

KOFOLA S.A. Group

Independent Registered Auditor's Opinion

Consolidated Financial Statements

Director's Report

Registered Auditor's Report on the audit of the consolidated financial statements

For the year from 1 January to 31 December 2013

Content:

Independent Registered Auditor's Opinion

prepared by PricewaterhouseCoopers Sp. z o.o.

Consolidated Financial Statements

prepared by KOFOLA S.A. Group

Directors' Report

prepared by Management Board of KOFOLA S.A.

Registered Auditor's Report on the audit of the consolidated financial statements

prepared by PricewaterhouseCoopers Sp. z o.o.

Note:

Our report has been prepared in Polish language and in English language. In all matters of interpretation of information, views or opinions, the Polish language version of our report takes precedence over the English language version.



Independent Registered Auditor's Opinion

To the General Shareholders' Meeting and the Supervisory Board of KOFOLA S.A.

We have audited the accompanying consolidated financial statements of the KOFOLA S.A. Group (hereinafter called "the Group"), having KOFOLA S.A., 5 Wschodnia Street, Kutno, as its parent company (hereinafter called "the Parent Company"), which comprise the consolidated statement of financial position as at 31 December 2013, showing total assets and total equity and liabilities of PLN 894,425 thousand, the consolidated income statement for the year from 1 January to 31 December 2013, showing a net loss of PLN 123,699 thousand, the consolidated statement of comprehensive income for the period from 1 January to 31 December 2013, showing a negative total comprehensive income of PLN 126,302 thousand, the consolidated statement of changes in equity, the consolidated statement of cash flows for the financial year and additional information on adopted accounting policies and other explanatory notes.

The Parent Company's Management Board is responsible for preparing the consolidated financial statements and Group Directors' Report in accordance with the applicable regulations, and for the correctness of the accounting records. Members of the Management Board and Members of the Supervisory Board of the Parent Company are obliged to ensure that the consolidated financial statements and the Group Director's Report comply with the requirements of the Accounting Act of 29 September 1994 ("the Accounting Act" – Journal of Laws of 2013, item 330 as amended).

Our responsibility was to perform an audit of the accompanying consolidated financial statements and to express an opinion on whether the consolidated financial statements comply, in all material respects, with the applicable accounting policies and whether they present, in all material respects, a true and clear view of the Group's financial position and results.

We conducted our audit in accordance with:

- a. the provisions of Chapter 7 of the Accounting Act;
- b. national standards of auditing issued by the National Council of Registered Auditors.

Note:

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Independent Registered Auditor's Opinion

To the General Shareholder's Meeting and the Supervisory Board of KOFOLA S.A. (cont.)

Our audit was planned and performed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatements and omissions. The audit included examining, on a test basis, accounting documents and entries supporting the amounts and disclosures in the consolidated financial statements. The audit also included assessing the Group's accounting policies and significant estimates made during the preparation of the consolidated financial statements, as well as evaluating the overall presentation thereof. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements, in all material respects:

- a. give a fair and clear view of the Group's financial position as at 31 December 2013 and of the results of its operations for the year from 1 January to 31 December 2013, in accordance with the International Financial Reporting Standards as adopted by the European Union;
- b. comply in terms of form and content with the applicable laws;
- c. have been prepared on the basis of properly maintained consolidation documentation.

The information contained in the Group Directors' Report for the year from 1 January to 31 December 2013 has been presented in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 concerning the publication of current and periodic information by issuers of securities and the conditions of acceptance as equal information required by the law of other state, which is not a member state (*"the Decree"* – Journal of Laws of 2014, item 133) and is consistent with the information presented in the audited consolidated financial statements.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:

Tomasz Reinfuss

Group Registered Auditor
Key Registered Auditor No. 90038

Warsaw, 20 March 2014

Note:

Our report has been prepared in Polish language and in English language. In all matters of interpretation of information, views or opinions, the Polish language version of our report takes precedence over the English language version

KOFOLA S.A. Group

**Registered auditor's report on the audit of the consolidated
financial statements
for the year from 1 January to 31 December 2013**



Note:

Our report has been prepared in Polish language and in English language. In all matters of interpretation of information, views or opinions, the Polish language version of our report takes precedence over the English language version

Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2013

To the General Shareholders' Meeting and the Supervisory Board of KOFOŁA S.A.

This report contains 12 pages and consists of:

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KOFOLA S.A. Group
Registered auditor's report on the audit of the consolidated financial
statements for the year from 1 January to 31 December 2013

I. General information about the Group

- a. KOFOLA S.A. ("the Parent Company") with its seat in Kutno, 5 Wschodnia Street is the parent company of the KOFOLA S.A. Group ("the Group").
- b. The Parent Company was formed on the basis of a Notarial Deed drawn up on 10 September 1997 at the Notary Public's Office of Janusz Rudnicki in Warsaw and registered with Rep. A No. 4588/97. On 15 October 2002, the Parent Company was entered in the Register of Businesses maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference number KRS 0000134518.
- c. The Parent Company was assigned a tax identification number (NIP) 527-00-08-818 for the purpose of making tax settlements and a REGON number 012771739 for statistical purposes.
- d. As at 31 December 2013 the Parent Company's share capital amounted to PLN 26,170 thousand and consisted of 26,170,003 shares, with a nominal value of PLN 1.00 each.
- e. As at 31 December 2013, the Parent Company's shareholders were:

Shareholder's name	Number of shares held	Par value of shares held (PLN)	Type of shares held	Votes (%)
KSM Investment S.A.	13,395,373	13,395,373	ordinary	51.19
CED GROUP S. a.r.l.	11,283,153	11,283,153	ordinary	43.11
René Musila	687,709	687,709	ordinary	2.63
Tomáš Jendřejek	687,660	687,660	ordinary	2.63
Other	116,108	116,108	ordinary	0.44
	26,170,003	26,170,003		100.00

- f. As at 31 December 2012, the Parent Company's shareholders were:

Shareholder's name	Number of shares held	Par value of shares held (PLN)	Type of shares held	Votes (%)
KSM Investment S.A.	13,395,373	13,395,373	ordinary	51.18
CED GROUP S. a.r.l.	11,283,153	11,283,153	ordinary	43.11
René Musila	687,709	687,709	ordinary	2.63
Tomáš Jendřejek	687,660	687,660	ordinary	2.63
Other	118,707	118,707	ordinary	0.45
	26,172,602	26,172,602		100.00

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KOFOLA S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2013

I. General information about the Group (cont.)

- g. In the audited year, the Group's operations comprised production, marketing, logistics and sales of the drinks.
- h. The Parent Company is an issuer of securities admitted for trading on the Warsaw Stock Exchange and in accordance with the requirements of the Accounting Act, it has decided to prepare its consolidated financial statements in accordance with IFRS as adopted by the European Union.
- i. During the audited year, the Management Board of the Parent Company comprised:
- | | | | | |
|---|---------|-----------|-----------------------|---------------------|
| • | Janis | Samaras | Chairman of the Board | |
| • | Martin | Mateáš | Member of the Board | |
| • | René | Musila | Member of the Board | |
| • | Tomáš | Jendřejek | Member of the Board | |
| • | Daniel | Buryš | Member of the Board | from 25 June 2013 |
| • | Marian | Šefčovič | Member of the Board | from 25 June 2013 |
| • | Bartosz | Marczuk | Member of the Board | to 30 November 2013 |

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KOFOLA S.A. Group
Registered auditor's report on the audit of the consolidated financial statements
for the year from 1 January to 31 December 2013

I. General information about the Group (cont.)

j. As at 31 December 2013, the KOFOLA S.A. Group comprised the following entities:

Name	Nature of equity relationship (interest in %)	Consolidation method	Auditor of the financial statements	Type of opinion	Balance sheet date
KOFOLA S.A.	Parent Company	Not applicable	PricewaterhouseCoopers Sp. z o.o.	unqualified	31 December 2013
Kofola ČeskoSlovensko a.s.	Subsidiary (100%)	Full	PricewaterhouseCoopers Audit, s.r.o.	not issued yet	31 December 2013
Hoop Polska Sp. z o.o.	Subsidiary (100%)	Full	PricewaterhouseCoopers Sp. z o.o.	not issued yet	31 December 2013
Kofola a.s.	Subsidiary (100%)	Full	PricewaterhouseCoopers Audit, s.r.o.	not issued yet	31 December 2013
Kofola a.s.	Subsidiary (100%)	Full	PricewaterhouseCoopers Slovensko, s.r.o.	not issued yet	31 December 2013
Santa-Trans s.r.o.	Subsidiary (100%)	Full	Other auditor	-	31 December 2013
OOO Megapack	Associate (50%)	Equity method	Other auditor	-	31 December 2013
OOO Trading House Megapack	Associate (50%)	Equity method	Other auditor	-	31 December 2013
Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.	Subsidiary (100%)	Full	The Company was not subject to an audit	-	31 December 2013
PINELLI spol. s.r.o.	Subsidiary (100%)	Full	The Company was not subject to an audit	-	31 December 2013
UGO Trade s.r.o.	Subsidiary (75%)	Full	The Company was not subject to an audit	-	31 December 2013
UGO Juice s.r.o.	Subsidiary (75%)	Full	The Company was not subject to an audit	-	31 December 2013
STEEL INVEST Sp. z o.o.	Subsidiary (100%)	Full	The Company was not subject to an audit	-	31 December 2013
Alofok Ltd	Subsidiary (100%)	Full	The Company was not subject to an audit	-	31 December 2013

Note:

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KOFOLA S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2013

II. Information about the audit

- a. The audit of the consolidated financial statements as at and for the year from 1 January to 31 December 2013 was conducted by PricewaterhouseCoopers Sp. z o.o. with its seat in Warsaw, Al. Armii Ludowej 14, registered audit company no. 144. The audit was conducted on behalf of the registered audit company under the supervision of the key registered auditor, the Group's registered auditor Tomasz Reinfuss (no. 90038).
- b. PricewaterhouseCoopers Sp. z o.o. was appointed registered auditor to the Parent Company by Resolution No. 2 of the Supervisory Board of KOFOLA S.A. dated 15 March 2013 in accordance with paragraph 18.8.(p) of the Parent Company's Memorandum of Association.
- c. PricewaterhouseCoopers Sp. z o.o. and the key registered auditor conducting the audit are independent of the entities belonging to the Group within the meaning of art. 56, clauses 2-4 of the Act dated 7 May 2009 on registered auditors and their self-government, registered audit companies and on public supervision (Journal of Laws No. 77, item 649, as amended).
- d. The audit was conducted in accordance with an agreement dated 30 May 2012, in the following periods:
 - interim audit from 25 November 2013 to 2 December 2013;
 - final audit from 20 January 2014 to 20 March 2014.

Note:

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III. The Group's results, financial position and significant items of the consolidated financial statements**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2013 (selected lines)**

	31.12.2013 PLN '000	31.12.2012 PLN '000	Change		Structure	
			PLN '000	(%)	31.12.2013 (%)	31.12.2012 (%)
ASSETS						
Non-current assets	631,780	780,727	(148,947)	(19.1)	70.6	62.1
Current assets	262,645	477,367	(214,722)	(45.0)	29.4	37.9
Total assets	894,425	1,258,094	(363,669)	(28.9)	100.0	100.0
EQUITY AND LIABILITIES						
Share capital	26,170	26,173	(3)	-	2.9	2.1
Other reserves	562,053	561,085	968	0.2	62.8	44.6
Retained earnings	(201,422)	(50,727)	(150,695)	297.1	(22.5)	(4.0)
Non-controlling interests	752	498	254	51.0	0.1	-
Liabilities	506,872	721,065	(214,193)	(29.7)	56.7	57.3
Total liabilities and equity	894,425	1,258,094	(363,669)	(28.9)	100.0	100.0

**CONSOLIDATED INCOME STATEMENT
for the year from 1 January to 31 December 2013 (selected lines)**

	2013 PLN '000	2012 PLN '000	Change		Structure	
			PLN '000	(%)	2013 (%)	2012 (%)
Revenues	1,015,979	1,022,663	(6,684)	(0.7)	100.0	100.0
Costs of sales	(694,905)	(675,766)	(19,139)	2.8	(68.4)	(66.1)
Gross profit on sales	321,074	346,897	(25,823)	(7.4)	31.6	33.9
Net profit/(loss)	(123,699)	28,938	(152,637)	(527.5)	(12.2)	2.8

Note:

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III. The Company's results, financial position and significant items of the consolidated financial statement (cont.)**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year from 1 January to 31 December 2013 (selected lines)**

	2013		2012		Change		Structure	
	2013	2012	2013	2012	Change		2013	2012
	PLN '000	PLN '000	PLN '000	PLN '000	(%)		(%)	(%)
Net profit/(loss)	(123,699)	28,938	(152,637)		(527.5)		(12.2)	2.8
Other net comprehensive income	(2,603)	(17,734)	15,131		(85.3)		(0.2)	(1.7)
Total comprehensive income	(126,302)	11,204	(137,506)		(1,227.3)		(12.4)	1.1

Note:

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III. The Company's results, financial position and significant items of the consolidated financial statement (cont.)**Selected ratios characterizing the Group's financial position and results**

The following ratios characterise the Group's activities, results of operations during the year and its financial position as at the balance sheet date compared with previous year:

	2013	2012
Asset ratios		
- receivables turnover	45 days	61 days
- inventory turnover	49 days	61 days
Profitability ratios		
- net profit margin	(12)%	3%
- gross margin	5%	5%
- return on capital employed	(27)%	5%
Liability ratios		
- gearing	57%	57%
- payables turnover	67 days	105 days
	31.12.2013	31.12.2012
Liquidity ratios		
- current ratio	0,7	0,8
- quick ratio	0,5	0,6
Other ratios		
- effective tax rate	(36,51)%	25,02%

The above ratios have been calculated on the basis of the consolidated financial statements.

It was not the purpose of the audit to present the Group in the context of the results of operations and ratios achieved. A detailed interpretation of the ratios requires an in-depth analysis of the Group's operations and its circumstances.

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III. The Company's results, financial position and significant items of the consolidated financial statement (cont.)

The consolidated financial statements do not take into account the effects of inflation. The consumer price index (on a December to December basis) amounted to 0.7% in the audited year (2.4% in 2012).

The following comments are based on information obtained during the audit of the consolidated financial statements.

The factors described below had a significant impact on the Group's results of operations and on its financial position as at the balance sheet date:

- At the end of the financial year, the Group's total assets amounted to PLN 894,425 thousand. During the year balance sheet total decreased by PLN 363,669 thousand, i.e. by 28.9%. The decrease in balance sheet total was mainly due to a decrease in liabilities (by PLN 214,193 thousand) and loss incurred for the audited period (in amount of PLN 123,699 thousand).
- The gearing ratio remained at the same level compared to the previous year and amounted to 57%. The payables turnover ratio decreased from 105 days to 67 days, respectively.
- Revenue decreased by 0.7% compared with the previous year.
- Materials and energy used was the largest item of operating expenses and amounted to PLN 614,645 thousand in the audited year, which constituted 63.8% of operating expenses. Materials and energy used decreased by 0.5% compared with the previous year.
- Profitability measured with net profit was negative and amounted to 12%. In the previous year, the profitability measured with net profit amounted to 3%. The change in the profitability measured with net profit was primarily due to cost of impairment of goodwill and trademarks.
- The Group's liquidity has changed. Current and quick ratios amounted to 0.7 (2012: 0.8) and 0.5 (2012: 0.6) respectively.

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IV. The independent registered auditor's statements

- a. The Management Board of the Parent Company provided all the information, explanations, and representations required by us in the course of the audit and provided us with a representation letter confirming the completeness of the information included in the accounting records and the disclosure of all contingent liabilities and post balance-sheet events which occurred up to the date on which that letter was signed.
- b. The scope of the audit was not limited.
- c. The Group has up-to-date documentation of its accounting policies, approved by the Parent Company's Management Board. The Parent Company's accounting policies were tailored to the Group's needs and ensured the recognition of all events having a material effect on the assessment of its financial position and results, taking into consideration the prudence principle. There were no changes to the accounting policies compared with the previous year.
- d. The calculation of goodwill arising in the audited year and its recognition in the consolidated financial statements complied in all material respects with IFRS as adopted by the European Union.
- e. The consolidation of equity items and the determination of minority interests were carried out properly in all material respects.
- f. The elimination of mutual balances (receivables and payables) and transactions (revenue and costs) of the consolidated entities were carried out, in all material respects, in accordance with IFRS as adopted by the European Union.
- g. The elimination of unrealized gains/losses of consolidated entities included in the book value of assets and in respect of dividend payments was carried out, in all material respects, in accordance with IFRS as adopted by the European Union.
- h. The impact of the disposal or partial disposal of shares in subordinated entities was accounted for properly in all material respects, in accordance with IFRS as adopted by the European Union.
- i. The consolidation documentation was complete and accurate and it is stored in a manner ensuring proper safeguarding.
- j. The consolidated financial statements of the Group for the year from 1 January to 31 December 2012 were approved by Resolution No. 4 passed by the General Shareholders' Meeting of the Parent Company on 24 June 2013 and filed with the National Court Register in Łódź on 4 July 2013.
- k. The consolidated financial statements for the previous year were audited by PricewaterhouseCoopers Sp. z o.o. The registered auditor issued an unqualified opinion.

Note:

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IV. The independent registered auditor's statements (cont.)

- l. The notes to the consolidated financial statements, which include the introduction and additional notes and explanations present all the significant information in accordance with IFRS as adopted by the European Union.
- m. The information in the Group Directors' Report for the year from 1 January to 31 December 2013 has been presented in accordance with the provisions of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information to be provided by issuers of securities and conditions for recognizing as equivalent the information required by the provisions of law of a country not being a member state (Journal of Laws of 2014, item 133) and is consistent with that presented in the consolidated financial statements.

Note:

Our report has been prepared in Polish language and in English language. In all matters of interpretation of information, views or opinions, the Polish language version of our report takes precedence over the English language version

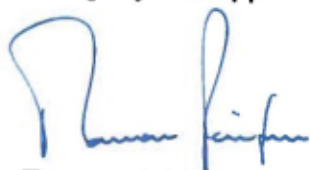
KOFOLA S.A. Group
Registered auditor's report on the audit of the consolidated financial statements for the year from 1 January to 31 December 2013

V. Final information

This report has been prepared in connection with our audit of the consolidated financial statements of the KOFOLA S.A. Group having KOFOLA S.A., 5 Wschodnia Street, Kutno, as its Parent Company. The consolidated financial statements were signed by the Parent Company's Management Board on 20 March 2014.

This report should be read in conjunction with the Independent Registered Auditor's unqualified Opinion to the General Shareholders' Meeting and the Supervisory Board of KOFOLA S.A. dated 20 March 2014, concerning the said consolidated financial statements. The opinion on the consolidated financial statements expresses a general conclusion drawn from the audit and involves assessing the materiality of individual audit findings rather than being a sum of all the evaluations of individual financial statement components. This assessment takes account of the impact of the facts noted on the truth and fairness of the consolidated financial statements.

Person conducting the audit on behalf of PricewaterhouseCoopers Sp. z o.o., Registered Audit Company No. 144:



Tomasz Reinfuss

Group Registered Auditor
Key Registered Auditor No. 90038

Warsaw, 20 March 2014

Note:

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PricewaterhouseCoopers Sp. z o.o. is entered into the National Court Register (KRS) maintained by the District Court in Warsaw, with the reference number (KRS) 0000044655, and tax identification number (NIP) 526-021-02-28. Share capital amounts to PLN 10,363,900. Headquarters in Warsaw, Al. Armii Ludowej 14.