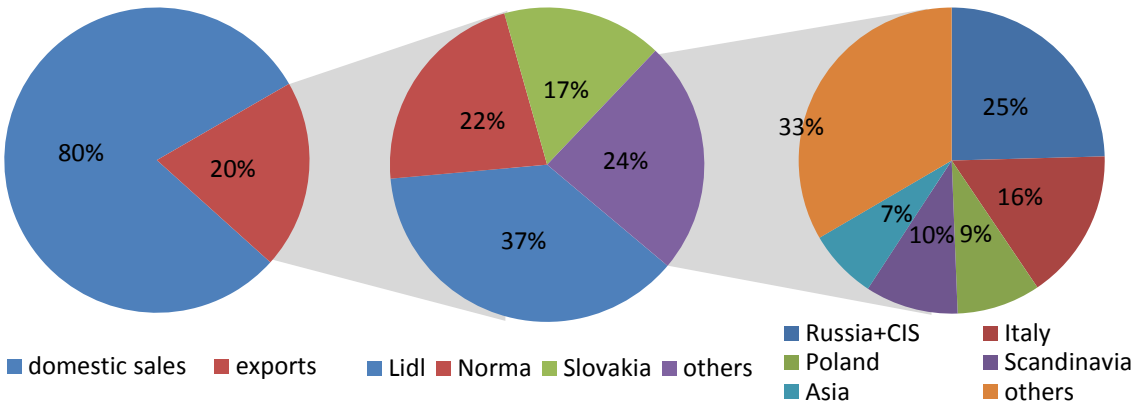
In Asia (3 thousand hl in 2013), the Group's key export markets are China and India. Marketing activities in China focus on helping local partners in building individual on-trade outlets, and in supporting their sales team. Assuming investment of CZK 20 million, four or five branded restaurants could be established, helping build brand awareness in the given region. Such investment could lead to an estimated 300% increase in sales to China. In India, the Group's business activities are under development. Contemplated forms of cooperation include establishment of a joint venture for brewery operation or for retail chain specialising in beer, and licensed production in India.

In terms of export markets, there are several other opportunities for the Group currently under negotiation:

- Supplies to Maxima, the largest retail chain operating in the Baltics (Lithuania, Latvia, Estonia) amounting to up to 15 thousand hl annually.
- Supplies of the Group's special beers to the USA, subject to ability to fill beer in 0.345l bottles packed in six-packs or in 24-bottle cardboard boxes and subject to 12-month warranties. The Group estimates that by 2016, it could supply up to 20 thousand hl annually.
- A tender for supplies of canned beer to the UK has been won by the Group. Contract is currently being finalised, assuming 6 thousand hl to be supplied in 2014, gradually increasing to 20 thousand hl in 2016.

In general, ability to fill beer in cans or in non-standard bottles would increase the Group's flexibility and possibilities in terms of exports. Ability to provide longer warranties would also help increase exports.

Production breakdown (2013)



Source: The Issuer

Production of exported beers is split between four breweries: Protivín (including Lidl), Vysoký Chlumec (including Norma), Černá Hora (especially Slovakia) and Klášter (mostly Russia).

Following acquisitions of individual breweries by the Group, unfavourable export contracts – mostly private label – signed by the original owners were terminated, causing temporary drop in exports.

(vii) Group's Market Position and Strategy

The Group's key strength is the ability to offer uniquely wide product portfolio consisting of various beer types and a limited number of soft drinks. Due to the relatively smaller production capacity of the Group's individual breweries compared to the large international breweries, the Issuer is able to promptly react to market trends and customer requirements and introduce new beer types and brands, maintaining reasonable economies of scale in such moves. Another strong point of the Group's business is the regional footprint of its breweries, which together with increasing customer loyalty, contributes to increased sales in the respective regions and allowing the Group to offer numerous uncommon beers in other regions at the same time.

The Group has undertaken numerous performance improvement measures such as centralisation of purchasing and management of certain activities. Nowadays, the Group is able to efficiently operate multiple breweries.

Premium Segment Growth

The Group's strategy is to maintain its flexibility and wide range and to capitalise on changing customer preferences and demand, shifting towards regional and special beers. Ability to promptly react to market trends and to introduce new beer types while maintaining economies is perceived as very important by the Group. Focus on promotion and sale of such beers and also on premium segment is believed to have a positive impact on the Group's financial performance.

On-Trade Segment Growth

The Group intends to focus on its domestic market by further penetrating the more profitable on-trade segment (public houses and restaurants, as elaborated on below), supported by increasing popularity of various beer types within its broad product portfolio. Current pipeline for the on-trade segment expansion totals CZK 125 million of initial investments.

Exports Growth

Capitalisation on positive perception of Czech beers abroad by strengthening long-term cooperation with existing foreign distributors of the Group's products as well as acquiring new export customers is another pillar of the Group's strategy. Concrete projects with foreign partners are already being realised.

Contemplated Brewery Acquisition

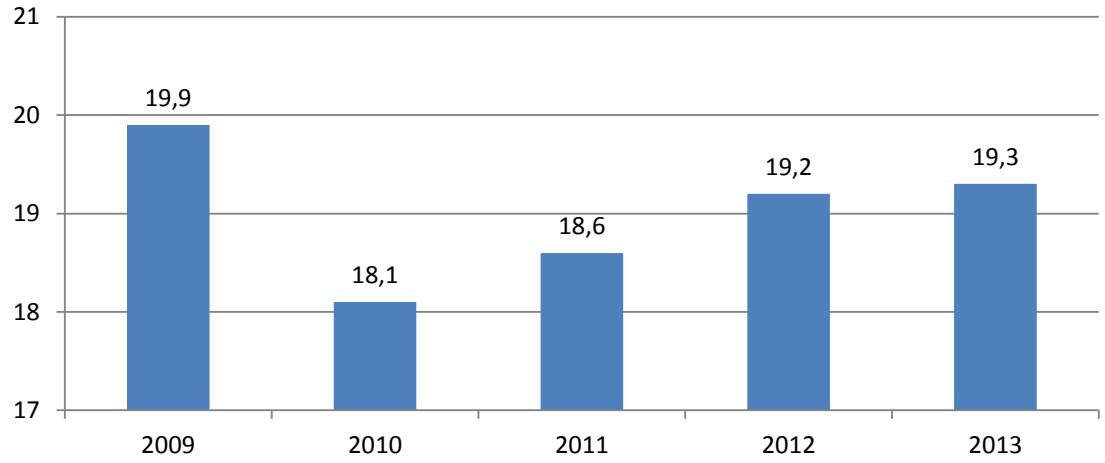
The Group has also pre-negotiated an acquisition of a brewery in 2014 and has signed a corresponding Memorandum of Understanding. The acquired brewery would then be integrated

in the Group's centralised management system. Further acquisitions of breweries would be considered and evaluated on a case by case basis.

(b) **Principal Markets**

The Czech Republic is well known for its beer which is exported to more than 50 countries worldwide. According to ČSPS Report on the State of Czech Brewing and Malting 2013, the Czech beer production has reached 19.3 million hl in 2013. Business Monitor International's Czech Republic Food and Drink Report Q2 2014 forecast the Czech beer production to remain nearly flat until 2018.

Beer production for the Czech market (2009-2013, in millions of hectolitres)



Source: BMI Czech Republic Food and Drink Report Q2 2014

After a steep decline in 2010 caused by a hike in excise tax on beer, the production has been increasing year-on-year, recording a 2010/2013 CAGR (compound annual growth rate) of 2.2%.

Czech beer market is dominated by the "**Big 4**" brewing companies, consisting of Plzeňský Prazdroj, owned by SABMiller, Staropramen owned by Molson Coors, Heineken CZ, and state-owned Budějovický Budvar. The Big 4 is estimated to have a 75-80% market share of total Czech beer production. The Group estimates its market share of total beer production in the Czech Republic at approx. 4.4%.

Big 4's total production (2009-2013e, in thousands of hectolitres)

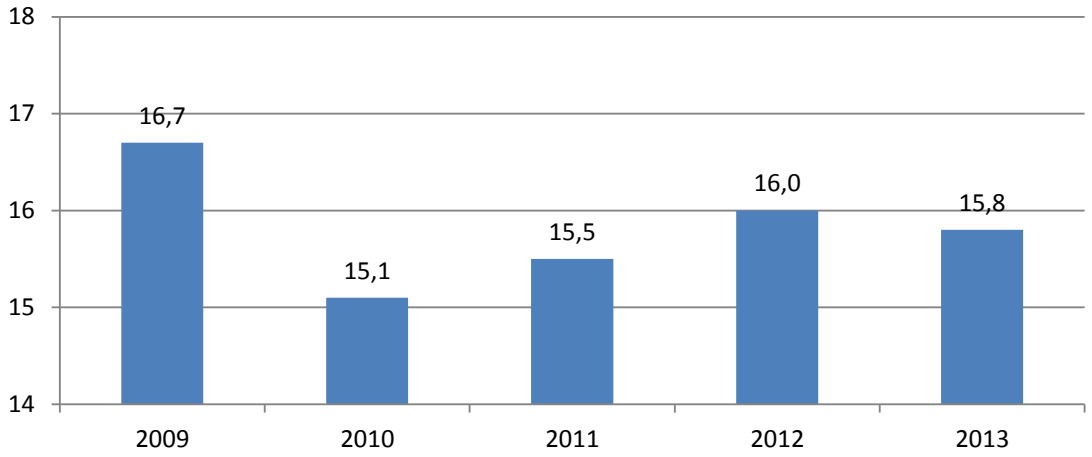
Company	2009	2010	2011	2012	2013e	5y CAGR
#1 Plzeňský Prazdroj	8,322	7,641	7,642	7,778	7,700	-2%
#2 Staropramen	3,037	2,758	3,022	3,160	3,160	+1%
#3 Heineken CZ	2,615	2,310	2,380	2,436	2,400	-2%
#4 Budějovický Budvar	1,275	1,251	1,319	1,338	1,424	+3%
Sub-Total	**15,249**	**13,960**	**14,363**	**14,712**	**14,684**	**-1%**
#5 The Group	794	840	824	867	854	+2%

Source: Big 4 breweries' annual reports and press releases, the Issuer's estimates; 2009/2013e CAGR displayed

Other important Czech breweries include Moravskoslezské pivovary (PMS; consisting of Holba, Zubr and Litovel breweries and having 2013 production of approx. 750 thousands of hl) and LIF group (consisting of Svijany, Rohozec and Primátor breweries and having 2013 production of approx. 600 thousands of hl). According to ČSPS, the Czech beer market consists of about 50 large and medium-sized industrial breweries and more than 200 micro-breweries (annual production of up to 10 thousands of hl), which together produce almost 400 local brands, some with traditions extending back hundreds of years.

Czech beer production for the domestic market recorded a 1.1% y-o-y decline in 2013. Imports stabilised at around 500 thousands of hl annually (around 3% of domestic consumption) in 2012 and 2013.

Czech beer production (2009-2013, millions of hectolitres)



Source: ČSPS Report on the State of Czech Brewing and Malting 2013

Taking into consideration only Czech beer production for the domestic market, the Group estimates its market share at approx. 4-5%. In its home market, the Group is ranked number four before heavily export-driven Budějovický Budvar.

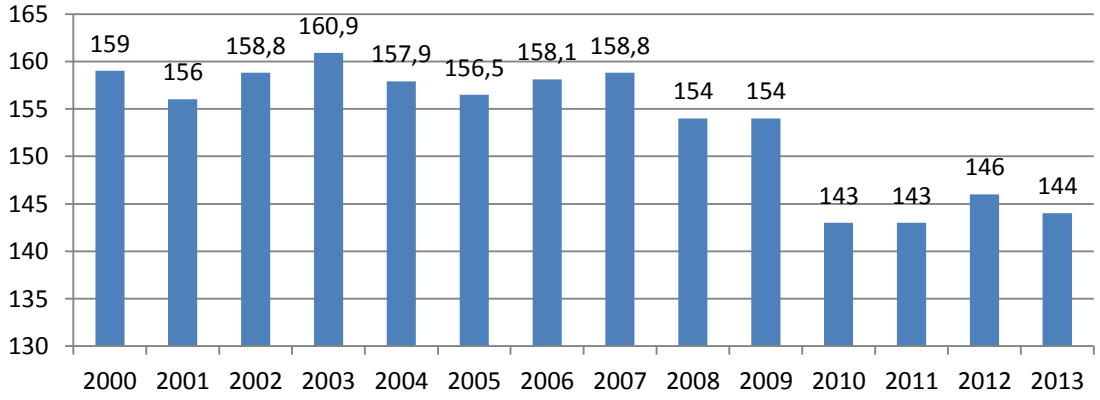
Big 4's production for the Czech market (2009-2013e, in thousands of hectolitres)

Company	2009	2010	2011	2012	2013e	4y CAGR
#1 Plzeňský Prazdroj	7,527	6,810	6,760	6,718	6,586	-4%
#2 Staropramen	2,400	2,177	2,393	2,538	n/a	+2%
#3 Heineken CZ	1,847	1,732	1,842	1,891	n/a	+1%
#5 Budějovický Budvar	695	645	667	681	660	-1%
Sub-Total	**12,469**	**11,364**	**11,662**	**11,828**	**n/a**	**-2%**
#4 The Group	612	700	687	696	683	+4%

Source: Big 4 breweries' annual reports and press releases, the Issuer's estimates; 2009/2012 CAGR displayed

The Czech beer market as a whole is saturated and stable. The average beer consumption per capita fell from around 160 litres annually in 2000-2007 to around 145 litres annually from 2010 onwards, mainly due to the global economic downturn. Nevertheless, Czechs are still the number 1 beer consumers worldwide.

Beer consumption per capita in the Czech Republic (2000-2013, in litres)



Source: ČSPS Report on the State of Czech Brewing and Malting Industry in 2012

As consumption is stable with no decline prospects, increasing the share of premium brands is seen as a key growth driver with substantial potential on the domestic market, forcing breweries to increasingly invest in their premium brands.

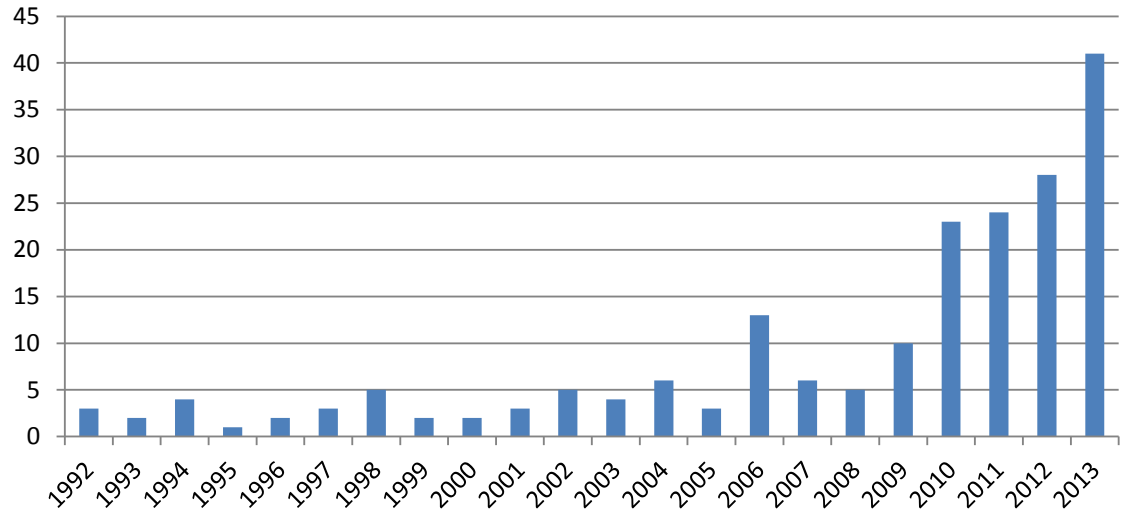
Until recently, the Czech beer market focused almost exclusively on production of traditional light Pilsner type beers. Currently, there is a clear shift in customer preferences towards regional lagers, higher degree and special beers, including traditional Czech beers in unfiltered or yeast variants. The ČSPS estimates the number of beer brands produced in the Czech Republic to be

almost 400. Medium-sized and small breweries, including the Group‘s breweries, have, in comparison with the large multinational breweries, higher flexibility to create, produce and offer such kinds of beer.

According to ČSPS survey conducted in September 2013, 88% men and 70% women are usually interested in what kind of beer and brand they drink. According to the same survey, there is a clear shift from the traditional 10° beer towards higher degree beers and beer specials – 10°’s popularity fell from 50% in 2006 to 31% in 2013 (men only). A recent study conducted by GfK SE (Germany's largest market research institute) published by *Lidové noviny*, confirms decreasing customers’ interest in mainstream beer brands in favour of regional brands.

Increasing popularity of special beers can also be evidenced by a number of micro-breweries (production under 10,000 thousand hl annually) opened annually in the Czech Republic. According to *Hospodářské noviny*, in 2014, about 50 new micro-breweries are estimated to be opened and their total number is expected to increase from current 215 to 350 by 2015.

Number of micro-breweries opened on the Czech market (1992-2013)

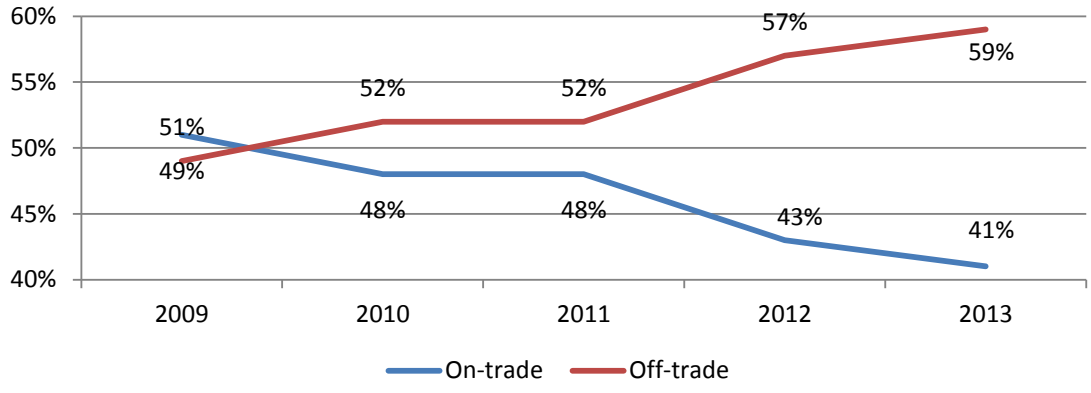


Source: www.pivni.info

An internal Synovate study conducted in 2008 based on 9,121 interviews in 16 markets shows that 92% Czechs think that Czech beer is the best in the world. In other words, Czechs prefer to drink Czech beer – traditional Czech beer. Beer patriotism of the Czechs is also evidenced by a ČSPS survey conducted in September 2013.

Another trend observed on the Czech market is shift from on-trade segment towards off-trade segment, caused partly by increase in price difference between draught and bottled beer and higher price sensitivity of consumers in times of economic crisis. Sector analysts expect this trend to continue until the off-trade segment reaches a 70% share of total beer sales.

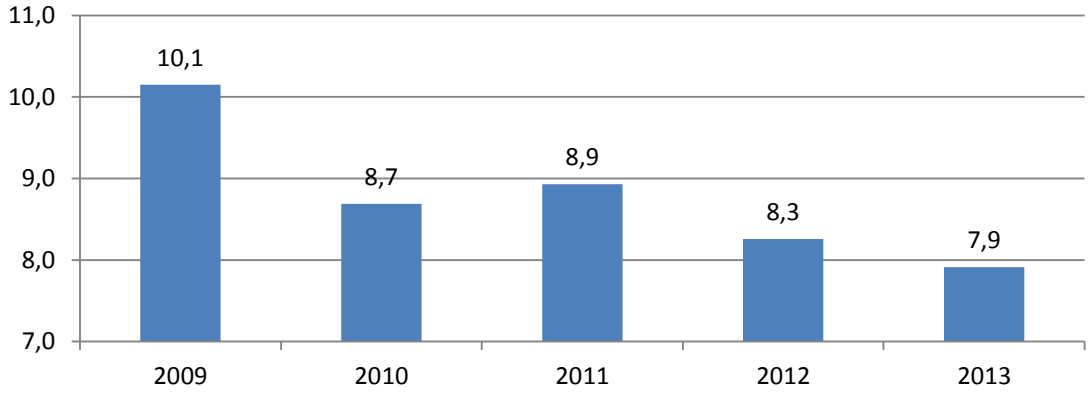
On-trade vs. Off-trade segment sales (2009-2013)



Source: ČSPS Report on the State of Czech Brewing and Malting 2013

Total Czech on-trade segment sales have been declining since 2011, recording a 2009/2013 CAGR of -6%.

Czech beer sales in the On-trade segment (2009-2013, millions of hectolitres)



Source: ČSPS Report on the State of Czech Brewing and Malting 2013

The Group is outperforming the whole market and especially the Big 4 in on-trade segment sales. Currently, the Group is ranked number 4 in the Czech on-trade segment sales, surpassing Budějovický Budvar in 2012.

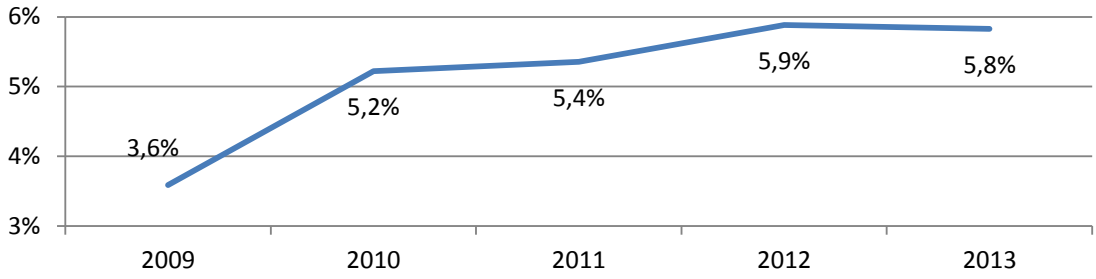
Big 4's production in the Czech On-trade segment (2009-2013e, thousands of hectolitres)

Company	2009	2010	2011	2012	2013e	4y CAGR
#1 Plzeňský Prazdroj	4,244	3,897	3,821	3,656	n/a	-5%
#3 Staropramen	1,154	1,020	967	916	n/a	-7%
#2 Heineken CZ	1,412	1,086	976	950	n/a	-12%
#5 Budějovický Budvar	599	538	514	455	n/a	-9%
Sub-Total	**7,410**	**6,541**	**6,278**	**5,977**	**n/a**	**-7%**
#4 The Group	364	454	478	486	461	10%

Source: Big 4 breweries' annual reports and press releases, the Issuer's estimates; 2009/2012 CAGR displayed

In 2008-2013, the Group was able to increase its market share in on-trade segment from estimated 3.6% to 5.8% and expects this trend to continue.

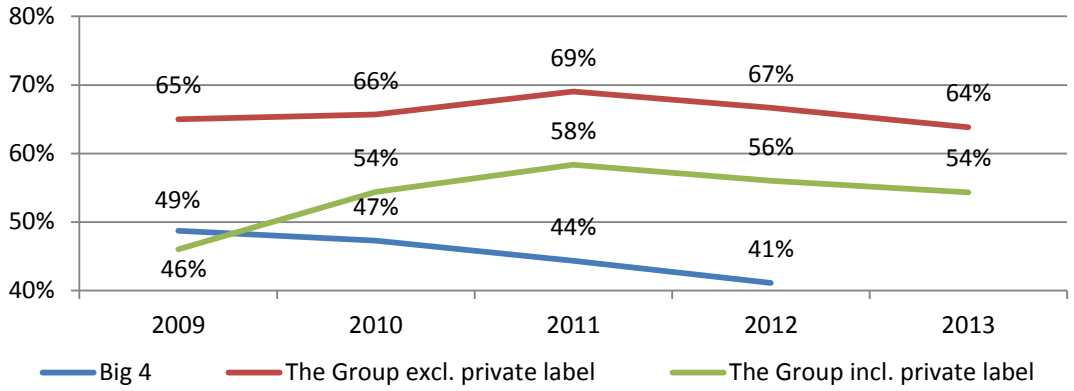
The Group's market share in the Czech On-trade segment (2009-2013)



Source: ČSPS Report on the State of Czech Brewing and Malting 2013; the Issuer

Recently *Mladá Fronta Dnes* reported that some major players including Plzeňský Prazdroj and Primátor announced their intention to fight the trend of decreasing on-trade segment sales by increasing off-trade prices while keeping on-trade segment flat. In spite of market developments, the Group maintains a strong 54% share of on-trade segment sales (including private label production), resp. 64% share excluding private label production. The Group is able to maintain such high ratio mainly thanks to its wide product portfolio including numerous special beers, capitalising on the overall trend away from nation-wide brands and towards regional beers / specialities.

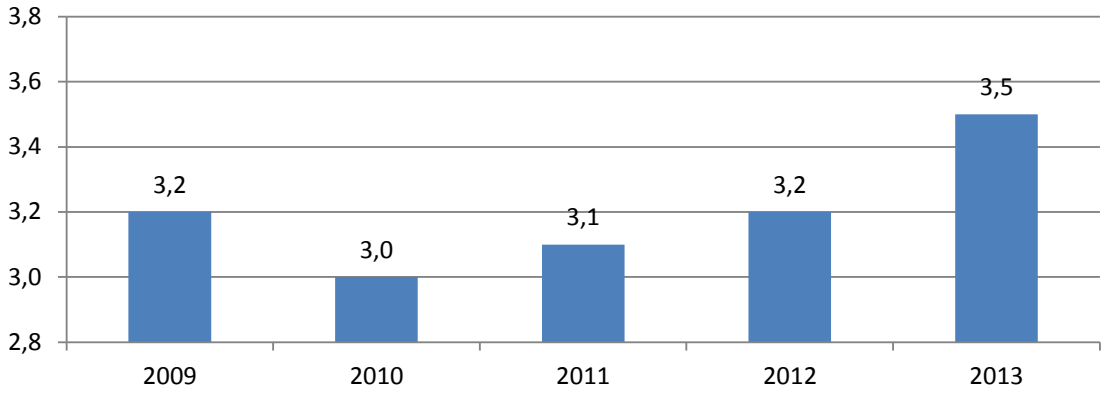
Big 4's and the Group's On-trade segment sales (2009-2013, in hectolitres)



Source: Big 4 breweries' annual reports and press releases, the Issuer's estimates

In 2013, exports grew 9% y-o-y and accounted for 19% of total Czech beer production. Germany, Slovakia, Russia, Sweden, the UK and Poland are the key export markets.

Czech beer exports (2009-2013, millions of hectolitres)



Source: ČSPS Report on the State of Czech Brewing and Malting 2013

Exports are now viewed as the primary growth strategy for large breweries, as their domestic sales are decreasing to benefit of local medium-sized and small breweries or stagnating at best.

Big 4's Export Production (2009-2013e, thousands of hectolitres)

Company	2009	2010	2011	2012	2013e	4y CAGR
#1 Plzeňský Prazdroj	795	831	882	1,060	1,114	+10%
#3 Staropramen	637	581	629	622	n/a	-1%
#4 Heineken CZ	768	578	538	545	n/a	-11%
#2 Budějovický Budvar	580	606	652	657	764	+4%
Sub-Total	**2,780**	**2,596**	**2,701**	**2,884**	**n/a**	**+1%**
#5 The Group	182	140	137	171	171	-2%

Source: Big 4 breweries' annual reports and press releases, the Issuer's estimates; 2009/2012 CAGR displayed

According to ČSPS Report on the State of Czech Brewing and Malting 2013, lagers export (74% share on total exports) recorded a 9% y-o-y growth while special beers export (8% share) grew 17% y-o-y in 2013. Light beers export (18% share) declined 12% y-o-y in 2013.

Use of the "*Czech beer*" EU-protected geographical indication ("***PGI***") as a quality guarantee and protection against competition measure helps Czech beer producers. A total of 13 Czech breweries including the Group's Protivín and Černá Hora breweries use this PGI for a total of 71 brands.

5.7. ORGANISATIONAL STRUCTURE

(a) Shareholders of the Issuer

As at the date of the Prospectus, there are, and as at the date of Capitalisation there will be four shareholders of the Issuer, and in particular (i) Palace Capital, a.s., (ii) GO solar s.r.o., (iii) Ms Eva Kropová and (iv) Mr Zdeněk Radil.

The sole shareholder of the Palace Capital, a.s. is Mr Martin Burda. The sole shareholder of the Go solar s.r.o. is FOSSTON a.s. and the controlling shareholder of FOSSTON a.s. is Mr Gregorz Hóta.

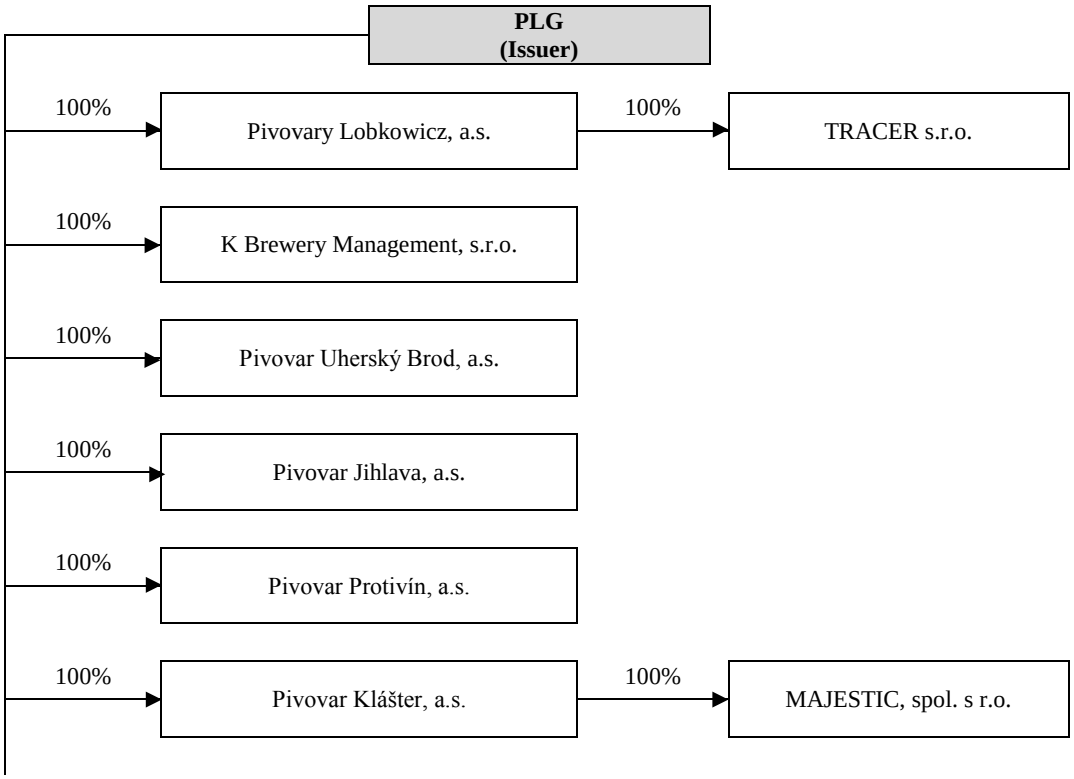
The table below indicate the shareholding structure of the Issuer as (i) at the date of the Prospectus and (ii) at the date of Capitalisation (see 'Information on Shares' section, 'Increase in the Issuer's share capital' subsection of this Prospectus).

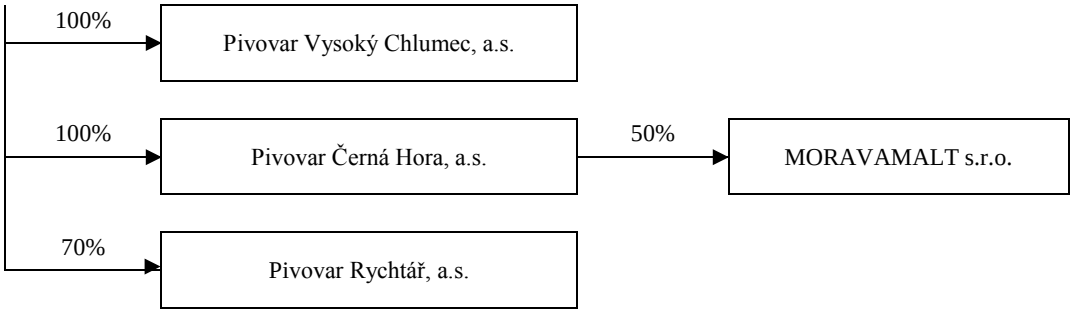
	At the date of the Prospectus		**At the date of the Capitalisation**	
Shareholder	**Number of Shares - Number of votes**	**%**	**Number of Shares - Number of votes**	**%**
Palace Capital, a.s.	6,875	55.00%	6,290,938	67.01%
GO solar s.r.o.	3,750	30.00%	3,094,688	32.97%
Ms Eva Kropová	750	6.00%	750	0.01%
Mr Zdeněk Radil	1,125	9.00%	1,125	0.01%
Total	**12,500**	**100.00%**	**9,387,501**	**100.00%**

(b) **Group Structure**

As of the date of the Prospectus the Issuer is the sole owner or co-owner of nine principal companies (the **Subsidiaries**) identified below (the Issuer and the Subsidiaries jointly as the **Group**). The Issuer controls the Subsidiaries through the ownership interests in them. In addition, most of the Subsidiaries are controlled by K Brewery Management, s.r.o. based on control agreements (in Czech, *ovládací smlouva*).

The chart below presents the Group structure:





Selected Subsidiaries

Pivovary Lobkowicz, a.s., a joint-stock established and existing under the laws of the Czech Republic, with its registered office at Prague 4, Hvězdova 1716/2b, postal code 140 78, Identification number: 284 89 411, registered in the Commercial Register maintained by the Municipal Court in Prague, File B, Insert 14838:

Scope of business	production, trade and services not specified in annexes 1 – 3 of the Trade Licensing Act
Share capital	CZK 2,000,000
Shares	100 ordinary name registered shares in the nominal value of CZK 20,000 per share
Shareholder	Issuer as a sole shareholder owns 100 ordinary name registered shares which equals to the contribution to the share capital and voting rights of 100%
Board	Chairman of the board: Zdeněk Radil Vice-chairman of the board: Eva Kropová Member of the board: Otakar Binder
Supervisory Board	Chairman of the supervisory board: Martin Burda Member of the supervisory board: Petr Bič Member of the supervisory board: Grzegorz Hóta

K Brewery Management, s.r.o., a limited liability company established and existing under the laws of the Czech Republic, with its registered office at Prague 4, Hvězdova 1716/2b, postal code 140 78, Identification number: 284 89 993, registered in the Commercial Register maintained by the Municipal Court in Prague, File C, Insert 145383:

Scope of business	production, trade and services not specified in annexes 1 – 3 of the Trade Licensing Act
Share capital	CZK 440,098,000
Ownership interest	one ownership interest representing 100% of the share capital
Shareholder	Issuer as a sole shareholder owns ownership interest which equals to the contribution to the share capital and voting rights of 100%
Director	Petr Bič

Pivovar Uherský Brod, a.s., a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Uherský Brod, Neradice 369, postal code 688 16, Identification number: 607 42 917, registered in the Commercial Register maintained by the Regional Court in Brno, File B, Insert 1548:

Scope of business	catering and accommodation brewing and malting production, trade and services not specified in annexes 1 – 3 of the Trade Licensing Act motor road vehicle transport – cargo domestic operated by the vehicles with maximum permitted weight up to the 3,5 tonne motor road vehicle transport – cargo domestic operated by the vehicles with maximum permitted weight over the 3,5 tonne

Share capital	CZK 72,500,000
Shares	6 bearer shares in the nominal value of CZK 5,000,000 per share 40 bearer shares in the nominal value of CZK 1,000,000 per share 25 bearer shares in the nominal value of CZK 100,000 per share
Shareholder	Issuer as a sole shareholder owns 71 bearer shares which equals to the contribution to the share capital and voting rights of 100%
Board	Chairman of the board: Zdeněk Radil Vice-chairman of the board: Eva Kropová Member of the board: Otakar Binder
Supervisory Board	Chairman of the supervisory board: Petr Bič Member of the supervisory board: Petr Blažek Member of the supervisory board: Antonín Kročil

Pivovar Jihlava, a.s., a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Jihlava, Vrchlického 2, postal code 586 01, Identification number: 499 73 711, registered in the Commercial Register maintained by the Regional Court in Brno, File B, Insert 1276:

Scope of business	catering and accommodation brewing and malting production, trade and services not specified in annexes 1 – 3 of the Trade Licensing Act
Share capital	CZK 221,783,000
Shares	221,783 bearer shares in the nominal value of CZK 1,000 per share
Shareholder	Issuer as a sole shareholder owns 221,783 bearer shares which equals to the contribution to the share capital and voting rights of 100%
Board	Chairman of the board: Zdeněk Radil Vice-chairman of the board: Eva Kropová Member of the board: Otakar Binder
Supervisory Board	Chairman of the supervisory board: Petr Bič Member of the supervisory board: Petr Dobrovolný Member of the supervisory board: Petr Blažek

Pivovar Protivín, a.s., a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Protivín, Pivovar 168, postal code 398 11, Identification number: 260 25 248, registered in the Commercial Register maintained by the Regional Court in České Budějovice, File B, Insert 1990:

Scope of business	purchase of goods for further sale brewing and malting
Share capital	CZK 40,000,000
Shares	100 ordinary bearer shares in the nominal value of CZK 400,000 per share
Shareholder	Issuer as a sole shareholder owns 100 ordinary bearer shares which equals to the contribution to the share capital and voting rights of 100%
Board	Chairman of the board: Zdeněk Radil Vice-chairman of the board: Eva Kropová Member of the board: Otakar Binder
Supervisory Board	Chairman of the supervisory board: Petr Bič Member of the supervisory board: Petr Blažek Member of the supervisory board: Jiří Bodlák

Pivovar Klášter, a.s., a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Klášter Hradiště nad Jizerou 16, postal code 294 15, Identification number: 251 46 297, registered in the Commercial Register maintained by the Municipal Court in Prague, File B, Insert 4844:

Scope of business	brewing and malting

	catering and accommodation production, trade and services not specified in annexes 1 – 3 of the Trade Licensing Act
Share capital	CZK 1,000,000
Shares	100 ordinary bearer shares in the nominal value of CZK 10,000 per share
Shareholder	Issuer as a sole shareholder owns 100 ordinary bearer shares which equals to the contribution to the share capital and voting rights of 100%
Board	Chairman of the board: Zdeněk Radil Vice-chairman of the board: Eva Kropová Member of the board: Otakar Binder
Supervisory Board	Chairman of the supervisory board: Petr Bič Member of the supervisory board: Petr Blažek Member of the supervisory board: Jiří Faměra

Pivovar Vysoký Chlumec, a.s., a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Vysoký Chlumec 29, postal code 262 52, Identification number: 463 53 224, registered in the Commercial Register maintained by the Municipal Court in Prague, File B, Insert 15277:

Scope of business	brewing and malting production, trade and services not specified in annexes 1 – 3 of the Trade Licensing Act
Share capital	CZK 80,000,000
Shares	40 ordinary name registered shares in the nominal value of CZK 1,000,000 per share 40 preferred name registered shares in the nominal value of CZK 1,000,000 per share
Shareholder	Issuer as a sole shareholder owns 80 shares which equals to the contribution to the share capital and voting rights of 100%
Board	Chairman of the board: Zdeněk Radil Vice-chairman of the board: Eva Kropová Member of the board: Otakar Binder
Supervisory Board	Chairman of the supervisory board: Petr Bič Member of the supervisory board: Petr Blažek Member of the supervisory board: Libor Homolka

Pivovar Černá Hora, a.s., a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Černá Hora, nám. U Pivovaru 3, postal code 679 21, Identification number: 282 82 876, registered in the Commercial Register maintained by the Regional Court in Brno, File B, Insert 5599:

Scope of business	brewing and malting production, trade and services not specified in annexes 1 – 3 of the Trade Licensing Act catering and accommodation manufacture and treatment of fermentation spirit, consumer spirit, spirits and other alcoholic beverages (except for beer, fruit distillates, other distillates and mead and other fruit distillates obtained by grower distillation)
Share capital	CZK 234,000,000
Shares	10 ordinary bearer shares in the nominal value of CZK 200,000 per share 16 ordinary bearer shares in the nominal value of CZK 14,500,000 per share
Shareholder	Issuer as a sole shareholder owns 26 ordinary bearer shares which equals to the contribution to the share capital and voting rights of 100%
Board	Chairman of the board: Zdeněk Radil Vice-chairman of the board: Eva Kropová Member of the board: Otakar Binder

Supervisory Board	Chairman of the supervisory board: Petr Bič Member of the supervisory board: Petr Blažek Member of the supervisory board: Jiří Müller

Pivovar Rychtář, a.s., a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Hlinsko v Čechách, Resslova 260, postal code 539 01, Identification number: 474 55 110, registered in the Commercial Register maintained by the Regional Court in Hradec Králové, File B, Insert 2967:

Scope of business	brewing and malting motor road vehicle cargo transport business, financial, organisational, and economic consulting wholesale specialized retail sale
Share capital	CZK 20,000,000
Shares	20 ordinary registered shares with a nominal value of CZK 1,000,000 per share
Shareholder	Issuer as a shareholder owns 14 ordinary registered shares which equals to the contribution to the share capital and voting rights of 70%
Board	Chairman of the board: Zdeněk Radil Vice-chairman of the board: Eva Kropová Member of the board: Otakar Binder
Supervisory Board	Chairman of the supervisory board: Ladislav Valtr Member of the supervisory board: Petr Bič Member of the supervisory board: Petr Blažek

MORAVAMALT, s.r.o., a limited liability company established and existing under the laws of the Czech Republic, with its registered office at Brodek u Přerova, Tovární 162, postal code 751 03, Identification number: 465 81 413, registered in the Commercial Register maintained by the Regional Court in Ostrava, File C, Insert 3624:

Scope of business	brewing and malting, production, trade and services not specified in annexes 1 – 3 of the Trade Licensing Act
Share capital	CZK 102,000
Ownership interest	two ownership interests each representing 50% of the share capital
Shareholder	Issuer has indirect control through Pivovar Černá Hora, a.s., a sole shareholder which owns ownership interest which equals to the contribution to the share capital and voting rights of 50%
Directors	First managing director: Jiří Faměra Second managing director: Zdeněk Radil Third managing director: Antonín Doleček Fourth managing director: Stanislav Müller

TRACER, s.r.o., a limited liability company established and existing under the laws of the Czech Republic, with its registered office at Modřice, Evropská 873, postal code 664 42, Identification number: 253 20 840, registered in the Commercial Register maintained by the Regional Court in Brno, File C, Insert 25401:

Scope of business	production, trade and services not specified in annexes 1 – 3 of the Trade Licensing Act
Share capital	CZK 102,000
Ownership interest	one ownership interest representing 100% of the share capital
Shareholder	Issuer has indirect control through Pivovary Lobkowicz, a.s., a sole shareholder which owns ownership interest which equals to the contribution to the share capital and voting rights of 100%

Director	Bořivoj Bartoněk

MAJESTIC, spol. s r.o., a limited liability company established and existing under the laws of the Czech Republic, with its registered office at Prague 4 - Nusle, Hvězdova 1716/2b, postal code 140 78, Identification number: 453 12 435, registered in the Commercial Register maintained by the Municipal Court in Prague, File C, Insert 6968:

Scope of business	manufacture of foodstuffs and drinks accommodation services in category – hotels purchase of goods for resale and sale real estate office production, trade and services not specified in annexes 1 – 3 of the Trade Licensing Act
Share capital	CZK 100,000
Ownership interest	one ownership interest representing 100% of the share capital
Shareholder	Issuer has indirect control through Pivovar Klášter, a.s., a sole shareholder which owns ownership interest which equals to the contribution to the share capital and voting rights of 100%
Director	Petr Bič

5.8. PROPERTY, PLANTS AND EQUIPMENT

As the Issuer is the holding company of the Group, its main assets are the ownership interests in the Subsidiaries. The Issuer owns no material property, plants or equipment.

The Group owns an extensive real estate portfolio in the Czech Republic. The ability of the Group to operate the breweries depends to a large extent on its real estate assets. The Group owns approximately 260 real estate sites. These properties occupy more than 300,000 square metres and are used for a number of different purposes, including beer brewing, parking sites, administration and office buildings, storage and space that is currently vacant.

The Group's real estate strategy comprises two main elements: (i) to manage property costs tightly; and (ii) to provide fit-for-purpose processing and delivering centres which allows the Group to generate competitive advantage in the Czech Republic.

The Group possess all possible privileges and authorizations associated with the operation of a brewery under the applicable legislation.

The main property sites owned by the Group are operated by the following subsidiaries:

(i) Pivovar Jihlava, a.s.

Title deed no. 206 in cadastral area Zbilidy	Buildings in the sole ownership of Pivovar Jihlava, a.s. with no existing encumbrances.
Title deed no. 1298 in cadastral area Polná	Plots in the sole ownership of Pivovar Jihlava, a.s. with no existing encumbrances.
Title deed no. 518 in cadastral area Jihlava	Buildings and adjacent plots in the sole ownership of Pivovar Jihlava, a.s. which form brewery complex with the following major encumbrances: • Mortgage in favour of GE Money Bank, a.s. securing receivables from the Overdraft Facility Agreement up to the amount of CZK 20,000,000. • Mortgage in favour of GE Money Bank, a.s. securing other future bank receivables which shall arise till 31 December 2025 up to the amount of CZK 40,000,000. • Mortgage in favour of GE Money Bank, a.s. securing receivables of the bank up to the amount of CZK 147,000,000. • Mortgage in favour of GE Money Bank, a.s. securing other

	future bank receivables which shall arise till 31 December 2025 up to the amount of CZK 147,000,000. • Mortgage in favour of GE Money Bank, a.s. securing other future bank receivables which shall arise till 31 December 2030 up to the amount of CZK 147,000,000. • Mortgage in favour of GE Money Bank, a.s. securing receivables up to the amount of CZK 20,000,000 and future receivables up to the amount of CZK 40,000,000 which shall arise till 31 December 2030.

(ii) Pivovar Černá Hora, a.s.

Title deed no. 2290 in cadastral area Černá Hora	Buildings and adjacent plots in the sole ownership of Pivovar Černá Hora, a.s. which form brewery complex with the following major encumbrances: • Mortgage in favour of S Morava Leasing, a.s. securing receivables from the Business facility agreement up to the amount of CZK 7,200,000. • Mortgage in favour of PPF banka a.s. securing receivables from the Facility agreement up to the amount of CZK 15,300,000. • Mortgage in favour of PPF banka a.s. securing receivables from the Facility agreement up to the amount of CZK 90,000,000. • Mortgage in favour of PPF banka a.s. securing receivables from the Overdraft facility agreement up to the amount of CZK 15,000,000.
Title deed no. 2395 in cadastral area Adamov	Plots in the sole ownership of Pivovar Černá Hora, a.s. with the following major encumbrances: • Mortgage in favour of PPF banka a.s. securing receivables from the Facility agreement up to the amount of CZK 15,300,000. • Mortgage in favour of PPF banka a.s. securing receivables from the Facility agreement up to the amount of CZK 90,000,000. • Mortgage in favour of PPF banka a.s. securing receivables from the Overdraft facility agreement up to the amount of CZK 15,000,000.
Title deed no. 149 in cadastral area Hodonín u Kunštátu	Buildings and adjacent plots in the sole ownership of Pivovar Černá Hora, a.s. with the following major encumbrances: • Mortgage in favour of PPF banka a.s. securing receivables from the Facility agreement up to the amount of CZK 15,300,000. • Mortgage in favour of PPF banka a.s. securing receivables from the Facility agreement up to the amount of CZK 90,000,000. • Mortgage in favour of PPF banka a.s. securing receivables from the Overdraft facility agreement up to the amount of CZK 15,000,000.
Title deed no. 2829 in cadastral area Letovice	Buildings and adjacent plots in the sole ownership of Pivovar Černá Hora, a.s. with the following major encumbrances: • Mortgage in favour of PPF banka a.s. securing receivables from the Facility agreement up to the amount of CZK 15,300,000. • Mortgage in favour of PPF banka a.s. securing receivables from the Facility agreement up to the amount of CZK 90,000,000.

	• Mortgage in favour of PPF banka a.s. securing receivables from the Overdraft facility agreement up to the amount of CZK 15,000,000.
Title deed no. 1240 in cadastral area Olešnice na Moravě	Buildings and adjacent plots in the joint ownership of Pivovar Černá Hora, a.s., Pivovar Černá Hora, a.s. owns the share of ideal ½ with the following major encumbrances: • Mortgage in favour of PPF banka a.s. securing receivables from the Facility agreement up to the amount of CZK 15,300,000. • Mortgage in favour of PPF banka a.s. securing receivables from the Facility agreement up to the amount of CZK 90,000,000. • Mortgage in favour of PPF banka a.s. securing receivables from the Overdraft facility agreement up to the amount of CZK 15,000,000.
Title deed no. 7549 in cadastral area Otrokovice	Buildings and adjacent plots in the sole ownership of Pivovar Černá Hora, a.s. with the following major encumbrances: • Mortgage in favour of PPF banka a.s. securing receivables from the Facility agreement up to the amount of CZK 15,300,000. • Mortgage in favour of PPF banka a.s. securing receivables from the Facility agreement up to the amount of CZK 90,000,000. • Mortgage in favour of PPF banka a.s. securing receivables from the Overdraft facility agreement up to the amount of CZK 15,000,000.

(iii) Pivovar Rychtář, a.s.

Title deed no. 3439 in cadastral area Hlinsko v Čechách	Buildings and adjacent plots in the sole ownership of Pivovar Rychtář, a.s. which form brewery complex with the following major encumbrances: • Mortgage in favour of Citibank Europe plc securing receivables from the Overdraft facility agreement up to the amount of CZK 165,000,000 and future receivables up to the amount of CZK 330,000,000 which shall arise in the period of 20 years from the date of the agreement.

(iv) Pivovar Uherský Brod, a.s.

Title deed no. 47 in cadastral area Uherský Brod	Buildings and adjacent plots in the sole ownership of Pivovar Uherský Brod, a.s. which form brewery complex with the following major encumbrances: • Mortgage in favour of PPF banka a.s. securing receivables from the General facility agreement up to the amount of CZK 30,000,000. • Mortgage in favour of PPF banka a.s. securing receivables from the General facility agreement up to the amount of CZK 45,000,000. • Mortgage in favour of PPF banka a.s. securing receivables from the General facility agreement up to the amount of CZK 150,000,000.

(v) Pivovar Klášter, a.s.

Title deed no. 512 in cadastral area Klášter Hradiště nad Jizerou	Buildings and adjacent plots in the sole ownership of Pivovar Klášter, a.s. which form brewery complex with the following major

	encumbrances: • Mortgage in favour of PPF banka, a.s. securing receivables from the Facility agreement up to the amount of CZK 100,000,000 and future receivables up to the amount of CZK 150,000,000 which shall arise till the 20 July 2028.

(vi) Pivovar Protivín, a.s.

Title deed no. 1926 in cadastral area Protivín	Buildings and adjacent plots in the sole ownership of Pivovar Protivín, a.s. which form brewery complex with the following major encumbrances: • Mortgage in favour of Sberbank CZ, a.s. securing receivables from the Facility agreement up to the amount of CZK 30,000,000 and future receivables up to the amount of CZK 60,000,000. • Mortgage in favour of Sberbank CZ, a.s. securing receivables from the Facility agreement up to the amount of CZK 20,000,000 and future receivables up to the amount of CZK 40,000,000. • Mortgage in favour of Sberbank CZ, a.s. securing receivables from the Facility agreement up to the amount of CZK 22,000,000 and future receivables up to the amount of CZK 44,000,000.

(vii) Pivovar Výsoký Chlumec, a.s.

Title deed no. 338 in cadastral area Vysoký Chlumec	Buildings and adjacent plots in the sole ownership of Pivovar Vysoký Chlumec, a.s. which form brewery complex with the following major encumbrances: • Mortgage in favour of Sberbank CZ, a.s. securing receivables from the Facility agreement up to the amount of CZK 30,000,000 and future receivables up to the amount of CZK 60,000,000. • Mortgage in favour of Sberbank CZ, a.s. securing receivables from the Facility agreement up to the amount of CZK 20,000,000 and future receivables up to the amount of CZK 40,000,000. • Mortgage in favour of Sberbank CZ, a.s. securing receivables from the Facility agreement up to the amount of CZK 22,000,000 and future receivables up to the amount of CZK 44,000,000. • Mortgage in favour of GE Money Bank, a.s. securing receivables from the Facility agreement up to the amount of CZK 147,000,000 and future receivables up to the amount of CZK 147,000,000 which shall arise till the 31 December 2025.
Title deed no. 374 in cadastral area Pořešice	Plots in the sole ownership of Pivovar Vysoký Chlumec, a.s. with no existing encumbrances.

(viii) Moravamalt, s.r.o.

Title deed no. 921 in cadastral area Brodek u Přerova	Buildings and adjacent plots in the sole ownership of Moravamalt, s.r.o. with the following major encumbrances: • Mortgage in favour of Komerční banka, a.s. securing receivables from the General facility agreement up to the amount of CZK 47,000,000. • Mortgage in favour of Komerční banka, a.s. securing receivables from the General facility agreement up to the amount of CZK 30,000,000. • Mortgage in favour of Komerční banka, a.s. securing

	receivables from the General facility agreement up to the amount of CZK 30,000,000. • Mortgage in favour of Komerční banka, a.s. securing receivables from the General facility agreement up to the amount of CZK 3,000,000.

As opposed to other industrial sectors, brewing industry is ranked as environmentally friendly. The greatest load is waste-water, treated through of private water treatment plants or, as the case may be, by local waterworks companies. Air pollution is another environmental load. Most of the Issuer's breweries use gas (environmentally friendly) boiler rooms, the only exception being Pivovar Vysoký Chlumec, a.s. which operates a coal boiler room (the nearest gas distribution network is eight kilometres away from the brewery). The air pollution is subject to regular measurements, and the brewery pays emission fees to the Czech Environmental Inspectorate (in Czech, *Česká Inspekce Životního Prostředí*).

5.9. OPERATING AND FINANCIAL REVIEW

The following review relates to the Group's historical financial condition and results of operations in the financial years ended on 31 December 2011, 2012 and 2013, respectively. The 'Operating and Financial Review' section was based on the consolidated financial statements that are contained in this Prospectus and this section should be read in conjunction with the Group's consolidated financial statements.

Some information contained in this section includes forward-looking statements which might not occur. Any statements regarding past trends or activities cannot be taken as a representation that such trends or activities will continue in the future.

(a) Key factors affecting the Group's results of operations

The Management believes that the following factors have considerably affected the results of the operations for the periods under review:

(i) Macroeconomic development

The results of the Group are directly affected by general economic environment which influences customers' demand for the Group's products in the Czech Republic.

Over the last years, the economy of the Czech Republic experienced a difficult period. The 1.8% growth of the gross domestic product in 2011 was followed by two years of decline in economic activity as measured by changes in real gross domestic product. In 2012, the Czech economy declined by -0.9% and it is expected that this trend continued in 2013 with an estimated -1.3% decline. However, the CNB forecasts for the Czech economy a recovery with 2.2% and 2.8% economic growth in 2014 and 2015, respectively.

Inflation expressed by consumer price index decreased to 1.4% in 2013 from 3.3% and 1.9% in 2012 and 2011 respectively. The CNB forecasts inflation to remain low throughout 2014 with 1.2% and expects a modest acceleration to 2.6% in 2015. The forecasted increase in inflation is attributable to the easing of monetary conditions executed through the exchange rate of the Czech koruna by the CNB in 2014 with the aim of averting potential deflation.

The following table summarises the key macroeconomic indicators of the Czech Republic and their respective forecasted values for the years 2014 and 2015 as reported by the CNB.

Main macroeconomic indicators		**2011**	**2012**	**2013**	**2014**	**2015**
		Actuals		**CNB forecast**		
Gross domestic product						
GDP	%, y-o-y, real terms, seas. adjusted	1.8	-0.9	**-1.3**	**2.2**	**2.8**
Household consumption	%, y-o-y, real terms, seas. adjusted	0.5	-2.1	**-0.3**	**0.6**	**1.6**
Government consumption	%, y-o-y, real terms, seas. adjusted	-2.7	-1.9	**1.9**	**1.5**	**1.3**
Gross capital formation	%, y-o-y, real terms, seas. adjusted	0.9	-4.8	**-6.3**	**0.1**	**2.7**
Exports of goods and services	%, y-o-y, real terms, seas. adjusted	9.6	4.7	**0.3**	**9.3**	**6.6**
Imports of goods and services	%, y-o-y, real terms, seas. adjusted	7.0	2.5	**0.4**	**7.9**	**5.8**
Net exports	CZK bn, constant p. of 2005, seas. adjusted	297.2	370.1	**368.8**	**440.3**	**493.3**

Prices						
Consumer Price Index	%, y-o-y, average	1.9	3.3	1.4	**1.2**	**2.6**
GDP deflator	%, y-o-y, seas. adjusted	-0.9	1.6	**1.7**	**1.0**	**1.2**
Labour Market						
Average monthly wage	%, y-o-y, nominal terms	2.5	2.7	**0.5**	**2.7**	**4.2**
Average monthly wage	%, y-o-y, real terms	0.6	-0.6	**-0.9**	**1.5**	**1.5**
Number of employees	%, y-o-y	0.0	-0.1	**1.6**	**0.1**	**0.9**
Unit labour costs	%, y-o-y	0.4	2.9	**0.8**	**0.9**	**3.0**
Aggregate labour productivity	%, y-o-y	1.9	-1.4	**-2.1**	**2.3**	**2.5**
ILO general unemployment rate	%, average, age 15-64	6.8	7.0	**7.1**	**7.4**	**7.4**
Exchange rates						
CZK/USD	average	17.7	19.6	19.6	-	-
CZK/EUR	average	24.6	25.1	26.0	-	-
CZK/EUR	%, y-o-y, real (CPI euro area), avg.	0.8	1.4	2.5	-	-
CZK/EUR	%, y-o-y, real (PPI euro area), avg.	-2.7	2.6	1.9	-	-
Money and interest rates						
2W repo rate	%, end-of-period, CNB forecast = average	0.75	0.05	0.05	**0.05**	**0.75**
3M PRIBOR	%, average	1.2	1.0	0.5	**0.4**	**1.1**

Source: The CNB, - data are not available / forecasted / released, data in bold = CNB forecast

(ii) Taxation and subsidies

There are no tax exemptions or other tax incentives eligible for the Group's activity. According to the Czech legislation, the production of beer is subject to the excise duty. Small breweries with annual production below 200,000 hl are entitled to pay lower taxes. As the total beer production of the Group significantly exceeds 200,000 hl per year, the Group already pays standard taxes in line with other large players in the Czech beer market. All taxes, such as corporate tax, VAT (value added tax) and other tax obligations are paid in full according to the Czech legislation.

On the other hand, the Group is eligible for the EU subsidies useable for investments into its plants, property and equipment. The EU subsidies can be generally used to finance up to 30% of the cost of investment.

(iii) Competition

Czech beer market can be described as consolidated, stable and highly competitive. In terms of volumes sold domestically, the top five players control approx. 75-80% of the market (2012):

#	Name	Market Share
1	Pilsner Urquell (SABMiller)	42%
2	Staropramen (Molson Coors)	16%
3	Heineken CZ	12%
4	The Group (Pivovary Lobkowicz)	4%
5	Budějovický Budvar	4%

Source: Top 5 players' annual reports and press releases, the Group's estimates

After the years of steady growth, the Czech beer production for the domestic market declined in 2009-2010 by around 10% as measured by volume. The underlying reasons for the decline in 2010 were increase of excise tax, impact of the global economic crisis and significant decrease in number of incoming foreign tourists.

(iv) Change in consumer preferences

The beer market in the Czech Republic is characterised by increase in consumption of bottled beer (off-trade segment) at the expense of consumption in pubs and restaurants (on-trade segment). The shift in consumption pattern is mainly caused by significant difference in the price of beer in these two respective segments. As the profit margins in the on-trade segment are higher than in the off-trade segment, this trend has a negative impact on the profitability margins in the brewery sector.

(v) Seasonality

The Group's operations are by definition seasonal and affected by prevailing weather conditions. The strongest seasons in terms of revenues are the summer and the spring followed by the autumn and the winter. The actual consumption of beer in the summer and the spring is highly dependent on the prevailing weather conditions. The best months in the year in terms of revenues are usually June, July, and May.

(b) Description of the financial development of the Group

(i) Income Statement

Revenues

Despite difficult economic conditions and general decline in the beer market in the Czech Republic, the Group was able to report an increase in revenues both in 2013 and 2012. While the Group reported revenues of CZK 1,157 million in 2012 which represented an increase by 9.1% from CZK 1,060 million reported in 2011, the revenues in 2013 remained almost stable and amounted to CZK 1,159 million, up by 0.2% compared to 2012.

The percentage of revenues generated by the sale of beer remained stable and accounted for 93% of total revenues in 2013, while in 2012 and 2011 it was 92%. The remaining part of revenues is mostly generated by the sale of malt and soft drinks.

In the on-trade segment, the sale of the kegged beer remained almost stable and the Group generated revenues of CZK 746 million in 2013 which represented a slight decrease from CZK 751 million in 2012 and an increase compared to CZK 721 million reported in 2011. Compared to other big breweries operating in the Czech market which experienced a decline in the on-trade segment in 2013, the Group was able to maintain almost stable revenues especially due to its efficient strategy of differentiation and focus on regional brands accompanied with personal approach to each individual pub and restaurant.

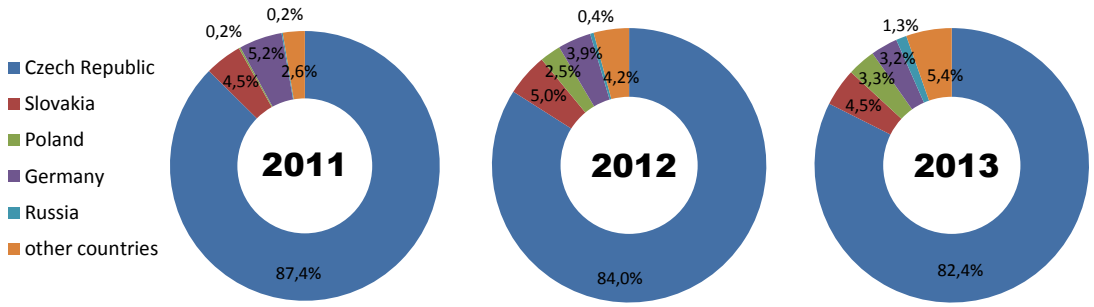
The Group was able to maintain a growth in the off-trade segment and reported revenues of CZK 330 million, which was increase as compared to CZK 309 million reported in 2012 and CZK 253 million reported in 2011. The growth in the off-trade segment was mainly driven by the development of cooperation with the retail chain Lidl which supported sales of bottled beer and multi-packs.

Segmented revenues (in thousands of CZK)

	2011	2012	2013
TOTAL REVENUES	**1,059,810**	**1,156,718**	**1,159,135**
Revenues growth	n/a	9.1%	0.2%
Beer revenues	**973,298**	**1,059,841**	**1,075,942**
Beer revenues in total revenues	92%	92%	93%
beer on-trade	720,701	751,184	746,034
In percent of total beer revenues	74%	71%	69%
beer off-trade	252,597	308,657	329,907
In percent of total beer revenues	26%	29%	31%
Other revenues	**86,512**	**96,877**	**83,193**
Other revenues in total revenues	8%	8%	7%
Malt and others	47,463	57,562	50,824
Soft drinks	37,797	38,484	32,311
Spirits	1,252	831	58

In terms of value, exports accounted for 13%, 16% and 18% of the Group's sales in 2011, 2012 and 2013 respectively.

Production breakdown by target countries (2011-2013, in terms of value)



Source: The Issuer

Other income

The Group continually optimises its asset structure in line with the adopted strategy and market developments. As a result, significant sales of non-current assets were carried out in the past three years. In 2013, the Group reported other incomes in the amount of CZK 159 million which was significantly affected by the sale of unused kegs for CZK 57 million and settlement arising from internal cession of receivables in the amount of CZK 96 million, reflected in the same amount in other operating costs as well. Other incomes are also affected by recurrent sales of the returnable bottles to retail chains.

In 2012, the Group reported other income in the amount of CZK 51 million which was mostly the result of the income generated by the sale of returnable bottles, the sale of marketing materials and the sale of tapping technology.

The Group reported other income totalling CZK 94 million in 2011. The other income was generated by the extraordinary sale of receivable in the amount of CZK 50 million and the remaining part of the other income represented mostly the income from the sale of returnable bottles, the sale of marketing materials and the sale of tapping equipment.

Changes in inventory and assets in progress

In 2013, the Group reported changes in inventory and assets in progress in the amount of CZK 103 million out of which approx. CZK 32 million represented changes in inventory and approx. CZK 72 million represented assets in progress.

Changes in inventory reflect the changes in finished and semi-finished products. The inventories are accrued at calculated average annual costs. There was a significant increase in semi-finished products in 2013 compared to 2012 in the amount of approx. CZK 37 million, due to preparations for key campaigns in retail chains at the beginning of 2014.

Changes in assets in progress are mostly tapping technologies implemented in partner restaurants. These technologies enter into the non-current assets and are depreciated according to their useful lives.

The Group reported changes in inventory and assets in progress in 2012 in the amount of CZK 62 million which was attributable to assets in progress in the amount of approx. CZK 67 million and to decrease in inventory in the amount of CZK 8 million.

In 2011, the Group reported changes in inventory and assets in progress in the amount of CZK 76 million out of which approx. CZK 68 million represented assets in progress and approx. 8 million were changes in inventory.

Raw materials, consumables and services

Raw materials, consumables and services are the most significant cost items which amounted to CZK 782 million in 2013. These items reflect the costs incurred during the beer production. The following paragraphs describe structure of raw materials, consumables and services in 2013.

The raw material represented mostly malt in the amount of approx. CZK 137 million, hops in the amount of approx. CZK 25 million and packaging material in the amount of approx. CZK

62 million. Other material costs include cleaning material, additives and other non-specified cost items.

As for services, the most significant items were transport costs totalling approx. CZK 100 million, followed by the costs of energy of more than CZK 90 million consisting mostly of gas and electricity costs. Waste water costs totalled approx. CZK 10 million while the costs of water consumption totalled approx. CZK 8 million. The costs of water consumption are positively influenced by the fact that the Group holds and uses its own wells in several places.

Services also included maintenance costs of property, plant and equipment in the amount of approx. CZK 30 million, car rentals in the amount of approx. CZK 19 million, buildings and stores which totalled approx. CZK 10 million. The most significant marketing costs in the amount of CZK 12 million are represented by fees paid to retail chains, such as marketing bonuses and placement of products.

In 2012, the Group reported the following structure of raw materials, consumables and services.

The raw material represented mostly malt in the amount of approx. CZK 122 million, hops in the amount of approx. CZK 22 million and packaging material in the amount of approx. CZK 52 million.

Services consisted mainly of transport costs in the amount of approx. CZK 99 million, followed by the costs of energy of more than CZK 87 million consisting mostly of gas and electricity costs. Waste water costs totalled approx. CZK 11 million while the costs of water consumption totalled approx. CZK 8 million.

Services also included maintenance costs of property, plant and equipment in the amount of approx. CZK 27 million, car rentals in the amount of approx. CZK 23 million, buildings and stores which totalled approx. CZK 10 million. The largest marketing costs in the amount of approx. CZK 10 million are represented by fees paid to retail chains, such as for marketing bonuses and placement of products.

In 2011, the Group reported the following structure of raw materials, consumables and services.

The raw material mostly consisted of malt in the amount of approx. CZK 121 million, hops in the amount of approx. CZK 27 million and packaging material in the amount of approx. CZK 30 million.

Regarding costs of services, the largest items were transport costs totalling approx. CZK 104 million, followed by the costs of energy of more than CZK 89 million consisting mostly of gas and electricity costs. Waste water costs totalled approx. CZK 9 million while the costs of water consumption totalled approx. CZK 8 million.

Services also included maintenance costs of property, plant and equipment in the amount of approx. CZK 25 million, car rentals in the amount of approx. CZK 24 million, buildings and stores which totalled approx. CZK 9 million. The largest marketing costs were fees paid to retail chains in the amount of CZK 9 million, such as for marketing bonuses and placement of products.

Personnel expenses

In 2013, the Group reported total personnel costs in the amount of CZK 285 million which represented an increase by 2.5% from CZK 278 million reported in 2012. The increase was caused mainly by growth of number of employees related to the activities which were previously outsourced. The increase in personnel costs is offset by the decrease in costs related to outsourced transport services.

In 2012, the Group reported a decrease of personnel costs by 4.9 % from CZK 292 million reported in 2011. The overall decrease in personnel expenses was due to completion of the administrative centralisation of the Group.

Taxes and fees

These costs are represented by indirect taxes and fees paid to tax and other (if relevant) authorities.

Amortization, depreciation and impairments

In 2013, the Group reported amortisation, depreciation and impairments in the amount of CZK 193 million which mostly consisted of amortisation, depreciation and impairments related to equipment in the amount of approx. CZK 40 million, buildings and structures totalling approx. CZK 16 million, tapping technologies and other items facilitating distribution in the amount of CZK 46 million, packaging material in the amount of approx. CZK 25 million, intangible assets and goodwill in the amount of approx. CZK 37 million, vehicles in the amount of approx. CZK 3 million, residual values of material and impairments of bad debts sold in the amount of approx. CZK 8 million and leased assets in the amount of approx. CZK 5 million.

In 2012, the Group reported amortisation, depreciation and impairments in the amount of CZK 241 million. Amortisation, depreciation and impairments related to equipment in the amount of approx. CZK 37 million, buildings and structures totalling approx. CZK 16 million, tapping technology and other items facilitating distribution in the amount of CZK 49 million, packaging material in the amount of approx. CZK 24 million and vehicles in the amount of approx. CZK 3 million. The Group also reported amortisation of intangible assets and goodwill in the amount of approx. CZK 49 million. Changes in impairments represented CZK 8 million and net book value of assets and materials sold amounted to CZK 48 million. These adjustments reflect the conversion from the Czech accounting standards to IFRS.

In 2011, the Group reported amortisation, depreciation and impairments in the amount of CZK 226 million which mostly consisted of amortisation, depreciation and impairments related to equipment in the amount of approx. CZK 40 million, buildings and structures totalling approx. CZK 16 million, tapping technology and other items facilitating distribution in the amount of CZK 45 million, packaging material in the amount of approx. CZK 21 million, intangible assets and goodwill in the amount of approx. CZK 41 million, vehicles in the amount of approx. CZK 2 million. Changes in impairments represented CZK -4 million and net book value of assets and materials sold amounted to CZK 46 million. These adjustments reflect the conversion from the Czech accounting standards to IFRS.

Recurrent EBITDA

The Issuer's key indicator of profitability represents recurrent EBITDA which is defined as result from operating activities net of ordinary amortisation, depreciations and impairments and net of extraordinary results from sales of assets. In 2013, the Issuer reported recurrent EBITDA in the amount of CZK 190 million which represented an increase by 1.8% from CZK 187 million reported in 2012 followed by an increase by 41.1% from CZK 133 million in 2011. The EBITDA growth was positively influenced by increase in revenues in the amount of CZK 97 million and decrease of personnel expenses in the amount of CZK 14 million and negatively influenced by increase in costs of raw materials, consumables and services in the amount of CZK 26 million and by the decrease in inventory and assets in progress in the amount of CZK 14 million.

Calculation of recurrent EBITDA (in thousands of CZK)

	2011	**2012**	**2013**
Results from operating activities	-60,215	-162	40,765
Ordinary amortization, depreciations and impairments	184,715	184,233	185,062
Normative EBITDA	**124,500**	**184,071**	**225,827**
Result from sale of assets	8,091	2,958	-35,481
Recurrent EBITDA	**132,591**	**187,029**	**190,346**

Other operating costs

The Group reported other operating costs in the amount of CZK 116 million in 2013 out of which approx. CZK 100 million represented a settlement arising from internal cession which has its corresponding item for the same amount in other income. These costs involve residual values of claimed trade receivables sold and disposals of unused inventories.

In 2012, the Group reported other operating costs in the amount of CZK 30 million which mostly consisted of costs related to the damages and disposal of unused inventory in the amount

of CZK 12 million, insurance costs totalling CZK 4 million and writedown of receivables in the amount of CZK 4 million.

In 2011, other operating costs amounted to CZK 76 million which were mostly generated by writedown of receivable of Pivovar Černá Hora, a.s. in the amount of CZK 50 million which is also reflected in other income. Other operating costs also included costs related to the damages and disposal of unused inventory in the amount of approx. CZK 10 million, insurance costs in the amount of CZK 5 million, and writedown of other receivables in the amount of CZK 9 million.

Interest income

The Group generated interest income in the amount of CZK 13 million and CZK 12 million in 2013 and 2012, respectively. In 2011, the Group reported interest income in the amount of CZK 10 million. The interest income is generated by interest bearing trade receivables with customers.

Interest expense

In 2013, the Group reported a total interest expense in the amount of CZK 106 million. The total interest expense mostly consists of interest expense related to the loans provided by the shareholders which amounted to CZK 86 million. The remaining part of interest expense represents mainly interest paid on provided bank loans.

In 2012, the reported interest expense amounted to CZK 52 million only. The total interest expense related to Shareholders loans amounted to CZK 20 million. Decrease in interest expense in 2012 is caused by the fact that the major shareholder gave up an accrued interest expense from the provided shareholder loan amounting to CZK 65 million.

In 2011, the Group reported total interest expense in the amount of CZK 90 million out of which approx. CZK 62 million were interest expenses related to the loans provided by Shareholders.

Other financial incomes / (expenses)

Other financial incomes or expenses consist of insurance costs, bank fees and effects of exchange rates movement.

Income tax expense

The total income tax expense reported in 2013 amounted to CZK 15 million out of which approx. CZK 12 million was income tax paid. The remaining part of the tax is deferred.

Income tax expense reported in 2012 amounted to CZK 12 million out of which approx. CZK 10 million was income tax paid. In 2011, the Group reported income tax expense in the amount of CZK 9 million out of which CZK 9 million was income tax paid.

(ii) Statement of Financial Position

Property, plant & equipment

The Group continuously invests into property, plant & equipment in order to meet the demanding criteria of high quality standards. In accordance with IFRS, these items include also leased assets.

In 2013, major investments were carried out, benefiting significantly from the possibility to draw EU subsidies (more information on investments can be found in 'Information about the Issuer' section, 'Principal investments' subsection of this Prospectus). The possibility to draw subsidies changes in time and depends on current government policy and EU programmes available to the Group. These investments led to increased book value of assets as at the closing date.

The structure of property, plant & equipment as at 31 December 2013, 2012 and 2011 is as follows:

(in thousands of CZK)

PROPERTY, PLANT AND EQUIPMENT	2011	2012	2013

Land	12,421	13,613	13,930
Structures	329,173	328,692	345,621
Equipment	543,135	501,402	522,601
Tangible fixed assets in progress	21,901	18,005	13,508
Advance payments for fixed tangible assets	6,633	10,067	10,378
Adjustment to acquired assets	37,937	34,755	31,574
TOTAL	**951,200**	**906,534**	**937,611**

Goodwill and other intangible assets

Goodwill arises during acquisitions of controlling interests in subsidiaries and is subject to annual impairment tests. Other intangible assets include valuable rights, software and others.

The Group's goodwill represents the cumulative difference between the purchase price paid for the acquisition of subsidiaries and their respective accounting value. In 2013, the Group reported goodwill in the amount of CZK 281 million, down by CZK 36 million from CZK 318 million reported in 2012. The impairment costs related to goodwill in the amount of CZK 36 million were reported in 2013.

In 2012, the impairment costs related to goodwill in the amount of CZK 49 million were reported. As a result, the goodwill decreased from CZK 366 million reported in 2011 to CZK 318 million reported in 2012.

The structure of booked goodwill and other intangible assets as at 31 December 2013 is as follows:

(in thousands of CZK)

GOODWILL AND OTHER INTANGIBLES	2011	2012	2013
Goodwill	366,443	317,767	281,492
Software	4,009	4,652	4,583
Valuable rights	15,348	13,837	11,321
Others	2,242	2,008	3,909
TOTAL	**388,042**	**338,264**	**301,305**

Other investments and receivables

In 2013, the Group reported other investments and receivables in the amount of CZK 69 million. This item consists of claim to EU subsidies in the amount of CZK 35 million, loans to customers and partners in the amount of CZK 30 million and other prepayments.

Other investments and receivables amounted to CZK 70 million in 2012 which consisted of EU subsidies in the amount of approx. CZK 40 million and loans to customers and partners in the amount of approx. CZK 30 million.

In 2011, other investments and receivables amounted to CZK 20 million. This item mostly consisted of loans to customers and partners and other prepayments.

Deferred tax assets

Deferred tax assets are booked on basis of identified temporary differences between applicable tax bases and real economic results of each individual company of the Group. A deferred tax asset is only accrued when its recoverability is not in doubt because of poor performance.

Inventories

In 2013, the Group reported a total inventories in the amount of CZK 185 million. The inventories mainly consisted of goods for sale amounting to CZK 44 million, semi-finished products in the amount of CZK 39 million, raw materials and packaging materials totalling approx. CZK 46 million, tapping technologies and promotional items for approx. CZK 35 million and returnable bottles for approx. CZK 20 million.

Inventories reported in 2012 amounted to CZK 174 million and consisted mainly of goods for sale amounting to CZK 26 million, semi-finished products in the amount of CZK 32 million, raw materials and packaging materials totalling approx. CZK 60 million, tapping technology and promotional items for approx. CZK 41 million and returnable bottles for approx. CZK 15 million.

In 2011, the reported inventories totalled to CZK 182 million. The inventories consisted of products for sale amounting to 36 CZK million, semi-finished products in the amount of CZK 41 million, raw materials and packaging materials totalling approx. CZK 47 million, tapping technology and promotional items for approx. CZK 44 million and returnable bottles for approx. CZK 14 million.

Trade and other receivables

Trade and other receivables as at the end of 2013 in the amount of CZK 378 million include trade receivables in the amount of approx. CZK 235 million, advance payments for packaging materials in the amount of approx. CZK 74 million, receivables with authorities totalling approx. CZK 17 million and ceded receivables in the amount of CZK 52 million.

In 2012, trade and other receivables as at the end of 2012 amounted to CZK 311 million. This item consisted of trade receivables in the amount of approx. CZK 270 million, provided advance payments for packaging materials in the amount of approx. CZK 13 million, receivables with authorities totalling approx. CZK 10 million and ceded receivables in the amount of CZK 8 million.

In 2011, trade and other receivables amounted to CZK 339 million and consisted of trade receivables in the amount of approx. CZK 280 million, advance payments for packaging materials in the amount of approx. CZK 9 million, receivables with authorities totalling approx. CZK 36 million and ceded receivables in the amount of CZK 14 million.

Prepayments and accrued income

Prepayments and accrued income in 2013 amounted to CZK 85 million which represented the decrease by CZK 8 million from CZK 93 million reported in 2012. In 2011, the Group reported prepayments and accrued income in the amount of CZK 115 million. This item reflects prepayments made to partner pubs and restaurants being amortised over mostly five years' contracts, according to fulfilment of sales criteria. Prepayments are paid back to the Group in case agreed volumes of sales are not met.

Cash and cash equivalents

This item represents consolidated cash and cash equivalents of the Group as at the end of the year. Cash situation generally tends to improve by the end of the year due to slowed activity and doesn't show the general picture of the yearly periods.

Borrowings and overdrafts

This item represents short-term facilities provided by banks. Overview of the capital resources can be found in the 'Information about the Issuer' section, 'Capital Resources' subsection of this Prospectus.

Provisions

Provisions amounted to CZK 15 million in 2013 and mostly included a provision for due income tax totalling approx. CZK 11 million and provision for statistically recurrent thefts in stores in the amount of approx. CZK 4 million.

In 2012, provisions amounted to CZK 12 million and mostly consisted of a provision for statistically recurrent thefts in stores in the amount of approx. CZK 10 million and a provision for due income tax totalling approx. CZK 2 million.

In 2011, provisions amounted to CZK 16 million and mostly consisted of a provision for statistically recurrent thefts in stores in the amount of approx. CZK 8 million and a provision for due income tax totalling approx. CZK 8 million.

Trade and other payables

The Group reported trade and other payables in the amount of CZK 552 million in 2013 which included trade payables in the amount of CZK 112 million, advance payments received for lent packaging material totalling approx. CZK 142 million, liabilities to employees in the amount of approx. CZK 13 million, liability to MT Absol s.r.o. for acquisition of non-controlling interest (50%) in the company Pivovar Vysoký Chlumec, a.s. for around CZK 250 million and other items in the amount of CZK 8 million. Suppliers' invoices are generally due within 30 days.

Significant increase in trade and other liabilities in 2013 is due to the purchase of non-controlling interest in the subsidiary Pivovar Vysoký Chlumec, a.s. from MT Absol s.r.o. The Group increased its share in this company from 50% to 100%. This liability will be subject to Capitalisation along with other shareholders loans.

In 2012, the Group reported trade and other payables in the amount of CZK 229 million which mostly consisted of trade payables in the amount of CZK 86 million, advance payments received for lent packaging materials totalling approx. CZK 86 million and liabilities to employees in the amount of approx. CZK 13 million.

Trade and other payables reported in 2011 in the amount of CZK 754 million included trade payables in the amount of CZK 93 million, advance payments received for lent packaging materials totalling approx. CZK 76 million, liabilities to employees in the amount of approx. CZK 14 million. The remaining part of the trade and other payables mostly represented a liability to Shareholders in the amount of CZK 450 million.

Tax liabilities

This item recurrently includes liabilities linked to excise duties and VAT.

Accrued expenses

Accrued expenses include expenses whose timing or amount is uncertain by virtue of the fact that an invoice has not yet been received.

Loans and borrowings (non-current)

In 2013, the Group reported non-current loans and borrowings in the amount of CZK 1,805 million.

(in thousands of CZK)

NON-CURRENT LOANS AND BORROWINGS	2011	2012	2013
Long-term bank loans	367,467	264,574	259,925
Long-term shareholders' loans	1,041,149	1,563,293	1,486,500
Long-term liabilities from financial leases	15,622	9,100	3,333
Other long-term facilities	38,424	38,775	55,264
Total non-current loans and borrowings	**1,462,662**	**1,875,741**	**1,805,022**

The non-current loans and borrowings consist mainly of long-term shareholders loans which will be subject to the Capitalisation.

Other long-term facilities consist mainly of the receivables of SILESIA CAPITAL, a.s. against the Issuer in the amount of CZK 34 million which have been discharged in full prior to the date of this Prospectus.

Deferred tax liabilities

Deferred tax liabilities are booked on basis of identified temporary differences between applicable tax bases and real economic results of each individual company of the Group. A deferred tax liability is accrued in any case.

Other liabilities

The item other liabilities consist of received long-term advance payments.

Equity

The Group reported total equity as at the end of 2013 in the amount of CZK -760 million split into the equity attributable to Shareholders of the Group in the amount of CZK -827 million and the equity attributable to minority interests amounting to CZK 67 million.

The overall negative total equity is the result of accumulated losses totalling CZK -551 million and changes in reserves and other equity operations in the amount of CZK -204 million. Other equity operations mainly reflect the difference in the amount of CZK -186 million between the total consideration agreed for the acquisition of non-controlling interest in the Pivovar Vysoký Chlumec, a.s. and the book value of the non-controlling interest acquired.

In 2012, the Group reported total equity as at the end of 2012 in the amount of CZK -439 million split into the equity attributable to shareholders in the amount of CZK -560 million and the equity attributable to minority interests amounting to CZK 121 million.

In 2011, total equity as at the end of 2011 amounted to CZK -385 million. The total equity was split into the equity attributable to shareholders in the amount of CZK -498 million and the equity attributable to minority interests amounting to CZK 113 million.

(iii) Cash flows statements

In 2013, the Group reported cash flow from operating activities before tax, changes in working capital and extraordinary items in the amount of CZK 199 million which represented an increase by CZK 34 million from CZK 164 million reported in 2012. In 2011, the Group reported cash flow from operating activities before tax, changes in working capital and extraordinary items in the amount of CZK 127 million.

In 2013 and 2012 respectively, net cash flow from operating activities amounted to CZK 246 million and CZK -335 million. The significant change of net cash flow from operating activities between 2013 and 2012 was caused by decrease of current liabilities in the amount of CZK 460 million which was significantly influenced by the decrease of liabilities to shareholders. In 2011, the Group reported net cash flow from operating activities in the amount of CZK 6 million. Net cash flow of from operating activities in 2011 was negatively influenced by reported interest expense and net loss for the period.

Given the positive recurrent EBITDA, the Group is able to pay due interests and generate cash for new investments. However, the purchase of non-controlling interest in the company Pivovar Vysoký Chlumec, a.s. in 2013 required extra financial resources in the amount of approx. CZK 250 million which were provided by one of the shareholders. As a result, a new liability in the amount of CZK 250 million was recorded in the trade and other payables. This liability will be subject to Capitalisation.

In 2013 and 2012 respectively, net cash flow from investing activities amounted to CZK -329 million and CZK -108 million. In 2011, the Group reported net cash flow from investing activities in the amount of CZK -120 million. The net cash flow from investing activities is significantly influenced by purchase of non-current assets. The net cash flow from investing activities in 2013 contains CZK 250 million which reflect the acquisition of the remaining stake in Pivovar Vysoký Chlumec, a.s.

In 2013 and 2012 respectively, net cash flow from financial activities amounted to CZK 69 million and CZK 453 million. In 2011, net cash flow from financial activities amounted to CZK 116 million. The changes in net cash flow from financial activities mostly reflect the changes in financial indebtedness of the Group. In 2012, the significant net cash flow from financial activities in the amount of CZK 453 million was result of the significant increase long-term shareholders' loans.

(iv) Investments

There are four principal areas for investments by companies which are part of the Group: Promotional material (PM), tapping technology (TT), packaging and production investments.

(in thousands of CZK)

INVESTMENTS	2011	2012	2013
PM	7,157	5,684	15,522
TT	36,127	28,936	23,906
Packaging	27,136	18,161	20,885
Production	33,677	38,361	78,368
Acquisition of 50% share in Pivovar Vysoký Chlumec, a.s.	0	0	250,000
Total	**104,097**	**91,142**	**388,681**

As for promotional material, the investments focus on the equipment of newly acquired pubs and restaurants and refurbishing of the existing establishments. The promotional material comprises, among others, light and conventional ads, parasols, table cloths, glasses, menu boards, beer coasters and a number of other small-sized items used for promotion of beer and soft drinks produced by the Group offered at the sales point.

Tapping technology is the essential means for pubs and restaurants to sell the Group's products. As with promotional material, these investments are too directed to newly acquired establishments as well as to the refurbishing of the existing ones. The most significant items in the tapping technology category are beer taps, cooling systems, keg tappers, tanks and bars. The property stays with the customers based on a contract of borrowing, while the Group remains the owner.

The area of packaging is represented by purchases of new kegs and carrier boxes.

In 2014, the Issuer has so far signed investments in the aggregate amount of approx. CZK 30 million. The largest investment and at the same time the only investment with the contracting value above CZK 5 million is the purchase of vapour condenser with the value of approx. CZK 10 million.

(c) **Discussion of operating activities**

In 2013, the Group focused on the production side of its business and increased its investments in production at the expense of investments in marketing. As a result, the sales of soft drinks decreased by 7 thousand hl and the sales of beer by 13 thousand hl compared to 2012.

Sales

In the beer segment, decrease in sales was driven by the drop in on-trade segment sales (kegged beer to pubs and restaurants), which reflected general market trend. Bottled beer sales continued to increase in 2013.

The 2013 results were positively impacted by the sale of unnecessary packaging material (kegs) in the amount of CZK 35 million.

In 2012, the Group recorded an overall increase in beer sales compared to 2011. Total volume sold of all beverages rose to 905 thousand hl in 2012 from 863 thousand hl in 2011, meaning a 5% increase. This trend was driven by increase in beer sales from 824 thousand hl in 2011 to 867 thousand hl in 2012, while soft drinks sales stayed flat.

The beer sales growth in 2012 is driven by bottled beer sales (increased by 47 ths. hl), especially packed in cardboard (increase by 32 ths. hl) and multi-packs (increase by 6.5 ths. hl). Shift from kegged beer sales towards bottled beer sales is a general trend observed on the Czech market. As for the Group, this trend was in 2012 further supported by extension of the cooperation with retail chain Lidl.

The 2012 results were affected by waiving due interests on loans by the main shareholder. The overall positive impact of this giving-up amounts to CZK 36 million.

In 2011, total sales decreased by 21 thousand hl as a result of decline of sale of beer by 15 thousand hl and sale of soft drinks by 6 thousand hl. While the decline of sales of beer was realised mainly in the segment of bottled beer in crates, kegged beer sales increased by 57 thousand hl due to increase in popularity of beer brands from Pivovar Černá Hora, a.s. Decrease in sales of bottled beer in crates was result of decline in sales to retail chains, namely Lidl (-18 thousand hl), Ahold (-9 thousand hl), Norma (-8 thousand hl) and discontinuation of sales to Varima (-7 thousand hl).

Costs

In terms of costs, logistics, material and personnel expenses grew year on year, mainly due to increase of deliveries of bottled beer to retail customers. This overall increase was partly compensated by the decrease of transport costs linked to direct deliveries to restaurants.

In September 2013, the staff of the Group's administrative headquarters was moved from rented offices to the newly refurbished own premises in Černá Hora. Positive effect of this move on rental costs has already shown in 2013.

As for the energy consumption, there was an overall increase due to investment in new gas technology and decommissioning of old coal boiler. This increase in energy consumption is compensated by consecutive decrease of personnel costs.

In 2013, costs of maintenance increased by 40% compared to 2012, while telecommunication related costs significantly decreased thanks to relevant contracts renegotiation.

In 2012, higher beer sales in cardboards packaging and multi-packs resulted in increased cost of packaging material compared to 2011. Direct personnel costs related to packaging also shown an increase, mainly due to the above-mentioned reason. On the other hand, the overall personnel expenses decreased in 2012, due to completion of centralisation of the Group's administrative activities.

In 2012, logistics costs were affected by the increase of direct deliveries to key chains and by increase in exports, both directly linked to intensified cooperation with retail chain Lidl as mentioned above. However, logistics costs linked to beer distribution to pubs and restaurants decreased, primarily thanks to implementation of the new ERP system for logistics processes.

Energy costs in 2012 dropped especially thanks to new contracts with electricity suppliers. On the other hand, wastewater treatment costs increased due to overall production increase. Maintenance costs also increased due to more intensive usage of plants and equipment.

In 2011, the Group was able to decrease total personnel costs due to centralisation of administrative offices. Decline in personnel costs as well as in material costs was also attributable to outsourcing the Group's secondary logistics from Pivovar Černá Hora, a.s.

Marketing Activities

In 2013, the Group ran no TV marketing campaigns. On the other hand, increased investments in marketing campaigns with key retail chains, especially in leaflets, agent services and rentals of retail spaces, were carried out.

A four-year cooperation agreement with the International Film Festival in Karlovy Vary was signed in 2013. Participation in this festival has nationwide overall reach and has already resulted in development of cooperation with new partners in the region of West Bohemia and also in Prague.

The Group's premium brand is promoted in cooperation with the company CZ GOLF a.s. This cooperation significantly increases visibility of the core brand among the relevant target group. Another marketing activity aims to promote kegged beer sales by emphasising the quality and culture of tapping. This activity is supported by EU grants, e.g. for training of agents.

In 2012, significant marketing expenses were aimed at purchases of promotional items (light and luminous advertising, umbrellas, table cloths, plates, glasses, etc.). Nevertheless, these expenses were lower in 2012 compared to previous years. On the contrary, more resources were spent to promote the Group's brands in the media, on direct marketing with key customers and on one-off events.

Substantial investments in marketing were carried out in 2010 and 2011. These investments were primarily in form of signing contracts with pubs and restaurants, including down-payments made by the Group and binding the counter-parties to promote the Group's brands and to purchase certain volumes over a pre-agreed period of time. Pubs and restaurants owners are paid in advance a contractual reward as a compensation for the above mentioned activities. Such contracts are usually concluded for five years. Performance of each individual contract is evaluated on a yearly basis. Should a pub or restaurant fail to purchase the contractual volume, it is obliged to refund the appropriate portion of its reward.

Processes Optimisation

To improve internal processes efficiency, several projects were launched in 2013. One of the running projects concerns electronic collection of information by the agents. This solution eliminates inefficient activities and eases obtaining unique information about the market, competitors and trends.

Another project is implementation of a system for refining profitability of individual products, customers and segments. Benefits of this project will by fully reaped in the future.

Last but not least, a major project aimed at improvement of the Group's internet presentation started in 2013. The Group is aware that modern communication tools are especially helpful in reaching the younger generation of consumers. This particular project includes development of a mobile application for direct communication with consumers and restaurants

In 2012, the Group implemented a new system for monitoring inventories, material, and packaging materials. The Group also standardized internal processes related to fire security, safety of work and hazard analysis critical control point (HACCP) and implemented software „Kvítek" which optimizes activities of sales representatives and their contact with the particular clients.

In 2011, the Group implemented a new logistics and planning system RIRO which focuses on optimization of particular routes from warehouses to clients and calculates optimal route based on the size of delivery and time availability. Based on the functionality of the system RIRO, the Group optimized the size of the respective distribution regions and the automatic invoice system was introduced. In order to improve distribution services in Moravian-Silesian region and in Olomouc region, the Group established a warehouse in Olomouc. In addition to system RIRO, the Group also implemented GPS software which monitors cars of sales representatives and thus helps to effectively control Group's operating costs.

(d) **Recent developments**

More information can be found in the 'Information about the Issuer' section, 'Trend Information' subsection of this Prospectus.

5.10. CAPITAL RESOURCES

In 2013, the Issuer's total funds amounted to CZK 1,584 million and thus remained approx. stable as compared to total funds in 2012 which amounted to CZK 1,591 million. In 2012, the long-term shareholders' loans increased by CZK 522 million from CZK 1,041 million reported in 2011 to CZK 1,563 million reported in 2012. At the same time, the liabilities to Shareholders amounting to CZK 450 million classified as liabilities to shareholders were fully repaid.

Overview of Capital Resources *(in thousands of CZK)*

	2011	2012	2013
Share capital	2,000	2,000	2,000
Reserves and other equity operations	-22,152	-18,136	-204,287
Accumulated losses from previous years	-322,031	-481,347	-550,618
Net Loss of the period	-155,318	-62,726	-73,781
Equity attributable to shareholders	**-497,501**	**-560,209**	**-826,686**
Non-controlling interests	112,953	120,861	67,103
Total equity	**-384,548**	**-439,348**	**-759,583**
Long-term shareholders' loans	1,041,149	1,563,293	1,486,500
Short-term shareholders' loans	10,225	0	0
Liabilities to shareholders	450,000	0	250,000
Total shareholder' loans and facilities	**1,501,374**	**1,563,293**	**1,736,500**
Long-term bank loans	367,467	264,574	259,925
Short-term bank loans and facilities	118,934	154,688	288,818
Total bank loans and facilities	**486,401**	**419,262**	**548,743**
Leases	15,622	9,100	3,333
Other long-term facilities provided by 3rd parties	38,424	38,775	55,264
TOTAL FUNDS	**1,657,273**	**1,591,081**	**1,584,257**

The Issuer reported total equity as at the end of 2013 in the amount of CZK -760 million with the equity attributable to Shareholders of the Issuer amounting to CZK -827 million and the equity attributable to non-controlling interests totalling CZK 67 million.

The overall negative total equity is the result of accumulated losses totalling CZK -551 million and changes in reserves and other equity operations in the amount of CZK -204 million. Other equity operations mainly reflect the difference in the amount of CZK -186 million between the total consideration agreed for the acquisition of non-controlling interest in the Pivovar Vysoký Chlumec, a.s. and the book value of the non-controlling interest acquired.

The Shareholders provided both long-term and short-term Shareholders loans, amounting to CZK 1,737 million as at the end of 2013. More information on them can be found in 'Information about the Issuer' section 'Related party transactions' subsection of this Prospectus. As at the date of the Capitalisation, all outstanding Shareholders loans including any accrued interest will be capitalised to share capital (more information on the Capitalisation can be found in 'Information on Shares' section, 'Increase in the Issuer's share capital' subsection of this Prospectus) or deposited into the Issuer's capital funds.

Apart from the Shareholders loans, the Issuer benefits from the possibility to draw bank loans and other facilities. These bank facilities are provided to the Issuer at the arm's length and are subject to pledges and collaterals provided by the Issuer (more information can be found in 'Information about the Issuer' section, 'Material Contracts' subsection of this Prospectus). Total bank loans and facilities amounted to CZK 549 million as at the end of 2013.

Other long-term facilities provided by third parties represent mainly the liability to SILESIA CAPITAL, a.s. in the amount of CZK 34 million. This liability has been discharged in full prior to the date of this Prospectus.

While the total equity of the Issuer was in the past three years negative, total funds provided by Shareholders were in the same period always positive and in 2013 amounted to CZK 910 million.

Funds provided by Shareholders *(in thousands of CZK)*

	2011	2012	2013	2014*
Equity attributable to shareholders	-497,501	-560,209	-826,686	n/a
Short-term shareholders' loans	10,225	0	0	0
Long-term shareholders' loans	1,041,149	1,563,293	1,486,500	0
Other liabilities to shareholders	450,000	0	250,000	0
Funds provided by shareholders	**1,003,873**	**1,003,084**	**909,814**	**n/a**

**represents data after a date of Capitalisation, n/a means data are not available or known as of the date of the Prospectus*

As at 15 April 2014, the total liabilities to Shareholders including any accrued interest amounted to CZK 1,749,650,784. Following the Capitalisation, there will be no Shareholders loans or other liabilities to Shareholders after the Offering.

The Issuer has available sources of funds to finance its ongoing investment needs including investments in tangible fixed assets required for business operations of the Issuer.

The Issuer is not aware of any restriction on the use of capital resources that could materially affect, directly or indirectly, the Issuer's operations.

The Management of the Issuer made the following firm commitments to principal future investments:

(i) As at the end of 2013, the Issuer had liability to pay to MT Absol s.r.o. the agreed purchase price for the acquisition of the minority stake in the Pivovar Vysoký Chlumec, a.s. acquired in 2013 in the amount of CZK 250 million. However, this liability will be together with other Shareholders loans subject to the Capitalisation. As a result, there will be no cash outflow from the Issuer related to the settlement of the acquisition of Pivovar Vysoký Chlumec, a.s.

(ii) The Issuer has an option to acquire the remaining part of the Pivovar Rychtář, a.s. for a total consideration of CZK 43.6 million. The transaction should be settled on 18 November 2014 at the latest. The Issuer intends to exercise the option and carry out the transaction and declares to have sufficient funds for the contemplated acquisition even without the proceeds from the Offering.

5.11. RESEARCH, DEVELOPMENT AND INTELECTUAL PROPERTY RIGHTS

(a) Recipes

Virtually all products of the Group are based on proprietary formulas. These unique formulas constitute binding production processes for all the breweries within the Group.

The only exception are four products of Pivovar Černá Hora, developed in cooperation with Pivo Praha, now manufactured based on a licence. Pivovar Černá Hora pays licence fees for the use of this licence, amounting to several hundred thousand CZK a year.

(b) **Trademarks**

The Group's brands are integral to its commercial operations. The Group operates seven different brands: Pivovar Černá Hora, Pivovar Jihlava, Pivovar Klášter, Pivovar Protivín, Pivovar Rychtář, Pivovar Uherský Brod, and Pivovar Vysoký Chlumec. The Group has a substantial portfolio of trademarks registered in the Czech Republic and Europe covering its main brands.

In many cases these trademarks are established and well known in the Czech Republic through their use and are key to the strength of the Group's brands.

Below you can find the logos of the Group's brands:

Pivovar Černá Hora

Pivovar Jihlava

Pivovar Klášter

Pivovar Protivín

Pivovar Rychtář

Pivovar Uherský Brod

Pivovar Vysoký Chlumec

(c) **Software licences**

Pivovary Lobkowicz a.s. has entered into a licence agreement with Prog-soft spol. s r.o. More information can be found in the 'Information about the Issuer' section, 'Material Contracts' subsection of this Prospectus.

(d) **Research and development**

Development of new products corresponds to the market situation, and customer wishes and preferences. The Group continuously tries to introduce new products, including special beers made on the occasion of important days (Easter, St. Patrick's, Mid-Summer Night, St. Wenceslas', and St. Nicholas' days) as well as numerous other special beers made in limited editions, included in the permanent portfolio only in a significant positive market response. In

2013, the Group started introducing traditional beers made using of new manufacturing procedures and unconventional ingredients. The Group's intention is to launch beers on the local market that are nearly unknown to local consumers, such as "*ALE*", "*Bock*", "*IPA*", and other. The aim of these innovations is to further increase the share of on-trade sales.

The most significant development activities carried out by the Group took place in 2012 when development related costs amounted to CZK 3.7 million. The largest part was spent on the once-in-a-lifetime development of new syrups for soft beverages of CZK 2.7 million. Before 2012, soft beverages were made using purchased, primarily sugar-based syrups. The company now uses its own syrup recipes for manufacturing soft beverages with lower sugar content, where sugar is replaced with stevia. The development of syrups for soft beverages included also the development of syrups used for "*radler*" beers, which experienced a significant sales increase on the Czech market in 2011 and 2012. In 2013 the "*radler*" beers overall sales decreased due to poor weather conditions during spring months and at begin of the summer. "*Radler*" beers are purely summer products hardly saleable during other seasons.

5.12. TREND INFORMATION

In the first four months of 2014, the Group's total beer sales reached 272,609 hl, meaning an increase in sales by more than 23,500 hl (+9.5% year-on-year) when compared to the first four months of 2013. Increase in beer sales is mainly attributable to higher sales in bottled beer, specifically in the form of supplies of the Group's own brand cardboard box beers to the Lidl retail chain.

In a year-on-year comparison, the higher sales in the first quarter of 2014 resulted in higher revenue from beer sales by more than CZK 7 million compared to the same period of previous year, meaning an annual growth of more than 3%. In terms of volume, beer sales grew from 178 thousand hl in the first quarter of 2013 to 185 thousand hl in the same period of 2014, meaning an annual growth of nearly 4%. Higher sales in this period were mostly realised in the bottled beer segment which was accompanied by increased costs of packaging and also by an increase in raw materials costs.

Due to higher sales for bottled beer, the costs connected with transportation had increased with respect to direct transport to the central storage facilities of the key networks as well as secondary distribution – delivery of beer to individual premises.

As for marketing, there was a shift of investment in ATL to a later period. With respect to the distribution of beer-drafting equipment and PoS materials, the costs are comparable to the previous year. The higher activity in commercial investment was reflected in an increase in accrued costs relating to marketing contracts. This fully corresponds to the strategy of targeting the restaurant market.

Lower personnel costs of CZK 600,000 are mainly due to the closing of ineffective operations for the Protivín Brewery. This concerned the malt-brewing plant, which was closed in June 2013, and also the coal-burning plant, which was replaced by the new natural-gas plant. We expect additional annual savings in this area due in particular to launching the mobile applications for the collection of orders and marketing data and for processing secondary distribution. We, therefore, expect a year-on-year decline in personnel costs of CZK 10 million.

Other positive trends include lower costs relating to the lease of office premises for the Pivovary Lobkowicz. The employees of this company were moved in September 2013 to the premises of the subsidiary, Pivovar Černá Hora, a.s.

5.13. PROFIT FORECAST OR ESTIMATES

No profit forecasts or estimates are included in the Prospectus.

5.14. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

(a) Board of Directors

The Board is a statutory body of the Issuer, manages the day-to-day activities of the Issuer and acts on behalf of the Issuer. The Board adopts resolutions as a collective body on all corporate

affairs unless entrusted to the General Meeting or the Supervisory Board. The Board is composed of three members elected and removed by the Supervisory Board: the chairman of the Board, the vice-chairman of the Board and one member of the Board. More information about the Board can be found in 'Memorandum and Articles of Association' subsection of this Prospectus.

The Board of the Issuer currently comprises:

Name	Position	Date of birth	Business address
Zdeněk Radil	Chairman	31 January 1975	Prague 4, Hvězdova 1716/2b, postal code 140 78
Eva Kropová	Vice-chairman	14 July 1959	Prague 4, Hvězdova 1716/2b, postal code 140 78
Otakar Binder	Member	30 July 1950	Černá Hora, Nám. U Pivovaru 3, postal code 679 21

Zdeněk Radil

Mr Radil has served as the chairman of the Board for the past 19 years. He is a graduate of the University of Economics Prague (1999) and Charles University in Prague (2002). He commenced his MBA studies in 2013. His previous work experience includes institutions and companies such as the Czech National Bank (1996-1998), SPT Telecom (1998-2000), Alcatel (2000-2002), Deloitte & Touche (2002-2004), Telefónica O2 (2004-2008) and BGS (2008).

Mr Radil is (i) the chairman or the member of the Board of Directors in the following Subsidiaries: Pivovary Lobkowicz, a.s.; Pivovar Uherský Brod, a.s.; Pivovar Jihlava, a.s.; Pivovar Protivín, a.s.; Pivovar Klášter, a.s.; Pivovar Vysoký Chlumec, a.s.; Pivovar Černá Hora, a.s.; Pivovar Rychtář, a.s.; Pivovar Platan, a.s.; Lobkowiczký pivovar, a.s. and (ii) the director in MORAVAMALT, s.r.o.

Mr Radil's

(i) past directorships in other companies in the past five years include: Anterax a.s. – member of the board of directors (2000-2009), Hotel Černá Hora, a.s. – member of the board of directors (2007-2010); LACERO TERGUS a.s. – member of the board of directors (2007-2009); Lázně Luhačovice, a.s. – member of the supervisory board (2006-2011); Palace Capital, a.s. – member of the supervisory board (2007-2012); PIVOVAR ROHOZEC, a.s. – member of the board of directors (2007-2010); and

(ii) current directorship in other companies in the past five years include: AETHEON CAPITAL CE a.s. – member of the board of directors (from 2007); Agroprodukt plus a.s. – member of the supervisory board (from 2013); BGS Energy Plus a.s. – member of the supervisory board (from 2009); Colosseum, a.s. – member of the supervisory board (from 2003); Energy produkt Plus s.r.o. – responsible representative (in Czech, *odpovědný zástupce*) (from 2010); FC VYSOČINA JIHLAVA, a.s. – member of the supervisory board (from 2008); Pivovar Janáček, s.r.o. – executive director (from 2008); Výzkumný ústav pivovarský a sladařský, a.s. – member of the supervisory board (from 2008); Zlatý vůl s.r.o. – shareholder (from 2005).

Mr Radil (i) has not been convicted of any fraudulent offences, (ii) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Issuer or from acting in the management or conduct of the affairs of any issuer, (iii) was not associated with an official public incrimination and/or sanctions by statutory or regulatory authorities including designated professional bodies for at least the previous five years.

Mr Radil was not associated with bankruptcies, receiverships or liquidations in the capacity of any of the positions listed above for the last five years.

Eva Kropová

Ms Kropová joined the Issuer and served as a chairman of the Board since 2008. She is a graduate of the VŠB – Technical University of Ostrava (1990) and the Bank Institute / College of Banking (2002). Her previous work experience includes Třinecké železárny (1978-1990),

Třinec revenue authority (1991-1995) and auditor, investor and tax adviser (since 1995). Ms Kropová currently holds shares in Lázně Luhačovice (since 1999), Léčebné Lázně Jáchymov (since 2000) and Ekonomika a daně (since 2001).

Ms Kropová is also (i) the vice-chairman of the Board of Directors in the following Subsidiaries: Pivovary Lobkowicz, a.s.; Pivovar Uherský Brod, a.s.; Pivovar Jihlava, a.s.; Pivovar Protivín, a.s.; Pivovar Klášter, a.s.; Pivovar Vysoký Chlumec, a.s.; Pivovar Černá Hora, a.s.; Pivovar Rychtář, a.s. and (ii) the chairman of the Supervisory Board in the following Subsidiaries of the Issuer: Pivovar Platan, a.s. and Lobkowiczký pivovar, a.s.

Ms Kropová's

(i) past directorships in other companies in the past five years include: FORTISSIMO, spol. s r.o. – member of the supervisory board (2009); Hotel Černá Hora, a.s. – member of the supervisory board (2007-2010); LACERO TERGUS a.s. – member of the supervisory board (2007-2009); Palace Capital, a.s. – member of the supervisory board (2007-2012); member of the board of directors (1999-2007); PIVOVAR ROHOZEC, a.s. – member of the supervisory board (2007-2010); and

(ii) current directorship in other companies in the past five years include: Daňová, auditorská a účetní kancelář, spol. s r.o. – executive director (from 1997); shareholder (from 2003) responsible representative (in Czech, *odpovědný zástupce*) (from 2003); EKONOMIKA A DANĚ, s.r.o. – executive director (from 2001); shareholder (from 2001); Lázeňská kolonáda Luhačovice, o.p.s. – member of the board of directors (from 2009); Lázně Luhačovice, a.s. – member of the board of directors (from 1999); Léčebné lázně Jáchymov a.s. – member of the board of directors (from 2010); MVE Třinec, a.s. – member of the supervisory board (from 2003); Nadační fond DARA – inspector (in Czech, *revizor*) (from 2007); Palace Capital, a.s. – proxy (in Czech, *prokurista*) (from 1999); PEGA - VEL, a.s. – member of the board of directors (from 2006); RATIO CAPITAL, a.s. – member of the supervisory board (from 2013); SILESIA CAPITAL, a.s. – member of the board of directors (from 2005).

Ms Kropová (i) has not been convicted of any fraudulent offences, (ii) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Issuer or from acting in the management or conduct of the affairs of any issuer, (iii) was not associated with an official public incrimination and/or sanctions by statutory or regulatory authorities including designated professional bodies for at least the previous five years.

Mr Kropová was not associated with bankruptcies, receiverships or liquidations in the capacity of any of the positions listed above for the last five years.

Otakar Binder

Mr Binder has served as a member of the Board since 2008 for the past 6 years. He is a graduate of the Czech University of Life Sciences Prague (1973). Since then he held the post of commercial manager in various Czech companies such as Fruta Brno (1973-1992), Coca Cola Amatil (1992-1995) and Plzeňský Prazdroj where he held post of a commercial manager for the Czech Republic (1995 -2008).

Mr Binder is also (i) a member of the Board of Directors in the following Subsidiaries: Pivovary Lobkowicz, a.s.; Pivovar Uherský Brod, a.s.; Pivovar Jihlava, a.s.; Pivovar Protivín, a.s.; Pivovar Klášter, a.s.; Pivovar Vysoký Chlumec, a.s.; Pivovar Černá Hora, a.s.; Pivovar Rychtář, a.s. and (ii) a member of the Supervisory Board in the following Subsidiaries of the Issuer: Pivovar Platan, a.s. and Lobkowiczký pivovar, a.s. Mr Binder did not hold any directorship in other companies in the past five years besides the Subsidiaries of the Issuer.

Mr Binder (i) has not been convicted of any fraudulent offences, (ii) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Issuer or from acting in the management or conduct of the affairs of any issuer, (iii) was not associated with an official public incrimination and/or sanctions by statutory or regulatory authorities including designated professional bodies for at least the previous five years.

Mr Binder was not associated with bankruptcies, receiverships or liquidations in the capacity of any of the positions listed above for the last five years.

(b) **Supervisory Board**

The Supervisory Board is a supervisory body of the Issuer, oversees the exercise of the powers of the Board and business activities of the Issuer. The Supervisory Board is obligated to request information from the auditors of the Issuer for its supervisory activities and to cooperate with such auditors. In performing its duties, the Supervisory Board is required to take into account the interests of the Issuer's business. The Supervisory Board is composed of three members elected and removed by the General Meeting: the chairman of the Supervisory Board and the two members of the Supervisory Board. More information about the Board can be found in 'Memorandum and Articles of Association' subsection of this Prospectus.

The Supervisory Board of the Issuer currently comprises:

Name	Position	Date of birth	Business address
Martin Burda	Chairman	18 January 1974	Prague 4, Hvězdova 1716/2b, postal code 140 78
Petr Bič	Member	8 September 1980	Prague 4, Hvězdova 1716/2b, postal code 140 78
Grzegorz Hóta	Member	15 July 1977	Prague 4, Hvězdova 1716/2b, postal code 140 78

Martin Burda

Mr Burda joined the Issuer and served as a chairman of the Supervisory Board of the Issuer since 2008.He is a graduate of the polish Gymnasium in Český Těšín (1992). Since then Mr Burda become a private businessman and investor. He was a shareholder in Pega (200-2006), Pivovar Svijany and Pivovar Rohozec (2007-2010) and currently he holds shares in Lázně Luhačovice (since 1999), Léčebné Lázně Jáchymov (since 2000), Motorpal (since 2007).

Mr Burda is the chairman or the member of the Supervisory Board in the following Subsidiaries: Pivovary Lobkowicz, a.s. and Pivovar Uherský Brod, a.s.

Mr Burda's

(i) past directorships in other companies in the past five years include: Hotel Černá Hora, a.s. - member of the board of directors (2007-2009); REDO spol. s.r.o. – executive director and shareholder (1995-2011); and

(ii) current directorship in other companies in the past five years include: Lázně Luhačovice, a.s. – member of the board of directors (from 1999); Léčebné lázně Jáchymov a.s. – member of the board of directors (from 2010); Palace Capital, a.s. – member of the board of directors and shareholder (from 1999); SILESIA CAPITAL, a.s. – member of the board of directors (from 2005).

Mr Burda (i) has not been convicted of any fraudulent offences, (ii) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Issuer or from acting in the management or conduct of the affairs of any issuer, (iii) was not associated with an official public incrimination and/or sanctions by statutory or regulatory authorities including designated professional bodies for at least the previous five years.

Mr Burda was appointed as liquidator of REDO spol. s r.o. from 2010 to 2011 and was not associated with bankruptcies or receiverships in the capacity of any of the positions listed above for the last five years.

Petr Bič

Mr Bič joined the Issuer in 2008. He is a graduate of the University of Economics in Prague (2007) and obtained certificate in Business Administration from Martin College in Sydney, Australia (2001). His previous work experience includes coordinator position in AXA Assistance (2001-2006), Palace Capital (since 2004), Motorpal where he held position of company's deputy (2007-2009), member of the supervisory board (2007) and the board of directors member (since 2007), Lázně Luhačovice as a supervisory board member (since 2007),

Pivovar Černá Hora as a supervisory board member (since 2007) and Léčebné lázně Jáchymov as a supervisory board member (since 2010).

Mr Bič is also (i) the chairman or member of the Supervisory Board in the following Subsidiaries: Pivovary Lobkowicz, a.s.; Pivovar Uherský Brod, a.s.; Pivovar Jihlava, a.s.; Pivovar Protivín, a.s.; Pivovar Klášter, a.s.; Pivovar Vysoký Chlumec, a.s.; Pivovar Černá Hora, a.s.; Pivovar Rychtář, a.s.; Pivovar Platan, a.s.; Lobkowiczký pivovar, a.s. and the director in the following Subsidiaries of the Issuer: K Brewery Management, s.r.o. and MAJESTIC, spol. s r.o.

Mr Bič's

(i) past directorships in other companies in the past five years include: Hotel Černá Hora, a.s. – member of the supervisory board (2007-2010); LACERO TERGUS a.s. – member of the board of directors (2007-2009); MOTORPAL, a.s. – member of the board of directors (2007-2012); WRES, a.s. – member of the board of directors (2007-2012); and

(ii) current directorship in other companies in the past five years include: Lázeňská kolonáda Luhačovice, o.p.s. – member of the supervisory board (from 2009); Lázně Luhačovice, a.s. – member of the supervisory board (from 2007); Léčebné lázně Jáchymov a.s. – member of the supervisory board (from 2010); Palace Capital, a.s. – member of the supervisory board (from 2004); SILESIA CAPITAL, a.s. – member of the supervisory board (from 2005).

Mr Bič (i) has not been convicted of any fraudulent offences, (ii) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Issuer or from acting in the management or conduct of the affairs of any issuer, (iii) was not associated with an official public incrimination and/or sanctions by statutory or regulatory authorities including designated professional bodies for at least the previous five years.

Mr Bič was not associated with bankruptcies, receiverships or liquidations in the capacity of any of the positions listed above for the last five years.

Grzegorz Hóta

Mr Hóta became a member of the Supervisory Board in 2008. He is a graduate of the University of Economics in Prague (2003). His previous work experience includes a share dealer position in Rendital, s.r.o. (1996-1997), trading with publicly listed shares on its own account (since 1997) and various projects comprising M&A transactions (since 2000).

Mr Hóta is also the member of the Supervisory Board in Pivovary Lobkowicz, a.s.

Mr Hóta's

(i) past directorships in other companies in the past five years include: GO com a.s. – member of the supervisory board (2009-2013); and

(ii) current directorship in other companies in the past five years include: EKOTREG-TŘINEC, s.r.o. – shareholder (from 2002); FOSSTON a.s. – member of the board of directors (from 2007); GO com a.s. – member of the board of directors (from 2013), ModemTec s.r.o. – shareholder (from 2001); SILESIA CAPITAL, a.s. – member of the board of directors (from 2005); TRITREG – TŘINEC, s.r.o. – shareholder (from1999); Villusion a.s. - member of the supervisory board (from 2000); Viveca Invest, a.s. – member of the supervisory board (from 2011); WRES, a.s. – member of the supervisory board (2007-2008 and from 2012 up to now).

Mr Hóta (i) has not been convicted of any fraudulent offences, (ii) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Issuer or from acting in the management or conduct of the affairs of any issuer, (iii) was not associated with an official public incrimination and/or sanctions by statutory or regulatory authorities including designated professional bodies for at least the previous five years.

Mr Hóta was not associated with bankruptcies, receiverships or liquidations in the capacity of any of the positions listed above for the last five years.

(c) **Senior Management**

Members of the Management are managers of the Group and heads of Issuer's and other subsidiaries' crucial departments.,

The Management of the Company currently comprises:

Name	Position	Date of birth	Business address
Zdeněk Radil	CEO	31 January 1975	Prague 4, Hvězdova 1716/2b, postal code 140 78
Otakar Binder	Commercial Manager	30 July 1950	Černá Hora, Nám. U Pivovaru 3, postal code 679 21
Petr Blažek	CFO and CIO	16 July 1972	Černá Hora, Nám. U Pivovaru 3, postal code 679 21
Jiří Faměra	Production Manager	27 December 1957	Pilsen, Prešovská 15, postal code 301 00
Michal Šneberger	Trader Manager of the Group	24 March 1970	Prague 4, Hvězdova 1716/2b, postal code 140 78
Miroslav Duchoň	Export Manager	11 March 1970	Černá Hora, Nám. U Pivovaru 3, postal code 679 21
Pavel Fuxa	Key customers manager	29 September 1964	Prague 4, Hvězdova 1716/2b, postal code 140 78
Michal Pumprla	Supply chain Manager	6 March 1974	Černá Hora, Nám. U Pivovaru 3, postal code 679 21
Libor Navrátil	Marketing Manager	6 March.1959	Černá Hora, Nám. U Pivovaru 3, postal code 679 21
Martina Brotánková	Purchasing Manager	28 November 1970	Pilsen, Prešovská 15, postal code 301 00

Zdeněk Radil

Information on Mr Radil can be found above in 'Board of Directors' section.

Otakar Binder

Information on Mr Radil can be found above in 'Board of Directors' section.

Petr Blažek

Mr Blažek joined the Group in 2008 and since 2010 he holds post of the CFO and CIO in the Issuer. Mr Blažek is a graduate of the Mendel University in Brno (1999) and Brno University of Technology (2003). His previous work experience includes 5 years as a Chief of the economic department in distribution centre in the Coca Cola Amatil (1991-1996) and Plzeňský Prazdroj (1996-2008).

Mr Blažek is also a member of the Supervisory Board in the following Subsidiaries: Pivovar Jihlava, a.s.; Pivovar Protivín, a.s.; Pivovar Klášter, a.s.; Pivovar Vysoký Chlumec, a.s.; Pivovar Černá Hora, a.s. and Pivovar Rychtář, a.s.

Mr Blažek (i) has not been convicted of any fraudulent offences, (ii) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Issuer or from acting in the management or conduct of the affairs of any issuer, (iii) was not associated with an official public incrimination and/or sanctions by statutory or regulatory authorities including designated professional bodies for at least the previous five years.

Mr Blažek did not hold any directorship in other companies in the past five years besides the Issuer.

Mr Blažek was not associated with bankruptcies, receiverships or liquidations in the capacity of any of the positions listed above for the last five years.

Jiří Faměra

Mr Faměra joined the Group in 2008 and holds the post of the production manager. Mr Faměra is a graduate of the Institute of Chemical Technology Prague, with specialisation in fermentative industry (1982). His previous work experience includes positions in Plzeňský

Prazdroj technology department and laboratory as a chief brewer (1982-1996), in Západočeské Pivovary as a manager of the R&D department (1996-2000), in Plzeňský Prazdroj as a quality manager (2000-2006) and at the Research Institute of Brewing and Malting as a project and commercial manager (2006-2008).

Mr Faměra is also a member of the Supervisory Board in Pivovar Klášter, a.s. and director in MORAVAMALT, s.r.o.

Mr Faměra did not hold any directorship in other companies in the past five years besides the Issuer.

Mr Faměra (i) has not been convicted of any fraudulent offences, (ii) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Issuer or from acting in the management or conduct of the affairs of any issuer, (iii) was not associated with an official public incrimination and/or sanctions by statutory or regulatory authorities including designated professional bodies for at least the previous five years.

Mr Faměra was not associated with bankruptcies, receiverships or liquidations in the capacity of any of the positions listed above for the last five years.

Michal Šneberger

Mr Šneberger joined the Group in 2009 and holds the post of trade manger of the Group. Mr Šneberger is a graduate of the Secondary Technical School in Ostrov. His previous work experience includes positions in Plzeňský Prazdroj as a manager of sales and distribution centre (2002-2009), Generali Pojišťovna as an area manager (2007-2009) and the Kaufland as a manager of central warehouse (2005-2007).

Mr Šneberger did not hold any directorship in other companies in the past five years besides the Issuer.

Mr Šneberger (i) has not been convicted of any fraudulent offences, (ii) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Issuer or from acting in the management or conduct of the affairs of any issuer, (iii) was not associated with an official public incrimination and/or sanctions by statutory or regulatory authorities including designated professional bodies for at least the previous five years.

Mr Šneberger was not associated with bankruptcies, receiverships or liquidations in the capacity of any of the positions listed above for the last five years.

Miroslav Duchoň

Mr Duchoň joined the Group in 2009 and holds the post of the export manager. Mr Duchoň is a graduate of the Open University Bratislava obtaining the Professional Diploma in management. He commenced his MBA studies in 2003. His previous work experience includes positions in Plzeňský Prazdroj as a key account and development manager (2008-2009), a national sales manager (2005-2008), a key account & channel manager (2000-2005), a Sales director CR (1998-2000) and as an assistant of a sales director (1995-1998), in Coca cola Amatil he held position of sales manager, region Brno, sales supervisor and sales representative (1991-1995), in Hotel Continental Brno as a waiter and senior waiter (1988-1989).

Mr Duchoň did not hold any directorship in other companies in the past five years besides the Issuer.

Mr Duchoň (i) has not been convicted of any fraudulent offences, (ii) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Issuer or from acting in the management or conduct of the affairs of any issuer, (iii) was not associated with an official public incrimination and/or sanctions by statutory or regulatory authorities including designated professional bodies for at least the previous five years.

Mr Duchoň was not associated with bankruptcies, receiverships or liquidations in the capacity of any of the positions listed above for the last five years.

Pavel Fuxa

Mr Fuxa joined the Group in 2008 and holds the post of the key customers manager. He obtained a certificate and diploma from management at the Open University. His previous work experience includes positions in Plzeňský Prazdroj as a senior key accounts manager (2005-2008), a key accounts manager (1998-2005) and as a supervisor of Prague's business centre (1996-1998), as a sales representative in VOK velkoobchod nářadí & nástroje (1995-1996) and in MPZ as manager of control of the operation of thermal management (1989-1994).

Mr Fuxa did not hold any directorship in other companies in the past five years besides the Issuer.

Mr Fuxa (i) has not been convicted of any fraudulent offences, (ii) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Issuer or from acting in the management or conduct of the affairs of any issuer, (iii) was not associated with an official public incrimination and/or sanctions by statutory or regulatory authorities including designated professional bodies for at least the previous five years.

Mr Fuxa was not associated with bankruptcies, receiverships or liquidations in the capacity of any of the positions listed above for the last five years.

Michal Pumprla

Mr Pumprla joined the Group in 2008 and holds the post of the supply chain manager at the Issuer. Mr Pumprla is a graduate of the Technical university of Brno with specialisation in industry management (1997). His previous work experience includes position in Plzeňský Prazdroj as a logistic manager (1998-2008).

Mr Pumprla did not hold any directorship in other companies in the past five years besides the Issuer.

Mr Pumprla (i) has not been convicted of any fraudulent offences, (ii) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Issuer or from acting in the management or conduct of the affairs of any issuer, (iii) was not associated with an official public incrimination and/or sanctions by statutory or regulatory authorities including designated professional bodies for at least the previous five years.

Mr Pumprla was not associated with bankruptcies, receiverships or liquidations in the capacity of any of the positions listed above for the last five years.

Libor Navrátil

Mr Navrátil joined the Group in 2008 and holds the post of the marketing manager. Mr Navrátil is a graduate of the Technical University of Brno, Faculty of Civil Engineering, with specialization in construction management and economics (1983). His previous work experience includes positions in Plzeňský Prazdroj / SAB miller as a special project manager (2005-2008), a trade marketing manager (1997-2005) and assistant of a sales director (1996), in Coca Cola Amatil as a director of the distribution centre in Brno (1995-1996), a special projects manager (1994), a sales manager at distribution centre in Bratislava (1993), a director of the distribution centre in Ústí nad Labem (1992) and as a sales representative (1991), in Potraviny Brno he held position of head of suppliers and customers relations (1988-1991) and as an employee of investment department.

Mr Navrátil did not hold any directorship in other companies in the past five years besides the Issuer.

Mr Navrátil (i) has not been convicted of any fraudulent offences, (ii) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Issuer or from acting in the management or conduct of the affairs of any issuer, (iii) was not associated with an official public incrimination and/or sanctions by statutory or regulatory authorities including designated professional bodies for at least the previous five years.

Mr Navrátil was not associated with bankruptcies, receiverships or liquidations in the capacity of any of the positions listed above for the last five years.

Martina Brotánková

Ms Brotánková joined the Group in 2008 and holds the post of the purchasing manager. Ms Brotánková is a graduate of the Institute of Chemical Technology Prague, Faculty of Food and Biochemical Technology (1993) and MBA program at the Open University in UK (2008). Her previous work experience includes positions in Plzeňský Prazdroj as a purchasing manager (2004-2008), a director of the key customers department (1995-2001), a key account manager (1994-1995), a methodologist of the sales representatives (1993-1994) and in Tchibo as the member of promotion team and merchandising.

Mrs Brotánková did not hold any directorship in other companies in the past five years besides the Issuer.

Mrs Brotánková (i) has not been convicted of any fraudulent offences, (ii) has not been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Issuer or from acting in the management or conduct of the affairs of any issuer, (iii) was not associated with an official public incrimination and/or sanctions by statutory or regulatory authorities including designated professional bodies for at least the previous five years.

Mrs Brotánková was not associated with bankruptcies, receiverships or liquidations in the capacity of any of the positions listed above for the last five years.

(d) **Audit Committee**

The Audit Committee assists the Supervisory Body in supervising the powers and activities of the Board. The Audit Committee is composed of three members elected and removed by the General Meeting either from the members of the Supervisory Board or from third persons. At least one member of the Audit Committee must be independent of the Issuer and have at least three years practical experience in the accounting or obligatory audit. More information about the Audit Committee can be found in 'Information about the Issuer' section, 'Memorandum and Articles of Association' subsection of this Prospectus.

The Audit Committee is currently not elected; and its powers are executed by the Supervisory Board.

(e) **Conflict of interests**

Save as disclosed below, none of the members of the Board, Supervisory Board and Managers has any potential conflicts of interests between their duties to the Issuer and their private interests or other duties:

(i) Mr Radil is one of the Issuer's shareholders.

(ii) Ms Kropová is one of the Issuer's shareholders.

(iii) Mr Burda is the sole shareholder of the Palace Capital, a.s. which is an Issuer's controlling shareholder which provided Issuer with a loan agreement, more information can be found in 'Information about the Issuer' section, 'Related party transactions' subsection of this Prospectus.

(iv) Mr Hóta owns a 95% share in FOSSTON a.s. which is a 100 % shareholder of the GO solar s.r.o. GO solar s.r.o. is one of the Issuer's shareholders which provided Issuer with a loan, more information can be found in 'Information about the Issuer' section, 'Related party transactions' subsection of the Prospectus.

There are no family relationships between any of the Board, Supervisory Board members and Senior Managers.

All persons who carry out the (i) member of the Board of Directors function, (ii) member of the Supervisory Board function and (iii) Senior Management function were elected or appointed either based on mutual agreement of the shareholders or on decision of the board of directors of the relevant subsidiary. No mutual understanding has been reached with customers, suppliers or any other person on election or appointment of the above persons.

At the date of the Prospectus, only Mr Zdeněk Radil has a share in the Issuer's share capital, however, there is no limitation agreed regarding the disposal of such holding except for the

Lock-up Agreements (information on Lock-up Agreements can be found in 'Selling Shareholders'section of this Prospectus).

5.15. REMUNERATION AND BENEFITS

(a) Members of the Board

The Issuer hereby declares that no member of the Issuer's Board was provided with any remuneration and benefits for years 2011, 2012 and 2013.

(b) Members of the Supervisory board

The Issuer hereby declares that no member of the Issuer's Supervisory Board was provided with any remuneration and benefits for years 2011, 2012 and 2013.

(c) Senior management

The senior management of the Issuer and/or the Subsidiaries receives remuneration in based on standardized management contracts (in Czech, *manažerské smlouvy*). The compensation of the senior management is determined by a base salary. The annual basic salary payable by the Issuer to the senior management members is CZK 18,010,865 in total for the last full financial year, CZK 17,745,419 in total for 2012 and CZK 20,592,415 in total for 2011.These salaries are reviewed, but not necessarily increased, annually. The Issuer currently does not provide any variable (motivation) component to the basic salary payable to the senior management members.

The Issuer pays no pension contributions or non-pensionable retirement allowances in lieu of pension contributions.

The senior management members are entitled to receive benefits in kind comprising a company car, personal notebook and mobile phone. An integral part of management contracts is a non-compete clause and in such regard the particular manager is entitled to remuneration based on the length of the non-compete clause after termination of the management contract. The non-compete clause is ordinarily concluded for 6 months if not stipulated otherwise between the parties.

No other salaries, payments or any other benefits are provided to the senior management by any other company within the Group.

5.16. BOARD PRACTICES

(a) Office terms

All Board members were elected on 4 September 2013 by the General Meeting and their term of office is five years from the date of their election and will terminate on 4 September 2018.

The Issuer hereby declares no member of the Board entered into agreement on performance of an office or any other agreement with the Issuer which contains any provision providing benefits upon termination of the office.

All the members of the Supervisory Board were elected on 4 September 2013 by the General Meeting and their term of office is five years from the date of their election and will terminate on 4 September 2018.

The Issuer hereby declares that no Supervisory Board member entered into agreement on performance of an office or any other agreement with the Issuer which contains any provision providing benefits upon termination of the office.

(b) Audit Committee

The Audit Committee was established in relation with the anticipated admission of the Issuer's shares to trading on the Prime Market operated by the PSE. More information can be found in 'Information about the Issuer' section, 'Administrative, Management, and Supervisory Bodies and Senior Management' subsection of this Prospectus.

(c) Corporate governance principles

The Group is firmly committed to the highest standards of corporate governance and maintaining an effective framework for the control and management of the Group's business. Accordingly, many of the corporate governance practices and principles expected of listed companies are already well-established within the Group and the Issuer complies with the recommendations of the Corporate Governance Codex which lies on principles of OECD.

5.17. EMPLOYEES

The Group's staff is critical to its business and success. The Group is committed to the principle of equal opportunity in employment. The Group aims to achieve high levels of employee satisfaction and engagement by ensuring that all people involved in its businesses understand, and are engaged in delivering, the Group's strategic aims.

The Group's staff does not participate in the share capital of the Issuer except for the shares owned by Mr Zdeněk Radil (more information on the shareholding structure can be found in 'Organisational Structure' section, 'Shareholders of the Issuer'subsection.

(a) Collective Agreements

Currently there are three different labour unions operating in the following Subsidiaries – Pivovar Černá Hora, a.s., Pivovar Protivín, a.s. and Pivovar Vysoký Chlumec, a.s. These Subsidiaries and the labour unions collectively negotiate improvement of work, wage and other conditions of employees of the relevant Subsidiaries. The collective agreements / negotiations are as follows:

(i) Pivovar Černá Hora, a.s. / Collective agreement with labour union Základní organizace ZO NOS PPP

Pivovar Černá Hora, a.s. entered into a collective agreement with its labour union – Základní organizace ZO NOS PPP under which the parties agreed on specific wage, work and other conditions of employment including (a) mutual obligation to communicate, cooperate and negotiate; (b) work conditions and claims – beyond the applicable legislation the employees are granted with (x) time-off with a wage compensation under some circumstances and (y) one more week of vacation; (c) safety and labour protection – employees are granted with full extent of protective equipment and (d) employee care. The collective agreement is valid and effective for the year 2014.

(ii) Pivovar Protivín, a.s. / Collective agreement with labour union – Odborová organizace ZO NOS PPP Pivovar Platan s.r.o.

Pivovar Protivín, a.s. entered into a Collective agreement with its labour union – Odborová organizace ZO NOS PPP Pivovar Platan s.r.o. under which the parties agreed on specific wage, work and other conditions of employment including (a) mutual obligation to communicate, cooperate and negotiate; (b) work conditions and claims – beyond the applicable legislation the employees are granted with (x) time-off with a wage compensation under some circumstances and (y) one more week of vacation; (c) safety and labour protection – employees are granted with full extent of protective equipment; and (d) employee care.

The respective conditions were valid for the years 2012 and 2013 and based on pre-contractual negotiation of both parties these conditions shall remain valid for the year 2014. Parties have not signed the collective agreement yet. Nevertheless Pivovar Protivín, a.s. complies with the principles deriving from the collective agreement effective in the years 2012 and 2013 although the respective contract has not been signed.

(iii) Pivovar Vysoký Chlumec, a.s. / Collective bargaining with labour union – ZO NOS PPP Pivovar Vysoký Chlumec, a.s.

Pivovar Vysoký Chlumec, a.s. and its labour union ZO NOS PPP Pivovar Vysoký Chlumec, a.s. are currently in the stage of collective bargaining. So far the following wage, work and other conditions of employment have been drafted (a) mutual obligation to communicate, cooperate and negotiate; (b) work conditions and claims – beyond the applicable legislation the employees are granted with (x) time-off with a wage compensation under some

circumstances and (y) one more week of vacation; and (c) safety and labour protection – employees are granted with full extent of protective equipment.

The abovementioned conditions shall be valid for the year 2014 but are still being discussed in the process of collective bargaining between the parties and may be subjected to further changes and modifications. The respective collective agreement has not been signed yet.

(b) Number of employees

The table below indicates number of employees for each Subsidiary:

Entity	Profession	2011	2012	2013	4/2014
Pivovar Černá Hora, a.s.	Management	1	1	1	1
	Manufacturing	42	40	36	35
	Trade	0	0	0	0
	Logistics	0	0	0	0
	Others	8	5	12	11
	In total	**51**	**46**	**49**	**47**
Pivovar Jihlava, a.s.	Management	1	1	1	1
	Manufacturing	55	53	50	57
	Trade	0	0	0	0
	Logistics	0	0	0	0
	Others	2	4	5	3
	In total	**58**	**58**	**56**	**61**
Pivovar Klášter, a.s.	Management	1	1	1	1
	Manufacturing	28	23	21	20
	Trade	0	0	0	0
	Logistics	0	0	0	0
	Others	2	2	2	2
	In total	**31**	**26**	**24**	**23**
Pivovar Protivín, a.s.	Management	1	1	1	1
	Manufacturing	92	87	72	82
	Trade	0	0	0	0
	Logistics	0	0	0	0
	Others	2	7	2	2
	In total	**95**	**95**	**75**	**85**
Pivovar Rychtář, a.s.	Management	1	1	1	1
	Manufacturing	25	23	22	20
	Trade	0	0	0	0
	Logistics	9	8	0	0
	Others	0	1	1	1
	In total	**35**	**33**	**24**	**22**
Pivovar Uherský Brod, a.s.	Management	1	1	1	1
	Manufacturing	31	28	30	25
	Trade	0	0	0	0
	Logistics	0	0	0	0
	Others	3	3	3	3
	In total	**35**	**32**	**34**	**29**
Pivovar Vysoký Chlumec, a.s.	Management	1	1	1	1
	Manufacturing	52	48	49	50
	Trade	0	0	0	0
	Logistics	0	0	1	1
	Others	0	1	1	2
	In total	**53**	**50**	**52**	**54**
Pivovary Lobkowicz, a.s.	Management	18	17	16	16
	Manufacturing	7	7	7	7
	Trade	100	96	99	102

	Logistics	102	123	160	179
	Others	85	85	77	68
	In total	**312**	**328**	**359**	**372**
Moravamalt, s.r.o.	Management	2	2	2	2
	Manufacturing	27	26	26	26
	Trade	0	0	0	0
	Logistics	0	0	0	0
	Others	0	0	0	0
	In total	**29**	**28**	**28**	**28**
Group	Management	27	26	25	25
	Manufacturing	359	335	313	322
	Trade	100	96	99	102
	Logistics	111	131	161	180
	Others	102	108	103	92
	In total	**699**	**696**	**701**	**721**

On the Group level and excluding Moravamalt, s.r.o., the total number of employees per division as at 31 December 2013 was 336 in trade, 314 in production, 16 in financial department and 7 in IT.

5.18. MAJOR SHAREHOLDERS

The list of all shareholders can be found above in 'Information about the Issuer' section, 'Organisational Structure' subsection of this Prospectus. As at the date of the Prospectus, in so far as is known to the Issuer, (i) no person other than Shareholders have, directly or indirectly, an interest in the Issuer's share capital or voting rights and (ii) none of the Issuer's Shareholders have different voting or any other rights.

There are no agreements or any other arrangements the operation of which could at a subsequent date result in a change of control of the Issuer.

By virtue of the fact that Palace Capital, a.s. (i) as at the date of the Prospectus owns 6,875 of Shares representing 55.00% of voting rights and (ii) as at the date of Capitalisation will own 6,290,938 of Shares representing 67.01% of voting rights, Palace Capital, a.s. is a controlling shareholder of the Issuer.

The controlling shareholder only influences the Issuer based on its current shareholding. Against the abuse of the control exercised by the controlling shareholder, standard remedies according to Section 71 of the Companies Act are applied, i.e. if, following the exercise of the control, a damage would be caused to the Issuer, the controlling shareholder is mainly obliged to compensate such damage provided if he will not be able to evidence that his action was based on the relevant information and in the defensible interest of the Issuer.

5.19. RELATED PARTY TRANSACTIONS

(a) Shareholder Loans

In previous years, the Issuer was financed by loans and credit facilities provided by some of the Shareholders or companies related to such Shareholders. These loans are assigned to the companies below – the current shareholders of the Issuer. More information about the Issuer's outstanding loans with third parties can be found in 'Information about the Issuer' section, 'Material Contracts' subsection of this Prospectus. As of the date of this Prospectus the outstanding loans with related parties are as follows:

(i) Palace Capital, a.s.

The Issuer and Palace Capital, a.s., entered into the Loan agreement on 12 December 2012.

Palace Capital a.s. provided the Issuer with a facility of up to CZK 1,500,000,000 with an interest rate of 6.2% p.a. and with a maturity date of 31 December 2018.

The outstanding amount of the loan as at 15 April 2014 was CZK 1,208,816,280.03.

There were no interests paid in connection with this loan agreement in 2011, 2012 and 2013.

This loan will be fully settled within the Capitalisation (Information on the Capitalisation can be found in 'Information on Shares' section, 'Increase in the Issuer's share capital' subsection of this Prospectus) or receivables from this agreement will be deposited into the Issuer's capital funds at the date of the Capitalisation.

(ii) GO solar s.r.o.

The Issuer entered into several loan agreements with FOSSTON a.s., a joint-stock company established and existing under laws of the Czech Republic, with its registered office at Prague 8 – Karlín, Sokolovská 394/17, postal code 186 00, Identification number: 282 18 914, registered in the Commercial Register maintained by the Municipal Court in Prague, File B, Insert 13620 (hereunder as "**FOSSTON**") and MT Absol s.r.o., a limited liability company established and existing under laws of the Czech republic, with its registered office at Prague 6 – Veleslavín, Pod Petřinami 58/16, postal code 162 00, Identification number: 273 97 840, registered in the Commercial Register maintained by the Municipal Court in Prague, File C, Insert 110 059 (hereunder as "**MT Absol**")

a. Under the Loan Agreement dated 9 January 2008, originally concluded between the Issuer and FOSSTON and as subsequently amended, the Issuer was provided with loan of CZK 1,900,000 with an interest rate of 6% p.a. fixed at 31 December 2009 and from 1 January 2010 with an interest rate of 9% p.a. with a maturity date of 8 January 2012.

   The receivables from this agreement were subsequently assigned by Receivables Assignment Agreement dated 3 April 2014 from FOSSTON to GO solar s.r.o., a limited liability company established and existing under the laws of the Czech Republic, with its registered office at Prague 8 – Karlín, Sokolovská 394/17, postal code 186 00, Identification number 24718025, registered in the Commercial Register maintained by the Municipal Court in Prague, File C, Insert 168501 (hereunder as "**Go solar**").

b. Under the Loan Agreement dated 26 September 2008, originally concluded between the Issuer and FOSSTON and as subsequently amended, the Issuer was provided with facility of up to CZK 100,000,000 with an interest rate of 10% p.a. fixed at 31 December 2009 and from 1 January 2010 with an interest rate of 9% p.a. with a maturity date of 31 December 2013.

   The receivables from this agreement were subsequently assigned by Receivables Assignment Agreement dated 3 April 2014 from FOSSTON to GO solar.

   The outstanding amount of the loans listed under paragraph a. and b. as at 15. April 2014 was CZK 48,574,266.41.

c. Under the Loan Agreement dated 10 December 2007, originally concluded between the Issuer and MT Absol and as subsequently amended, the Issuer was provided with facility of up to CZK 300,000,000 with an interest rate of 12% p.a. fixed at 31 December 2007, 11% p.a. during 2008; 9% p.a. during 2009; 4.2% p.a. from 1 January 2010 with a maturity date of 31 December 2013.

   The receivables from this agreement were subsequently assigned by Receivables Assignment Agreement dated 3 April 2014 from MT Absol to GO solar.

   The outstanding amount of this loan as at 15 April 2014 was CZK 245,529,214.7.

There were no interests paid in connection with any of the loans described above in 2011, 2012 and 2013.

These loans will be fully settled within the Capitalisation (Information on the Capitalisation can be found in 'Information on Shares' section, 'Increase in the Issuer's share capital' subsection of this Prospectus) or receivables from these agreements will be deposited into the Issuer's capital funds at the date of the Capitalisation.

(b) Go solar / Receivables Assignment Agreement

As at the date of the Prospectus, GO solar s.r.o. has receivables against the Issuer in the amount of CZK 3,379,000 based on the assignment agreement dated 3 April 2014 which was entered into between GO solar s.r.o. and MT Absol, a.s.

This receivable will be fully settled within the Capitalisation (Information on the Capitalisation can be found in 'Information on Shares' section, 'Increase in the Issuer's share capital' subsection of this Prospectus) or will be deposited into the Issuer's capital funds at the date of the Capitalisation.

(c) Share purchase agreement regarding Pivovar Vysoký Chlumec, a.s.

Under the Share Purchase Agreement dated 15 October 2013, originally concluded with MT Absol, the Issuer, as a purchaser, agreed to provide MT Absol with purchase price of CZK 250,000,000 for 40 preferred name registered shares of Pivovar Vysoký Chlumec, a.s.

The receivables from this agreement were subsequently assigned by Receivables Assignment Agreement dated 3 April 2014 from MT Absol to GO solar. The outstanding amount of the receivables as at 15 April 2014 was CZK 243,352,023.

The Share Purchase Agreement receivables will be settled within the Capitalisation (Information on the Capitalisation can be found in 'Information on Shares' section, 'Increase in the Issuer's share capital' subsection of this Prospectus) or receivables from this agreement will be deposited into the Issuer's capital funds at the date of the Capitalisation.

(d) Pivovary Lobkowicz / Receivables Assignment Agreement

As at the date of the Prospectus, Pivovary Lobkowicz has a receivable against the Issuer in the outstanding amount of CZK 54,500,000 arising from the agreement on assignment of receivables dated 31 March 2014, pursuant to which Pivovary Lobkowicz assigned to the Issuer its receivable against the company Sokato, a.s. The Issuer shall pay the amount as a consideration for the assignment by 30 June 2014.

(e) Controlling agreements

The Issuer's subsidiary K Brewery Management, s.r.o., as the controlling party, has entered into the controlling agreements with the following Issuer's Subsidiaries as the controlled parties:

(i) Pivovar Uherský Brod, a.s., controlling agreement dated 9 December 2008;

(ii) Pivovar Jihlava, a.s., controlling agreement dated 22 December 2008;

(iii) Pivovar Protivín, a.s., controlling agreement dated 9 December 2008;

(iv) Pivovar Klášter, a.s., controlling agreement dated 22 December 2008;

(v) Pivovar Rychtář s.r.o., controlling agreement dated 9 December 2008;

(vi) Pivovar Vysoký Chlumec, a.s., controlling agreement dated 9 December 2008 as amended on 11 January 2010; and

(vii) Pivovar Černá Hora, a.s., controlling agreement dated 1 April 2010.

All above listed controlling agreements were duly accepted by respective bodies of each company. Controlled parties are obliged to accept the control from the controlling party which must settle the loss gained by the controlled party.

All controlling agreements terminate under Section 780 et seq. of the Companies Act at the last day of the K Brewery Management, s.r.o. financial year following 6 months period since the Companies Act come into force (i.e., 1 January 2014).

(f) Agency agreements

The Issuer's subsidiary Pivovary Lobkowicz, a.s. provides financial, business, administrative, IT, tax, marketing, production and other management services to the Group under number of agency agreements (in Czech, *ovládací smlouvy*) dated from 2009 to 2010 for the following Issuer's subsidiaries:

(i) Pivovar Uherský Brod, a.s., agency agreement dated 1 March 2009;

(ii) Pivovar Jihlava, a.s., agency agreement dated 1 March 2009;

(iii) Pivovar Protivín, a.s., agency agreement dated 1 March 2009;

(iv) Pivovar Klášter, a.s., agency agreement dated 1 March 2009;

(v) Pivovar Rychtář s.r.o., agency agreement dated 1 March 2009;

(vi) Pivovar Vysoký Chlumec, a.s., agency agreement dated 1 March 2009; and

(vii) Pivovar Černá Hora, a.s., agency agreement dated 1 April 2010.

Fees for services provided under these agency agreements are set on a standard basis.

(g) Payments to the Board of Directors, the Supervisory Board and the Senior Management

Information on salaries, bonuses and other benefits provided to the Board, the Supervisory Board and the senior management can be found in the 'Information about the Issuer' section, 'Remuneration and Benefits' subsection of the Prospectus.

(h) Interests paid to the Shareholders in 2011, 2012 and 2013

In 2012 the Issuer paid Mr Martin Burda interests in the amount of CZK 80,517,336 based on the loan agreement concluded between the Issuer and Mr Martin Burda on 15 January 2010. This loan agreement has already been paid off.

5.20. ADDITIONAL INFORMATION

(a) **Share Capital**

At the date of the Issuer's incorporation (20 June 2005), its share capital was CZK 2,000,000 and consisted of 100 ordinary registered shares in certificated form with a nominal value of CZK 20,000 each.

On 11 November 2013, the General Meeting decided on (i) subdivision and conversion of each existing one share of CZK 20,000 into ten thousand shares of CZK 2 each, (ii) the change of the form of shares from registered shares to bearer shares, (iii) increase of the share capital from CZK 2,000,000 up to CZK 8,600,000 and (iv) immobilisation of the shares.

Despites the resolution of the General Meeting dated 11 November 2013, the shares were not immobilized. By virtue of law, the form of shares has changed from bearer shares into registered shares as at 1 January 2014.

On 18 March 2014, the General Meeting decided that (i) the decision of the General Meeting from 11 November 2013 is terminated, and (ii) the shares are merged so that each 80 shares with a nominal value CZK 2 are converted into one share with a nominal value of CZK 160 in a book-entry form.

As at the date of the Prospectus the share capital of the Issuer amounts to CZK 2,000,000 and consists of 12,500 bearer shares held in book-entry form with a nominal value of CZK 160 each. The Issuer holds no treasury shares, no shares not representing the share capital and no shares have been issued other than shares fully paid in cash. All shares are freely transferable. The Issuer issued no convertible securities or securities with warrants.

In connection with the Offering, the share capital of the Issuer will be increased, more information can be found in 'Information on Shares' section, 'Increase in the Issuer's share capital' subsection of this Prospectus.

(b) **Memorandum and Articles of Association**

The bodies of the Issuer are as follows: the General Meeting, the Board, the Supervisory Board and the Audit Committee.

Issuer operates under the Companies Act and the regulation established hereunder.

The Issuer is a legal person established for the business purposes. The Issuer's scope of business includes production, trade and services not specified in annexes 1-3 of the Trade Licensing Act in accordance with Article 3 (*Scope of business*) of the Articles.

One share with nominal value of CZK 160 has one vote.

The Issuer's shareholders have the following rights and obligations:

(i) any shareholder shall be entitled to a profit share approved by the General Meeting, on the basis of the P&L account, for distribution to shareholders (dividend). Detailed conditions shall be specified by a resolution of the General Meeting;

(ii) any shareholder shall be entitled to a share of the liquidation surplus, on the terms and subject to the conditions stipulated by law;

(iii) any shareholder shall have the pre-emptive right to subscribe for new shares of the Issuer issued to increase the share capital, pro rata to such shareholder's interest in the Issuer's share capital, if shares are subscribed for by means of cash contributions. This right may only be restricted or excluded by a resolution of the General Meeting if pressing needs of the Issuer so require;

(iv) any shareholder has the right to request explanations at the General Meeting under Section 357 et seq. of the Companies Act. Presentation of such request shall be limited to 10 minutes from the commencement of the presentation itself. Unless the General Meeting resolves otherwise, the time limit may be extended, even repeatedly, upon the decision of the chairman of the General Meeting. A shareholder's request for an explanation may also be submitted in writing. In such a case, the request must be made after the publication of the invitation to, and prior to the commencement of the General Meeting for the attention of a convener. A request in writing shall have a maximum of 500 words;

(v) any shareholder may make proposals and counter-proposals regarding the matters on the agenda of the General Meeting. Presentation of the shareholder's verbal proposal or counter-proposal at the General Meeting shall be limited to 10 minutes from the commencement of the presentation itself. Unless the General Meeting resolves otherwise, the time limit may be extended, even repeatedly, upon the decision of the chairman of the General Meeting;

(vi) any shareholder may ask the Board to issue to the shareholder a copy of the minutes, or of a part thereof, of any General Meeting held during the existence of the Issuer. The Board shall produce a copy of the minutes or of a part thereof, of the General Meeting to the shareholder personally at the registered office of the Issuer or by mail to the shareholder's address, within 15 business days of receipt of the shareholder's request. If the minutes are not available on the Issuer's website, the cost of delivery of such a copy shall be borne by the Issuer;

(vii) any shareholder may claim nullity of a resolution of the General Meeting, in the manner described by applicable laws, if the resolution is in conflict with applicable laws, Articles, or good business practice;

(viii) the shareholder may not claim nullity of a resolution of the General Meeting if no protest was lodged against the resolution at the General Meeting, except where a lodged protest was not recorded due to an omission by the minute-taker or chairman of the General Meeting, or if the shareholder making the claim was not present at the General Meeting, or it was impossible to ascertain the reasons for invalidity of the resolution at the General Meeting in question;

(ix) A qualified shareholder or qualified shareholders of the Issuer covered by the definition of the term "*qualified shareholder*" as contained in the Companies Act may:

- ask the Board to convene the General Meeting and discuss the matters proposed by such shareholder(s), provided that a suggested resolution or rationale is added to each point in the proposal;
- ask the Board to include certain matters in the agenda of the General Meeting, provided that a suggested resolution is added to each such matter, or reasons for its inclusion on the agenda are stated;
- ask the Supervisory Board to review the exercise of powers by the Board with respect to the matters specified in the request;
- on the terms and subject to the conditions set out in the Companies Act, claim on behalf of the Issuer damages against a Board member or Supervisory Board, or a

specific obligation fulfilment under an agreement on the settlement of indemnification with respect to damage caused to the Issuer as a result of breach of due managerial care, or payment of the share issue price by a shareholder who has defaulted on the payment of the issue price;

- submit a motion to a court to appoint an expert who will review the report on relations between the controlling person and the controlled person and between the controlled person and persons controlled by the same controlling person, where the shareholder believes that the report has not been prepared properly. A qualified shareholder may Claim damages against an influential person if the same caused a harm or damage to the Issuer;

(x) the shareholders shall also have other rights as laid down in the Articles or applicable laws;

(xi) each shareholder is obligated to pay duly and in time the issue price for subscribed shares;

(xii) each shareholder is obligated to protect the Issuer's best interests, treat the Issuer fairly, and comply with applicable laws, the Articles and the Issuer's internal guidelines;

(xiii) each shareholder is obligated to keep confidential any and all matters relating to the Issuer's business activities or business partners that constitute the Issuer's trade secret, or any matters, the disclosure or publication of which could cause harm to the Issuer, and/or confidential information. When making such information available to shareholders at the General Meeting, the Board and the Supervisory Board shall advise the shareholders of its confidential nature.

There is no provision in the Articles that could cause a delay in or deferral of or prevent a change of control over the Issuer and no provision imposing an obligation to disclose the shareholding. However, once the Shares will be admitted to trading on the Prime Market operated by the PSE, the shareholders will have to disclose to the CNB and to the Issuer any shareholding reaching or exceeding 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50% or 75% of all voting rights of the Issuer, or if such shareholding decreases its share below these limits.

The Articles does not contain stricter conditions for changing the amount of the share capital than are provided by the relevant legal provisions.

General Meeting

The General Meeting is the supreme body of the Issuer. The exclusive powers of the General Meeting under the Articles shall include:

(i) decisions on amendments to the Articles, except changes resulting from an increase in the share capital by the authorised Board under Sections 511 et seq. of the Companies Act, or a change which occurred on the basis of other legal facts;

(ii) decisions on a change in the amount of the share capital or on a set-off of a cash receivable from the Issuer against a receivable concerning the payment of the share issue price, or on approval of the set-off draft agreement;

(iii) a decision on issuance of the bonds pursuant to Section 286 et seq. of the Companies Act;

(iv) a decision on acquisition of the Issuer's own shares pursuant to cases stipulated by the applicable law;

(v) decisions on winding up the Issuer with liquidation, appointment and removal of a liquidator, including the determination of his/her fee, approval of a proposed distribution of liquidation surplus;

(vi) approval of an in-kind contribution to the Issuer's share capital;

(vii) a decision on exclusion or restriction of the pre-emptive right to an acquisition of exchangeable or priority bonds or on exclusion or limitation of the pre-emptive right to a subscription of new shares; a decision on issuance of the option warrant for exercising the pre-emptive right to the acquisition of the exchangeable or priority bonds; a decision

on a subscription of shares when exercising rights from priority bonds and/or on an subscription of shares for the Issuer's share capital increase;

(viii) a decision on the change of type and form of the shares, and on restriction of the transferability of the name registered shares, and on a change of this limitation; a decision on the change of rights connected with particular type of shares, on shares consolidate or certain shares and decision on transfer of book-entry shares to certificate shares and vice versa;

(ix) election and removal of members of the Supervisory Board;

(x) a decision on the Issuer's transformation;

(xi) approval of the office agreement for members of the Supervisory Board, and a decision on any other payment pursuant to Section 61 of the Companies Act;

(xii) appointment of the auditor of the Issuer's financial statement certification and other document certification, if such certification is required by law;

(xiii) granting of prior approval to provide financial assistance under the conditions pursuant to Section 311 et seq. of the Companies Act;

(xiv) approval of a silent partnership agreement, including approval of amendments thereto and cancellation thereof;

(xv) approval of the report on the Issuer's business activity and state of assets;

(xvi) approval of annual, extraordinary or consolidated financial statements and, in cases stipulated by law, interim financial statements, as well as decisions on the distribution of profits or coverage of loss, and the determination of the profit share for the members of the Issuer's bodies;

(xvii) approval of a tenancy, acquisition, transfer or pledge of the enterprise or a part thereof, which would result in a substantial change of the current of the Issuer's structure of the enterprise, or in a substantial change of the Issuer's scope of business;

(xviii) decisions on filing an application for the admission of the Issuer's participation securities for trading on the regulated European market, or on withdrawing such securities from trading on the regulated European market;

(xix) a decision on other matters entrusted to the General Meeting under the law or the Articles.

The General Meeting is held at least once in an financial year, no later than six months of the last day of the previous financial year on request of the Board or, as the case may be, on a request of a Board member if the Board will not convene the General Meeting without undue delay when the law requires so, and/or when the Board is not quorate in the long term, unless the applicable legal provisions provide otherwise.

The General Meeting is also held upon the request of the qualified shareholders. The Board convenes the General Meeting based on such a request, if all requirements of the Articles and the Companies Act are met.

The General Meeting may be convened by the Supervisory Board if required by the Issuer's interests. The Supervisory Board proposes necessary measures at the General Meeting, and shall convene the General Meeting when the Issuer has no Board, or the elected Board has neglected its obligations for a long period and the General Meeting has not been convened, including by its members.

The General Meeting shall be convened at least 30 days (if the General Meeting is not requested by the qualified shareholder or if the General Meeting is not requested as a substitute General Meeting) before the General Meeting, by publishing the invitation to the General Meeting on the Issuer's websites www.pivovary-lobkowicz-group.com. Instead of sending the invitation to the shareholder's address the invitation is published in the *Mladá Fronta DNES* newspaper and on the www.valnehromady.cz website. All documents related to the General Meeting shall be published on the Issuer's website. The invitation shall contain all information required by law. If the change of the Articles is on the agenda of the General Meeting, the Issuer shall permit

each shareholder to inspect such a proposed change in the period prescribed by the invitation and free of charge. If the qualified shareholders request the Board to convene the General Meeting, it shall be convened in a manner and period prescribed by the Companies Act and shall be deemed as adjourned General Meeting. All matters that were not on the proposed agenda of the General Meeting shall be discussed or approved only with the consent of all shareholders. The General Meeting shall be cancelled or its date shall be changed only under provisions of law. A financial statement with a report on the Issuer's business activity and state of assets shall be published on the Issuer's websites at least 30 days before the General Meeting is held. If all the shareholders agree, the General Meeting may be held without fulfilling the requirements set out by law and the Articles.

Only shareholders included in the shareholder's ledger as the owners of the shares on the seventh calendar day before the General Meeting (the decisive date for participation in the General Meeting) may attend the General Meeting. The Board shall obtain the shareholder's ledger extract to such decisive date.

As at the date of the Capital Increase effectiveness a shareholder will have the right to attend General Meeting personally or on behalf of its representative. Power of attorney for representation on the General Meeting must have written form and must explicitly provide whether it was granted for just one or more General Meetings representation. Shareholders signature on the power of attorney must by officially certified.

The voting on the General Meeting shall be by the ballot. The proposal of the Board or, as the case may be, the proposal of the Supervisory Board, if it convened the General Meeting, shall be voted first and if such proposal was submitted. If such a proposal of the Board or of the Supervisory Board is approved, the rest of the proposals are not subject to further voting. The rest of the proposals shall have voting order according to order of their proposition.

The shareholders and their representatives present at the General Meeting are recorded in the list of attendees. If the Issuer refuses to permit a person to be signed in in the list of attendees, such information shall be recorded in the list of attendees, including the reason for the refusal. The accuracy of the list of attendees shall be confirmed by the signature of the convener or a person authorised by the convener. The members of the Board and the Supervisory Board shall always attend the General Meeting. In addition to the members of the Issuer's bodies and shareholders, only persons nominated by the Board shall attend the General Meeting. The Board may authorise the Issuer's employees or third persons to attend the General Meeting for its organisational and technical purposes.

The General Meeting is commenced by the convener or a person authorised by him/her. Such a person shall proceed to the appointment of the chairman of the General Meeting, minute-taker, one or two minute-verifiers and persons entrusted with counting of the votes. The rest of the General Meeting is chaired by the chairman of the General Meeting. The rules of the method of discussion and voting or any other details of the General Meeting may be subject to the rules of procedure, if approved by the General Meeting. If a discrepancy arises between the Articles and the rules of procedure, the Articles should prevail. Minutes shall be taken of the proceedings at the General Meeting. The minute-taker shall be responsible for the minutes, to be finalised 15 (fifteen) days from the date of the General Meeting. The minutes shall meet all legal requirements, and be signed by the minute-taker, the chairman of the General Meeting and the minute verifier(s).

The General Meeting shall be considered quorate if the present shareholders hold shares with a par value of more than 50% of the Issuer's share capital, and if the applicable law grants them voting rights. If the General Meeting is not considered quorate after one hour from its commencement, the Issuer shall take legal steps to convene the substitute General Meeting. Any resolutions of the General Meeting shall be passed by a 75% majority of the votes of all shareholders, unless the applicable law provides otherwise. Shares without a voting right or shares with a voting right that cannot be exercised shall not be taken into account when assessing the ability of the General Meeting to pass resolutions and for each vote at the General Meeting.

As at the date of the Capital Increase effectiveness the General Meeting quorate and other question will be changed as follows: General Meeting shall be considered quorate if the present shareholders hold shares with a par value of more than 30% of the Issuer's share capital. If the General Meeting is not considered quorate after one hour from its commencement, the Issuer shall take legal steps to convene the substitute General Meeting. The General Meeting approves resolutions by overall majority of the present shareholders votes, unless the applicable law or the Articles provides otherwise. Shares without a voting right or shares with a voting right that cannot be exercised shall not be taken into account when assessing the ability of the General Meeting to pass resolutions and for each vote at the General Meeting.

Board

The Board is the Issuer's statutory body, which manages its activities, and represents it. The Board makes decisions as a collective body, unless the Articles or applicable law provide otherwise. The Board is responsible for business management of the Issuer, including responsible management of the Issuer's accounting. The Board may adopt a resolution, by which the business management of the Issuer is divided between the members of the Board. The members of the Board authorised to the business management of the Issuer represent the Issuer under such authorisation individually. They are obliged to keep records of legal acts they performed on behalf of the Issuer and to inform the Board about their such acts at the meetings of the Board, and provide minutes from such meetings, containing a full description of all their legal acts. The decision of the Board shall authorise its members for the legal acts towards its employees.

The powers of the Board include in particular:

(i) fulfilling the company's strategy and its mid-term business plan;

(ii) deciding on important tactical matters of a non-standard nature;

(iii) ensuring the preparation of and submitting to the General Meeting:

- annual, extraordinary or interim financial statements;
- motions to distribution of profits or other Issuer's own funds, including the determination of the amount of and method of distribution of dividends and tantièmes;
- motions to decide on allocations to the Issuer's funds;
- motions to cover the Issuer's losses;
- report on the Issuer's business activity and state of assets;
- proposed amendments to the Articles; and
- motions to decrease or increase the share capital,

(iv) implementing resolutions of the General Meeting;

(v) verifying the fulfilment of the annual business plan of the Issuer;

(vi) submitting to the Supervisory Board for discussion or supervision:

- annual, extraordinary or interim financial statements;
- motions to distribute profits or other funds of the Issuer including the determination of the amount and method of distributing dividends and tantièmes;
- motions to cover the Issuer's losses; and
- all other matters entrusted to the Supervisory Board by law or by the Articles;

(vii) deciding on establishment of the legal entity in which the Issuer has an interest, on dissolving a legal entity that is controlled by the Issuer, and deciding on the purchase, sale, transfer or pledge of the interest in the other legal entity;

(viii) exercising employer's rights;

(ix) nominating and removing the proxy;

(x) approving organisational rules of the Issuer and its amendments;

(xi) approving other internal provisions of the Issuer to which the Board expressly assigns such responsibility;

(xii) preparation of the written report on relations no later than at the end of the 3rd (third) month following the end of the previous accounting period pursuant to Section 82 of the Companies Act; such a report is part of the Issuer's annual report prepared under a special legal act;

(xiii) fulfilling other obligations entrusted to the Board set by law or the Articles.

The Board shall observe the legal provisions and the Articles. The Board shall observe the rules and instructions provided by the General Meeting and the Supervisory Board, if they are in accordance with the law and the Articles.

The Board shall consist of three members, which are elected and removed by the Supervisory Board. The term of office of a Board member shall be for five years and terminates by the last day of the term of office of a Board member. The re-election of the Board member is possible without any restrictions. Any Board member may resign by written notice delivered to the Board. The Board shall discuss the resignation at its next meeting, after the Board acknowledges the resignation. The office of the Board member ends by the day the Board discussed or should have discussed the resignation. If a Board member announces resignation verbally at the meeting of the Board, the office of Board member ends two months after the date of notice of resignation, unless the Board upon the request of resigning member of the Supervisory Board will not approve the termination of office of a Board member on a different date.

The Supervisory Board shall elect new Board member no later than two months from the office termination of the Board member, from the resignation of the Board member or from the office termination of the Board member by any other way. If the number of Board members did not fall below half number of members, the Board may appoint substitute Board members until the next Supervisory Board meeting. The Supervisory Board may appoint substitute Board members, who will start to perform their office in order in which they were appointed. The Board shall appoint and recall its chairman and vice-chairman.

In exercising their office, the Board members, besides the obligations requested by the applicable law, shall act with due managerial care and agree to keep confidential sensitive information and facts, the disclosure of which to third parties may cause harm to the company. The provisions of the law shall apply with respect to non-competition obligations of the members of the Board. A Board member besides other legal provisions and without notification obligation cannot: (a) carry on business in the subject of Issuer's business; (b) arrange or provide the Issuer's trade for other persons; (c) participate in the business activities of other business corporation as a shareholder with unlimited liability, or as a controlling person of the person with same or similar scope of business; and (d) be a member of the statutory body of another legal entity with the same or a similar scope of business, or be a person in a similar position, unless it is a legal entity within the Issuer's concern. Should any of the above obligations be breached by any Board member the Issuer is entitled to claim all profits or other payments, including damages for loss conceded to the Issuer under the applicable law. The Board member shall inform the chairman of the Board about his/her performance of the office of the statutory body, membership in a statutory body or any other body in any other legal entity.

The Board adopts decisions on its meetings, unless the Articles provides otherwise. The Board shall meet usually once in a month, however, at least six times per calendar year. The meetings of the Board shall be usually convened upon the chairman's written notice; the chairman shall also chair the meetings of the Board. The vice chairman of the Board shall chair the meetings of the Board during the absence of the chairman at the meeting. Upon the written request of any Board member or upon the written request of the Supervisory Board the meeting of the Board must be convene, no later than 14 days from such request delivery. The request must contain the reasoning and a proposed meeting agenda. The Board may invite to its meeting at its own discretion a members of the Supervisory Board, employees or other persons. The attendance at a meeting of the Board is obligatory for invited employees. The meeting of the Board may be

attended by the member of the Supervisory Board determined by the decision of the Supervisory Board.

The Board shall be quorate if a majority of all its members is present at the meeting of the Board. Resolutions at the meetings of the Board shall be passed by a majority vote of all members of the Board; if there is a tie, the chairman's vote shall be decisive. Each Board member shall have one vote, and voting shall be by acclamation (in Czech, *aklamce*). Minutes shall be taken of the proceedings and signed by a minute-taker authorised by the Board and by the chairman. The minutes shall specify the names of the members who voted against the adoption of any decisions or abstained from voting; members whose names are not specified are deemed to have voted in favour of the decision, unless proven otherwise.

The Board may adopt a decision outside the meeting by written voting or by voting via communication technologies if all Board members agree. A Board member voting via communication technologies or by paper votes shall be considered as present at the meeting of the Board for the quorate purposes of the Board. The voting record shall form part of the next Board meeting minutes.

If all members of the Board agree, a meeting of the Board may be held even if it does not fulfil the requirements for being called, as prescribed by the Articles. The chairman may cancel or postpone the convened meetings because of significant reasons. The venue of the meeting usually takes place at the registered office of the Issuer or another suitable place. The costs of the meetings and other activities of the Board shall be borne by the Issuer.

The members of the Board are entitled to receive remuneration for the costs related to the performance of their office.

If a Board member learns about a conflict of interest between the Issuer and a Board member or between close relatives of such a Board member or between persons controlled or influenced by him/her, this Board member shall inform, without undue delay, remaining Board members and the Supervisory Board. The Supervisory Board may suspend office of such a Board member who informed about the conflict of interest for a time period necessary with respect to the character and duration of such conflict of interest. Such measure may be approved repeatedly. The Board may appoint a substitute member for a period of suspension of the Board member with conflict of interest. The Board member with suspended office is not entitled to any remuneration for the suspension period. If the reason for suspension ceases the relevant body shall decide on termination of the suspension.

Supervisory Board

The Supervisory Board is the Issuer's supervisory body, which elects and removes Board members and which oversee the exercise of the powers of the Board and the Issuer's business activities and approves the office agreements for Board members, and on any other payments to Board members pursuant to Section 61 of the Companies Act. The Supervisory Board is obliged to request any information from the Issuer's auditor for its supervisory activities and to cooperate with such an auditor.

The powers of the Supervisory Board shall include:

(i) supervising exercise of the Board's powers, particularly fulfilment of tasks assigned to the Board by the General Meeting; compliance with the Articles and legal provisions, supervising business activities of the Issuer; the status of the Issuer's assets, receivables and debts of the Issuer; administration and transparency of the accounting and informing the General Meeting about results, conclusions and recommendations following the supervisory activities;

(ii) reviewing the annual, extraordinary or, as the case may be, interim financial statements and motions to distribute profits or other Issuer's own funds and cover losses and report the General Meeting about its statements;

(iii) convening the General Meeting, if required by the Issuer's interests, and proposing necessary measures;

(iv) representing the Issuer through one of the member of the Supervisory Board in a judicial or any other dispute against the member or members of the Board;

(v) fulfilling other obligations entrusted to the Supervisory Board by law or the Articles.

The Supervisory Board shall observe the rules and instructions approved by the General Meeting, if they are in accordance with the law and the Articles.

The Supervisory Board has three members. The members of the Supervisory Board shall be elected and removed by the General Meeting. The term of office of the members of the Supervisory Board shall be five years and terminates by the last day of the term of office for which a member of the Supervisory Board was elected. The re-election of the member of the Supervisory Board is possible without any restrictions.

A member of the Supervisory Board may resign from his/her office, through a written notice delivered to the Supervisory Board. The office of a member of the Supervisory Board ends on the date when his/her resignation was discussed or should be discussed by the Supervisory Board. The Supervisory Board shall discuss the resignation at its next meeting, after the Supervisory Board acknowledges such resignation. If a member of the Supervisory Board announces resignation verbally at the meeting of the Supervisory Board, the office of member of the Supervisory Board ends two months after the date of notice of resignation, unless the Supervisory Board, upon the request of resigning member of the Supervisory Board will not approve the termination of office of a member of the Supervisory Board on a different date.

The General Meeting shall elect new member of the Supervisory Board no later than two months from the office termination of the member of the Supervisory Board or from the resignation of a member of the Supervisory Board or, if the office of the Supervisory Board member terminates by any other way. If the number of Supervisory Board members did not fall below half of the total number of members, the Supervisory Board may appoint a substitute Supervisory Board members by the next General Meeting. If the Issuer has a sole shareholder, the term of office of such a substitute Supervisory Board members shall terminate by the date the Issuer receives the decision of the sole shareholder, exercising powers of the General Meeting, on the appointment of new Supervisory Board member(s). The General Meeting may appoint substitute Supervisory Board members, who will start to perform their office in order in which they were appointed.

The Supervisory Board adopts decision at its meetings and shall usually meet four times per calendar year. The meetings of the Supervisory Board shall be convened by the chairman by written notice; the chairman shall also chair the meetings of the Supervisory Board. The vice-chairman of the Supervisory Board shall chair the meetings of the Supervisory Board during the absence of the chairman at the meetings.

The Supervisory Board shall be quorate if a majority of all its members is present at the meeting. Resolutions at the meetings of the Board shall be passed by a majority vote of all members of the Board, if there is a tie, the chairman's vote shall be decisive. Each Board member shall have one vote. The vote of the vice-chairman shall be decisive during the absence of the chairman. The voting shall be by acclamation, and the chairman of the Supervisory Board shall convene the meeting of the Supervisory Board always when requested by any member of the Supervisory Board or by the Board; such a request must contain the reasoning and a proposal of the agenda for the meeting. The meetings of the Supervisory Board shall be held at the registered office of the Issuer, unless the Supervisory Board decides otherwise. The Supervisory Board may invite to its meeting upon its own discretion members of the Board, employees or other persons; an invitation to the meeting of the Supervisory Board is obligatory for employees. Minutes shall be taken of the proceedings and shall be signed by the minute-taker authorised by the Board and by the chairman. The minutes shall contain contrary opinions of a minority of the members, if requested by them.

The Supervisory Board may adopt a decision outside the meeting by written voting or by voting via communication technologies if all members of the Supervisory Board agree. A member of the Supervisory Board shall be considered as present at the meeting of the Supervisory Board for the quorate of the Supervisory Board when voting via communication technologies or by written voting. The voting record shall be part of the minutes of the next Supervisory Board meeting. The costs of the meetings and other activities of the Supervisory Board shall be borne by the Issuer.

The members of the Supervisory Board are entitled to receive remuneration for the costs related to the performance of their office.

In exercising their office, the members of the Supervisory Board shall act with due managerial care and agree to keep confidential sensitive information and facts, the disclosure of which to third parties may cause harm to the Issuer. If respective action of the Board requests the approval of the Supervisory Board and the Supervisory Board will not provide such approval to the Board or will exercise its right to prohibit specific action to the Board, a member of the Supervisory Board shall be responsible for damages in cases and extent specified under Section 49 of the Companies Act. The Article 19 of the Articles shall apply to members of the Supervisory Board similarly.

Audit Committee

Without prejudice to the responsibilities of the Board or the Supervisory Board, the Audit Committee is an Issuer's body that performs particularly the following:

(i) monitoring the progress of drawing up the financial statements;

(ii) evaluating the effectiveness of the Issuer's internal controls, internal audit and, where applicable, risk management systems;

(iii) monitoring the process of the mandatory audit of the financial statements; and

(iv) assessing the independence of the statutory auditor and audit company, and mainly the provision of auxiliary services to the audited entity

(v) suggesting an auditor to review the financial statements.

The Audit Committee shall consist of three members elected and removed by the General Meeting from the members of the Supervisory Board or third persons. At least one member of the Audit Committee shall be independent on the Issuer and shall have at least three years practical experience in the accounting or obligatory audit. The Audit Committee shall appoint its chairman. The term of office of a member of the Audit Committee shall be for five years. The Audit Committee adopts decision at its meetings, which are usually held twice per calendar year. The Audit Committee shall be quorate if a majority of all its members is present at the meeting. Resolutions at the meetings of the Audit Committee shall be passed by a majority vote of all members of the Audit Committee.

Acting on behalf of the Issuer

The Board shall act on behalf of the Issuer. The chairman and vice-chairman of the Board may act independently. Other members of the Board may act only shall act jointly with another member of the Board. Member of the Board may act independently or members of the Board shall act jointly also upon the authorisation by the Board resolution.

(c) **Dividend policy**

No dividends have been paid prior to the year 2014. The Management does not plan to pay any dividends for the years 2014 and 2015, as all the free cash flow shall be used for further expansion of distribution network and potential acquisitions of breweries, as the case may be.

Any payment of any future dividends will effectively depend on the discretion of the shareholders at the General Meeting. The current intention of the Management is to recommend to the General Meeting for the year 2016 and beyond a dividend payout ratio of 40% to 70% of the Issuer's net profit for the relevant year, after taking into account any circumstances that may have a negative impact on the Issuer's freely distributable reserves, including the Issuer's business prospects, future earnings, cash requirements, envisaged costs and expenses as well as expansion plans and provided that such dividend payment would not impair the capital structure of the Issuer. The Issuer's ability to distribute dividends depends on the level of its freely distributable reserves and cash at hand, which will be determined by the financial performance of the Issuer.

The dividends will be determined on the basis of the regular or extraordinary financial statements approved by the General Meeting. The decision on a dividends pay out to the shareholders should be adopted by the Board based on the conditions described below in this section. Dividends are not refundable, unless the person, to whom the dividends were paid out, knew or should have known that by providing the payment of dividends were violated conditions for dividends payments pursuant to the Companies Act. A right to dividends is

individually transferable right from the day the General Meeting passed the resolution on distribution of dividends.

A shareholder is entitled to a proportion of the Issuer's profit share which was approved by the General Meeting for distribution to the shareholders. This proportion shall be determined as a ratio between the shareholder's share and the Issuer's share capital.

The Issuer may not distribute the dividends or other internal resources to the shareholders, if at the date of the last financial year termination the equity capital arising out of the regular or extraordinary financial statements or the equity capital after this distribution is reduced below the amount of the share capital plus the funds that are not distributable to the shareholders in accordance with the Companies Act or with the Articles distributed to the shareholders. The amount to be distributed as a dividend to the shareholders shall not exceed the amount of a trading result of the last completed reporting period plus any retained earnings from previous periods and reduced of losses from previous periods and allocations to reserves and other funds in accordance with the Companies Act and the Articles. The decision of the General Meeting on the dividends taken in breach of the above provided statements is considered as not taken.

The decisive day for the exercising the right for a dividends shall be the day of holding the General Meeting; the right for the dividends has the shareholder who owns the Share seven days prior to the day of holding the General Meeting which approved the dividends amount to be distributed between the shareholders. The dividends payment shall mature no later than 60 days since the day the General Meeting which approved the dividends payment to be distributed to the shareholders was held.

(d) **Legal and arbitration proceedings**

There are no administrative, court or arbitration proceedings (including any that are pending or threatened which the Issuer is aware of), which may have, or have had during the 12 months preceding the date of the Prospectus, a significant effect on the Group or its financial position or profitability.

The Issuer and its Subsidiaries are generally involved in various court disputes arising in the Group's ordinary course of business. Currently, there are about 700 pending disputes mostly regarding monetary claims of the Issuer or its Subsidiaries to third parties in the total amount of CZK 112,3 million.

(e) **Significant change in the issuer's financial or trading position**

There have been no material changes in the trading or financial position of the Issuer since 31 December 2013.

5.21. MATERIAL CONTRACTS

The Issuer and the Subsidiaries are party to various types of agreements such as advisory, bank, insurance, leasing, licence, retail, software and transport agreements. The subsequent list provides a summary of material agreements, to which the Issuer or any of its Subsidiaries is a party, for the two years immediately preceding publication of the Prospectus.

(a) **Bank Agreements**

(i) Pivovary Lobkowicz Group, a.s., Pivovary Lobkowicz, a.s., K Brewery Management s.r.o. / Overdraft Facility Agreement with Citibank Europe plc

The Issuer, Pivovary Lobkowicz, a.s., K Brewery Management s.r.o. (all three companies jointly referred to as the "**Clients**") and Citibank Europe plc entered into the Overdraft Facility Agreement on 25 September 2013. Citibank Europe plc provides the Clients with the facility of up to CZK 165,000,000 for refinancing the existing loans and intragroup loans and for general corporate purposes, with an interest rate of 1M PRIBOR + 2.8% p.a. The agreement was concluded for an indefinite period with three months notice period. The receivables under this agreement shall be paid off no later than the last day of the notice period.

The Clients agreed that without the prior written consent of the bank:

(i) no member of the group (as defined thereto) will purchase any tangible or intangible assets exceeding CZK 90,000,000 of the overall amount (with respect to the group) or its equivalent, in any other currency;

(ii) no member of the group (as defined thereto) will accept from any third party outside of the group a loan or any other business obligation of a similar nature, which exceeds CZK 30,000,000 of the overall amount (with respect to the group) or its equivalent in, any other currency.

The receivables of the bank are secured by: a mortgage agreement, a collective movable asset pledge agreement, a pledge over receivables, a pledge over bank accounts receivables, a pledge over trademarks, and a blank promissory note.

(ii) Pivovary Lobkowicz Group, a.s. / Facility Agreement no. 46144313 with PPF banka a.s.

The Issuer and PPF banka a.s. entered into Facility Agreement no. 46144313 on 24 April 2013, under which the bank agreed to provide a facility of up to CZK 100,000,000 as the investment facility for refinancing an existing loan with the interest rate of 6M PRIBOR + 3.5% p.a. and a maturity date of 20 July 2018.

The prior written consent of the bank is obligatory for the following acts of the Issuer:

(i) entering into any transactions with investment instruments, investment securities, investments of the common or commodity market and derivatives all exceeding CZK 10,000,000;

(ii) providing any payments, including loans, to its shareholders, except transactions with shareholders entered into the ordinary course of business, provided under fair trading conditions and not exceeding CZK 10,000,000;

(iii) providing any security for Issuer's obligations or the obligations of third parties where the overall amount exceeds CZK 10,000,000, or permitting any third party to provide security for the obligations of the Issuer or security related to the Issuer's assets;

(iv) any further indebtedness in the form of loans or bond issuance, or any other securities representing a receivable, with exception of the suppliers' loans entered into during the ordinary course of business, provided under fair trading conditions, and not exceeding CZK 10,000,000 individually or overall;

(v) entering into purchase agreements for the leased object, or lease agreements with the exception of the agreements entered into during the ordinary course of business, where none of such agreements exceed CZK 5,000,000 for payments in the relevant accounting period, and all such agreements do not exceed CZK 5,000,000 for payments in a calendar year;

(vi) providing financing, such as loans or bond purchase, or any other investment securities representing a receivable or accession to the obligation or promise of indemnification grating (in Czech, *slib odškodnění*) to a third party not even within the economically related group with exception of supplier loans entered into during the ordinary course of business, provided under fair trading conditions and loans provided to employees. All these agreements do not exceed in an overall amount CZK 10,000,000 for one accounting period;

(vii) purchasing, selling leasing or any other dispositions with assets exceeding CZK 20,000,000 in the relevant accounting period, not including the mandatory disposition of assets under the law.

The receivables of the bank are secured by: six mortgage agreements, a pledge over bank accounts receivables, and a blank promissory note with surety.

(iii) Pivovary Lobkowicz Group, a.s. / Facility Agreement no. 68111002017 with GE Money Bank, a.s.

The Issuer and GE Money Bank, a.s. entered into the Facility Agreement no. 68111002017 on 21 October 2011, under which the bank agreed to provide a facility of

up to CZK 147,000,000 as investment facility for refinancing of the existing loan with the interest rate of 1M PRIBOR + 2.2% p.a. and with a maturity date of 20 October 2016.

The receivables of the bank are secured by: a mortgage agreement; a blank promissory note with surety; two collective movable asset pledge agreements; and a pledge over receivables under insurance policies.

(iv) Pivovar Uherský Brod, a.s. / Framework Facility Agreement no. 46078712 with PPF banka a.s.

Pivovar Uherský Brod, a.s. and PPF banka a.s. entered into Framework Facility Agreement no. 46078712 on 30 August 2012. PPF banka a.s. provides Pivovar Uherský Brod, a.s. with a global facility line of up to CZK 30,000,000, which may be drawn in the form of (a) an overdraft facility of up to CZK 20,000,000 and (b) a term investment facility of up to CZK 10,000,000. The overdraft facility is provided for refinancing existing loans and for operational needs, with an interest rate of 1M PRIBOR + 3.00% p.a. and a maturity date of 30 June 2014. The term investment facility is provided as the investment facility, with an interest rate of 3M PRIBOR + 3.00% p.a. and a maturity date of 20 June 2017.

Pivovar Uherský Brod, a.s. must obtain the prior approval of the bank for the following acts:

(i) entering into any transactions with investment instruments, investment securities, investments of the common or commodity market and derivatives in such amount that is 50.00% higher than the taxed income in the relevant accounting period; except for the transactions aimed at securing Pivovar Uherský Brod, a.s. against monetary or interest risks;

(ii) providing payments, including loans, to its shareholders, except transactions with shareholders, which are entered in the ordinary course of business and not exceeding CZK 3,000,000 and are provided under fair trading conditions;

(iii) providing security for its obligations or the obligations of the third parties where the overall amount exceeds CZK 3,000,000 or permitting a third party to provide security for the obligations of Pivovar Uherský Brod, a.s. or security related to its assets;

(iv) entering into purchase agreements for leased object or lease agreements with the exception of the agreements entered into during the ordinary course of business and under fair trading conditions, where such agreements do not exceed CZK 1,000,000 for payments in the relevant accounting period, and all such agreements not exceeding CZK 1,000,000 for payments in a calendar year (or accounting period);

(v) purchasing, selling, leasing or any other dispositions with assets exceeding the overall amount CZK 1,000,000 in the relevant accounting period, excluding the mandatory disposition with the assets under the law.

The receivables of the bank are secured by a mortgage agreement, a pledge over bank accounts receivables, a pledge over other receivables, a blank promissory note, and blockage of insurance proceeds payments for the benefit of the bank.

(v) Pivovar Jihlava, a.s. / Overdraft Facility Agreement no. 68111002781 with GE Money Bank, a.s.

Pivovar Jihlava, a.s. and GE Money Bank, a.s. entered into the Overdraft Facility Agreement no. 68111002781 on 24 November 2011, under which the bank agreed to provide an overdraft facility of up to CZK 20,000,000 for the operational purposes with the interest rate of 1M PRIBOR + 2.2% p.a. and with a principal maturity of 20 May 2014.

The receivables of the bank are secured by: two mortgage agreements; a blank promissory note with surety; a movables pledge agreement, and a pledge over receivables under insurance policies.

(vi) Pivovar Černá Hora, a.s. / Business Facility Agreement no. 1110800115 with S Morava Leasing, a.s.

Pivovar Černá Hora, a.s. and S Morava Leasing, a.s. ("**Creditor**") entered into the Business Facility Agreement no. 1110800115 on 16 July 2008, under which the Creditor agreed to provide a facility of up to CZK 7,200,000 for the brewery manufacturing area financing with the starting interest rate of 7.25% p.a. (the interest rate is dependent on an actual rate on the interbank market – 6M PRIBOR), and with a maturity date of 31 July 2015.
The receivables of the bank are secured by: a mortgage agreement and a blank promissory note with surety.

(vii) Pivovar Černá Hora, a.s. / Facility Agreement no. 90000610/2 with PPF banka a.s.

Pivovar Černá Hora, a.s. and PPF banka a.s. entered into the Facility Agreement no. 90000610/2 dated 14 July 2010, under which the bank agreed to provide a facility of up to CZK 90,000,000 as an investment facility for refinancing the existing loan and for operational purposes, with the interest rate of 3M PRIBOR + 2.25% and with a maturity date of 14 July 2014.

The prior written consent of the bank is required for the following acts of Pivovar Černá Hora, a.s.:

(i) to participate in the decision of the transformation of Pivovar Černá Hora, a.s. company (under the provisions of act no. 125/2008 Coll. on Transformation of the Business, as amended) such as mergers, transfer of capital to the shareholder, dissolution or change of the legal form by preparation, approval or entering into documents which are mandatory for such a transformation; as well as other economic acts similar to the enterprise purchase or lease agreements or part thereof, transfer of a substantial part of the assets or participating in the management of legal entities;

(ii) acquiring representation in other legal entities, associations and other subjects, with the exception of the acquisition of its own shares under the relevant legal provisions;

(iii) entering into any transactions with investment instruments, investment securities, investments of the common or commodity market and derivatives except transactions aimed at securing Pivovar Černá Hora, a.s. against monetary or interest risks;

(iv) to participate in the change of form, nominal value, number or rights and obligations related to the shares of the Pivovar Černá Hora, a.s., a change in the share capital, substitution of the share for share certificate and vice versa, change of the scope of business, change of the legal form in the extent permitted by law, with the exception of the cases provided under the Facility Agreement or any of its security agreements;

(v) dividend payments to shareholders exceeding 20% of the income after tax for the relevant accounting period;

(vi) providing any payments, including loans, to its shareholders, except transactions with shareholders which are entered in the ordinary course of business not exceeding CZK 1,000,000, and are provided under fair trading conditions;

(vii) providing security for Pivovar Černá Hora, a.s. obligations or the obligations of third parties where overall amount exceeds CZK 1,000,000, or permitting a third party to provide security for the obligations of the Pivovar Černá Hora, a.s. or security related to its assets;

(viii) any further indebtedness in the form of loans or bond issuance, or any other securities representing a receivable, with the exception of supplier loans entered into during the ordinary course of business, provided under fair trading conditions and not exceeding CZK 1,000,000 individually and CZK 2,000,000 overall;

(ix) entering into purchase agreements of the leased object, or lease agreements with exception of the agreements entered into during the ordinary course of business, where none of such agreements exceed CZK 1,000,000 for payments in the relevant accounting period, and all such agreements do not exceeding CZK 1,000,000 for payments in a

calendar year (or accounting period), or any other such agreement if entered into during the ordinary course of business and under fair trading conditions;

(x) providing any financing, such as loans or bond purchase, or any other investment securities representing a receivable or accession to the obligation or promise of indemnification grating (in Czech, *slib odškodnění*) to the third party not even within the economically related group with exception of supplier loans entered into during the ordinary course of business, provided under fair trading conditions and loans provided to employees. All such agreements do not exceed CZK 1,000,000 overall for one accounting period;

(xi) purchasing, selling leasing or any other dispositions with assets exceeding CZK 1,000,000 overall in the relevant accounting period, not including the mandatory disposition with the assets under the law.

The receivables of the bank are secured by: a mortgage agreement, two pledges over trade receivables, a pledge over trademarks, two pledges over bank accounts receivables, and two declarations of guarantee.

(viii) Pivovar Černá Hora, a.s. / Overdraft Facility Agreement no. 90000610/1 with PPF banka a.s.

Pivovar Černá Hora, a.s. and PPF banka a.s. entered into Overdraft Facility Agreement no. 90000610/1 on 14 July 2010, under which the bank agreed to provide an overdraft facility of up to CZK 15,000,000 for operational purposes, with an interest rate of 1M PRIBOR + 3.90% p.a., and with a maturity date of 31 July 2015.

The Prior written consent of the bank is obligatory for the following acts of the Pivovar Černá Hora, a.s.:

(i) to participate in the decision of the transformation of Pivovar Černá Hora, a.s. company (under the provisions of act no. 125/2008 Coll. on Transformation of the Business, as amended) such as mergers, transfer of capital to the shareholder, dissolution or change of the legal form by preparation, approval or entering into documents which are mandatory for such a transformation; as well as other economic acts similar to the enterprise purchase or lease agreements or part thereof, transfer of a substantial part of the assets or participating in the management of legal entities;

(ii) acquiring representation in other legal entities, associations and other subjects, with the exception of the acquisition of its own shares under the relevant legal provisions;

(iii) entering into any transactions with investment instruments, investment securities, investments of the common or commodity market and derivatives except transactions aimed at securing Pivovar Černá Hora, a.s. against monetary or interest risks;

(iv) to participate in the change of form, nominal value, number or rights and obligations related to the shares of the Pivovar Černá Hora, a.s., a change in the share capital, substitution of the share for share certificate and vice versa, change of the scope of business, change of the legal form in the extent permitted by law, with the exception of the cases provided under the Facility Agreement or any of its security agreements;

(v) dividend payments to shareholders exceeding 20% of the income after tax for the relevant accounting period;

(vi) providing payments, including loans, to its shareholders, except transactions with shareholders which are entered in the ordinary course of business not exceeding CZK 1,000,000 individually in one calendar year (or accounting period), and are provided under fair trading conditions;

(vii) providing security for Pivovar Černá Hora, a.s. obligations or the obligations of third parties where overall amount exceeds individually CZK 1,000,000 in one calendar year (or accounting period), or permitting a third party to provide security for the obligations of the Pivovar Černá Hora, a.s. or security related to its assets;

(viii) any further indebtedness in the form of loans or bond issuance, or any other securities representing receivable, with exception of supplier loans entered into during the ordinary course of business, provided under fair trading conditions not exceeding CZK 1,000,000 individually and not exceeding 2,000,000 in one calendar year (or accounting period);

(ix) entering into purchase agreements of the leased object, or lease agreements with exception of the agreements entered into during the ordinary course of business, where none of such agreements exceed CZK 1,000,000 for the payments in the relevant accounting period, and all such agreements do not exceed CZK 1,000,000 for payments in a calendar year (or accounting period), or any other such agreement if entered into during the ordinary course of business and under fair trading conditions;

(x) providing financing, such as loans or bond purchase or any other investment securities representing a receivable or accession to the obligation or promise of indemnification grating (in Czech, *slib odškodnění*) to the third party not even within the economically related group with exception of supplier loans entered into during the ordinary course of business, and provided under fair trading conditions and loans provided to employees. All such agreements do not exceed individually CZK 1,000,000 in one calendar year (or accounting period);

(xi) purchasing, selling leasing or any other dispositions with assets exceeding individually CZK 1,000,000 in one calendar year (or accounting period), not including the mandatory disposition with the assets under the law.

The receivables of the bank are secured by: a mortgage agreement, two pledges over trade receivables, a pledge over trademarks, two pledges over bank accounts receivables, and two declarations of guarantee.

(ix) Pivovar Černá Hora, a.s. / Facility Agreement no. 46045212 with PPF banka, a.s.

Pivovar Černá Hora, a.s. and PPF banka, a.s. entered into Facility Agreement no. 46045212 on 23 March 2012, under which the bank agreed to provide a facility of up to CZK 15,300,000 as an investment facility for extending manufacturing capacity, with an interest rate of 3M PRIBOR + 3.25% p.a. and with a maturity date of 30 June 2017.

The prior written consent of the bank is obligatory for the following acts of Pivovar Černá Hora, a.s.:

(i) providing payments, including loans, to its shareholders, except transactions with shareholders which are entered in the ordinary course of business, are provided under fair trading conditions not exceeding CZK 1,000,000;

(ii) providing security for its obligations or the obligations of the third parties, where the overall amount exceeds CZK 1,000,000, or permitting a third party to provide security for the obligations of Pivovar Černá Hora, a.s. or security related to its assets;

(iii) any further indebtedness in a form of loans or bond issuance, or any other securities representing a receivable, with exception of supplier loans entered into during the ordinary course of business, and provided under fair trading conditions not exceeding CZK 1,000,000, individually or overall;

(iv) entering into purchase agreements of the leased object, or lease agreements with exception of the agreements entered into during the ordinary course of business, where such agreements do not exceed CZK 1,000,000 for payments in the relevant accounting period, and all such agreements do not exceed CZK 1,000,000for payments in a calendar year;

(v) providing any financing, such as loans or bond purchase, or any other investment securities representing a receivable or accession to the obligation or promise of indemnification grating (in Czech, *slib odškodnění*) to the third party not even within the economically related group, with the exception of supplier loans entered into during the ordinary course of business, provided under fair trading conditions and loans provided to

employees. All these agreements do not exceed CZK 1,000,000 overall for one accounting period;

(vi) purchasing, selling, leasing or any other dispositions with assets exceeding CZK 1,000,000 overall in the relevant accounting period, not including the mandatory disposition with the assets under the law.

The receivables of the bank are secured by: a mortgage agreement and a blank promissory note with surety.

(x) Pivovar Vysoký Chlumec, a.s. / Overdraft Facility Agreement, no. KA1314533 with Sberbank CZ, a.s.

Pivovar Vysoký Chlumec, a.s. and Sberbank CZ, a.s. entered into Overdraft Facility Agreement, no. KA1314533 on 19 March 2014. Under this agreement Pivovar Velký Chlumec, a.s. is provided with an overdraft facility of up to CZK 20,000,000. The overdraft facility is provided for refinancing the existing loans with an interest rate of 3M PRIBOR +1.99% p.a. and has been concluded for an indefinite period.

The prior consent of the bank is obligatory for the following acts of Pivovar Vysoký Chlumec, a.s.:

(i) disposition with owned assets over CZK 10,000,000;

(ii) entering into a new facility agreements provided by any financial or any other non-financial institution over CZK 5,000,000;

(iii) mergers or acquisitions, dissolutions, restructuring or sale or any change of the company or the enterprise;

(iv) granting new loans over CZK 10,000,000 to the companies within the economically related group.

The receivables of the bank from this agreement are secured by two mortgage agreements, the declaration of a guarantee, the pledge over bank accounts receivables, two securities pledge agreements, two pledges over receivables under insurance policies, and by a movables pledge agreement.

(xi) Pivovar Rychtář, a.s. / Facility Agreement – Investment Facility no. KA1400893 with Sberbank CZ, a.s.

Pivovar Rychtář, a.s. and Sberbank CZ, a.s. entered into Facility Agreement – Investment Facility no. KA1400893 on 19 March 2014, under which the bank agreed to provide an investment facility of up to CZK 30,000,000 for intragroup financing purposes, with an interest rate of 3M PRIBOR + 1.99% p.a., and with the last instalment maturity date of 1 March 2019.

The prior consent of the bank is obligatory for the following acts of Pivovar Rychtář, a.s.:

(i) disposition with owned assets over CZK 10,000,000;

(ii) entering into a new facility agreements provided by any financial or any other non-financial institution over CZK 5,000,000;

(iii) mergers or acquisitions, dissolutions, restructuring or sale or any change of the company or the enterprise;

(iv) granting new loans over CZK 10,000,000 to the companies within the economically related group.

The receivables of the bank are secured by: two mortgage agreements, a notarial deed with permission to direct enforceability, a declaration of guarantee, a pledge over bank accounts receivables, two securities pledge agreements, two pledges over receivables under insurance policies, and a movables pledge agreement.

(xii) Pivovar Protivín, a.s. / Facility Agreement – Investment Facility no. KA1401394 with Sberbank CZ, a.s.

Pivovar Protivín, a.s. and Sberbank CZ, a.s. entered into Facility Agreement – Investment Facility no. KA1401394 on 19 March 2014, under which the bank agreed to provide an investment facility of up to CZK 26,000,000 for refinancing of the existing loans, with an interest rate of 3M PRIBOR + 1.99% and with a maturity date of the last instalment of 1 March 2019.

The prior consent of the bank is obligatory for the following acts of Pivovar Protivín, a.s.:

(i) disposition with owned assets over CZK 10,000,000;

(ii) entering into a new facility agreements provided by any financial or any other non-financial institution over CZK 5,000,000;

(iii) mergers or acquisitions, dissolutions, restructuring or sale or any change of the company or the enterprise;

(iv) granting new loans over CZK 10,000,000 to the companies within the economically related group.

The receivables of the bank are secured by: two mortgage agreements; a notarial deed with permission to direct enforceability; a declaration of guarantee; a pledge over bank accounts receivables; two securities pledge agreements; two pledges over receivables under insurance policies; and a movables pledge agreement.

(xiii) Pivovar Protivín, a.s. / Global Facility and Bank Products Line Agreement no. KA1314531 with Sberbank CZ, a.s.

Pivovar Protivín, a.s. and Sberbank CZ, a.s. entered into Global Facility and Bank Products Line Agreement no. KA1314531 on 19 March 2014, under which the bank agreed to provide a global facility line of up to CZK 22,000,000, which may be drawn in a form of (a) the overdraft facility of up to CZK 17,000,000 and (b) bank guarantees of up to CZK 5,000,000. The relevant parts of the global facility line may be used for (a) the refinancing of existing loan purpose and operational financing, with an interest rate of 3M PRIBOR + 1.25% p.a. and (b) short-term and mid-term bank guarantees issued as a customs guarantees for a consumption tax with guarantee commission in 1.75% p.a. The Global Facility and Bank Products Line Agreement is concluded for an indefinite period.

The prior consent of the bank is obligatory for the following actions of the Pivovar Protivín, a.s.:

(i) disposition with owned assets over CZK 10,000,000;

(ii) entering into a new facility agreements provided by any financial or any other non-financial institution over CZK 5,000,000;

(iii) mergers or acquisitions, dissolutions, restructuring or sale or any change of the company or the enterprise;

(iv) granting new loans over CZK 10,000,000 to the companies within the economically related group.

The receivables of the bank are secured by two mortgage agreements, a declaration of guarantee, a pledge over bank accounts receivables, two securities pledge agreements, two pledges over receivables under insurance policies, and a movables pledge agreement.

(xiv) MORAVAMALT, s.r.o. / Revolving Facility Agreement no. 99003845716 with Komerční banka, a.s.

MORAVAMALT, s.r.o. and Komerční banka, a.s. entered into Revolving Facility Agreement no. 99003845716 on 21 August 2012, under which the bank agreed to provide a revolving facility of up to CZK 10,000,000 for supplies and receivables, with an interest rate of O/N PRIBOR + 2.05%. The agreement has been concluded for an indefinite period.

The prior written consent of the bank is obligatory for the following acts of MORAVAMALT, s.r.o.:

(i) to accept or provide a loan or issue a promissory note within or outside its economically related group;

(ii) to provide a loan or issue a promissory note to its shareholders, pay off or promise to pay off any outstanding debts to its shareholders, except transactions with shareholders that are entered into during the ordinary course of business and under fair trading conditions;

(iii) to purchase securities, ownership interests, shares for the purpose of gaining a decisive influence in another entity; to establish or to participate in the establishment of another entity; to prepare its transformation by any means described under the provisions of act no. 125/2008 Coll. on Transformation of the Business, as amended or a similar transformation under any other legal provisions, to enter into agreement by which its enterprise or part thereof would be transferred, leased or pledged or any similar transaction;

(iv) to enter into mergers, dissolutions, assets (in Czech, *jmění*) transfer or change of the legal form;

(v) to enter into purchase agreements of the leased object, or lease agreements in which it will appear as a leaseholder and will be obliged to provide rental payments exceeding CZK 5,000,000 per year.

The receivables of the bank are secured by: a blank promissory note with surety, a pledge over trade receivables, and a mortgage agreement.

(xv) MORAVAMALT, s.r.o. / Revolving Facility Agreement no. 7490009200110 with Komerční banka, a.s.

MORAVAMALT, s.r.o. and Komerční banka, a.s. entered into Revolving Facility Agreement no. 7490009200110 on 10 April 2009, as amended, under which the bank agreed to provide a revolving facility of up to CZK 20,000,000 for supplies financing, with an interest rate of O/N PRIBOR + 1.30% and with a principal maturity date of 9 April 2010.

The prior written consent of the bank is obligatory for the following acts of MORAVAMALT, s.r.o.:

(i) to accept or provide a loan or issue a promissory note within or outside its economically related group;

(ii) to provide a loan or issue a promissory note to its shareholders, pay off or promise to pay off any outstanding debts to its shareholders, except transactions with shareholders that are entered into during the ordinary course of business and under fair trading conditions;

(iii) to purchase securities, ownership interests, shares for the purpose of gaining a decisive influence in another entity; to establish or to participate in the establishment of another entity; to prepare its transformation by any means described under the provisions of act no. 125/2008 Coll. on Transformation of the Business, as amended or a similar transformation under any other legal provisions, to enter into agreement by which its enterprise or part thereof would be transferred, leased or pledged or any similar transaction;

(iv) to enter into mergers, dissolutions, assets and liabilities (in Czech, *jmění*) transfer or change of the legal form;

(v) to enter into purchase agreements of the leased object, or lease agreements in which it will appear as a leaseholder and will be obliged to provide rental payments exceeding CZK 5,000,000 per year.

The receivables of the bank are secured by: a blank promissory note with surety, a pledge over trade receivables, a mortgage agreement and by a bank guarantee.

(xvi) MORAVAMALT, s.r.o. / Facility Agreement no. 7490007200389 with Komerční banka, a.s.

MORAVAMALT, s.r.o. and Komerční banka, a.s. entered into Facility Agreement no. 7490007200389 on 21 May 2008, under which the bank agreed to provide a facility of up to CZK 35,000,000 for investment purposes, with an interest rate of 1M PRIBOR + 1.50% and with a maturity date of the last instalment of 15 October 2017.

The prior written consent of the bank is obligatory for the following acts of MORAVAMALT, s.r.o.:

(i) to acquire share securities and shares in order to gain a decisive or substantial influence in another entity and to establish or to participate in the establishment of another entity;

(ii) to provide rights to third persons to its assets and to provide any other form of security for obligations to third persons;

(iii) to enter into purchase agreements of the leased object, or lease agreements in which it will appear as a leaseholder and will be obliged to provide rental payments exceeding CZK 5,000,000 per year;

(iv) to accept or to provide loans;

(v) to suggest or to provide dividend payments or other shares to shareholders.

The receivables of the bank are secured by: a blank promissory note, a transfer of title as security (in Czech, *zajišťovací převod vlastncikého práva*) to movables, and by a mortgage agreement.

(b) **Insurance Agreements**

(i) Pivovary Lobkowicz Group, a.s. / General Insurance Agreement no. 899-16862-11 with Česká Pojišťovna, a.s.

The Issuer and Česká Pojišťovna, a.s. entered into the General Insurance Agreement no. 899-16862-11 on insurance for consumption tax on 27 January 2012. Insured are Issuer's subsidiaries specified in each case in the amendments to this General Insurance Agreement.

Česká Pojišťovna, a.s. agreed to provide insurance of a guarantee for excise tax, for the operation of a tax warehouse and for liability for the fulfilment of the conditions for the transport of selected goods in the conditional tax exemption regime in the Czech Republic, between EU member states, in exporting selected types of goods, importing selected types of goods if they are subsequently placed in the insured party's tax warehouse (stipulating general terms) with insurance cover in up to CZK 25,000,000.00 (for all insured risks of the insured parties applicable jointly during the same period of time.

The General Insurance Agreement is effective from 1 February 2012 for an indefinite period. There are several amendments to the General Insurance Agreement: (i) Amendment no.2 set up insurance for the Pivovar Velký Chlumec, a.s. by 31 January 2013; (ii) Amendment no.3 set up the insurance for the Pivovar Klášter, a.s.; (iii) Amendment no.4 set up the insurance for the Pivovar Velký Chlumec, a.s., for currently pending insurance period.

(ii) Pivovary Lobkowicz, a.s. / Insurance Agreement no. 7720643157 (Economic risks) with Kooperativa pojišťovna, a.s., Vienna Insurance Group

Pivovary Lobkowicz, a.s. and Kooperativa pojišťovna, a.s., Vienna Insurance Group entered into Insurance Agreement no. 7720643157 (Economic risks) on 27 February 2012, under which Kooperativa pojišťovna, a.s. agreed to provide several insurance policies:

(i) all risks insurance – covering multiple items (e.g. an aggregate of own buildings and structures, an aggregate of own and third-party stock (insurance limit of up to CZK 5,000,000 per year);

(ii) insurance of machines (insurance limit of up to CZK 10,000,000 per year);

(iii) insurance of electronic equipment (insurance limit of up to CZK 10,000,000 per year);

(iv) insurance of electronic equipment (insurance limit of up to CZK 3,000,000 per year);

(v) insurance of property during road transport (insurance limit of up to CZK 5,000,000 per year);

(vi) insurance against discontinuation or limitation of operations (insurance limit of up to CZK 40,000,000);

(vii) insurance of liability for damages (insurance limit of up to CZK 100,000,000).

The insurance premium is in CZK 1,440,697 payable in four instalments of CZK 359,544 each, with insurance period expiry on 31 December 2015.

Following subsidiaries of the Issuer are insured under this Insurance Agreement: (i) Pivovary Lobkowicz, a.s.; (ii) Pivovar Rychtář, a.s.; (iii) Pivovar Jihlava, a.s.; (iv) Pivovar Janáček, a.s.; (v) Pivovar Klášter, a.s.; (vi) Pivovar Protivín, a.s.; (vii) Pivovar Vysoký Chlumec, a.s.; (viii) Pivovar Černá Hora, a.s.; (ix) TRACER s.r.o.

(c) **IT agreements**

(i) Pivovary Lobkowicz, a.s. / Licence agreement with PROG-SOFT spol. s r.o.

Pivovary Lobkowicz, a.s. has concluded a Licence agreement with PROG-SOFT spol. s r.o. for the provision of the software licence for the information system INFOS SQL GOLD. Under this agreement Pivovary Lobkowicz, a.s. and the Group were granted non-exclusive open-source licence for the INFOS SQL GOLD information system and are entitled to develop, modify and/or change the provided information system for its own purposes and needs. The Agreement is concluded for a definite period of time ending 31 December 2060.

The information system INFOS SQL GOLD is the key information system of the entire Group. The information system INFOS SQL GOLD is operated on various modules and administrates the following key agendas of the Group:

sales; planning and production records; order records (purchase management); evidence of contracts; ledger; warehouse; accounting; cash desks; investment property; tapping technology; dials; CRM.

The information system INFOS SQL GOLD is also the main transactional system for the entire Group. Each company of the Group is registered as a separate entity with unified key dials. Maintenance and development of the information system is operated by own IT department (internal consultants and programmers). The information system allows individual branches to communicate mutually and contains reporting tools and data warehouses for their further analysis. Mobile applications for sales promotion (collecting orders, maintenance of master data, gathering of business and marketing information) have been integrated in the year 2014.

Overall the information system INFOS SQL GOLD provides the Group with steady independent IT environment which can be modified according to current needs and development of the Group.

(d) **Supply Agreements**

(i) Pivovar Vysoký Chlumec, a.s., Pivovar Černá Hora, a.s., Pivovar Rychtář, a.s., Pivovar Klášter, a.s., Pivovar Jihlava, a.s., Pivovar Uherský Brod, a.s. and Pivovar Protivín, a.s. / Multilateral agreement with the E.ON Energie, a.s. for the supply of electricity no. 940054584

The following Subsidiaries within the Group – Pivovar Vysoký Chlumec, a.s., Pivovar Černá Hora, a.s., Pivovar Rychtář, a.s., Pivovar Klášter, a.s., Pivovar Jihlava, a.s., Pivovar Uherský Brod, a.s. and Pivovar Protivín, a.s. and E.ON Energie, a.s. on 18 July 2012 into a multilateral agreement for the supply of electricity. Pursuant to this agreement E.ON Energie, a.s. has undertaken to supply electricity to such subsidiaries in the agreed amount and timetable specified in this agreement. Under it the Group has secured until 31 December 2014 a permanent supply of electricity necessary for the proper and smooth operation of breweries owned by these Subsidiaries.

(ii) Pivovar Černá Hora, a.s., Pivovar Rychtář, a.s., Pivovar Klášter, a.s., Pivovar Jihlava, a.s., Pivovar Uherský Brod, a.s., Pivovar Protivín, a.s. / Agreement with VNG Energie Czech s.r.o. for the supply of natural gas

The following Subsidiaries within the Group – Pivovar Černá Hora, a.s., Pivovar Rychtář, a.s., Pivovar Klášter, a.s., Pivovar Jihlava, a.s., Pivovar Uherský Brod, a.s. and Pivovar Protivín, a.s. – entered into several agreements for the supply of natural gas with VNG Energie Czech s.r.o. Pursuant to these agreements VNG Energie Czech s.r.o. has undertaken to supply natural gas to these subsidiary companies. Under these agreements, the Group has successfully secured until 31 December 2014 a permanent supply of gas for the proper and smooth operation of breweries owned by these Subsidiaries.

(iii) Pivovary Lobkowicz, a.s. / Agreement for supply of hops products with Joh. Barth & Sohn GmbH & Co. KG

Pivovary Lobkowicz, a.s. and Joh. Barth & Sohn GmbH & Co. KG entered into agreement for the supply of hops products on 6 November 2012. Pursuant to this agreement Joh. Barth & Sohn GmbH & Co. KG has undertaken to deliver the hops products to individual Subsidiaries within the Group from 2012 to 2022. The Parties to this agreement have agreed upon fixed prices for each year and variety. Under this agreement the Group has successfully secured permanent supply of hops products for the proper and smooth operation of breweries owned by these Subsidiaries.

(iv) Pivovar Vysoký Chlumec, a.s., Pivovar Černá Hora, a.s., Pivovar Rychtář, a.s., Pivovar Klášter, a.s., Pivovar Jihlava, a.s., Pivovar Uherský Brod, a.s. and Pivovar Protivín, a.s. / Agreement for supply of malt with MORAVAMALT, s.r.o.

The following Subsidiaries within the Group – Pivovar Vysoký Chlumec, a.s., Pivovar Černá Hora, a.s., Pivovar Rychtář, a.s., Pivovar Klášter, a.s., Pivovar Jihlava, a.s., Pivovar Uherský Brod, a.s. and Pivovar Protivín, a.s. and MORAVAMALT, s.r.o. entered into agreement for supply of malt. Pursuant to this agreement MORAVAMALT s.r.o. has undertaken to deliver the malt to individual Subsidiaries within the Group from 1 November 2013 to 30 September 2014. The Parties to this agreement have agreed upon fixed prices for the products in the contractual period.

(v) Pivovary Lobkowicz, a.s. / General agreement for the sale of packages with O-I Sales and Distribution Czech Republic s.r.o.

Pivovary Lobkowicz, a.s. and O-I Sales and Distribution Czech Republic s.r.o. entered on 30 January 2013 into a general agreement for the sale of packages. Pursuant to this agreement O-I Sales and Distribution Czech Republic s.r.o. has undertaken to deliver the agreed amount of packages to individual Subsidiaries within the Group. Under this agreement the Group has successfully secured a permanent supply of packages for the proper and smooth operation of breweries owned by these Subsidiaries.

(vi) Pivovary Lobkowicz, a.s. / Agreement for the sale of packages – bottles with VETROPACK MORAVIA GLASS, akciová společnost

Pivovary Lobkowicz, a.s. and VETROPACK MORAVIA GLASS, akciová společnost work entered on 19 December 2013 into agreement for the sale of packages (bottles). Pursuant to this agreement VETROPACK MORAVIA GLASS work has undertaken to deliver the agreed amount of packages – beer bottles – to individual Subsidiaries within the Group. Under this agreement, the Group has successfully secured a permanent supply of beer bottles for the proper and smooth operation of breweries owned by these Subsidiaries.

(e) **Retail chains agreements**

The Group has entered into significant amount of retail contracts with major national and international supermarket and food chains to secure necessary sales of its products. These agreements are concluded for a period of one year and they are renegotiated and prolonged on the annual basis. The list of material agreements is listed below:

(i) Pivovary Lobkowicz, a.s. / Trade Conditions and Cooperation Agreement with AHOLD Czech Republic a.s.
Pivovary Lobkowicz, a.s. entered into a Trade Conditions and Cooperation Agreement with AHOLD Czech Republic a.s. under which the Pivovary Lobkowicz, a.s. supplies 33 different products to 85 different retail stores.

(ii) Pivovary Lobkowicz, a.s. / Framework Purchase Agreement with BILLA, spol. s r.o.
Pivovary Lobkowicz, a.s. entered into a Framework Purchase Agreement with BILLA, spol. s r.o. under which the Pivovary Lobkowicz, a.s. supplies 32 different products to 199 different retail stores.

(iii) Pivovary Lobkowicz, a.s. / Framework Purchase Agreement with COOP Centrum družstvo
Pivovary Lobkowicz, a.s. entered into the Framework Purchase Agreement with COOP Centrum družstvo under which the Pivovary Lobkowicz, a.s. supplies 56 different products to 246 different retail stores.

(iv) Pivovary Lobkowicz, a.s. / Framework Purchase Agreement with COOP Morava s.r.o.
Pivovary Lobkowicz, a.s. entered into a Framework Purchase Agreement with COOP Morava s.r.o. under which the Pivovary Lobkowicz, a.s. supplies 31 different products to 301 different retail stores.

(v) Pivovary Lobkowicz, a.s. / Purchase Conditions Agreement with GLOBUS ČR, k.s.
Pivovary Lobkowicz, a.s. entered into a Purchase Conditions Agreement with GLOBUS ČR, k.s. under which the Pivovary Lobkowicz, a.s. supplies 24 different products to 15 different retail stores.

(vi) Pivovary Lobkowicz, a.s. / Agreement on Basic Purchase and Payment Conditions with SPAR Česká obchodní společnost s.r.o.
Pivovary Lobkowicz, a.s. entered into an Agreement on Basic Purchase and Payment Conditions with SPAR Česká obchodní společnost s.r.o. under which the Pivovary Lobkowicz, a.s. supplies 15 different products to 45 different retail stores.

(vii) Pivovary Lobkowicz, a.s. / Framework Conditions Agreement with Kaufland Česká republika s.r.o.
Pivovary Lobkowicz, a.s. entered into a Framework Conditions Agreement with Kaufland Česká republika s.r.o. under which the Pivovary Lobkowicz, a.s. supplies 21 different products to 70 different retail stores.

(viii) Pivovary Lobkowicz, a.s. / Cooperation Conditions with LIDL food chain

a) LIDL Bulgaria EOOD & KO. KD.
b) LIDL – Česká republika v.o.s.
c) LIDL – Sklepy spozywce Sp. z o.o.
d) LIDL – Discount SRL
e) LIDL – Slovenská republika v.o.s.

Pivovary Lobkowicz, a.s. entered into long-term cooperation with aforementioned companies under which the Pivovary Lobkowicz, a.s. supplies 15 different products to 22 different retail stores in the territory of Bulgaria, Czech Republic, Poland, Romania and Slovakia.

(ix) Pivovary Lobkowicz, a.s. / Brokerage Agreement for Supply with Penny Market s.r.o.
Pivovary Lobkowicz, a.s. entered into a Brokerage Agreement for Supply with Penny Market s.r.o. under which the Pivovary Lobkowicz, a.s. supplies 20 different products to 73 different retail stores.

(x) Pivovary Lobkowicz, a.s. / General Trade Conditions Agreement with Tesco Stores ČR a.s.

Pivovary Lobkowicz, a.s. entered into a General Trade Condition Agreement with Tesco Stores ČR a.s. under which the Pivovary Lobkowicz, a.s. supplies 21 different products to 44 different retail stores.

(xi) Pivovary Lobkowicz, a.s. / Cooperation with NORMA food chain

Pivovary Lobkowicz, a.s. entered into a long-term cooperation with NORMA food chain under which the Pivovary Lobkowicz, a.s. supplies 11 different products to 15 different retail stores in the territory of the Czech Republic and Germany.

(f) **Distribution Agreements**

The Group distributes its products to various business partners in the Czech Republic for the purpose of selling the products to final consumers. The business partners mainly comprise of various restaurants, hotels, bars, public houses and cafeterias. Cooperation is based on standardised supply contracts usually entered into for one year. These supply contracts are secured by blank promissory notes with surety and contractual penalties should the business partners fail to fulfil his obligations arising from the respective contract. None of these agreements is material.

(g) **Advisory Agreements**

On 25February 2013 Pivovary Lobkowicz, a.s. entered into Contract for Advisory Services with Grant Thorton Advisory s.r.o. which agreed to provide Pivovary Lobkowicz, a.s. with advisory services regarding profitability of products / distribution channels / customers.

(h) **Transportation Agreements**

Pivovary Lobkowicz, a.s. entered into several transport contracts with both national and international transport companies to secure necessary transportation of Group's products to its business partners.

(i) Pivovary Lobkowicz, a.s. / Transportation Agreement with COMBINATA s.r.o.

Pivovary Lobkowicz, a.s. entered into a Transportation Agreement with COMBINATA s.r.o. (the **Transporter**) under which the parties agreed to no specific rewards and bonuses for the Transporter. The subject of the Transportation Agreement is to secure transportation under the conditions specified in the Transportation Agreement and according to the requirements of Pivovary Lobkowicz, a.s. as dispatcher. Transportation is provided by trucks owned by the Transporter, or by other external transporters according to other transportation agreements. The agreement may be terminated without any reasons with three months termination period.

(ii) Pivovary Lobkowicz, a.s. / Transportation Agreement with SERVIS BXA, s.r.o.

Pivovary Lobkowicz, a.s. entered into a Transportation Agreement with SERVIS BXA, s.r.o. (the **Transporter**) under which the parties agreed to no specific rewards and bonuses for the Transporter. The subject of the Transportation Agreement is to secure transportation under the conditions specified in the Transportation Agreement and according to the requirements of Pivovary Lobkowicz, a.s. as dispatcher. Transportation is provided by trucks owned by the Transporter, or by other external carriers according to other agreements. The agreement may be terminated without any reasons with three months termination period.

(iii) Pivovary Lobkowicz, a.s. / Transportation Agreement with JIPOCAR TRANSPORT, s.r.o.

Pivovary Lobkowicz, a.s. entered into a Transportation Agreement with JIPOCAR TRANSPORT, s.r.o. (the **Transporter**) under which the parties agreed to no specific rewards and bonuses for the Transporter. The subject of the Transportation Agreement is to secure transportation under the conditions specified in the Transportation Agreement and according to the requirements of Pivovary Lobkowicz, a.s. as dispatcher. Transportation is provided by trucks owned by the Transporter, or by other external

transporters according to other agreements. The agreement may be terminated with three months termination period.

(iv) Pivovary Lobkowicz, a.s. / Transportation Agreement with Petr Poledníček

Pivovary Lobkowicz, a.s. entered into a Transportation Agreement with Petr Poledníček (the **Transporter**) under which the parties agreed to no specific rewards and bonuses for the Transporter. The subject of the Transportation Agreement is to secure transportation under the conditions specified in the Transportation Agreement and according to the requirements of Pivovary Lobkowicz, a.s. as dispatcher. Transportation is provided by trucks owned by the Transporter, or by other external transporters according to other agreements. The agreement may be terminated without any reasons with three months termination period.

(v) Pivovary Lobkowicz, a.s. / International Transportation Agreement with Šmídl, s.r.o.

Pivovary Lobkowicz, a.s. entered into a Transportation Agreement with Šmídl, s.r.o. (the **Transporter**) under which the parties agreed to no specific rewards and bonuses for Transporter. The subject of the Transportation Agreement is to secure transportation under the conditions specified in the Transportation Agreement and according to the requirements of Pivovary Lobkowicz, a.s. as dispatcher. Transportation is provided by trucks owned by the Transporter, or by other external transporters according to other agreements.

(vi) Pivovary Lobkowicz, a.s. / Transportation Agreement with VT Trans Protivín s.r.o.

Pivovary Lobkowicz, a.s. entered into a Transportation Agreement with Protivín s.r.o. (the **Transporter**) under which the parties agreed to no specific rewards and bonuses for Transporter. The subject of the Transportation Agreement is to secure transportation under the conditions specified in the Transportation Agreement and according to the requirements of Pivovary Lobkowicz, a.s. as dispatcher. Transportation is provided by trucks owned by the Transporter, or by other external transporters according to other agreements. The agreement may be terminated without any reasons with three months termination period.

(i) **Related party Agreements**

The Issuer has entered into several material agreements with Shareholders. More information can be found in 'Information about the Issuer' section, 'Related Party Transactions' subsection of this Prospectus.

5.22. DOCUMENTS ON DISPLAY

Copy of the Articles and financial statements and reports of auditors in respect of financial statements for years 2011, 2012 and 2013 will be available for inspection at the registered office of the Issuer during normal business hours on any weekday (except for Saturdays, Sundays and public holidays) as long as the Prospectus remains valid.

5.23. INFORMATION ON HOLDINGS

Information on holdings in the Issuer can be found above in 'Information about the Issuer' section, 'Organisational Structure' subsection of this Prospectus.

6. INFORMATION ON SHARES

6.1. PERSONS RESPONSIBLE

The list of persons responsible can be found above in the 'Persons Responsible' subsection in the 'Information about the Issuer' section of this Prospectus.

6.2. RISK FACTORS

Any investment in the Issuer is subject to a number of risks. The list of risks the Issuer considers to be material as at the date of this Prospectus can be found in 'Risk Factors' section of this Prospectus.

6.3. ESSENTIAL INFORMATION

(a) Working capital statement

The Issuer states that, in its opinion, the working capital is sufficient for the Group's present requirements in the period of twelve months from the date of the Prospectus.

(b) Capitalisation and indebtedness

The following tables show the capitalisation and indebtedness of the Issuer as at 15 April 2014. The following tables do not reflect the impact of the Offer on the Issuer's capitalisation and indebtedness resulting from the Capitalization. For more information about Capitalisation can be found in 'Information on Shares' section, 'Increase in the Issuer's share capital' subsection of this Prospectus.

Capitalisation and indebtedness	**CZK mn**
Current debt	
- Guaranteed	**274**
- Secured	**3**
- Unguaranteed/Unsecured	**247**
Total Current debt	**524**
Non-current debt (excluding current portion of long-term debt)	
- Guaranteed	**260**
- Secured	**0**
- Unguaranteed/Unsecured	**1,521**
Total non-current debt	**1,781**
Shareholders' equity	
- Share Capital	**2**
- Legal reserve	**1**
- Other reserves	**-818**
Total shareholders' equity	**-815**
Total capitalisation	**1,490**

Unguaranteed/unsecured current debt in the amount of CZK 247 million represents mostly other liabilities to shareholders resulting from the acquisition of 50% share in Pivovar Vysoký Chlumec, a.s. in the amount of CZK 243 million.

Unguaranteed/unsecured non-current debt totalled as at 15 April 2014 CZK 1,521 million out of which approx. CZK 1,506 million represents liabilities to shareholders.

As a result of Capitalisation, both current and non-current unguaranteed/unsecured debt in the amount of approx. CZK 1,750 million plus any accrued interest between 15 April 2014 and Capitalisation date will be as of Capitalisation date converted to shareholders' equity.

The information contained in this table sets out the unaudited net indebtedness of the Issuer as at 15 April 2014.

Net indebtedness	**CZK mn**

A. Cash	**35**
B. Cash equivalent (Detail)	**0**
C. Trading securities	**0**
D. Liquidity (A) + (B)+(C)	**35**
E. Current Financial Receivable	**0**
F. Current Bank debt	**277**
G. Current portion of non-current debt	**0**
H. Other current financial debt	**290**
I. Current Financial Debt (F)+(G)+(H)	**567**
J. Net Current Financial Indebtedness (I)-(E)-(D)	**532**
K. Non-current Bank loans	**260**
L. Bonds Issued	**0**
M. Other non-current loans	**1,521**
N. Non-current Financial Indebtedness (K)+(L)+(M)	**1,781**
O. Net Financial Indebtedness (J)+(N)	**2,313**

Other current financial debt mostly represents the current debt in the amount of approx. CZK 243 million from the acquisition of 50% share in Pivovar Vysoký Chlumec, a.s. and contingent liability to pay CZK 43.6 million for the remaining part of the Pivovar Rychtář, a.s.

The Group does not have any indirect indebtedness. Apart from the contingent indebtedness to pay CZK 43.6 million for the remaining part of the Pivovar Rychtář, a.s., the Group does not have any other contingent indebtedness.

As at the day of Capitalisation, the shareholders loans and other liabilities to shareholders will be converted to the Issuer's equity. As a result, the net financial indebtedness will significantly decrease. The following table illustrates the impact of Capitalisation on the net financial indebtedness as of 15 April 2014 as if Capitalisation date was on or before 15 April 2014.

Adjusted net indebtedness	**CZK mn**
A. Net Financial Indebtedness	**2,313**
B. Non-Current loan Palace Capital, a.s.	**1,209**
C. Non-Current loan GO solar s.r.o.	**294**
D. Current loan Palace Capital, a.s.	**0**
E. Current loan GO solar s.r.o.	**247**
F. Adjusted Net Financial Indebtedness (A-B-C-D-E)	**563**

Adjusted net financial indebtedness in the amount of CZK 563 million include a contingent liability to pay CZK 43.6 million for the remaining part of Pivovar Rychtář, a.s.

(c) **Interest of natural and legal persons involved in the offering**

The Issuer is of the opinion that the Shareholders have interests that are material to the Offering by virtue of the size of their existing shareholding in the Issuer. In addition, the Offering will make possible partial exit of the Selling Shareholders from the Issuer.

Mr Zdeněk Radil (the chairman of the Board) and the Selling Shareholders have agreed that the Selling Shareholders will, shortly after the Offering, sell to Mr Zdeněk Radil such amount of the Shares so that Mr Zdeněk Radil becomes the 3% shareholder of the Issuer after the Capital Increase.

(d) **Reasons for the offer and use of proceeds**

The Issuer and the Selling Shareholders decided to carry out the Offering in order to raise new capital to finance future growth of the Issuer and to enable the Selling Shareholders a partial exit from the Issuer.

The Issuer will only receive the net proceeds from the sale of the New Shares. The Selling Shareholders will receive the net proceeds from the sale of the Sale Shares and the additional Shares to be offered in connection with the Over-allotment Option as described below.

Proceeds from the sale of New Shares

The net proceeds from the sale of the New Shares (assuming that the Offer Price will be the Maximum Price, all New Shares will be sold, and the Over-allotment Option will not be exercised) are estimated at CZK 387,242,500.

The Issuer intends to use the net proceeds from the sale of the New Shares as follows:

(i) Distribution network – The Issuer intends to spend approx. CZK 200 million on the acquisition of new restaurants and public houses. The money will be used by owners of restaurants and public houses for redemption of their existing contracts with other breweries and new contracts will be signed with the Issuer or its Subsidiaries. The Issuer currently observes a high demand on the side of restaurant and pub owners for the Issuers' products and the Issuer estimates that new contracts can be executed within a relatively short period after the Offering. The Issuer believes that increasing the number of contracted restaurants and public houses will have a positive impact on the financial standing of the Issuer.

(ii) Market consolidation – The Issuer intends to acquire additional medium-sized breweries. The Issuer currently contemplates the acquisition of a brewery with a yearly production of between 80 to 100 thousand hectolitres of beer with EBITDA in the range of CZK 15-20 million for a total consideration of approximately CZK 100 million. The Issuer is in an advanced stage of negotiations with the potential seller; however, no letter of intent has been signed. Should the negotiations fail, the Issuer will analyse similar investment opportunities in the Czech Republic on an ad hoc basis.

(iii) Export growth – The Issuer intends to invest in foreign retail chains listing Issuer's products and support it's visibility in key export markets in Russia / Commonwealth of Independent States and Slovakia. Moreover, the Issuer intends to invest in gastronomy segment in Slovakia.

(iv) General corporate purposes – any amount not utilised for the above two acquisition activities will be used for general corporate purposes supporting the market position and growth of the Issuer, e.g. marketing, promotion activities and sales support.

Proceeds from the sale of Sale Shares

The net proceeds from the Sale Shares are estimated at 581,315,000 (assuming that the Offer Price will be the Maximum Price, all Sale Shares will be sold (and the Selling Shareholders participate it the Offering in the same ratio as in the Capital Increase) and the Over-allotment Option will not be exercised). It is expected that the net proceeds will be distributed among the Selling Shareholders as follows:

(i) Palace Capital, a.s. will receive a total of CZK 389,655,445 from the sale of 2,279,020 Sale Shares (excluding exercise of the Over-allotment Option).

(ii) GO solar s.r.o. will receive a total of CZK 191,659,556 from the sale of 1,120,980 Sale Shares (excluding exercise of the Over-allotment Option).

(iii) Palace Capital, a.s. will receive a total of CZK 97,986,969 from the sale of Over-allotment Shares if carried out.

(iv) GO solar s.r.o. will receive a total of CZK 48,196,656 from the sale of Over-allotment Shares if carried out.

6.4. INFORMATION CONCERNING THE SHARES TO BE OFFERED AND ADMITTED TO TRADING

(a) Description of the Shares

At the date of the Prospectus, the share capital of the Issuer amounts to CZK 2,000,000 and consists of 12,500 ordinary book entry bearer shares with a nominal value of CZK 160 each.

The Shares are and will be issued under Czech law, in particular, under the Companies Act.

The Shares represent one class of Issuer's shares and no other class of shares exists.

The Shares are registered at the CDCP, with its registered office at Prague 1, Rybná 14, postal code 110 00, Identification number: 250 81 489, registered in the Commercial Register

maintained by the Municipal Court in Prague, File B, Insert 14308.

The ISIN of the Shares is: CZ0005124420.

The Shares are freely transferable and there are no restrictions on transfer of the Shares.

The Issuer does not plan any other issue of Shares other than the one regarding the Offer Shares in the near future.

(b) **Rights attached to the Shares**

Each Share ranks *pari passu* in all respects with all other Shares and the same rights (including the right to attend the General Meeting, to vote there, to require and receive explanations of matter concerning the Company that are part of the agenda of the General Meeting, to submit proposals and counterproposals, voting and dividend rights and share in the liquidation surplus) and restrictions as in respect of each other Share, are attached to it.

Voting rights

Every Share shall carry one vote at the General Meeting.

Rights for share in profits, dividend rights

A shareholder is entitled to a proportion of the Issuer's profits (a dividend), which the General Meeting approved for distribution, taking into account the Issuer's financial results. This proportion shall be determined as the ratio between the nominal value of shareholder's Shares and the total nominal value of all shareholders' Shares on the day of the dividend pay-out decision. Unless the decision of the General Meeting states otherwise, the dividend is payable within three months from the date on which the decision of the General Meeting on the distribution of profits of the Issuer was taken. The Board shall inform the shareholders about the dividend due date without undue delay after the date of the General Meeting.

The decisive date for participation and voting at the General Meeting of the Issuer is the seventh calendar day preceding the date of the General Meeting. The list of shareholders issued by Central Securities Depository Prague will be used for identification of attendance at the General Meeting.

The right to payment of dividends becomes unenforceable in the limitation period of three years from their maturity.

The shareholder shall not be obliged to refund to the Issuer any dividend accepted in good faith.

There are no other special dividend limitations or procedures for non-resident shareholders implemented in the Articles.

Pre-emptive rights in offers for subscription of securities

Each shareholder has a pre-emptive right to subscribe for a part of the Issuer's newly issued Shares if these are intended to increase the share capital, provided that such shares in proportion to its holding in the existing share capital, provided that the issue price of Shares will be subscribed in cash.

Shareholder's pre-emptive rights may not be restricted or deleted in the Articles. A resolution of the General Meeting to increase share capital may only restrict or exclude pre-emptive rights if there is a serious reason to do so on the part of the Issuer. Pre-emptive rights may only be restricted to the same extent for all shareholders. If the General Meeting has to decide to restrict or exclude the pre-emptive rights of shareholders, the Board will present a written report to the General Meeting stating the reasons for restricting or excluding such rights, proposing the issue price or the method of its determination, or a proposal authorising the Board to determine the issue price.

Pre-emptive rights should not be deemed restricted or excluded if, in accordance with the resolution of the General Meeting, all Shares are underwritten by an investment firm, based on a contract to conclude transactions relating to the issue of securities, provided that the contract includes an undertaking by a brokerage house to sell shares to persons who have pre-emptive rights to share subscription when they so request for a predetermined price and within the fixed time limit in the extent of their pre-emptive rights.

The shareholder may waive its pre-emptive right to subscribe Shares even prior to the General Meeting's resolution on increasing share capital. This may be done either in writing, with authenticated signatures, or by statement at the General Meeting. The statement shall be included in a public document certifying the General Meeting and also has effects against any subsequent purchaser of the Shares of the shareholder.

Rights to share in any surplus in the event of liquidation

In the event of liquidation of the Issuer, a shareholder has the right to a share of the liquidation balance. This proportion shall be determined as the share of the profits in accordance with the Companies Act.

Redemption provisions

The Issuer may, under certain conditions set by applicable law, acquire its own shares. This is only possible if (i) the issue price of Shares has been fully paid; (ii) the General Meeting has passed a resolution on acquisition of own Shares; (iii) the acquisition of Shares including Shares acquired by Issuer in the past that are still owned by the Issuer and Shares acquired through another person acting in its own name but on the Issuer's account does not cause a reduction of the share capital under the subscribed share capital increased by funds which is not able to distribute to shareholders under this Act or the Articles, and (v) the Issuer has funds to create a special reserve fund for own shares if it is so required under the section 316 of the Companies Act.

Conversion provisions

If the class or form of Shares changes, the rights attached to such class or form change as of the effective date of the amendment to the Articles, irrespective of the day when Shares are exchanged.

In the conversion of book-entry Shares to certificate Shares and *vice versa*, the legal status of the shareholder changes upon the exchange of the shares or when they are pronounced void.

Squeeze-out rules

Squeeze-out and sell-out arrangements by majority shareholder are governed by applicable legal regulations. Squeeze-out arrangements occur on the basis of a public bid for Share purchase or an exchange, whereby the majority shareholder-bidder declares its intention to acquire Shares to the extent that it is permitted to take control of the Issuer.

The majority shareholder-bidder is required to disclose, always without undue delay, that its bodies had resolved to carry out a squeeze-out bid or, as long as the majority shareholder is a private individual, who had made a final decision to commence steps immediately leading to a squeeze-out bid or that circumstances had occurred which resulted in the obligation to carry out a squeeze-out bid.

The information must be published in a manner not involving any disclosure of proprietary information or market distortion. Considering the interests of the owners of the Shares, the CNB may postpone the squeeze-out bid obligation if requested as long as such a postponement is capable of preventing the bidder or individuals co-operating with it from causing harm and as long as the bidder refuses access to the information in question to other individuals. The bidder may advise the Issuer about its intention to make a takeover bid or about the bidder's intention to act in a manner in which it would incur the bid obligation even before such information had been disclosed, and its intention to negotiate with the Issuer.

A takeover bid may only be made by publishing an offer document to be presented to the CNB by the bidder within 15 Business Days of the date of notification duty. The offer document must be published in at least one national daily and in a way allowing for remote access; publication in a manner allowing for remote access is not required as long as the written offer document is made available free-of-charge to the general public in the Issuer's and bidder's offices. The bidder will deliver the offer document to the Board and the Supervisory Board of the Issuer no less than 10 Business Days before publishing the offer document.

Within five Business Days of delivery of the offer document, members of the Board and the Supervisory Board of the Issuer shall draft their common written standpoint in which they will

express their opinion on whether the takeover bid is in line with the interests of the Issuer, recipients of the takeover bid, employees and creditors of the Issuer. In particular, they will also express their opinion on the type and amount of the consideration offered. The members of the Board and the Supervisory Board will inform the bidder and the CNB of their opinion within two Business Days following its drafting.

While the takeover bid continues to be binding, the bidder or any individuals co-operating with it may not carry out any legal acts leading to the acquisition of the Shares in contract under conditions different from those contained in the takeover bid unless

(i) they acquire Shares by exercising their exchange right related to Shares they had acquired before the bidder resolved to carry out the takeover bid;

(ii) they acquire Shares by exercising their priority or option right or their right in contract, as long as they had acquired such rights in good faith before the bidder resolved to take acts leading to the bid obligation, or before the bidder resolved to carry out the takeover bid;

(iii) they acquire Shares by exercising any third-party rights established by the bidder or individuals co-operating with it before the bidder resolved to take acts leading to the bid obligation, or before the bidder resolved to carry out the takeover bid;

(iv) they acquire Shares by discharging an obligation in relation to external shareholders arising from profit transfer agreements or controlling agreements pursuant to a separate legal regulation; or

(v) these individuals are securities dealers or banks and they carry out these acts in ordinary course of business while providing investment services of managing investment instruments or in discharging their obligations arising from their position of market makers or a comparable position in the European regulated market.

While the takeover bid is binding, the bidder or individuals co-operating with it may not carry out any legal acts leading to alienation of the Shares except for alienation in line with (b), (c) or (e) above.

The price or the exchange rate offered as consideration in a takeover bid is in money or securities or a combination thereof.

Takeover bids can only be subject to certain conditions the discharge of which does not depend upon the discretion of the bidder; if, however, the bidder is capable of influencing the discharge of the conditions, the bidder will act in any manner that may be reasonably required of it for such a discharge. Contracts concluded on the basis of takeover bids are made pursuant to market organiser's rules.

The bidder will inform the CNB about its intention to amend or withdraw a takeover bid at least five Business Days before publishing the amendment or withdrawal notice. The bidder will attach a draft amendment to the offer document to the notice. The bidder will publish an amendment to or withdrawal of a takeover bid in the same manner as the takeover bid.

The offer document specifies the period during which the takeover bid is binding. Such a period shall not be shorter than four weeks following the date of publication. If the period during which the takeover bid is binding is longer than 10 weeks, the bidder shall publish, two weeks before the binding period expires, a notice indicating the end of the binding period in the same manner as the takeover bid. The bidder shall announcing the making of the agreement in a manner and within a period stipulated in the takeover bid; however, no later than within one month after it ceases to be binding. The bidder will publish results of the takeover bid without undue delay after it ceases to be binding in a manner in which it published the takeover bid, advising also the Board and the Supervisory Board of the Issuer in writing to that effect.

After the takeover bid ceases to be binding, the bidder or individuals co-operating with it may not make any other takeover bid leading to the acquisition of the Shares for one year after the results are published; this does not apply if the bidder became obliged to make a bid or to competitive takeover bids.

An entity holding Shares of the Issuer: (a) the aggregate nominal value of which amounts to no less than 90% of the share capital of the Issuer in respect of which Shares with voting rights

were issued; and (b) to which no lower than a 90% share in the voting rights in the Issuer is attached may request that the Board summon a General Meeting and present to the General Meeting a proposal for all remaining Shares of the Issuer to pass to it (majority shareholder).

The consent of no less than 90% (ninety per cent) of votes of all Shareholders is required for adopting a resolution of the General Meeting; holders or preferential Shares and the majority shareholder are always entitled to vote. The resolution of the General Meeting also states the majority shareholder, the consideration amount and the payment date for the consideration.

The majority shareholder is obliged to transfer the money in the amount required for the payment of the consideration to an authorised person which may be (a) a bank; (b) a securities dealer; or (c) a foreign entity conducting business in the Czech Republic whose objects correspond to the activities of any of the persons named under (a) and (b), and to provide evidence of this payment to the Issuer. The authorised person shall release the consideration.

Without undue delay after the adoption of the resolution of the General Meeting, the Board will propose registration of the resolution in the Commercial Register. Following the elapse of 1 month after the resolution is registered in the Commercial Register the ownership right to the Shares of minority shareholders of the Issuer shall pass to the majority shareholder.

The Issuer will request registration of change in the Shareholders in the property accounts to the person authorised to maintain the relevant securities records without undue delay following the passage of the ownership right to the majority shareholder; the basic document for registration of the change is the resolution of the General Meeting. The Issuer will surrender the returned Shares to the majority shareholder without undue delay.

The prior consent of the CNB indicating reasons justifying the consideration amount is required for the adoption of the resolution of the General Meeting on transfer of the Issuer's Shares to the majority shareholder. The CNB only assesses whether the bidder justified the consideration amount in a proper manner, and the CNB issues its decision within 15 (fifteen) Business Days following delivery of the request.

Mandatory takeover bid

An entity that acquires a share in the Issuer's voting rights that correspond to no less than 30% of all votes attached to the Issuer's shares is required to make, within 30 days of the date following the date of acquiring or exceeding such a share, a takeover bid to all owners of the Shares. Mandatory takeover bids cannot be made without the consent of the CNB with publication of an offer document.

Sell-out rules

Holders of participating securities against whom the majority shareholder may exercise the above forced transfer of Shares may request the majority shareholder to acquire their Shares using the procedure used for compulsory public bids.

6.5. TERMS AND CONDITIONS OF THE OFFER

(a) Number and amount of the Offer Shares

The "**Offer Shares**" are the Shares which are the subject of the Offering, comprising:

(i) up to 2,300,000 New Shares to be newly issued by the Issuer, and

(ii) up to 3,400,000 Sale Shares to be owned (after Capitalisation) by the Selling Shareholders.

In total, up to 5,700,000 Offer Shares including the New Shares and the Sale Shares (excluding the Over-allotment Shares) are being offered for sale in the Offering. This amount may be increased by additional up to 855,000 Over-allotment Shares (to be owned (after the Capitalisation) by the Selling Shareholders) in connection with the Over-allotment Option.

In total, a smaller number of the Offer Shares than the total maximum number may be allocated. This may happen, for instance, as a result of insufficient demand at a price level satisfactory to the Issuer or the Selling Shareholders.

Based on the final number of the Offer Shares, the New Shares and the Sale Shares will be

allocated equally until all 2,300,000 New Shares are fully purchased by investors. Any additional Shares in the Offering excluding the maximum amount of New Shares will be thus Sale Shares. For the avoidance of doubt, this means that if the final number of the Offer Shares is 4,600,000 or less, the number of New Shares and Sales Shares will be the same.

The final number of the Offer Shares and the Offer Price will be announced through a press release in the Czech Republic and Austria and in accordance with applicable laws and market practice in the Czech Republic.

(b) **Increase in the Issuer's share capital**

As at the date of the Prospectus, the Selling Shareholders have some existing receivables against the Issuer, which will be fully capitalised within the Capitalisation (as defined below) or deposited into the Issuer's capital funds (i.e., into equity). After the Capitalisation, there will be no Selling Shareholders' receivables against the Issuer.

General Meeting

On 7 April 2014 an extraordinary General Meeting of the Issuer was held, which:

(i) decided to increase the Issuer's share capital by the issue of at least 10,378,125 but up to 62,500,000 newly issued Shares representing the increase in the amount up to at least CZK 1,662,500,000 but to CZK 10,000,000,000 at maximum (the **Capital Increase**) whereas the Shareholders are allowed to use their pre-emptive rights. The newly issued Shares not subscribed by the Shareholders may be subscribed by the Lead Manager as the pre-determined subscriber whereas the Lead Manager will be admitted to subscription of at least 1,000,000 newly issued Shares.

(ii) decided that the final amount of the share capital increase and the issue price per newly issued Share will be determined by the Board, on the basis of the actual demand of investors and other factors arising from the Offering;

(iii) approved the possibility to set off the existing receivables of the Selling Shareholders (information on the relevant receivables can be found in 'Related party transactions' section, 'Shareholder Loans' and 'Share purchase agreement regarding Pivovar Vysoký Chlumec, a.s.' subsections of this Prospectus) against the Issuer's receivables from the capital increase;

(iv) approved the application to the CNB for approval of the Prospectus and its notification to the FMA for the purposes of conducting the public offering in the Czech Republic and Austria;

(v) approved the entering by the Issuer, the Selling Shareholders and the Lead Manager into the Underwriting Agreement in respect of the Offering;

(vi) approved the application for registration of the Shares, including the Offer Shares, with the CDCP;

(vii) approved the application for admission of all Shares issued in its share capital, including the Offer Shares, on the Prime market operated by the PSE; and

(viii) approved making of all other filings necessary or desirable in connection with the Offering.

In addition, during the extraordinary General Meeting of the Issuer:

(a) Mr Zdeněk Radil and Ms Eva Kropová waived their pre-emptive rights in full; and

(b) Palace Capital, a.s. waived its pre-emptive rights exceeding 7,336,250 newly issued Shares and GO solar s.r.o. waived its pre-emptive rights exceeding 3,607,500 newly issued Shares.

The General Meeting decision has been registered with the Commercial Register.

The Issuer and the Selling Shareholders, upon agreement with the Lead Manager, will determine (i) the final number of the New Shares and (ii) the final Offer Price of the New Shares.

Final amount of subscription by the Selling Shareholders

As to the knowledge of the Issuer, the Selling Shareholders intend to subscribe for up to 9,375,001 newly issued Shares and capitalise their existing receivables against the Issuer for this purpose (the **Capitalisation**). By way of the Capitalisation the issue price of the newly issued Shares will be set off with the existing receivables of the Selling Shareholders and a remaining amount of such receivables (if any) will be deposited into the Issuer's capital funds (information on the respective receivables can be found in 'Related party transactions' section, 'Shareholder Loans' and 'Share purchase agreement regarding Pivovar Vysoký Chlumec, a.s.' subsections of this Prospectus).

The Selling Shareholders may refuse to consummate their subscription of newly issued Shares fully or partly, on the basis of the results of the bookbuilding procedure. Therefore, there is a risk that the Selling Shareholders will not subscribe and pay for the newly issued Shares or that they will subscribe and pay for less newly issued Shares than the Issuer assumes and that is necessary for the successful Capital Increase. As a result, the increase in the Issuer's share capital may not happen and the Offering would be cancelled.

Effectiveness of the Capital Increase

The Capital Increase becomes legally effective upon (i) subscription of the newly issued Shares, (ii) determination by the Board of the final number and the final issue price of the newly issued Shares and (iii) payment of at least 30% of the issue price of the newly issued Shares to the Issuer, subject to the fact that the issuance of the newly issued Shares is the final condition for admission of the Shares to the Prime Market operated by the PSE.

The decision on the Capital Increase will be terminated if the newly issued Shares in the amount of at least CZK 1,660,500,000 are not subscribed and (i) the newly issued Shares subscribed based on the pre-emptive rights are not paid in full until 31 July 2014 and (ii) at least 30% of the issue price of the newly issued Shares subscribed by the Lead Manager and the whole issue premium are not paid off until 31 July 2014 and paid in full until 30 September 2014.

Issuance of the newly issued Shares

The Board may issue the Shares upon (i) the Capital Increase becoming effective, and (ii) 100% of the Offer Price having been paid to the Issuer.

Registration of the Capital Increase

Immediately after the Capital Increase becomes effective, the Issuer will submit the application for registration of the Capital Increase in the Commercial Register maintained by the competent commercial court. The registration should take place within five Business Days from submission of the application. The Issuer expects filing the application on 26 May 2014 at the latest and will make its best efforts to have the Capital Increase duly registered as soon as possible. The Capital Increase is expected to be registered before 3 June 2014. The court, however, may refuse to register the Capital Increase if not all the conditions set forth by law are fulfilled. If the Capital Increase is not registered within the above time period, the Issuer will make its best efforts to remedy the situation and will either appeal against the court decision or file a new application. In such a case, the Capital Increase terminates at the latest upon lapse of two months after the court rejects the proposal for registration of the Capital Increase. In that case, the newly issued Shares are to be cancelled and the funds paid by Investors for the purchase of the Offer Shares are to be returned to the Investors.

If the Capital Increase is so terminated, the Issuer shall return to the subscribers (i.e., the Lead Manager and the Selling Shareholders) all the funds paid for the newly issued Shares along with the usual interest. If the Lead Manager obtains relevant amounts from the Issuer or from the Selling Shareholders, the Lead Manager will pass such amounts to the Investors.

(c) **Timetable of the Offering**

The timetable below lists key steps to be taken and dates relating to the Offering. Should the Issuer decide to adjust the dates set out in the timetable, the Issuer will notify the CNB, the FMA and publish such facts in a manner compliant with applicable regulations, as well as market practices in the Czech Republic and Austria.

KEY DATES OF THE OFFERING

Action	Date
Approval of the Prospectus by the CNB	not later than 12 May 2014
Publication of the approved Prospectus in the Czech Republic by means of publication on the Issuer's website (accessible also from Austria)	not later than 12 May 2014
Notification of the approved Prospectus by the CNB to the FMA	not later than 12 May 2014
Bookbuilding	12 May 2014 to 22 May 2014
Czech Institutional Offering	12 May 2014 to 22 May 2014
Czech Retail Offering	12 May 2014 to 22 May 2014
Austrian Institutional Offering	13 May 2014 to 22 May 2014
Austrian Retail Offering	13 May 2014 to 22 May 2014
Purchase orders by the Institutional Investors in the Czech Republic	12 May 2014 to 22 May 2014
Purchase orders by Retail Investors in the Czech Republic	12 May 2014 to 22 May 2014
Purchase orders by Retail Investors and Institutional Investors in Austria	13 (14) May 2014 to 22 May 2014
Pricing and Allotment Date	23 May 2014
Settlement Date and Payment Date	27 May 2014
PSE Listing Date + first day of trading	28 May 2014

The above dates might be subject to change.

Changes to the above timetable, if any, will be made public as an announcement. If a change of dates would be a material factor potentially affecting the market value of the Offer Shares, then such changes would be made public as a supplement to this Prospectus.

(d) **Cancellation or postponement of the Offering**

The Offering may be cancelled at any time prior to the Settlement Date.

The dates of opening and closing of the book-building and Czech Retail Offering and Austrian Retail Offering periods may be changed or postponed. In such a case, new dates of the Offering will be announced.

The Offering may be cancelled if it appears impracticable or inadvisable to proceed with the Offering. Such reasons include, but are not limited to: (i) suspension of or material limitation in trading in securities generally on the PSE, as well as any other official stock exchange in the EU and the United States; (ii) a sudden and material adverse change in the economic or political situation in the Czech Republic, the EU or worldwide; (iii) a material loss or interference with the Issuer's business; (iv) any material change or development in or affecting the general affairs, management, financial position, shareholders' equity or results of the Issuer's operations or (v) insufficient demand for the Offer Shares.

Any decision on cancellation, the postponement or changes of dates of the Offering will be published through a press release in the Czech Republic and Austria and in a manner compliant with applicable laws and market practices in the Czech Republic and Austria.

The Offering may not be cancelled or postponed after commencement of the trading of the Shares on the PSE market, unless the Commercial Register refuses to register the Capital

Increase after the date.

Information on the postponement of the Offering will be published in the form of a supplement to the Prospectus. In this supplement, the Issuer will include information on the validity of orders placed by investors.

In case of the Offering cancellation, all delivered purchase orders for the Offer Shares will be disregarded and any payments in connection with the disregarded orders made will be returned without any interest or any other compensation.

(e) **Reduction of the allocation**

As part of the Offering, the number of the Offer Shares allocated to Investors may be lower than the number requested by the Investors. This may happen, for instance, as a result of insufficient demand at a price level satisfactory to the Issuer and the Selling Shareholders.

In such case, the number of the Offer Shares to be allotted to the Retail Investors may be reduced proportionally.

If the total number of the Offer Shares demanded by Institutional Investors exceeds the final number of the Offer Shares, then the number of the Offer Shares allocated to an Investor may be lower than the number demanded by the investor at the full discretion of the Issuer.

In case of such reduction, all delivered purchase orders for the Offer Shares exceeding the allotted number of the Offer Shares will be disregarded and any payments made will be returned without any interest or any other compensation directly to the accounts of the relevant Investors from which the payments have been provided.

(f) **Minimum and maximum amount of orders**

There is no minimum or maximum number of Offer Shares which can be ordered within the Offering.

(g) **Withdrawal of the purchase orders**

If a prospectus supplement is published, potential investors may withdraw their purchase orders before the end of a period of two Business Days after the publication of the prospectus supplement.

For Retail Investors, the Offer Price will be set below or equal to the Maximum Price. For Institutional Investors, the Offer Price might be set above the Maximum Price.

After the close of bookbuilding, i.e., on 22 May 2014 at 17.00 CEST, no orders submitted by then by the prospective investors will be deemed binding.

(h) **Purchase of Shares and Payment of the Offer Price by Institutional Investors**

Institutional Investors invited or accepted by the Lead Manager may take part in the book-building process. The deadline for receipt of order from the Institutional Investors may be extended or shortened at the discretion of the Lead Manager. In addition, Institutional Investors who would like to take part in the book-building process and purchase the Offer Shares should contact the Lead Manager or Domestic Lead Manager for further details regarding the purchase procedure.

The Offer Shares will be allocated to those Institutional Investors who (i) will be invited by the Lead Manager to participate in the book-building or take part in the book-building after a relevant order is made, (ii) will request the purchase of the Offer Shares for a price not lower than the Offer Price, and (iii) will be included in the allotment list.

The allocation to Institutional Investors will be made by the Issuer, the Selling Shareholders and the Lead Manager.

Institutional Investors that are included on the allotment list will be required to pay amounts, corresponding to the total of the number of the Offer Shares that was allocated to them and the Offer Price, not later than on the Payment Date and in a manner and currency agreed with the Lead Manager.

Institutional Investors, in particular, entities managing securities portfolios on behalf of their clients should liaise with the Lead Manager in order to discuss actions required to place

purchase orders and to pay for allocated the Offer Shares.

(i) **Purchase of Shares and Payment of the Offer Price by Czech Retail Investors**

Czech Retail Investors are required to follow the instructions provided by the Domestic Lead Manager. Purchase orders from the Czech Retail Investors can be submitted in branches of the Domestic Lead Manager, in which the respective services are provided, during usual business hours or through brokerjet České spořitelny, a.s. within the Czech Retail Offering period; purchase orders will be entered into the electronic system of the Czech Retail Investor's respective depositary bank.

The Domestic Lead Manager will determine, at its discretion, whether and how to administer the Offering to Czech Retail Investors.

When placing purchase orders with the Domestic Lead Manager, Czech Retail Investors will be required to pay a deposit equal at least to the total of the highest price accepted by such a retail investor and the number of the Offer Shares he or she is willing to purchase. If the Czech Retail Investor does not specify in the purchase order any price then the Domestic Lead Manager will consider such an order placed at the Maximum Price. The deposit should be paid using immediately available funds into an account of the respective Czech Retail Investor held with the Domestic Lead Manager. Czech Retail Investor must not dispose of the cash balance in such an account until the Payment Date.

If the Offer Price will be higher than the highest price determined by a Czech Retail Investor in the order, no Offer Shares will be delivered to such an investor. Any excess in cash balance at a Czech Retail Investor's internal account kept at Domestic Lead Manager will be disposed of in accordance with the instructions of such an investor after the Settlement Date.

Purchase orders from the Czech Retail Investors may be submitted in CZK only.

If Czech Retail Investors place orders for purchase of more Offer Shares than the final number of the Offer Shares allotted to them, allocations to orders placed with the Domestic Lead Manager will be reduced pro rata, regardless of the price limit per the Offer Share proposed by each of them, as long as such a price limit is not lower than the Offer Price. All fractional allocations will be rounded down.

Czech Retail Investors who have not been allotted any Offer Shares or whose orders have been reduced shall receive reimbursements in accordance with instructions provided by them, without any interest or any other compensation.

Czech Retail Investors will receive Offer Shares in book-entry form only.

Czech Retail Investors may place purchase orders with other brokers than the Domestic Lead Manager or brokerjet České spořitelny, a.s. and must comply with procedures and requirements of these brokers in order to purchase any Offer Shares.

The offer period for the Czech Retail Offering is expected to start on 12 May 2013 (but not prior to publication of the Prospectus) and is expected to end on 22 May 2013. The offer period for the Czech Retail Offering may be extended, shortened or terminated at any time.

(j) **Purchase of Shares and Payment of the Offer Price by Austrian Retail Investors**

Austrian Retail Investors are required to follow the instructions provided by the Lead Manager. Purchase orders from the Austrian Retail Investors can be submitted in branches of Erste Bank der oesterreichischen Sparkassen AG or an Austrian savings bank during usual business hours or through Brokerjet Bank AG within the Austrian Retail Offering period; purchase orders will be entered into the electronic system of the Austrian Retail Investor's respective depositary bank.

The Lead Manager will determine, at its discretion, whether and how to administer the Offering to Austrian Retail Investors.

If the Offer Price will be higher than the highest price determined by an Austrian Retail Investor in the purchase order, no Offer Shares will be delivered to such investor.

Purchase orders from the Austrian Retail Investors may be submitted in CZK only. Settlement of the Offer Shares will be effected in CZK using the current foreign exchange rate determined

by the Lead Manager in the regular F/X fixing on the allotment date. The Austrian Retail Investor bears the foreign exchange risk between placing the order and the allotment date.

If Austrian Retail Investors place orders for purchase of more Offer Shares than the final number of the Offer Shares allotted to them, allocations to orders placed in the Austrian Retail Offering will be reduced pro rata, regardless of the price limit per the Offer Share proposed by each of them, as long as such a price limit is not lower than the Offer Price. All fractional allocations will be rounded down.

Austrian Retail Investors will receive Offer Shares in book-entry form only.

Austrian Retail Investors may place purchase orders with other brokers than the Erste Bank der oesterreichischen Sparkassen AG, an Austrian savings bank or Brokerjet Bank AG and must comply with procedures and requirements of these brokers in order to purchase any Offer Shares.

The offer period for the Austrian Retail Offering is expected to start on 13 May 2013 (but not prior to one business day after notification of the Prospectus to Austria) and is expected to end on 22 May 2013. The offer period for the Austrian Retail Offering may be extended, shortened or terminated at any time.

(k) **Fees**

In connection with the Offering, the Issuer and the Selling Shareholders have agreed to pay the Lead Manager a combined management, underwriting and placing commission of 2.3% of the gross proceeds from the Offering, including the shares placed under the Over-allotment Option, if any, and to reimburse them for reasonable expenses incurred in connection therewith.

The Issuer and the Selling Shareholders also agreed to pay all commissions and expenses in connection with the Offering (including legal fees, agent fees and other relevant fees and commissions), except of brokerage fees. However, investors will bear their own costs connected with the evaluation and participation in the Offering including brokerage fees charged by brokers.

(l) **Plan of distribution and allotment**

The Offer Shares may be acquired by retail investors to whom the Offering in the Czech Republic and Austria is addressed, which are referred to as '**Czech Retail Investors**' and '**Austrian Retail Investors**' respectively (and jointly, the **Retail Investors**), and by selected institutional investors to whom the Offering in the Czech Republic and Austria is addressed, which are referred to as '**Czech Institutional Investors**' and '**Austrian Institutional Investors**', respectively.

In addition, the Issuer and the Selling Shareholder is offering the Offer Shares in a private placement to selected investors in certain jurisdictions outside the Czech Republic and Austria, where such an offering may be lawfully conducted. Such investors, together with Czech and Austrian Institutional Investors are referred to as '**Institutional Investors**'.

The Offer Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S and may not be offered or sold within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

No separate tranches have been created in the Offering for the various categories of investors. Consequently, the Issuer reserves the right to allocate the Offer Shares between such groups of investors and in such groups to investors at its absolute discretion, following agreement with the Selling Shareholders and the Lead Manager.

All Offer Shares may be purchased solely by Institutional Investors or by Retail Investors, or by a combination of both, as the case may be.

All investors that intend to acquire any of the Offer Shares should familiarise themselves with the relevant laws of their countries of residence prior to making a decision to purchase for the Offer Shares.

(m) **Purchase by the members of the Management and Selling Shareholders**

Mr Zdeněk Radil (the chairman of the Board) and the Selling Shareholders have agreed that the Selling Shareholders will, shortly after the Offering, sell to Mr Zdeněk Radil such amount of the Shares so that Mr Zdeněk Radil becomes the 3% shareholder of the Issuer after the Capital Increase. Mr Zdeněk Radil will purchase such Shares for a purchase price of CZK 160 per Share. Neither the remaining members of the Board and the Management, nor the Selling Shareholders intend to submit orders for the Offer Shares covered by the Offering.

(n) **Results and Closing of the Offering**

The results of the Offering, including in particular

(i) the final Offer Price,

(ii) the final number of the Offer Shares, and allocation to the various categories of investors,

will be announced promptly upon allotment, by means of a press release in the Czech Republic and Austria which will be made public on www.pivovary-lobkowicz-group.com and in a manner compliant with applicable laws and market practices in the Czech Republic and Austria.

The Offering will close on the Settlement Date, following placing orders, allocation and payment for the Offer Shares as set out in 'Purchase of Shares and Payment of the Offer Price by Institutional Investors', 'Purchase of Shares and Payment of the Offer Price by Czech Retail Investors' and 'Purchase of Shares and Payment of the Offer Price by Austrian Retail Investors' subsections of this section upon issue by the Issuer of the New Shares and the sale by the Selling Shareholders of the Sale Shares.

The Underwriting Agreement will include conditions to the closing of the Offering, more information can be found in 'Placing and Underwriting' subsection of this section.

(o) **Over-allotment Option**

In connection with the placement of the Offer Shares, Selling Shareholders have granted the Lead Manager an option (referred to as the "**Over-allotment Option**"), solely for the purpose of covering over allotments, to purchase an additional 855,000 Over-Allotment Shares at the Offer Price. The Over-allotment Option is exercisable, in whole or in part, during the period from the date of the Prospectus until thirty days after the announcement of the Offer Price, i.e. until 30 days after the Pricing and Allotment Date.

(p) **Pricing**

The Offer Shares are being offered at the Offer Price, which shall be determined through a book-building process and after taking into account other conditions as specified below.

Determination of the Offer Price

During a book-building process among investors invited or accepted by the Lead Manager, such investors interested in purchasing the Offer Shares will indicate the number of the Offer Shares they will be willing to acquire and the price, which they will be willing to pay.

In the bookbuilding process, orders from institutional investors at different price levels will be collected and cumulated. The book-building is expected to cease on at a date close to 22 May 2014, but the deadline for receipt of orders from the investors may be extended or shortened at the discretion of the Lead Manager. After the end of bookbuilding, the collected orders will be evaluated given their individual price levels. The final Offer Price will be determined jointly by the Issuer and the Selling Shareholders, after consultations with the Lead Manager, on a price level, which will be acceptable for the Selling Shareholders and the Issuer with the aim to place to the investors up to 6,555,000 Shares (more information on the deal size can be found in 'Number and amount of the Offer Shares' section of this Prospectus).

The final Offer price will be determined based on the following criteria and rules: (i) size and price sensitivity of demand from the investors as indicated during the book-building process, (ii) the current and anticipated situation on the Czech and international capital markets and (iii) assessment of the growth prospects, risk factors and other information relating to the Issuer's activities contained in this Prospectus.

Investors are advised that based on the above factors the Offer Price for Institutional Investors may be set at a level higher than the Maximum Price. In such a case, the Offer Price for Retail Investors would be different from the Offer Price for the Institutional Investors, provided that the Offer Price for Retail Investors shall in no event be higher than the Maximum Price. In the event that the Offer Price for the Institutional Investors is set at a level not higher than the Maximum Price, the Offer Price for the Retail Investors shall be the same as the Offer Price for the Institutional Investors.

Currency of the Offering

All monetary amounts used in the Offering will be expressed in CZK. In particular, the Maximum Price and the Offer Price will be set and the book-building process will be carried out in CZK.

Announcement of the Offer Price

The Issuer and the Selling Shareholders will announce the Offer Price, on the Pricing and Allotment Date, through a press release in the Czech Republic and Austria, and in a manner compliant with applicable regulations and market practice in the Czech Republic and Austria.

In particular, the final number of the Offer Shares and the Offer Price will be filed with the CNB and published on or at a date close to the Pricing and Allotment Date on the website of the Issuer at www.pivovary-lobkowicz-group.com, the Lead Manager and the Domestic Lead Manager at www.csas.cz.

The final Offer Price will be the same for the New Shares, for the Sale Shares and for the Over-allotment Shares and will be set in CZK.

There are no special expenses or taxes charged to the investors in connection with the purchase of the Offer Shares are than brokerage fees and their own costs regarding evaluation and participation in the Offering.

No pre-emptive rights of the Shareholders have been restricted or withdrawn in connection with the Offering. In addition, the Issuer is not aware of any material dispartity between the Offer Price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year or which they have the right to acquire.

(q) **Underwriting Agreement**

Assuming that the Capitalisation takes place and agreement on the final number of the Offer Shares and the final Offer Price after completion of the bookbuilding procedure is made, the Lead Manager intends to:

(i) subscribe for an amount of the newly issued Shares corresponding with the allocation rules as set above (the rules can be found in 'Terms and conditions of the Offer' section, in the 'Amount of the Offer Shares' subsection of this Prospectus) (these Shares represent the New Shares);

(ii) purchase from the Selling Shareholders an amount of the Shares owned by the Selling Shareholders corresponding with the allocation rules as set above (the rules can be found in 'Terms and conditions of the Offer' section, in the 'Amount of the Offer Shares' subsection of this Prospectus) (these Shares represent the Sale Shares); and

(iii) sale the New Shares and Sale Shares (jointly representing the Offer Shares) to Investors.

For that reasons the Issuer and the Selling Shareholders intend to enter, on or about the date of publication of this Prospectus, into an underwriting agreement (the "**Underwriting Agreement**") in respect of the Offering with the Lead Manager and, in which the Lead Manager and will commit to, among other things, the above mentioned obligations.

The purchase commitment is summarised below:

Name	**Percentage of final number of the Offer Shares**
Erste Group Bank AG, am Graben 21, A-1010 Wien, Austria	100%

All payments and settlement in respect of the Offering will be carried out through the Lead Manager and Domestic Lead Manager

6.6. ADMISSION TO TRADING AND STABILISATION

(a) Admission of the Shares to trading on the Prime Market operated by the PSE

The Issuer, in cooperation with the Domestic Lead Manager, intends to apply for admission of the entire issued share capital of the Issuer to trading on the Prime Market operated by the PSE.

The Issuer expects that the official trading in the Shares on the Prime Market operated by the PSE will commence on or at a date close to 28 May 2014 or as soon as possible thereafter.

With respect to the planned admission of the Shares to trading on the Prime Market operated by the PSE, all trades in the Shares executed through the PSE will be settled and cleared through the CDCP.

At present, the Issuer does not intend to apply for admission of the Shares to trading at any regulated market or a stock-exchange other than the PSE.

The settlement of the trades made after the commencement of trading on the Prime Market operated by the PSE will be postponed until the registration of the Capital Increase in the Commercial Register. The registration should be done in five Business Days after the submission of the relevant application. The Issuer expects filing the application on 26 May 2014 at the latest and will make its best efforts to have the Capital Increase duly registered as soon as possible. The Capital Increase is expected to be registered before 3 June 2014. The court, however, may refuse to register the Capital Increase if not all the conditions set forth by law are fulfilled. If the Capital Increase is not registered within the above time period, the PSE may suspend trading with Shares. In that case, the Issuer will make its best efforts to remedy the situation and will either appeal against the court decision or file a new application. In such a case, the Capital Increase terminates at the latest upon lapse of two months after the court rejects the proposal for registration of the Capital Increase. In that case, the newly issued Shares are to be cancelled and the funds paid by Investors for the purchase of the Offer Shares are to be returned to the Investors.

As a result, also all trades with the Shares made until that date will be null and void.

(b) Stabilisation

In connection with the Offering, the Lead Manager or its affiliates or agents may engage in transactions on the Prime Market operated by the PSE with the aim of supporting the market price of the Shares at a level higher than would otherwise prevail. Such stabilisation shall be carried out in accordance with the rules set out in the Stabilisation Regulation.

No assurance can be given that stabilisation transactions will actually be effected. If the stabilisation is commenced, however, it may be discontinued at any time without prior notice. The stabilising actions, if any, will be undertaken, between the first day of trading or conditional trading in the Shares on the PSE, whichever is earlier, and no later than 30 days after the announcement of the Offer Price and may result in a market price of the Shares that is higher than the price that would otherwise prevail. Stabilisation of the Shares will not, in any circumstance, be executed above the Offer Price.

The Lead Manager will disclose all details of any stabilisation transactions effected by it to the CNB (with respect to transactions carried out on the Prime Market operated by the PSE) no later than at the end of the seventh daily market session following the date of execution of such transactions. Within one week of the end of the stabilisation period the Lead Manager will disclose to the public in a manner compliant with applicable regulations, as well as market practices in the Czech Republic and Austria (i) whether or not stabilisation was undertaken; (ii) the date on which stabilisation started; (iii) the date on which stabilisation last occurred; and (iv) the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were concluded.

For the purpose of the above stabilisation, additional shares up to the number of the Over-allotment Shares may be overallocated to investors by the Lead Manager on the Pricing and Allotment Date at the Offer Price. Should a short position arise as a result of such over-

allocation, the Lead Manager and Sole Bookruner may close such short position by exercising the Over-allotment Option (in whole or in part) or by open-market purchases or by a combination of both. The exercise of the Over-allotment Option will be promptly disclosed to the public. This disclosure will contain all appropriate details, including the date of exercise and the number of the Over-allotment Shares purchased.

6.7. SELLING SHAREHOLDERS

(a) Selling shareholders

The Sale Shares and Over-allotment Shares will be sold by the Selling Shareholders pursuant to the Offering. The Selling Shareholders are listed in the table below:

Selling Shareholder	Number of Shares
Palace Capital, a.s., a joint-stock company established and existing under the laws of the Czech Republic, with its registered office at Luhačovice, Lázeňské náměstí č.436, postal code 763 26, Identification number 63474948, registered in the Commercial Register maintained by the Regional Court in Brno, File B, Insert 1682	up to 3,400,000 Sale Shares, but jointly with GO solar s.r.o. not exceeding 3,400,000 Sale Shares in total up to 855,000 Over-allotment Shares, but jointly with GO solar s.r.o. not exceeding 855,000 Over-allotment Shares in total
GO solar s.r.o., a limited liability company established and existing under the laws of the Czech Republic, with its registered office at Prague 8 – Karlín, Sokolovská 394/17, postal code 186 00, Identification number 24718025, registered in the Commercial Register maintained by the Municipal Court in Prague, File C, Insert 168501	up to 3,094,688 Sale Shares, but jointly with Palace Capital, a.s. not exceeding 3,400,000 Sale Shares in total up to 855,000 Over-allotment Shares, but jointly with Palace Capital, a.s. not exceeding 855,000 Over-allotment Shares in total

(b) Relationship between the Selling Shareholders and the Group

The Selling Shareholders are the shareholders of the Issuer. In addition, the Selling Shareholders have certain receivables against the Issuer which will be fully settled within the Capitalisation and deposition into the Issuer's capital funds. More information can be found in 'Information on Shares' section, 'Terms and conditions of the Offer' subsection of this Prospectus.

(c) Lock-up Agreements

Except for the issue of the New Shares in the Offering (and the issue of securities linked to the Issuer's share capital under any share/management incentive plan to be implemented by the Issuer), the Issuer has agreed that for 180 days from the Settlement Date, the Issuer will not, without the prior written consent of the Lead Manager, which consent shall not be unreasonably withheld, propose or otherwise support an offering of any of the Shares, announce any intention to offer new Shares and/or to issue any securities convertible into the Shares or securities that in any other manner represent the right to acquire the Shares, or conclude any transaction (including any transaction involving derivatives) of which the economic effect would be similar to the effect of selling the Shares.

The Selling Shareholders have agreed that, save for the sale of the Sale Shares and the Over-allotment Shares in the Offering, for 180 days from the Settlement Date, the Selling Shareholders will not: (i) sell or announce an intention to sell any of the Shares (except for the

Sale Shares and the Over-allotment Shares in the Offering); (ii) issue any securities exchangeable into the Shares; (iii) issue any securities that in any other manner represent the right to acquire the Shares; and (iv) conclude any transaction (including any transaction involving derivatives) of which the economic effect would be similar to the effect of selling Shares, except the issue of securities linked to the Issuer's share capital under any share/management incentive plan to be implemented by the Issuer, with the prior consent of the Lead Manager, which shall not be unreasonably withheld.

In addition, the Selling Shareholders agreed not to propose, vote in favour of or otherwise support: (i) any increase in the Issuer's share capital; (ii) any issuance of securities convertible into the Shares; or (iii) any issuance of any other securities that in any other manner represent the right to acquire the Shares; and (iv) to conclude any transaction (including any transaction involving derivatives) of which the economic effect would be similar to the effect of causing the Issuer to issue such instruments except the issue of securities linked to the Issuer's share capital under any share/management incentive plan to be implemented by the Issuer.

The above described Lock-up Agreement does not apply to sales or any other transfers of the Shares between Palace Capital, a.s., Go Solar s.r.o., Mr Zdeněk Radil and Ms Eva Kropová.

6.8. PROCEEDS AND EXPENSES FROM THE OFFERING

All proceeds from the sale of the Sale Shares by the Selling Shareholders will accrue to the Selling Shareholders and the Issuer will not receive any proceeds from the sale of the Sale Shares.

All proceeds from the sale of the New Shares, after deduction of costs related to the Offering, will be attributable to the Issuer and the Selling Shareholders will not receive any proceeds from this sale.

The Issuer and Selling Shareholders jointly expect gross proceeds from the Offering of approximately CZK 997,500,000 assuming that the offer price will be the maximum price and all Offer Shares are subscribed (and the Selling Shareholders participate it the Offering in the same ratio as in the Capital Increase) (without exercise of the Over-Allotment Option).

The Issuer's expected gross proceeds from the Offering amount to approximately CZK 402,500,000 and the Selling Shareholders' gross proceeds from the purchase amount to approximately CZK 595,000,000.

More information on the net proceeds from the sale of the Sale Shares and the New Shares can be found in the 'Essential Information' section, 'Reasons for the offer and use of proceeds' subsection of the Prospectus.

The Issuer and the Selling Shareholders estimate that the expenses of the Offering and costs related to the admission of the Shares to trading on the Prime market operated by the PSE will amount to approximately CZK 28,942,500. The expenses of the Offering in the amount of CZK 15,257,500 will be borne by the Issuer and the expenses in the amount of CZK 13,685,000 will be borne by the Selling Shareholders.

6.9. DILUTION

The table below indicate the shareholder structure of the Issuer as (i) at the date of the Prospectus; (ii) at the date of the Capitalisation (see 'Information on Shares' section, 'Increase in the Issuer's share capital' subsection of this Prospectus for more information); (iii) after the Offering assuming that complete sale of the Offer Shares takes place and the Selling Shareholders participate in the Offering in the same ratio as in the Capital Increase and including the shares to be acquired by Mr Zdeněk Radil (but excluding the Over-Allotment Shares) and (iv) after the Offering assuming that complete sale of the Offer Shares and the Over-Allotment Shares takes place (and the Selling Shareholders participate in the Offering and in the Over-Allotment Shares in the same ratio as in the Capital Increase) and including the Shares to be acquired by Mr Zdeněk Radil. The voting and other rights attached to the Shares held by the Shareholders do not differ in any respect from any other Shares to be held by the prospective investors.

In fact, the Selling Shareholders might participate in the Offering in any other ratio and are only limited by the total number of Sale Shares to be offered which cannot exceed 3,400,000.

	At the date of the Prospectus		At the date of the Capitalisation		After the Offering		After the Offering (with the full exercise of the Over-Allotment Option)	
Shareholder	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**
Palace Capital, a.s.	6,875	55.00%	6,290,938	67.01%	3,778,800	32.33%	3,205,693	27.43%
GO solar s.r.o.	3,750	30.00%	3,094,688	32.97%	1,857,324	15.89%	1,575,431	13.48%
Ms Eva Kropová	750	6.00%	750	0.01%	750	0.01%	750	0.01%
Mr Zdeněk Radil	1,125	9.00%	1,125	0.01%	350,627	3.00%	350,627	3.00%
Public	--	--	--	--	5,700,000	48.77%	6,555,000	56.09%
Total	**12,500**	**100.00%**	**9,387,501**	**100.00%**	**11,687,501**	**100.00%**	**11,687,501**	**100.00%**

7. RESTRICTIONS ON SALE

7.1. GENERAL

This Prospectus has been approved by the CNB as a prospectus which among other things may be used to offer securities to the public for the purposes of section 35 of the CMA and of the Prospectus Directive. Arrangements may also be made with the competent authority in certain member states of the EEA that have implemented the Prospectus Directive for the use of this Prospectus as an approved prospectus in such jurisdictions to make a public offer in such jurisdictions.

The Offering is (i) a public offering in the Czech Republic, (ii) a public offering in Austria and (iii) international offering by way of private placement to eligible investors in reliance on Regulation S under the Securities Act, in each case in accordance with securities laws and other rules applicable in the relevant jurisdictions.

As issue and/or circulation of the Prospectus may be prohibited in countries other than those in relation to which notices are given below, the Prospectus does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Shares in any jurisdiction in which such offer or solicitation is unlawful.

The Prospectus is explicitly not for distribution or Offering in Australia, Canada, Russian Federation, Japan and the United States, in each case except in compliance with exemption from applicable securities laws (if any).

7.2. CZECH REPUBLIC

The Offering may be made to the public in the Czech Republic once the CNB approves the Prospectus and it is made available to the public in accordance with the CMA.

7.3. AUSTRIA

The Offering may be made to the public in Austria once the CNB has notified the Prospectus to the FMA.

7.4. EEA

Subject to the country specific selling restrictions in relation to each member state of the EEA that has implemented the Prospectus Directive (each, a **Relevant Member State**) each investor acknowledges that a public offering may not be made in that Relevant Member State, other than the public offering in the Czech Republic once the Prospectus has been approved by the CNB and is published, and in any other Relevant Member State, once the Prospectus has been passported and published in accordance with the Prospectus Directive as implemented in the Relevant Member State.

However, an offer to the public in a Relevant Member State of any Offer Shares may be made at any time under the following exemptions under the Prospectus Directive, to the extent that they have been implemented in that Relevant Member State and in accordance with the applicable laws:

(a) to any legal entity which is a 'qualified investor' as defined under the Prospectus Directive;

(b) an offer of securities addressed to fewer than 150 natural or legal persons per Member State, other than qualified investors as defined under the Prospectus Directive;

(c) an offer of securities addressed to investors who acquire securities for a total consideration of at least EUR 100 000 per investor, for each separate offer; and

(d) in any other circumstances under Article 3(2) of the Prospectus Directive, provided that no offer of the Offer Shares shall result in a requirement for the publication by the Issuer or the Selling Shareholders of a prospectus pursuant to Article 3 of the Prospectus Directive or a supplementary prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an '**offer to the public**' in relation to any Offer Shares in any Relevant Member State means the communication in any form and by any

means of sufficient information on the terms of the offer and any Offer Shares to be offered so as to enable an investor to decide to purchase any Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

7.5. UNITED STATES

THE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE SHARES MAY NOT BE OFFERED, SOLD, RESOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION IN THE UNITED STATES.

THERE WILL BE NO PUBLIC OFFER OF THE SHARES IN THE UNITED STATES. THE ORDINARY SHARES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

Prior to making any investment in the Shares, the prospective investors should familiarise themselves and comply with the sale restrictions relevant for their jurisdiction.

8. TAX CONSIDERATIONS

8.1. GENERAL

The statements on taxation below are for general information purposes only and are not intended to be a comprehensive summary of all technical aspects of the structure. In addition, they are not intended to constitute legal or tax advice to prospective investors. The statements are intended to be a general summary of certain tax consequences that may arise for prospective investors in relation to the Shares (which may vary depending upon the particular individual circumstances and status of the prospective investors), and a general guide to the tax treatment of the Issuer. These comments are based on the laws and practices as at the time of writing and may be subject to future revision. This discussion is not intended to constitute advice to any person and should not be so construed.

Each prospective investor should consult its own tax advisers as to the possible tax consequences of Investing in the Shares under the laws of their country of citizenship, residence or domicile or other jurisdictions in which they are subject to tax obligations.

8.2. CZECH REPUBLIC

The information set out below describes the principal Czech tax consequences of the acquisition, holding and disposal of the Shares, and is included for general information only. This summary does not purport to be a comprehensive description of all Czech tax considerations that may be relevant to a decision to acquire, to hold or to dispose of the Shares of the Issuer. No individual circumstances, financial situations or particular investment objectives of any prospective investor as purchaser, owner of the Shares are taken into account for the purposes of this discussion. In particular, this summary does not address tax considerations applicable to investors that may be subject to special tax or accounting rules including, without limitation, (i) certain financial institutions, (ii) insurance companies, (iii) dealers or traders in securities, (iv) investment companies, (v) tax-exempt entities, (vi) persons that would hold the Shares as a part of a "*hedging*" or "*conversion*" transaction, and (vii) persons that would hold the Shares through partnerships or other pass-through/tax-transparent entities.

This summary is based on tax legislation, published case law, treaties, rules, regulations and similar documentation in force as of the date of this Prospectus, without prejudice to any amendments introduced at a later date or implemented with retroactive effect.

(a) **General Remarks**

Taxation of dividends and capital gains from a sale of Shares differs between individual shareholders and corporate shareholders. In addition, taxation depends on whether or not the shareholder is subject to taxation on worldwide income or solely on Czech-sourced income. Corporations resident in the Czech Republic for tax purposes, i.e. particularly those having their registered offices (in Czech, *sídlo*) or place of effective management (in Czech, *místo vedeni*) in the Czech Republic (**Czech Corporate Investors**) are subject to corporate income taxation in the Czech Republic on their worldwide income. Other corporations are subject to corporate income taxation in the Czech Republic only on their Czech-sourced income. Individuals resident in the Czech Republic for tax purposes, i.e. particularly those who have a place of residence (in Czech, *bydliště*) in the Czech Republic, or who usually stay in the Czech Republic (**Czech Individual Investors**) are subject to personal income taxation in the Czech Republic on their worldwide income. Other individuals are subject to personal income taxation in the Czech Republic only on their Czech-sourced income.

(b) **Corporate Investors**

Dividends

Unless an exemption applies, income earned by a Corporate Investor on dividends paid by the Issuer on the Shares is subject to withholding income tax in the Czech Republic. A tax rate of 15% is applicable in this respect, unless reduced by a tax treaty concluded between the Czech Republic and the state of tax residence of that particular non-Czech Investor. A tax rate of 35 % is applicable to payers that are not tax residents (i) of an EU Member State or another State that forms the European Economic Area, or (ii) of a third State or jurisdiction with which the Czech

Republic has concluded a valid and effective international double taxation avoidance treaty regulating taxation and exemption of all possible kinds of income from international double taxation, has concluded a valid and effective international treaty or agreement on information exchange in tax matters for the area of income taxes, or that are contracting parties to a multilateral international treaty containing provisions on tax information exchange in the area of income taxes that is valid and effective for them and for the Czech Republic.

The possibility of exempting dividends from the Shares is described in 'Dividends and Capital Gains Exemption' subsection below in this Prospectus.

Capital Gains

Capital gains earned by Corporate Investors on sale of the Shares are generally subject to corporate income tax in accordance with general rules. This income is aggregated with the income for the given tax period and subject to 19% corporate income tax. Taxation of capital gains by non-Czech Corporate Investors may be eliminated by a tax treaty concluded between the Czech Republic and the state of tax residence of a non-Czech Investor.

Any loss incurred by the Czech Corporate Investor upon the sale of the Shares should generally be tax deductible for corporate income tax purposes, provided that the general conditions for tax deductibility are met, unless the Shares held by the Czech Corporate Investor qualify for exemption (see below).

Dividends and Capital Gains Exemption

According to Czech income tax law, dividends received by parent companies and capital gains by parent companies realised on sales of shares in subsidiaries qualify for the corporate income tax exemption if several conditions are met. The overall requirements for a corporate income tax exemption of dividends paid by the Issuer and gains derived on sales of the Shares by Corporate Investors are:

(a) the Czech Corporate Investor must be a limited liability company, a joint stock company or a co-operative under Czech commercial law;

(b) the non-Czech Corporate Investor is a tax resident of another EU Member State other than the Czech Republic and has any of the forms stated in the regulations of the European Communities9; these forms shall be published by the Ministry of Finance in the Financial Bulletin;

(c) the Corporate Investor must have held at least 10% of the share capital of the Issuer for at least 12 months (can be fulfilled subsequently); and

(d) the Issuer must not be in the process of liquidation.

Tax Security

According to Czech law, a Czech Corporate Investor is generally obligated upon purchase of the Shares from a person which is not for tax purposes treated as a resident of the Czech Republic to withhold 1% of the purchase price on a gross basis representing tax security, unless the non-Czech Investor is for tax purposes a resident of a member state of the European Union or the EEA. This tax security may, however, also be eliminated under a tax treaty concluded between the Czech Republic and the state of tax residence of that particular non-Czech Investor.

Other Taxes

No Czech value added tax, registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty is payable by the holder of the Shares in respect of their acquisition, ownership or disposal.

(c) **Individual Investors**

Dividends

Income earned by Individual Investors on dividends paid by the Issuer on the Shares is subject to withholding income tax in the Czech Republic. A tax rate of 15% is applicable in this respect. A tax rate 35 % is applicable to payers that are not tax residents (i) of another EU Member State or another State that forms the EEA, or (ii) of a third State or jurisdiction with which the Czech

Republic has made a valid and effective international double taxation avoidance treaty regulating taxation and exemption of all possible kinds of income from international double taxation, a valid and effective international treaty or agreement on information exchange in tax matters for the area of income taxes, or that are contracting parties to a multilateral international treaty containing provisions on tax information exchange in the area of income taxes that is valid and effective for them and for the Czech Republic. The Issuer is responsible for payment of the withholding income tax.

Expenses incurred by the Czech Resident Individuals in connection with holding of the Shares may not be deducted for purposes of calculation of such personal income tax.

Capital Gains

Unless an exemption from personal income tax applies, capital gains earned by Czech Individual Investors on the sale of Shares are generally subject to 15% flat personal income tax + 7% solidarity surcharge if the income from the Shares is included in income from a business activity and the income exceeds 48 times the average wage.

In the case of a Czech Individual Investor who does not hold the Shares as business property, any loss incurred on sale of the Shares would generally be tax non-deductible – except for a situation when such loss is deducted against other taxable capital gains derived by the Czech Individual Investor from the sale of securities in the given tax period (provided that such securities do not form the business property of the Czech Individual Investor on the date of the sale or an exemption from personal income tax applies).

Income of Individual Investors from disposal of the Shares is exempt from personal income tax provided that (i) the period between acquisition and subsequent sale of the Shares exceeds three years. The exemption shall not apply to income from the sale of securities that are or were included in the business property and were sold within three years from termination of the independent activity from which income is derived. In addition, income generated from the sale of the Shares by individuals may be exempt from income tax in certain circumstances if the total profit does not exceed 100,000 CZK for a tax payer in a tax period.

Tax Security

According to Czech law, a Czech Individual Investor is generally obligated upon purchase of the Shares from a non-Czech Investor to withhold an amount of 1% of the purchase price on a gross basis representing tax security, unless the non-Czech Investor is for tax purposes a resident of a member state of the EU or the EEA. This tax security may, however, be also eliminated under a tax treaty concluded between the Czech Republic and the state of tax residence of that particular non-Czech Investor.

Other Taxes

No Czech value added tax, registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty is payable by the holder of the Shares in respect of their acquisition, ownership or disposal.

8.3. AUSTRIA

The following overview is based on the tax legislation in force in Austria at the date of this Prospectus, and may be subject to changes in Austrian law and practice occurring after that date, some of which may have even retroactive effect. This overview focuses on the tax treatment of dividends and capital gains which may be derived from the Shares by individuals with a domicile or their habitual abode in Austria and legal entities with their corporate seat or their place of management in Austria (residents). For the purposes of below overview it is assumed that the Issuer does not have its seat nor its place of effective management in Austria.

This information is for general information purposes only and not a full and comprehensive description of all Austrian tax consequences in connection with the acquisition, holding or disposal of the Shares nor does it take into account the investors' individual circumstances or any special tax treatment potentially applicable to the investor. Exceptions to the tax regime described herein may apply to certain investors. Also, tax considerations relevant to investors which are subject to a special tax regime, such as inter alia but not conclusively governmental authorities, charities, private foundations (in German, *Privatstiftungen*) or investment funds are

not addressed herein. This overview is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors should consult their own professional advisors as to the particular tax consequences of the acquisition, holding or disposal of the Shares.

The Issuer does not assume any responsibility for the withholding of tax levied on income from the Shares.

(a) **General**

Individuals resident in Austria are subject to Austrian income tax (in German, *Einkommensteuer*) on their worldwide income (residence tax liability). Individuals are considered resident in Austria if they have either (i) their permanent domicile (in German, *Wohnsitz*) or (ii) their habitual abode (in German, *gewöhnlicher Aufenthaltsort*) in Austria. Non-resident individuals are subject to tax in Austria on their Austrian sourced income enumerated in the Austrian Income Tax Act (in German, *Einkommensteuergesetz*) or on income attributable to an Austrian permanent establishment (non-residence tax liability).

Corporations resident in Austria are subject to Austrian corporate income tax (in German, *Körperschaftsteuer*) on their worldwide income (residence tax liability). Corporations are considered resident if they have either (i) their place of effective management (in German, *Ort der Geschäftsleitung*) in Austria or (ii) their legal seat (in German, *Sitz*) is in Austria. Non-resident corporations are subject to tax in Austria on certain Austrian sourced income or on income attributable to an Austrian permanent establishment (non-residence tax liability).

Austrians right to levy tax might be impacted by existing double tax agreements. Except for the withholding tax (in German, *Kapitalertragsteuer – KESt*) to be withheld by the Austrian paying agent, if any, or Austrian securities depository (in German, *depotführende Stelle*), the respective investor is solely responsible for complying with the Austrian tax law. An Austrian paying agent is generally an Austrian bank or the Austrian branch of an EU resident bank or investment firm paying out the income derived under the Shares. It is not envisaged that the Issuer will have an Austrian paying agent and thus, withholding tax may apply if the Shares are deposited with an Austrian securities depository. The Issuer does not assume any responsibility for the KESt, unless the Issuer is an Austrian paying agent or securities depository.

(b) **Taxation of dividends**

Dividends paid on the Shares by an Austrian paying agent – which is in general an Austrian bank or the Austrian branch of an EU resident bank or investment firm – or an Austrian securities depository (in German, *depotführende Stelle*) are subject to withholding tax (in German, *Kapitalertragsteuer – KESt*) at a rate of 25%. This tax is withheld by the Austrian paying agent or Austrian securities depository paying out the dividend. The Austrian paying agent, or the Austrian securities depository paying out the dividend on the company's behalf, is required to give the shareholder a certificate showing the gross dividend, the tax withheld, the date of payment and the period for which the dividend is payable, and also the tax office to which the tax withheld was remitted.

For Austrian resident individuals the dividend withholding tax fully covers all income tax on such dividend income (final taxation – in German, *Endbesteuerung*), which means that no further income tax is levied on the dividend income and the dividends do not have to be included in the shareholder's income tax return. If Czech withholding tax was levied, this tax can be credited up to a maximum amount equalling the Austrian tax by including the income in the annual income tax return of the Austrian resident and applying for taxation at 25%. However, the individual shareholder may also include the dividends (together with his other income subject to the special 25% tax rate) in his regular annual tax assessment and have the dividends taxed at such shareholder's regular progressive personal income tax rate if he believes that his regular progressive income tax rate is more beneficial. In this case the Austrian withholding tax will be credited against such shareholder's personal income tax liability or, if higher, be repaid. Expenses (even interest expenses), if any, accrued by an investor and relating to dividend payments are not tax deductible.

Dividends not paid out by an Austrian paying agent or an Austrian securities depository are subject to income tax at a flat rate of 25%. The Austrian investor is obliged to declare such

income in his annual income tax return. Czech withholding tax will be credited upon application.

For Austrian resident legal entities (in German, *Körperschaften*), Austrian dividend income is generally exempt from corporate income tax. If paid out in Austria by an Austrian paying agent or an Austrian securities depository, withholding tax will not be levied if the Austrian legal entity furnishes the paying agent or Austrian securities depository with an exemption certificate (*Befreiungserklärung*). If tax was withheld, such withholding tax will be credited against the corporate income tax liability of the shareholder or refunded. Expenses in connection with tax exempt dividend income are generally not deductible but interest expenses connected with the acquisition of shares which qualify as business assets are, subject to certain restrictions, deductible. There is, inter alia, a special tax regime for private foundations established under Austrian law (*Privatstiftungen*) (interim tax, no withholding tax).

(c) **Taxation of capital gains**

For Austrian resident individuals, capital gains (in German, *Einkünfte aus realisierten Wertsteigerungen*) from the sale or other disposal of Shares is subject to Austrian income tax at a rate of 25%, irrespective of the period the Shares have been held for or the amount of the shareholding.

The tax basis is, in general, the difference between the sale proceeds and the acquisition costs for, or tax accounting basis of, the Shares. Expenses in connection with capital gains are not deductible. For shares which are held as private assets the acquisition costs shall not include incidental acquisition costs.

Where an Austrian securities depository or paying agent is involved and pays out or settles the capital gains, the same is subject to a 25% withholding tax (in German, *Kapitalertragsteuer – KESt*). Such 25% withholding tax deduction will result in a final income taxation for individuals who hold the Shares as private assets (provided that the acquisition costs of the Shares had been disclosed to the paying agent or securities depository). As a consequence, the respective capital gain does not have to be included in the shareholder's income tax return. If the securities depository or paying agent is not provided with the actual acquisition costs of the Shares, the withholding tax may be based on deemed acquisition costs derived in particular from the sales proceeds or fair market value of the Shares as further specified in the relevant provisions of the Austrian income tax act and decrees and guidelines of the Austrian Ministry of Finance.

If the capital gain is not subject to Austrian withholding tax because there is no domestic securities depository and paying agent, the shareholder will have to include any capital gain derived from the Shares in his personal income tax return pursuant to the provisions of the Austrian Income Tax Act. In general, a special 25% income tax rate should apply.

Taxpayers whose regular personal income tax is lower than 25% may opt for taxation of the capital gains from the shares (together with all other income subject to the special 25% tax rate) at their regular personal income tax rate. Expenses in connection with capital gains are not deductible.

Losses from Shares held as private assets may only be set-off with other investment income subject to the special 25% tax rate (excluding, inter alia, interest income from bank deposits) and must not be set-off with any other income. Generally, this requires the filing of an income tax return with the competent tax office. Any Austrian paying agent or securities depositories will apply an automatic set-off of losses against investment income from securities accounts at the same securities depository (subject to certain limitations). However, a carry-forward of any such losses is not permitted.

Capital gains derived from Shares which are held as business assets are also subject to the special income tax rate of 25% deducted by way of the withholding tax (in German, *Kapitalertragsteuer – KESt*). However, capital gains, contrary to dividend income, have to be included in the tax return and must not be a main focus of the taxpayer's business activity. Write-downs and losses derived from the sale of Shares which are held as business assets must primarily be set off against positive income from capital gains from financial instruments of the same business and only half of the remaining loss may be set off or carried forward against any other income.

Withdrawals (in German, *Entnahmen*) and other transfers of the Shares from a shareholder's securities account are deemed to be a disposal unless certain requirements are met such as a transfer to a securities account owned by the same shareholder (i) with the same Austrian securities depository (bank), (ii) with another Austrian bank if the shareholder instructs the transferring bank to disclose the acquisition costs of the shares to the transferee bank or (iii) with a foreign bank (securities depository), provided the shareholder instructs the transferring Austrian bank to notify the competent Austrian tax office or, where the transferring bank is also a foreign bank (securities depository), the shareholder himself notifies the competent Austrian tax office within one month. A transfer of Shares without consideration to a securities account of another taxpayer does not result in a deemed disposal, if the fact that the transfer has been made without consideration has been evidenced to the securities depository by the shareholder, or the securities depository has been instructed by the shareholder to inform the Austrian tax office thereof, or, if the shareholder has himself notified the competent Austrian tax office within a month.

Special rules apply if a taxpayer transfers his residence outside of Austria or if Austria loses for other reasons its taxing right in the Shares to other countries (which may give rise to a deemed capital gain and exit taxation with the option for deferred taxation if the transfer is made to an EU member state or certain EEA member states).

For Austrian resident corporate shareholders, capital gains realized from the Shares are – subject to certain restrictions – generally exempt from Austrian corporate income tax. Corporate shareholders deriving business income from the Shares may avoid the application of the Austrian withholding tax on capital gains by filing a declaration of exemption (in German, *Befreiungserklärung*) with the Austrian securities depository or paying agent. There is, inter alia, a special tax regime for private foundations established under Austrian law (in German, *Privatstiftungen*) (interim tax, no withholding tax).

(d) **Financial transaction tax**

Pursuant to a proposal of the European Commission for a Council Directive implementing enhanced cooperation in the area of financial transaction tax dated February 14, 2013, it is envisaged that certain participating Member States including Austria introduce a tax on certain financial transactions in respect of securities such as the Shares, on the condition that at least one party to the transaction is established in the territory of a participating Member State and that a financial institution established or (according to the issuance principle) deemed to be established in the territory of a participating Member State is party to the transaction, acting either for its own account or for the account of another person, or is acting in the name of a party to the transaction. The tax rate shall amount to at least 0.01% of the notional amount for financial transactions related to derivatives contracts and at least 0.1% of the consideration or market price for all other taxable financial transactions and shall be deducted by the financial institutions. So far, no draft bill has been presented and it remains to be seen how and when such proposal will be implemented.

(e) **Gift and inheritance taxes/wealth taxes**

Currently, Austria neither levies gift and inheritance tax nor wealth taxes. The Austrian Constitutional Court held the inheritance and gift tax unconstitutional and repealed it with effect of July 31, 2008. To date, no successor provision was enacted. However, the Austrian government introduced the Austrian Donation Declaration Act (in German, *Schenkungsmeldegesetz*), according to which certain donations have to be notified to the Austrian tax authorities, but no tax falls due. Not complying with the notification requirement might trigger penalties. Different provisions apply to donations made to Austrian Private Foundations, which might trigger settlement tax between 2.5% and 25%.

(f) **Value Added Tax**

Sale and purchase of shares is exempt from VAT in Austria with no right to deduct the input VAT for related expenses.

(g) **Other Taxes**

To date, no stock exchange tax, capital transfer tax, stamp duties or other tax is levied on the purchase or sale of Shares.

9. OTHER INFORMATION

9.1. ISSUER'S ADVISORS

Lead Manager and Sole Bookrunner:	**Erste Group Bank AG** Graben 21 A-1010 Vienna Austria
Domestic Lead Manager:	**Česká spořitelna, a.s.** Evropská 2690/17 160 00 Prague 6 Czech Republic
Auditors of the Issuer:	**APOGEO Audit, s.r.o.** Koněvova 2660/141 130 83 Prague 3 – Žižkov Czech Republic **Finaudit Třinec, s.r.o.** Vendryně 1142, 739 94 Czech Republic **HM Group s.r.o.** Kamencová 59 198 00 Prague 9 Czech Republic
Legal Advisors to the Issuer as to Czech law:	**HSP & Partners advokátní kancelář v.o.s.** Čechova 1184/2 750 02 Přerov – Přerov I-Město Czech Republic
Legal Advisors to the Lead Manager and Sole Bookrunner as to Czech law:	**Havel, Holásek & Partners s.r.o., advokátní kancelář** Na Florenci 2116/15 110 00 Prague 1 – Nové Město Czech Republic
Legal Advisors to the Lead Manager and Sole Bookrunner as to Austrian law:	**Baker & McKenzie Diwok Hermann Petsche Rechtsanwälte GmbH** Schottenring 25 1010 Vienna Austria
Securities Depository:	**Centrální depozitář cenných papírů, a.s.** Rybná 14 110 00 Prague 1 Czech Republic

9.2. DOCUMENTS INCORPORATED BY REFERENCE

No documents or information have been incorporated by reference in this Prospectus.

9.3. THIRD PARTY SOURCES

Auditor's reports included in the Prospectus have been prepared by the auditors described in 'Statutory auditors' section of this Prospectus. All auditors' reports have been prepared on the Issuer's request, however, no auditor has any material interest in the Issuer other than to provide it with audit services in compliance with the relevant laws and regulations.

Where information in the Prospectus has been sourced from third parties, the Issuer confirms that such information has been accurately reproduced and, as far as the Issuer is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. As noted in this Prospectus, the Issuer has obtained market and industry data relating to the Group's business from providers of industry data, including:

- **Budějovický Budvar**, with respect to information provided in 'Information about the Issuer' section, 'Business overview' subsection of this Prospectus.
- **Business Monitor International** (the **BMI**), with respect to information provided in 'Information about the Issuer' section, 'Business overview' subsection of this Prospectus.
- **Czech National Bank**, with respect to information provided in 'Information about the Issuer' section, 'Operating and financial review' subsection of this Prospectus.
- **Český svaz pivovarů a sladoven** (the **ČSPS**), with respect to information provided in 'Information about the Issuer' section, 'Business overview' and 'Operating and financial review' subsections of this Prospectus.
- **Heineken CZ**, with respect to information provided in 'Information about the Issuer' section, 'Business overview' subsection of this Prospectus.
- **Hospodářské noviny**, with respect to information provided in 'Information about the Issuer' section, 'Business overview' subsection of this Prospectus.
- **Lidové noviny**, with respect to information provided in 'Information about the Issuer' section, 'Business overview' subsection of this Prospectus.
- **Mladá Fronta Dnes**, with respect to information provided in 'Information about the Issuer' section, 'Business overview' subsection of this Prospectus.
- **www.pivni.info**, with respect to information provided in 'Information about the Issuer' section, 'Business overview' subsection of this Prospectus.
- **SABMiller**, with respect to information provided in 'Information about the Issuer' section, 'Business overview' subsection of this Prospectus.
- **Staropramen**, with respect to information provided in 'Information about the Issuer' section, 'Business overview' subsection of this Prospectus.

9.4. DATE OF PROSPECTUS

The Prospectus is dated 7 May 2014.

9.5. CZECH NATIONAL BANK APPROVAL

The Prospectus has been approved by the decision of the CNB, reference number 2014/ 4828/570, file. no. Sp/2014/15/572 dated 9 May 2013 which entered into force on 9 May 2013.

10. DEFINED TERMS

"**2010 Prospectus Directive Amending Directive**"	means Directive 2010/73/EU amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.
"**Admission**"	means admission of the Shares to trading on the Prime Market operated by the PSE.
"**Articles**"	means the articles of association of the Issuer.
"**Austrian Institutional Investors**"	means investors defined as "qualified investors" pursuant to the Prospectus Directive which were invited to purchase for the Offer Shares in the Offering within the territory of Austria.
"**Austrian Retail Investors**"	means individuals, corporate entities (legal persons) and non-corporate entities other than Austrian Institutional Investors, except for US persons, as defined in Regulation S, to whom the Offering within the territory of Austria is addressed.
"**Board**"	means the board of directors of the Issuer.
"**Business Day**"	means any day (except Saturday and Sunday), when the banks in the Czech Republic are open to the public.
"**Capital Increase**"	means increase the Issuer's share capital by the issue of at least 10,387,125 up to 62,500,000 newly issued Shares representing the increase in the amount up to at least CZK 1,660,500,000 but to CZK 10,000,000,000 at maximum.
"**Capitalisation**"	means the capitalisation of the receivables of the Selling Shareholders based on loans provided to the Issuer against the New Shares issued by the Issuer.
"**CDCP**"	means The Central Securities Depository (in Czech, *Centrální depozitář cenných papírů, a.s.),* the clearing and settlement institution in the Czech Republic.
"**Civil Code**"	means Czech act no. 89/2012 Coll., Civil Code, as amended.
"**CMA**"	means Czech act no. 256/2004 Coll., on undertakings in capital markets, as amended.
"**CNB**"	means the Czech National Bank.
"**Commercial Register**"	means the commercial register administered by the Municipal Court in Prague in which the Issuer is registered.
"**Companies Act**"	means Czech act no. 90/2012 Coll., on corporate entities, as amended.
"**CZK**"	means the "*Koruna česká*" as the lawful currency of the Czech Republic.
"**Czech Corporate Investors**"	means corporations resident in the Czech Republic for tax purposes, i.e. particularly those having their registered seat (in Czech, *sídlo*) or place of effective management (in Czech, *místo vedení*) in the Czech Republic.
"**Czech Individual Investor**s"	means individuals resident in the Czech Republic for tax purposes, i.e. particularly those who have a place of

	residence (in Czech, *bydliště*) in the Czech Republic, or who usually stay in the Czech Republic.
"**Czech Institutional Investors**"	means investors defined as "professional customers" pursuant to the CMA, except for US persons, as defined in Regulation S, to whom the Offering in the Czech Republic is addressed.
"**Czech Retail Investors**"	means individuals, corporate entities (legal persons) and non-corporate entities other than Czech Institutional Investors, except for US persons, as defined in Regulation S, to whom the Offering within the territory of the Czech Republic is addressed.
"**ČSPS**"	means Czech Beer and Malt Association (in Czech, *Český svaz pivovarů a sladoven*).
"**Domestic Lead Manager**"	means Česká spořitelna, a.s.
"**EBITDA**"	means an indicator of a company's financial performance which is generally calculated as earnings before interest, taxes, depreciation, and amortisation and can be used to analyse and compare profitability between companies and industries.
"**EEA**"	means the European Economic Area.
"**EU**"	means the European Union.
"**EU Member states**"	means member states of the European Union.
"**FMA**"	means Austrian Financial Markets Supervisory Authority (in German, *Finanzmarktaufsichtsbehörde*), the capital market regulatory authority of Austria.
"**General Meeting**"	means the general meeting of shareholders of the Issuer.
"**Group**"	means the Issuer and Subsidiaries.
"**IFRS**"	means the International Financial Reporting Standards, being the principles-based accounting standards, interpretations and the framework by that name adopted by the International Accounting Standards Board, as adopted by the European Commission for use in the EU.
"**Institutional Investors**"	means Czech and Austrian Institutional Investors and other selected investors in certain jurisdictions outside the Czech Republic and Austria except for US persons, as defined in Regulation S, to whom the Offering is addressed.
"**Investors**"	means Institutional Investors and Retail Investors.
"**ISIN**"	means an International Securities Identification Number.
"**Issuer**"	means Pivovary Lobkowicz Group a.s.
"**Lead Manager**"	means Erste Group Bank AG.
"**Management**"	means the Board of Directors and other managers of the Issuer able to influence business and other related activities of the Issuer in a material way.
"**Maximum Price**"	means the maximum price at which the Offer Shares may be offered to the Investors.
"**Net Asset Value**" or "**NAV**"	means the value of the assets of the Issuer less its liabilities as calculated in accordance with the Issuer's valuation policy.

"**New Shares**"	means newly issued Shares of the Issuer with a nominal value of CZK 160 each offered by the Issuer in the Offering.
"**Offering**"	means the offer for purchase of the Offer Shares.
"**Offer Price**"	means the offer price per Offer Share determined after bookbuilding by the Issuer.
"**Offer Shares**"	means the New Shares and the Sale Shares, which are offered for sale in the Offering.
"**Over-allotment Option**"	means the option that Selling Shareholders will grant to the Leading Manager, to purchase a number of additional shares representing up to 15 % of the Shares, solely to cover over-allotment, if any, made in connection with the Offering and to cover short positions resulting from stabilisation transactions. The Over-allotment Option is exercisable for up to 30 days after announcement of the Offer Price.
"**Over-allotment Shares**"	means ordinary Shares in the issued and outstanding part of authorised share capital of the Issuer that are held by Selling Shareholders and offered for sale in the Offering under Over-allotment Option.
"**Payment Date**"	means the date on which the price of the Offer Shares is to be paid.
"**PRIBOR**"	means Prague Interbank Offered Rate.
"**Pricing and Allotment Date**"	means the date on which the Offer Price and the final number of the Offer Shares to be offered in the Offering are determined.
"**Prospectus**"	means this Prospectus.
"**Prospectus Directive**"	means Directive No 2003/71/EC as amended and includes any relevant implementing measure in each Relevant Member State.
"**Prospectus Regulation**"	means Regulation (EC) No 809/2004 implementing the Prospectus Directive, as amended.
"**PSE**"	means Prague Stock Exchange (*Burza cenných papírů Praha, a.s.*).
"**Regulation S**"	means regulation S under the U.S. Securities Act of 1933, as amended.
"**Retail Investors**"	means Czech Retail Investors and Austrian Retail Investors.
"**Risk Factor**s"	means risks and uncertainties associated with the Issuer's business and the legal and regulatory environment in which the Issuer operates.
"**Sale Shares**"	means Shares in the issued and outstanding part of authorised share capital of the Issuer that are held by the Selling Shareholders and offered for sale in the Offering.
"**Securities Act**"	means the U.S. Securities Act of 1933, as amended.
"**Selling Shareholders**"	means Palace Capital, a.s. a GO solar s.r.o., that are offering the Sale Shares for sale in the Offering.
"**Settlement Date**"	means the date of the settlement of the Offering.
"**Shareholders**"	means (i) Palace Capital, a.s., (ii) GO solar s.r.o.,

	(iii) Ms Eva Kropová and (iv) Mr Zdeněk Radil.
"**Shares**"	means book-entry ordinary shares in the registered capital of the Issuer issued having the rights, restrictions and entitlements set out in the Articles and the Companies Act.
"**Stabilisation Regulation**"	means the European Commission Regulation (EC) No. 2273/2003 of 22 December 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buyback programmes and stabilisation of financial instruments.
"**Subsidiaries**"	means subsidiary companies of the Issuer listed in the 'Selected Subsidiaries' section of the Prospectus.
"**Trade Licensing Act**"	means Czech act no. 455/1991 Coll., on trade licence business, as amended.
"**Underwriting Agreement**"	means underwriting agreement entered into between the Issuer and the Selling Shareholders on or about the date of publication of Prospectus.
"**U.S.**" or "**United States**"	means the United States of America, its territories and possessions, any state of the United States and the District of Colombia.
"**VAT**"	means value added tax.

11. FINANCIAL ANNEXES

11.1. 2011 / CZ GAAP CONSOLIDATED AUDITED FINANCIAL STATEMENTS

HM Group s.r.o.

Independent Auditor's Report

for K Brewery Group, a.s.

We have audited the accompanying consolidated financial statements of K Brewery Group, a.s., whose registered office is at Hvězdova 1716/2b, 140 78 Prague 4, identification number: 27258611 (the "Company"), which were prepared for the year 2011 ended 31 December 2011.

The responsibility for the preparation of consolidated financial statements and keeping of accounting books in such a way that they are complete, conclusive and accurate in accordance with the laws and regulations in force lies with the Company's management (governing body). Our responsibility is to express an opinion on the financial statements as a whole based on our audit, and to provide an audit opinion.

We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that auditors plan and perform audits in such a way in order to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes verifying, on a test basis, that the amounts and disclosures in the financial statements are complete and conclusive. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for expressing the audit opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated position of assets, liabilities and equity and the financial position of the consolidated group of K Brewery Group, a.s. as at 31 December 2011, and its consolidated financial performance for the year then ended in accordance with the accounting laws and regulations applicable in the Czech Republic, and we hereby issue an UNQUALIFIED OPINION.

This report has been discussed with the Company's governing body in accordance with the applicable laws and regulations and has been delivered in accordance with the terms of the contract.

Prague, 26 July 2012

Audit firm:
HM Group s.r.o.
Identification no.: 63978547
Kamencová 59, 198 00 Prague 9
Registered in the list of audit firms
under licence no.: 170

Responsible auditor:
Ing. Lubomír Harna
Registered in the list of auditors
under licence no.: 1376

Stamp and signature: *(imprint of a round stamp)* *(signature)*

HM Group s.r.o.
licence no. 170
auditing services

CONSOLIDATED BALANCE SHEET
in a full form

as at
31 December 2011
(CZK '000 omitted)

K Brewery Group, a.s.
Identification no.: 27258611

Hvězdova 1716/2b
140 78 Prague 4

		31 December 2011			31 December 2010
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	**3,142,445**	**1,028,305**	**2,114,140**	**2,254,492**
B.	**Long-term assets**	**2,387,551**	**985,401**	**1,402,150**	**1,487,282**
I.	*Long-term intangible assets*	189,147	104,067	85,080	100,876
3.	Software	6,361	2,351	4,010	2,062
4.	Valuable rights	84,412	69,065	15,347	13,659
5.	Goodwill	96,132	32,651	63,481	82,707
7.	Long-term intangible assets in progress	2,242		2,242	2,448
II.	*Long-term tangible assets*	1,812,309	826,128	986,181	1,031,310
1.	Land	12,420		12,420	12,483
2.	Structures	600,912	206,933	393,979	400,096
3.	Separate movable assets and groups of movable assets	1,120,613	607,302	513,311	534,745
4.	Perennial crops	6	6	0	0
6.	Other long-term tangible assets			0	5,958
7.	Long-term tangible assets in progress	21,901		21,901	30,586
8.	Advances paid on long-term tangible assets	6,634		6,634	6,173
9.	Valuation adjustments to acquired assets	49,823	11,887	37,936	41,269
III.	*Long-term financial assets*	1,004	36	968	968
3.	Other long-term securities and investments	1,004	36	968	968
IV.	*Consolidation differences*	385,091	55,170	329,921	354,128
V.	*Securities and investments – equity method*			0	
C.	**Current assets**	**637,774**	**42,904**	**594,870**	**608,873**
I.	*Inventory*	184,422	2,729	181,693	183,702
1.	Material	107,484	2,729	104,755	112,457
2.	Work in progress and semi-finished goods	40,651		40,651	43,500
3.	Finished goods	19,361		19,361	20,764
5.	Merchandise	16,926		16,926	6,981
II.	*Long-term receivables*	27,740		27,740	18,237
3.	Receivables from reporting units under significant influence	295		295	0
5.	Long-term advances paid	1,966		1,966	0
7.	Other receivables	17,186		17,186	11,655
8.	Deferred tax receivable	8,293		8,293	6,582
III.	*Short-term receivables*	378,931	40,175	338,756	362,064
1.	Trade receivables	167,559	40,175	127,384	174,127
2.	Receivables – controlling and managing person	8,809		8,809	123
6.	State – tax receivables	35,830		35,830	17,015
7.	Short-term advances paid	8,949		8,949	23,506
8.	Accrued assets (estimated accounts)	2,346		2,346	40,737
9.	Other receivables	155,438		155,438	106,556
IV.	*Short-term financial assets*	46,681		46,681	44,870
1.	Cash	10,720		10,720	11,785
2.	Cash in bank	35,961		35,961	33,085
D.	**Accrued assets**	**117,120**		**117,120**	**158,337**
1.	Pre-paid expenses	116,971		116,971	158,337
3.	Accrued revenue	149		149	
	Control number	**12,067,569**	**4,058,050**	**8,009,519**	**8,505,503**

		31 December 2011	31 December 2010
	TOTAL LIABILITIES AND EQUITY	**2,114,140**	**2,254,492**
A.	**Equity**	**-427,440**	**-266,706**
I.	*Registered capital*	2,000	2,000
I.	Registered capital	2,000	2,000
II.	*Capital funds*	746	720
2.	Other capital funds	2,452	2,426
3.	Asset and liability revaluation differences	-102	-102
4.	Revaluation differences from company transformations	-1,604	-1,604
III.	*Reserve fund, indivisible fund and other funds made from profit*	4,062	1,918
1.	Mandatory reserve fund / Indivisible fund	4,478	2,328
2.	Statutory and other funds	-416	-410
IV.	*Prior period retained earnings and accumulated loss*	-273,379	-160,238
	Prior period retained earnings	166,738	43,259
	Prior period accumulated loss	-440,117	-203,497
V.	*Current period profit (loss), excluding minority investments*	-160,869	-111,106
I.	Current period profit (loss)	-160,869	-111,106
B.	**Liabilities**	**2,423,249**	**2,365,458**
I.	*Provisions*	15,719	5,477
3.	Provision for income tax	8,242	0
4.	Other provisions	7,477	5,477
II.	*Long-term liabilities*	1,115,835	1,125,864
4.	Payables to shareholders and cooperative and association members	4,938	0
5.	Long-term advances received	1,792	1,791
8.	Accrued liabilities (estimated accounts)	0	44
9.	Other liabilities	1,079,573	1,096,800
10.	Deferred tax liability	29,532	27,229
III.	*Short-term liabilities*	805,294	879,152
1.	Trade payables	93,167	196,056
4.	Payables to shareholders and cooperative and association members	447	0
5.	Payroll payables	14,076	31,357
6.	Social security and health insurance payables	8,891	11,675
7.	State – tax liabilities and subsidies	42,560	66,802
8.	Short-term advances received	76,359	84,909
10.	Accrued liabilities (estimated accounts)	8,888	20,144
11.	Other liabilities	560,906	468,209
IV.	*Bank loans and assistance*	486,401	354,965
1.	Long-term bank loans	367,467	239,790
2.	Short-term bank loans	63,491	51,566
3.	Short-term financial assistance	55,443	63,609
C.	**Accruals**	**5,378**	**25,648**
1.	Accrued expenses	5,049	25,638
2.	Unearned revenue	329	10
D.	**Minority equity**	**112,953**	**130,092**
	Minority registered capital	46,051	50,051
	Minority capital funds	27	0
	Minority funds from profit, including prior period retained earnings and accumulated loss	60,562	72,099
	Minority current period profit (loss)	6,313	7,942
	Control number	**8,338,229**	**8,862,228**

Prepared on: 16 July 2012	Signature of the authorized representative of the consolidating reporting unit

CONSOLIDATED PROFIT AND LOSS ACCOUNT
broken down as per item types

for the period ended 31 December 2011
(CZK '000 omitted)

K Brewery Group, a.s.
Identification no.: 27258611

Hvězdova 1716/2b
140 78 Prague 4

		Period ended 31 December 2011	Period ended 31 December 2010
I.	Revenue from goods sold	3,730	10,844
A.	Cost of goods sold	2,781	9,974
+	**Gross profit**	**949**	**870**
II.	Production	1,135,166	1,420,240
1.	Revenue from own products and services sold	1,058,861	1,269,144
2.	Change in inventory of own products	8,099	35,677
3.	Capitalisation	68,206	115,419
B.	Consumption	701,261	1,076,375
1.	Material and energy consumed	408,648	765,782
2.	Services	292,613	310,593
+	**Value added**	**434,854**	**344,735**
C.	Personnel expenses	292,144	321,898
1.	Wages and salaries	217,862	240,172
3.	Social security and health insurance expenses	73,882	81,320
4.	Other social expenses	400	406
D.	Taxes and fees	5,843	5,377
E.	Amortisation and depreciation of long-term intangible and tangible assets	160,534	127,099
KR A.	Reversal of positive consolidation difference	25,613	341,422
KR 1.	Reversal of negative consolidation difference	6,141	6,121
III.	Revenue from long-term assets and material sold	37,545	74,834
1.	Revenue from long-term assets sold	4,351	15,477
2.	Revenue from material sold	33,194	59,357
F.	Book value of long-term assets and material sold	45,637	83,764
1.	Book value of long-term assets sold	7,775	15,047
2.	Material sold	37,862	68,717
G.	Change in operating reserves, allowanced and complex pre-paid expenses	-2,704	6,397
IV.	Other operating income	56,211	30,281
H.	Other operating expenses	76,033	12,879
*	**Operating profit (loss)**	**-68,349**	**-442,865**
VI.	Revenue from securities and investments sold	0	570,000
J.	Securities and investments sold	0	172,505
VII.	Income from long-term financial assets	0	45,000
1.	Income from investments in controlled and managed entities and reporting units under significant influence	0	45,000
M.	Change in financial provisions and allowances	0	-2,791
X.	Interest income	10,278	14,625
N.	Interest expenses	89,864	91,212
XI.	Other financial income	9,153	28,394
O.	Other financial expenses	8,334	38,990
*	**Profit (loss) from financial operations**	**-78,767**	**358,103**
Q.	Income tax on ordinary activities	7,544	18,426
1.	- Due	9,315	26,517
2.	- Deferred	-1,771	-8,091
**	**Profit (loss) from ordinary activities**	**-154,660**	**-103,188**
XIII.	Extraordinary income	104	174
R.	Extraordinary expenses	0	150
*	**Extraordinary profit (loss)**	**104**	**24**
**	**Consolidated profit (loss), excl. equity method investments**	**-154,556**	**-103,164**
	Consolidated profit (loss) without minority investments	-160,869	-111,106
	Minority profit (loss)	6,313	7,942
	Profit (loss) of current period (+/-)	-154,556	-103,164
***	**Profit (loss) of current period without minority investments (+/-)**	**-160,869**	**-111,106**

Prepared on: 16 July 2012	Signature of the authorized representative of the consolidating reporting unit:

CONSOLIDATED CASH FLOW STATEMENT

Reporting unit:
K Brewery Group, a.s.

Hvězdova 1716/2b, 140 78 Prague 4
Identification no.: 27258611

for the period ended 31 December 2011
(CZK '000 omitted)

		Current period	Prior period
P.	**Cash at the beginning of the accounting period**	**44,870**	**53,360**
	Cash flows from operating activities		
Z.	Accounting profit/loss from operating activities before tax	-147,116	-84,762
A.1	Adjusted by non-cash operations	273,706	251,852
A.1.1	Depreciation of fixed assets (+), excluding the net book value of the fixed assets sold, and amortization of adjustments to acquired assets and goodwill and depreciation of consolidation differences	180,006	462,400
A.1.2	Change in allowances and provisions	8,176	34,137
A.1.3	Profit (loss) from the sale of fixed assets (-/+)	3,424	-430
A.1.4	Income from dividends and profit distribution(-), excl. those paid out by reporting units in the consolidated group		-45,000
A.1.5	Interest expense (+) and income (-) accounted for, excluding capitalized interest	79,586	76,587
A.1.6	Currency translation differences and other non-cash operations	2,514	-275,842
A.*	**Net cash flow from operating activities before tax, changes in working capital and extraordinary items**	**126,590**	**167,090**
A.2	Change in non-cash items of working capital	-32,249	119,243
A.2.1	Change in receivables from operating activities (-/+), accrued asset accounts and estimated asset accounts	54,670	43,414
A.2.2	Change in short-term liabilities from operating activities (-/+), accrued liability accounts and estimated liability accounts	-92,863	150,853
A.2.3	Change in inventory	5,944	-75,024
A.2.4	Change in short-term financial assets not included in cash and cash equivalents		
A.**	**Net cash flow from operating activities before tax and extraordinary items**	**94,341**	**286,333**
A.3	Interest paid excluding capitalized interest (-)	-89,864	-91,212
A.4	Interest received (+)	10,278	14,625
A.5	Income tax paid on operating activities and additional tax assessments for prior periods (-)	-9,315	-26,517
A.6	Income and expenses relating to extraordinary accounting items that form extraordinary profit (loss), including the income tax paid on extraordinary activities	104	24
A.7	Dividends and profit shares received(+)		45,000
A.***	**Net cash flow from operating activities**	**5,544**	**228,253**
	Cash flows from investment activities		
B.1	Acquisition costs of fixed assets	-104,097	-260,964
B.2	Revenues from sales of fixed assets	4,351	15,477
B.3	Loans and credits to related parties		
B.4	Cash flow from the acquisition of business or its part	-20,083	-290,000
B.5	Cash flow from deconsolidation of business or its part		
B***	**Net cash flow from investment activities**	**-119,829**	**-535,487**
	Cash flows from financial activities		
C.1	Impact of changes in long-term/short-term liabilities relating to financial activities on cash and cash equivalents	116,096	298,744
C.2	Impact of changes in equity on cash and cash equivalents		
C.2.1	Increase in cash and cash equivalents relating to an increase in the registered capital, share premium or the reserve fund, including advance payments made(+)	0	0
C.2.2	Payment of equity shares to shareholders		
C.2.3	Other monetary investment contributions made by shareholders		
C.2.4	Payment of loss by shareholders		
C.2.5	Direct payments to funds (-)		
C.2.6	Dividends paid		
C***	**Net cash flow from financial activities**	**116,096**	**298,744**
D.	**Differences caused by currency translation differences on the basis of consolidation**		
F.	**Net increase/decrease in cash**	**1,811**	**-8,490**
R.	**Cash and cash equivalents at the end of the period**	**46,681**	**44,870**

Date of financial statements: 16 July 2012
Signature of a member of the governing body:

Notes to the Consolidated Financial Statements
for the year 2011

Company name:	**K Brewery Group, a.s.**
Legal form:	**joint-stock company** *(akciová společnost)*
Registered office:	**Hvězdova 1716/2b** **140 78 Prague 4**
Identification number:	**27258611**

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K Brewery Group, a.s. – Notes to the 2011 stand-alone financial statements

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Pivovar Protivín, s.r.o. – Notes to the 2011 stand-alone financial statements

Pivovar Černá Hora, a.s. – Notes to the 2011 stand-alone financial statements

Pivovar Uherský Brod, a.s. – Notes to the 2011 stand-alone financial statements

Pivovar Jihlava, a.s. – Notes to the 2011 stand-alone financial statements

Pivovar Klášter, a.s. – Notes to the 2011 stand-alone financial statements

Pivovar Rychtář, s.r.o. – Notes to the 2011 stand-alone financial statements

Pivovar Vysoký Chlumec, a.s. – Notes to the 2011 stand-alone financial statements

1. General information

1.1. Formation and description of the Company

The reporting unit named K Brewery Group, a.s., identification number: 27258611, tax registration number: CZ27258611, having its registered office in Prague 4, Hvězdova 1716/2b, postcode 140 78, was incorporated on 20 July 2005 upon its registration in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 10035.

As at 31 December 2011, the Company's registered capital was CZK 2,000,000.

The Company issued 100 registered shares with a nominal value of CZK 20,000 each. Persons holding a share of more than 20% in the reporting unit's registered capital are:

		Current period		Prior period	
Name	Residence	Shareholding in CZK	%	Shareholding in CZK	%
Martin Burda	Třinec XI, Lyžbice, Svornosti 1022, postcode 739 61	1,100,000	55%	1,100,000	55%
Ing. Grzegorz Hóta	Hrádek 405, postcode 739 97	600,000	30%	600,000	30%

Governing body – Board of Directors : JUDr. Ing. Zdeněk Radil, Chairman of the Board of Directors
Ing. Eva Kropová, Vice Chairman of the Board of Directors
Ing. Otakar Binder, member of the Board of Directors

Supervisory Board: Martin Burda, Chairman of the Supervisory Board
Ing. Petr Bič, member of the Supervisory Board
Ing. Grzegorz Hóta, member of the Supervisory Board

The Company's main scope of business is manufacture, trade and services not specified in Schedules 1 to 3 to the Trade Licensing Act.

2. Composition of the consolidated group, manner and methods of consolidation

2.1. Manner of consolidation

The direct consolidation approach was applied to the consolidation of the group of companies. None of the subsidiaries holding an interest in any other entities prepares (is required to prepare) consolidated financial statements.

2.2. Entities included in the consolidated group

All entities over which the parent company exercises a decisive, significant or joint influence have been included in the consolidated group. No exception from such inclusion has been applied. This would only be relevant if any of the entities were insignificant; in view of the fact that a major development of activities of the yet (possibly) insignificant entities is envisaged for the future, this option has not been applied for the sake of future comparability of the consolidated group.

Composition of the consolidated group of K Brewery Group, a.s. as at 31 December 2011

Parent company	ID no.	Registered office	Shareholding interest
K Brewery Group, a.s.	27258611	Prague 4, Hvězdova 1716/2b	

Subsidiaries – decisive influence

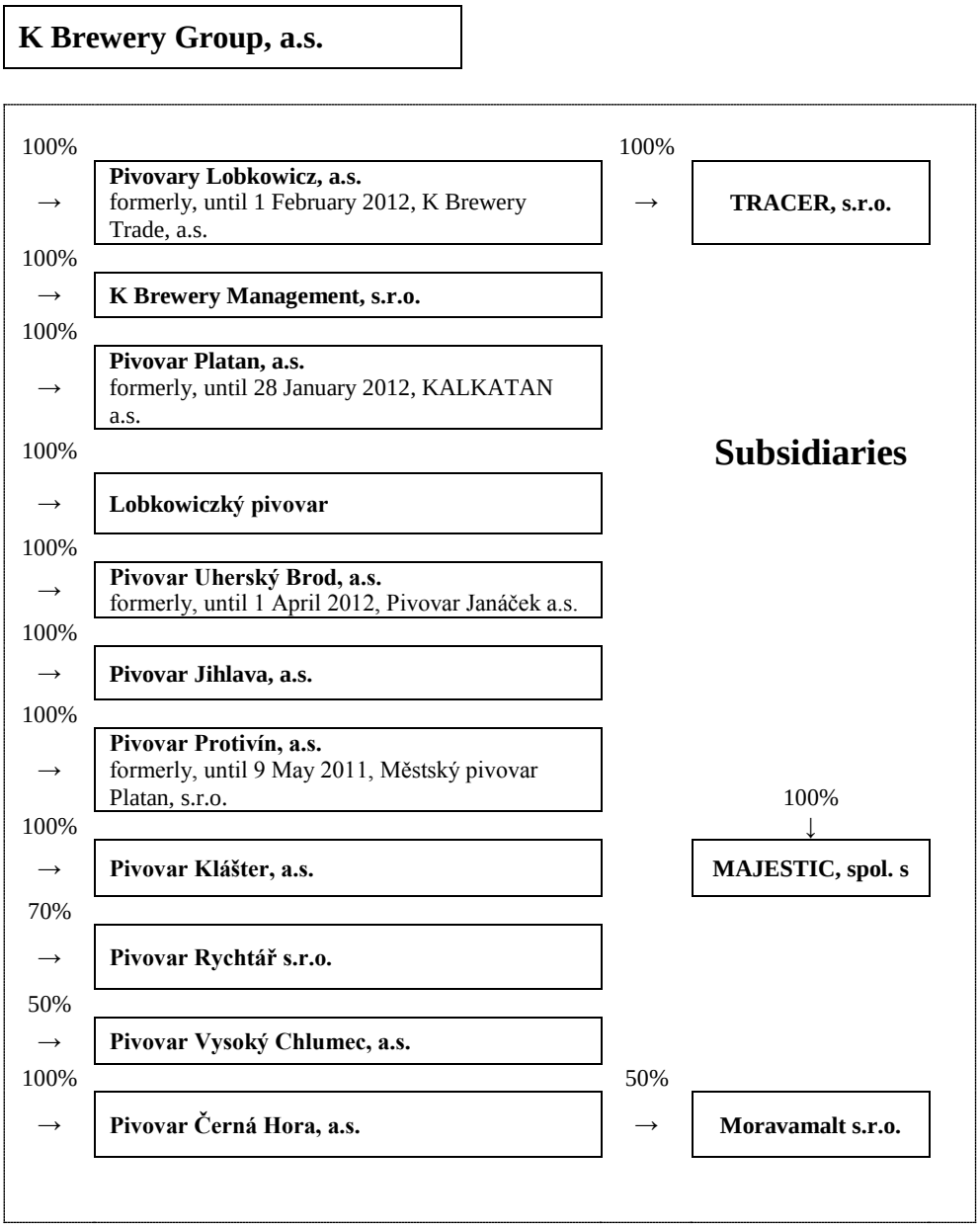
Pivovary Lobkowicz, a.s.	28489411	Prague 4, Hvězdova 1716/2b	100%		
- formerly, until 1 February 2012, K Brewery Trade, a.s.					
K Brewery Management, s.r.o.	28489993	Prague 4, Hvězdova 1716/2b	100%		
Pivovar Platan, a.s.	28245164	Brno, tř. Kpt. Jaroše 1844/28	100%		
- formerly, until 28 January 2012, KALKATAN a.s.					
Lobkowiczký pivovar, a.s.	28439201	Prague 4, Hvězdova 1716/2b	100%		
Pivovar Uherský Brod, a.s.	60742917	Uherský Brod, Neradice 369	100%		
- formerly, until 1 April 2012, Pivovar Janáček a.s.					
Pivovar Jihlava, a.s.	49973711	Jihlava, Vrchlického 2	100%		
Pivovar Protivín, a.s.	26025248	Protivín, Pivovar 168	100%	Direct influence	Indirect influence
- formerly, until 9 May 2011, Městský pivovar Platan, s.r.o.					
Pivovar Klášter, a.s.	25146297	Klášter Hradiště nad Jizerou 16	100%		
MAJESTIC, spol. s r.o.	45312435	Prague 4, Hvězdova 1716/2b	100%	0%	100%
Pivovar Rychtář s.r.o.	47455110	Hlinsko v Čechách, Resslova 260	70%		
Pivovar Vysoký Chlumec, a.s.	46353224	Vysoký Chlumec no. 29	50%		
Pivovar Černá Hora, a.s.	25320840	Černá Hora 3/5	100%		
Tracer s.r.o.	25320840	Modřice, Evropská 873	100%	0%	100%
Moravamalt s.r.o.	46581413	Brodek u Přerova, Tovární 162	50%	0%	50%

During the current period, no investments were sold or purchased within the group other than an increase in the shareholding interest in Pivovar Rychtář from 50% to 70%.

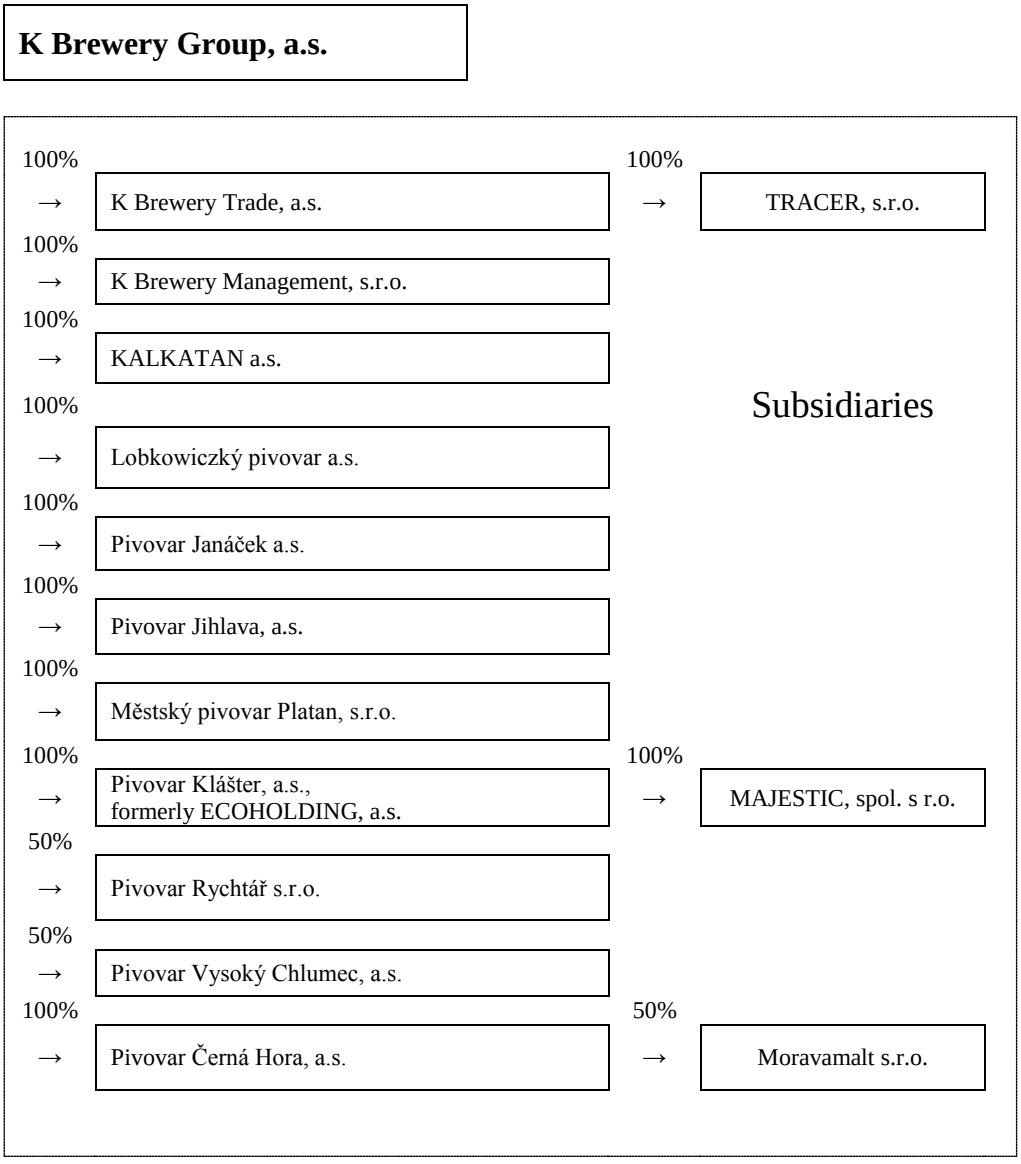
The reporting unit does not have any other investments in any other company.

Consolidated group structure

Structure as at 31 December 2011:



Structure as at 31 December 2010:



2.3. Date of the consolidated financial statements and period

The reporting unit K Brewery Group, a.s. prepared its 2011 financial statements as at 31 December 2011, for the period which began on 1 January 2011 and ended on 31 December 2011. All members of the consolidated group prepared their financial statements for the same period.

2.4. Comparability with the prior period

The data disclosed for the prior period are comparable; they were taken from the consolidated financial statements prepared as at 31 December 2010.

3. Accounting methods and general accounting principles

The Company's accounting books have been kept and the consolidated financial statements have been prepared in accordance with Act No. 563/1991 Coll. on Accounting, as amended, Regulation No. 500/2002 Coll. implementing certain provisions of Act No. 563/1991 Coll. on Accounting, for reporting units, which are entrepreneurs keeping their books in the double-entry accounting system, as amended, and with the Czech Accounting Standards for Entrepreneurs, as amended.

The accounting books of the parent company as well as of all the consolidated reporting units (all of which are Czech entities) have been kept in accordance with the Accounting Act and the related accounting regulations for entrepreneurs in force in the Czech Republic.

4. Supplementary disclosures in the notes to the consolidated financial statements

4.1. Mandatory supplementary disclosures

Such disclosures are provided to the extent, and include such type of information, as determined with respect to notes to consolidated financial statements in Section 67 of Regulation No. 500/2002 Coll.

2a) *The amount of cash and non-cash remuneration granted to persons who are the governing body, members of governing or other management and supervisory bodies, as well as the amount of pension liabilities which arose or were agreed in relation to former members of the bodies specified above, including an indication of the aggregate amount for each category.*

No remuneration of this type was paid during the accounting period, other than wages and salaries. The annual remuneration paid to managers of the individual consolidated reporting units is specified in the respective annexes attached hereto.

2b) The amount of advances and loans provided to and other debts owed by persons who are the governing body, members of governing or other management and supervisory bodies, including the specification of the interest rate, key terms and any amounts due, and the amount of any guarantees provided, including an indication of the aggregate amount for each category.

None of these were provided.

2c) The total amount of liabilities with a maturity period exceeding five (5) years as at the date of the consolidated financial statements and the total amount of secured obligations, including an indication of nature and form of such security.

There are none.

2d) The method of determining the real value of the respective assets and liabilities, description of the valuation model applied to the valuation of securities and derivatives at fair value, changes in the fair value, including changes in equity method investments classified by the individual types of financial assets and the method of their recognition; if a security, share or derivative is not valued at fair value or based on the equity method, the reporting unit will specify the reasons and the amount of the allowance, if any.

No reporting unit within the consolidated group valued any securities or derivatives at fair value. No allowances were created for securities and investments.

2e) The aggregate amount of financial liabilities not shown in the consolidated balance sheet, if such information is useful for assessing the financial position; all liabilities related to retirement pensions and liabilities between the consolidating reporting unit and reporting units not included in the consolidated financial statements are to be specified separately.

All financial liabilities to external parties outside the group are shown in the balance sheet; all reporting units of the group were included in the consolidated financial statements.

2f) Consolidated revenues from ordinary activities broken down as per categories of activities and geographical markets, if the categories and markets show any substantial differences in terms of the method of organisation of the sale of goods and products and provision of services falling under ordinary activities.

The table below shows the revenues of all consolidated reporting units generated in the 2011 consolidation period and the prior period, including the adjustment by excluded mutual relations (CZK '000 omitted).

	2011	2010
Revenues from goods sold	3,730	10,844
Revenues from own products and services sold	1,058,861	1,269,144
- of which abroad	164,855	143,511
Revenues from services	72,917	310,593

2g) The nature and business purpose of transactions not shown in the consolidated balance sheet, and the financial impact of these transactions if the risks or benefits arising from these operations are significant and if the disclosure of such risks or benefits is essential for assessing the financial position.

All relevant significant transactions are recognised in the consolidated balance sheet.

2h) Transactions, other than transactions within the reporting units included in the consolidated group, which the consolidating reporting unit, consolidated reporting units, reporting units under joint influence or affiliated reporting units entered into with an affiliated party, including the volume of such transactions, nature of the relationship with the affiliated party and other information regarding these transactions which is necessary to understand the financial position, if these transactions are significant and were not entered into on arm's length terms; information regarding the individual transactions may be grouped based on their nature, except for cases where stand-alone information is essential to understand the impact of the transactions with an affiliated party on the financial position; the term "affiliated party" has the same meaning as in the international accounting standards regulated in EU law.

No transactions with affiliated parties which would not be made on arm's length terms were made.

i) Separately information on the total costs of remuneration to the statutory auditor or auditing firm of the Company for the accounting period, broken down as per:

1. Mandatory audit of the consolidated annual financial statements	*CZK 470,000*
2. Other verification services	*CZK 0*
3. Tax consultancy	*CZK 0*
4. Other non-auditing services	*CZK 0*

4.2. Additional supplementary disclosures

a) Changes in at cost prices and book values of long-term assets as compared with the prior accounting period in connection with currency translation of accounts of the consolidated reporting units that have their registered office abroad and keep their books in foreign currencies, broken down at least as per the individual types of such assets.

No investments in foreign entities were reported in the current period ended 31 December 2011.

b) The share in the profit (loss) of separately or jointly controlled or managed person and person under substantial influence the securities of or investments in which the consolidating reporting unit acquired during the accounting period, which relates to the period from the acquisition until the end of the accounting period applicable to the consolidating reporting unit.

During the accounting period, only the investments in the following entity with a decisive influence was increased:

Subsidiary	Investment acquired as of	Original investment	New investment
Pivovar Rychtář, a.s.	15 November 2011	50%	70%

c) *The number and nominal value of investments held in the Czech Republic and abroad as per the individual types and issuers, and an overview of the financial income generated from the ownership of such investments expressed in aggregate (at the market value) for the reporting units included in the consolidated group.*

Individual investments are shown in the section containing the specification of the consolidated group.

During the consolidated accounting period, no dividends were distributed and no financial income was generated from investments held in the entities forming the consolidated group.

As regards investments in joint-stock companies, these investments are not publicly traded and therefore their market value is not determined.

d) *Commentary and rationale regarding the change in the consolidated group's equity between two consolidations, particularly in the case of a change to the scope of the consolidated group and settlement of securities and investments which were issued by the consolidating reporting unit and are held by the consolidated reporting units.*

Movements in equity	2010	Change	2011
Equity	-266,706	-160,734	-427,440
Registered capital	2,000	0	2,000
Changes in registered capital	0	0	0
Capital funds	720	26	746
Issue premium	0	0	0
Other capital funds	2,426	26	2,452
Asset and liability revaluation differences	-102	0	-102
Revaluation differences from company transformations	-1,604	0	-1,604
Reserve funds, indivisible fund and other funds made from profit	1,918	2,144	4,062
Mandatory reserve fund / Indivisible fund	2,328	2,150	4,478
Statutory and other funds	-410	-6	-416
Prior period retained earnings and accumulated loss	-160,238	-113,141	-273,379
Prior period retained earnings	43,259	123,479	166,738
Prior period accumulated loss	-203,497	-236,620	-440,117
Current period profit (loss), excluding minority investments	-111,106	-49,763	-160,869
Current period profit (loss)	-111,106	-49,763	-160,869

Minority equity	130,092	-17,139	112,953
Minority registered capital	50,051	-4,000	46,051
Minority capital funds	0	27	27
Minority funds from profit, including prior period retained earnings and accumulated loss	72,099	-11,537	60,562
Minority current period profit (loss)	7,942	-1,629	6,313

The overall performance of the K Brewery Group is significantly affected by the loss reported by Pivovary Lobkowicz, a.s. (formerly K Brewery Trade, a.s.).

When compared year-on-year, the financial results of Pivovary Lobkowicz, a.s. show a clear positive trend and a positive effect of massive investments in the market made in the preceding accounting periods. In 2011, Pivovary Lobkowicz, a.s. reported a loss of CZK 154.5 million.

The shrinking beer market again required substantial investments in strengthening the market share and boosting overall sales, mainly investments into contracts with pub and restaurant owners, into purchasing draft beer dispensing systems and marketing support provided both at the point of sale as well as on the country-wide level. An important investment item is the purchase of packaging materials, in particular kegs.

A new distribution warehouse was put into operation in 2011 in Olomouc, to cover the region of central and north Moravia.

The KBG is basically the only important player on the Czech beer market reporting steady sales results which are in contrast with the overall developments in the Czech beer market.

The nexus between the equity structure and the prior period financial results is impacted by the increased investment in the subsidiary Pivovar Rychtář, as a result of which minority investments and the reported minority equity were decreased.

e) Commentary on information regarding securities and investments subject to the equity method, past-due receivables and liabilities, receivables from and liabilities to the reporting units included in the consolidated group with a maturity period exceeding five (5) years, receivables and liabilities covered by a pledge or easement, including an indication of the nature and form of such security in case the underlying receivables or liabilities are not paid.

In 2011, all investments held within the group were decisive investments in subsidiaries; none of the entities was included in the consolidated financial statements using the equity method accounting.

No long-term receivables and liabilities with a maturity period in excess of five (5) years that are past their respective due dates or covered by a pledge are reported in the consolidated financial statements.

f) Average recalculated headcount of the consolidated group during the accounting period:

681 employees in 2011

4.3. Overview of excluded mutual relations within the consolidation

Within the consolidation, mutual relations were excluded to the following extent (CZK '000 omitted):

Revenues and costs

Revenues from goods sold	1,225,673
Cost of goods sold	812,825
Revenues from own products sold	-285,332
Revenues from services	49,019
Change in inventory of own products	-5,978
Material expenses	121,941
Expenses on services	52,284
Depreciation of long-term assets	2
Material sold	4,864
Other operating expenses	990
Interest income	39,021
Interest expenses	39,021
Other financial income – FX gains	666
Other financial expenses	233,329
Deferred tax expenses	38

Assets and liabilities

Loans	37,821
Material inventory	5,638
Inventory of work in progress	-5,511
Products	-594
Inventory of goods	671
Long-term receivables from controlled persons	72
Long-term receivables from persons under significant influence	60,158
Other long-term receivables	12,326
Deferred tax receivable	-38
Short-term receivables	367,199
Short-term advances paid	2,157
Other receivables	499,106
Pre-paid expenses	39
Prior period profit (loss)	202,769
Current period profit (loss)	-232,497
Long-term payables to controlled persons	563,075
Long-term payables to shareholders	7,586
Short-term trade payables	347,300
Short-term payables to controlled persons	15,503
Short-term payables to persons under significant influence	2,380
Short-term advances received	2,089
Other short-term payables	714
Short-term payables – other	8,566
Short-term financial assistance	61,520
Unearned revenue	39

5. Events after the consolidated financial statements date

No changes occurred with respect to entities forming the consolidated group during 2012 until the date of the consolidated financial statements.

6. Consolidated cash flow statement

The consolidated cash flow statement was prepared using the indirect method.

7. Annexes

Notes to the stand-alone financial statements of major reporting units – subsidiaries included in the consolidated group – form an inseparable part of these Notes:

K Brewery Group, a.s. – Notes to the 2011 stand-alone financial statements

Pivovary Lobkowicz, a.s. – Notes to the 2011 stand-alone financial statements

Pivovar Protivín, s.r.o. – Notes to the 2011 stand-alone financial statements

Pivovar Černá Hora, a.s. – Notes to the 2011 stand-alone financial statements

Pivovar Uherský Brod, a.s. – Notes to the 2011 stand-alone financial statements

Pivovar Jihlava, a.s. – Notes to the 2011 stand-alone financial statements

Pivovar Klášter, a.s. – Notes to the 2011 stand-alone financial statements

Pivovar Rychtář, s.r.o. – Notes to the 2011 stand-alone financial statements

Pivovar Vysoký Chlumec, a.s. – Notes to the 2011 stand-alone financial statements

Prague, 16 July 2012

JUDr. Ing. Zdeněk Radil, Chairman of the Board of Directors

11.2. 2012 / CZ GAAP CONSOLIDATED AUDITED FINANCIAL STATEMENTS

HM Group s.r.o.

Independent Auditor's Report

for K Brewery Group, a.s.

We have audited the accompanying consolidated financial statements of K Brewery Group, a.s., whose registered office is at Hvězdova 1716/2b, 140 78 Prague 4, identification number: 27258611 (the "Company"), which were prepared for the year 2012 ended 31 December 2012.

The responsibility for the preparation of consolidated financial statements and keeping of accounting books in such a way that they are complete, conclusive and accurate in accordance with the laws and regulations in force lies with the Company's management (governing body). Our responsibility is to express an opinion on the financial statements as a whole based on our audit, and to provide an audit opinion.

We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that auditors plan and perform audits in such a way in order to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes verifying, on a test basis, that the amounts and disclosures in the financial statements are complete and conclusive. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for expressing the audit opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated position of assets, liabilities and equity and the financial position of the consolidated group of K Brewery Group, a.s. as at 31 December 2012, and its consolidated financial performance for the year then ended in accordance with the accounting laws and regulations applicable in the Czech Republic, and we hereby issue an UNQUALIFIED OPINION.

We also verified the compliance of the Company's 2012 consolidated annual report with the consolidated financial statements. The Company's management is responsible for the accuracy of the annual report. Our responsibility is to provide an audit opinion on the compliance of the annual report with the financial statements based on the verification process. **In our opinion, the information contained in the annual report complies in all material respects with the aforesaid financial statements**.

This report has been discussed with the Company's governing body in accordance with the applicable laws and regulations and has been delivered in accordance with the terms of the contract.

Prague, 28 August 2013

Audit firm:
HM Group s.r.o.
Identification no.: 63978547
Kamencová 59, 198 00 Prague 9
Registered in the list of audit firms
under licence no.: 170

Responsible auditor:
Ing. Lubomír Harna
Registered in the list of auditors
under licence no.: 1376

Stamp and signature: *(imprint of a round stamp)* *(signature)*

HM Group s.r.o.
licence no. 170
auditing services

CONSOLIDATED BALANCE SHEET
in a full form

as at
31 December 2012
(CZK '000 omitted)

K Brewery Group, a.s.
Identification no.: 27258611

Hvězdova 1716/2b
140 78 Prague 4

		31 December 2012			31 December 2011
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	**3,167,604**	**1,143,245**	**2,024,359**	**2,114,140**
B.	**Long-term assets**	**2,401,457**	**1,092,365**	**1,309,092**	**1,402,150**
I.	*Long-term intangible assets*	**154,162**	**89,411**	**64,751**	**85,080**
3.	Software	8,329	3,677	4,652	4,010
4.	Valuable rights	47,693	33,856	13,837	15,347
5.	Goodwill	96,132	51,878	44,254	63,481
7.	Long-term intangible assets in progress	2,008		2,008	2,242
II.	*Long-term tangible assets*	**1,873,600**	**929,113**	**944,487**	**986,181**
1.	Land	13,613		13,613	12,420
2.	Structures	613,311	221,450	391,861	393,979
3.	Separate movable assets and groups of movable assets	1,168,781	692,595	476,186	513,311
7.	Long-term tangible assets in progress	18,005		18,005	21,901
8.	Advances paid on long-term tangible assets	10,067		10,067	6,634
9.	Valuation adjustments to acquired assets	49,823	15,068	34,755	37,936
III.	*Long-term financial assets*	**1,004**	**36**	**968**	**968**
3.	Other long-term securities and investments	1,004	36	968	968
IV.	*Consolidation differences*	**372,691**	**73,805**	**298,886**	**329,921**
C.	**Current assets**	**671,608**	**50,880**	**620,728**	**594,870**
I.	*Inventory*	**177,354**	**2,910**	**174,444**	**181,693**
1.	Material	108,775	2,910	105,865	104,755
2.	Work in progress and semi-finished goods	32,456		32,456	40,651
3.	Finished goods	17,429		17,429	19,361
5.	Merchandise	18,694		18,694	16,926
II.	*Long-term receivables*	**77,059**		**77,059**	**27,445**
5.	Long-term advances paid	1,515		1,515	1,966
7.	Other receivables	67,916		67,916	17,186
8.	Deferred tax receivable	7,628		7,628	8,293
III.	*Short-term receivables*	**359,319**	**47,970**	**311,349**	**339,051**
1.	Trade receivables	177,549	35,140	142,409	136,488
6.	State – tax receivables	9,575		9,575	35,830
7.	Short-term advances paid	13,852	927	12,925	8,949
8.	Accrued assets (estimated accounts)	6,198		6,198	2,346
9.	Other receivables	152,145	11,903	140,242	155,438
IV.	*Short-term financial assets*	**57,876**		**57,876**	**46,681**
1.	Cash	11,118		11,118	10,720
2.	Cash in bank	46,758		46,758	35,961
D.	**Accrued assets**	**94,539**		**94,539**	**117,120**
1.	Pre-paid expenses	94,035		94,035	116,971
3.	Accrued revenue	504		504	149
	Control number	**12,203,186**	**4,499,175**	**7,704,011**	**8,009,519**

		31 December 2012	31 December 2011
	TOTAL LIABILITIES AND EQUITY	**2,024,359**	**2,114,140**
A.	**Equity**	**-495,338**	**-427,440**
I.	*Registered capital*	**2,000**	**2,000**
I.	Registered capital	2,000	2,000
II.	*Capital funds*	**746**	**746**
2.	Other capital funds	2,452	2,452
3.	Asset and liability revaluation differences	-102	-102
4.	Revaluation differences from company transformations	-1,604	-1,604
III.	*Reserve fund, indivisible fund and other funds made from profit*	**6,491**	**4,062**
1.	Mandatory reserve fund / Indivisible fund	6,716	4,478
2.	Statutory and other funds	-225	-416
IV.	*Prior period retained earnings and accumulated loss*	**-438,244**	**-273,379**
	Prior period retained earnings	168,771	166,738
	Prior period accumulated loss	-607,015	-440,117
V.	*Current period profit (loss), excluding minority investments*	-66,331	-160,869
I.	Current period profit (loss)	-66,331	-160,869
B.	**Liabilities**	**2,395,972**	**2,423,249**
I.	*Provisions*	11,972	15,719
3.	Provision for income tax	2,295	8,242
4.	Other provisions	9,677	7,477
II.	*Long-term liabilities*	**1,633,844**	**1,115,835**
4.	Payables to shareholders and cooperative and association members	0	4,938
5.	Long-term advances received	1,792	1,792
9.	Other liabilities	1,602,068	1,079,573
10.	Deferred tax liability	29,984	29,532
III.	*Short-term liabilities*	**330,894**	**805,294**
1.	Trade payables	86,382	93,167
4.	Payables to shareholders and cooperative and association members	447	447
5.	Payroll payables	13,393	14,076
6.	Social security and health insurance payables	7,470	8,891
7.	State – tax liabilities and subsidies	94,603	42,560
8.	Short-term advances received	85,984	76,359
10.	Accrued liabilities (estimated accounts)	14,216	8,888
11.	Other liabilities	28,399	560,906
IV.	*Bank loans and assistance*	**419,262**	**486,401**
1.	Long-term bank loans	264,574	367,467
2.	Short-term bank loans	107,055	63,491
3.	Short-term financial assistance	47,633	55,443
C.	**Accruals**	**2,864**	**5,378**
1.	Accrued expenses	2,738	5,049
2.	Unearned revenue	126	329
D.	**Minority equity**	**120,861**	**112,953**
	Minority registered capital	46,051	46,051
	Minority capital funds	27	27
	Minority funds from profit, including prior period retained earnings and accumulated loss	66,874	60,562
	Minority current period profit (loss)	7,909	6,313
	Control number	**7,973,711**	**8,338,229**

Prepared on: 5 August 2013	Signature of the authorized representative of the consolidating reporting unit:

CONSOLIDATED PROFIT AND LOSS ACCOUNT
broken down as per item types

for the period ended 31 December 2012
(CZK '000 omitted)

K Brewery Group, a.s.
Identification no.: 27258611

Hvězdova 1716/2b
140 78 Prague 4

		Period ended 31 December 2012	Period ended 31 December 2011
I.	Revenue from goods sold	2,212	3,730
A.	Cost of goods sold	1,432	2,781
+	**Gross profit**	**780**	**949**
II.	Production	1,217,861	1,135,166
1.	Revenue from own products and services sold	1,155,938	1,058,861
2.	Change in inventory of own products	-5,135	8,099
3.	Capitalisation	67,058	68,206
B.	Consumption	724,198	701,261
1.	Material and energy consumed	423,013	408,648
2.	Services	301,185	292,613
+	**Value added**	**494,443**	**434,854**
C.	Personnel expenses	277,876	292,144
1.	Wages and salaries	207,417	217,862
3.	Social security and health insurance expenses	69,895	73,882
4.	Social expenses	564	400
D.	Taxes and fees	4,868	5,843
E.	Amortisation and depreciation of long-term intangible and tangible assets	160,889	160,534
KR A.	Reversal of positive consolidation difference	24,993	25,613
KR 1.	Reversal of negative consolidation difference	6,358	6,141
III.	Revenue from long-term assets and material sold	45,418	37,545
1.	Revenue from long-term assets sold	3,624	4,351
2.	Revenue from material sold	41,794	33,194
F.	Book value of long-term assets and material sold	48,376	45,637
1.	Book value of long-term assets sold	3,142	7,775
2.	Material sold	45,234	37,862
G.	Change in operating reserves, allowanced and complex pre-paid expenses	10,179	-2,704
IV.	Other operating income	5,895	56,211
H.	Other operating expenses	30,321	76,033
*	**Operating profit (loss)**	**-5,388**	**-68,349**
X.	Interest income	11,637	10,278
N.	Interest expenses	51,531	89,864
XI.	Other financial income	6,191	9,153
O.	Other financial expenses	7,908	8,334
*	**Profit (loss) from financial operations**	**-41,611**	**-78,767**
Q.	Income tax on ordinary activities	11,493	7,544
1.	- Due	10,415	9,315
2.	- Deferred	1,078	-1,771
**	**Profit (loss) from ordinary activities**	**-58,492**	**-154,660**
XIII.	Extraordinary income	70	104
*	**Extraordinary profit (loss)**	**70**	**104**
**	**Consolidated profit (loss), excl. equity method investments**	**-58,422**	**-154,556**
	Consolidated profit (loss) without minority investments	-66,331	-160,869
	Minority profit (loss)	7,909	6,313
	Profit (loss) of current period (+/-)	-58,422	-154,556
***	**Profit (loss) of current period without minority investments (+/-)**	**-66,331**	**-160,869**

Prepared on: 5 August 2013	Signature of the authorized representative of the consolidating reporting unit:

CONSOLIDATED CASH FLOW STATEMENT

Reporting unit:
K Brewery Group, a.s.

Hvězdova 1716/2b, 140 78 Prague 4
Identification no.: 27258611

for the period ended 31 December 2012
(CZK '000 omitted)

		Current period	Prior period
P.	**Cash at the beginning of the accounting period**	**46,681**	**44,870**
	Cash flows from operating activities		
Z.	Accounting profit/loss from operating activities before tax	-46,999	-147,116
A.1	Adjusted by non-cash operations	211,451	273,706
A.1.1	Depreciation of fixed assets (+), excluding the net book value of the fixed assets sold, and amortization of adjustments to acquired assets and goodwill and depreciation of consolidation differences	179,524	180,006
A.1.2	Change in allowances and provisions	-5,813	8,176
A.1.3	Profit (loss) from the sale of fixed assets (-/+)	-482	3,424
A.1.5	Interest expense (+) and income (-) accounted for, excluding capitalized interest	39,894	79,586
A.1.6	Currency translation differences and other non-cash operations	-1,672	2,514
A.*	**Net cash flow from operating activities before tax, changes in working capital and extraordinary items**	**164,452**	**126,590**
A.2	Change in non-cash items of working capital	-448,843	-32,249
A.2.1	Change in receivables from operating activities (-/+), accrued asset accounts and estimated asset accounts	-111	54,670
A.2.2	Change in short-term liabilities from operating activities (-/+), accrued liability accounts and estimated liability accounts	-459,916	-92,863
A.2.3	Change in inventory	11,184	5,944
A.**	**Net cash flow from operating activities before tax and extraordinary items**	**-284,391**	**94,341**
A.3	Interest paid excluding capitalized interest (-)	-51,531	-89,864
A.4	Interest received (+)	11,637	10,278
A.5	Income tax paid on operating activities and additional tax assessments for prior periods (-)	-10,415	-9,315
A.6	Income and expenses relating to extraordinary accounting items that form extraordinary profit (loss), including the income tax paid on extraordinary activities	70	104
A.***	**Net cash flow from operating activities**	**-334,630**	**5,544**
	Cash flows from investment activities		
B.1	Acquisition costs of fixed assets	-91,142	-104,097
B.2	Revenues from sales of fixed assets	3,624	4,351
B.4	Cash flow from the acquisition of business or its part	-20,083	-20,083
B***	**Net cash flow from investment activities**	**-107,601**	**-119,829**
	Cash flows from financial activities		
C.1	Impact of changes in long-term/short-term liabilities relating to financial activities on cash and cash equivalents	453,426	116,096
C***	**Net cash flow from financial activities**	**453,426**	**116,096**
F.	**Net increase/decrease in cash**	**11,195**	**1,811**
R.	**Cash and cash equivalents at the end of the period**	**57,876**	**46,681**

Date of financial statements: 5 August 2013
Signature of a member of the governing body:

Notes to the Consolidated Financial Statements
for the year 2012

Company name:	**K Brewery Group, a.s.**
Legal form:	**joint-stock company** *(akciová společnost)*
Registered office:	**Hvězdova 1716/2b** **140 78 Prague 4**
Identification number:	**27258611**

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Pivovar Protivín, a.s. – Notes to the 2012 stand-alone financial statements

Pivovar Černá Hora, a.s. – Notes to the 2012 stand-alone financial statements

Pivovar Uherský Brod, a.s. – Notes to the 2012 stand-alone financial statements

Pivovar Jihlava, a.s. – Notes to the 2012 stand-alone financial statements

Pivovar Klášter, a.s. – Notes to the 2012 stand-alone financial statements

Pivovar Rychtář, a.s. – Notes to the 2012 stand-alone financial statements

Pivovar Vysoký Chlumec, a.s. – Notes to the 2012 stand-alone financial statements

8. General information

1.2. Formation and description of the Company

The reporting unit named K Brewery Group, a.s., identification number: 27258611, tax registration number: CZ27258611, whose registered office is in Prague 4, Hvězdova 1716/2b, postcode 140 78, was incorporated on 20 July 2005 upon its registration in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 10035.

As at 31 December 2012, the Company's registered capital was CZK 2,000,000.

The Company issued 100 registered shares with a nominal value of CZK 20,000 each. Persons holding a share of more than 20% in the reporting unit's registered capital are:

		Current period		Prior period	
Name	Residence	Shareholding in CZK	%	Shareholding in CZK	%
Martin Burda	Třinec XI, Lyžbice, Svornosti 1022, postcode 739 61	1,100,000	55%	1,100,000	55%
Ing. Grzegorz Hóta	Hrádek 405, postcode 739 97	600,000	30%	600,000	30%

Governing body – Board of Directors: JUDr. Ing. Zdeněk Radil, Chairman of the Board of Directors
Ing. Eva Kropová, Vice Chairman of the Board of Directors
Ing. Otakar Binder, member of the Board of Directors

Supervisory Board: Martin Burda, Chairman of the Supervisory Board
Ing. Petr Bič, member of the Supervisory Board
Ing. Grzegorz Hóta, member of the Supervisory Board

The Company's main scope of business is manufacture, trade and services not specified in Schedules 1 to 3 to the Trade Licensing Act.

9. Composition of the consolidated group, manner and methods of consolidation

9.1. Manner of consolidation

The direct consolidation approach was applied to the consolidation of the group of companies. None of the subsidiaries holding an interest in any other entities prepares (is required to prepare) consolidated financial statements.

9.2. Entities included in the consolidated group

All entities over which the parent company exercises a decisive, significant or joint influence have been included in the consolidated group. No exception from such inclusion has been applied. This would only be relevant if any of the entities were insignificant; in view of the fact that a major development of activities of the yet (possibly) insignificant entities is envisaged for the future, this option has not been applied for the sake of future comparability of the consolidated group.

Composition of the consolidated group of K Brewery Group, a.s. as at 31 December 2012

Parent company	ID no.	Registered office	Shareholding
K Brewery Group, a.s.	27258611	Prague 4, Hvězdova 1716/2b	interest

Subsidiaries – decisive influence

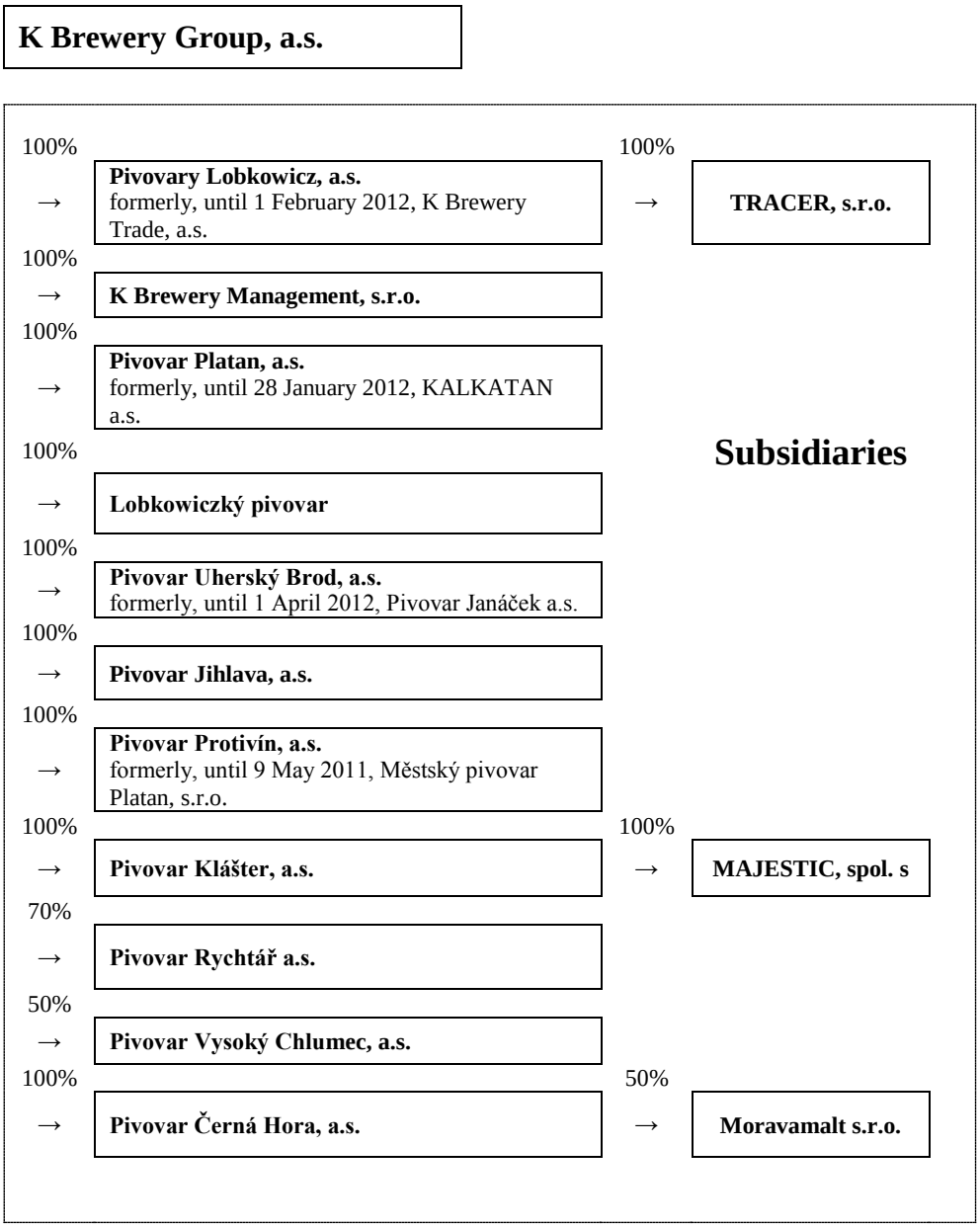
Pivovary Lobkowicz, a.s.	28489411	Prague 4, Hvězdova 1716/2b	100%		
K Brewery Management, s.r.o.	28489993	Prague 4, Hvězdova 1716/2b	100%		
Pivovar Platan, a.s.	28245164	Brno, tř. Kpt. Jaroše 1844/28	100%		
Lobkowiczký pivovar, a.s.	28439201	Prague 4, Hvězdova 1716/2b	100%		
Pivovar Uherský Brod, a.s.	60742917	Uherský Brod, Neradice 369	100%		
Pivovar Jihlava, a.s.	49973711	Jihlava, Vrchlického 2	100%		
Pivovar Protivín, a.s.	26025248	Protivín, Pivovar 168	100%	Direct	Indirect
Pivovar Klášter, a.s.	25146297	Klášter Hradiště nad Jizerou 16	100%	influence	influence
MAJESTIC, spol. s r.o.	45312435	Prague 4, Hvězdova 1716/2b	100%	0%	100%
Pivovar Rychtář a.s.	47455110	Hlinsko v Čechách, Resslova 260	70%		
Pivovar Vysoký Chlumec, a.s.	46353224	Vysoký Chlumec no. 29	50%		
Pivovar Černá Hora, a.s.	25320840	Černá Hora 3/5	100%		
Tracer s.r.o.	25320840	Modřice, Evropská 873	100%	0%	100%
Moravamalt s.r.o.	46581413	Brodek u Přerova, Tovární 162	50%	0%	50%

During the current period, no investments were sold or purchased within the group. The value of the investment (shares) in Pivovar Černá Hora a.s. was decreased by CZK 12,400,000, which represents an additional decrease in price for the shares of this company recognized during the current period.

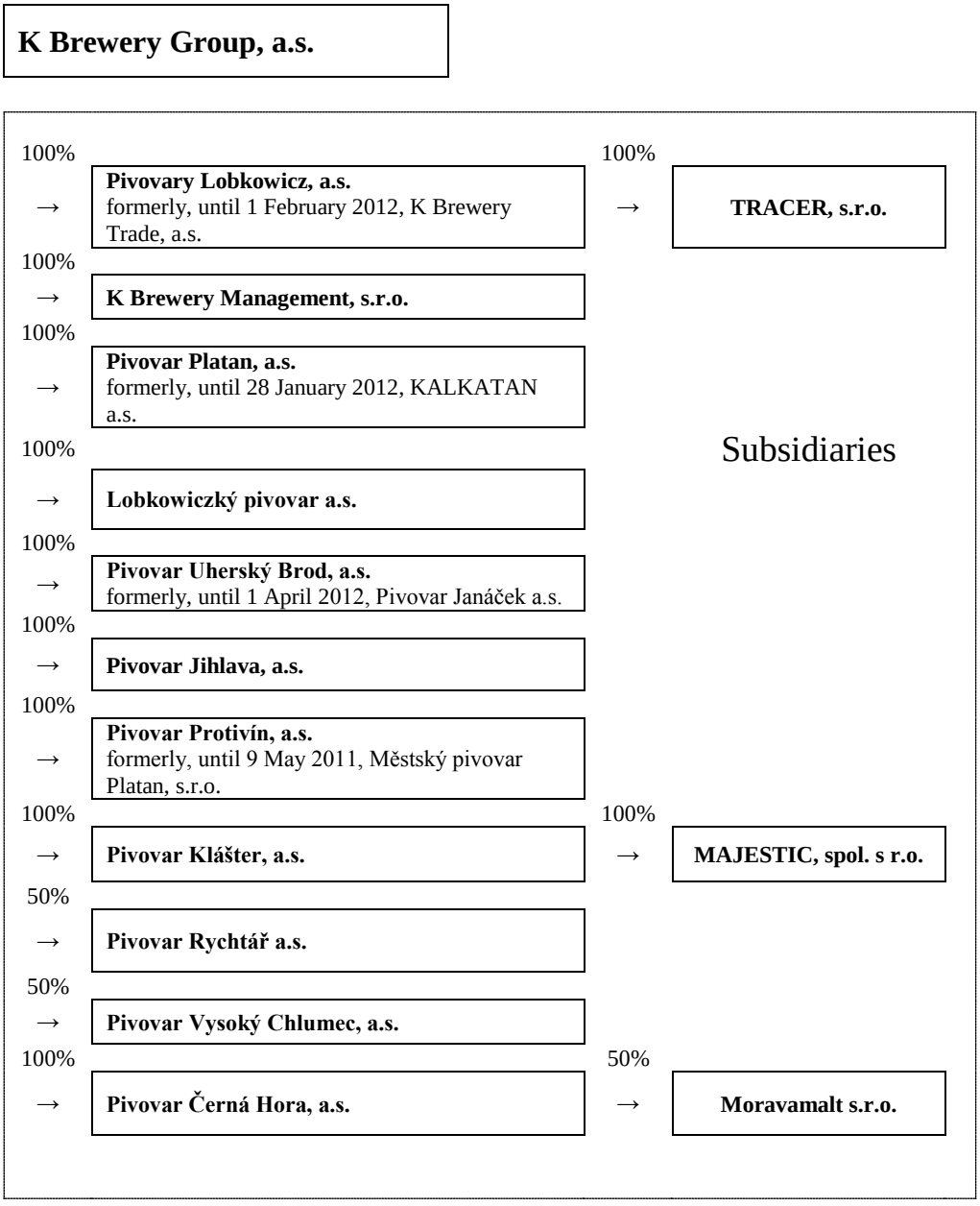
The reporting unit does not have any other investments in any other company.

Consolidated group structure

Structure as at 31 December 2012:



Structure as at 31 December 2011:



9.3. Date of the consolidated financial statements and period

The reporting unit K Brewery Group, a.s. prepared its 2012 financial statements as at 31 December 2012, for the period which began on 1 January 2012 and ended on 31 December 2012. All members of the consolidated group prepared their financial statements for the same period.

9.4. Comparability with the prior period

The data disclosed for the prior period are comparable; they were taken from the consolidated financial statements prepared as at 31 December 2011.

10. Accounting methods and general accounting principles

The Company's accounting books have been kept and the consolidated financial statements have been prepared in accordance with Act No. 563/1991 Coll. on Accounting, as amended, Regulation No. 500/2002 Coll. implementing certain provisions of Act No. 563/1991 Coll. on Accounting, for reporting units, which are entrepreneurs keeping their books in the double-entry accounting system, as amended, and with the Czech Accounting Standards for Entrepreneurs, as amended.

The accounting books of the parent company as well as of all the consolidated reporting units (all of which are Czech entities) have been kept in accordance with the Accounting Act and the related accounting regulations for entrepreneurs in force in the Czech Republic.

11. Supplementary disclosures in the notes to the consolidated financial statements

11.1. Mandatory supplementary disclosures

Such disclosures are provided to the extent, and include such type of information, as determined with respect to notes to consolidated financial statements in Section 67 of Regulation No. 500/2002 Coll.

2a) The amount of cash and non-cash remuneration granted to persons who are the governing body, members of governing or other management and supervisory bodies, as well as the amount of pension liabilities which arose or were agreed in relation to former members of the bodies specified above, including an indication of the aggregate amount for each category.

No remuneration of this type was paid during the accounting period, other than wages and salaries. The annual remuneration paid to managers of the individual consolidated reporting units is specified in the respective annexes attached hereto.

2b) The amount of advances and loans provided to and other debts owed by persons who are the governing body, members of governing or other management and supervisory bodies, including the specification of the interest rate, key terms and any amounts due, and the amount of any guarantees provided, including an indication of the aggregate amount for each category.

None of these were provided.

2c) The total amount of liabilities with a maturity period exceeding five (5) years as at the date of the consolidated financial statements and the total amount of secured obligations, including an indication of nature and form of such security.

There are none.

2d) The method of determining the real value of the respective assets and liabilities, description of the valuation model applied to the valuation of securities and derivatives at fair value, changes in the fair value, including changes in equity method investments classified by the individual types of financial assets and the method of their recognition; if a security, share or derivative is not valued at fair value or based on the equity method, the reporting unit will specify the reasons and the amount of the allowance, if any.

No reporting unit within the consolidated group valued any securities or derivatives at fair value. No allowances were created for securities and investments.

2e) The aggregate amount of financial liabilities not shown in the consolidated balance sheet, if such information is useful for assessing the financial position; all liabilities related to retirement pensions and liabilities between the consolidating reporting unit and reporting units not included in the consolidated financial statements are to be specified separately.

All financial liabilities to external parties outside the group are shown in the balance sheet; all reporting units of the group were included in the consolidated financial statements.

2f) Consolidated revenues from ordinary activities broken down as per categories of activities and geographical markets, if the categories and markets show any substantial differences in terms of the method of organisation of the sale of goods and products and provision of services falling under ordinary activities.

The table below shows the revenues of all consolidated reporting units generated in the 2012 consolidation period and the prior period, including the adjustment by excluded mutual relations (CZK '000 omitted).

	2012	2011
Revenues from goods sold	2,212	3,730
Revenues from own products and services sold	1,155,968	1,058,861
- of which abroad	211,941	164,855
Revenues from services	72,146	72,917

2g) The nature and business purpose of transactions not shown in the consolidated balance sheet, and the financial impact of these transactions if the risks or benefits arising from these operations are significant and if the disclosure of such risks or benefits is essential for assessing the financial position.

All relevant significant transactions are recognised in the consolidated balance sheet.

2h) Transactions, other than transactions within the reporting units included in the consolidated group, which the consolidating reporting unit, consolidated reporting units, reporting units under joint influence or affiliated reporting units entered into with an affiliated party, including the volume of such transactions, nature of the relationship with the affiliated party and other information regarding these transactions which is necessary to understand the financial position, if these transactions are significant and were not entered into on arm's length terms; information regarding the individual transactions may be grouped based on their nature, except for cases where stand-alone information is essential to understand the impact of the transactions with an affiliated party on the financial position; the term "affiliated party" has the same meaning as in the international accounting standards regulated in EU law.

No transactions with affiliated parties which would not be made on arm's length terms were made.

i) Separately information on the total costs of remuneration to the statutory auditor or auditing firm of the Company for the accounting period, broken down as per:

1. Mandatory audit of the consolidated annual financial statements	*CZK 470,000*
2. Other verification services	*CZK 0*
3. Tax consultancy	*CZK 0*
4. Other non-auditing services	*CZK 0*

11.2. Additional supplementary disclosures

a) Changes in at cost prices and book values of long-term assets as compared with the prior accounting period in connection with currency translation of accounts of the consolidated reporting units that have their registered office abroad and keep their books in foreign currencies, broken down at least as per the individual types of such assets.

No investments in foreign entities were reported in the current period ended 31 December 2012.

b) The share in the profit (loss) of separately or jointly controlled or managed person and person under substantial influence the securities of or investments in which the consolidating reporting unit acquired during the accounting period, which relates to the period from the acquisition until the end of the accounting period applicable to the consolidating reporting unit.

During the accounting period, there were no changes in the investments (shareholdings) in any entity within the consolidated group.

The value of the investment (shares) in Pivovar Černá Hora a.s. was decreased by CZK 12,400,000, which represents an additional decrease in price for the shares of this company recognized during the current period. The investment itself (100%) remained unchanged.

c) *The number and nominal value of investments held in the Czech Republic and abroad as per the individual types and issuers, and an overview of the financial income generated from the ownership of such investments expressed in aggregate (at the market value) for the reporting units included in the consolidated group.*

Individual investments are shown in the section containing the specification of the consolidated group.

During the consolidated accounting period, no dividends were distributed and no financial income was generated from investments held in the entities forming the consolidated group.

As regards investments in joint-stock companies, these investments are not publicly traded and therefore their market value is not determined.

d) *Commentary and rationale regarding the change in the consolidated group's equity between two consolidations, particularly in the case of a change to the scope of the consolidated group and settlement of securities and investments which were issued by the consolidating reporting unit and are held by the consolidated reporting units.*

Movements in equity	31 Dec 2011	Change	31 Dec 2012
Equity	**-427,440**	**-67,898**	**-495,338**
Registered capital	**2,000**	**0**	**2,000**
Registered capital	2,000	0	2,000
Own shares and investments (-)	0	0	0
Changes in registered capital	0	0	0
Capital funds	**746**	**0**	**746**
Issue premium	0	0	0
Other capital funds	2,452	0	2,452
Asset and liability revaluation differences	-102	0	-102
Revaluation differences from company transformations	-1,604	0	-1,604
Reserve funds, indivisible fund and other funds made from profit	**4,062**	**2,429**	**6,491**
Mandatory reserve fund / Indivisible fund	4,478	2,238	6,716
Statutory and other funds	-416	191	-225
Prior period retained earnings and accumulated loss	**-273,379**	**-164,865**	**-438,244**
Prior period retained earnings	166,738	2,033	168,771
Prior period accumulated loss	-440,117	-166,898	-607,015
Current period profit (loss), excluding minority investments	**-160,869**	**94,538**	**-66,331**
Current period profit (loss)	-160,869	94,538	-66,331
Share of equity method investees' profit (loss)	0	0	0
Consolidation reserve fund	**0**	**0**	**0**
Minority equity	**112,953**	**7,908**	**120,861**
Minority registered capital	46,051	0	46,051

Minority capital funds	27	0	27
Minority funds from profit, including prior period retained earnings and accumulated loss	60,562	6,312	66,874
Minority current period profit (loss)	6,313	1,596	7,909

The overall performance of the K Brewery Group in the 2012 accounting period was significantly affected by the loss reported by Pivovary Lobkowicz, a.s.

Although the financial results showed a positive trend in 2012 compared with the previous accounting periods, they continued to be very strongly affected by the situation on the beer market, particularly by a drop in the overall beer consumption and a considerable shift of sales to the glass bottle segment. In 2012, Pivovary Lobkowicz, a.s. reported a loss of CZK 91.7 million.

In 2012, major investments were made in the technology and sanitary equipment of Pivovar Protivín which achieved IFS certification. Major investments were also made in the development of new packages and packaging materials, directed to the growing glass bottle segment. The shrinking keg beer market again required investments in maintaining and strengthening the market share and boosting overall sales. This was achieved through investments into contracts with pub and restaurant owners, into purchasing draft beer dispensing systems and into targeted marketing promotion and brand perception.

The Group also focused on the increase of efficiency, especially in production and distribution. Projects aimed at reducing the costs of distribution and storage and the personnel and marketing costs were commenced and partly implemented. The Group will continue this trend in 2013, particularly in the area of technology support of business processes and secondary distribution.

The KBG basically remained also in 2012 the only important player on the Czech beer market reporting steady sales results which are in contrast with the overall developments in this industry.

Sales in 2012 showed a 5% increase in comparison with the preceding accounting period.

e) Commentary on information regarding securities and investments subject to the equity method, past-due receivables and liabilities, receivables from and liabilities to the reporting units included in the consolidated group with a maturity period exceeding five (5) years, receivables and liabilities covered by a pledge or easement, including an indication of the nature and form of such security in case the underlying receivables or liabilities are not paid.

In 2012, all investments held within the group were decisive investments in subsidiaries; none of the entities was included in the consolidated financial statements using the equity method accounting.

No long-term receivables and liabilities with a maturity period in excess of five (5) years that are past their respective due dates or covered by a pledge are reported in the consolidated financial statements.

f) Average recalculated headcount of the consolidated group during the accounting period:

649 (681 employees in 2011)

11.3. Overview of excluded mutual relations within the consolidation

Within the consolidation, mutual relations were excluded to the following extent (CZK '000 omitted):

Assets and Liabilities

ASSETS

B.II.	3. Separate movable assets and groups of movable assets	50
B.III.	4. Loans and borrowings – contr. and manag. entities and reporting units under significant influence	39,676
C.I.	1. Material	2,658
	2. Work in progress and semi-finished goods	-2,490
	3. Finished goods	-1,018
	5. Merchandise	1,240
C.II.	3. Receivables from reporting units under significant influence	63,135
	7. Other receivables	11,881
	8. Deferred tax receivable	-73
C.III.	1. Short-term trade receivables	466,998
	2. Receivables from controlled and managed entities	5,222
	7. Other advances provided	3,110
	9. Other receivables	502,929
C.IV.	2. Cash in bank*)	-1,450
	Total assets	**1,091,868**

LIABILITIES

A.IV.	1. Prior period retained earnings	-29,895
	2. Prior period accumulated loss	154,542
A.V.	1. Current period profit (loss)	-154,175
B.II.	2. Payables to controlled and managed entities	395,388
	4. Payables to shareholders and cooperative and association members	12,524
B.III.	1. Short-term trade payables	465,407
	2. Payables to controlled and managed entities	170,184
	8. Short-term advances received	3,110
	10. Accrued liabilities	240
	11. Other liabilities	7,038
B.IV.	3. Short-term financial assistance	67,505
	Total liabilities	**1,091,868**

REVENUES AND COSTS

I.	Revenue from goods sold	1,315,943
A.	Cost of goods sold	853,959
II.	1. Revenues from own products sold	-343,733
	1. Revenues from services sold	51,049
	2. Change in inventory of own products	-3,508
B.	1. Material and energy consumed	116,974
	2. Services	51,037
III.	1. Revenue from long-term assets sold	50
	2. Revenue from material sold	3,028
IV.	Other operating income	512
H.	Other operating expenses	931
X.	Interest income	30,318
N.	Interest expenses	30,318
XI.	Other financial income	594
O.	Other financial expenses	155,136
Q.	2. – deferred income tax	73

***	**Profit (loss)**	**-154,175**

*) Note: The adjustment "Cash in bank – CZK 1,450,000" means an increase in cash in bank by the amounts debited from the accounts at the end of the year, which were credited to the accounts within intragroup transfers during the following year; it is basically cash in transit.

12. Events after the consolidated financial statements date

No changes occurred with respect to entities forming the consolidated group during 2012 until the date of the consolidated financial statements.

13. Consolidated cash flow statement

The consolidated cash flow statement was prepared using the indirect method.

14. Annexes

Notes to the stand-alone financial statements of major reporting units – subsidiaries included in the consolidated group – form an inseparable part of these Notes:

K Brewery Group, a.s. – Notes to the 2012 stand-alone financial statements

Pivovary Lobkowicz, a.s. – Notes to the 2012 stand-alone financial statements

Pivovar Protivín, a.s. – Notes to the 2012 stand-alone financial statements

Pivovar Černá Hora, a.s. – Notes to the 2012 stand-alone financial statements

Pivovar Uherský Brod, a.s. – Notes to the 2012 stand-alone financial statements

Pivovar Jihlava, a.s. – Notes to the 2012 stand-alone financial statements

Pivovar Klášter, a.s. – Notes to the 2012 stand-alone financial statements

Pivovar Rychtář, a.s. – Notes to the 2012 stand-alone financial statements

Pivovar Vysoký Chlumec, a.s. – Notes to the 2012 stand-alone financial statements

Prague, 5 August 2012

JUDr. Ing. Zdeněk Radil, Chairman of the Board of Directors

11.3. 2013 / CZ GAAP CONSOLIDATED AUDITED FINANCIAL STATEMENTS

HM Group s.r.o.

Independent Auditor's Report

for Pivovary Lobkowicz Group, a.s.

We have audited the accompanying consolidated financial statements of Pivovary Lobkowicz Group, a.s., whose registered office is at Hvězdova 1716/2b, 140 78 Prague 4, identification number: 27258611 (the "Company"), which were prepared for the year 2013 ended 31 December 2013.

The responsibility for the preparation of consolidated financial statements and keeping of accounting books in such a way that they are complete, conclusive and accurate in accordance with the laws and regulations in force lies with the Company's management (governing body). Our responsibility is to express an opinion on the financial statements as a whole based on our audit, and to provide an audit opinion.

We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those standards require that auditors plan and perform audits in such a way in order to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes verifying, on a test basis, that the amounts and disclosures in the financial statements are complete and conclusive. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for expressing the audit opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated position of assets, liabilities and equity and the financial position of the consolidated group of Pivovary Lobkowicz Group, a.s. as at 31 December 2013, and its consolidated financial performance for the year then ended in accordance with the accounting laws and regulations applicable in the Czech Republic, and we hereby issue an UNQUALIFIED OPINION.

This report has been discussed with the Company's governing body in accordance with the applicable laws and regulations and has been delivered in accordance with the terms of the contract.

Prague, 27 March 2014

Audit firm:
HM Group s.r.o.
Identification no.: 63978547
Kamencová 59, 198 00 Prague 9
Registered in the list of audit firms
under licence no.: 170

Responsible auditor:
Ing. Lubomír Harna
Registered in the list of auditors
under licence no.: 1376

Stamp and signature: *(imprint of a round stamp)* *(signature)*

HM Group s.r.o.
licence no. 170
auditing services

as at
31 December 2013
(CZK '000 omitted)

Hvězdova 1716/2b
140 78 Prague 4

		31 December 2013			31 December 2012
		Gross	Adjustment	Net	Net
	TOTAL ASSETS	**3,516,771**	**1,261,891**	**2,254,880**	**2,024,359**
B.	**Long-term assets**	**2,710,667**	**1,217,109**	**1,493,558**	**1,309,092**
I.	*Long-term intangible assets*	**157,379**	**112,538**	**44,841**	**64,751**
3.	Software	9,272	4,689	4,583	4,652
4.	Valuable rights	48,066	36,745	11,321	13,837
5.	Goodwill	96,132	71,104	25,028	44,254
7.	Long-term intangible assets in progress	3,909		3,909	2,008
II.	*Long-term tangible assets*	**1,988,721**	**1,011,336**	**977,385**	**944,487**
1.	Land	13,930		13,930	13,613
2.	Structures	643,417	236,265	407,152	391,861
3.	Separate movable assets and groups of movable assets	1,257,665	756,822	500,843	476,186
7.	Long-term tangible assets in progress	13,508		13,508	18,005
8.	Advances paid on long-term tangible assets	10,378		10,378	10,067
9.	Valuation adjustments to acquired assets	49,823	18,249	31,574	34,755
III.	*Long-term financial assets*	**1,004**		**1,004**	**968**
3.	Other long-term securities and investments	1,004		1,004	968
IV.	*Consolidation differences*	**563,563**	**93,235**	**470,328**	**298,886**
C.	**Current assets**	**721,119**	**44,782**	**676,337**	**620,728**
I.	*Inventory*	**187,774**	**2,993**	**184,781**	**174,444**
1.	Material	104,599	2,993	101,606	105,865
2.	Work in progress and semi-finished goods	38,715		38,715	32,456
3.	Finished goods	41,417		41,417	17,429
5.	Merchandise	3,043		3,043	18,694
II.	*Long-term receivables*	**69,048**		**69,048**	**77,059**
5.	Long-term advances paid	3,017		3,017	1,515
7.	Other receivables	65,284		65,284	67,916
8.	Deferred tax receivable	747		747	7,628
III.	*Short-term receivables*	**420,175**	**41,789**	**378,386**	**311,349**
1.	Trade receivables	164,820	40,068	124,752	142,409
6.	State – tax receivables	16,834		16,834	9,575
7.	Short-term advances paid	74,650	762	73,888	12,925
8.	Accrued assets (estimated accounts)	7,814		7,814	6,198
9.	Other receivables	156,057	959	155,098	140,242
IV.	*Short-term financial assets*	**44,122**		**44,122**	**57,876**
1.	Cash	8,358		8,358	11,118
2.	Cash in bank	35,764		35,764	46,758
D.	**Accrued assets**	**84,985**		**84,985**	**94,539**
1.	Pre-paid expenses	84,756		84,756	94,035
3.	Accrued revenue	229		229	504
	Control number	**13,418,536**	**4,954,329**	**8,464,207**	**7,704,011**

		31 December 2013	31 December 2012
	TOTAL LIABILITIES AND EQUITY	**2,254,880**	**2,024,359**
A.	**Equity**	**-577,212**	**-495,338**
I.	*Registered capital*	**2,000**	**2,000**
I.	Registered capital	2,000	2,000
II.	*Capital funds*	**746**	**746**
2.	Other capital funds	2,452	2,452
3.	Asset and liability revaluation differences	-102	-102
4.	Revaluation differences from company transformations	-1,604	-1,604
III.	*Reserve fund, indivisible fund and other funds made from profit*	**8,831**	**6,491**
1.	Mandatory reserve fund / Indivisible fund	9,056	6,716
2.	Statutory and other funds	-225	-225
IV.	*Prior period retained earnings and accumulated loss*	**-511,120**	**-438,244**
1.	Prior period retained earnings	160,283	168,771
2.	Prior period accumulated loss	-669,248	-607,015
3.	Other prior period profit/loss	-2,155	
V.	*Current period profit (loss), excluding minority investments*	**-77,669**	**-66,331**
I.	Current period profit (loss)	-77,669	-66,331
B.	**Liabilities**	**2,764,592**	**2,395,972**
I.	*Provisions*	14,555	11,972
3.	Provision for income tax	10,886	2,295
4.	Other provisions	3,669	9,677
II.	*Long-term liabilities*	**1,573,935**	**1,633,844**
5.	Long-term advances received	1,792	1,792
9.	Other liabilities	1,541,764	1,602,068
10.	Deferred tax liability	30,379	29,984
III.	*Short-term liabilities*	**627,359**	**330,894**
1.	Trade payables	112,041	86,382
4.	Payables to shareholders and cooperative and association members	447	447
5.	Payroll payables	13,492	13,393
6.	Social security and health insurance payables	7,567	7,470
7.	State – tax liabilities and subsidies	67,832	94,603
8.	Short-term advances received	141,879	85,984
10.	Accrued liabilities (estimated accounts)	8,324	14,216
11.	Other liabilities	275,777	28,399
IV.	*Bank loans and assistance*	**548,743**	**419,262**
1.	Long-term bank loans	259,925	264,574
2.	Short-term bank loans	267,461	107,055
3.	Short-term financial assistance	21,357	47,633
C.	**Accruals**	**397**	**2,864**
1.	Accrued expenses	230	2,738
2.	Unearned revenue	167	126
D.	**Minority equity**	**67,103**	**120,861**
	Minority registered capital	6,051	46,051
	Minority capital funds	0	27
	Minority funds from profit, including prior period retained earnings and accumulated loss	56,991	66,874
	Minority current period profit (loss)	4,061	7,909
	Control number	**8,952,020**	**7,973,711**

Prepared on: 15 March 2014	Signature of the authorized representative of the consolidating reporting unit:

CONSOLIDATED PROFIT AND LOSS ACCOUNT
broken down as per item types

for the period ended 31 December 2013
(CZK '000 omitted)

Pivovary Lobkowicz Group, a.s.
Identification no.: 27258611

Hvězdova 1716/2b
140 78 Prague 4

		Period ended 31 December 2013	Period ended 31 December 2012
I.	Revenue from goods sold	2,038	2,212
A.	Cost of goods sold	1,393	1,432
+	**Gross profit**	**645**	**780**
II.	Production	1,261,844	1,217,861
1.	Revenue from own products and services sold	1,158,490	1,155,938
2.	Change in inventory of own products	31,838	-5,135
3.	Capitalisation	71,516	67,058
B.	Consumption	790,962	724,198
1.	Material and energy consumed	480,811	423,013
2.	Services	310,151	301,185
+	**Value added**	**471,527**	**494,443**
C.	Personnel expenses	284,875	277,876
1.	Wages and salaries	212,752	207,417
3.	Social security and health insurance expenses	71,591	69,895
4.	Social expenses	532	564
D.	Taxes and fees	4,583	4,868
E.	Amortisation and depreciation of long-term intangible and tangible assets	160,896	160,889
KR A.	Reversal of positive consolidation difference	23,661	24,993
KR 1.	Reversal of negative consolidation difference	4,231	6,358
III.	Revenue from long-term assets and material sold	57,007	45,418
1.	Revenue from long-term assets sold	59,884	3,624
2.	Revenue from material sold	-2,877	41,794
F.	Book value of long-term assets and material sold	21,526	48,376
1.	Book value of long-term assets sold	23,889	3,142
2.	Material sold	-2,363	45,234
G.	Change in operating reserves, allowances and complex pre-paid expenses	-12,145	10,179
IV.	Other operating income	101,905	5,895
H.	Other operating expenses	104,344	30,321
*	**Operating profit (loss)**	**46,930**	**-5,388**
X.	Interest income	13,122	11,637
N.	Interest expenses	105,820	51,531
XI.	Other financial income	8,187	6,191
O.	Other financial expenses	10,485	7,908
*	**Profit (loss) from financial operations**	**-94,996**	**-41,611**
Q.	Income tax on ordinary activities	14,239	11,493
1.	- Due	12,361	10,415
2.	- Deferred	1,878	1,078
**	**Profit (loss) from ordinary activities**	**-62,305**	**-58,492**
XIII.	Extraordinary income	256	70
R.	Extraordinary expense	11,564	
S.	Income tax on extraordinary activities	-5	0
2.	- Deferred	-5	0
*	**Extraordinary profit (loss)**	**-11,303**	**70**
**	**Consolidated profit (loss), excl. equity method investments**	**-73,608**	**-58,422**
	Consolidated profit (loss) without minority investments	-77,669	-66,331
	Minority profit (loss)	4,061	7,909
	Profit (loss) of current period (+/-)	-73,608	-58,422
***	**Profit (loss) of current period, excl. minority investments (+/-)**	**-77,669**	**-66,331**

Prepared on: 15 March 2014	Signature of the authorized representative of the consolidating reporting unit:

CONSOLIDATED CASH FLOW STATEMENT

Reporting unit:
Pivovary Lobkowicz Group, a.s.

Hvězdova 1716/2b, 140 78 Prague 4
Identification no.: 27258611

for the period ended 31 December 2013
(CZK '000 omitted)

		Current period	Prior period
P.	**Cash at the beginning of the accounting period**	**57,876**	**46,681**
	Cash flows from operating activities		
Z.	Accounting profit/loss from operating activities before tax	-48,066	-46,999
A.1	Adjusted by non-cash operations	246,893	211,451
A.1.1	Depreciation of fixed assets (+), excluding the net book value of the fixed assets sold, and amortization of adjustments to acquired assets and goodwill and depreciation of consolidation differences	180,326	179,524
A.1.2	Change in allowances and provisions	4,461	-5,813
A.1.3	Profit (loss) from the sale of fixed assets (-/+)	-35,995	-482
A.1.5	Interest expenses (+) and income (-) accounted for, excl. capitalized interest	92,698	39,894
A.1.6	Currency translation differences and other non-cash operations	5,403	-1,672
A.*	**Net cash flow from operating activities before tax, changes in working capital and extraordinary items**	**198,827**	**164,452**
A.2	Change in non-cash items of working capital	163,406	-448,843
A.2.1	Change in receivables from operating activities (-/+), accrued asset accounts and estimated asset accounts	-57,967	-111
A.2.2	Change in short-term liabilities from operating activities (-/+), accrued liability accounts and estimated liability accounts	231,974	-459,916
A.2.3	Change in inventory	-10,601	11,184
A.**	**Net cash flow from operating activities before tax and extraordinary items**	**362,233**	**-284,391**
A.3	Interest paid excluding capitalized interest (-)	-105,820	-51,531
A.4	Interest received (+)	13,122	11,637
A.5	Income tax paid on operating activities and additional tax assessments for prior periods (-)	-12,361	-10,415
A.6	Income and expenses relating to extraordinary accounting items that form extraordinary profit (loss), including the income tax paid on extraordinary activities	-11,308	70
A.***	**Net cash flow from operating activities**	**245,866**	**-334,630**
	Cash flows from investment activities		
B.1	Acquisition costs of fixed assets	-388,681	-91,142
B.2	Revenues from sales of fixed assets	59,884	3,624
B.4	Cash flow from the acquisition of business or its part		-20,083
B***	**Net cash flow from investment activities**	**-328,797**	**-107,601**
	Cash flows from financial activities		
C.1	Impact of changes in long-term/short-term liabilities relating to financial activities on cash and cash equivalents	69,177	453,426
C***	**Net cash flow from financial activities**	**69,177**	**453,426**
F.	**Net increase/decrease in cash**	**-13,754**	**11,195**
R.	**Cash and cash equivalents at the end of the period**	**44,122**	**57,876**

Date of financial statements: 15 March 2014
Signature of a member of the governing body:

Notes to the Consolidated Financial Statements
for the year 2013

Company name:	**Pivovary Lobkowicz Group, a.s.**
Legal form:	**joint-stock company** *(akciová společnost)*
Registered office:	**Hvězdova 1716/2b** **140 78 Prague 4**
Identification number:	**27258611**

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Pivovary Lobkowicz, a.s. – Notes to the 2013 stand-alone financial statements

Pivovar Protivín, a.s. – Notes to the 2013 stand-alone financial statements

Pivovar Černá Hora, a.s. – Notes to the 2013 stand-alone financial statements

Pivovar Uherský Brod, a.s. – Notes to the 2013 stand-alone financial statements

Pivovar Jihlava, a.s. – Notes to the 2013 stand-alone financial statements

Pivovar Klášter, a.s. – Notes to the 2013 stand-alone financial statements

Pivovar Rychtář, a.s. – Notes to the 2013 stand-alone financial statements

Pivovar Vysoký Chlumec, a.s. – Notes to the 2013 stand-alone financial statements

15. General information

1.3. Formation and description of the Company

The reporting unit named Pivovary Lobkowicz Group, a.s., identification number: 27258611, tax registration number: CZ27258611, whose registered office is in Prague 4, Hvězdova 1716/2b, postcode 140 78, was incorporated on 20 July 2005 upon its registration in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 10035. On 18 November 2013, a change of the business name to Pivovary Lobkowicz Group, a.s. was registered in the Commercial Register.

As at 31 December 2013, the Company's registered capital was CZK 2,000,000.

The Company issued 100 registered shares with a nominal value of CZK 20,000 each. Persons holding a share of more than 20% in the reporting unit's registered capital are:

		Current period		Prior period	
Name	Residence	Shareholding in CZK	%	Shareholding in CZK	%
Martin Burda	Třinec XI, Lyžbice, Svornosti 1022, postcode 739 61	1,100,000	55%	1,100,000	55%
Ing. Grzegorz Hóta	Hrádek 405, postcode 739 97	600,000	30%	600,000	30%

Governing body – Board of Directors:
JUDr. Ing. Zdeněk Radil, Chairman of the Board of Directors
Ing. Eva Kropová, Vice Chairman of the Board of Directors
Ing. Otakar Binder, member of the Board of Directors

Supervisory Board:
Martin Burda, Chairman of the Supervisory Board
Ing. Petr Bič, member of the Supervisory Board
Ing. Grzegorz Hóta, member of the Supervisory Board

The Company's main scope of business is manufacture, trade and services not specified in Schedules 1 to 3 to the Trade Licensing Act.

16. Composition of the consolidated group, manner and methods of consolidation

16.1. Manner of consolidation

The direct consolidation approach was applied to the consolidation of the group of companies. None of the subsidiaries holding an interest in any other entities prepares (is required to prepare) consolidated financial statements.

16.2. Entities included in the consolidated group

All entities over which the parent company exercises a decisive, significant or joint influence have been included in the consolidated group. No exception from such inclusion has been applied. This would only be relevant if any of the entities were insignificant; in view of the fact that a major development of activities of the yet

(possibly) insignificant entities is envisaged for the future, this option has not been applied for the sake of future comparability of the consolidated group.

Composition of the consolidated group of Pivovary Lobkowicz Group, a.s. as at 31 December 2013

Parent company	ID no.	Registered office	Shareholding
Pivovary Lobkowicz Group, a.s.	27258611	Prague 4, Hvězdova 1716/2b	interest

Subsidiaries – decisive influence

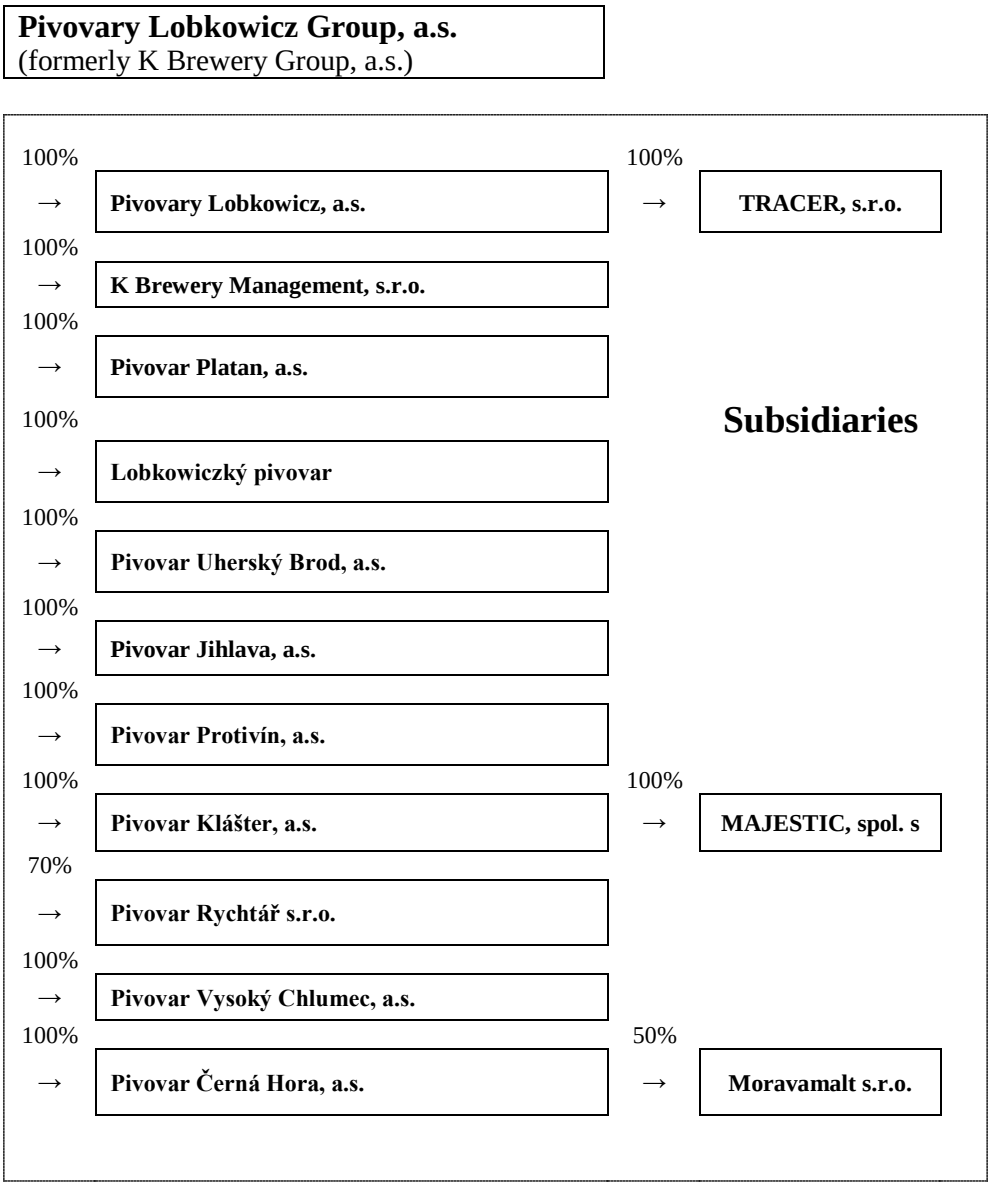
Pivovary Lobkowicz, a.s.	28489411	Prague 4, Hvězdova 1716/2b	100%		
K Brewery Management, s.r.o.	28489993	Prague 4, Hvězdova 1716/2b	100%		
Pivovar Platan, a.s.	28245164	Brno, tř. Kpt. Jaroše 1844/28	100%		
Lobkowiczký pivovar, a.s.	28439201	Prague 4, Hvězdova 1716/2b	100%		
Pivovar Uherský Brod, a.s.	60742917	Uherský Brod, Neradice 369	100%		
Pivovar Jihlava, a.s.	49973711	Jihlava, Vrchlického 2	100%		
Pivovar Protivín, a.s.	26025248	Protivín, Pivovar 168	100%	Direct	Indirect
Pivovar Klášter, a.s.	25146297	Klášter Hradiště nad Jizerou 16	100%	influence	influence
MAJESTIC, spol. s r.o.	45312435	Prague 4, Hvězdova 1716/2b	100%	0%	100%
Pivovar Rychtář a.s.	47455110	Hlinsko v Čechách, Resslova 260	70%		
Pivovar Vysoký Chlumec, a.s.	46353224	Vysoký Chlumec no. 29	100%		
Pivovar Černá Hora, a.s.	25320840	Černá Hora 3/5	100%		
Tracer s.r.o.	25320840	Modřice, Evropská 873	100%	0%	100%
Moravamalt s.r.o.	46581413	Brodek u Přerova, Tovární 162	50%	0%	50%

During the current period, no investments were sold or purchased. The investment (shares) in Pivovar Vysoký Chlumec, a.s. was increased to 100% as at 29 November 2013, which means that a 50% shareholding interest was purchased (the original investment was 50%).

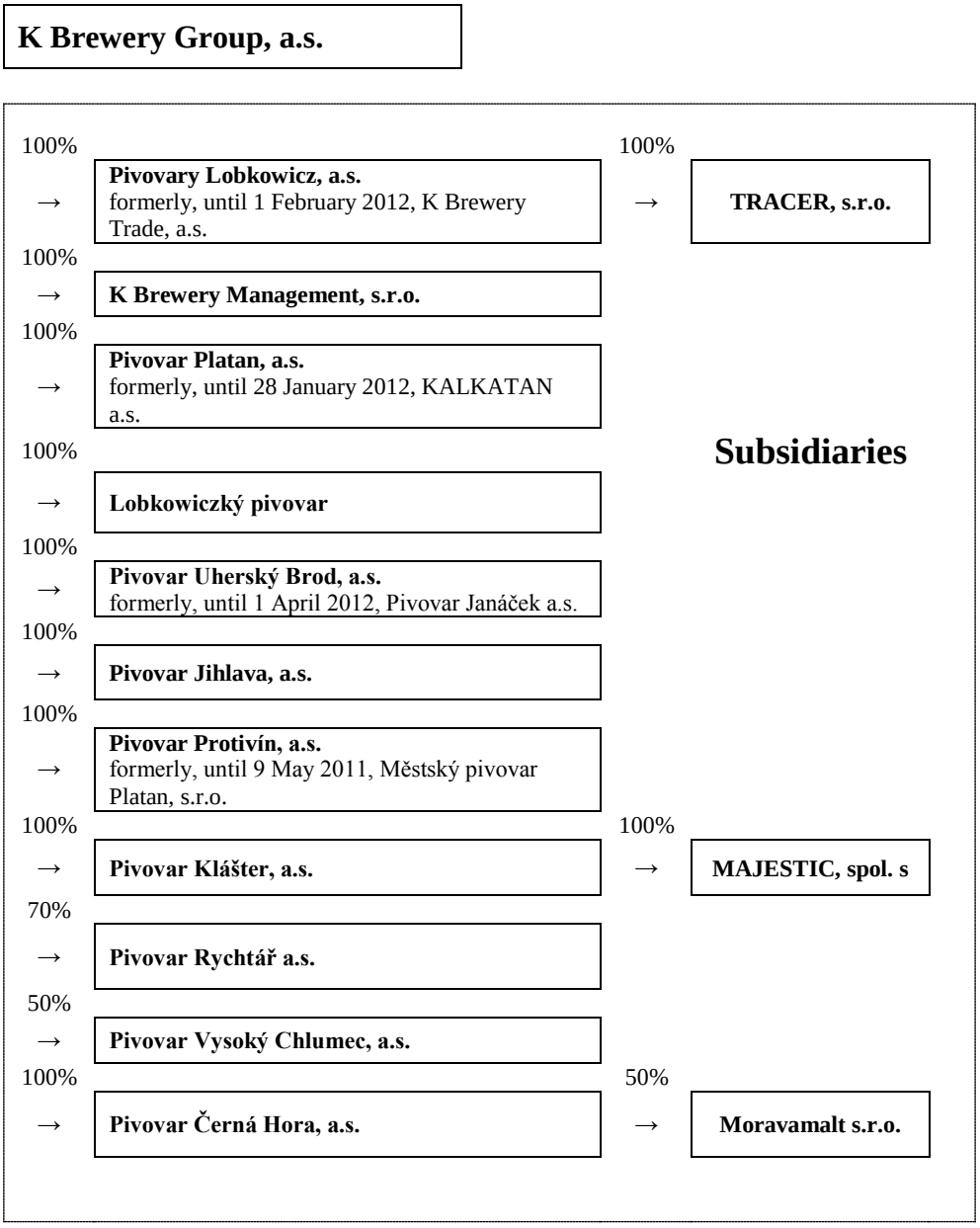
The reporting unit does not have any other investments in any other company.

Consolidated group structure

Structure as at 31 December 2013:



Structure as at 31 December 2012:



16.3. Date of the consolidated financial statements and period

The reporting unit Pivovary Lobkowicz Group, a.s. prepared its 2013 financial statements as at 31 December 2013, for the period which began on 1 January 2013 and ended on 31 December 2013. All entities in the consolidated group prepared their financial statements for the same period.

16.4. Comparability with the prior period

The data disclosed for the prior period are comparable; they were taken from the consolidated financial statements prepared as at 31 December 2012.

17. Accounting methods and general accounting principles

The Company's accounting books have been kept and the consolidated financial statements have been prepared in accordance with Act No. 563/1991 Coll. on Accounting, as amended, Regulation No. 500/2002 Coll. implementing certain provisions of Act No. 563/1991 Coll. on Accounting, for reporting units, which are entrepreneurs keeping their books in the double-entry accounting system, as amended, and with the Czech Accounting Standards for Entrepreneurs, as amended.

The accounting books of the parent company as well as of all the consolidated reporting units (all of which are Czech entities) have been kept in accordance with the Accounting Act and the related accounting regulations for entrepreneurs in force in the Czech Republic.

18. Supplementary disclosures in the notes to the consolidated financial statements

18.1. Mandatory supplementary disclosures

Such disclosures are provided to the extent, and include such type of information, as determined with respect to the notes to consolidated financial statements in Section 67 of Regulation No. 500/2002 Coll.

2a) The amount of cash and non-cash remuneration granted to persons who are the governing body, members of governing or other management and supervisory bodies, as well as the amount of pension liabilities which arose or were agreed in relation to former members of the bodies specified above, including an indication of the aggregate amount for each category.

No remuneration of this type was paid during the accounting period, other than wages and salaries. The annual remuneration paid to managers of the individual consolidated reporting units is specified in the respective annexes attached hereto.

2b) *The amount of advances and loans provided to and other debts owed by persons who are the governing body, members of governing or other management and supervisory bodies, including the specification of the interest rate, key terms and any amounts due, and the amount of any guarantees provided, including an indication of the aggregate amount for each category.*

None of these were provided.

2c) *The total amount of liabilities with a maturity period exceeding five (5) years as at the date of the consolidated financial statements and the total amount of secured obligations, including an indication of nature and form of such security.*

The parent company has no such liabilities. The relevant liabilities of the subsidiaries are specified in detail in the respective annexes attached hereto.

2d) *The method of determining the real value of the respective assets and liabilities, description of the valuation model applied to the valuation of securities and derivatives at fair value, changes in the fair value, including changes in equity method investments classified by the individual types of financial assets and the method of their recognition; if a security, share or derivative is not valued at fair value or based on the equity method, the reporting unit will specify the reasons and the amount of the allowance, if any.*

No reporting unit within the consolidated group valued any securities or derivatives at fair value. No allowances were created for securities and investments.

2e) *The aggregate amount of financial liabilities not shown in the consolidated balance sheet, if such information is useful for assessing the financial position; all liabilities related to retirement pensions and liabilities between the consolidating reporting unit and reporting units not included in the consolidated financial statements are to be specified separately.*

All financial liabilities to external parties outside the group are shown in the balance sheet; all reporting units of the group were included in the consolidated financial statements.

2f) *Consolidated revenues from ordinary activities broken down as per categories of activities and geographical markets, if the categories and markets show any substantial differences in terms of the method of organisation of the sale of goods and products and provision of services falling under ordinary activities.*

The table below shows the revenues of all consolidated reporting units generated in the 2013 consolidation period and the prior period, including the adjustment by excluded mutual relations (CZK '000 omitted).

	2013	2012
Revenues from goods sold	2,038	2,212
Revenues from own products and services sold	1,158,490	1,155,968
- of which abroad	216,305	211,941
Revenues from services	68,968	72,146

2g) The nature and business purpose of transactions not shown in the consolidated balance sheet, and the financial impact of these transactions if the risks or benefits arising from these operations are significant and if the disclosure of such risks or benefits is essential for assessing the financial position.

All relevant significant transactions are recognised in the consolidated balance sheet.

2h) Transactions, other than transactions within the reporting units included in the consolidated group, which the consolidating reporting unit, consolidated reporting units, reporting units under joint influence or affiliated reporting units entered into with an affiliated party, including the volume of such transactions, nature of the relationship with the affiliated party and other information regarding these transactions which is necessary to understand the financial position, if these transactions are significant and were not entered into on arm's length terms; information regarding the individual transactions may be grouped based on their nature, except for cases where stand-alone information is essential to understand the impact of the transactions with an affiliated party on the financial position; the term "affiliated party" has the same meaning as in the international accounting standards regulated in EU law.

No transactions with affiliated parties which would not be made on arm's length terms were made.

i) Separately information on the total costs of remuneration to the statutory auditor or auditing firm of the Company for the accounting period, broken down as per:

1. Mandatory audit of the consolidated annual financial statements	*CZK 470,000*
2. Other verification services	*CZK 0*
3. Tax consultancy	*CZK 0*
4. Other non-auditing services	*CZK 0*

18.2. Additional supplementary disclosures

a) Changes in at cost prices and book values of long-term assets as compared with the prior accounting period in connection with currency translation of accounts of the consolidated reporting units that have their registered office abroad and keep their books in foreign currencies, broken down at least as per the individual types of such assets.

No investments in foreign entities were reported in the current period ended 31 December 2013.

b) The share in the profit (loss) of separately or jointly controlled or managed person and person under substantial influence the securities of or investments in which the consolidating reporting unit acquired during the accounting period, which relates to the period from the acquisition until the end of the accounting period applicable to the consolidating reporting unit.

No investments were sold during the current period. The investment (shares) in Pivovar Vysoký Chlumec, a.s. was increased to 100% as at 29 November 2013, which means that a 50% shareholding interest was purchased (the original investment was 50%).

c) *The number and nominal value of investments held in the Czech Republic and abroad as per the individual types and issuers, and an overview of the financial income generated from the ownership of such investments expressed in aggregate (at the market value) for the reporting units included in the consolidated group.*

Individual investments are shown in the section containing the specification of the consolidated group.

During the consolidated accounting period, no dividends were distributed by the parent company and no financial income was generated from the investments in the entities forming the consolidated group, with the exception of Moravamalt s.r.o., which paid shares in profit in the total amount of CZK 4,000,000 in 2013, out of which Pivovar Černá Hora a.s. received CZK 2,000,000 based on its 50% shareholding interest in Moravamalt s.r.o.

As regards investments in joint-stock companies, these investments are not publicly traded and therefore their market value is not determined.

d) *Commentary and rationale regarding the change in the consolidated group's equity between two consolidations, particularly in the case of a change to the scope of the consolidated group and settlement of securities and investments which were issued by the consolidating reporting unit and are held by the consolidated reporting units.*

Movements in equity	31 Dec 2012	Change	31 Dec 2013
Equity	**-495,338**	**-81,874**	**-577,212**
Registered capital	**2,000**	**0**	**2,000**
Registered capital	2,000	0	2,000
Capital funds	**746**	**0**	**746**
Other capital funds	2,452	0	2,452
Asset and liability revaluation differences	-102	0	-102
Revaluation differences from company transformations	-1,604	0	-1,604
Reserve funds, indivisible fund and other funds made from profit	**6,491**	**2,340**	**8,831**
Mandatory reserve fund / Indivisible fund	6,716	2,340	9,056
Statutory and other funds	-225	0	-225
Prior period retained earnings and accumulated loss	**-438,244**	**-72,876**	**-511,120**
Prior period retained earnings	168,771	-8,488	160,283
Prior period accumulated loss	-607,015	-62,233	-669,248
Other prior period profit/loss	0	-2,155	-2,155
Current period profit (loss) excl. minority investments	**-66,331**	**-11,338**	**-77,669**
Current period profit (loss)	-66,331	-11,338	-77,669
Minority equity	**120,861**	**-53,758**	**67,103**
Minority registered capital	46,051	-40,000	6,051
Minority capital funds	27	-27	0
Minority funds from profit, including prior period retained earnings	66,874	-9,883	56,991

and accumulated loss			
Minority current period profit (loss)	7,909	-3,848	4,061

The overall performance of the Pivovary Lobkowicz Group in the 2013 accounting period is significantly affected by the loss reported by Pivovary Lobkowicz, a.s. as well as by the loss reported by the parent company Pivovary Lobkowicz Group, a.s.

In 2013, significant savings and rationalization measures were taken, which resulted in a substantial reduction of loss of Pivovary Lobkowicz, a.s. from approx. CZK 91.7 million reported in 2012 to approx. CZK 42.1 million reported in 2013. This represents a year-on-year reduction of loss by nearly CZK 50 million, which is a significant number.

On the contrary, interest expenses reported by the parent company Pivovary Lobkowicz Group, a.s. contributed to a substantially greater year-on-year loss. These expenses increased year-on-year from approx. CZK 42 million reported in 2012 to approx. CZK 99 million reported in 2013, representing an impact of approx. CZK 50 million which, in addition to a year-on-year decrease in interest income by approx. CZK 12 million reported by the parent company, unfortunately eliminated the positive trend seen by Pivovary Lobkowicz, a.s.

The comparison of the consolidated results excl. minority investments and interest expenses:

(CZK '000 omitted)	2013	2012	Difference
Profit/loss excl. minority investments	-77,669	-66,331	-11,338
Interest expenses	105,820	51,531	54,289
Profit/loss excl. minority investments and interest	28,151	-14,800	42,951
Consolidated profit/loss	46,930	-5,388	52,318

It is evident that, when compared year-on-year, there was a significant turnaround from loss to profit in the results from operating activities. Similarly, the net cash flow from operating activities changed from negative to significantly positive in 2013.

The rationalization measures taken in 2013 should become fully evident in 2014. If, despite the difficult market situation due to continuing recession, the group will manage to further improve its performance (a year-on-year increase by approx. 3.6% in 2013), it should achieve much more positive results in 2014 based on the turnaround achieved in 2013 and further improvement of the operating profit.

The solution of alternative forms of financing in a way that enables to significantly reduce the interest burden could be another very important influence.

The KBG basically remained also in 2013 the only important player on the Czech beer market reporting steady sales results which are in contrast with the overall developments in this industry.

e) *Commentary on information regarding securities and investments subject to the equity method, past-due receivables and liabilities, receivables from and liabilities to the reporting units included in the consolidated group with a maturity period exceeding five (5) years, receivables and liabilities covered by a pledge or easement, including an indication of the nature and form of such security in case the underlying receivables or liabilities are not paid.*

In 2013, all investments held within the group were decisive investments in subsidiaries; none of the entities was included in the consolidated financial statements using the equity method accounting. The parent company has no receivables or liabilities with a maturity period exceeding 5 years. The relevant information regarding the subsidiaries is specified in the respective annexes attached hereto. The subsidiaries have the following liabilities and receivables with a maturity period exceeding 5 years:

	Liabilities over 5 years	Receivables over 5 years
Pivovar Protivín	3,025	0
Pivovar Jihlava	66,363	0
Pivovar Rychtář	0	66,112
Pivovar Vysoký Chlumec	0	370
Pivovar Klášter	5,694	0
Pivovar Černá Hora	109,436	56

f) Average recalculated headcount of the consolidated group during the accounting period:

651 (649 employees in 2012)

18.3. Overview of excluded mutual relations within the consolidation

Within the consolidation, mutual relations were excluded to the following extent (CZK '000 omitted):

	ASSETS	
B.II.	3. Separate movable assets and groups of movable assets	303
B.III.	4. Loans and borrowings – contr. and manag. entities and reporting units under significant influence	41,575
C.I.	1. Material	4,847
	2. Work in progress and semi-finished goods	-4,648
	3. Finished goods	-11,075
	5. Merchandise	12,795
C.II.	2. Receivables from controlled and managed entities	9,376
	3. Receivables from reporting units under significant influence	66,112
	7. Other receivables	2,268
	8. Deferred tax receivable	4,981
C.III.	1. Short-term trade receivables	604,935
	2. Receivables from controlled and managed entities	51,822
	7. Other advances provided	475
	9. Other receivables	421,923
	Total assets	**1,205,444**
	LIABILITIES	
A.IV.	1. Prior period retained earnings	-24,576
	2. Prior period accumulated loss	85,258
A.V.	1. Current period profit (loss)	-88,212
B.II.	2. Payables to controlled and managed entities	223,405
	4. Payables to shareholders and cooperative and association members	8,566

B.III.	1. Short-term trade payables	588,995
	2. Payables to controlled and managed entities	266,062
	8. Short-term advances received	475
	10. Accrued liabilities	3,408
	11. Other liabilities	71,808
B.IV.	3. Short-term financial assistance	70,482
C.I	1. Prepaid expenses	18
	Total liabilities	**1,205,444**

	REVENUES AND COSTS	
I.	Revenue from goods sold	1,323,658
A.	Cost of goods sold	878,887
II.	1. Revenues from own products sold	-326,059
	1. Revenues from services sold	48,245
	2. Change in inventory of own products	-15,723
B.	1. Material and energy consumed	102,511
	2. Services	47,250
E.	E. Amortisation and depreciation of long-term intangible and tangible assets	49
III.	1. Revenue from long-term assets sold	688
	2. Revenue from material sold	31,162
F.	1. Book value of long-term assets sold	317
	2. Material sold	29,562
IV.	Other operating income	804
H.	Other operating expenses	2,367
VII.	1. Revenue from investments in contr. and manag. entities and reporting units under significant influence	2,000
X.	Interest income	17,553
N.	Interest expenses	17,553
XI.	Other financial income	2,057
O.	Other financial expenses	93,754
	2. – deferred income tax	342
XIII.	Extraordinary income	876
R.	Extraordinary expenses	876
	2. – deferred tax	5
***	**Profit (loss)**	**-88,212**

19. Events after the consolidated financial statements date

No changes occurred with respect to entities forming the consolidated group during 2014 until the date of the consolidated financial statements.

20. Consolidated cash flow statement

The consolidated cash flow statement was prepared using the indirect method.

21. Annexes

Notes to the stand-alone financial statements of the major reporting units – subsidiaries included in the consolidated group – form an inseparable part of these Notes:

Pivovary Lobkowicz Group, a.s. – Notes to the 2013 stand-alone financial statements

Pivovary Lobkowicz, a.s. – Notes to the 2013 stand-alone financial statements

Pivovar Protivín, a.s. – Notes to the 2013 stand-alone financial statements

Pivovar Černá Hora, a.s. – Notes to the 2013 stand-alone financial statements

Pivovar Uherský Brod, a.s. – Notes to the 2013 stand-alone financial statements

Pivovar Jihlava, a.s. – Notes to the 2013 stand-alone financial statements

Pivovar Klášter, a.s. – Notes to the 2013 stand-alone financial statements

Pivovar Rychtář, a.s. – Notes to the 2013 stand-alone financial statements

Pivovar Vysoký Chlumec, a.s. – Notes to the 2013 stand-alone financial statements

Prague, 15 March 2014

(signature)

JUDr. Ing. Zdeněk Radil, Chairman of the Board of Directors

(imprint of a stamp)

11.4. 2013 / IFRS CONSOLIDATED AUDITED FINANCIAL STATEMENTS (WITH RESTATED 2011 AND 2012 STATEMENTS)

Pivovary Lobkowicz Group, a.s.

Consolidated Financial Statements

in accordance with IFRS

covering 3 yearly periods
from
1 January 2011
through
31 December 2013

SUMMARY

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1. Consolidated Financial Statements

Consolidated Statement of Comprehensive Income (years ending as at 31 December)

in thousands of CZK	note	2011	2012	2013
Revenue	7.1	**1 059 810**	**1 156 718**	**1 159 135**
Other income	7.2	**93 860**	**51 383**	**159 168**
Changes in inventory and assets in progress	7.3	**76 305**	**61 923**	**103 354**
Raw materials, consumables and services	7.4	-690 263	-716 073	-782 823
Personnel expenses	7.5	-292 146	-277 875	-284 875
Taxes and fees	7.6	-5 842	-4 868	-4 853
Amortization, depreciation and impairments	7.7	-225 907	-241 048	-192 703
Other operating costs	7.8	-76 032	-30 321	-115 638
Total expenses		**-1 290 190**	**-1 270 186**	**-1 380 892**
Results from operating activities		**-60 215**	**-162**	**40 765**
Interest income	7.9	10 278	11 637	13 122
Interest expenses	7.10	-89 864	-51 531	-105 820
Other finance income/(expenses)	7.11	-464	-2 528	-2 746
Net finance expenses		**-80 050**	**-42 422**	**-95 444**
Loss before income tax		**-140 264**	**-42 584**	**-54 680**
Income tax expense	7.12	-8 740	-12 232	-15 040
Loss of current accounting period		**-149 005**	**-54 817**	**-69 720**
Profit attribuable to non-controlling interests		6 313	7 909	4 061
Net loss of the period (attribuable to equity holders)		**-155 318**	**-62 726**	**-73 781**

EBITDA Calculation			
Results from operating activities	**-60 215**	**-162**	**40 765**
Ordinary amortization, depreciations and impairments	184 715	184 233	185 062
Result from sale of assets	8 091	2 958	-35 481
EBITDA (recurrent)	**132 591**	**187 029**	**190 346**

Consolidated Statement of Financial Position (years ending as at 31 December)

in thousands of CZK	note	*opening 2011**	2011	2012	2013
Assets					
Property, plant & equipment	8.1	*999 295*	951 200	906 534	937 611
Goodwill and other intangible assets	8.2	*426 460*	388 042	338 264	301 305
Other investments and receivables	8.3	*12 623*	20 413	70 399	69 305
Deferred tax assets	8.4	*19 063*	20 529	19 619	12 493
Total non-current assets		***1 457 441***	**1 380 183**	**1 334 816**	**1 320 714**
Inventories	8.5	*183 702*	181 694	174 444	184 781
Trade and other receivables	8.6	*362 064*	338 754	311 349	378 386
Prepayments and accrued income	8.7	*155 328*	115 234	93 446	84 640
Cash and cash equivalents	8.8	*44 870*	46 683	57 875	44 122
Total current assets		***745 964***	**682 365**	**637 114**	**691 929**
Total assets		***2 203 405***	**2 062 548**	**1 971 930**	**2 012 643**
Equity	8.17				
Share capital		*2 000*	2 000	2 000	2 000
Reserves and other equity operations		*-25 906*	-22 152	-18 136	-204 287
Accumulated losses from previous years		*-208 891*	-322 031	-481 347	-550 618
Net Loss of the period		*-111 106*	-155 318	-62 726	-73 781
Equity attribuable to equity holders		***-343 903***	**-497 501**	**-560 209**	**-826 686**
Non-controlling interests		*130 092*	112 953	120 861	67 103
Total equity		***-213 811***	**-384 548**	**-439 348**	**-759 583**
Liabilities					
Loans and borrowings	8.14	*1 360 803*	1 462 662	1 875 741	1 805 022
Deferred tax liabilities	8.15	*29 126*	32 380	33 327	34 283
Other liabilities	8.16	*1 835*	6 730	1 793	1 792
Total non-current liabilities		***1 391 764***	**1 501 772**	**1 910 861**	**1 841 097**
Borrowings and overdrafts	8.9	*115 175*	118 934	154 688	288 818
Provisions	8.10	*5 477*	15 719	11 973	14 555
Trade and other payables	8.11	*800 675*	753 841	228 819	551 960
Tax liabilities	8.12	*78 477*	51 450	102 073	75 399
Accrued expenses	8.13	*25 648*	5 378	2 864	397
Total current liabilities		***1 025 452***	**945 323**	**500 417**	**931 129**
Total liabilities		***2 417 216***	**2 447 095**	**2 411 278**	**2 772 226**
Total equity and liabilities		***2 203 405***	**2 062 548**	**1 971 930**	**2 012 643**

*Opening Consolidated Statement of Financial Position as at 1 January 2011 is presented for illustration and is commented further in detail in the part 5. Opening Statement of Financial Position as at 1 January 2011.

Consolidated Statement of Changes in Equity (years ending as at 31 December)**

in thousands of CZK	***opening 2011***	**change**	**2011**	**change**	**2012**	**change**	**2013**
Equity Without Minority	**-343 903**	***-153 597***	**-497 501**	***-62 708***	**-560 209**	***-266 477***	**-826 686**
Registered Capital	**2 000**	*0*	**2 000**	*0*	**2 000**	*0*	**2 000**
Changes in Registered Capital	**0**	*0*	**0**	*0*	**0**	*0*	**0**
Capital Funds	**-27 824**	*1 611*	**-26 213**	*1 586*	**-24 627**	*-188 491*	**-213 118**
Other Capital Funds	2 426	*26*	2 452	*0*	2 452	*0*	2 452
Valuation Differences of Assets and Liabilities	-102	*0*	-102	*0*	-102	*0*	-102
Impairments and other equity operations	-30 148	*1 586*	-28 563	*1 586*	-26 977	*-188 491*	-215 468
Reserve Funds, Indivisible Fund and Other Funds from Profit	**1 918**	*2 144*	**4 062**	*2 429*	**6 491**	*2 340*	**8 831**
Legal Reserve Fund/Indivisible Fund	2 328	*2 150*	4 478	*2 238*	6 716	*2 340*	9 056
Statutory and Other Funds	-410	*-6*	-416	*191*	-225	*0*	-225
Profit or Loss from Previous Years	**-208 891**	*-113 140*	**-322 031**	*-159 316*	**-481 347**	*-69 271*	**-550 618**
Retained Earnings	51 345	*123 480*	174 825	*6 087*	180 912	*-6 378*	174 534
Accumulated Losses	-260 236	*-236 620*	-496 856	*-165 403*	-662 259	*-60 738*	-722 997
Other results from previous years							-2 155
Profit or Loss of the Period Without Minority Interests	**-111 106**	*-44 212*	**-155 318**	*92 593*	**-62 726**	*-11 055*	**-73 781**
Minority Equity	**130 092**	***-17 139***	**112 953**	***7 908***	**120 861**	***-53 758***	**67 103**
Minority Registered Capital	**50 051**	*-4 000*	**46 051**	*0*	**46 051**	*-40 000*	**6 051**
Minority Capital Funds	**0**	*27*	**27**	*0*	**27**	*-27*	**0**
Other Minority Funds including Retained Earnings and Accumulated Losses	**72 099**	*-11 537*	**60 562**	*6 312*	**66 874**	*-9 883*	**56 991**
Minority Profit or Loss of the Period	**7 942**	*-1 629*	**6 313**	*1 596*	**7 909**	*-3 848*	**4 061**
TOTAL EQUITY	**-213 811**	***-170 736***	**-384 548**	***-54 800***	**-439 348**	***-320 235***	**-759 583**

** Major items of Consolidated Statement of Changes in Equity are commented in the part 8.17. Equity

Consolidated Statement of Cash Flows (years ending as at 31 December)*

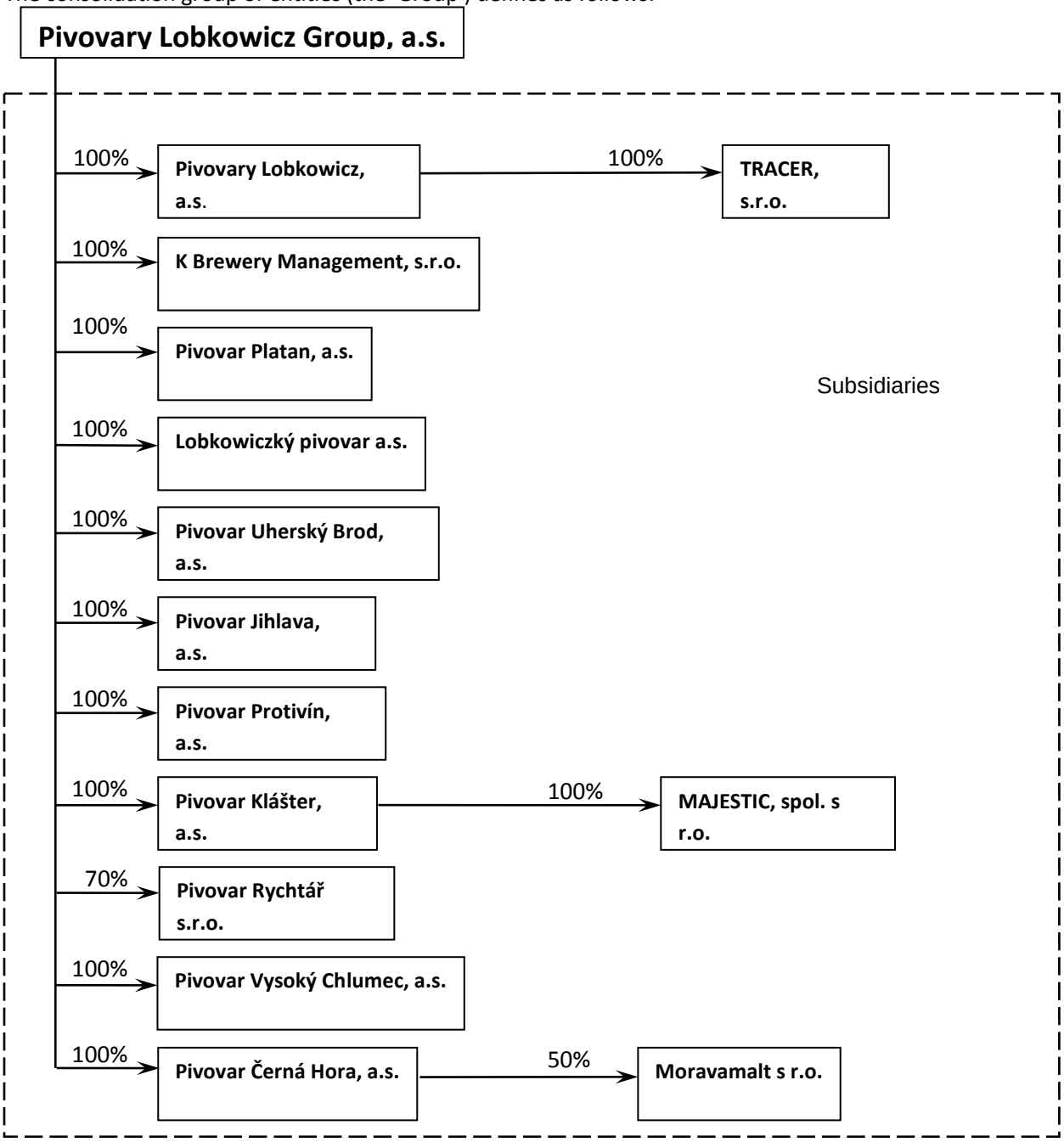
in thousands of CZK	**2011**	**2012**	**2013**
Opening balance of cash and cash equivalents	**44 870**	**46 683**	**57 875**
Operating activities:			
Loss before income tax	-140 264	-42 584	-54 680
Non cash adjustments	266 855	207 036	253 507
Depreceations and amortizations except for residual value of assets sold	180 006	179 524	180 326
Impairments and change in provisions	8 176	-5 813	4 461
Results from sale of non-current assets	3 424	-482	-35 995
Interests	79 586	39 894	92 698
Other non-cash operations and adjustments	-4 337	-6 087	12 017
Cash flow from operating activities before tax, changes in working capital and extraordinary items	**126 590**	**164 452**	**198 827**
Trade receivables and accrued income	54 670	-111	-57 967
Trade payables and accrued expenses	-92 863	-459 916	231 974
Inventories	5 944	11 184	-10 601
Interests paid	-89 864	-51 531	-105 820
Interests received	10 278	11 637	13 122
Tax paid on operating activities	-9 315	-10 415	-12 361
Extraordinary accounting activities	104	70	-11 308
Net cash flow from operating activities	**5 545**	**-334 631**	**245 866**
Investing activities:			
Purchase of non-current assets	-104 097	-91 142	-388 681
Proceeds from sale of non-current assets	4 351	3 624	59 884
Cash flow from acquisition of subsidiaries or its parts	-20 083	-20 083	0
Net cash flow from investing activities	**-119 829**	**-107 601**	**-328 797**
Financial activities:			
Non-current liabilities and short-term funding	116 096	453 425	69 177
Net cash flow from financial activities	**116 096**	**453 425**	**69 177**
Net increase or decrease in cash flow	**1 813**	**11 192**	**-13 754**
Closing balance of cash and cash equivalents	**46 683**	**57 875**	**44 122**

***Major items of Consolidated Statement of Cash Flows is commented in the part 9. Explanatory notes to Consolidated Statement of Cash Flows

2. Reporting entity

Pivovary Lobkowicz Group, a.s. (the 'Company') is a company domiciled in the Czech Republic. The address of the Company's registered office is Hvězdova 1716/2b, 140 78 Praha 4, registration number (IČ) is 27258611. The consolidated financial statements of the Company as at 31 December 2013 comprise the Company and its subsidiaries.

The consolidation group of entities (the 'Group') defines as follows:



There were no changes in controlling interests in the period from 1 January 2011 through 31 December 2013. The share in the company Rychtář was increased from 50% to 70% as at 15.11.2011 and the share in the company Vysoký Chlumec was increased from 50% to 100% as at 29 November 2013.

The Group´s core activities are brewing and selling of beer.

3. Basis of preparation

The consolidated financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU.

The consolidated financial statements have been prepared on the historical cost basis unless otherwise indicated.

These consolidated financial statements are presented in CZK, which is the Company's functional currency. All financial information presented in CZK has been rounded to the nearest thousand unless stated otherwise.

Financial statements in accordance with IFRSs covering yearly periods from 1 January 2011 through 31 December 2013 were prepared as restatement and adjustment of audited consolidated financial statements in accordance with CZ GAAP. Therefore, the end of the first IFRS reporting period is 31 December 2013 and the date of transition to IFRS is 1 January 2011.

The gap analysis between relevant accounting practices in CZ GAAP and IFRS was carried out and appropriate restatements and adjustments were made where necessary. An opening Statement of Financial Position was prepared at the date of transition, i.e. as at 1 January 2011.

The preparation of consolidated financial statements in conformity with IFRSs requires making judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Information about the most significant estimates and underlying assumptions are described further in these notes.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

4.1. Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred less the net recognized amount of the identifiable assets acquired and liabilities assumed. Differences arising

from acquisitions of non-controlling interests after the acquisition date are not recognized as goodwill and are settled in equity.

Acquisitions of non-controlling interests

No goodwill is recognized as a result of acquisitions of non-controlling interests.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Accounting policies of subsidiaries have been reviewed to ensure consistency of policies adopted for consolidated accounts.

Other forms of investment

No other forms of investment requiring adoption of particular accounting policies, such as Special Purpose Entities, associates, joint ventures or others, are identified.

Loss of control

Should the control be lost, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss.

Transactions eliminated on consolidation

Intra-Group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

4.2. Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into CZK, which is the functional currency of the Group. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency on basis of fix exchange rate published by the Czech National Bank.

Foreign operations

There are no foreign operations identified.

4.3. Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

Derivative financial instruments

The Group might use derivatives in the ordinary course of business in order to manage market risks. Generally this concerns the effects of foreign currency, interest rate or commodity price fluctuations in profit or loss.

Derivative financial instruments are recognized initially at fair value, with attribuable transaction costs recognized in profit or loss as incurred.

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The hedged item also is stated at fair value in respect of the risk being hedged.

4.4. Share capital

Shares

Ordinary shares are classified as equity.

No share capital repurchase is identified.

Dividends

Dividends are recognized as a liability in the period in which they are declared.

4.5. Property, plant and equipment

Owned assets

Property, plants and equipment are measured at cost less government grants received, accumulated depreciation and accumulated impairment losses.

Cost comprises the initial purchase price increased with expenditures that are directly attributable to the acquisition of the asset (like transports and non-recoverable taxes). The cost of self-constructed assets includes the cost of materials and direct labor and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Major components having different useful lives are accounted for as separate items.

Returnable kegs and other returnable packing material (except for returnable bottles) and promotional items are recorded within owned assets and a corresponding liability is recorded in respect of the obligation to repay the customers' deposits. Deposits paid by customers for returnable items are reflected in the consolidated statement of financial position within current liabilities.

Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plants and equipment, acquired by way of finance lease, is initially recognized at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease. Lease payments are apportioned between the outstanding liability and finance charges so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and are not recognized in Group's statement of financial position. Payments made under operating leases are charged to profit or loss on a straight-line basis over the term of the lease. When an operating lease is terminated before the lease period has expired, any payment

required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Depreciation of property, plants and equipment

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Land is not depreciated as it is deemed to have an infinite life.

Depreciation on other property, plants and equipment is charged to profit or loss on a straight-line basis over the estimated useful lives of respective items.

Assets under construction are not depreciated. Leased assets are depreciated over their useful lives (it is generally assumed that the right of ownership is transferred to the lessee after the end of the leasing period).

The estimated useful lives for the current and comparative years are as follows:

- Buildings 30 – 50 years
- Plant and equipment 15 – 50 years
- Other fixed assets 5 – 25 years

The depreciation methods, residual value as well as the useful lives are reassessed, and adjusted if appropriate, at each financial year-end.

Gains and losses on sale of property, plants and equipment

Net gains or losses on sale of items of property, plants and equipment are presented in profit or loss as difference between revenues from sale of fixed assets and materials (other income) and net book value of fixed assets and materials sold (amortization, depreciation and impairments).

4.6. Intangible assets

Goodwill

Goodwill arises on the acquisition of controlling interests of subsidiaries and represents the excess of the cost of the acquisition over Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill on acquisitions of controlling interests of subsidiaries is included in 'intangible assets'. In respect of transferring of accounts from CZ GAAP to IFRS with transition date as at 1 January 2011, goodwill on acquisitions of controlling interests of subsidiaries prior to this opening date is included on the basis of deemed cost, being the amount recorded under CZ GAAP. Recorded goodwill arising from acquisitions of non-controlling interests from 10 February 2010 is settled in equity.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to individual cash-generating units (CGUs) for the purpose of impairment testing. Should the negative goodwill be identified, it is directly recognized in profit or loss as other income.

Brands

Brands acquired are capitalized if they meet the definition of an intangible asset.

Brands are amortized on an individual basis over the estimated useful life of each respective brand. In this respect, long term strategic brands and other brands are distinguished.

Customer-related and contract-based intangibles

Customer-related and contract-based intangibles are capitalized if they meet the definition of an intangible asset.

Customer-related, contract-based intangibles are amortized over the remaining useful life of the customer relationships or the period of the contractual arrangements.

Software, research and development and other intangible assets

Purchased software is measured at cost less accumulated amortization and impairment losses. Expenditure on internally developed software is capitalized when the expenditure qualifies as development activities, otherwise it is recognized in profit or loss when incurred.

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognized in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products, software and processes. Development expenditure is recognized in profit or loss when incurred.

Other intangible assets that are acquired by the Group and have finite useful lives, are measured at cost less accumulated amortization.

Expenditure on internally generated goodwill is recognized in profit or loss when incurred.

Amortization

Amortization is calculated over the cost of the asset less its residual value. Intangible assets with a finite life are amortized on a straight-line basis over their estimated useful lives, other than goodwill, from the date they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives are as follows:

- Strategic Brands 30 – 50 years
- Other brands 6 - 15 years
- Customer-related and contract-based intangibles 6 – 15 years
- Software 3 – 7 years

Amortization methods, useful lives and residual values are reviewed at each reporting date.

Gains and losses on sale

Net gains or losses on sale of intangible assets are presented in profit or loss as difference between revenues from sale of fixed assets and materials (other income) and net book value of fixed assets and materials sold (amortization, depreciation and impairments).

4.7. Inventories

General

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost formula and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Finished products and work in progress

Finished products and work in progress are measured at manufacturing cost based on weighted averages and takes into account the production stage reached. Costs include an appropriate share of direct production overheads based on normal operating capacity.

Other inventories and spare parts

The cost of other inventories is based on weighted averages. Spare parts are valued at the lower of cost and net realizable value. Value reductions and usage of parts are charged to profit or loss. Spare parts that are acquired as part of an equipment purchase and only to be used in connection with this specific equipment are initially capitalized and depreciated as part of the equipment.

Returnable bottles are recorded within inventories. Deposits paid by customers are registered as other income. Once bottles are returned, a credit note is accounted to decrease other income.

4.8. Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, 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.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

All impairment losses are recognized in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGU are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

4.9. Employee benefits

No material employee benefits are identified. According to internal guidelines, some employees can use company cars, mobile phones and notebooks for their personal purposes. These benefits are duly taxed according to Czech regulations.

4.10. Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures to be expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as part of the net finance expenses.

Provisions consist mainly of surety and guarantees, litigation and claims.

4.11. Loans and borrowings

Loans and borrowings are recognized initially at fair value, net of transaction costs incurred.

Loans and borrowings for which the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date, are classified as long-term liabilities.

4.12. Revenue and other income

Revenues

Revenues from merchandise and own products in the ordinary course of business is measured at the fair value of the consideration received or receivable, net of sales tax, excise duties, returns, customer discounts and other sales-related discounts. Revenue from the sale of products is recognized in profit or loss when the amount of revenue can be measured reliably, the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, and there is no continuing management involvement with the products.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Revenues from services and other revenues are proceeds from rental income, pub management services and technical services to third parties, net of sales tax. Rental income, pub management, services and technical services are recognized in profit or loss when the services have been delivered.

Other income

Other income are revenues from sale of plant, property and equipment, intangible assets and (interests in) subsidiaries, net of sales tax. They are recognized in profit or loss when ownership has been transferred to the buyer.

4.13. Changes in inventory and assets in progress

Changes in inventory and assets in progress are capitalized costs of production for sale or capitalized costs of assets under construction for Company´s use.

4.14. Expenses

Operating lease payments

Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of the lease.

Finance lease payments

Minimum lease payments under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

4.15. Government grants

Government grants are recognized at their fair value when it is reasonably assured that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants relating to property, plant and equipment are deducted from the carrying amount of the asset.

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

4.16. Interest income, interest expenses and other net finance income and expenses

Interest income and expenses are recognized as they accrue in profit or loss, using the effective interest method unless collectability is in doubt.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Other net finance income and expenses are recognized in profit or loss.

Foreign currency gains and losses are reported on a net basis in the other net finance income and expenses.

4.17. Income tax

Current tax

Current tax is the expected income tax payable or receivable in respect of taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to income tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.18. Cash flow statement

The cash flow statement is prepared using the indirect method. Changes in balance sheet items that have not resulted in cash flows such as translation differences, fair value changes, equity-settled share-based payments and other non-cash items, have been eliminated for the purpose of preparing this statement.

5. Opening Statement of Financial Position as at 1 January 2011

	opening 2011 CZ GAAP	non-controllig interests	leasing	impairments	**opening 2011 IFRS**
Assets					
Property, plant & equipment	1 031 310	0	37 205	-69 220	999 295
Goodwill and other intangible assets	455 004	-28 544	0	0	426 460
Other investments and receivables	12 623	0	0	0	12 623
Deferred tax assets	6 582	0	0	12 481	19 063
Total non-current assets	**1 505 519**	**-28 544**	**37 205**	**-56 739**	**1 457 441**
Inventories	183 702	0	0	0	183 702
Trade and other receivables	362 064	0	0	0	362 064
Prepayments and accrued income	158 337	0	-3 009	0	155 328
Cash and cash equivalents	44 870	0	0	0	44 870
Total current assets	**748 973**	**0**	**-3 009**	**0**	**745 964**
Total assets	**2 254 492**	**-28 544**	**34 196**	**-56 739**	**2 203 405**
Equity					
Share capital	2 000	0	0	0	2 000
Reserves and other equity operations	2 638	-28 544	0	0	-25 906
Accumulated losses from prev. years	-160 238	0	8 086	-56 739	-208 891
Net Loss of the period	-111 106	0	0	0	-111 106
Equity attribuable to equity holders	**-266 706**	**-28 544**	**8 086**	**-56 739**	**-343 903**
Non-controlling interests	130 092	0	0	0	130 092
Total equity	**-136 614**	**-28 544**	**8 086**	**-56 739**	**-213 811**
Liabilities					
Loans and borrowings	1 336 590	0	24 213	0	1 360 803
Deferred tax liabilities	27 229	0	1 897	0	29 126
Other liabilities	1 835	0	0	0	1 835
Total non-current liabilities	**1 365 654**	**0**	**26 110**	**0**	**1 391 764**
Borrowings and overdrafts	115 175	0	0	0	115 175
Provisions	5 477	0	0	0	5 477
Trade and other payables	800 675	0	0	0	800 675
Tax liabilities	78 477	0	0	0	78 477
Accrued expenses	25 648	0	0	0	25 648
Total current liabilities	**1 025 452**	**0**	**0**	**0**	**1 025 452**
Total liabilities	**2 391 106**	**0**	**26 110**	**0**	**2 417 216**
Total equity and liabilities	**2 254 492**	**-28 544**	**34 196**	**-56 739**	**2 203 405**

Opening Statement of Financial Position as at 1 January 2011 was prepared in accordance with IFRS. Accounting policies were defined further to the gap analysis between current policies in CZ GAAP and requirements of IFRS. Necessary reclassifications and adjustments were made where appropriate.

The adjustments made involve the settlement in equity of differences arising from acquisitions of non-controlling interests from 10 February 2010 (not recognized as goodwill), recognized financial leases and

impairments made to property, plants and equipment further to the test of their value in use according to IFRS. In order to test the value in use, existing expert valuations were utilized.

As a result of the above mentioned adjustments, the overall equity as at 1 January 2011 decreases by CZK 77.197 thousands. The fairness of accounted value of assets and goodwill was tested using the comparison of the booked value of the ratio EV/EBITDA of the Company and market ratios EV/EBITDA of comparable companies in the stock market.

6. Reconciliations between CZ GAAP and IFRS

Adjustments to Consolidated Statements of Comprehensive Income

	CZ GAAP 2011	adjust 2011	IFRS 2011	CZ GAAP 2012	adjust 2012	IFRS 2012	CZ GAAP 2013	adjust 2013	IFRS 2013
Revenue	**1 059 810**	**0**	**1 059 810**	**1 156 718**	**0**	**1 156 718**	**1 159 135**	**0**	**1 159 135**
Other income	**93 860**	**0**	**93 860**	**51 383**	**0**	**51 383**	**159 168**	**0**	**159 168**
Changes in inventory and assets in progress	**76 305**	**0**	**76 305**	**61 923**	**0**	**61 923**	**103 354**	**0**	**103 354**
Raw materials, consumables and services	-701 262	10 999	-690 263	-724 198	8 125	-716 073	-790 962	8 139	-782 823
Personnel expenses	-292 146	0	-292 146	-277 875	0	-277 875	-284 875	0	-284 875
Taxes and fees	-5 842	0	-5 842	-4 868	0	-4 868	-4 853	0	-4 853
Amortization, depreciation and impairments	-222 938	-2 969	-225 907	-238 079	-2 969	-241 048	-189 707	-2 996	-192 703
Other operating costs	-76 032	0	-76 032	-30 321	0	-30 321	-115 638	0	-115 638
Total expenses	**-1 298 220**	**8 030**	**-1 290 190**	**-1 275 341**	**5 156**	**-1 270 186**	**-1 386 035**	**5 143**	**-1 380 892**
Results from operating activities	**-68 245**	**8 030**	**-60 215**	**-5 317**	**5 156**	**-162**	**35 622**	**5 143**	**40 765**
Interest income	10 278	0	10 278	11 637	0	11 637	13 122	0	13 122
Interest expenses	-89 864	0	-89 864	-51 531	0	-51 531	-105 820	0	-105 820
Other finance income/(expenses)	820	-1 283	-464	-1 717	-811	-2 528	-2 298	-448	-2 746
Net finance expenses	**-78 766**	**-1 283**	**-80 050**	**-41 611**	**-811**	**-42 422**	**-94 996**	**-448**	**-95 444**
Loss before income tax	**-147 011**	**6 746**	**-140 264**	**-46 928**	**4 345**	**-42 585**	**-59 374**	**4 694**	**-54 680**
Income tax expense	-7 544	-1 196	-8 740	-11 493	-740	-12 232	-14 234	-806	-15 040
Loss of current accounting period	**-154 555**	**5 551**	**-149 005**	**-58 421**	**3 605**	**-54 817**	**-73 608**	**3 888**	**-69 720**
Profit attribuable to non-controlling interests	6 313	0	6 313	7 909	0	7 909	4 061	0	4 061
Net loss of the period (attribuable to equity holders)	**-160 868**	**5 551**	**-155 318**	**-66 330**	**3 605**	**-62 726**	**-77 669**	**3 888**	**-73 781**

Adjustments arising from financial leases generally improve yearly key performance indicators (results from operating activities and net result of the period), given positive differences between the terms of leasing and the terms of economic use of leased assets. Other adjustments do not significantly affect the key performance indicators.

Adjustments to Consolidated Statements of Financial Position

	CZ GAAP 2011	adjust 2011	IFRS 2011	CZ GAAP 2012	adjust 2012	IFRS 2012	CZ GAAP 2013	adjust 2013	IFRS 2013
Assets									
Property, plant & equipment	986 183	-34 984	951 200	944 487	-37 953	906 534	977 385	-39 774	937 611
Goodwill and other intangible assets	415 001	-26 959	388 042	363 637	-25 373	338 264	515 169	-213 864	301 305
Other investments and receivables	20 413	0	20 413	70 399	0	70 399	69 305	0	69 305
Deferred tax assets	8 293	12 236	20 529	7 628	11 991	19 619	747	11 746	12 493
Total non-current assets	**1 429 890**	**-49 707**	**1 380 183**	**1 386 151**	**-51 335**	**1 334 816**	**1 562 606**	**-241 892**	**1 320 714**
Inventories	181 694	0	181 694	174 444	0	174 444	184 781	0	184 781
Trade and other receivables	338 754	0	338 754	311 349	0	311 349	378 386	0	378 386
Prepayments and accrued income	117 120	-1 885	115 234	94 539	-1 094	93 446	84 985	-345	84 640
Cash and cash equivalents	46 683	0	46 683	57 875	0	57 875	44 122	0	44 122
Total current assets	**684 250**	**-1 885**	**682 365**	**638 208**	**-1 094**	**637 114**	**692 274**	**-345**	**691 929**
Total assets	**2 114 140**	**-51 592**	**2 062 548**	**2 024 359**	**-52 428**	**1 971 930**	**2 254 880**	**-242 237**	**2 012 643**
Equity									
Share capital	2 000	0	2 000	2 000	0	2 000	2 000	0	2 000
Reserves and other equity operations	4 807	-26 959	-22 152	7 237	-25 373	-18 136	9 577	-213 864	-204 287
Accumulated losses from prev. years	-273 378	-48 653	-322 031	-438 244	-43 103	-481 347	-511 120	-39 498	-550 618
Net Loss of the period	-160 868	5 551	-155 318	-66 330	3 605	-62 726	-77 669	3 888	-73 781
Equity attribuable to equity holders	**-427 438**	**-70 062**	**-497 501**	**-495 338**	**-64 871**	**-560 209**	**-577 212**	**-249 474**	**-826 686**
Non-controlling interests	112 953	0	112 953	120 861	0	120 861	67 103	0	67 103
Total equity	**-314 485**	**-70 062**	**-384 548**	**-374 477**	**-64 871**	**-439 348**	**-510 109**	**-249 474**	**-759 583**
Liabilities									
Loans and borrowings	1 447 040	15 622	1 462 662	1 866 641	9 100	1 875 741	1 801 689	3 333	1 805 022
Deferred tax liabilities	29 532	2 848	32 380	29 984	3 343	33 327	30 379	3 904	34 283
Other liabilities	6 730	0	6 730	1 792	0	1 793	1 792	0	1 792
Total non-current liabilities	**1 483 302**	**18 470**	**1 501 772**	**1 898 418**	**12 443**	**1 910 861**	**1 833 860**	**7 237**	**1 841 097**
Borrowings and overdrafts	118 934	0	118 934	154 689	0	154 688	288 818	0	288 818
Provisions	15 719	0	15 719	11 972	0	11 973	14 555	0	14 555
Trade and other payables	753 841	0	753 841	228 819	0	228 819	551 960	0	551 960
Tax liabilities	51 450	0	51 450	102 073	0	102 073	75 399	0	75 399
Accrued expenses	5 378	0	5 378	2 864	0	2 864	397	0	397
Total current liabilities	**945 323**	**0**	**945 323**	**500 418**	**0**	**500 417**	**931 129**	**0**	**931 129**
Total liabilities	**2 428 625**	**18 470**	**2 447 095**	**2 398 836**	**12 443**	**2 411 278**	**2 764 989**	**7 237**	**2 772 226**
Total equity and liabilities	**2 114 140**	**-51 592**	**2 062 548**	**2 024 359**	**-52 428**	**1 971 930**	**2 254 880**	**-242 237**	**2 012 643**

Adjustments to property, plant and equipment arise on one hand from impairment losses recognized, on the other hand form recognized financial leases (see also the part 5. Opening Statement of Financial Position as at 1 January 2011).

Goodwill and other intangible assets are adjusted due to settlement in equity of differences arising from acquisitions of non-controlling interests. The significant increase of this adjustment in 2013 arises from the settlement of the acquisition of non-controlling interest in the brewery Vysoký Chlumec.

Adjustments to deffered tax are due to above mentioned impairment losses and settlements recognized according to IFRS.

Prepayments and accrued incomes linked to financial leases are neutralized while loans and borrowings are increased as a result of recalculation of the overall debt from financial leases.

Deffered tax liabilities are due to recognition of financial leases resulting from difference between the contractual terms of leases and the real economic useful lives of respective of leased assets.

The adjustments made to equity reflect the abovementioned operations, i.e. impairment losses, equity operations due to settlement of non-controlling interests and differences from financial leases.

7. Explanatory notes to Statement of Comprehensive Income

7.1. Revenue

The overall revenues continued to slightly increase compared to past 2 years, in spite of the general decrease in the market. As for sales of beer, the growth is driven by bottled beer and multipacks, thanks also to the development of cooperation with the chain Lidl. Thanks to the efficient strategy of differentiation and emphasizing of local brands, the sales of the keg beer remained almost stable in the past 3 years, in spite of significant decrease registered by big players[1] in this segment. The sales of the soft drinks decreased slightly, while retail sales of spirits (obtained as waste in production of alcohol free beer) was cancelled due to newly adopted restrictions in legislation (i.e. spirits are only sold very marginally in the wholesale market to specialized producers and distributors of spirits).

Evolution of sales per segment (in thousands of CZK)

segment	2011	2012	2013
beer off-trade	252 597	308 657	329 907
beer on-trade	720 701	751 184	746 034
beer total	**973 298**	**1 059 841**	**1 075 942**
spirits	1 252	831	58
soft drinks	37 797	38 484	32 311
malt and others	47 463	57 562	50 824
others total	**86 512**	**96 877**	**83 193**
TOTAL	**1 059 810**	**1 156 718**	**1 159 135**

7.2. Other income

The Issuer continually optimizes his asset structure in line with the adopted strategy and market developments. As a result, significant sales of non-current assets were undertaken in the past 3 years. In 2013, useless kegs were sold for CZK 57 million. This item includes also a settlement arising from internal cession of receivable for CZK 96 million which is compensated for the same amount in other operating costs. Other income is also affected by the recurrent sales of the returnable bottles to retail chains.

Split of other income (in thousands of CZK)

period	2011	2012	2013
Revenues from sale of fixed assets and materials	37 545	45 418	57 007
Other operating revenues	56 211	5 895	101 905
Extraordinary revenues	104	70	256
TOTAL	**93 860**	**51 383**	**159 168**

[1] source ČSPS a PLG

7.3. Changes in inventory and assets in progress

Changes in inventories (for around CZK 32 million in 2013) involve generally semi-finished products registered along the process of the production of the beer. The inventories are accrued at calculated average annual costs. There was a significant increase in semi-finished products in 2013 compared to 2012 (amounting to CZK 37 million), due to preparations for key campaigns in retail chains in the beginning of 2014.

Changes in assets in progress (for around CZK 71,5 million in 2013) are mostly tapping technologies implemented in partner restaurants. These technologies enter into the non-current assets and are depreciated along their useful lives.

Split of changes in inventory and assets in progress (in thousands of CZK)

period	2011	2012	2013
Changes in inventory of own products	8 099	-5 135	31 838
Capitalisation of assets in progress	68 206	67 058	71 516
TOTAL	**76 305**	**61 923**	**103 354**

7.4. Raw materials, consumables and services

These yearly costs include mostly raw materials for production of beer, such as malt (for CZK 130-150 million), hops (for around CZK 30 million), packaging material (for more than CZK 60 million). Other material costs include cleaning material, additives and others.

As for services, the most significant item is represented by transport costs (for around CZK 100 million), followed by costs of energy (mostly gas and electricity for more than CZK 90 million). Waste water costs represent substantial item (around CZK 10 million) while the costs of water consumption (around CZK 8 million) are positively impacted by holding of its own wells in several places.

Services also include maintenance costs of property and equipment (for more than CZK 30 million), car rentals (for around CZK 19 million), buildings and stores (for around CZK 10 million). The most significant marketing costs are represented by fees paid to chains, such as marketing bonuses, placement of products, etc. (for around CZK 12 million).

The structure of costs of raw materials, consumables and services doesn´t change significantly from year to year. Yearly amounts depend mostly on the volume of sales.

Split of changes in raw materials, consumables and services (in thousands of CZK)

period	2011	2012	2013
Material and energy consumption	-408 648	-423 013	-480 811
Services	-281 615	-293 060	-302 012
TOTAL	**-690 263**	**-716 073**	**-782 823**

7.5. Personnel expenses

In 2013, the cost of personnel increased compared to 2012, namely because of putting into place of own transport capacities. These increased costs are offset by the decrease in outsourced transport services. At the same time, direct personnel costs continue to increase notably due to increased usage of cardboards in distribution to retail chains.

The overall personnel expenses decreased significantly in 2012 compared to 2011, due to completion of the administrative centralization of the Group.

Split of personnel expenses (in thousands of CZK)

period	2011	2012	2013
Wages and salaries	-217 864	-207 416	-212 752
Social security expenses and health insurance	-73 882	-69 895	-71 591
Social expenses	-400	-564	-532
TOTAL	**-292 146**	**-277 875**	**-284 875**

7.6. Taxes and fees

These costs are represented by indirect taxes and fees to Authorities.

7.7. Amortization, depreciation and impairments

In 2013, amortization, depreciation concerned notably equipment (for around CZK 40 million), buildings and structures (for around CZK 16 million), tapping technologies and other items easing distribution (for around CZK 46 million), packaging material (for around CZK 25 million), intangible assets and goodwill (for around CZK 45 million), vehicles (for around CZK 3 million), leased assets (for around CZK 5 million) and others.

The structure and the amount of these costs do not differ significantly in years 2011 and 2012 compared to 2013.

Residual values of materiel and impairments for bad debts sold also appear in this line (see the schedule hereunder).

Split of amortization, depreciation and impairments (in thousands of CZK)

period	2011	2012	2013
Depreciations and amortizations	-184 715	-184 233	-185 062
Changes in impairments	4 443	-8 439	13 885
Net book value of assets and materials sold	-45 636	-48 376	-21 526
TOTAL	**-225 907**	**-241 048**	**-192 703**

7.8. Other operating costs

These costs involve residual values of claimed trade receivables sold and disposals of unused inventories. The unusually high amount in 2013 was affected by the settlement arising from internal cession of receivable for CZK 96 million, which is compensated for the same amount in other income.

Split of other operating costs (in thousands of CZK)

period	**2011**	**2012**	**2013**
Other operating costs	-76 032	-30 321	-104 074
Extraordinary expenses	0	0	-11 564
TOTAL	**-76 032**	**-30 321**	**-115 638**

7.9. Interest income

These incomes arise from interest bearing trade receivables with customers.

7.10. Interest expense

Interest expense involves notably interest paid on loans from shareholders (for CZK 85,5 million in 2013). Remaining interest expense concerns interests paid on bank loans and other 3rd parties. Lowered interest expense in 2012 is due to not paying interest to one of the major shareholders (this giving up amounting to CZK 65 million) .

7.11. Other finance income/(expense)

This expense involves insurance costs, bank fees and minor exchange rate impacts.

7.12. Income tax expense

The current income tax in 2013 amounts to CZK 12 million. The remaining booked amount corresponds to deferred tax.

8. Explanatory notes to Statement of Financial Position

8.1. Property, plant &equipment

PLG continuously invests into Property, plant & equipment in order to meet the demanding criteria of quality standards. In accordance with IFRS, these items include also leased assets.

In 2013, major investments were carried out, benefiting significantly from the possibility to draw EU subsidies. The possibility to draw subsidies changes in time and depends on current government policy and EU programs. These investments led to increased booked value of assets as at the closing date.

Split of booked Property, plant & equipment (in thousands of CZK)

	2011 Brutto	*correction*	**2011 Netto**	**2012 Brutto**	*correction*	**2012 Netto**	**2013 Brutto**	*correction*	**2013 Netto**
Land	12 421	0	12 421	13 613	0	13 613	13 930	0	13 930
Structures	603 987	-274 814	329 173	616 386	-287 694	328 692	646 492	-300 871	345 621
Equipment	1 164 163	-621 028	543 135	1 212 329	-710 927	501 402	1 302 388	-779 787	522 601
Perennial crops	6	-6	0	0	0	0	0	0	0
Tangible fixed assets in progress	21 901	0	21 901	18 005	0	18 005	13 508	0	13 508
Advance payments for assets	6 633	0	6 633	10 067	0	10 067	10 378	0	10 378
Adjustment to acquired assets (+/-)	49 824	-11 887	37 937	49 823	-15 068	34 755	49 823	-18 249	31 574
Property, plant & equipment	**1 858 935**	**-907 735**	**951 200**	**1 920 223**	**-1 013 689**	**906 534**	**2 036 519**	**-1 098 908**	**937 611**

8.2. Goodwill and other intangible assets

Goodwill arises on acquisition of controlling interests in subsidiaries and is subject to impairments. Other intangible assets include valuable rights, software and others.

Split of booked goodwill and other intangible assets (in thousands of CZK)

	2011 Brutto	*correction*	**2011 Netto**	**2012 Brutto**	*correction*	**2012 Netto**	**2013 Brutto**	*correction*	**2013 Netto**
Software	6 360	-2 351	4 009	8 329	-3 677	4 652	9 272	-4 689	4 583
Valuable rights	84 412	-69 064	15 348	47 693	-33 856	13 837	48 066	-36 745	11 321
Goodwill (+/-)	449 507	-83 064	366 443	437 107	-119 340	317 767	437 107	-155 615	281 492
Intangible fixed assets in progress	2 242	0	2 242	2 008	0	2 008	3 909	0	3 909
Goodwill and other intangible assets	**542 522**	**-154 480**	**388 042**	**495 137**	**-156 873**	**338 264**	**498 354**	**-197 049**	**301 305**

8.3. Other investments and receivables

Other investments and receivables include indisputable rights to EU subsidies (for around CZK 35 million), interest bearing loans to customers and partners (for around CZK 30 million) and other prepayments.

Split of other investments and receivables (in thousands of CZK)

	2011 Brutto	*correction*	**2011 Netto**	**2012 Brutto**	*correction*	**2012 Netto**	**2013 Brutto**	*correction*	**2013 Netto**
Other securities and interests	1 004	-36	968	1 004	-36	968	1 004	0	1 004
Receivables - controlling corp.	0	0	0	63 135	0	63 135	0	0	0
Receivables - major influence	295	0	295	-63 135	0	-63 135	0	0	0
Long-term advance payments	1 965	0	1 965	1 515	0	1 515	3 017	0	3 017
Other receivables	17 186	0	17 186	67 916	0	67 916	65 284	0	65 284
Other investments and receivables	**20 449**	**-36**	**20 413**	**70 435**	**-36**	**70 399**	**69 305**	**0**	**69 305**

8.4. Deferred tax assets

Deferred tax assets are booked on basis of identified temporary differences between applicable tax bases and real economic results of each individual company of the Group. A deferred tax asset is only accrued when its recoverability is not in doubt because of poor performance.

8.5. Inventories

Inventories as at the end of 2013 include products and goods for sale (for around CZK 44 million), semi-finished products (for around CZK 39 million), raw materials and packaging materials (for around CZK 46 million), tapping technologies + promotional items (for around CZK 35 million), returnable bottles (for around CZK 20 million).

Split of inventories (in thousands of CZK)

	2011 Brutto	*correction*	**2011 Netto**	**2012 Brutto**	*correction*	**2012 Netto**	**2013 Brutto**	*correction*	**2013 Netto**
Material	107 484	-2 729	104 755	108 775	-2 910	105 865	104 599	-2 993	101 606
Work in progress and semi-products	40 651	0	40 651	32 456	0	32 456	38 715	0	38 715
Products	19 361	0	19 361	17 429	0	17 429	41 417	0	41 417
Goods	16 927	0	16 927	18 694	0	18 694	3 043	0	3 043
Inventories	**184 422**	**-2 729**	**181 694**	**177 354**	**-2 910**	**174 444**	**187 774**	**-2 993**	**184 781**

8.6. Trade and other receivables

Trade and other receivables as at the end of 2013 include trade receivables (for around CZK 125 million), advance payments for packaging material (for around CZK 74 million), receivables with authorities (for around CZK 17 million), ceded receivables (for around CZK 52 million) and other, historical trade receivables (for around CZK 110 million), which were booked on basis of agreements undersigned or on basis of irrevocable decisions of courts. The settlement of the last mentioned receivables is not at risk.

Split of trade and other receivables (in thousands of CZK)

	2011 Brutto	*correction*	**2011 Netto**	**2012 Brutto**	*correction*	**2012 Netto**	**2013 Brutto**	*correction*	**2013 Netto**
Trade receivables	167 559	-40 175	127 384	177 549	-35 140	142 409	164 820	-40 068	124 752
Receivables - controlling corp.	8 809	0	8 809	0	0	0	0	0	0
State - tax receivables	35 831	0	35 831	9 575	0	9 575	16 834	0	16 834
Short-term advance payments paid	8 947	0	8 947	13 852	-927	12 925	74 650	-762	73 888
Estimated accounts - assets	2 346	0	2 346	6 198	0	6 198	7 814	0	7 814
Other receivables	155 438	0	155 438	152 145	-11 903	140 242	156 057	-959	155 098
Trade and other receivables	**378 929**	**-40 175**	**338 754**	**359 319**	**-47 970**	**311 349**	**420 175**	**-41 789**	**378 386**

Aging of trade receivables as at 31 December 2013 (in thousands of CZK)

before due date	77 252
0-30	23 492
31-90	10 061
91-180	8 659
181-360	4 343
over 360	41 013
impairments	-40 068
	124 752

8.7. Prepayments and accrued income

This item comprises prepayments made to partner restaurants being amortized over usually 5 years´ contracts, according to fulfillment of sales criteria. Prepayments are settled each year and must be paid back to the issuer for its totality in case agreed volumes of sales are not met.

Split of prepayments and accrued income (in thousands of CZK)

	2011 Brutto	*correction*	**2011 Netto**	**2012 Brutto**	*correction*	**2012 Netto**	**2013 Brutto**	*correction*	**2013 Netto**
Deferred costs	115 086	0	115 086	92 942	0	92 942	84 411	0	84 411
Complex deferred costs	0	0	0	0	0	0	0	0	0
Accrued income	149	0	149	504	0	504	229	0	229
Prepayments and accrued income	**115 234**	**0**	**115 234**	**93 446**	**0**	**93 446**	**84 640**	**0**	**84 640**

8.8. Cash and cash equivalents

This item represents consolidated situation of the issuer at the end of the year. Cash situation generally tends to improve by the end of the year due to slowed activity and doesn´t show the general picture of the yearly periods.

Split of cash and cash equivalents (in thousands of CZK)

	2011 Brutto	*correction*	2011 Netto	2012 Brutto	*correction*	2012 Netto	2013 Brutto	*correction*	2013 Netto
Cash	14 638	0	14 638	15 035	0	15 035	8 358	0	8 358
Bank accounts	32 045	0	32 045	42 840	0	42 840	35 764	0	35 764
Cash and cash equivalents	**46 683**	**0**	**46 683**	**57 875**	**0**	**57 875**	**44 122**	**0**	**44 122**

8.9. Borrowings and overdrafts

This item represents short-term facilities provided by banks. The bank facilities are provided to company at the arm´s length and are subject to pledges and collaterals provided by the company.

Split of borrowings and overdrafts (in thousands of CZK)

period	2011	2012	2013
Short-term bank loans	63 491	107 055	267 461
Short-term bank accommodations	55 443	47 633	21 357
TOTAL	**118 934**	**154 688**	**288 818**

8.10. Provisions

This item includes as at the end of 2013 a provision for due income tax (for around CZK 11 million) and provision for statistically recurrent steals in stores (for around CZK 4 million).

Split of provisions (in thousands of CZK)

period	2011	2012	2013
Income tax provision	8 243	2 295	10 886
Other provisions	7 477	9 677	3 669
TOTAL	**15 719**	**11 973**	**14 555**

8.11. Trade and other payables

This item includes as at the end of 2013 trade payables (for around CZK 112 million), advance payments received for lent packaging material (for around CZK 142 million), liabilities to employees (for around CZK 13 million), liability for non-controlling interests (50%) in the company Vysoký Chlumec (for around CZK 275 million) and others (for around CZK 8 million). Suppliers´ invoices are generally due within 30 days.

Significant increase in trade and other liabilities is due to the above mentioned purchase of non-controlling interests in the subsidiary Vysoký Chlumec. The issuer increased its share in this company from 50% to 100%.

Split of trade and other payables (in thousands of CZK)

period	2011	2012	2013
Trade liabilities	93 167	86 381	112 041
Liabilities to partners	447	447	447

Liabilities to employees	14 076	13 393	13 492
Short-term advance payments received	76 359	85 984	141 879
Estimated accounts - liabilities	8 888	14 216	8 324
Other liabilities	560 905	28 399	275 777
TOTAL	**753 841**	**228 819**	**551 960**

8.12.Tax liabilities

This item recurrently includes liabilities linked to excise duties and VAT.

Split of tax liabilities (in thousands of CZK)

period	**2011**	**2012**	**2013**
Liabilities under social security and health insurance	8 891	7 470	7 567
State – tax liabilities and grants	42 559	94 603	67 832
TOTAL	**51 450**	**102 073**	**75 399**

8.13.Accrued expenses

This item includes expenses whose timing or amount is uncertain by virtue of the fact that an invoice has not yet been received.

8.14.Loans and borrowings (non-current)

Non-current loans and borrowings consist for their majority of long-term shareholders´ loans. These loans and borrowings are provided at the arm´s length.

Long-term bank loans are provided to company at the arm´s length and are subject to pledges and collaterals provided by the company.

Split of loans and borrowings (in thousands of CZK)

period	**2011**	**2012**	**2013**
Long-term bank loans	367 467	264 574	259 925
Long-term shareholders´ loans	1 041 149	1 563 293	1 486 500
Long-term liabilities from financial leases	15 622	9 100	3 333
Other long-term facilities	38 424	38 775	55 264
TOTAL	**1 462 662**	**1 875 741**	**1 805 022**

8.15.Deferred tax liabilities

Deferred tax liabilities are booked on basis of identified temporary differences between applicable tax bases and real economic results of each individual company of the Group. A deferred tax liability is accrued in any case.

8.16. Other liabilities

This item recurrently includes long-term advance payments received.

8.17. Equity

Total equity as at the end of 2013 (CZK -760 million) splits into the equity attributable to equity holders of the issuer (CZK -827 million) and the equity attributable to minority interests (CZK 67 million). The overall negative equity is namely due to accumulated losses (CZK -624 million including year 2013) and to changes in reserves and other equity operations (CZK -186 million). The last mentioned change arises from the acquisition of non controlling interests in the company Vysoký Chlumec, reflecting the difference between the value of the share purchased and its purchase price.

The share capital splits into 12.500 shares issued and fully paid, with their nominal value of CZK 160 per one share.

So far, there were no other contributions by owners in their capacity as owners to equity. At the same time, there were no distributions to owners in their capacity as owners.

9. Explanatory notes to Consolidated Statement of Cash Flows

Given the positive recurrent EBITDA, the company is steadily able to pay due interests and generate cash for new investments. However, the purchase of non-controlling shares in the company Vysoký Chlumec in 2013 required extra financial resources. These were provided by one of the shareholders who increased his exposure in the enterprise. The financial facility provided by this shareholder is reflected in the change of trade payables and accrued expenses in 2013 compared to 2012.

10. Legal and arbitration proceedings

The issuer has a centralized system of management of its legal and arbitration proceedings managed by an external law office. The major part of its agenda consists in dealing with trade receivables, i.e. with cases where the issuer is the claiming party. There are altogether around 700 active files at different levels of legal proceedings. The probability and the amounts expected to be recovered are assessed regularly and impairments are made in the accounts if appropriate.

The most important current legal proceeding with the company Bayerische Flaschen-Glashüttenwerke Wiegand & Söhne GmbH & Co. KG concerns delivery of defective glass bottles. The claimed amount reaches 3.939 thousands of CZK.

There is only one legal proceeding where a third party is complainant with the issuer. This proceeding concerns an amount of 211 thousands of CZK due to disputed quality of marketing services.

For detailed information about the legal and arbitration proceedings, refer to the part 5.20 (c) of the Prospectus.

11. Final information

Financial statements in accordance with IFRSs covering yearly periods from 1 January 2011 through 31 December 2013 were prepared as restatement and adjustment of audited consolidated financial statements in accordance with CZ GAAP. We therefore refer to web pages of the Czech Trade Register, where these reports, which represent the key part of the underlying information, can be found in the Czech language:

https://or.justice.cz/ias/ui/vypis-sl?subjektId=isor%3a100021761&klic=6rn27f

Prague, 18. 4. 2014

……..
JUDr. Zdeněk Radil
Statutory body

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Independent auditor`s report on the consolidated financial statements prepared under IFRS accounting regulations of the company Pivovary Lobkowicz Group, a.s. as at 31 December 2011, 31 December 2012 and 31 December 2013

APOGEO Audit, s.r.o.
Koněvova 2660/141
CZ 130 83 Praha 3

Number of pages: 3

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INDEPENDENT AUDITOR`S REPORT

on the financial statements prepared under IFRS accounting regulations of the company Pivovary Lobkowicz Group, a.s. as at 31 December 2011, 31 December 2012 and 31 December 2013

Registered office: Praha 4, Hvězdova 1716/2b, PSČ 140 78
Identification number: 27258611

We have audited the accompanying consolidated financial statements of Pivovary Lobkowicz Group, a.s. and its subsidiaries which comprise the consolidated opening concolidated statement of financial position as of 1 January 2011, the consolidated statements of financial position as of 31 December 2011, 31 December 2012 and 31 December 2013, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for years then ended as at 31 December 2011, 31 December 2012 and 31 December 2013, and a summary of significant accounting policies and other explanatory notes.

Statutory Body's Responsibility for the Consolidated Financial Statements

The statutory body of Pivovary Lobkowicz Group, a.s. is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by the Chamber of Auditors of the Czech Republic. Those laws and regulations require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Opinion

In our opinion, the restatements and adjustments to consolidated financial statements give a true and fair view of the financial position of Pivovary Lobkowicz Group, a.s. and its subsidiaries as of 31 December 2011, 31 December 2012 and 31 December 2013 and of its financial performance and its cash flows for the respective years then ended in accordance with International Financial Reporting Standards.

Other information

First financial statements in accordance with IFRSs covering above metionned periods were prepared by the statutory body of Pivovary Lobkowicz Group, a.s. as restatements and adjustments of audited consolidated financial statements in accordance with CZ GAAP. Therefore, our audit and its accuracy relied on consolidated audited reports in accordance with CZ GAAP and necessary complementary information provided by the statutory body of Pivovary Lobkowicz Group, a.s.

Prague, 18 April 2014

Audit firm:
APOGEO Audit, s.r.o.
Koněvova 2660/141, Praha 3
Certificate number of the audit firm 451

Auditor:
Ing. František Novák
Certificate number of the auditor 1043

ISSUER

Pivovary Lobkowicz Group, a.s.

LEGAL ADVISOR TO THE ISSUER

HSP & Partners advokátní kancelář v.o.s.

LEAD MANAGER AND SOLE BOOKRUNNER

Erste Group Bank AG

LEGAL ADVISOR TO THE LEAD MANAGER AND SOLE BOOKRUNNER AS TO CZECH LAW

Havel, Holásek & Partners s.r.o., advokátní kancelář

LEGAL ADVISOR TO THE LEAD MANAGER AND SOLE BOOKRUNNER AS TO AUSTRIAN LAW

Baker & McKenzie Diwok Hermann Petsche Rechtsanwälte GmbH

DOMESTIC LEAD MANAGER

Česká spořitelna, a.s.

AUDITORS TO THE ISSUER

APOGEO Audit, s.r.o.

Finaudit Třinec, s.r.o.

HM Group s.r.o.