kofola

SEPARATE ANNUAL REPORT

kofola s.a.

for the year 2013

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1 THE DIRECTORS' REPORT ON THE ACTIVITIES OF KOFOLA S.A.

1.1 THE GROUP'S STRUCTURE AND CHANGES THEREIN IN THE REPORTING PERIOD

The Company is the holding company of KOFOLA S.A. Group ("the Group") and prepares consolidated financial statements.

As at 31 December 2013, the Group comprised the following entities:

The holding company – **KOFOLA S.A.** ("the Company", "the Issuer"), the Company's registered office is in Kutno, 99-300, 5 Wschodnia Street. The Company was established as a result of the merger of HOOP S.A. and Kofola SPV Sp. z o.o. registered on 30 May 2008. Effective with the merger's registration, the name HOOP S.A. was changed to KOFOLA - HOOP S.A. and since 24 December 2008 to KOFOLA S.A. At this time the Company's functions consist primarily of management and ownership of all of the entities belonging to the KOFOLA S.A. Group.

The subsidiary **Hoop Polska Sp. z o.o.,** of which KOFOLA S.A. holds 100% shares, with its registered office until 31 January 2012 in Warsaw, 01-102, 94 Jan Olbracht Street. Currently the Company's registered office is in Kutno, 99-300, 5 Wschodnia Street. The company's main area of activities is the production and sale of non-alcoholic beverages.

The subsidiary **Kofola ČeskoSlovensko a.s.** (until 30 March 2012 as Kofola Holding a.s.) is the company that manages the Group and at the same time the holding company of the Kofola ČeskoSlovensko a.s. Group, with its registered office in Ostrava, Nad Porubkou 2278/31A, 708 00 Ostrava - Poruba, the Czech Republic, of which KOFOLA S.A. holds shares constituting 100% of the share capital.

Kofola Kofola ČeskoSlovensko a.s. Group comprises the following entities:

- Kofola ČeskoSlovensko a.s. – the holding company – with its registered office in the Czech Republic, performing management and control the other entities comprising KOFOLA S.A. Group,
- Kofola a.s. (CZ) – a company with its registered office in the Czech Republic, with main activities consisting of the production and distribution of beverages on the territory of the Czech Republic,
- Kofola a.s. (SK) – a company with its registered office in Slovakia, with main activities consisting of the production and distribution of beverages on the territory of Slovakia,
- Santa-Trans s.r.o. (CZ) – a company with its registered office in the Czech Republic, with main activities consisting of road cargo transport provided mainly to Kofola a.s. (Czech Republic),
- Pinelli spol. s.r.o. (CZ) – a company with its registered office in the Czech Republic, of which Kofola a.s. (CZ) holds 100% shares. Presently, Pinelli spol. s.r.o. owns the trademarks Semtex and Erektus.
- UGO Trade s.r.o. (CZ) – a company with its registered office in the Czech Republic, of which Kofola ČeskoSlovensko a.s. (CZ) holds 75% shares. The company's main area of activities is the management of bars with fresh beverages. The company was acquired on 1 December 2012, and therefore consolidated financial statements include its financial data only for December 2012.

Alofok Ltd. – a company of the Group from 5 February 2013, with its registered office in Limassol, Cyprus, of which KOFOLA S.A. holds 100% of the share capital. The Company holds 50% shares in the Megapack Group.

The associate – **Megapack Group**, with its holding company OOO Megapack with its registered office in Promozno, Widnoje, Leninskiy District, Moscow Region, the Russian Federation, of which KOFOLA S.A. holds shares constituting 50% of the share capital. The activities of the Megapack Sp. z o.o. Group consist of the provision of services consisting of bottling beverages for third parties, production of own beverages, as well as their distribution on the territory of the Russian Federation. In 2012, the KOFOLA S.A. Group was able to control the financial and operating policies of Megapack Group, and thus it consolidated its financial results using acquisition accounting. In accordance with the binding Articles of Association, the General Director of Megapack is selected by the Shareholders' Meeting, with KOFOLA S.A. having the deciding vote in this matter until 31 December 2012. Due to the fact that as at 31 December 2012, the shareholders' agreement giving KOFOLA S.A. the deciding vote in choosing the General Director of OOO Megapack expired, from 1 January 2013 KOFOLA S.A. and the Russian shareholders have had joint control over the company, and according to IAS 31 KOFOLA S.A. consolidates Megapack Group using the equity method. KOFOLA S.A. will continue to pursue ownership supervision over the activities of the subsidiary, with the right to appoint two of the four members of the OOO Megapack's Management Board.

The subsidiary **Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.** with its registered office in Koszalin, 75-209, 9e BoWiD Street, of which, as at 31 December 2013, KOFOLA S.A. held 100% shares entitling to 100% of votes at Shareholders' Meeting. The main activities of PCD HOOP Sp. z o.o. consisted of the wholesale of beverages. After the sale of its assets, the company's activities were extinguished. Shares of PCD Hoop Sp. z o.o. were sold on 14 January 2014. The company was consolidated using acquisition accounting.

STEEL INVEST Sp. z o.o. – since 17 June 2012 with its registered office in Kutno, on 28 March 2012 KOFOLA S.A. acquired 100% of the share capital amounting to PLN 50 thousand. Currently, the company is not engaged in any business activities except for debt collection.

Santa-Trans.SK s.r.o. (SK) - a company with its registered office in Slovakia, with main activities consisting of road transport provided mainly to Kofola a.s. (Slovakia). Shares in Santa-Trans.SK s.r.o. were sold on 16 April 2013. By this time the company was consolidated using acquisition accounting. The consolidated financial statements include its data for the period to 31 March 2013 due to the fact that in the period from 1 April 2013 to the date of sale there were no operations that could materially affect the financial situation of the Group.

The associate **Transport – Spedycja – Handel – Sulich Sp. z o. o.** („TSH Sulich Sp. z o.o.") with its registered office in Bielsk Podlaski, of which KOFOLA S.A. held 50% shares entitling to 50% of votes at Shareholders' Meeting. The company's activities consist of road transport and cargo. Shares in TSH Sulich Sp. z o.o. were sold on 8 March 2013. This associate was consolidated using the equity method.

Kofola Sp. z o.o. – a company that was registered in Poland, with its main activities consisting of renting out the production line in Kutno to the company Hoop Polska Sp. z o.o. The company was part of the Kofola ČeskoSlovensko a.s. group and as a result of merger with Kofola ČeskoSlovensko a.s. has ceased its activities on 29 December 2012. Data of this company was included in the consolidated financial statements only in the comparable periods.

Kofola Zrt. in liquidation (HU) – the company ceased its business operations. On 9 August 2012, the Management Board of KOFOLA S.A. received information from the Registry Court about the final decision on the removal of its subsidiary - Kofola Zrt. in liquidation with its registered office in Budapest, Hungary from the court register. The above mentioned decision formally ended the liquidation process of the subsidiary commenced with an application from 1 February 2009. Data of this company were included in the consolidated financial statements only in the comparable periods.

1.2 MOST SIGNIFICANT EVENTS AT KOFOLA S.A. GROUP IN THE PERIOD FROM 1 JANUARY 2013 TO THE PREPARATION OF THE PRESENT FINANCIAL STATEMENTS

DISCONTINUATION OF CONSOLIDATION OF THE MEGAPACK GROUP DUE TO CHANGE OF MANAGEMENT METHOD

Due to the fact that by the end of December 2012 shareholders' agreement, giving KOFOLA S.A. decisive vote in the selection of a person holding the position of Chief Executive Officer of the subsidiary – OOO Megapack expired, from 1 January 2013 KOFOLA S.A. and the Russian shareholders have equal share in the company, and thus in accordance with IAS 31, for the purposes of this financial statements, KOFOLA S.A. recognises the results of the Megapack Group using the equity method. KOFOLA S.A. will continue to pursue the ownership supervision over the activities of an associate (which became an indirect subsidiary after the transfer of its shares to Alofok Ltd), through the right to appoint two of the four members of the Management Board of OOO Megapack.

ESTABLISHEMENT OF ALOFOK LTD

On 5 February 2013, KOFOLA S.A. acquired all shares in the subsidiary - Alofok Ltd registered in Cyprus, Limassol. The value of acquired assets amounted to PLN 8 thousand (EUR 2 thousand).

SALE OF SHARES IN A SUBSIDIARY – TSH SULICH SP. Z O.O.

On 8 March 2013 all shares in a subsidiary - Transport Spedycja Handel SULICH Sp. z o.o. were sold. The transaction had no impact on the result of KOFOLA S.A. in 2013.

SALE OF SHARES IN A SUBSIDIARY – SANTA-TRANS.SK S.R.O.

On 16 April 2013, a subsidiary - Kofola ČeskoSlovensko a.s. in Ostrava sold 100% shares held in Santa-Trans.SK s.r.o. (Rajc, the Slovak Republic) to Mamenato Steal a.s. registered in Ostrava.

CREDIT AGREEMENTS

On 22 April 2013 Hoop Polska Sp. z o.o. concluded with Bank Millennium S.A. in Warsaw and Bank BPH S.A. in Krakow the investment credits and overdraft Agreement for the total amount of PLN 72 000 thousand, including two investment credits of PLN 16 000 thousand and two overdrafts of PLN 20 000 thousand. The purpose of the credit Agreement is to provide financing current operations of Hoop Polska Sp. z o.o. in a perspective of a few years and refinance debt existing as at 30 April 2013 resulting from the term credit and overdraft.

The repayment date of all new credits was set at 22 April 2017. For all credits interest rates are variable and margins were set on market terms. In accordance with the above mentioned provisions of the credit agreement, on 31 December 2013 annexes to loan agreements concluded in 2012 (as a subordinated loans to the above mentioned credit agreements) between KOFOLA S.A. and Hoop Polska Sp. z o.o. extending the repayment date to 31 December 2017, were signed.

CHANGES IN THE MANAGEMENT BOARD OF KOFOLA S.A.

By the resolution No. 13 dated 24 June 2013, the Supervisory Board of KOFOLA S.A. appointed for five years term of office two new members of the Management Board of KOFOLA S.A. in the person of Mr. Daniel Buryš and Mr. Marián Šefčovič. The term of office of the current members of the Management Board was extended for another five years. Changes in the Management Board were registered by the registration court on 15 October 2013.

RESOLUTION ON DIVIDEND PAYMENT TO SHAREHOLDERS KOFOLA S.A.

The Ordinary General Shareholders' Meeting of KOFOLA S.A. passed a decision by resolution No. 17 dated 24 June 2013 to distribute the net profit for 2012 of KOFOLA S.A. in the amount of PLN 11 755 thousand and the amount of PLN 11 536 thousand from the dividend fund as a dividend payment.

The Company's shares of all series (A,B,C,D,E,F,G), excluding own shares, will be involved in the dividend amounting to PLN 0,89 per share. The dividend day was set for 24 September 2013 and the dividend was paid out on 6 December 2013.

SHARE BUY BACK PROGRAM

The Ordinary General Shareholders' Meeting of KOFOLA S.A. passed a decision by resolution No. 20 dated 24 June 2013 to authorise, under the conditions and within the limits set out in the adopted resolution, the Management Board of KOFOLA S.A. to purchase by the Company its own shares for redemption and thus reduction of the share capital of KOFOLA S.A. The total number of shares covered by the Repurchase Program will be no more than 116 108 shares, which is approximately 0,44% of the share capital. Resources for the program cannot exceed PLN 930 thousand and the price of a purchased share cannot exceed PLN 40. Pursuant to the agreement from 16 July 2013 the Brokerage House Copernicus Securities S.A. acts as a broker of the Share Repurchase program by purchasing them on its own account, from which KOFOLA S.A. will buy back own shares.

RESOLUTION ON SETTING UP RESERVE CAPITAL FOR ACQUISITION OF OWN SHARES OF KOFOLA S.A.

The Ordinary General Shareholders' Meeting of KOFOLA S.A. passed a decision by resolution No. 21 dated 24 June 2013 to set up reserve capital to cover the total amount of the Repurchase Program (based on the resolution No. 20 dated 24 June 2013) in the amount of PLN 930 thousand by allocating for this purpose funds from the supplementary capital constituting the excess over the dividend fund.

RESOLUTION ON REDEMPTION OF OWN SHARES AND REDUCTION OF SHARE CAPITAL

The Ordinary General Shareholders' Meeting of KOFOLA S.A. passed a decision by resolution No. 18 and 19 dated 24 June 2013 to redeem 2 599 ordinary shares acquired under the repurchase program completed by the end of 2012 and reduce the share capital by PLN 2 599 to the amount of PLN 26 170 003. Reduction of share capital was registered by the registration court on 15 October 2013.

MERGER OF GROUP COMPANIES

A merger of UGO Trade s.r.o. (CZ) (the acquiring company) with UGO Juice s.r.o., which finally ended its operations on 30 November 2013, became effective on 1 July 2013. The aim of this merger was to simplify Group's structure and lower its administrative costs.

CONTRIBUTION IN KIND OF OOO MEGAPACK SHARES TO ALOFOK LTD

On 4 July 2013, the Russian registered office registered shares of OOO Megapack held by KOFOLA S.A. as a contribution in kind to the subsidiary Alofok Ltd, in which KOFOLA S.A. holds 100% of equity.

BONDS ISSUE IN THE CZECH REPUBLIC

Based on the Resolution of the Management Board dated 12 August 2013 amended on 25 September 2013, on 4 October 2013 KOFOLA S.A. issued 110 bonds denominated in Czech crowns with a total nominal value of CZK 330 000 thousand.

Bonds issued:

- were not a subject to public offering,
- were offered under private placement through the lead arrangers i.e. Česká spořitelna a.s. and PPF banka a.s. – based on the subscription agreement dated 3 October 2013
- the nominal value of one bond amounted to CZK 3 000 000,
- the issue price of one bond constituted 99,0% of its nominal value,
- bonds' redemption date is due in 60 months since the day of bonds' issuance, so as at 4 October 2018,
- interests will be accrued in annual periods, the end of the first interest accrual period is set as at 4 October 2014,
- bonds' interest - 12M PRIBOR rate plus a 415 basis points margin,
- the purpose of the issuance was to obtain funds, that most of which will be used to diversify financing sources and to refinance the Company's present debt.

BONDS OF KOFOLA S.A. ADMITTED TO TRADING ON THE PRAGUE STOCK EXCHANGE

CZK denominated bonds issued by KOFOLA S.A. have been placed on the regulated market of the Prague Stock Exchange, and the first listing was held on 7 October 2013.

RECORD OF CHANGES IN THE BOARD OF DIRECTORS AND REDUCTION OF SHARE CAPITAL

On 15 October 2013 the following changes have been registered by the Court: changes in the Board of Directors of KOFOLA S.A. (according to the Resolution No. 12 of the Supervisory Board from 24 June 2013) and the reduction of the share capital by PLN 2 599 to PLN 26 170 003 in relation to the cancellation of 2 599 ordinary shares acquired within the redemption programme completed by the end of 2012 (according to Resolutions No. 18 and 19 of the Ordinary General Meeting from 24 June 2013).

RESIGNATION OF A MEMBER OF SUPERVISORY BOARD

On 25 October 2013, Mr. Martin Dokoupil resigned from the position held, effective from 1 November 2013.

RESIGNATION OF A MEMBER OF THE BOARD OF DIRECTORS

Bartosz Marczuk resigned from his post as the member of the Board of Directors of KOFOLA S.A. on 31 October 2013, with effect from 30 November 2013 due to personal reasons. His duties have been taken over by Daniel Buryš who was appointed as member of the Board of Directors of KOFOLA S.A. on 24 June 2013.

APPOINTMENT OF A NEW MEMBER OF SUPERVISORY BOARD

Mrs. Agnieszka Donica was appointed as a member of Supervisory Board on 8 November 2013.

DIVIDEND PAYMENT TO KOFOLA S.A. SHAREHOLDERS

The dividend was paid out to KOFOLA S.A. shareholders on 6 December 2013 in amount of PLN 0,89 per share.

CAPITAL INCREASE IN A SUBSIDIARY - KOFOLA CESKOSLOVENSKO A.S.

By virtue of a notarial deed signed on 13 December 2013 KOFOLA S.A. converted into the supplementary capital of the subsidiary Kofola ČeskoSlovensko a.s. CZK 285 000 thousand constituting a part of loans receivables. The value of shares in the subsidiary increased after this operation by PLN 43 377 thousand.

BUYBACK OF BONDS - SERIES A^1 AND A^2

On 21 December 2013 KOFOLA S.A. redeemed of bonds (series A^1 and A^2). Bonds were traded on Catalyst and BondSpot S.A.

SALE OF SHARES IN A SUBSIDIARY POMORSKIE CENTRUM DYSTRYBUCJI HOOP SP. Z O.O.

On 14 January 2014 KOFOLA S.A. sold all shares hld in a subsidiary Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.

1.3 DESCRIPTION OF OPERATING RESULTS AND FINANCIAL POSITION

ADJUSTED INCOME STATEMENT

THE 12 MONTH PERIOD ENDED 31 DECEMBER 2013 COMPARED TO THE 12 MONTH PERIOD ENDED 31 DECEMBER 2012

Income Statement	1.1.2013 - 31.12.2013	1.1.2012 - 31.12.2012	Change 2013/2012	Change 2013/2012 (%)
Revenue from dividends	12 453	9 162	3 291	36%
Cost of sales	-	-	-	-
Gross profit	**12 453**	**9 162**	**3 291**	**36%**
Selling, marketing and distribution costs	-	-	-	-
Administrative costs	(3 202)	(3 508)	306	(9%)
Adjusted other operating income/expenses net*	3 938	3 288	650	20%
Adjusted operating profit*	**13 189**	**8 942**	**4 247**	**47%**
Adjusted EBITDA*	13 189	8 942	4 247	47%
Financial income/expenses net	(266)	(734)	468	(64%)
Adjusted profit before tax*	**12 923**	**8 208**	**4 716**	**57%**
Income tax	(56)	3 547	(3 603)	(102%)
Adjusted net profit for the financial year*	**12 867**	**11 755**	**1 113**	**9%**

** Data adjusted for impairment allowances of shares in Hoop Polska Sp. z o.o., impairment of goodwill and impairment allowances of land in a total amount of PLN 179 570 thousand*

The activities of KOFOLA S.A. consist primarily of the management and ownership of all of the companies belonging to the KOFOLA S.A. Group. The dividends and revenue from interest from loans granted to Companies of the KOFOLA S.A. Group and foreign exchange differences on the loans granted in foreign currencies are the main source of its revenue.

Revenue from dividends

In the reporting period KOFOLA S.A. received a dividend from its subsidiary Kofola ČeskoSlovensko a.s. in amount of PLN 12 453 thousand, which is presented in revenue from dividend.

Administrative costs

In the 12 month period ended 31 December 2013 administrative costs decreased by PLN 306 thousand (i.e. by 9%) to PLN 3 202 thousand from PLN 3 508 thousand in 2012.

Financial income

Interest income	*PLN 10 312 thousand*
Other	*PLN 143 thousand*

Interest income consists primarily of a long-term loan granted in the Czech crown to Kofola ČeskoSlovensko a.s and loans subordinated to the company Hoop Polska Sp. z o.o.

Financial expenses

Interest expense	*PLN 7 087 thousand*
Currency differences (losses)	*PLN 3 087 thousand*
Other	*PLN 15 thousand*

Interest expense relates to the bonds issued and liabilities arising from the purchased debts. Exchange rate differences relate to loan denominated in CZK for Kofola ČeskoSlovensko a.s., bonds issued in CZK and debts purchased within the Group in currencies other than PLN.

STATEMENT OF FINANCIAL POSITION

ASSETS	31.12.2013	31.12.2012	Change 2013/2012	Change 2013/2012
Fixed assets, out of which:	**849 679**	**1 040 944**	**(191 265)**	**(18%)**
Property, plant and equipment	268	372	(104)	(28%)
Goodwill	0	13 767	(13 767)	(100%)
Investment in subsidiaries and associates	744 681	867 337	(122 656)	(14%)
Loans provided to related parties	104 314	158 996	(54 682)	(34%)
Deferred tax asset	416	472	(56)	(12%)
Current assets, out of which:	**2 599**	**1 455**	**1 144**	**79%**
Trade receivables and other receivables	416	303	114	38%
Cash and cash equivalents	2 183	1 152	1 031	89%
Total equity and liabilities	**852 278**	**1 042 399**	**190 121**	**(18%)**
Equity	768 817	958 621	(189 804)	(19%)
Long-term liabilities	77 437	71 075	6 362	9%
Short-term liabilities	6 024	12 703	(6 679)	(53%)

Assets

At the end of December 2013 the Company's fixed assets amounted to PLN 849 679 thousand. Compared to 31 December 2012 the value of fixed assets decreased by PLN 191 265 thousand due to impairment allowances of shares held in subsidiaries amounting to PLN 165 699 thousand and repayments of loans granted. Additionally, an increase in the capital of the subsidiary Kofola ČeskoSlovensko a.s. and an increase in the value of its shares by PLN 43 377 thousand, in connection with the conversion of part of the principal amount of the loan, took place in the analysed period.

Goodwill created as a result of the merger with HOOP S.A. in 2008 constituting a component of assets in the comparable period, was fully written off in the reporting period. As at 31 December 2013, the Company's current assets amounted to PLN 2 599 thousand and most of the balance consisted of cash.

Liabilities

The value of equity compared to the end of comparable period has changed mainly due to the results for the reporting period and the payment of a dividend from accumulated profits from previous years.

As at 31 December 2013, the total indebtedness of the Company amounted to PLN 83 461 thousand and remained at a level similar to the recorded at the end of the comparable period.

1.4 ASSESSMENT OF RISK FACTORS AND THREATS TO KOFOLA S.A.

The risks and threats to KOFOLA S.A. have to do primarily with foreign exchange risks, in particular with regard to the PLN to CZK exchange rate, and the condition of the subsidiaries from which KOFOLA S.A. receives dividends. In addition, the Company recognises the risk arising from credit guarantees on the liabilities of the Group's other companies and the risk of impairment of financial assets in the event of a deterioration in the financial condition of the Group companies.

1.5 REPORT ON THE APPLICATION OF CORPORATE GOVERNANCE BY KOFOLA S.A.

In accordance with the requirements of § 91 par. 5 point 4 of the Minister's of Finance Decree of 19 February 2009 on the current and periodic information submitted by the issuers of securities and the conditions for recognising as equally valid the information required by the regulations of a state that is not a member state, as well as § 29 par. 5 of the Warsaw Stock Exchange Regulations, the Management Board of KOFOLA S.A. with its registered office in Kutno ("the Company") hereby makes public its declaration on the Company's application of corporate governance principles in the year 2013.

1.5.1 *CORPORATE GOVERNANCE PRINCIPLES THE ISSUER IS SUBJECT TO, AND THE LOCATION WHERE THE PRINCIPLES MAY BE EXAMINED BY THE PUBLIC*

Based on § 29 par. 2 of the Regulations of the Warsaw Stock Exchange („Stock Exchange", „WSE"), KOFOLA S.A. should apply the principles of corporate governance that the Stock Exchange Board may pass with regard to listed companies whose shares are admitted to trading on the stock exchange. Effective from 4 July 2007, in its Resolution No. 12/1170/2007, the Stock Exchange Board adopted corporate governance principles in the form of "Good Practices of the Companies Listed on the Warsaw Stock Exchange" ("Good practices", "corporate governance principles"), which were amended by Resolution No. 17/1249/2010 dated 19 May 2010, by Resolution No. 15/1282/2011 dated 31 August 2011, by Resolution No. 20/1287/2011 dated 19 October 2011 and by Stock Exchange Board Resolution No. 19/1307/2012 dated 21 November 2012.

The corporate governance principles are available to the public on the Stock Exchange's website at: http://corp-gov.gpw.pl/

1.5.2 *THE CORPORATE GOVERNANCE PRINCIPLES THAT THE ISSUER DID NOT APPLY*

In 2013 the Company applied all of the principles referred to in the Good Practices of the Companies Listed on the WSE, with the exception of principles as followed.

In 2013 the Company stated that it was not applying the principle referred to in point 6 of Part IV of the Good Practices i.e. the principle which says that the day of the dividend and the dividend payment date shall be so set that the period between them was as short as possible and in any event not longer than 15 working days. Failure to implement the aforementioned principle resulted from the fact that, in Resolution No. 17 dated 24 June 2013 adopted by the Ordinary General Meeting of Shareholders, of which the Company stated in the current report No. 7/2013 and 8/2013 dated 24 June 2013, the day of the dividend was set for 24 September 2013, while the dividend payment date was established on 6 December 2013.

In the year 2013 the Company still did not apply the principle referred to in point 6 of Part III of the Good Practices, i.e. the principle relating to meeting the criteria of independence by at least two members of the Supervisory Board of which the Company informed in current report No. 22/2013 dated 8 November 2013.

As at the date of the present declaration, one of the members of the Company's Supervisory Board meets the criterion of independence.

Moreover, during Ordinary General Meeting of Shareholders convened on 24th June 2013, - due to the high costs of implementation and the lack of interest of the shareholders on the participation in the General Meeting via electronic means of communication, the Company did not apply the principle of 10 of Part IV of the Code of Best Practice. In the opinion of the Management Board, the Company applied the procedure for documenting general meetings fully reflect the their actual course and ensure transparency of them. Therefore, lack of application of the principle does not affect the reliability of the Company's information policy. Introducing the possibility of carrying out electronic general meeting will only increase the cost of organizing the meeting.

1.5.3 *DESCRIPTION OF THE MAIN INTERNAL CONTROL AND RISK MANAGEMENT FEATURES APPLIED AT THE ISSUER'S COMPANY IN THE PREPARATION OF FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS*

The Company's Management Board is responsible for the Company's internal control system and for its effectiveness in the process of preparing financial statements and periodic reports that are prepared and published in accordance with the provisions of the Decree of 19 February 2009 on the current and periodic information submitted by the issuers of securities.

Throughout the year the Company's Management Board analyses the current financial results by comparing them with the adopted budget using the Company's management reporting that is based on the Company's accounting principles (International Financial Reporting Standards) and takes into account the format and detailed content of the financial data presented in the Company's and Group's periodic financial statements.

The preparation of the Company's financial statements, periodic financial reports and current management reports is the responsibility of the Finance Department of the Kofola S.A. Group, currently headed by the Member of the Management Board for Financial Matters, the Finance Director. The Company's financial statements and periodic reports are prepared by a reporting team as part of the Finance Department of Kofola S.A. Group and are based on the financial data presented in the periodic management reports after they are approved by the Finance Director subject to other supplementary data supplied by various employees of other departments.

After closing the accounts for each calendar month the mid and higher level managers of the Group's Finance Department headed by the Management Board Member for Financial Matters jointly analyse the Company's financial results in comparison to plans and subject to business segments. Any errors are adjusted on an ongoing basis in the Company's accounting books and the Group's reporting system in accordance with the adopted accounting policies. The preparation of financial statements and periodic reports begins after the results for the period are approved by the Management Board Member for Financial Matters.

Half-year and year-end reports are verified by an independent auditor, currently PricewaterhouseCoopers Sp. z o.o. The results of half-year reviews and year-end audits are presented by the auditor at summary meetings and to the Audit Committee. After their review or audit, the financial statements and periodic reports are sent to the Company's Supervisory Board. Before the Management approves the periodic reports for publication, an Audit Committee meeting is held at which the Member of the Management Board for Financial Matters presents the significant aspects of the quarterly/half-year/yearend financial statements, in particular any changes in accounting policies, important estimates and judgments, material disclosures and business transactions. The Audit Committee reviews the periodic financial reports subject to the information presented by the Management Board and the independent auditor, and formulates a recommendation for the Supervisory Board with regard to their approval.

In accordance with the Company's Articles of Association, the Company's auditor is appointed by the Supervisory Board. Significant matters relating to periodic reports that are not verified by the auditor are consulted with the auditor in order to avoid any material adjustments in the subsequent reports. KOFOLA S.A. kept its accounting books using the SAP R/3 system as the largest companies from the Group i.e. Kofola a.s. (CZ), Kofola a.s. (SK), Hoop Polska Sp. z o.o., Kofola ČeskoSlovensko a.s. The system is password protected against unauthorised access. The process of preparing the financial statements involves a specified team of Finance Department employees, other persons do not have access to the data which are the basis of its preparation. The Company's accounting books, accounting evidence, documentation and financial statements of the Company are stored in accordance with the provisions of the Accounting Act.

1.5.4 *SHAREHOLDERS HOLDING DIRECTLY OR INDIRECTLY SIGNIFICANT PACKETS OF SHARES ALONG WITH THE NUMBER OF SHARES HELD, THEIR PERCENTAGE OF SHARE CAPITAL, THE RESULTING NUMBER OF VOTES AND PERCENTAGE IN THE TOTAL NUMBER OF VOTES AT GENERAL MEETING*

The Shareholders of KOFOLA S.A. – according to the Company's knowledge as at 31 December 2013:

KSM Investment S.A. with its registered office in Luxemburg

- 13 395 373 shares, which constitute 51,19% of share capital of KOFOLA S.A.
- 13 395 373 votes, which constitute 51,19% of total votes at General Shareholders' Meeting of KOFOLA S.A.

CED GROUP S. a r.l. with its registered office in Luxemburg

- 11 283 153 shares, which constitute 43,11% of share capital of KOFOLA S.A.
- 11 283 153 votes, which constitute 43,11% of total votes at General Shareholders' Meeting of KOFOLA S.A.

As at 31 December 2013, the share capital amounted to PLN 26 170 603 and consisted of 26 170 603 shares entitling to 26 170 603 of votes at General Shareholders' Meeting of the Company.

The Ordinary General Shareholders' Meeting of KOFOLA S.A. passed a decision by resolution No. 18 and 19 dated 24 June 2013 to redeem 2 599 ordinary shares acquired under the repurchase program completed by the end of 2012 and reduce the share capital by PLN 2 599 to the amount of PLN 26 170 003. Reduction of share capital was registered by the registration court on 15 October 2013.

1.5.5 *HOLDERS OF ALL TYPES OF SECURITIES THAT GIVE SPECIAL CONTROLLING RIGHTS, ALONG WITH A DESCRIPTION OF THOSE RIGHTS*

There are no securities at the Company that give special controlling rights, except of those described below.

1.5.6 *ALL RESTRICTIONS ON VOTING RIGHTS, SUCH AS A RESTRICTION ON THE VOTING RIGHTS OF HOLDERS OF A SPECIFIED PART OR NUMBER OF VOTES, TIME RESTRICTIONS ON VOTING RIGHTS OR PROVISIONS ACCORDING TO WHICH, IN COOPERATION WITH THE COMPANY, THE EQUITY RIGHTS RELATED TO SECURITIES ARE SEPARATED FROM THE OWNERSHIP OF THE SECURITIES*

The Company's Articles of Association does not provide for such restrictions.

1.5.7 *ALL RESTRICTIONS ON THE TRANSFER OF THE OWNERSHIP OF SECURITIES*

The Company's Articles of Association does not provide for such restrictions.

1.5.8 *DESCRIPTION OF THE PRINCIPLES USED TO APPOINT AND DISMISS MANAGEMENT STAFF AND THEIR POWERS, IN PARTICULAR THE RIGHT TO MAKE DECISIONS ON THE ISSUE OR PURCHASE OF SHARES*

THE PRINCIPLES OF APPOINTING SUPERVISORY BOARD MEMBERS

In accordance with the Company's Articles of Association, the Supervisory Board comprises 5 (in words: five) to 6 (in words: six) members, including one independent Supervisory Board Member, appointed and removed by the General Meeting, with the stipulation that:

a) as long as KSM Investment S.A. with the registered office in Luxembourg ("KSM") remains the Company's shareholder with no less than 35% of the Company's share capital, KSM shall appoint and remove 3 (three) members of the Supervisory Board, including the Chairman of the Supervisory Board – the appointment and removal of a Supervisory Board member by KSM on the basis of this paragraph shall be made by way of a written statement submitted to the Company and the person concerned and shall be effective as of the date of submission to the Company this statement concerning the appointment of the member of the Supervisory Board with a written statement of the member of the Supervisory Board including a consent for performance the function of a member of the Supervisory Board,

b) as long as CED GROUP S. a r.l. („CED") remains the Company's shareholder with no less than 15% of the Company's share capital, CED shall appoint and remove 2 (two) members of the Supervisory Board, including the Vice- Chairman of the Supervisory Board – the appointment and removal of a Supervisory Board member by CED on the basis of this paragraph shall be made by way of a written statement submitted to the Company and the person concerned and shall be effective as of the date of submission to the Company this statement concerning the appointment of the member of the Supervisory Board with a written statement of the member of the Supervisory Board including a consent for performance the function of a member of the Supervisory Board.

THE PRINCIPLES OF APPOINTING MANAGEMENT BOARD MEMBERS

1. The Management Board comprises from 5 to 8 members appointed and removed by the Supervisory Board. Members of the Company's Management Board may hold the following positions:
   a) Chairman of the Management Board,
   b) Finance Director – Member of the Management Board,
   c) Operating Director - Member of the Management Board,
   d) Sales Director - Member of the Management Board,
   e) Marketing Director - Member of the Management Board,
   f) Human Resources and Services Director - Member of the Management Board,
   g) Development Director - Member of the Management Board,
   h) Managing Director - Member of the Management Board.
2. Subject to the provisions of Par. 18.8. r)–v) of the Company's Articles of Association, the resolution of the Supervisory Board on appointment or removal from office of all or any particular members of the Management Board, including the Chairman of the Management Board, shall be adopted by a simple majority of the votes.
3. If the Supervisory Board removes from office any member or members of the Management Board, as a result of which the number of the Management Board members falls below five, the Supervisory Board shall be obliged to appoint on the same meeting a new members of the Management Board in the number which shall guarantee the maintenance of the composition of the Management Board referred to the Articles of Association of the Company.
4. If the term of office of any member or members of the Management Board expires due to reasons other than their removal from office and, as a result, the number of the Management Board members falls below five, the Supervisory Board shall be obliged within 14 days of the occurrence of such fact to appoint a new member.
5. A resigning Management Board member shall be obliged to advise the Supervisory Board and the remaining members of the Management Board of his or her resignation in writing.
6. The term of office of the Management Board shall be five years. The members of the Management Board may be re-appointed for next terms of office. Members of the Management Board are appointed for a joint term of office.
7. The tenure of the Management Board members shall expire as provided for in Art. 369.4 of the Commercial Companies Code. If new members were appointed to fill a vacancy or supplement the composition of the Management Board during its term of office, the term of office of the newly-appointed Management Board member shall expire at the same time as the terms of office of the other Management Board members.

THE POWERS OF THE SUPERVISORY BOARD

The Supervisory Board shall exercise day-to-day supervision over the Company's activities in all areas of its business. The powers of the Supervisory Board shall include in particular:

a) reviewing the Company's financial statements and the report of the Management Board on the Company's operations, in terms of their conformity with the accounting books and documents and with the actual state of affairs, and the Management Board's recommendations concerning the distribution of profit or coverage of loss, and submitting annual written report on the findings of the review to the General Shareholders' Meeting,
b) reviewing the financial statements of the Company's Group and the report of the Management Board on the operations of the Company's Group, and submitting annual written report on the findings of the review to the General Shareholders' Meeting,
c) supervising the performance of budgets,
d) approving the payment of interim dividend,
e) approving the grant of power of proxy or general power of attorney,
f) issuing opinions on matters to be discussed during the General Shareholders' Meeting,
g) issues referred to in Par. 18.8 of the Articles of Association of the Company.

As long as CED remains the Company's shareholder with at least 15% of its share capital, the following issues shall require that the resolutions be adopted by the Supervisory Board with the majority of 80% of the votes of the members present at the meeting or with the majority of 80% of all votes in case of the adoption the resolutions outside the meeting (in writing or through another member of the Supervisory Board):

a) approval of the consolidated economic and financial plan ("the budget") of the capital group of the Company prepared by the Company's Management Board, changing the format used for preparing the Company's budget,
b) approving the Company's long-term operating plans developed by the Management Board,

c) approving any acquisition, purchase or disposal of shares in other entities, as well as joining any commercial-law company or civil-law partnership, by the Company or any company of its Group, where such transactions are not provided for in the budget and their value exceeds EUR 8 000 000 or an equivalent of that amount,

d) approving any share capital increase, sale of a business or an organised part of a business, a demerger, merger or transformation of any company of the Company's Group if the value of assets subject to such transactions exceeds 15% of the Company's assets disclosed in the financial statements for the preceding financial year, where such transactions are not provided for in the budget,

e) approving the conclusion of an agreement (by the Company or any company of its Group) which was not provided for in the budget and under which the Company or a company of its Group would assume a liability whose value exceeds:

- EUR 30 000 000 or an equivalent of that amount – with respect to activities conducted as part of the ordinary course of business,

- EUR 3 000 000 or an equivalent of that amount – with respect to activities conducted outside the ordinary course of business,

f) approving the conclusion of a loan agreement (or another similar agreement concerning financial debt) by the Company or any company of its Group acting as the lender, where such an agreement was not provided for in the budget and its value exceeds EUR 2 000 000 or an equivalent of that amount, except for:

  - trade credit granted in the ordinary course of business,
  - loans granted on the market principles between subsidiary companies of the Company's Group.

g) approving the issue of any sureties, guarantees (or other forms of assuming responsibility for third-party liabilities) by the Company or any company of its Group, where they are not provided for in the budget and their value exceeds EUR 2 000 000 or an equivalent of that amount; the term "third party" shall not apply to subsidiary companies from the Company's Group,

h) approving acquisition or disposal by the Company or any company of its Group of real property, a perpetual usufruct right or an interest in real property (or in a perpetual usufruct right), where such transactions are not provided for in the Company's budget and their value exceeds EUR 5 000 000 or an equivalent of that amount,

i) approving the disposal of any intellectual property rights of the Company or any company of its Group – where the actual market value of such rights exceeds EUR 1 000 000 or an equivalent of that amount and no such disposal is provided for in the budget,

j) approving the disposal, by the Company or any company of its Group, of assets whose value exceeds 15% of the Company's net assets (or 15% of the net assets of a given Group member) disclosed in the financial statements for the preceding financial year, if no such disposal is provided for in the budget,

k) approving the liquidation of any company of the Company's Group, where the value of such company's assets exceeds 15% of the Company's assets disclosed in the financial statements for the preceding financial year,

l) approving the terms and conditions of remuneration of members of the Company's Management Board as well as members of
the management and supervisory boards of companies of the Company's Group, where the total annual remuneration of a given person (including any bonuses, awards, severance pays and other similar benefits) shall exceed the following limits (gross value):

  - for members of the Company's Management Board – EUR 175 000 or an equivalent of that amount,
  - for members of the management boards of companies of the Company's Group, other than the Company – EUR 175 000 or an equivalent of that amount,
  - for members of the supervisory boards of companies of the Company's Group, other than the Company – EUR 25 000 or an equivalent of that amount,

m) suspending, for important reasons, individual or all members of the Management Board and delegating members of the Supervisory Board to temporarily perform the functions of members of the Management Board, in accordance with the rules and at or for such time as specified by the provisions of the Commercial Companies Code,

n) approving the rules of procedure for the Company's Management Board and as well as any changes to those rules,

o) approving the rules of procedure for the Company's Supervisory Board as well as any changes to those rules,

p) appointing an auditor to audit the financial statements of the Company and the companies of its Group,

q) approving the conclusion, by the Company or any company of its Group, of a contract concerning a transaction with a party related to (i) the Company, or (ii) any company of its Group, or (iii) a shareholder or a member of the Supervisory Board or Management Board of the Company or of any company of the Company's Group, except the contracts as provided below:

  - the contracts for the sale or for delivery of products and goods and materials to the production, the contracts for the provision of services or the contracts for the sale of fixed assets concluded on the market rules between the companies of the Company's Group where the value of such transactions on a one-off basis or over a period of one year shall not exceed the amount of EUR 1 000 000 or its equivalent,

- the guarantee contracts and other contracts of a similar nature, concluded between the companies of the Company's Group, where the value of the commitment shall not exceed the amount of EUR 5 000 000 or its equivalent,

r) as of the day when Mr Janis Samaras ceases to serve as Chairman of the Company's Management Board: appointing and removing another person serving as Chairman of the Company's Management Board,

s) appointing and removing the Chief Financial Officer – Member of the Company's Management Board,

t) appointing members of the Company's Management Board other than the Chairman of the Management Board and the Chief Financial Officer – Member of the Company's Management Board,

u) approving the appointment of Local Directors General (i.e. members of the Company's senior management staff who, however, do not serve on its Management Board – one such member is appointed in each country where the Company operates directly or through its subsidiaries) or the conclusion of contracts with Local Directors General by the Company or companies of its Group,

v) after the date of the fourth removal – since 26 November 2008 – of (i) a member of the Company's Management Board other than the Chairman or the Chief Financial Officer – Member of the Company's Management Board or (ii) a Local Director General: removing member of the Company's Management Board other than the Chairman or the Chief Financial Officer – Member of the Company's Management Board,

w) after the date of the fourth removal – since 26 November 2008 – of (i) a member of the Company's Management Board other than the Chairman of the Management Board or the Chief Financial Officer – Member of the Company's Management Board or (ii) a Local Director General: approving the removal of Local Directors General or the termination of contractual relationship with Local Directors General by the Company or by companies of its Group,

z) adopting resolutions in connection with the adoption, change, implementation or termination of the Motivating Program for the members of authorities and management of the Company, adopted by the General Meeting in 2009 and appointing the persons entitled to participate in the Motivating Program.

THE POWERS OF MANAGEMENT BOARD

Representation of the Company and the Management Board's responsibilities

1. The Management Board shall represent the Company in relations with third parties and make decisions on all matters which are not reserved – under the Company's Articles of Association or the mandatory legal provisions – for any other governing body of the Company.
2. Declarations of will on behalf of the Company shall be made by two members of the Management Board, acting jointly.
3. The Management Board shall present the budget for the next financial year to the Supervisory Board no later than two months prior to the beginning of each following financial year of the Company.
4. If the Supervisory Board does not approve the budget, the Management Board shall conduct activities based on the most recent approved annual budget.
5. The Management Board shall be obliged to prepare and present to the Supervisory Board monthly reports on the performance of the Company's consolidated budget within twenty (20) days of the end of each month.

Passing resolutions

1. The Management Board shall adopt its decisions in the form of resolutions passed at meetings, which shall be convened as the need arises. Resolutions shall be passed by a simple majority of votes. In the event of a voting tie, the Chairman of the Management Board shall have the casting vote.
2. The following matters shall require the adoption of a resolution by the Management Board:
   a) adopting the budget,
   b) approving subscription, acquisition or disposal of shares in other entities and approving joining a company under commercial law or a civil-law partnership by the Company or any company of its Group,
   c) approving a share capital increase, sale of a business or an organised part of a business, a demerger, merger or transformation of the Company or any company of its Group,
   d) approving acquisition or disposal by the Company or any company of its Group of real property, a perpetual usufruct right or an interest in real property,
   e) approving the assumption of a liability or the disposal of assets by the Company or any company of its Group in a transaction other than executed in the ordinary course of business of the Company or any company of the Company's Group, where such transaction has not been provided for in the budget of the Company or any company of its Group and its value – based on one or more related legal transactions – exceeds the amount of EUR 250 000 or its equivalent,
   f) approving the liquidation of any company of the Company's Group,
   g) defining the terms and conditions of remuneration of the management boards and supervisory boards of the companies of the Company's Group,

h) approving amendments of the articles of association and approving the rules of procedure for supervisory and management boards of the companies of the Company's Group,

i) issuing sureties by the Company or the companies of its Group or creating security on the assets of the Company or the companies of its Group, with a view to securing performance of obligations/discharge of liabilities by entities other than the Company's subsidiaries.

3. The Management Board shall adopt its Rules of Procedure, which shall be subsequently approved by the Supervisory Board.

Subject to the provisions of Par. 18.8.h) and Par. 21.2.d) of the Company's Articles of Association, the powers of the Management Board shall include approval of acquisition or disposal by the Company or any company of its Group of real property, a perpetual usufruct right or an interest in real property (Art. 393.4) of the Commercial Companies Code shall not apply).

Acquisition of own shares by the Company

The Company may acquire its own shares in cases referred to in Article 362 of the Commercial Companies Code, with the prior approval of the General Meeting.

1.5.9 DESCRIPTION OF METHODS USED TO CHANGE THE ARTICLES OF ASSOCIATION OF THE ISSUER'S COMPANY

In accordance with the Company's Articles of Association and the provisions of the Commercial Companies Code, any change to the Company's Articles of Association requires the consent of the General Meeting. In the absence of detailed provisions on this matter in the Company's Articles of Association, the procedures for changing the Company's Articles of Association are consistent with the relevant provisions of the Commercial Companies Code.

1.5.10 THE MANNER OF OPERATION OF THE GENERAL MEETING AND ITS BASIC POWERS AS WELL AS A DESCRIPTION OF SHAREHOLDER RIGHTS AND THEIR PERFORMANCE, IN PARTICULAR THE PRINCIPLES ARISING OUT OF THE GENERAL MEETING REGULATIONS, IF SUCH REGULATIONS HAVE BEEN PASSED, AS LONG AS THE RELEVANT INFORMATION DOES NOT ARISE DIRECTLY OUT OF LEGAL REGULATIONS

CONVENING OF THE GENERAL MEETINGS

1. An Annual General Shareholders' Meeting shall be convened annually by the Management Board, not later than within six (6) months of the end of the Company's financial year.
2. A General Shareholders' Meeting shall be convened by the Management Board. The Supervisory Board may convene an Annual General Shareholders' Meeting if it is not convened by the Management Board within the period specified in this chapter or in the Articles of Association, and the Extraordinary General Shareholders' Meeting, if it considers its convocation as advisable.
3. The shareholders representing at least half of the share capital or at least half of the total votes on the General Shareholders' Meeting may convene an Extraordinary General Shareholders' Meeting. The shareholders shall appoint the Chairman of this General Shareholders' Meeting.
4. A shareholder or shareholders representing at least one twentieth of the share capital may request the convening of the Extraordinary General Shareholders' Meeting and placing certain issues in the agenda of this Meeting. The request to convene an Extraordinary General Shareholders' Meeting must be submitted to the Management Board in writing or in electronic form. If, within two weeks from the date of the request submitted to the Management Board, an Extraordinary General Meeting shall not be convened, the registry court may authorise the shareholders applying with this request to convene an Extraordinary General Meeting. The court shall appoint the chairman of this Meeting.
5. A motion for convening the General Shareholders' Meeting shall specify the issues to be included in the agenda. The motion shall require a justification.
6. The General Shareholders' Meeting shall be convened for a day that is a business day in Poland.
7. The General Shareholders' Meeting convened on the motion of the Shareholders may only be cancelled or its date changed upon the approval by the parties submitting the motion. In all other cases, the General Shareholders' Meeting may be cancelled if there occur any extraordinary obstacles to its holding (*force majeure*) or when holding the Meeting would be obviously purposeless.
8. Any notices pertaining to the General Shareholders' Meetings and minutes thereof shall be prepared in the Polish language. Similarly, the Meetings shall be conducted in the Polish language.

ADOPTING RESOLUTIONS BY THE GENERAL MEETING

1. Subject to the provisions of Art. 404 of the Commercial Companies Code, the General Shareholders' Meeting may adopt resolutions only on matters provided for in the Commercial Companies Code, in the Articles of Association and matters included in the agenda of the Meeting.
2. A resolution not to consider an issue included in the agenda of the meeting shall be adopted only for significant reasons. The relevant motion shall be justified in detail.
3. The General Shareholders' Meeting shall be opened by the Chairperson of the Supervisory Board or by a person designated by the Chairperson, or – if there is not such a person – by the oldest Supervisory Board member present at the meeting. In the absence of such persons, the General Shareholders' Meeting shall be opened by the Chairman of the Management Board, a person designated by the Management Board, or the Shareholder representing the largest number of the Company shares. If there are two or more Shareholders representing the largest number of the Company shares, the General Shareholders' Meeting shall be opened by the oldest of them.
4. The General Shareholders' Meeting shall be valid and shall have the capacity to adopt effective resolutions if the attending shareholders represent no less than 50% (fifty per cent) of the share capital. If there is no quorum present at the first General Shareholders' Meeting, the Management Board shall immediately convene another General Shareholders' Meeting with the same agenda, on a date falling no sooner than after four weeks of the first General Shareholders' Meeting, indicating that it is convened after an earlier Meeting was adjourned and that it shall be valid regardless of the percentage of the share capital represented.
5. Subject to the mandatory provisions of the Commercial Companies Code and unless the provisions of the Articles of Association provide otherwise, resolutions shall be adopted by a simple majority. As long as CED GROUP S. à r.l., a limited-liability company under the law of Great Duchy of Luxemburg, with registered office in Luxembourg ("CED") remains the Company's shareholder with no less than 15% of shares in its share capital, the following matters shall require a resolution by the General Shareholders' Meeting, adopted with the majority of 70% (seventy percent) of the votes cast in favour of the resolution:
   a) payment of dividend to shareholders in the amount exceeding 75% (seventy-five percent) of the net profit generated by the Company in the preceding financial year,
   b) appointment and removal of the independent member of the Supervisory Board,
   c) removal or suspension of members of the Company's Management Board.
6. The General Shareholders' Meeting shall adopt Rules of Procedures for the General Shareholders' Meeting, specifying in detail the manner of conducting the Meetings and adopting resolutions. In the event of a change to the Rules, the change shall become effective as of the next General Shareholders' Meeting.

THE POWERS OF THE GENERAL MEETING

The powers of the General Shareholders' Meeting shall include in particular:

a) reviewing and approving the report of the Management Board on the Company's operations and the operations of the Company's group and the financial statements of the Company and the Group for the preceding financial year,

b) adopting resolutions on the distribution of net profit in the form of dividend, or on the exclusion of the net profit from dividend payment, in whole or in part, and retaining it for the Company's own purposes; adopting resolutions on coverage of loss,

c) approving the performance of duties by the members of the Company's governing bodies,

d) selling or leasing the Company's business or its organised part, and encumbering the business or its part with any limited property rights,

e) changing the legal form of the Company and any deciding on any merger of the Company with another company or legal entity,

f) adopting resolutions concerning claims for repair of damage inflicted in connection with Company's formation, its management or supervision,

g) amending the Company's Articles of Association, increasing or reducing the Company's share capital,

h) issuing convertible bonds or bonds with the pre-emptive rights,

i) acquiring Company's own shares,

j) subject to Par. 17.1 below, appointing and removing Supervisory Board members, including the Chairperson of the Supervisory Board,

k) dissolving the Company,

l) defining the terms and conditions concerning the Supervisory Board's remuneration, including in particular payment dates and amounts,

m) adopting the Rules of Procedure for the General Shareholders' Meeting,

n) determining the dividend record date, that is the date as at which the list of Shareholders entitled to dividend for the given financial year is determined, subject to the provisions of Art. 348.2 of the Commercial Companies Code, and determining the dividend payment date,

o) resolving the matters presented for consideration to the General Shareholders' Meeting by the Management or the Supervisory Board,

p) other matters which fall within the scope of powers of the General Shareholders' Meeting under mandatory laws and these Company's Articles of Association.

Binding at the Company are the Rules of Procedure for the General Meeting adopted based on Resolution No. 18 passed by the Ordinary General Meeting of Shareholders of KOFOLA S.A. dated 30 June 2010 ("the Rules of Procedure").

The Rules of Procedure specify the principles of operation of the General Meeting of Shareholders of KOFOLA S.A., including among others:

Right to Participate in the General Meeting of Shareholders

1. The right to participate in the General Shareholders' Meeting have only those who are shareholders of the Company for sixteen days before the date of the General Shareholders' Meeting (the record date for the participation in the General Meeting).
   a) The bearer shares in a form of the document confer the right to participate in General Meeting if the documents of shares are submitted in the company not later than on the record date for participation in the general meeting and shall not be received before the end of this date. Instead of shares, it may be submitted the certificate issued as the proof of deposit of shares at the notary, in the bank or in the investment firm which have a seat or branch in the European Union or in a state which is the party of the agreement on the European Economic Area, as indicated in the notice of the convention of the General Meeting.
   b) The dematerialized bearer shares confer the right to participate in the General Meeting provided that the notification to the operator of the securities account the participation in the General Meeting shall be submitted by the holder of the dematerialized shares under Art. 406 (3) § 2 of the Commercial Companies Code.
2. The persons entitled to participate in the General Shareholders' Meeting pursuant to point 1 of this paragraph are hereinafter referred to as the "Eligible Participants".
3. The members of the Company's Management Board and Supervisory Board, as well as other persons invited by the body which has convened the General Shareholders' Meeting, shall be obliged to participate, with the right to speak, in the General Shareholders' Meeting.
4. The Shareholder who are natural persons may participate in the General Shareholders' Meeting and exercise its voting right personally or through a proxy, unless such voting right has been limited or waived under the applicable laws or the provisions of the Company's Articles of Association adopted on the basis of such laws.
5. A Shareholder which is a legal person or an entity with no legal personality, but with the legal capacity, may participate in the General Shareholders' Meeting and exercise its voting right through a person authorised to make declarations of will on behalf of such Shareholder or through a proxy.
6. The Power of attorney to participate in the General Meeting and to execution of voting right must be granted in writing or in electronic form. Granting power of attorney in electronic form shall not require a provision of it with a secure electronic signature verified by a valid qualified certificate. The Management Board decides of the manner of notification of the fact of granting the power of attorney in the notice of the convention of the General Meeting.
7. If the proxy at the General Meeting is a board member, member of the Supervisory Board, liquidator, an employee of the Company or member of bodies or employee of the company or subsidiary cooperative of the Company, the power of attorney may authorise to represent on the only one General Meeting. The proxy has an obligation to disclose to the shareholder the circumstances indicating the existence or the possibility of existence of a conflict of interests. Granting further power of attorney is impossible. In aforementioned case, the Proxy votes in accordance with instructions granted by the shareholder.

Opening of a General Meeting and election of its Chairman

1. A General Meeting is opened by the Chairman of the Supervisory Board or a person by him/her authorised, and in the absence of such authorisation, the most senior member of the Supervisory Board present at the Meeting. In the absence of those persons, the General Meeting is opened by the Chairman of the Management Board or a person appointed by the Management Board, or the Shareholder holding the greatest number of the Company's shares. If two or more shareholders meet the criteria of the greatest number of shares, the General Meeting is opened by the most senior among them or their representatives.
2. The person opening the General Meeting oversees the submission of candidacies and election of the General Meeting Chairman.
3. The General Meeting Chairman is elected from among the General Meeting's eligible participants.
4. Each Eligible participant has the right to submit one candidate.

5. The General Meeting Chairman directs the meeting in accordance with the agreed agenda, binding legal regulations and the provisions of the present Rules of Procedure, ensuring that the meeting is conducted and voting held in an efficient and proper manner.
6. The Chairman cannot resign from this position without valid reasons.
7. The powers and responsibilities of the General Meeting Chairman include in particular:
   a) preparing an attendance list, signing the list, displaying the list during the General Meeting and attaching it to the minutes,
   b) giving the floor,
   c) overseeing voting and ensuring that it is conducted correctly,
   d) signing documents containing vote results,
   e) concluding the completion of the meeting's agenda,
   f) resolving procedural matters;
   g) overseeing the work of support personnel present at the General Meeting.
8. The Chairman shall make decisions on admitting journalists to the General Meeting of Shareholders and on granting permission to make sound or visual recordings of the General Meeting of Shareholders. If any of Shareholders present at the Meeting should object to the decision of the Chairman, the issue shall be voted upon by the General Meeting of Shareholders.

Binding the General Meeting with the agenda

1. Subject to the provisions of Art. 404 of the Commercial Companies Code, the General Shareholders' Meeting may adopt resolutions only on matters included in the agenda of the Meeting.
2. On the motion from an Eligible Participant, the Management Board or the Supervisory Board, the General Shareholders' Meeting may adopt a resolution not to consider an issue included in the agenda or to change the order of issues included in the agenda.
3. A resolution not to consider an issue included in the agenda of the meeting shall be adopted only for significant reasons. The elevant motion shall require detailed grounds.
4. A shareholder or shareholders representing at least one-twentieth of the share capital may request the inclusion of certain issues in the agenda of the next General Meeting. The request shall be submitted to the Management Board no later than twenty one days before the scheduled date of the Meeting. The request shall include a justification or a draft of resolution concerning the proposed agenda item. The request may be submitted in electronic form. The Management Board shall announce immediately, but not later than eighteen days before the scheduled date of the General Meeting, the changes in the agenda, introduced at the request of shareholders. The announcement shall be made in a manner appropriate to convene a general meeting.
5. A shareholder or shareholders representing at least one twentieth of the share capital before the date of the General Meeting may submit to the Company in writing or by electronic means of communication, draft of resolutions concerning the issues placed in the agenda of general meeting or the issues which shall be placed in the agenda. The Company shall promptly announce the drafts of resolutions on its website.

Voting procedure

1. Subject to the provisions of par. 2 and 3, voting is open.
2. The ballot shall be in the following cases:
   a) the vote relates to elections and motions to dismiss members of the Company's organs or liquidators,
   b) the vote relates to motions to hold members of the Company's organs or liquidators liable,
   c) the vote relates to personal matters.
3. Subject to the provisions of Article 416 § 3 of the Commercial Companies Code, a ballot is ordered at the request of even one of the present or represented Shareholders.
4. The General Meeting may pass a resolution to waive the secrecy of the vote on matters relating to the election of a Committee appointed by the General Meeting.
5. The provisions of par. 2 and 3 do not apply in cases when the General Meeting is attended by only one Shareholder.

1.5.11 *THE COMPOSITION AND CHANGES MADE IN THE MOST RECENT FINANCIAL YEAR, AS WELL AS A DESCRIPTION OF THE OPERATION OF THE ISSUER'S MANAGEMENT, SUPERVISORY OR ADMINISTRATIVE ORGANS AND THEIR COMMITTEES*

THE RULES OF OPERATION OF THE MANAGEMENT BOARD OF THE COMPANY

The Management Board operates in accordance with applicable provisions of law, Good Practices and the provisions of the Company's Articles of Association.

CHANGES IN THE COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD

THE COMPOSITION OF THE MANAGEMENT BOARD OF KOFOLA S.A. as at 31 December 2013:

- Janis Samaras – Chairman of the Management Board,
- Martin Mateáš – Member of the Management Board,
- René Musila – Member of the Management Board,
- Tomáš Jendřejek – Member of the Management Board.
- Daniel Buryš – Member of the Management Board,
- Marián Šefčovič – Member of the Management Board

Mr. Daniel Buryš and Mr. Marián Šefčovič were appointed for members of the Management Board by the resolution No. 13 dated 24 June 2013 of the Supervisory Board of KOFOLA S.A. The term of office of the current members of the Management Board was extended for another five years.

On 31 October 2013 a member of the Management Board of KOFOLA S.A. Mr. Bartosz Marczuk resigned with effect from 30 November 2013. Duties previously performed by Mr. Marczuk were taken over Mr. Daniel Buryš.

No changes were made in the composition of the company's Management Board prior to the publication of the present financial statements.

CHANGES IN THE COMPOSITION OF THE COMPANY'S SUPERVISORY BOARD

THE COMPOSITION OF THE SUPERVISORY BOARD OF KOFOLA S.A. as at 31 December 2013:

- René Sommer – Chairman,
- Jacek Woźniak – Vice-chairman,
- Dariusz Prończuk,
- Pavel Jakubík,
- Agnieszka Donica
- Anthony Brown.

On 25 October 2013, Mr. Martin Dokoupil resigned from the position held, effective from 1 November 2013.

Mrs. Agnieszka Donica was appointed as a member of Supervisory Board on 8 November 2013.

No changes were made in the composition of the company's Supervisory Board prior to the publication of the present financial statements.

THE AUDIT COMMITTEE COMPRISES:

- René Sommer – Chairman,
- Jacek Woźniak – Vice-chairman,
- Pavel Jakubík,
- Dariusz Prończuk,
- Anthony Brown.
- Agnieszka Donica

Mrs. Agnieszka Donica was appointed as a member of Audit Committee on 8 November 2013.

No changes were made in the composition of the company's Audit Committee prior to the publication of the present financial statements.

THE REMUNERATION COMMITTEE COMPRISES:

- Jacek Woźniak – Chairman,
- Martin Dokoupil (to 30 October 2013).

Mr. Martin Dokoupil resigned from his post on 25 October 2013, effective from 1 November 2013.

Since the day of Mr. Martin Dokoupil resignation the Remuneration Committee suspended its activities.

PRINCIPLES OF OPERATIONS OF THE SUPERVISORY BOARD

The Supervisory Board operates in accordance with legal regulations in force, the provisions of the Articles of Association of the Company and the provisions of the Supervisory Board.

MEETINGS OF THE SUPERVISORY BOARD

1. The Supervisory Board passes the rules of procedures for the functioning of the Supervisory Board.
2. For a Supervisory Board meeting to be effective, all of the members of the Supervisory Board must be properly invited, and the meeting must be attended by at least half of the Supervisory Board members, including the Chairman or Vice-Chairman. With the consent of all of its members, the Supervisory Board may meet without a formal call.

3. A Supervisory Board meeting is called by: (i) the Chairman of the Supervisory Board or (ii) the Vice-Chairman of the Supervisory Board, on his own initiative or at the request of the Company's Management Board or at least two members of the Company's Supervisory Board. A meeting should be called within 2 (in words: two) weeks of the submission of such a request by the entitled person, with the date of the meeting set for within 4 (in words: four) weeks of the submission of such a request. A Supervisory Board meeting is called by registered mail, e-mail or fax sent at least 2 (in words: two) weeks prior to the meeting date.
4. The Supervisory Board is required to hold a meeting at least once a quarter. Supervisory Board meetings are held at the Company's registered office or – with the consent of all members – at another location.
5. Subject to Article 388 § 2 and 4 of the Commercial Companies Code, Supervisory Board members may take part in the passing of resolutions by casting their vote in writing through another member of the Supervisory Board.
6. Subject to Article 388 § 4 of the Commercial Companies Code, the Supervisory Board may pass resolutions in writing or by using methods of direct communication. A resolution is valid if all of the Supervisory Board members have been notified of the text of the draft resolution.
7. Subject to the other provisions of the Company's Articles of Association (see point H of the present declaration), the Supervisory Board passes resolutions by an ordinary majority of votes cast by Supervisory Board members present at the meeting, and if the number of votes is equal the Chairman of the Supervisory Board has the deciding vote.
8. The Supervisory Board may appoint permanent or ad hoc committees, operating as the Supervisory Board's collegial consulting and opinion forming organs. Two permanent committees are formed as part of the Supervisory Board: the Audit Committee and the Remuneration Committee. The Supervisory Board appoints members of the Audit Committee and the Supervisory Committee from among members of the Supervisory Board.
9. The work of a Committee is directed by the Committee chairman, who is selected at its first meeting, in a resolution passed by its members, from among members of the Committee. The chairman also supervises the preparation of the agenda, organisation of document distribution and preparation of Committee meeting minutes.
10. Committee meetings are called in accordance with the same principles that apply to the calling of Supervisory Board meetings.
11. Committee resolutions are passed by an ordinary majority of votes. In votes where an equal number of votes are cast 'in favour' and 'against', the Committee chairman casts the deciding vote.

AUDIT COMMITTEE

1. The Audit Committee is appointed by the Supervisory Board from among its members, and comprises several members. The number of members, including independent members, is determined by the Supervisory Board in the form of a resolution. At least one member of the Audit Committee should be qualified and experienced in accounting and finance.
2. The duties of the Audit Committee include:
   a) recommending to the Supervisory Board the selection of an auditor of the financial statements of the Company and of the companies from its Group, and of the consolidated financial statements for the previous financial year,
   b) monitoring the audit of the Company's financial statements and the consolidated financial statements for the previous financial year; becoming familiar with the details of the results of these audits at their various stages,
   c) presenting to the Board its findings and recommendations relating to the audit and evaluation of the financial statements and consolidated financial statements for the previous financial year, as well as the Management Board's proposed distribution of profit or coverage of loss,
   d) presenting to the Board its findings and recommendations on granting discharge to the member of the Company's Management Board in charge of the economic and finance department for the duties he/she performed,
   e) performing other tasks determined by the Board depending on the needs arising out of the Company's current situation,
   f) submitting to the Board annual reports on the Committee's operations,
   g) other matters as specified in Article 41 of Directive No. 2006/43/EC passed by the European Parliament on 17 May 2006.

REMUNERATION COMMITTEE

1. The Remuneration Committee is appointed by the Supervisory Board from among its members, and comprises several members. The number of members, including independent members, is determined by the Supervisory Board in the form of a resolution.
2. The Remuneration Committee is the Supervisory Board's opinion forming and consulting organ on the following matters:
   a) determining the terms and conditions for remunerating members of the Company's Management Board and members of the management and supervisory boards of the companies from the Company's group,
   b) granting bonuses or other variable remuneration components to members of the Management Board,
   c) remuneration of the Company's Management Board members agreed in the contracts signed with the Company,

d) the Company's remuneration policies, including in particular the performance of periodic reviews of the system used to remunerate members of the Management Board and management staff working directly under the supervision of members of the Management Board, and submitting to the Supervisory Board proposed changes in those policies in the context of the Company's strategic goals,

e) incentive plans for higher level managers,

f) assessing the human resources management system at the Company and at the companies from its Group.

1.6 THE COMPANY'S SHAREHOLDING STRUCTURE – INFORMATION ABOUT THE SHAREHOLDERS WHO HOLD AT LEAST 5% OF SHARES/VOTES AT GENERAL SHAREHOLDERS' MEETING

According to the Company's information as at the date of the preparation of the present report (20 March 2014), the following entities held at least 5% of the total number of votes at General Shareholders' Meeting of KOFOLA S.A.:

KSM Investment S.A. with its registered office in Luxembourg
- 13 395 373 shares, which constitute 51,19% of share capital of KOFOLA S.A.
- 13 395 373 votes, which constitute 51,19% of total votes at General Shareholders' Meeting of KOFOLA S.A.

CED GROUP S. a r.l. with its registered office in Luxembourg
- 11 283 153 shares, which constitute 43,11% of share capital of KOFOLA S.A.
- 11 283 153 votes, which constitute 43,11% of total votes at General Shareholders' Meeting of KOFOLA S.A.

As at 31 December 2013, the share capital amounted to PLN 26 170 003 and consisted of 26 170 003 shares amounting to 26 170 003 votes at Company's General Shareholders' Meeting.

The Ordinary General Shareholders' Meeting of KOFOLA S.A. passed a decision by resolution No. 18 and 19 dated 24 June 2013 to redeem 2 599 ordinary shares acquired under the repurchase program completed by the end of 2012 and reduce the share capital by PLN 2 599 to the amount of PLN 26 170 003. Reduction of share capital was registered by the registration court on 15 October 2013.

1.7 ONGOING PROCEEDINGS BEFORE COURTS, ARBITRATION ORGANS OR PUBLIC ADMINISTRATION ORGANS

FRUCTO-MAJ SP. Z O.O.

KOFOLA S.A. holds debts of Fructo-Maj Sp. z o.o., a company in a state of bankruptcy. As at 31 December 2013 the total value of these receivables is PLN 4 499 thousand and the balance sheet value of this item after impairment allowance zero.

At this moment process of selling Fructo-Maj Sp. z o.o. assets by the bankruptcy estate receiver is coming to an end. According to the Board of Directors based on the current legal status and types of collateral, write-downs of assets associated with Fructo-Maj Sp. z o.o. included in this financial information are adequate.

1.8 INFORMATION ABOUT SIGNIFICANT CONTRACTS

On 22 April 2013 a subsidiary - Hoop Polska Sp. z o.o. concluded with Bank Millennium S.A. in Warsaw and Bank BPH S.A. in Krakow the investment credits and overdraft Agreement for the total amount of PLN 72 000 thousand, including two investment credits of PLN 16 000 thousand and two overdrafts of PLN 20 000 thousand. The repayment date of all new credits was set at 22 April 2017. Guarantee as collateral for the Credit Agreement was granted by KOFOLA S.A. for Financing Banks up to a total amount of PLN 108 000 thousand and expires on 31 December 2020 or on the date of payment of all obligations of Hoop Polska Sp. z o.o. under the Credits Agreement, depending on which of these dates will occur earlier. On 31 December 2013 annexes to loan agreements concluded in 2012 (as a subordinated loans to the above mentioned credit agreements) between KOFOLA S.A. and Hoop Polska Sp. z o.o. extending the repayment date to 31 December 2017, were signed.

1.9 INFORMATION ABOUT MATERIAL CONTRACTS WHICH DO NOT MEET THE CRITERIA OF THE SIGNIFICANT CONTRACT

In the reporting period there were no such contracts.

1.10 INFORMATION ABOUT CREDIT AND LOANS

A description of the credits and loans is presented in note 5.18 to the financial statements.

1.11 INFORMATION ON THE GRANTING BY THE ISSUER OR ITS SUBSIDIARY OF CREDIT OR LOAN GUARANTEES

Entity providing guarantees	Entity receiving guarantees	Credit value on balance sheet day which were subject to guarantee		The period for providing guarantees	The entity for which liabilities guarantees were provided	Kind of relationship between the entity providing and entity receiving
		in currency	in thous. PLN			
KOFOLA S.A.	Bank Millenium S.A.	PLN 13 000 T	13 000	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank BPH S.A.	PLN 13 000 T	13 000	12/2012	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank Millenium S.A	PLN - T	-	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank BPH S.A.	PLN - T	-	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Deutsche Leasing S.A.	EUR 584 T	2 422	2/2014	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Toyota Leasing S.A.	EUR 172 T	713	6/2015	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	UAB Putoksnis	EUR 218 T	904	1/2014	Hoop Polska Sp. z o.o.	subsidiary
Total for loans or guarantees issued			**PLN 30 039**	**thousand**		

Remuneration of KOFOLA S.A. for granting the above mentioned guarantees in the reporting period amounted to PLN 143 thousand.

1.12 ACQUISITION OF A SUBSIDIARY

On 5 February 2013, KOFOLA S.A. acquired all shares in the subsidiary - Alofok Ltd registered in Cyprus, Limassol. The value of acquired assets amounted to PLN 8 thousand (EUR 2 thousand). On 4 July 2013, the Russian registered office registered all shares of OOO Megapack held by KOFOLA S.A. as a contribution in kind to the subsidiary Alofok Ltd, of which KOFOLA S.A. holds 100% of equity. After this transaction, carrying amount of shares of Alofok Ltd held by KOFOLA S.A. increased to PLN 55 907 thousand.

1.13 INFORMATION ON ISSUING SECURITIES

Based on the Resolution of the Management Board dated 12 August 2013 amended on 25 September 2013, on 4 October 2013 KOFOLA S.A. issued 110 bonds denominated in Czech crowns with a total nominal value of CZK 330 000 thousand.

Bonds issued:

- were not a subject to public offering,
- were offered under private placement through the lead arrangers i.e. Česká spořitelna a.s. and PPF banka a.s. – based on the subscription agreement dated 3 October 2013
- the nominal value of one bond amounted to CZK 3 000 000,
- the issue price of one bond constituted 99,0% of its nominal value,
- bonds' redemption date is due in 60 months since the day of bonds' issuance, so as at 4 October 2018,
- interests will be accrued in annual periods, the end of the first interest accrual period is set as at 4 October 2014,
- bonds' interest - 12M PRIBOR rate plus a 415 basis points margin,
- the purpose of the issuance was to obtain funds, that most of which will be used to diversify financing sources and to refinance the Company's present debt.

1.14 THE MANAGEMENT'S STANDPOINT ON THE FEASIBILITY OF REALISING PREVIOUSLY PUBLISHED PROFIT/LOSS FORECASTS FOR A GIVEN YEAR, COMPARED TO THE FORECAST RESULTS

The Company did not publish any financial result forecasts for the year 2013.

1.15 THE FACTORS AND UNUSUAL EVENTS THAT HAD AN EFFECT ON THE COMPANY'S RESULT

In the reporting period the results of KOFOLA S.A. were mainly affected by recognised impairment of goodwill and financial fixed assets in the amount of PLN 179 570 thousand, interest income in the amount of PLN 10 312 thousand, dividends received in the amount of PLN 12 453 thousand, foreign exchange losses in the amount of PLN 3 087 thousand relating mainly to a long-term loan granted to the company Kofola ČeskoSlovensko a.s. in CZK and the interest expense on the bonds and obligations in the amount of PLN 7 087 thousand.

In the coming periods the Company's results will be affected by the PLN to CZK exchange rates and by the results of subsidiaries that will determine the amount of possible dividend. The future growth of the Company, which conducts no operating activities, is linked directly to the growth and results of the entire Group.

1.16 CHANGES IN THE COMPANY'S BASIC MANAGEMENT METHODS

During 2013, no changes in the Company's management methods were made.

1.17 AGREEMENTS CONCLUDED BETWEEN THE ISSUER AND THE MANAGEMENT STAFF

No agreements have been signed with persons who are Members of Management Board, which provide for compensation in the event of their resignation or dismissal.

1.18 REMUNERATION OF BOARD OF DIRECTORS AND SUPERVISORY BOARD MEMBERS

The following total remuneration has been paid out to members of the Board of Directors and Supervisory Boards of KOFOLA S.A. by all the Group companies:

Board of Directors	2013
Janis Samaras	619
Bartosz Marczuk (until 11/2013)	851
Martin Mateáš	955
Tomáš Jendřejek	497
René Musila	475
Daniel Buryš (from 6/2013)	191
Marián Šefčovič (from 6/2013)	216
Total*	**3 804**

* Remuneration of PLN 3 206 thousand have been paid out by subsidiary Kofola ČeskoSlovensko a.s.

Supervisory Board	2013
René Sommer **	-
Jacek Woźniak	-
Dariusz Prończuk	-
Pavel Jakubík **	-
Martin Dokoupil	-
Anthony Brown	96
Agnieszka Donica**	-
Total	**96**

** Remuneration paid out in 2013 from the employment in Kofola ČeskoSlovensko a.s. and Hoop Polska Sp. z. o.o. amounted to PLN 803 thousand.

1.19 INFORMATION ABOUT AGREEMENTS THAT MAY CHANGE THE PROPORTION OF SHARES HELD BY THE EXISTING SHAREHOLDERS IN THE FUTURE

As at the date of the preparation of the present report, there are no agreements that could in the future change the proportion of shares held by the existing shareholders.

1.20 INFORMATION ABOUT THE ENTITY AUTHORISED TO AUDIT THE FINANCIAL STATEMENTS

On 30 May 2012 KOFOLA S.A. concluded an agreement with PricewaterhouseCoopers Sp. z o.o. for an audit and review of the financial statements. The agreement with PricewaterhouseCoopers Sp. z o.o. was concluded for a period of one year for audit of KOFOLA S.A. and KOFOLA S.A. Group for the financial year 2012 with an option to extend for a further two years. According to the decision of the Supervisory Board of Kofola S.A. as of 15 March 2013, cooperation with PricewaterhouseCoopers Sp. z o.o. was also continued in 2013. The amount of remuneration resulting from the agreement with PricewaterhouseCoopers Sp. z o.o. in respect of the separate financial statements of KOFOLA S.A. and consolidated financial statements of the KOFOLA S.A. Group for the year 2013 is PLN 20 thousand, whereas the aggregate remuneration payable to PricewaterhouseCoopers Sp. z o.o. from the other titles regarding the year 2013 is PLN 20 thousand and relates to the review of interim stand alone and consolidated financial statements for the first half of 2013.

1.21 SUBSEQUENT EVENTS, WHICH OCCURRED AFTER BALANCE SHEET DATE, NOT RECOGNISED IN THE FINANCIAL STATEMENTS, THAT COULD HAVE A SIGNIFICANT EFFECT ON THE FINANCIAL RESULTS OF KOFOLA S.A.

SALE OF SHARES IN A SUBSIDIARY - POMORSKIE CENTRUM DYSTRYBUCJI HOOP SP. Z O.O.

On 14 January 2014 KOFOLA S.A. sold all shares held in the subsidiary Pomorskie Centrum Dystrybucji Hoop Sp. z o.o.

1.22 STATEMENT OF THE BOARD OF DIRECTORS OF KOFOLA S.A.

According to § 91 clause 1, item 6 of the Decree of the Council of Ministers from 19 February 2009 on current and periodic information published by the issuers of securities and conditions for recognising as equivalent information required by law of a non-member state, the Board of Directors of KOFOLA S.A. declares that the entity authorised to audit the financial statements, which audited the financial statements for the year 2013, was selected in accordance with the legal regulations and that this entity and the auditors performing the audit of the report, met the conditions for an independent opinion on the audited annual financial statements in accordance with applicable regulations and professional standards.

According to § 91 paragraph 1.5 of the Council of Ministers of 19 February 2009 on current and periodic information published by the issuers of securities and conditions for recognising as equivalent information required by the legal regulations of a non-member state, the Board of Directors of KOFOLA S.A. declares that according to its best knowledge, the annual financial statements for 2013 and comparative figures have been prepared in accordance with applicable accounting principles and give a true and fair view about KOFOLA S.A.'s financial position and its financial performance, and that the issuer's activity report presents a true view of the development and achievements as well as position of KOFOLA S.A., including a description of the main risks and threats.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

20.3.2014	**Janis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
20.3.2014	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
20.3.2014	**René Musila**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
20.3.2014	**Tomáš Jendřejek**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
20.3.2014	**Daniel Buryš**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
20.3.2014	**Marián Šefčovič**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

20.3.2014	**Katarzyna Balcerowicz**	**Chief Accountant**	....
date	*name and surname*	*position*	*signature*

2 SEPARATE FINANCIAL STATEMENTS OF KOFOLA S.A.

2.1 SEPARATE INCOME STATEMENT

for the 12-month periods ended 31 December 2013 (audited) and for the 12-month periods ended 31 December 2012 (audited) in PLN thousand.

Income Statement	Note	1.1.2013 - 31.12.2013	1.1.2012 - 31.12.2012
Revenue from dividends		12 453	9 162
Cost of sales		-	-
Gross profit		**12 453**	**9 162**
Selling, marketing and distribution costs		-	-
Administrative costs	5.2	(3 202)	(3 508)
Other operating income		3 942	3 290
Other operating expenses	5.5, 5.11	(179 573)	(2)
Operating profit/loss		**(166 380)**	**8 942**
Financial income	5.3	10 455	11 026
Financial expense	5.4	(10 190)	(11 760)
Profit/loss before tax		**(166 115)**	**8 208**
Income tax	5.7	(56)	3 547
Net profit/loss for the period		**(166 171)**	**11 755**
Earnings/loss per share (in PLN)			
- basic from profit for the period	5.9	(6,3490)	0,4491
- diluted from profit for the period	5.9	(6,3497)	0,4491

2.2 SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the 12-month periods ended 31 December 2013 (audited) and for the 12-month periods ended 31 December 2012 (audited) in PLN thousand.

Statement of comprehensive income	Note	1.1.2013 - 31.12.2013	1.1.2012 - 31.12.2012
Net profit/loss for the period		**(166 171)**	**11 755**
Other comprehensive income (gross)		-	-
Other comprehensive income (net)		-	-
Total comprehensive income	2.5	**(166 171)**	**11 755**

2.3 SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2013 (audited) and 31 December 2012 (audited) in PLN thousand.

ASSETS	Note	31.12.2013	31.12.2012
Fixed assets (long-term)		**849 679**	**1 040 944**
Tangible fixed assets	5.10	268	372
Goodwill	5.12	-	13 767
Intangible fixed assets	5.12	-	-
Investment in subsidiaries and associates	5.14	744 681	867 337
Loans granted to related parties	5.14	104 314	158 996
Deferred tax assets	5.7	416	472
Current assets (short-term)		**2 599**	**1 455**
Trade receivables and other receivables	5.17	416	303
Cash and cash equivalents	5.18	2 183	1 152
TOTAL ASSETS		**852 278**	**1 042 399**

LIABILITIES AND EQUITY	Note	31.12.2013	31.12.2012
Equity		**768 817**	**958 621**
Share capital	5.19	26 170	26 173
Supplementary capital		908 818	920 351
Other capital	5.19	-	342
Retained earnings	5.19	(166 171)	11 755
Long-term liabilities		**77 437**	**71 075**
Bonds issued	5.22	49 006	45 369
Provisions	5.20	-	-
Other long-term liabilities	5.23	28 431	25 706
Deferred income tax liabilities	5.7	-	-
Short-term liabilities		**6 024**	**12 703**
Bonds issued	5.22	588	3 163
Trade liabilities and other liabilities	5.23	5 436	8 817
Income tax liabilities		-	-
Provisions	5.20	-	723
Total liabilities		**83 461**	**83 778**
TOTAL LIABILITIES AND EQUITY		**852 278**	**1 042 399**

2.4 SEPARATE CASH FLOW STATEMENT

for the 12-month periods ended 31 December 2013 (audited) and for the 12-month periods ended 31 December 2012 (audited) in PLN thousand.

Cash flow statement	Note	1.1.2013 - 31.12.2013	1.1.2012 - 31.12.2012
Cash flows on operating activity			
Profit (loss) before tax		(166 115)	8 208
Adjustments for the following items:			
Non-cash movements			
Depreciation and amortisation		-	-
Net interest and dividends		(15 677)	(14 090)
Change in the balance of provisions		(723)	(14 222)
Impairment allowances of fixed assets		179 570	11 081
Other		-	(68)
Gains and losses on foreign exchange differences		3 087	5 677
Cash movements			
Dividends received		12 453	9 162
Income tax paid		-	(359)
Change in working capital			
(Increase) / decrease in the balance of receivables		5 689	3 324
(Increase) / decrease in the balance of liabilities		(548)	(564)
Net cash flows on operating activity		**17 736**	**8 149**
Cash flows on investing activity			
Purchase of financial assets		(8)	(11 500)
Interest received		8 843	10 487
Proceeds from repaid loans		873	4 075
Loans granted		(96)	(32 000)
Net cash flows on investing activity		**9 612**	**(28 938)**
Cash flows on financial activity			
Proceeds from bonds issue		54 521	16 697
Repayment of bonds		(53 460)	-
Dividends paid		(23 291)	(23 294)
Interest paid		(4 087)	(4 349)
Net cash flows on financing activity		**(26 317)**	**(10 946)**
Total net cash flow		1 031	(31 735)
Cash at the beginning of the period		**1 152**	**32 887**
Cash at the end of the period		**2 183**	**1 152**

2.5 SEPARATE SATEMENT OF CHANGES IN EQUITY

for the 12-month period ended 31 December 2013 (audited) and the 12-month period ended 31 December 2012 (audited) in PLN thousand.

Statement of changes in equity	Note	Share capital	Supplementary capital	Other capital	Retained earnings	Total equity
As at 1.1.2012		**26 173**	**921 100**	**342**	**22 614**	**970 229**
Net profit/loss for the period		-	-	-	11 755	11 755
Total comprehensive income		**-**	**-**	-	11 755	11 755
Dividends payment		-	(680)	-	(22 614)	(23 294)
Own shares		-	(69)	-	-	(69)
As at 31.12.2012		**26 173**	**920 351**	**342**	**11 755**	**958 621**
As at 1.1.2013		**26 173**	**920 351**	**342**	**11 755**	**958 621**
Decrease in share capital		(3)	3	-	-	-
Net profit/loss for the period		-	-	-	(166 171)	(166 171)
Total comprehensive income		**-**	**-**	**-**	**(166 171)**	**(166 171)**
Dividend payment		-	(11 536)	-	(11 755)	(23 291)
Other (profit distribution, own shares)		-	-	(342)	-	(342)
As at 31.12.2013		**26 170**	**908 818**	**-**	**(166 171)**	**768 817**

The Ordinary General Shareholders' Meeting of KOFOLA S.A. passed a decision by resolution No. 18 and 19 dated 24 June 2013 to redeem 2 599 ordinary shares acquired under the repurchase program completed by the end of 2012 and reduce the share capital by PLN 2 599 to the amount of PLN 26 170 003. Reduction of share capital was registered by the registration court on 15 October 2013.

In the Supplementary capital there is presented the capital fund (dividend fund) in the amount of PLN 17 326 thousand designed for future dividend payments and the supplementary capital, in the amount of PLN 930 thousand, designed for repurchase program.

In the Other capital there was presented the capital referring to the employee stock option program that was completed in the reporting period.

3 GENERAL INFORMATION

Information about the Company:

Name: KOFOLA Spółka Akcyjna [joint-stock company] ("the Company", "the Issuer")

Registered office: 5 Wschodnia Street, 99-300 Kutno,

Main areas of activity: the activities of head offices and holdings, excluding financial holdings (PKD 2007) 7010Z (the activities of holdings in accordance with PKD 2004). The classification of the Warsaw Stock Exchange places the Company in the food sector.

Registration organ: the Regional Court for Łódź-Śródmieście in Łódź, XX Business Division of the National Court Register, KRS 0000134518.

The Company has been formed for an unspecified time.

The Company's separate financial statements cover the year ended 31 December 2013 and include comparatives for the year ended 31 December 2012.

The Company is the holding company of the KOFOLA S.A. Group ("the Group", "the KOFOLA S.A. Group") and prepares consolidated financial statements.

BOARD OF DIRECTORS

As at 31 December 2013 the Board of Directors of the parent company KOFOLA S.A. comprised:

- Janis Samaras – Chairman of the Board of Directors,
- Martin Mateáš – Member of the Board of Directors,
- René Musila – Member of the Board of Directors,
- Tomáš Jendřejek – Member of the Board of Directors,
- Daniel Buryš – Member of the Board of Directors,
- Marian Šefčovič – Member of the Board of Directors.

Mr. Daniel Buryš and Mr. Marián Šefčovič were appointed as members of the Board of Directors by Resolution No. 13 of the Supervisory Board from 24 June 2013. The term of the remaining members of the Board of Directors were prolonged for another five years.

Mr. Bartosz Marczuk resigned from his post as a member of the Board of Directors of KOFOLA S.A on 31 October 2013 effective from 30 November 2013. His duties has been taken over by Mr. Daniel Buryš.

No changes were made in the composition of the Company's of the Board of Directors prior to the publication of the present financial statements.

SUPERVISORY BOARD

As at 31 December 2013, the Supervisory Board consisted of:

- René Sommer – Chairman,
- Jacek Woźniak – Vice-Chairman,
- Dariusz Prończuk,
- Pavel Jakubík,
- Agnieszka Donica,
- Anthony Brown.

On 25 October 2013, Mr. Martin Dokoupil resigned from the position held, effective from 1 November 2013.

Mrs. Agnieszka Donica was appointed as a member of Supervisory Board on 8 November 2013.

No changes were made in the composition of the Company's Supervisory Board prior to the publication of the present financial statements.

AUDIT COMMITTEE

As at 31 December 2013, the Audit Committee consisted of:

- Jacek Woźniak,
- Dariusz Prończuk,
- René Sommer,
- Anthony Brown,
- Agnieszka Donica,
- Pavel Jakubík.

Mrs. Agnieszka Donica was appointed as a member of Audit Committee on 8 November 2013.

No changes were made in the composition of the Company's Audit Committee prior to the publication of the present financial statements.

4 INFORMATION ABOUT THE METHODS USED TO PREPARE THE SEPARATE FINANCIAL STATEMENTS OF KOFOLA S.A.

4.1 BASIS FOR THE PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

The present financial statements have been prepared in accordance with the laws binding in the Republic of Poland and with International Financial Reporting Standards ("IFRS"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, and therefore comply with Article 4 of the EU Directive on the application of international accounting standards. The separate financial statements have been prepared on a going concern basis and in accordance with the historical cost method, with the exception of assets and financial liabilities stated at amortised cost, financial assets stated at fair value.

The separate financial statement includes a separate statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, separate cash-flow statement and selected explanatory notes.

The main accounting methods are presented in point 4.4. They have been applied continuously in all of the years covered by the separate financial statements (unless stated otherwise).

The separate financial statements are presented in Polish zlotys ("PLN"), and all values, unless stated otherwise, are listed in PLN thousands.

4.2 STATEMENT OF COMPLIANCE

The present separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") approved by the EU. IFRS consist of standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

4.3 FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The Polish zloty is the functional currency of the Company and the presentation currency of the separate financial statements.

4.4 TRANSLATION OF AMOUNTS EXPRESSED IN FOREIGN CURRENCY

Transactions expressed in currencies other the Polish zloty are translated into the Polish zlotys using the exchange rate as at the date of the transaction.

Financial assets and liabilities expressed as at the balance sheet date in currencies other than the Polish zloty are translated into the Polish zlotys using the average exchange rate announced for a given currency by the National Bank of Poland for the end of the reporting period. The resulting foreign exchange differences are recognised under financial revenue (costs).

Non-financial assets and liabilities recognised at historical cost expressed in a foreign currency are listed at the historical rate as at the date of the transaction. Non-financial assets and liabilities recognised at fair value expressed in a foreign currency are translated at the exchange rate as at the date on which they were stated at fair value.

The following rates were used in the balance sheet valuation:

Currency rate at the end of the period	31.12.2013	31.12.2012
PLN/CZK	0,1513	0,1630
PLN/EUR	4,1472	4,0882
PLN/RUB	0,0914	0,1017
PLN/USD	3,0120	3,0996

Average currency rate, calculated as arithmetical mean of currencies on last day of each month in period	1.1.2013 - 31.12.2013	1.1.2012 - 31.12.2012
PLN/CZK	0,1620	0,1661
PLN/EUR	4,2110	4,1736
PLN/RUB	0,0990	0,1043
PLN/USD	3,1653	3,2312

4.4.1 *TANGIBLE FIXED ASSETS*

Tangible fixed assets are stated at acquisition cost less accumulated depreciation and any impairment allowances. The opening value of fixed assets consists of their acquisition price plus all costs directly associated with the asset's acquisition and adaptation for use. The costs also include the cost of replacing parts of machines and equipment as they are incurred, if the recognition criteria are met. Costs incurred after the asset is given over for use, such as maintenance and repairs, are charged to the income statement as they are incurred.

Assets that have an indefinite useful life, such as goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the possibility of failure to execute their carrying value. An impairment allowance is recognised for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of: the fair value less costs to sell or value in use. For the purposes of impairment assessment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill for which impairment has been previously identified, are assessed at each reporting date for the presence of indications of possible impairment.

If circumstances occurred during the preparation of the financial statements indicate that the balance sheet value of tangible fixed assets may not be recoverable, the said assets are tested for impairment. If there are indications that impairment might have occurred, and the balance sheet value exceeds the estimated recoverable amount, then the value of those assets or cash generating units to which the assets belong is reduced to the value of the recoverable amount. The recoverable amount corresponds to the higher of the following two values: the fair value less cost to sell, or the value in use. When determining value in use, the estimated future cash flows are discounted to the present value using a gross discount rate reflecting the current market assessments of the time value of money and the risk associated with the given asset component. If the asset component does not generate income sufficiently independently, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment allowances are recognised in the income statement under other operating expenses.

A given tangible fixed asset may be removed from the balance sheet after it is sold or if no economic benefits are anticipated from its continued use. All profits and losses arising out of removing a given item from the balance sheet (calculated as the difference between the potential net income from the sale and the balance sheet value of a given item) are recognised in the income statement in the period in which the removal was performed.

Assets under construction consist of fixed assets that are being constructed or assembled, and are stated at acquisition price or cost of production. Fixed assets under construction are not depreciated until the construction is completed and the assets given over for use.

The balance sheet value, the useful life and the depreciation method of fixed assets are verified, and if need be – adjusted, at the end of each financial year to be applied starting with the next year.

Depreciation

Tangible fixed assets, or their significant and separate components, are depreciated using the straight-line method throughout their economic useful lives. Land is not depreciated.

4.4.2 *GOODWILL*

Goodwill that arose on the acquisition of subsidiaries and represents the excess of the consideration transferred, the fair value of the previously held shares, and the value of any non-controlling interest in the acquiree over the fair value of the identifiable assets acquired and liabilities.

In order to test for possible impairment of goodwill, it is allocated to cash-generating units. The allocation is made to those units or groups of cash-generating units, which are expected to benefit from the combination in which the goodwill arose. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the level of the operating segment.

Goodwill is tested annually for impairment (or more frequently if there are indications that point out the possibility of impairment). The carrying amount of goodwill is compared with its recoverable amount, which corresponds to the value in use and fair value less costs to sell, depending on which one is higher. Impairment allowances on goodwill are recognised as an expense in the period and are not reversed in a subsequent period.

4.4.3 *RECOVERABLE AMOUNT OF FIXED ASSETS*

The Company evaluates its assets for impairment as at each balance sheet date. If there are indications of impairment, the Company performs a formal estimate of the recoverable amount. If the balance sheet value of a given asset or cash generating unit exceeds its recoverable amount, it is considered impaired and written down to the value of the recoverable amount. The recoverable value corresponds to the higher of the following two values: the fair value less cost to sell, or the value in use of a given asset or cash generating unit.

4.4.4 *FINANCIAL INSTRUMENTS*

Financial instrument is any agreement that gives rise to a financial asset of one entity, and a financial liability or equity instrument of another entity.

The most significant asset components that are subject to the valuation methods applicable to financial instruments:

1. loan receivables,
2. derivative instruments (options, forward contracts, futures, swap contracts, embedded derivative instruments),
3. other financial assets.

Short-term term trade receivables are stated at amortised cost by applying the effective interest rate method, and reduced by impairment allowances, if any.

The most significant liabilities components that are subject to the valuation methods applicable to financial instruments:

1. loan payables,
2. credit payables,
3. derivative instruments (options, forward contracts, futures, swap contracts, embedded derivative instruments),
4. other financial liabilities

Trade payables are stated at amortised cost by applying the effective interest rate method.

The Company's financial assets are classified to the following categories:

- financial assets stated at fair value through profit or loss,
- loans and receivables.

Financial liabilities are divided into:

- financial liabilities stated at fair value through profit or loss,
- financial liabilities stated at amortised cost – other liabilities.

Classification is based on the designation and nature of the asset. The Company classifies its assets at their initial recognition, with subsequent verifications performed at each reporting date.

FINANCIAL ASSETS

Financial assets are initially recorded at fair value. Their initial valuation is increased by transaction costs, with the exception of financial assets stated at fair value through profit or loss. The transaction costs of a possible asset disposal are not considered in the subsequent valuation of financial assets. The asset is listed in the balance sheet when the Company becomes a party to the agreement (contract), out of which the financial asset arises.

FINANCIAL ASSETS STATED AT FAIR VALUE THROUGH PROFIT OR LOSS

This category includes two groups of assets: financial assets held for trading and financial assets initially recognised as stated at fair value through profit or loss. A financial asset is included in the held for trading category if it was acquired in order to be resold within a short time, if it constitutes a component of a portfolio that generates short-term profits, or if it is a derivative instrument with a positive fair value.

At the Company, this category includes primarily derivative instruments (in cases when the Group's companies do not apply hedge accounting), as well as debt and equity instruments acquired in order to be resold within a short time.

Assets classified as financial assets stated at fair value through profit or loss are stated as at each reporting date at fair value, and all gains or losses are charged to financial income or expenses. Derivative financial instruments are stated at fair value as at the balance sheet date and as at the end of each reporting period based on valuations performed by the banks realising the transactions. Other financial assets stated at fair value through profit or loss are valued using stock exchange prices, and in their absence, using appropriate valuation techniques, such as: the use of the prices of recent transactions or listings, comparisons with similar instruments, option valuation models. The fair value of debt instruments consists primarily of future cash flows discounted at the current market interest rate applicable to similar instruments.

LOANS AND RECEIVABLES

Loans and receivables are financial assets not included in derivative instruments with specified or specifiable payments, not listed on the active market. Depending on their maturity date, they are included in fixed assets (assets due in more than 1 year of the reporting day) or current assets (assets due within 1 year of the reporting day). Loans and receivables are stated as at the balance sheet date at amortised cost. Included in this group are primarily trade receivables and bank deposits and other cash funds, as well as loans and acquired non-listed debt instruments not included in the other financial assets categories.

FINANCIAL LIABILITIES

Their initial recognition includes transaction costs, except for financial liabilities classified as stated at fair value through profit or loss. The transaction costs of disposing of a financial liability component are not considered in the subsequent valuation of financial liabilities. The component is listed in the balance sheet when the Company becomes a party to the agreement (contract), out of which the financial liability arises.

4.4.5 *TRADE RECEIVABLES AND OTHER RECEIVABLES*

Trade and other financial receivables are stated as at the balance sheet date at amortised cost (i.e. discounted using the effective interest rate) less impairment allowances. Short-term receivables due within 360 days are stated at amount due.

In cases when the effect of the time value of money is significant, the value of a receivable is determined by discounting the forecast future cash flows to the present value, using a gross discounted rate that reflects the current market assessments of the time value of money. If a discounting method was used, the increase in the receivable relating to the passing of time is recorded as financial income.

Receivables that are not financial assets are initially recognised at nominal value and stated as at the balance sheet date at amounts due.

Receivables are revalued in consideration of the likelihood of their repayment, by recognising allowances for doubtful receivables. An impairment allowance for doubtful receivables is recognised when there is objective evidence that it will not be possible to collect all of the amounts due under the original contractual terms. The existence of such objective evidence is assessed on a continuous basis, after obtaining information of the existence of objective evidence that may determine impairment.

If there is an objective evidence that the receivables recognised at amortised costs have been impaired, the impairment allowance is determined as the difference between the balance sheet value of the asset and the present value of the future cash flows discounted based on the effective interest rate. The likelihood of future cash flows is determined based on analysing historical data. The likelihood of losing the receivables determined as a result of estimates based on historical data may decrease if the Management has reliable documents indicating that the receivables have been secured and their collection is very likely.

Generally, impairment allowances for doubtful receivables are recognised for 100% of the following receivables:

- from debtors placed in a state of liquidation or bankruptcy, up to the amount that has not been covered by a guarantee or otherwise secured,
- from debtors whose bankruptcy filing has been rejected, if the debtor’s assets are insufficient to satisfy the costs of the bankruptcy proceeding at the full value of the claim,
- disputed by the debtors, as well as overdue up to the amount that has not been covered by a guarantee or otherwise secured, if an analysis of the debtor’s financial position indicates that the repayment of the contractual amount in the nearest six months is not possible,
- constituting an equivalent of the amounts increasing the receivables with regard to which an allowance had previously been recognised at the value of those amounts until they are received or written off,
- overdue or not overdue with a significant likelihood of non-collectability, at a reliably estimated amount of impairment allowance for doubtful receivables,
- late interest charges,
- receivables that are overdue by more than 180 days as at the balance sheet date.

4.4.6 *CASH AND CASH EQUIVALENTS*

Cash and short-term deposits listed in the balance sheet include cash at bank and in hand, as well as short-term deposits with initial maturity dates of no more than three months.

The balance of cash and cash equivalents listed in the consolidated cash flow statement consists of the above described cash and cash equivalents.

4.4.7 *EQUITY*

Equity is recognised in the accounting books by type and in accordance with binding legal regulations and the Company’s Articles of Association.

Share capital is listed at the amount disclosed in the Articles of Association and in the National Court Register.

Declared but unpaid capital contributions are recorded as unpaid share capital. Treasury shares and unpaid share capital reduce the value of the Company’s equity.

Own shares acquired for redemption, in accordance with the provisions of the Code of Commercial Companies, are recorded at cost as a negative amount as a separate component of equity.

Share premium – this capital consists of the premium earned on the issue of shares, less the costs of the issue.

Other capital consists of the reserve capital (including the dividend fund) and the revaluation reserve.

Accumulated profits consist of: accumulated profit or uncovered loss from previous years (accumulated profit/loss from previous years), the financial result for the year.

Dividends are recognised as liabilities in the period, in which they were passed.

4.4.8 *INTEREST BEARING BANK CREDITS, LOANS AND DEBT SECURITIES*

At their initial recognition, all bank credits, loans and debt securities are recorded at their acquisition price corresponding to the fair value of the received cash funds, less the costs of obtaining the credit or loan.

After their initial recognition, interest bearing credits, loans and debt securities are stated at amortised cost by applying the effective interest rate method.

Amortised cost is determined by taking into account the costs of obtaining the credit or loan, as well as the discounts or bonuses received at the settlement of the liability.

Gains and losses are recognised in the income statement at the moment when the liability is removed from the balance sheet, and when a write down is calculated.

4.4.9 *TRADE LIABILITIES AND OTHER LIABILITIES*

Liabilities constitute a current obligation arising out of past events, the fulfilment of which is expected to result in an outflow of funds containing economic benefits.

Financial liabilities other than financial liabilities stated at fair value through profit or loss are valued as at the balance sheet date at amortised cost (i.e. discounted using the effective interest rate). Short-term liabilities due within 360 days are stated at amounts due.

Liabilities not included in financial liabilities are stated at amounts due.

4.4.10 *PROVISIONS*

Provisions are recognised when the Company has a present obligation (legal or customarily expected) arising out of past events, and when it is likely that the fulfilment of this obligation will result in an outflow of economic benefits, and that the amount of the obligation may be reliably estimated. If the Company expects that the costs covered by the provision will be refunded, for example based on an insurance policy, then the refund is recognised as a separate asset component, but only if it is practically certain that the refund will indeed occur. The costs relating to a given provision are disclosed in the income statement less any refunds. If the time value of money is material, the value of the provision is determined by discounting the forecasted future cash flows to their present values using a gross discount rate reflecting the current market assessments of the time value of money and any risk associated with the given liability. If a method was used consisting of discounting, then any subsequent provision increases are recognised as financial costs.

4.4.11 *EMPLOYEE BENEFITS*

Jubilee bonuses and retirement compensation

In accordance with binding remuneration regulations, the Company's employees are entitled to retirement compensation benefits. Owing to the fact that as at the balance sheet date KOFOLA S.A. had only 1 employee, the Company had formed no provision for future retirement compensation.

Termination benefits

In the event of employment termination, the Company's employees are entitled to benefits in accordance with the labour regulations binding in Poland, such as unused annual leave equivalent and compensation for compliance with a non-competitive agreement.

The provision for unused annual leave is revalued as at the last day of the financial year and as at the last day of each six-month period.

Provisions for other termination benefits are recognised once employment is terminated.

Other employee benefits

The costs of other employee benefits are recognised in the costs of the year in which they were approved for payment, because the value of the benefit can only be reliably determined when it is approved for payment.

Incentive programs based on allocation of subscription warrants

On 18 December 2009 the General Shareholders' Meeting approved the Incentive Program Regulations. As part of the Incentive Program, its participants (management staff) are eligible to take up A, B, C and D series subscription warrants, providing that they meet the criteria specified in the Regulations. The realisation of the warrants is tied to employment, and their fair value was an adjustment of the value of the stake in the subsidiary with a corresponding rise in the appropriate capital reserve while eligibility is acquired. Due to the termination of the Incentive Program in the year 2013, the adjustment of the value of the stake and the capital reserve were ceased.

4.4.12 *REVENUE*

Revenue is recognised at the amount of the economic benefits the Group is likely to obtain from a given transaction, and when the amount of revenue may be measured reliably. Revenue is recognised less value added tax (VAT), excise tax and rebates (discounts, bonuses and other "costs of bringing the product to the store shelf").

The amount of revenue is determined at the fair value of the payment received or receivable. Revenue is stated at discounted value when the effect of the time value of money is material (when the time within which payment is received is longer than 360 days). If revenue is recognised at discounted value, the value of the discount is recognised proportionately to the amount of time passed as an increase in receivables, and on the other side as financial revenue.

Foreign exchange differences on the realisation and balance sheet valuation of trade receivables are listed under revenue.

Foreign exchange differences on the realisation and balance sheet valuation of trade payables are listed in the cost of goods sold.

Revenue is also recognised in accordance with the criteria specified below.

4.4.12.1 Dividends

Dividends are recognised once the shareholders' right to receive them is established.

4.4.12.2 Provision of services

Revenue from the provision of services is recognised after the service is rendered based on invoices issued by the end of the month in which the service was performed.

4.4.12.3 Interest

Interest income is recognised gradually as it accrues.

4.4.13 *INCOME TAX*

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

Current income tax is calculated based on the applicable tax law or in fact made in the balance sheet date in the countries where the subsidiaries and associated companies operate and generate taxable income. The Management shall periodically review the calculation of tax liabilities with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However if the deferred income tax was raised from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. Deferred income tax is determined using tax rates (and laws) that have been enacted by the balance sheet date and are expected to apply when related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only when it is probable that future profits will be taxable, which will allow the use of temporary differences.

Deferred tax liabilities arising from temporary differences arising on investments in subsidiaries and associates, are recognised, unless the timing of the reversal of the temporary difference is controlled by the Group and it is likely that in the foreseeable future, these differences will not be reversed.

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

4.4.14 *EARNINGS PER SHARE*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares during the year, excluding ordinary shares purchased by the Company and recognised as "own shares".

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in such a way as if there was a conversion of the potential ordinary shares resulting in the dilution. The Company has two categories, resulting in dilution of potential ordinary shares: convertible bonds and share options. It is assumed that the convertible bonds were converted into ordinary shares and the net profit is adjusted in such a way as to eliminate the interest expense, net of tax consequences. With respect to stock options, the number of shares that could be acquired at fair value is calculated (determined as the average annual market share price of the Company), by the monetary value of the subscription rights relating to existing stock options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

4.5 NEW STANDARDS AND INTERPRETATIONS

ADOPTION OF CHANGES TO STANDARDS IN 2013

The following standards, changes in binding standards and interpretations adopted by the European Union have been adopted by the Company starting from 1 January 2013:

- IFRS 13 "Fair Value Measurement", which aims to improve disclosures and achieve consistency by providing a revised definition of fair value. Additional disclosure provided in these financial statements.
- Amendment to IAS 12 „Income tax", which introduced a rebuttable presumption that the value of an investment property will be recovered entirely through sale.
- Amendment to IAS 1 „Presentation of financial statements" relating to presentation of items of other comprehensive income. The amendments require entities to classify items presented in other comprehensive income into two groups based on whether they could be included in the income statement in the future. In addition, the title of the statement of comprehensive income " has been changed into "statement of profit or loss and other comprehensive income". Presentation of other comprehensive income was adjusted accordingly.
- Amendment to IAS 19 "Employee Benefits", which makes changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.
- "Disclosures - Offsetting Financial Assets and Financial Liabilities" - Amendments to IFRS 7, which requires disclosures that will enable users to better evaluate the effect of netting arrangements, including rights of set-off.

The adoption of the above mentioned standards unless stated otherwise did not result in significant changes of the Company's accounting policies or presentation of data in the consolidated financial information.

Amendment to IFRS 1 „IFRS first time adoption" relating to government loans, hyperinflation and elimination of references to settled dates for certain exceptions and exemptions as well as amendments to IFRIC 20 "Stripping costs in the production phase of a surface mine" have no material impact on the Company's reporting.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED BY THE COMPANY

Some of the newly published standards and interpretations are effective on or after 1 January 2013, but the Company did not decide on their adoption. None of these standards, except those listed below, should have a material impact on the Company's financial statements:

- IFRS 9 "Financial instruments: classification and measurement". Key elements of the standard were issued in November 2009 and the amendments that were introduced in October 2010, December 2011 and November 2013 are as follows:
- It is required that financial assets are classified in two categories: measured at fair value and measured at amortised cost. The decision on classification is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- Financial instruments are subsequently measured at amortised cost only in case of a debt instrument and both (i) if the entity's business model intends to its retention in order to obtain contractual cash inflows, and (ii) the contractual cash flows from a given asset reflect only principal and interest payments (hence only "basic debt characteristics"). Any other debt instruments are measured at fair value through profit and loss.
- All equity instruments are to be measured at fair value in subsequent periods. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other investments in equity instruments, an irrevocable decision can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than in profit or loss. There would be no possibility of reclassification of the amounts from other comprehensive income to profit or loss. The decision can be made individually in respect to particular instruments. As far as dividends constitute a part of return from an investment, they are recognised in the income statement.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- The requirements concerning hedge accounting have been changed to match the hedge accounting with risk management purposes more precisely. The standard gives entities the choice either to apply hedge accounting principles set out in IFRS 9 or to continue with application of IAS 39 to all hedges, as presently the standard does not cover so-called macro hedge accounting.
- Changes introduced to IFRS 9 in November 2013 abolished the mandatory effective date of the standard leaving a choice regarding the application. The standard has not been yet adopted by the EU. The Company does not intend to adopt the currently prevailing version of IFRS 9.

- IFRS 10 “Consolidated Financial Statements” (issued in May 2011 and effective in the EU for annual periods beginning on or after 1 January 2014) which replaces all of the guidance on control and consolidation in IAS 27 “Consolidated and separate financial statements” and SIC-12 “Consolidation - special purpose entities”. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance. The Company is currently evaluating the impact of the new standard on the consolidated financial statements.
- IFRS 12 “Disclosure of Interests in Other Entities”, (issued in May 2011, changed on 28 June 2012 and effective in the EU for annual periods beginning on or after 1 January 2014) which requires new disclosures by entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 defines disclosure requirements for entities, which adopted two new standards: IFRS 10 “Consolidated Financial Statements” and IFRS 11 “Joint Arrangements” and replaces the disclosure requirements established in IAS 28 “Investments in Associates”. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. Under the new standard, the fulfilment of these objectives requires disclosures in a number of areas, including significant judgments and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extensive disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information on subsidiaries with material non-controlling interests, and detailed information disclosing interests in unconsolidated structured entities. As a result of adoption of the standard, more extensive information concerning subsidiaries that are not 100% owned by the Company will be disclosed.
- IAS 27 “Separate Financial Statements” (changed in May 2011, effective in the EU for annual periods beginning on or after 1 January 2014) was revised and its current objective is to prescribe the accounting and disclosure requirements regarding investments in subsidiaries, joint ventures and associates by entities preparing separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10 “Consolidated Financial Statements”. The Group is currently evaluating the impact of the changed standard on its financial statements.
- “Offsetting financial assets and financial liabilities” - Amendments to IAS 32 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014). The amendment introduces application guidance to IAS 32 in respect to identified inconsistencies in applying some of the offsetting criteria. The change clarifies the meaning of “currently has a legally enforceable right of set-off” and that some gross settlements may be considered equivalent to net settlements. The Company is analysing the consequences of change of the standard, its impact on the consolidated financial statements, as well as its application date.
- Amendments to IAS 36 “Recoverable amount disclosures for non-financial assets” (issued on 29 May 2013, effective for periods beginning on 1 January 2014; not yet adopted by the EU). The changes abolished requirements to disclose the recoverable amount, if a CGU contains goodwill or intangible fixed assets with indefinite useful life and the impairment allowance was not recognised. The Company is currently evaluating the impact of the changes in standard on its financial statements.
- Annual improvement to IFRSs 2012 (issued in December 2013 and effective for annual periods begging 1 July 2014, not yet endorsed by EU). The improvements consist of changes to seven standards and the Group is currently assessing the impact of the amendments on the disclosures in its financial statements.
- IFRS 2 was amended to clarify the definition of a ‘vesting condition’ and to define separately ‘performance condition’ and ‘service condition’; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
- IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014.
- IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity’s assets when segment assets are reported.
- The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial.
- IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
- IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (‘the management entity’), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

The following new standards and standards amendments that are not yet effective and have no impact on the Company:

- IFRS 11 “Joint Arrangements”
- Revised IAS 28 “Investments in Associates and Joint Ventures”
- Amendments to IFRS 10, IFRS 12 and IAS 27 “Investment entities”
- IFRIC 21 “Levies”
- Amendments to IAS 39 “Novation of derivative instruments and hedge accounting continuation”
- Amendments to IAS 19 “Defined benefit plans: Employee contributions”

4.6 Professional Judgement

When a given transaction is not regulated in any standard or interpretation, the Management, based on its subjective judgment, develops and applies accounting policies that will ensure that the financial statements contain proper and reliable information, and that they:

- present truly and fairly the Company’s financial position, financial result and cash flows,
- reflect the economic substance of transactions,
- are objective,
- are prepared in accordance with the prudence principle,
- are complete in all material respects.

As at 31 December 2013, the Management’s professional judgment relates to provisions for claims and court cases, as well as to contingent liabilities. It is also used in assessing the risk associated with the repayment of overdue receivables – the Company verifies its impairment allowances for doubtful debts as at each balance sheet date, taking into account the potential risk of significant delays in their repayment.

4.7 Uncertainty of Estimates

Since some of the information contained in the financial statements cannot be measured precisely, to prepare the financial statements the Company’s Management must perform estimates. The Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason the estimates performed as at 31 December 2013 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information	Note
Impairment of goodwill and individual tangible and intangible fixed assets	Main assumptions used to determine the recoverable amount: indications of impairment, models, discount rates, growth rate.	5.11
Impairment allowances for doubtful debts	Main assumptions used to determine the recoverable amount.	5.13
Provisions	Provisions for termination benefits and restructuring: discount rates and other assumptions. Assumptions used in valuation of retirement benefits provisions.	5.16

4.8 Approval of Financial Statements

The Board of Directors approved these separate financial statements for publication on 20 March 2014.

5 NOTES TO THE SEPARATE FINANCIAL STATEMENTS OF KOFOLA S.A.

5.1 INFORMATION ABOUT OPERATING SEGMENTS

Because of the holding nature of the Company and the lack of operational activities, the operating segments are not reported.

5.2 EXPENSES BY TYPE

Expenses by type	1.1.2013 – 31.12.2013	1.1.2012 – 31.12.2012
Depreciation and amortisation of fixed assets and intangible assets	-	-
Costs of employee benefits and retirement benefits	256	172
Consumption of materials and energy	10	8
Services	2 822	3 183
Rental costs	72	72
Taxes and fees	17	38
Property and life insurance	25	38
Other expenses	-	(3)
Total expenses by type	**3 202**	**3 508**
Reconciliation of expenses by type to expenses by function	**3 202**	**3 508**
Administrative costs	3 202	3 508
Total costs of products, merchandise and materials sold, sales costs and overhead costs	**3 202**	**3 508**

Costs of employee benefits and retirement benefits	1.1.2013 – 31.12.2013	1.1.2012 – 31.12.2012
Cost of salary	218	144
Social security and other benefits costs	38	28
Total costs of employee benefits and retirement benefits	**256**	**172**

5.3 FINANCIAL INCOME

Financial income	1.1.2013 – 31.12.2013	1.1.2012 – 31.12.2012
Financial interest income from:		
– bank deposits	312	717
– credits and loans granted	10 000	10 279
Net financial income from realised FX differences	-	-
Other financial income	143	30
Total financial income	**10 455**	**11 026**

Financial interest income relates to the loan granted to subsidiaries Kofola ČeskoSlovensko a.s. and Hoop Polska Sp. z o.o.

5.4 FINANCIAL EXPENSES

Financial expenses	1.1.2013 – 31.12.2013	1.1.2012 – 31.12.2012
Financial interest expense from:		
– bonds issued	5 202	4 302
– liabilities purchased within the Group	1 885	1 766
Net financial losses from realised FX differences	3 087	5 677
Bank costs and charges	15	15
Total financial expenses	**10 189**	**11 760**

Exchange rate differences relate to the loan granted to Kofola ČeskoSlovensko a.s. denominated in CZK, bonds issued in CZK and to debts within the Group also denominated in CZK.

5.5 CHANGES IN PROVISIONS AND IMPAIRMENT ALLOWANCES

Changes in provisions and impairment allowances	Receivables	Tangible fixed assets	Financial assets	Provisions
As at 1.1.2013	**8 858**	**-**	**11 881**	**723**
Increase due to recognition	78	104	165 699*	-
Decrease due to release	(3 240)			(705)
Decrease due to usage	-			(18)
Transfer to other category	-	-	-	-
As at 31.12.2013	**5 696**	**104**	**177 580**	**0**

* *impairment allowances of shares in Hoop Polska Sp. z o.o.*

The release of impairment allowances on receivables was made as a result of bad debt recovery from the trustee of the entity Fructo-Maj Sp. z o.o.

During the reporting period KOFOLA S.A. released a provision for potential losses related to investments in subsidiaries in the amount of PLN 705 thousand due to sale of shares in PCD Hoop Sp. z o.o.

5.6 DIVIDENDS PAID AND DECLARED

In its Resolution No. 17 the Ordinary General Meeting of KOFOLA S.A. of 24 June 2013 approved part of the net profit generated in 2012, amounting to PLN 11 755 thousand and amount of PLN 11 536 thousand coming from dividend fund for the payment of a dividend.

The shares of all series (A, B, C, D, E, F, G), excluding own shares, participated in the dividend which amounted to PLN 0,89/share. The dividend day was set on 24 September 2013. As per the above resolution, the dividend was paid out on 6 December 2013.

In the reporting period KOFOLA S.A. received a dividend from the company Kofola ČeskoSlovensko a.s. in the amount of PLN 12 453 thousand presented in revenues from dividends.

5.7 INCOME TAX

Main income tax elements for the period of 12 months ended 31 December 2013 and for the period of 12 months ended 31 December 2012:

Income tax	1.1.2013 – 31.12.2013	1.1.2012 – 31.12.2012
Income Statement		
Current income tax	**-**	**-**
Current Income tax charge	-	-
Deferred income tax	**56**	**(3 547)**
Related with recognition and reversal of temporary differences	(1 384)	(6 826)
Related with tax losses	1 440	3 279
Income tax charge/discharge recorded in the income statement	**56**	**(3 547)**

Presented below is a reconciliation of the income tax on the profit/loss before tax at the statutory tax rate with income tax calculated using the effective tax rate, calculated as at 31 December 2013 and 31 December 2012:

	1.1.2013 – 31.12.2013	1.1.2012 – 31.12.2012
Profit/loss before tax	**(166 115)**	**8 208**
Tax expense at the theoretical domestic tax rate in Poland	31 562	(1 560)
Tax effect of:		
Non-deductible expenses	-	(251)
Unrecognised asset from impairment allowances	(34 094)	-
Non-taxable income	2 366	2 372
Deferred tax adjustments relating to prior periods	110	496
Other	-	2 489
Income tax presented in the income statement	**(56)**	**3 547**
Effective tax rate (%)	**(0,03)%**	**(43,21)%**

Deferred income tax

Deferred income tax results from the following items:

31.12.2013

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITY	Deferred income tax assets	Deferred income tax liability	Net amount
Tangible fixed assets and intangible fixed assets	20	-	20
Receivables	1 004	6 263	(5 259)
Tax losses	4 719	-	4 719
Trade liabilities and other liabilities	930	-	930
Other	6	-	6
Deferred income tax assets / deferred income tax liabilities	**6 679**	**6 263**	**416**
Presentation corrections	**(6 263)**	**(6 263)**	**-**
Long-term deferred income tax assets / deferred income tax liability	**416**	**-**	**416**
Short-term deferred income tax assets / deferred income tax liability	**-**	**-**	**-**

31.12.2012

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITY	Deferred income tax assets	Deferred income tax liability	Net amount
Tangible fixed assets and intangible fixed assets	-	-	-
Receivables	1 492	5 984	(4 492)
Tax losses	3 279	-	3 279
Liabilities and provisions	625	-	625
Other (incl. investment incentives)	1 060	-	1 060
Deferred income tax assets / deferred income tax liability	**6 456**	**5 984**	**472**
Presentation corrections	(1 123)	(1 123)	-
Long-term deferred income tax assets / deferred income tax liability recognised in the balance sheet	**5 333**	**4 861**	**472**
Short-term deferred income tax assets / deferred income tax liability recognised in the balance sheet	**-**	**-**	**-**

5.8 DISCONTINUED OPERATIONS

The Company did not discontinue any operations in the reporting period.

5.9 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit for the period attributable to the holding company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders (after deducting the interest on redeemable preferred shares convertible to ordinary shares) by the weighted average number of ordinary shares outstanding during the period (adjusted by the effect of diluting options and diluting redeemable preferred shares convertible to ordinary shares).

Presented below are the data relating to the profit and shares used to calculated basic and diluted earnings per share:

	1.1.2013 – 31.12.2013	1.1.2012 – 31.12.2012
Net profit/loss	**(166 171)**	**11 755**

	1.1.2013 – 31.12.2013	1.1.2012 – 31.12.2012
Weighted average number of issued common shares used to calculate the regular earnings per share ratio	26 172 602	26 172 602
Impact of dilution:		
Subscription warrants	-	6 099
Own shares	(2 599)	(2 599)
Adjusted weighted average number of common shares used to calculate diluted earnings per share	**26 170 003**	**26 176 102**

No other transactions involving ordinary shares or potential ordinary shares took place in the period from the balance sheet date to the preparation of the financial statements.

Based on the above information, the basic and diluted profit per share amounts to:

Basic earnings per share	1.1.2013 – 31.12.2013	1.1.2012 - 31.12.2012
Net profit assigned to the shareholders of the parent company	(166 171)	11 755
Weighted average number of issued common shares	26 172 602	26 172 602
Basic earnings per share (PLN/share)	**(6,3490)**	**0,4491**

Diluted earnings per share	1.1.2013 - 31.12.2013	1.1.2012 - 31.12.2012
Net profit attributable to the shareholders, used to calculate diluted earnings per share	(166 171)	11 755
Adjusted weighted average number of common shares used to calculate diluted earnings per share	26 170 003	26 176 102
Diluted earnings per share (PLN/share)	**(6,3497)**	**0,4491**

5.10 TANGIBLE FIXED ASSETS

1.1.2013 - 31.12.2013

TABLE OF CHANGES IN TANGIBLE FIXED ASSETS	Land	Plant and equipment	Other fixed assets	Total
a) gross book value at the beginning of the period	**372**	**-**	**-**	**372**
b) increases	**-**	**-**	**-**	**-**
c) decreases (due to)	**-**	**-**	**-**	**-**
- liquidation	-	-	-	**-**
d) gross book value at the end of the period	**372**	**-**	**-**	**372**
e) accumulated depreciation at the beginning of the period	**-**	**-**	**-**	**-**
f) depreciation charge for the period (due to)	**-**	**-**	**-**	**-**
- liquidation of fixed asset	**-**	**-**	**-**	**-**
g) accumulated impairment allowances at the beginning of the period	**-**	**-**	**-**	**-**
increases (due to)	**(104)**	**-**	**-**	**(104)**
- recognition of impairment allowances	(104)	-	-	**(104)**
h) accumulated depreciation at the end of the period	**-**	**-**	**-**	**-**
i) accumulated impairment allowances at the end of the period	**(104)**	**-**	**-**	**(104)**
j) net book value at the beginning of the period	**372**	**-**	**-**	**372**
k) net book value at the end of the period	**268**	**-**	**-**	**268**

1.1.2012 - 31.12.2012

TABLE OF CHANGES IN TANGIBLE FIXED ASSETS	Land	Plant and equipment	Other fixed assets	Total
a) gross book value at the beginning of the period	**372**	**3**	**29**	**404**
b) increases (due to)	**-**	**-**	**-**	**-**
c) decreases (due to)	**-**	**(3)**	**(29)**	**(32)**
- liquidation	-	(3)	(29)	**(32)**
d) gross book value at the end of the period	**372**	**-**	**-**	**372**
e) accumulated depreciation at the beginning of the period		**(3)**	**(29)**	**(32)**
f) depreciation charge for the period (due to)	**-**	**3**	**29**	**32**
- liquidation of fixed asset	-	3	29	**32**
g) accumulated impairment allowances at the beginning of the period	-	-	-	**-**
increases (due to)	-	-	-	**-**
- recognition of impairment allowances recognised in the income statement	-	-	-	**-**
h) accumulated depreciation at the end of the period	**-**	**-**	**-**	**-**
i) accumulated impairment allowances at the end of the period	**-**	**-**	**-**	
j) net book value at the beginning of the period	**372**	**-**	**-**	**372**
k) net book value at the end of the period	**372**	**-**	**-**	**372**

5.11 INTANGIBLE FIXED ASSETS

1.1.2013 - 31.12.2013

TABLE OF CHANGES IN INTANGIBLE FIXED ASSETS	Goodwill	Computer software	Total
a) gross book value at the beginning of the period	**13 767**	**242**	**14 009**
b) increases	**-**	**-**	**-**
c) decreases	**-**	**-**	**-**
d) gross book value at the end of the period	**13 767**	**242**	**14 009**
e) accumulated amortisation at the beginning of the period	**-**	**(242)**	**(242)**
f) amortisation charge for the period	**-**	**-**	**-**
g) accumulated amortisation at the end of the period	**-**	**(242)**	**(242)**
h) accumulated impairment allowances at the beginning of the period	**-**	**-**	**-**
- increases (due to)	**(13 767)**	**-**	**(13 767)**
- recognition of impairment allowance	(13 767)	**-**	**(13 767)**
- decreases	**-**	**-**	**-**
i) accumulated impairment allowances at the end of the period	**(13 767)**	**-**	**(13 767)**
j) net book value at the beginning of the period	**13 767**	**-**	**13 767**
k) net book value at the end of the period	**-**	**-**	**-**

In testing for impairment of goodwill, the Management has decided to use fair value less costs to sell method. Due to the fact that the Management is not aware of comparable market transactions, the calculation of fair value less costs to sell is based on discounted free cash flow and used the estimated cash flow projections based on financial plans approved by management of Hoop Poland Sp. z o.o. Cost of sales was adopted as 2% of the fair value of the cash generating unit.

Based on the results of the annual impairment test conducted at the balance sheet date, the Board of Directors of the Company decided to write-off the goodwill with an indefinite useful life (regarding the investment in the entity Hoop Polska Sp. z o.o.) and recognise it in Other operating expenses.

The main assumptions included in the financial plans and cash-flow projections are:

Goodwill	31.12.2013	31.12.2012
Book value *	-	13 767
EBITDA margin	5,54%	9,30%
Residual growth rate	2,00%	2,00%
Discount rate	9,00%	9,00%
Residual exchange rate PLN/EUR	4,20	3,70

* The goodwill has been written-off

The main assumptions adopted by the Board of Directors are based on past experience and expectations as for the future market development. Adopted interest rate is in line with ratios used when preparing Group's results forecasts. Discount rate includes taxation and risk related to relevant operating segments as well as trademarks.

The sensitivity analysis to changes in some of the assumptions contained in the financial plans and cash flow projections

During the goodwill impairment test regarding Hoop Polska Sp. z o.o. the recoverable amount of the cash generating unit calculated as fair value less cost to sell was below the carrying value by PLN 179 466 thousand. The impairment could hypothetically be reversed by the increase of EBITDA margin by 2,7 p.p. or increase in the residual growth rate to 4,62% or decrease in the discount rate to 6,0%. The difficult economic situation in Central Europe had impact on recognition of impairment. Consumers were seeking savings in all areas of consumption which resulted in difficulties in maintaining current levels of prices, margins and sales volumes.

1.1.2012 - 31.12.2012

TABLE OF CHANGES IN INTANGIBLE FIXED ASSETS	Goodwill	Computer software	Total
a) gross book value at the beginning of the period	**13 767**	**242**	**14 009**
b) increases	**-**	**-**	**-**
c) decreases	**-**	**-**	**-**
d) gross book value at the end of the period	**13 767**	**242**	**14 009**
e) accumulated amortisation at the beginning of the period	**-**	**(242)**	**(242)**
f) amortisation charge for the period	**-**	**-**	**-**
g) accumulated amortisation at the end of the period	**-**	**(242)**	**(242)**
h) accumulated impairment allowances at the beginning of the period	**-**	**-**	**-**
increases	**-**	**-**	**-**
decreases	**-**	**-**	**-**
i) accumulated impairment allowances at the end of the period	**-**	**-**	**-**
j) net book value at the beginning of the period	**13 767**	**-**	**13 767**
k) net book value at the end of the period	**13 767**	**-**	**13 767**

5.12 SHARES IN SUBSIDIARIES AND FINANCIAL ASSETS AVAILABLE FOR SALE

Shares in consolidated companies:

	Company Name	Registered office	Range of activity	Consolidation method	Direct or indirect % part in share capital	% part in voting rights	Net book value	
							31.12.2013	31.12.2012
1.	Kofola ČeskoSlovensko a.s.	Czech Republic, Ostrava	holding	Acquisition accounting	100,00%	100,00%	481 703	438 668
2.	Hoop Polska Sp. z o.o.	Poland, Kutno	production and sale of non-alcoholic beverages	Acquisition accounting	100,00%	100,00%	207 071	372 770
3.	OOO Megapack	Russia, Widnoje	production, sale and distribution of non-alcoholic and low-alcoholic beverages	Equity accounting	50,00%	50,00%	-	55 899
4.	Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.	Poland, Koszalin	does not conduct operations	Acquisition accounting	100,00%	100,00%	-	-
5.	Alofok Ltd.	Cyprus, Limassol	holding	Acquisition accounting	100,00%	100,00%	55 907	-
6.	STEEL INVEST Sp. z o.o.	Poland, Warszawa	does not conduct operations	Acquisition accounting	100,00%	100,00%	-	-
	TOTAL						**744 681**	**867 337**

As at the balance sheet date, no liens or other restrictions have been established on the Company's shares of its subsidiaries.

The increase in value of shares in Kofola ČeskoSlovensko a.s. is connected with conversion of loan receivable in the amount of CZK 285 0000 thousand into supplementary capital of Kofola ČeskoSlovensko a.s. according to the notarial deed dated 13 December 2013.

As regards shares in Hoop Polska Sp. z o.o., the Board of Directors of KOFOLA S.A., after conducting an annual impairment test, decided to recognise an impairment allowance on this item in the amount of PLN 165 699 thousand in other operating expenses. No impairment was determined regarding shares in other entities listed out in the table above.

On 5 February 2013, KOFOLA S.A. acquired all shares in the subsidiary - Alofok Ltd registered in Cyprus, Limassol. The value of acquired assets amounted to PLN 8 thousand (EUR 2 thousand). On 4 July 2013, the Russian registered office registered shares of OOO Megapack held by KOFOLA S.A. as a contribution in kind to the subsidiary Alofok Ltd, in which KOFOLA S.A. holds 100% share.

5.13 Trade receivables and other receivables

Trade receivables and other receivables	31.12.2013	31.12.2012
Trade receivables	921	1 049
Other financial receivables	4 875	8 063
Allowance on receivables	(5 697)	(8 858)
Total trade receivables and other financial receivables	**99**	**253**
VAT receivable	317	49
Total financial trade receivables and other receivables	**416**	**303**

The terms of transactions with related parties are presented in Note 5.21 of the notes to the financial statements.

Trade receivables are not interest-bearing and are usually payable within 30-60 days.

Trade receivables and other receivables are stated at amortised cost using the effective interest rate, subject to allowance. The book value of trade receivables is close to their fair value. Trade receivables due in less than 360 days since their recognition are not discounted.

The description of risks associated with trade receivables and other receivables, as well as the Company's policy relating to managing such risks is described in Note 5.22 of the notes to the financial statements.

5.14 Cash and cash equivalents

The balance of cash and cash equivalents listed in the separate statement of financial position and cash flow statement consisted of the following items as at:

Cash and cash equivalents	31.12.2013	31.12.2012
Cash in bank and in hand	2 183	1 152
Short-term deposits	-	-
Total cash and cash equivalents	**2 183**	**1 152**

Free funds are held at bank accounts and invested in the form of term deposits and overnight. The company receives variable interest mainly from accumulated cash.

Currency structure of cash and cash equivalents:

Split by currency	31.12.2013	31.12.2012
in PLN	394	599
in EUR	452	477
in CZK	1336	75
in RUB	1	1
Total cash and cash equivalents	**2 183**	**1 152**

5.15 SHARE CAPITAL AND OTHER CAPITAL

31.12.2013

SHARE CAPITAL

Series	Type of shares	Type of preferred shares	Type of rights restriction to shares	Number of shares	Series value by nominal value in PLN thousand	Way of covering the capital	Date registered	Right to dividend (from the date)
A	ordinary	N/A	N/A	445 081	445	cash	03.10.1997/ 15.10.2013	03.10.1997
B	ordinary	N/A	N/A	100 000	100	cash	22.01.1998/ 07.02.2007	22.01.1998
C	ordinary	N/A	N/A	71 080	71	cash	05.03.1998	05.03.1998
C	ordinary	N/A	N/A	11 776	12	cash	05.03.1998/ 07.02.2007	05.03.1998
D	ordinary	N/A	N/A	9 458 040	9 458	cash	21.01.2003	01.01.2003
E	ordinary	N/A	N/A	3 000 000	3 000	cash	01.09.2003	01.01.2003
F	ordinary	N/A	N/A	13 083 342	13 083	merger	30.05.2008	30.05.2008
G	ordinary	N/A	N/A	684	1	merger	31.03.2009	01.01.2009
Total				**26 170 003**				

SHARE CAPITAL STRUCTURE

Name of entity	Number of shares	% in share capital	% in voting power
KSM Investment S.A.	13 395 373	51,19%	51,19%
CED GROUP S. a r.l.	11 283 153	43,11%	43,11%
René Musila	687 709	2,63%	2,63%
Tomáš Jendřejek	687 660	2,63%	2,63%
Other	116 108	0,44%	0,44%
Total	**26 170 003**	**100,00%**	**100,00%**

NOMINAL VALUE OF SHARES

All of the issued shares have a nominal value of 1 PLN and have been fully paid up.

The Ordinary General Shareholders' Meeting of KOFOLA S.A. passed a decision by resolution No. 18 and 19 dated 24 June 2013 to redeem 2 599 ordinary shares acquired under the repurchase program completed by the end of 2012 and reduce the share capital by PLN 2 599 to the amount of PLN 26 170 003. Reduction of share capital was registered by the registration court on 15 October 2013.

SHAREHOLDER RIGHTS

The shares of all series are equally privileged with regard to dividend and return on equity.

5.15.1 *OTHER CAPITAL*

Other capital	Supplementary Capital	Capital from subscription warrants	Total
As at 1.1.2012	**921 100**	**342**	**921 442**
Dividend payment	(680)	-	**(680)**
As at 31.12.2012	**920 420**	**342**	**920 762**
As at 1.1.2013	**920 420**	**342**	**920 762**
Dividend payment	(11 536)	-	**(11 536)**
Other	(66)	(342)	**(408)**
As at 31.12.2013	**908 818**	**-**	**908 818**

Nature and purpose of other capital

Supplementary capital

Supplementary capital is created based on statutory requirements (in accordance with binding legal regulations) or voluntarily (in accordance with the entity's by-laws) using funds from the distribution of profits, share premium and contributions made by the shareholders. It is used to cover losses, refund capital contributions, and redeem shares. The main source of origin of the supplementary capital presented in these financial statements is the settlement of merger with HOOP S.A. conducted in 2008.

In the Supplementary capital – the capital fund (dividend fund) is presented in the amount of PLN 17 326 thousand designed for future dividend payments (Notes 1.3 and 2.5) and the supplementary capital designed for repurchase program.

The capital from allocation of subscription warrants referred to the employee stock option program that was completed in the reporting period.

5.16 PROVISIONS

5.16.1 *CHANGES IN PROVISIONS*

Provisions	Provisions for costs of employee benefits	Other provisions	Total
As at 1. 1.2012	**12**	**14 933**	**14 945**
Increase due to recognition	6	-	6
Decreases due to release	-	(3 228)	(3 228)
Decreases due to usage	-	-	-
Transfer to other category	-	(11 000)	(11 000)
As at 31.12.2012	**18**	**705**	**723**
Increase due to recognition	-	-	-
Decreases due to release	-	(705)	(705)
Decreases due to usage	(18)		(18)
Transfer to other category	-	-	-
As at 31.12.2013	**-**	**-**	**-**

Provisions' time structure	31.12.2013	31.12.2012
Long-term	-	-
Short-term	-	723
Total provisions	**-**	**723**

5.16.2 *OTHER PROVISIONS*

In the reporting period the Company released the provision presented in the position other provisions for anticipated losses associated with investments in subsidiaries in the amount of PLN 705 thousand, due to the sale of the subsidiary PCD Hoop Sp. z o.o. after the balance sheet date.

5.17 EMPLOYEE BENEFITS

5.17.1 *RETIREMENT BENEFITS*

Due to the fact that, as at the balance sheet date, KOFOLA S.A. had only one employee, in the reporting period, as in the previous year, the Company had formed no provision for future retirement compensation.

5.18 CREDIT AND LOANS AND ISSUED BONDS

As at 31 December 2013 and as at 31 December 2012, KOFOLA S.A. had no debt arising out of credits or loans.

As at 31 December 2013, KOFOLA S.A. has obligations from issued bonds in the total amount of PLN 49 594 thousand.

Based on the Resolution of the Management Board dated 12 August 2013 amended on 25 September 2013, on 4 October 2013 KOFOLA S.A. issued 110 bonds denominated in Czech crowns with a total nominal value of CZK 330 000 thousand.

Bonds issued:

- were not a subject to public offering,
- were offered under private placement through the lead arrangers i.e. Česká spořitelna a.s. and PPF banka a.s. – based on the subscription agreement dated 3 October 2013,
- the nominal value of one bond amounted to CZK 3 000 000,
- the issue price of one bond constituted 99,0% of its nominal value,
- bonds' redemption date is due in 60 months since the day of bonds' issuance, so as at 4 October 2018,
- interests will be accrued in annual periods, the end of the first interest accrual period is set as at 4 October 2014,
- bonds' interest - 12M PRIBOR rate plus a 415 basis points margin,
- the purpose of the issuance was to obtain funds, that most of which will be used to diversify financing sources and to refinance the Company's present debt.

Bonds issued are measured at adjusted price method (amortised cost) until maturity.

In accordance with the Terms of Bonds Issuance, KOFOLA S.A. is obliged to fulfil all certain non-financial indicators (so-called covenants) in respect to consolidated data. As at 31 December 2013, the levels of all the required indicators have been achieved.

CZK denominated bonds issued by KOFOLA S.A. have been placed on the regulated market of the Prague Stock Exchange, and the first listing was held on 7 October 2013.

As at 31 December 2012, due to A1 and A2 bond series issued in 2011 and 2012, KOFOLA S.A. had a debt in the total amount of PLN 48 532 thousand. Those liabilities, including interest payable up to the redemption date, have been repaid on 21 December 2013.

5.19 TRADE LIABILITIES AND OTHER LIABILITIES

As at 31 December 2013 and as at 31 December 2012, the Company had no long-term trade liabilities. Listed as a long-term item in other liabilities in the amount of PLN 28 431 thousand are the interest-bearing liabilities to Hoop Polska Sp. z o.o. associated with the acquisition from Hoop Polska Sp. z o.o. of the debts of Maxpol Sp. z o.o., Bobmark International Sp. z o.o. and PCD Hoop Sp. z o.o.

The Company has the following short-term liabilities:

Trade liabilities and other liabilities	31.12.2013	31.12.2012
Trade liabilities	3 822	5 027
Accrued liabilities and other creditors	1 613	3 695
Total financial liabilities within trade liabilities and other liabilities	**5 435**	**8 722**
Accrued employee benefit costs	1	11
Other	-	84
Total trade liabilities and other liabilities	**5 436**	**8 817**

The terms of transactions with related parties are presented in Note 5.21 of the notes to the financial statements. Trade liabilities are not interest bearing and are usually paid within 30-90 days. Other liabilities are not interest bearing and payable on average within 1 month.

CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities and assets	Contingent assets	Contingent liabilities
As at 1.1.2013	**-**	**50 838**
Increase (+)	-	26 000
Decrease (-)	-	(46 799)
As at 31.12.2013	**-**	**30 039**

The above contingent liabilities consist primarily of off-balance sheet liabilities relating to guarantees granted by KOFOLA S.A. to companies from the KOFOLA S.A. Group.

5.20 COURT LITIGATIONS

FRUCTO-MAJ SP. Z O.O.

KOFOLA S.A. has receivables in the bankrupt company Fructo-Maj Sp. z o.o. As at 31 December 2013, the total value of the receivables is PLN 4 499 thousand and is fully covered by an impairment allowance. Currently, the sale process of assets of Fructo-Maj Sp. z o.o. by the Trustee is still ongoing.

5.21 INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

The ultimate controlling party over the KOFOLA S.A. is KSM Investments S.A. with its registered office in Luxembourg.

KOFOLA S.A. realises revenues from re-invoicing to a related party fees and charges arising from the lease agreement terminated in August 2013. Revenues from this account in the amount of PLN 9 267 thousand are presented in this report netted with corresponding costs in the amount of PLN 9 267 thousand.

Revenue of KOFOLA S.A. arising from interest from loans granted to related parties for the year 2013 amounted to PLN 10 000 thousand.

Revenue arising from guarantees issued for the year 2013 amounted to PLN 143 thousand.

The value of services purchased by KOFOLA S.A. in the twelve-month period of 2013 from related parties amounted to PLN 2 150 thousand and concerned primarily rental costs, maintenance costs for financial reporting and accounting and legal services.

Interest expense on debt acquired from related parties for the twelve-month period of 2013 amounted to PLN 1 886 thousand.

Receivables from related parties	31.12.2013	31.12.2012
- from consolidated subsidiaries	17	156
Total receivables from related companies	**17**	**156**

Liabilities towards related parties	31.12.2013	31.12.2012
- towards consolidated subsidiaries	33 590	34 384
Total liabilities towards related companies	**33 590**	**34 384**

All transactions with related parties have been concluded on market terms.

Loans granted to related parties	31.12.2013	31.12.2012
Long-term Loans, including:		
Principal	73 483	127 221
Interest	30 831	31 775
Total	**104 314**	**158 996**

This line of financial statements consists of the loan granted to Kofola ČeskoSlovensko a.s. (in CZK) with maturity date in October 2036 and of subordinated loans granted during the reporting period to Hoop Poland Sp. z o.o. (in PLN) with repayment date in December 2017.

REMUNERATION OF THE SENIOR MANAGEMENT STAFF

Information on benefits for the senior management staff	1.1.2013 - 31.12.2013	1.1.2012 - 31.12.2012
Short-term employee benefits (salaries, wages and other remuneration components)	149	89
Total value of benefits for the senior management staff	**149**	**89**

Remuneration paid by the Company to members of the Board of Directors and Supervisory Board was as follows:

	1.1.2013- 31.12.2013	1.1.2012 - 31.12.2012
Board of Directors	149	83
Supervisory Board	96	70
Total	**245**	**153**

5.22 OBJECTIVES AND METHODS OF FINANCIAL RISK MANAGEMENT

The Company's primary financial instruments consist of issued bonds, cash and cash equivalents and deposits. The main goal of such financial instruments is to obtain funds for business operations, or to invest the Company's available funds.

In addition, the Company has other financial instruments, such as trade receivables and payables that arise as part of its operations. The accounting methods relating to those instruments are described above (note 4.4).

It is the Company's principle – now and throughout the reporting period – not to trade in financial instruments.

The Company's activities are exposed to several types of financial risk: market risk (including foreign exchange risk, pricing risk and cash flow risk relating to changes in interest rates), credit risk and liquidity risk. The Company also monitors the market price risk on all of its financial instruments. Risk management is carried out by the Management of subsidiaries of the KOFOLA S.A., which identifies and evaluates financial risks above. The overall process of risk management is carried out by the Management and focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. The Company uses derivative financial instruments to hedge certain risk exposures, provided that hedging instruments are considered to be cost effective. As at 31 December 2013 did not have options or forward contracts, both in dollars and in euros. The Management verifies and agrees the risk management methods with regard to every type of risk. A short description of these methods is presented below.

5.22.1 *INTEREST RATE RISK*

The Company has interest-bearing finance liabilities relating to issued bonds for which interest are accrued based on variable interest rates, and thus there is risk of a rise in such rates compared to the rates applied at moment of issuance.

The Company places its free funds on variable interest rate deposits, which will bring the profits down if the interest rates fall. The Company also uses fixed interest rate instruments, with regard to which interest rate movements have no effect on interest costs or interest receivable. Trade and other receivables and payables are not interest bearing and have due dates of up to a year, with the exception of other fixed interest rate liabilities (short- and long-term) to the subsidiary Hoop Polska Sp. z o.o. for the purchase of debts of the companies Maxpol Sp. z o.o. and Bobmark International Sp. z o.o. and PCD Hoop Sp. Z o.o. In addition, in 2008 the Company granted a loan to the subsidiary Kofola ČeskoSlovensko a.s., (the balance of which is CZK 446 039 thousand, i.e. PLN 67 486 thousand as at 31 December 2013), and also granted loans to the Company Hoop Polska Sp. z o.o. (the balance of which is PLN 36 828 thousand as at 31 December 2013). The loans have a fixed interest rate.

The Company monitors its exposure to interest rate risk and interest rate forecasts.

5.22.2 *CURRENCY RISK*

The Company is exposed to the risk of changes in foreign exchange rates due to a loan, liabilities due to bonds issued and payables from purchased receivables and deposits in foreign currencies. The currency risk relates primarily to the CZK exchange rates. The Company's exposure associated with other than CZK currencies is immaterial.

The following table shows the development of the CZK exchange rate with the 3% variation.

Currency risk impact on profit or loss	2013	2012
CZK appreciation by 3% (2012: appreciation by 3%)	(1)	512
CZK depreciation by 3% (2012: depreciation by 3%)	1	(512)
EUR appreciation by 3% (2012: appreciation by 3%)	55	58
EUR depreciation by 3% (2012: depreciation by 3%)	(55)	(58)

5.22.3 *CREDIT RISK*

The Company is exposed to credit risk, defined as a risk that its debtors will not meet their obligations and thus cause the Company to incur losses. With regard to the Company's other financial assets, such as cash and cash equivalents, credit risk arises as a result of the other party's inability to pay, and the maximum value of the Company's exposure to this risk is equal to the balance sheet value of these instruments.

As at 31 December 2013, the Company's maximum exposure to credit risk amounts to PLN 99 thousand, and has been estimated as the carrying amount of trade receivables and other receivables from third parties.

Ageing structure of receivables is presented below:

Credit risk	31.12.2013		31.12.2012	
	Trade receivables	Other financial receivables	Trade receivables	Other financial receivables
Receivables neither past due nor impaired				
Large retailers chains	-	-	-	-
Small companies	-	-	-	90
Total receivables neither past due nor impaired	**-**	**-**	**-**	**90**
Receivables past due but not impaired				
- less than 30 days overdue	-	-	-	-
- 30 to 90 days overdue	-	-	-	-
Total receivables past due but not impaired	**-**	**-**	**-**	**-**
Receivables individually determined to be impaired (gross)				
- less than 30 days overdue	-	1	-	-
- 30 to 90 days overdue	-	2	-	-
- 91 to 180 days overdue	-	3	129	-
- 181 to 360 days overdue	-	3	10	-
- over 360 days overdue	920	4 866	909	7 973
Total receivables individually impaired	**920**	**4 875**	**1 048**	**7 973**
Less impairment allowance	**(903)**	**(4 793)**	**(928)**	**(7 930)**
Total	**17**	**82**	**120**	**133**

In addition, the Company has a long-term receivable from a loan granted to Kofola Československo a.s. in the amount of PLN 67 486 thousand with maturity as at October 2036 and from loan granted to Hoop Polska Sp. z o.o. in the amount PLN 36 828 thousand.

Subject to the above, the Company's Management believes that the credit risk has been accounted for in the financial statements through the recognition of impairment allowances.

The credit risk associated with bank deposits is considered to be immaterial, as the Company has concluded transactions with institutions that have a sound financial position.

With the exception of the above loans granted to subsidiaries, there is no significant concentration of credit risk at the Company.

5.22.4 *LIQUIDITY RISK*

The Company is exposed to liquidity risk, defined as a risk of losing the ability to pay its obligations as they become due. The risk arises from a potential restriction in access to financial markets, which may result in an inability to obtain new financing or refinancing of debts. In order to reduce this risk and in order to diversify the financing sources, the Issuer in October 2013 carried out an issueance of five-year bonds in CZK.

The Company monitors the risk of non-cash financing structure to suit the expected future cash flows (including planned investments), diversifying the sources for financing and maintaining a sufficient level of available credit lines.

It is the Company's objective to maintain a balance between financing continuity and flexibility, by using various financing sources, such as loans, bonds and finance leases. The Company tries to control its financial liabilities, so that in each given period the amount of liabilities due within the next 12 months does not pose a threat for the Company's ability to meet its financial obligations. In the opinion of the Board of Directors, the value of cash on the balance sheet date, available credit lines and the Group's financial condition cause the liquidity risk to be assessed as moderate.

The ageing of financial liabilities is presented below. The amounts presented are non-discounted cash flows, which constitute the Company's maximum exposure to liquidity risk.

31.12.2013		Cash outflows in the period:		
Cash outflows	Total	to 90 days	from 91 to 360 days	above 360 (see note below)
Trade liabilities	**3 822**	3 822	-	**-**
- out of that to subsidiaries	**3 705**	3 705	-	**-**
Interests	**12 183**	-	2 437	**9 746**
Bonds issued	**49 594**	-	588	**49 006**
Other financial liabilities	**30 044**	1 612	-	**28 432**
- out of that to subsidiaries	**29 885**	1 453	-	**28 432**
Total	**95 643**	**5 434**	**3 025**	**87 184**
Cash outflows in the period	1–2 years	2-3 years	more than3 years	Total
Trade liabilities	-	-	-	**-**
- out of that to subsidiaries	-	-	-	**-**
Interests	2 436	2 437	4 873	**9 746**
Bonds issued	-	-	49 006	**49 006**
Other financial liabilities	4 767	-	23 665	**28 432**
- out of that to subsidiaries	4 767	-	23 665	**28 432**
Total	**7 203**	**2 437**	**77 544**	**87 184**

31.12.2012		Cash outflows in the period:		
Cash outflows	Total	to 90 days	from 91 to 360 days	above 360 (see note below)
Trade liabilities	**5 027**	4 812	215	**-**
- out of that to subsidiaries	**4 982**	4 767	215	**-**
Interests	**8 104**	-	4 173	**3 931**
Bonds issued	**48 532**	-	3 163	**45 369**
Other financial liabilities	**33 653**	1 694	2 700	**29 259**
- out of that to subsidiaries	**33 653**	1 694	2 700	**29 259**
Total	**95 316**	**6 506**	**10 251**	**78 559**
Cash outflows in the period	1–2 years	2-3 years	more than3 years	Total
Trade liabilities	-	-	-	**-**
- out of that to subsidiaries	-	-	-	**-**
Interests	3 931	-	-	**3 931**
Bonds issued	45 369	-	-	**45 369**
Other financial liabilities	16 651	8 188	4 420	**29 259**
- out of that to subsidiaries	16 651	8 188	4 420	**29 259**
Total	**65 951**	**8 188**	**4 420**	**78 559**

5.23 FINANCIAL INSTRUMENTS BY CATEGORY

The table below shows a comparison of the balance sheet values and fair values of all of the Group's financial instruments that have been listed in the financial statements at values other than fair value, by category of assets and liabilities.

As at 31.12.2013	Loans and receivables
Loans	104 314
Trade receivables	17
Other financial receivables	82
Cash and cash equivalents	2 183
Total	**106 596**
As at 31.12.2013	**Other financial liabilities at amortised cost**
Bonds issued	49 594
Trade liabilities and other liabilities	5 435
Other long-term liabilities	-
Total	**55 029**

Fair value of financial assets and liabilities recognised at amortised costs	Fair value	
	As at 31.12.2013	As at 31.12.2012
Financial assets at amortised costs	**104 331**	**159 116**
Loans	104 314	158 996
- fixed interest rate	104 314	158 996
Trade receivables	17	120
Financial liabilities at amortised costs	**83 296**	**82 960**
Bonds issued	49 430	48 532
Trade liabilities and other financial liabilities	33 866	34 428

5.24 THE REASON FOR THE DIFFERENCES BETWEEN THE CHANGES OF CERTAIN BALANCE SHEET ITEMS AND CHANGES PRESENTED IN CASH FLOW STATEMENT

	1.1.2013 - 31.12.2013	1.1.2012 - 31.12.2012
Change in supplies and services, and other receivables	(113)	1 530
Change in other long-term assets	54 683	(21 779)
Repayment of loans granted	(777)	(4 075)
Loans granted	-	32 000
Accrued and unpaid interest	1 468	509
Conversion of receivables into share capital of a subsidiary	(43 377)	-
Offsetting of loan receivable with trade receivables	(3 108)	-
Foreign exchange rate differences from loans and receivables	(3 087)	(4 861)
(Increase)/decrease in receivables	**5 689**	**3 324**

	1.1.2013 - 31.12.2013	1.1.2012 - 31.12.2012
Balance change of trade liabilities and other liabilities	(3 381)	6 437
Change in long-term liabilities	2 725	8 370
Change in investment liabilities	-	(1 700)
Foreign exchange differences from liabilities	-	(816)
Accrued and unpaid interest	(3 000)	(1 774)
Offsetting of loan receivable with trade receivables	3 108	-
Payables to HOOP due to increase of PCD share capital presented in investment activity	-	(11 081)
Increase/decrease in liabilities (+/-)	**(548)**	**(564)**

5.25 Headcount

The average headcount in the company was as follows:

	1.1.2013 - 31.12.2013	1.1.2012 - 31.12.2012
Management Boards of the Group entities	1	1
Administration	-	-
Sales, marketing and logistic department	-	-
Production division	-	-
Other	1	1
Total	**2**	**2**

5.26 Significant subsequent events

SALE OF SHARES IN SUBSIDIARY – POMORSKIE CENTRUM DYSTRYBUCJI HOOP SP. Z O.O.

On 14 January 2014 KOFOLA S.A. sold all its shares in the subsidiary Pomorskie Centrum Dystrybucji Hoop Sp. z o.o.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

20.3.2014	**Janis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
20.3.2014	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
20.3.2014	**René Musila**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
20.3.2014	**Tomáš Jendřejek**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
20.3.2014	**Daniel Buryš**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
20.3.2014	**Marián Šefčovič**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

20.3.2014	**Katarzyna Balcerowicz**	**Chief Accountant**	....
date	*name and surname*	*position*	*signature*