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1.1 Description of the KOFOLA S.A. Group

The **KOFOLA S.A. GROUP** is one of the leading producers of non-alcoholic beverages in Central Europe. The Group operates in the Czech Republic, Slovakia, Poland and in Russia.



OUR MISSION AND GOAL

We are KOFOLA. With passion we strive for what is truly important in life: to love, to live healthily and always look for new challenges.

2014 AWARDS

Czech TOP 100 – Kofola a.s. Czech Republic, the fifth most admired company in the Czech Republic in 2013.

Kofola a.s. Czech Republic was awarded a **Superbrands 2014** title for **Kofola** and **Rajec** brands.

Kofola ČeskoSlovensko a.s. was awarded **Ruban d'Honneur** in European Business Awards.

Hoop Polska Sp. z o.o. was awarded a **Hit of FMCG 2014** title for **Jupik** brands.



WE ARE PROUD OF OUR SUCCESSES...



COMPANIES OF THE KOFOLA S.A. GROUP AS AT JUNE 30, 2014

Holding companies:

KOFOLA S.A. – Kutno (PL)

Kofola ČeskoSlovensko a.s. – Ostrava (CZ)

Alofok Ltd – Limassol (CYP)

Production and trading companies:

Kofola a.s. – Krnov, Mnichovo Hradiště, Prague (CZ)

Kofola a.s. – Rajecká Lesná, Bratislava (SK)

Hoop Polska Sp. z o.o. – Kutno, Bielsk Podlaski, Grodzisk Wielkopolski, Warsaw (PL)

OOO Megapack – Moscow, Promozno, Widnoje, Moscow Region (RU)

Pinelli spol. s r.o. – Krnov (CZ)

UGO Trade s.r.o. – Krnov (CZ)

Mangaloo s.r.o. – Prague (CZ)

Mangaloo freshbar s.r.o. – Prague (CZ)

Distribution companies:

OOO Trading House Megapack – Moscow, Widnoje, Moscow Region (RU)

STEEL INVEST Sp. z o. o. – Kutno (PL)

Transport companies:

Santa-Trans s. r. o. – Krnov (CZ)

OUR MAIN BRANDS IN 2014



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

As at 30 June 2014 the Group comprised the following entities:

Company Name	Headquarters	Range of activity	Consolidation method	Direct or indirect % part in share capital	% part in voting rights
1. KOFOLA S.A.	Poland, Kutno	holding	parent company		
2. Kofola ČeskoSlovensko a.s.	Czech Republic, Ostrava	holding	acquisition accounting	100.00%	100.00%
3. Hoop Polska Sp. z o.o.	Poland, Kutno	production and distribution of non-alcoholic beverages	acquisition accounting	100.00%	100.00%
4. Kofola a.s.	Czech Republic, Krnov	production and distribution of non-alcoholic beverages	acquisition accounting	100.00%	100.00%
5. Kofola a.s.	Slovakia, Rajecká Lesná	production and distribution of non-alcoholic beverages	acquisition accounting	100.00%	100.00%
6. Santa-Trans s.r.o.	Czech Republic, Krnov	road cargo transport	acquisition accounting	100.00%	100.00%
7. OOO Megapack	Russia, Widnoje	production of non-alcoholic and low-alcoholic beverages	equity accounting	50.00%	50.00%
8. OOO Trading House Megapack	Russia, Widnoje	sale and distribution of non-alcoholic and low-alcoholic beverages	equity accounting	50.00%	50.00%
9. Alofok Ltd	Cyprus, Limassol	holding	acquisition accounting	100.00%	100.00%
10. PINELLI spol. s r.o.	Czech Republic, Krnov	trademark licensing	acquisition accounting	100.00%	100.00%
11. UGO Trade s.r.o.	Czech Republic, Krnov	operation of fresh bars chain	acquisition accounting	75.00%	75.00%
12. Mangaloo s.r.o.	Czech Republic, Prague	operation of fresh bars chain	acquisition accounting	100.00%	100.00%
13. Mangaloo freshbar s.r.o.	Czech Republic, Prague	operation of fresh bars chain	acquisition accounting	100.00%	100.00%
14. STEEL INVEST Sp. z o.o.	Poland, Kutno	does not conduct any business activity	acquisition accounting	100.00%	100.00%

The parent company – **KOFOLA S.A.** (“the Company”, “the Issuer”) with its registered office in Kutno, 99-300, ul. Wschodnia 5. 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.** with its registered office in Kutno 99-300, ul. Wschodnia 5, in which the KOFOLA S.A. holds 100% of shares. The company’s main area of activities is the production and sale of non-alcoholic beverages.

The subsidiary – **Kofola ČeskoSlovensko a.s.** is a company that manages the Group and at the same time is the parent 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, in which KOFOLA S.A. holds 100% of shares in the share capital.

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

- Kofola ČeskoSlovensko a.s. – the parent company – registered in the Czech Republic performing management and control of the other entities comprising the KOFOLA S.A. Group,
- Kofola a.s. (CZ) – a company registered 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 registered 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 registered in the Czech Republic, with main activities consisting of road cargo transport provided mainly to the Kofola a.s. (Czech Republic),
- Pinelli spol. s r.o. (CZ) – a company registered in the Czech Republic, in which the Kofola a.s. (CZ) holds 100% of shares. At present Pinelli spol. s r.o. owns Semtex and Erektus trademarks,
- UGO Trade s.r.o. (CZ) – a company registered in the Czech Republic, where Kofola ČeskoSlovensko a.s. (CZ) holds 75% of shares. The company’s main area of activities is managing of fresh bars chain.
- Mangaloo s.r.o. (CZ) – a company registered in the Czech Republic, where Kofola ČeskoSlovensko a.s. (CZ) holds 100% of shares. The company’s main area of activities is managing of fresh bars chain. The company was acquired on 21 January 2014.
- Mangaloo freshbar s.r.o. (CZ) – a company registered in the Czech Republic, where Kofola ČeskoSlovensko a.s. (CZ) holds 100% of shares. The company’s main area of activities is managing of fresh bars chain. The company was acquired on 21 January 2014.

The subsidiary – **Alofok Ltd.** – the Group member company since 5 February 2013, with its registered office in Limassol, Cyprus, where KOFOLA S.A. holds 100% of share capital. The company holds 50% of shares in the Megapack Group.

An associate – **the Megapack Group**, with its parent company OOO Megapack with its registered office in Promozno, Widnoje, Leninskiy District, Moscow Region, the Russian Federation, where KOFOLA S.A. holds 50% of shares in the share capital. The main activities of the Megapack Group are the provision of beverage bottling services to third parties, production of own beverages, as well as their distribution on the territory of the Russian Federation.

The subsidiary – **STEEL INVEST Sp. z o.o.** – in which the KOFOLA S.A. holds 100% share. At present, the company does not conduct any business operations apart from debt collection.

COMPANIES PRESENTED FOR THE COMPARATIVE PERIOD ONLY:

A subsidiary – **Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.** The main activity of PCD HOOP Sp. z o.o. was the wholesale of beverages. After the sale of its assets, the company’s activities were extinguished. The shares in PCD HOOP Sp. z o.o. were disposed of on 14 January 2014. This company was consolidated using the acquisition method. Because of immateriality the Company’s data are presented for the comparative period only.

The subsidiary – **Santa-Trans.SK, s.r.o. (SK)** – a company registered in Slovakia, with main activities consisting of road transport provided mainly to the Kofola a.s. (Slovakia). The shares in Santa –Trans SK, s.r.o. were disposed of on 16 April 2013.

An associate – **Transport – Spedycja – Handel - Sulich Sp. z o. o.** (TSH Sulich Sp. Z o.o.) of which the KOFOLA S.A. held 50% and had 50% of votes at Shareholders’ Meeting. The company’s activities consisted of road cargo transport and forwarding. The shares in TSH Sulich Sp. z o.o. were disposed of on 8 March 2013.

1.2 Most significant events in the KOFOLA S.A. Group in the period from 1 January 2014 to the preparation of the present financial information

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

KOFOLA S.A. disposed of all of its shares in subsidiary, PCD HOOP Sp. z o.o. based in Koszalin on 14 January 2014.

ACQUISITION OF MANGALOO GROUP

On 21 January 2014 Kofola ČeskoSlovensko a.s. acquired 100% share in the Mangaloo group. The Mangaloo group is owner of chain of fresh bars in several large shopping centres in the Czech Republic.

SALE OF AREA IN RAJEC

On 8 April 2014 Kofola a.s., (SK) sold area in Rajec (warehouses and offices) for PLN 6 253 thousand. The net result of this transaction is immaterial and therefore it is not treated as one-off item in section 1.3.

SHARE BUY-BACK TRANSACTIONS

As part of the Share Buy-Back Program realized with agency of DM Copernicus Securities SA implemented on the basis of Resolution No. 18 of the Annual General Meeting held on 24 June 2013 - the Company acquired for redemption, on 2 April 2014 and 26 May 2014 9 624 shares with a nominal value of PLN 1.00 each, with a total nominal value of PLN 9 624 representing 0.0368 % of share capital, for a total price of PLN 362 thousands.

RESOLUTION REGARDING COVERING LOSS INCURRED IN 2013 AND ALLOCATION OF SUPPLEMENTARY CAPITAL FOR DISTRIBUTION BETWEEN SHAREHOLDERS OF KOFOLA S.A.

According to Resolution No. 19 from 23 June 2014 the Ordinary General Meeting of KOFOLA S.A. 2014 has decided to cover the loss recorded by the Company in 2013 in the amount of PLN 166 171 thousand from the Supplementary capital. Moreover Shareholders Meeting decided to allocate the amount of PLN 17 004 thousand from the Dividend fund (created from prior year profits) for distribution between shareholders. Shares from each series (A, B, C, D, E, F, G) excluding own shares, will be part of the dividend that amounts to PLN 0.65 per share. The dividend date was set for 23 September 2014 and the payment of the dividend was set for 8 December 2014.

The amount of the declared dividend of PLN 17 004 thousand is presented in the short-term liabilities in the item 'Other financial liabilities'.

CONTINUATION OF OWN SHARES REDEMPTION PROGRAMME

In accordance with Resolution No. 22 from 23 June 2014 the Ordinary General Meeting of KOFOLA S.A. authorized, under the conditions and within the limits set out in the adopted resolution, the Management Board of KOFOLA S.A. to purchase its own shares for cancellation and thus reduction of the share capital of the KOFOLA S.A. The total number of shares covered by the Redemption Programme will be no more than 106 484 shares, which constitutes approximately 0.4069% of the share capital, the resources allocated to the Programme may not exceed PLN 566 thousand and the price of acquired shares cannot exceed PLN 40 per share.

RESOLUTION ON THE CREATION OF RESERVE FUND FOR ACQUISITION OF THE KOFOLA S.A. OWN SHARES

According to Resolution No 23 from 23 June 2014 the Ordinary General Meeting of KOFOLA S.A. decided to establish reserve capital in 'Supplementary capital' to cover the total amount of own shares acquired by the Company (pursuant to Resolution No. 22 from 23 June 2014) in the amount of PLN 566 thousand.

RESOLUTION ON CANCELLATION OF OWN SHARES AND REDUCTION OF SHARE CAPITAL

According to Resolutions No. 20 and 21 from 23 June 2014 the Ordinary General Meeting of the KOFOLA S.A. decided on the cancellation of 9 624 ordinary shares acquired within the share redemption programme completed by the end of May 2014 and decided on the reduction of the share capital by PLN 9 624 to PLN 26 160 379. As at the date of publication of this report, the change has not been registered by the Court.

POTENTIAL ACQUISITION OF RADENSKA

KOFOLA S.A. Group takes part in the tender for Radenska d.d. (Slovenian nr. 1 producer of mineral water). For the tender KOFOLA S.A. Group joined forces with Slovenian P&P Group.

1.3 Description of operating results and financial position

Presented below is a description of the financial position and results of the KOFOLA S.A. Group for the first half of 2014. It should be reviewed along with the consolidated financial statements and with other financial information presented in the current report. All amounts are stated in PLN thousands unless stated otherwise.

To better introduce the Group's financial position, in addition to the consolidated financial statements prepared in accordance with the accounting methods arising out of International Financial Reporting Standards as adopted by EU, the Management is also presenting the consolidated financial results prepared for Group management purposes, adjusted for one-off events, mostly of a non-monetary nature and recalculated by the same exchange rate.

The financial results of KOFOLA S.A. Group in the first half of 2014 were not influenced by any one-off events. The operating profit of the KOFOLA S.A. Group in the first half of 2013 was affected by a one-off event representing profit from disposal of fixed assets in the amount of PLN 1 816 thousand and related tax effect of PLN 106 thousand and sale of a subsidiary Santa-Trans.SK s.r.o., from which the Group recorded a positive financial result of PLN 2 092 thousand. The profit from sale of the company was not subject to income tax as the Group owned it for more than one year.

Due to significant differences in the Czech crown, Euro and Russian ruble exchange rates to the Polish zloty between the reporting period of 2014, and the same period of 2013, in order to present better comparability of financial statements of the Group's Czech, Slovak and Russian companies, the data for the comparable period of 2013 was converted to the Polish zloty with the exchange rate from the six-month period ended 30 June 2014. Information about rates used for translation purposes can be found in Note 4.3. The consolidated financial information presenting data translated using exchange rates for the given period is presented in the second part of the present report.

It should be noted that only in Note 1.3 the comparative data have been converted at the exchange rate applicable to the reported period of 2014. In all other notes the comparative data have been translated at the historical rate.

SUMMARY OF OPERATING RESULTS

Selected financial data	Reported 1.1.2013 - 30.6.2013	Reported adjusted by one-off events 1.1.2013 - 30.6.2013	Reported recalculated* 1.1.2013 - 30.6.2013 - comparative data for management purposes
Continuing operations			
Revenue	504 082	504 082	486 791
Cost of sales	(345 472)	(345 472)	(335 758)
Gross profit	158 610	158 610	151 033
Selling, marketing and distribution costs	(115 964)	(115 964)	(110 925)
Administrative costs	(22 479)	(22 479)	(21 030)
Other operating income/(expenses), net	4 856	3 040	3 001
Operating result	25 023	23 207	22 079
EBITDA	60 740	58 924	56 678
Financial expenses, net	(7 524)	(9 616)	(10 576)
Income tax	(4 162)	(4 056)	(3 778)
Net profit on continuing operations	13 337	9 535	7 725
Discontinued consolidation			
Net loss for the period on discontinued consolidation	(849)	(849)	(849)
Net profit for the period	12 488	8 686	6 876
- attributable to shareholders of the parent company	12 531	8 729	6 918

* results reported as comparative data in the 6-month period ended 30 June 2013 recalculated for use of this report at the exchange rates effective in the 6-month period ended 30 June 2014 for better comparability

In assessing the KOFOLA S.A. Group's financial performance achieved in the reported period, the market environment needs to be taken into account as it has an impact on the results obtained:

- Consumers continued to have a high level of uncertainty, and therefore they were looking for savings in their shopping carts by limiting their consumption spending or by choosing cheaper products.
- Decrease in consumption in the higher margin gastro segment.
- Continuing transfer of sales from traditional to modern sales channel in Russia and from retail chain stores to food discount chains in Poland.
- Consolidations in the distributors market that negatively influence trading conditions and worsening of financial standing of smaller food wholesalers in particular.
- Stabilization of raw material prices.

Below, we describe main items of the consolidated financial information:

- **Revenues** PLN 464 856 thousand
- **Gross profit** increased from PLN 151 033 thousand to PLN 169 536 thousand, i.e. by PLN 18 503 thousand (12.3%).
- **Operating result (EBIT)** increased from PLN 22 079 thousand to PLN 29 722 thousand, i.e. by PLN 7 643 thousand (34.6%).
- **EBITDA (operating result plus depreciation and amortisation)** increased from PLN 56 678 thousand to PLN 63 306 thousand, i.e. by PLN 6 628 thousand (11.7%).
- **Net profit attributable to shareholders of the parent company** PLN 17 791 thousand.
- Decrease in **net financial debt** from PLN 238 442 thousand as at 30 June 2013 (translated to Polish Zloty at the exchange rate from 30 June 2014) to PLN 194 734 thousand as at 30 June 2014, i.e. by PLN 43 708 thousand (18.3%). The Group's net debt calculated as a multiple of 12-month adjusted EBITDA equalled to 1.48 at the end of June 2014 against 1.97 at the end of June 2013.

POLAND

- In the first half of 2014 (compared to the same period in 2013), Hoop Polska Sp. z o.o. recorded a decrease in revenues from sales to parties from outside the Group by PLN 34 291 thousand (14.7%). This decrease relates mainly to modern channel (especially cash&carry and discount retailers) and is caused by the fact that we focus on improving the margins on our products in Poland despite the fact that we may lose some part of the volume sold.

CZECH REPUBLIC

- In the first half of 2014 (compared to the same period in 2013), Kofola a.s. (Czech Republic) recorded an increase in revenues from sales to parties from outside the Group by PLN 2 567 thousand (1.7%). This slight increase relates to impulse segment and results mainly from increased sales of water and non-carbonated beverages.
- Jupí Syrup still maintains its market leader position in the Czech Republic.

SLOVAKIA

- In the first half of 2014 (compared to the same period in 2013) Kofola a.s. (Slovakia) recorded slight decrease in revenues from sales to parties from outside the Group by PLN 1 398 thousand (1.4%).
- In the first half of 2014 Kofola a.s. (Slovakia) had a leading position in the non-alcoholic beverage market in the retail segment as well as HoReCa segment in terms of market share.
- Rajec is market leader in waters in Slovakia.

RUSSIA

- In Russia, in the first half of 2014, sales revenues amounted to PLN 112 624 thousand from which PLN 54 731 thousand make revenues from own branded products.

CONSOLIDATED INCOME STATEMENT

THE SIX-MONTH PERIOD ENDED 30 JUNE 2014 COMPARED TO THE SIX-MONTH PERIOD ENDED 30 JUNE 2013

Selected financial data	1.1.2014 – 30.6.2014	1.1.2013 – 30.6.2013*	Change 2014/2013	Change 2014/2013 (%)
Continued operations				
Revenue	464 856	486 791	(21 935)	(4.5%)
Cost of sales	(295 320)	(335 758)	40 438	(12.0%)
Gross profit	169 536	151 033	18 503	12.3%
Selling, marketing and distribution costs	(115 444)	(110 925)	(4 519)	4.1%
Administrative costs	(25 377)	(21 030)	(4 347)	20.7%
Adjusted other operating income / (expenses), net	1 007	3 001	(1 994)	(66.4%)
Adjusted operating result	29 722	22 079	7 643	34.6%
Adjusted EBITDA	63 306	56 678	6 628	11.7%
Adjusted financial expense, net	(6 278)	(10 576)	4 298	(40.6%)
Adjusted income tax	(5 636)	(3 778)	(1 858)	49.2%
Adjusted net profit from continuing operations	17 808	7 725	10 083	130.5%
Discontinued consolidation				
Net loss for the period from discontinued consolidation	-	(849)	849	(100.0%)
Adjusted net profit for the period	17 808	6 876	10 932	159.0%
- attributable to shareholders of the parent company	17 791	6 918	10 873	157.2%

* data recalculated using currency exchange rates for the period of six month period ended 30 June 2014

REVENUE

The consolidated net revenue of the KOFOLA S.A. Group for the first half of 2014 amounted to PLN 464 856 thousand, which constitutes a decrease by PLN 21 935 thousand (i.e. 4.5%) compared to the first half of 2013. Revenues from the sale of finished products and services amounted to PLN 458 157 thousand, which constitutes 98.6% of total revenues.

The change in revenues of the KOFOLA S.A. Group in the analysed period of 2014 as compared to the same period of 2013 was mainly due to lower by PLN 34 291 thousand revenues of Hoop Polska Sp. z o.o. and lower by PLN 1 398 thousand revenues of Kofola a.s. (Slovakia). On the other hand the newly acquired Mangaloo group added revenues of PLN 6 154 thousand in the reporting period, revenues of Kofola a.s. (Czech Republic) increased by PLN 2 567 thousand and sales of the UGO Group also increased by PLN 561 thousand.

The activities of the KOFOLA S.A. Group concentrate on the production of beverages in four market segments: carbonated beverages, non-carbonated beverages, waters and syrups. Together these segments account for 95.4% of the Group's sales revenues.

The biggest share among the revenues in the analysed period of 2014 similarly as in the comparative period 2013 represented the sales of carbonated beverages (53.0% and 54.8% respectively).

COSTS OF SALES

In the first half of 2014, the KOFOLA S.A. Group's consolidated costs of sales decreased by PLN 40 438 thousand, i.e. by 12.0%, to PLN 295 320 thousand from PLN 335 758 thousand in the first half of 2013. As percentage, the consolidated cost of sales account for 63.5% of net sales revenues (69.0% in the first half of 2013). The development of costs of sales relates to postponing maintenance costs in production, change in sales structure and stabilization of raw material prices.

SELLING, MARKETING AND DISTRIBUTION COSTS

Consolidated selling, marketing and distribution costs in the first half of 2014 increased by PLN 4 519 thousand, i.e. by 4.1% to PLN 115 444 thousand, from PLN 110 925 thousand in the first half of 2013. The increase in selling, marketing and distribution costs is driven by depreciation of returnable packages recorded in 2014.

ADMINISTRATIVE COSTS

In the first half of 2014 the consolidated administrative costs amounted to PLN 25 377 thousand.

ADJUSTED OPERATING RESULT

Operating result (EBIT) increased from PLN 22 079 thousand in the first half of 2013 to PLN 29 722 thousand in the first half of 2014, i.e. by PLN 7 643 thousand (i.e. by 34.6%).

The increase of EBIT is attributable to improvement of gross profit.

ADJUSTED EBITDA

EBITDA (calculated as the operating profit plus depreciation and amortisation) increased from PLN 56 678 thousand realized in the first half of 2013 to PLN 63 306 thousand realized in the first half of 2014, i.e. by PLN 6 628 thousand (by 11.7%).

The increase of EBITDA is attributable to improvement of gross profit.

ADJUSTED NET FINANCIAL EXPENSES

Net financial expenses decreased from PLN 10 576 thousand incurred in the first half of 2013 to PLN 6 278 thousand incurred in the first half of 2014, i.e. by PLN 4 298 thousand (by 40.6%). This favourable movement is caused by lower indebtedness of the whole group resulting in lower interest expense and bank charges.

ADJUSTED INCOME TAX

Income tax expense amounts to PLN 5 636 thousand in the first half of 2014 which represents effective tax rate of 24.0%. In the first half of 2013 income tax expense amounts to PLN 3 778 thousand.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Selected financial data	30.6.2014	30.6.2013 *	Change 2014/2013	Change 2014/2013 (%)
Total assets	964 861	1 127 327	(162 466)	(14.4%)
Fixed assets, out of which:	668 894	810 640	(141 746)	(17.5%)
Tangible fixed assets	436 232	452 285	(16 053)	(3.5%)
Intangible fixed assets	164 700	187 344	(22 644)	(12.1%)
Goodwill	13 430	102 614	(89 184)	(86.9%)
Investment in associates	51 949	58 918	(6 969)	(11.8%)
Deferred tax assets	404	7 004	(6 600)	(94.2%)
Current assets, out of which:	295 967	316 687	(20 720)	(6.5%)
Inventories	77 383	113 445	(36 062)	(31.8%)
Trade receivables and other receivables	178 170	177 929	241	0.1%
Cash and cash equivalents	40 288	14 569	25 719	176.5%
Total equity and liabilities	964 861	1 127 327	(162 466)	(14.4%)
Equity	388 172	533 035	(144 863)	(27.2%)
Long-term liabilities	160 731	145 950	14 781	10.1%
Short-term liabilities	415 958	448 342	(32 384)	(7.2%)

* translated using exchange rates as at 30 June 2014

ASSETS

At the end of June 2014 the Group's fixed assets amounted to PLN 668 894 thousand. Compared to 30 June 2013, the value of fixed assets decreased by PLN 141 746 thousand (i.e. 17.5%). The main driver of the change was recognized in December 2013 impairment of goodwill, brands and fixed assets related to Polish operations in total amount of PLN 141 948 thousand.

As at 30 June 2014 goodwill included the following items: goodwill of Pinelli spol. s r.o. and goodwill of Klimo production plant taken over by Kofola a.s. (Czech Republic) in 2006. Goodwill arising from the merger of HOOP S.A. Group with Kofola SPV Sp. z o.o. Group in the amount PLN 89 184 thousand has been impaired in December 2013.

The Group's current assets as at 30 June 2014 amounted to PLN 295 967 thousand. In the structure of current assets as at the end of June 2014 the biggest were: trade receivables and other receivables making 60.2% of the total current assets and inventory making 26.2% of the total current assets.

LIABILITIES

As at 30 June 2014, the Group's liabilities (total long- and short-term) amounted to PLN 576 689 thousand, which constitutes a PLN 17 603 thousand decrease compared to the end of June 2013. The decrease in liabilities resulted primarily from the decrease in financial debt and lower level of trade payables and other payables.

The Group's consolidated net debt (calculated as total long- and short-term liabilities relating to credits, loans, bonds, leases and other debt instruments less cash and cash equivalents) amounted to PLN 194 734 thousand as at 30 June 2014, which means a PLN 43 708 thousand decrease compared to PLN 238 442 thousand as at the end of June 2013.

CONSOLIDATED CASH FLOW

Consolidated cash flow generated from operating activity in the first half of 2014 amounted to PLN 43 320 thousand and was lower by PLN 1 326 thousand compared to the first half of 2013. The decrease is mainly driven by unfavourable movement of currency translation and working capital changes.

Consolidated cash flow generated from investing activity in the first half of 2014 amounted to PLN (21 584) thousand compared to PLN (37 721) thousand generated in the first half of 2013. Higher cash outflow in the comparative period relates mainly to the deconsolidation of the cash belonging to the Megapack group (PLN 19 970 thousand) on 1 January 2013.

Consolidated cash flow from financing activity for the first half of 2014 amounted to PLN (11 771) thousand compared to PLN (27 245) thousand in the first half of 2013. This decrease is result of the financial stability of the KOFOLA S.A. Group when lower level of external financing is needed.

1.4 Segments

ESTIMATED POSITION OF KOFOLA S.A. GROUP ON THE RETAIL SOFT DRINKS MARKET

In the soft drinks market in the Czech Republic as at 30 June 2014 the companies of KOFOLA S.A. Group hold first position in syrups market, second in cola-type drinks market, second in children drinks market, third in carbonated drinks market, fourth in energy drinks market, fourth in waters market and seventh in non-carbonated beverages market, in Slovakia, first position in cola-type drinks market, first in waters market, second in children drinks market and second in syrups and carbonated beverages markets. In Poland, second position in syrup market, third in cola-type drinks market, fourth in children drinks market and seventh in carbonated beverages market.

In Russia, Megapack has only been noticeable in the local Moscow market so far. Due to the size of the Russian market, data of this company are not visible in the statistics; therefore it is difficult to establish its market position.

PRODUCTS

KOFOLA S.A. Group offers its products in Poland, the Czech Republic, Slovakia and Russia as well as exports to a few other countries, mainly in Europe.

KOFOLA GROUP BRANDS IN 2014

CARBONATED BEVERAGES	Kofola, RC Cola, Citrocola, Hoop Cola, Top Topic, Vinea, Orangina, Chito, Citronela, Fruti, Mr. Max, Koe Chto
WATERS	Rajec, Arctic, Białowieski Zdrój, Grodziska, Badoit, Evian, Vincentka
NON-CARBONATED BEVERAGES	Jupi Fruit Drink, Mr. Max, Top Topic, Snipp, Natelo
100% FRUIT JUICES AND NECTARS	Snipp, Eskimors, UGO
SYRUPS AND CONCENTRATES	Jupi, Paola, Super Barman, Bublino
CHILDRENS' DRINKS	Jupik, Jupik Aqua, Jupik Aqua Sport, Jumper
ICE TEA	Pickwick Ice Tea, Hoop Ice Tea
ENERGY DRINKS	Semtex
LOW-ALCOHOL BEVERAGES (Russia)	Hooper's Hooch, Black Mamba

The KOFOLA S.A. Group produces also water, carbonated beverages and non-carbonated beverages and syrups on behalf of third parties, mostly big retail chains. These companies offer consumers products under their own brand using the possibility to distribute in their stores.

In addition, Megapack operating on the Russian market offers service of bottling drinks on behalf of companies from outside the Group. This applies both to low-alcohol beverages, and non-alcohol beverages.

The Board of Directors of the KOFOLA S.A. is the chief operating decision maker responsible for operational decision-making and uses these results to decide on the allocation of resources to the segment and to assess segments performance.

The Group operates in the following segments managed by the chief operating decision maker:

- Poland
- Czech Republic
- Russia
- Slovakia
- Export

The Group applies the same accounting methods for all of the segments which are also in line with the accounting methods used in the preparation of these consolidated financial information. Transactions between segments are eliminated in the consolidation process.

Within the presented segments, the Group identified one client, who generated more than 10% of the Group's consolidated revenues from continuing operations. The Group's revenues from that client in the six-month period 2014 amounted PLN 119 843 thousand (2013 PLN 140 051 thousand).

Total revenues and costs of all operating segments correspond to information presented in the income statement for the reporting and comparative period. Reporting segment results for the 6-month period ended 30 June 2014 and the 6-month period ended 30 June 2013 are presented below:

GEOGRAPHICAL SEGMENTS

1.1.2014 - 30.6.2014	Poland	Czech Republic	Slovakia	Export	Eliminations (consolidation adjustments)	Subtotal	Russia	Total
Revenues	207 414	178 243	123 228	4 613	(48 642)	464 856	-	464 856
Sales to external customers	198 174	164 043	98 026	4 613	-	464 856	-	464 856
Inter-segment sales	9 240	14 200	25 202	-	(48 642)	-	-	-
Operating expenses	(204 039)	(167 103)	(108 223)	(4 411)	48 642	(435 134)	-	(435 134)
Related to external customers sales	(194 799)	(152 903)	(83 021)	(4 411)	-	(435 134)	-	(435 134)
Related to inter-segment sales	(9 240)	(14 200)	(25 202)	-	48 642	-	-	-
Operating result	3 375	11 140	15 005	202	-	29 722	-	29 722
Result from financial activity						(6 386)	108	(6 278)
with third parties						(6 386)	-	(6 386)
between segments						-	-	-
Share in associates' financial result						-	108	108
Profit before tax						23 336	108	23 444
Income tax						(5 636)	-	(5 636)
Net profit						17 700	108	17 808
Assets and liabilities								
Segment assets	390 569	426 155	200 086	4	(103 902)	912 912	51 949	964 861
Total assets	390 569	426 155	200 086	4	(103 902)	912 912	51 949	964 861
Segment liabilities	226 568	343 461	118 158	4	(111 502)	576 689	-	576 689
Equity						388 172	-	388 172
Total liabilities and equity						964 861	-	964 861
Other information concerning segment								
Investment expenditure:								
Tangible and intangible fixed assets	5 379	5 637	10 563	-	-	21 579	-	21 579
Depreciation and amortization	10 109	16 589	6 886	-	-	33 584	-	33 584

1.1.2013 - 30.6.2013 *	Poland	Czech Republic	Slovakia	Export	Eliminations (consolidation adjustments)	Subtotal	Russia **	Total
Revenues	236 617	183 538	127 876	1 627	(45 576)	504 082	-	504 082
Sales to external customers	232 124	169 878	100 453	1 627	-	504 082	-	504 082
Inter-segment sales	4 493	13 660	27 423	-	(45 576)	-	-	-
Operating expenses	(234 413)	(168 513)	(119 855)	(1 854)	45 576	(479 059)	-	(479 059)
Related to sales to external customers	(229 920)	(154 853)	(92 432)	(1 854)	-	(479 059)	-	(479 059)
Related to inter-segment sales	(4 493)	(13 660)	(27 423)	-	45 576	-	-	-
Operating result	2 204	15 025	8 021	(227)	-	25 023	-	25 023
Result from financial activity						(7 566)	42	(7 524)
with third parties						(7 521)	-	(7 521)
between segments						-	-	-
Share in associates' financial result						(45)	42	(3)
Profit before tax						17 457	42	17 499
Income tax						(4 162)	-	(4 162)
Loss on discontinued consolidation of the Megapack Group						-	(849)	(849)
Net profit /(loss)						13 295	(807)	12 488
Assets and liabilities								
Segment assets	627 757	496 156	200 331	94	(200 938)	1 123 400	58 919	1 182 319
Total assets	627 757	496 156	200 331	94	(200 938)	1 123 400	58 919	1 182 319
Segment liabilities	286 451	455 954	125 920	118	(225 575)	642 868	-	642 868
Equity						539 451	-	539 451
Total liabilities and equity						1 182 319	-	1 182 319
Other information concerning segment								
Investment expenditures:								
Tangible and intangible fixed assets	3 760	5 475	2 949	-	-	12 184	-	12 184
Depreciation and amortization	13 560	14 890	7 267	-	-	35 717	-	35 717

* Data in segments for the comparative period have been established by the historical exchange rate. They have not been recalculated, as in Note 1.3 using the currency exchange rate from the current reporting period.

** Discontinued consolidation (Megapack Group)

REVENUES BY PRODUCT

1.1.2014 - 30.6.2014	Carbonated beverages	Non-carbonated beverages	Waters	Syrups	Other	Total
Sales revenue	246 512	24 553	98 405	73 963	21 423	464 856

1.1.2013 - 30.6.2013	Carbonated beverages	Non-carbonated beverages	Waters	Syrups	Other	Total
Sales revenue	276 273	26 507	103 057	84 984	13 261	504 082

1.5 Shareholders holding directly or indirectly significant packets of shares along with the number of shares held

According to the Company's information as at the date of the preparation of the present report (i.e. 26 August 2014), the following entities held at least 5% of the total number of votes at General Shareholders' Meeting of the KOFOLA S.A.:

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

- 13 395 373 shares, or 51.19% of share capital of the KOFOLA S.A.
- 13 395 373 votes, or 51.19% of total votes at General Shareholders' Meeting of the KOFOLA S.A.

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

- 11 283 153 shares, or 43.11 % of share capital of the KOFOLA S.A.
- 11 283 153 votes, or 43.11 % of total votes at General Shareholders' Meeting of the KOFOLA S.A.

As at 30 June 2014 the share capital amounted to PLN 26 170 003 and consisted of 26 170 003 shares entitling to 26 170 003 votes at General Shareholders' Meeting of the Company.

1.6 Changes in the ownership of major KOFOLA S.A. share packages in the period since the submission of the previous quarterly report

According to the Company's information, no changes were made in the ownership of major share packages in the period since the submission of the previous quarterly report.

SHARE CAPITAL STRUCTURE			
Name of entity / individual	Number of shares	% in share capital	% of votes
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%

1.7 Statement of changes in the ownership of KOFOLA S.A. shares or rights to such shares (options) by management and supervisory staff

According to the Company's information as at the date of submission of the report for the 6-month period ended 30 June 2014, no changes occurred in the ownership of the KOFOLA S.A. shares by management and supervisory staff compared to the date of submission of the report for 2013.

1.8 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 30 June 2014 the total value of these receivables is PLN 4 459 thousand and the carrying amount 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.

1.9 Information about the conclusion of material contracts that do not meet the criteria of a significant contract

The Group has not concluded any material contracts in the reported period.

1.10 Information about significant contracts

The Group has not concluded any significant contracts in the reported period.

1.11 Information about relationships with other Group entities

Transactions between related parties were conducted on market terms generally applied for a given type of transactions.

A description of the transactions concluded between related parties is presented in Note 5.18 to the financial information.

1.12 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 which guarantees has been provided	The entity for which liabilities guarantees were provided	Type of relationship between the Company and the entity committed to loan
		in currency	in PLN			
Kofola ČeskoSlovensko a.s.	Unicredit Bank a.s.	EUR – T *	-	3/2015	Kofola a.s. (SK)	subsidiary
Kofola ČeskoSlovensko a.s.	VÚB banka a.s.	EUR – T *	-	3/2015	Kofola a.s. (SK)	subsidiary
Kofola ČeskoSlovensko a.s.	VÚB banka a.s.	EUR 3 907 T	16 257	12/2017	Kofola a.s. (SK)	subsidiary
Kofola ČeskoSlovensko a.s.	Raiffeisen-Leasing	CZK 11 969 T	1 813	10/2015	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	Oberbank Leasing	CZK 1 629 T	247	4/2016	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	Oberbank Leasing	CZK 1 745 T	264	5/2016	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	Oberbank Leasing	CZK 7 882 T	1 194	2/2017	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	Oberbank Leasing	CZK 3 537 T	536	2/2017	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	Oberbank Leasing	CZK 1 079 T	163	10/2017	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	Česká spořitelna, a.s.	CZK 48 276 T	7 314	2/2019	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	ČSOB, a.s.	CZK 48 305 T	7 318	3/2019	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	UAB Putokšnis	PLN 1 193 T	1 193	3/2015	Hoop Polska Sp. z o.o.	subsidiary
Kofola ČeskoSlovensko a.s.	Unicredit Bank a.s.	EUR 3 982 T	16 569	4/2015	Santa-Trans.SK s.r.o. (SK)	third party **
Kofola ČeskoSlovensko a.s.	Unicredit Bank a.s.	EUR 5 301 T	22 057	12/2022	Santa-Trans.SK s.r.o. (SK)	third party **
Kofola a.s. (CZ)	Komerční banka a.s.	CZK 20 000 T	3 030	1/2015	Santa Trans s.r.o. (CZ)	subsidiary
Kofola a.s. (CZ)	Komerční banka a.s.	CZK 7 000 T	1 061	1/2019	Santa Trans s.r.o. (CZ)	subsidiary
KOFOLA S.A.	Bank Millenium S.A.	PLN 11 000 T	11 000	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank BPH S.A.	PLN 11 000 T	11 000	12/2020	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 85 T	354	7/2014	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Toyota Leasing S.A.	EUR 458 T	1 904	6/2015	Hoop Polska Sp. z o.o.	subsidiary
Total loans and guarantees issued as at 30.6.2014			103 274	PLN thousand		

* As at 30 June 2014 the loan was not used

** The fair value of the guarantees is zero (fair valuation in level 3).

In the reporting period the companies of the KOFOLA S.A. Group recorded remuneration for guaranteeing the liabilities of other Group companies. These items have been excluded from this report under consolidation adjustments.

1.13 Information on issuing securities

No securities have been issued during the reported period.

1.14 The Management's standpoint on the feasibility of realizing previously published profit/loss forecast for a given year, compared to the forecast results

The Group has not published forecasts of its financial results for the year 2014.

1.15 The factors and unusual events that had an effect on the Group's result

When analysing the results of the first half 2014, the seasonality of sales in the non-alcoholic beverages should be taken into consideration. Beverage sales peak appears in the 2nd and 3rd quarter of the year. This is caused by increased drink consumption in the spring and summer months. KOFOLA S.A. Group revenue in the first half of 2012 and 2013 accounted for 52%, respectively 50% of annual consolidated revenue. The Management Board expects a similar seasonality in 2014.

There have been identified no items treated by the Management as one-off events in the course of first half 2014.

1.16 The factors that in Group's Management opinion would have a significant effect on the Group's future financial results in the next quarter

The KOFOLA S.A. Group's competitive position results from the basic market factors, such as: the strength of its brands, innovation, production costs, products quality, scale effect, speed of response to the market and market position and the ability to obtain raw materials at favourable prices. In the Board of Directors' opinion, the Group's current financial position, its production potential and market position pose no threats to its continued growth. There are, however, several factors, especially external, that will, either directly or indirectly, affect the Group's financial results in the upcoming periods.

In the upcoming periods the main risk factors with a significant effect on the Group's financial results will include in particular:

- the level of unemployment and people's willingness to consume outside of home and purchase brand name food products,
- pricing policies of competitors, in particular in the segment of carbonated beverages (especially cola), waters and syrups,
- the changes in the structure of retail trade, consisting of the growing importance of discount food chains at the expense of traditional channels, with slower than previous growth of the supermarket chains and the speed of adapting Kofola Group's operating business model to the changing market,
- weather conditions (temperature, rain falls),
- the ability to maintain the largest customers at reasonable commercial terms to enable Kofola Group companies to improve performance and generate positive cash flows,
- development of the prices of raw production materials, of which the majority is based on commodities (the prices of raw materials such as oil, sugar, isoglucose, granules for the production of PET bottles, fruit concentrates, foil or paper),
- changes in foreign exchange rates (PLN, CZK, EUR and RUB) and effectiveness of protection against such changes (so-called hedging),
- increase in excise tax on low-alcohol beverages in Russia and other regulatory changes regarding low-alcoholic beverages,
- ability to introduce innovative products to the market,
- interest rates,
- availability of funding and the associated expected profit margins of banks and bondholders
- ability to successfully integrate recently acquired entities and businesses (e.g. fresh bar chains) in order to achieve pre-acquisition financial targets.

1.17 Subsequent events

No material events have occurred after the balance sheet date.

1.18 Statement of the Management Board of KOFOLA S.A.

According to § 89 par. 1 item 4 and § 90 par. 1 item 4 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 recognizing as equivalent information required by law of a non-member state, the Management Board of KOFOLA S.A. declares according to its best knowledge that the interim condensed standalone financial information KOFOLA S.A. and the interim condensed consolidated financial information of the KOFOLA S.A. Group for the period from 1 January 2014 to 30 June 2014 and comparative figures have been prepared in accordance with applicable accounting principles and give a true and fair view about financial position and financial performance of KOFOLA S.A. and the KOFOLA S.A. Group, and that the directors' report on the activities of the Group presents a true view of the development and achievements as well as position of KOFOLA S.A. and the KOFOLA S.A. Group, including a description of main risks and threats.

According to § 89 par. 1 item 5 to § 90 par. 1 item 5 above mentioned decree the Management Board of KOFOLA S.A. declares that the entity authorized to review the financial statements, which reviewed the interim condensed standalone financial information of KOFOLA S.A. and the interim condensed consolidated financial information of the KOFOLA S.A. Group for the period from 1 January 2014 to 30 June 2014, was selected in accordance with the legal regulations and that this entity and the auditors performing the review, met the conditions for expressing an impartial and independent opinion in accordance with applicable regulations and professional standards.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

26.8.2014 Janis Samaras Chairman of the Board of Directors

date

name and surname

position/role

signature



26.8.2014 Martin Mateáš Member of the Board of Directors

date

name and surname

position/role

signature



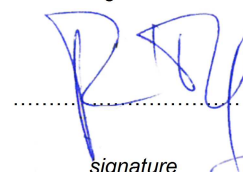
26.8.2014 René Musila Member of the Board of Directors

date

name and surname

position/role

signature



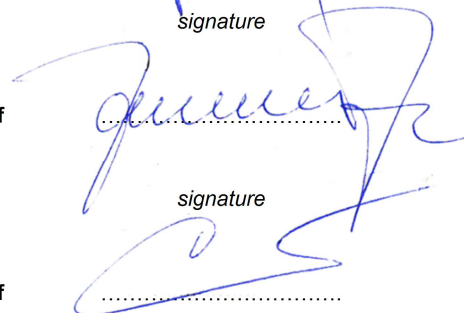
26.8.2014 Tomáš Jendřejek Member of the Board of Directors

date

name and surname

position/role

signature



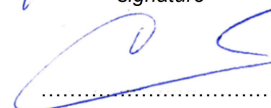
26.8.2014 Daniel Buryš Member of the Board of Directors

date

name and surname

position/role

signature



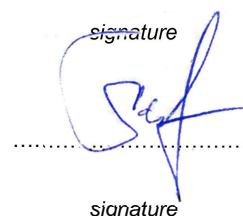
26.8.2014 Marián Šefčovič Member of the Board of Directors

date

name and surname

position/role

signature



SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

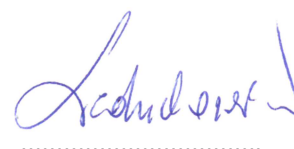
26.8.2014 Rafał Leduchowski Chief Accountant

date

name and surname

position

signature



2.1 Consolidated income statement

for the 6-month period ended 30 June 2014 (reviewed) and for the 6-month period ended 30 June 2013 (reviewed) in PLN thousand.

Consolidated Income statement	Note	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Continuing operations			
Revenues from the sale of finished products and services	5.1	458 157	502 244
Revenues from the sale of goods and materials	5.1	6 699	1 838
Revenues		464 856	504 082
Cost of products and services sold	5.2	(289 137)	(343 766)
Cost of goods and materials sold	5.2	(6 183)	(1 706)
Cost of sales		(295 320)	(345 472)
Gross profit		169 536	158 610
Selling, marketing and distribution costs	5.2	(115 444)	(115 964)
Administrative costs	5.2	(25 377)	(22 479)
Other operating income		2 332	6 117
Other operating expenses		(1 325)	(1 261)
Operating result		29 722	25 023
Financial income	5.3	465	2 301
Financial expense	5.4	(6 851)	(9 822)
Share in the financial result of associates	5.5	108	(3)
Profit before tax		23 444	17 499
Income tax	5.8	(5 636)	(4 162)
Net profit on continuing operations		17 808	13 337
Discontinued consolidation			
Loss for the period on discontinued consolidation	5.9	-	(849)
Net profit for the period		17 808	12 488
Attributable to:			
Shareholders of the parent company		17 791	12 531
– from continuing operations		17 791	13 380
– from discontinued consolidation		-	(849)
Non-controlling interests shareholders from continuing operations		17	(43)
Earnings per share (in PLN)			
Basic earnings per share			
– from profit for the period from continuing operations attributable to shareholders of the parent company	5.10	0.6801	0.5112
– from loss for the period from discontinued consolidation	5.10	-	(0.0324)
– from profit for the period attributable to shareholders of the parent company	5.10	0.6801	0.4788
Diluted earnings per share			
– from profit for the period from continuing operations attributable to shareholders of the parent company	5.10	0.6801	0.5111
– from loss for the period from discontinued consolidation	5.10	-	(0.0324)
– from profit for the period attributable to shareholders of the parent company	5.10	0.6801	0.4787

2.2 Consolidated statement of comprehensive income

for the 6-month period ended 30 June 2014 (reviewed) and for the 6-month period ended 30 June 2013 (reviewed) in PLN thousand.

Consolidated statement of comprehensive income	Note	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Net profit for the period		17 808	12 488
Other comprehensive income			
Currency differences from translation of foreign subsidiaries – subsequently reclassified to profit or loss		177	14 007
– from continuing operations		177	8 449
– from discontinued consolidation *		-	5 558
Other comprehensive income (net)	2.5	177	14 007
Total comprehensive income / (loss)		17 985	26 495
Attributable to:			
Shareholders of the parent company		17 967	26 538
– from continuing operations		17 967	21 829
– from discontinued consolidation		-	4 709
Non-controlling interests from continuing operations		18	(43)

* In 2013 transfer of differences from calculation of position of Megapack Group from other comprehensive income to income statement.

2.3 Consolidated statement of financial position

As at 30 June 2014 (reviewed), 31 December 2013 (audited) and 30 June 2013 (reviewed) in PLN thousand.

ASSETS	Note	30.6.2014	31.12.2013	30.6.2013
Fixed assets (long-term)		668 894	631 780	843 092
Tangible fixed assets	5.11	436 232	408 908	474 104
Goodwill	5.12	13 430	13 419	103 471
Intangible fixed assets	5.12	164 700	157 040	195 451
Investments in associates	5.13	51 949	51 841	58 918
Other long-term assets		2 179	134	2 691
Deferred tax asset		404	438	8 457
Current assets (short-term)		295 967	262 645	339 227
Inventories		77 383	89 961	120 033
Trade receivables and other receivables		178 170	141 937	192 816
Current income tax receivables		126	205	780
Cash and cash equivalents		40 288	30 542	15 590
Other financial assets		-	-	8
Assets (group of assets) held for sale	5.14	-	-	10 000
TOTAL ASSETS		964 861	894 425	1 182 319
LIABILITIES AND EQUITY				
Equity attributable to shareholders of the parent company		387 402	386 801	538 697
Share capital	2.5	26 170	26 170	26 173
Supplementary capital	2.5	346 644	541 870	541 299
Translation difference on revaluation of foreign subsidiaries	2.5	20 428	20 252	36 559
Other capital	2.5	-	-	342
Own shares	2.5	(431)	(69)	(69)
Accumulated losses	2.5	(5 409)	(201 422)	(65 607)
Equity attributable to non-controlling interests		770	752	754
Total equity	2.5	388 172	387 553	539 451
Long-term liabilities		160 731	149 365	162 715
Bank credits and loans	5.15	71 784	66 681	85 747
Bonds issued		49 156	49 005	45 369
Financial leasing liabilities		12 799	7 011	10 313
Provisions	5.6	555	675	688
Other long-term liabilities		5 675	6 318	11 317
Deferred tax liabilities		20 762	19 675	9 281
Short-term liabilities		415 958	357 507	480 153
Bank credits and loans	5.15	92 725	100 431	111 908
Bonds issued		1 798	587	3 132
Financial leasing liabilities		6 759	7 297	10 337
Trade liabilities and other liabilities		287 443	238 019	321 864
Current income tax liabilities		2 305	2 652	1 892
Other financial liabilities		17 004	-	23 519
Provisions	5.6	7 924	8 521	6 620
Government subsidies		-	-	73
Liabilities (group of liabilities) related to assets held for sale	5.14	-	-	808
Total Liabilities		576 689	506 872	642 868
TOTAL LIABILITIES AND EQUITY		964 861	894 425	1 182 319

2.4 Consolidated cash flow statement

for the 6-month period ended 30 June 2014 (reviewed) and for the 6-month period ended 30 June 2013 (reviewed) in PLN thousand.

Consolidated cash flow statement	Note	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Cash flow from operating activity			
Profit before tax on continued activity	2.1	23 444	17 499
Loss before tax on discontinued consolidation		-	(849)
Adjustments for:			
Non-cash movements and other adjustments			
Depreciation and amortization	5.2	33 584	35 717
Net interest	5.3, 5.4	4 897	7 441
Share in associates' financial result	5.5	(108)	3
Loss on discontinued consolidation of the Megapack Group		-	849
Profit on sale of subsidiary (Santa-Trans.SK)		-	(2 092)
Change in the balance of provisions		(717)	(3 552)
Gain on sale of property, plant and equipment		(1 576)	(1 816)
Other currency differences from translation		(1 597)	362
Other		-	(164)
Cash movements			
Paid income tax		(6 521)	(4 926)
Changes in working capital			
Change in the balance of receivables		(33 829)	(43 137)
Change in the balance of inventories		(20 324)	(20 568)
Change in the balance of liabilities		46 067	60 343
Change in the balance of state subsidies		-	(464)
Net cash flow from operating activity		43 320	44 646
Cash flow from investing activity			
Sale of intangible and tangible fixed assets		7 169	1 927
Purchase of intangible and tangible fixed assets	5.11, 5.12	(21 579)	(12 184)
Acquisition of subsidiary net of acquired cash		(7 505)	(7 669)
Interest received		61	175
Cash from discontinued consolidation of Megapack Group as at 1 January 2013		-	(19 970)
Net cash flow from investing activity		(21 854)	(37 721)
Cash flow from financial activity			
Repayment of financial leasing liabilities		(6 129)	(6 586)
Proceeds from loans and bank credits received		34 781	53 385
Repayment of loans and bank credits		(36 912)	(66 865)
Interest paid		(3 511)	(7 179)
Other		-	-
Net cash flow from financing activity		(11 771)	(27 245)
Total net cash flow		9 695	(20 320)
Cash at the beginning of the period		30 542	35 677 *
Exchange differences from translation of cash		51	233
Cash at the end of the period		40 288	15 590
Restricted cash		-	-

* including cash flow from deconsolidated companies as at 1 January 2013 (Megapack Group)

2.5 Consolidated statement of changes in shareholders' equity

for the 6-month period ended 30 June 2014 (reviewed), 12-month period ended 31 December 2013 (audited) and the 6-month period ended 30 June 2013 (reviewed) in PLN thousand.

Consolidated statement of changes in equity	Note	Attributable to shareholders of the parent company						Equity attributable to non-controlling interests	Total equity	
		Share capital	Supplementary capital	Translation difference on revaluation of foreign subsidiaries	Other capital	Own shares	Accumulated losses			Equity attributable to shareholders of the parent company
As at 1.1.2013		26 173	534 518	26 459	177	(69)	(50 727)	536 531	498	537 029
Net profit/(loss) for the period		-	-	-	-	-	12 531	12 531	(43)	12 488
Other comprehensive income		-	-	14 007	-	-	-	14 007	-	14 007
Total comprehensive income / (loss)	2.2	-	-	14 007	-	-	12 531	26 538	(43)	26 495
Dividends payment	5.7	-	(11 536)	-	-	-	(11 755)	(23 291)	-	(23 291)
Other (profit distribution)		-	138	(269)	165	-	(1 115)	(1 081)	299	(782)
Discontinued consolidation of the Megapack Group		-	18 179	(3 638)	-	-	(14 541)	-	-	-
As at 30.6.2013		26 173	541 299	36 559	342	(69)	(65 607)	538 697	754	539 451
As at 1.1.2013		26 173	534 518	26 459	177	(69)	(50 727)	536 531	498	537 029
Decrease of share capital		(3)	3	-	-	-	-	-	-	-
Net (loss) for the period		-	-	-	-	-	(123 660)	(123 660)	(39)	(123 699)
Other comprehensive income		-	-	(2 603)	-	-	-	(2 603)	-	(2 603)
Total comprehensive income / (loss)	2.2	-	-	(2 603)	-	-	(123 660)	(126 263)	(39)	(126 302)
Dividends payment	5.7	-	(11 536)	-	-	-	(11 755)	(23 291)	-	(23 291)
Other (profit distribution)		-	740	-	(177)	-	(739)	(176)	293	117
Discontinued consolidation of the Megapack Group		-	18 145	(3 604)	-	-	(14 541)	-	-	-
As at 31.12.2013		26 170	541 870	20 252	-	(69)	(201 422)	386 801	752	387 553
As at 1.1.2014		26 170	541 870	20 252	-	(69)	(201 422)	386 801	752	387 553
Net profit for the period		-	-	-	-	-	17 791	17 791	17	17 808
Other comprehensive income		-	-	176	-	-	-	176	1	177
Total comprehensive income / (loss)	2.2	-	-	176	-	-	17 791	17 967	18	17 985
Dividends payment	5.7	-	(17 004)	-	-	-	-	(17 004)	-	(17 004)
Own shares		-	-	-	-	(362)	-	(362)	-	(362)
Transfes		-	(178 222)	-	-	-	178 222	-	-	-
As at 30.6.2014		26 170	346 644	20 428	-	(431)	(5 409)	387 402	770	388 172

Information about the parent company of the KOFOLA S.A. Group ("the Group", "the KOFOLA S.A. Group"):

Name: KOFOLA Spółka Akcyjna („the Company”, “the Issuer”)

Registered office: ul. Wschodnia 5, 99-300 Kutno.

Main areas of activity: the activities of head offices and holdings, excluding financial holdings (PKD 2007 - Polish Classification of Activities) 7010Z (the activities of holdings in accordance with PKD 2004 - Polish Classification of Activities). 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 Group's consolidated financial information covers 6-month period ended 30 June 2014 and contains comparatives for the 6-month period ended 30 June 2013.

BOARD OF DIRECTORS

As at 30 June 2014 the Board of Directors ("BoD") of the parent company KOFOLA S.A. comprised:

- | | |
|--|--|
| ▪ Mr. Janis Samaras – Chairman of the BoD, | ▪ Mr. René Musila – Member of the BoD, |
| ▪ Mr. Martin Mateáš – Member of the BoD, | ▪ Mr. Daniel Buryš – Member of the BoD, |
| ▪ Mr. Tomáš Jendřejek – Member of the BoD, | ▪ Mr. Marián Šefčovič – Member of the BoD. |

No changes were made in the composition of the holding company's KOFOLA S.A. Board of Directors prior to the publication of the present financial information.

SUPERVISORY BOARD

As at 30 June 2014 the Supervisory Board comprised:

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

On 21 July 2014, mandates the following members of the Supervisory Board has expired:

- Mr. Jacek Woźniak – Vice-Chairman,
- Mr. Dariusz Prończuk,
- Mr. Anthony Brown.

In view of the above, the CED Group S. á. r. l. Luxembourg using the powers based on section 17 (1) of the Company Statute appointed to act as the members of the Supervisory Board for another term:

- on July 25, 2014 Mr. Dariusz Prończuk and
- on July 28, 2014 Mr. Jacek Woźniak.

Extraordinary Shareholders Meeting, whose purpose will be appointing of the independent member of the Supervisory Board, will be held on the day of 1 September 2014.

AUDIT COMMITTEE

As at 30 June 2014 the Audit Committee comprised:

- | | |
|-------------------------|-------------------------|
| ▪ Mr. René Sommer, | ▪ Mr. Pavel Jakubík, |
| ▪ Mr. Jacek Woźniak, | ▪ Mr. Anthony Brown, |
| ▪ Mr. Dariusz Prończuk, | ▪ Ms. Agnieszka Donica. |

Above described changes in the composition of the Supervisory Board apply mutatis mutandis to the members of the Audit Committee as the members of the Supervisory Board acted simultaneously members of the Audit Committee.

4.1 Statement of compliance and basis for the preparation of the condensed interim consolidated financial information of the KOFOLA S.A. Group

The present condensed interim consolidated financial information ("consolidated financial information") has been prepared in accordance with International Accounting Standard ("IAS 34") - "Interim Financial Reporting" and in accordance with appropriate accounting standards applicable to the interim financial reporting adopted by the European Union, published and effective during the preparation of the interim consolidated financial information.

The present condensed consolidated financial information is to be read along with the audited consolidated financial information of the KOFOLA S.A. Group for the year ended 31 December 2013 prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU, containing notes ("the Consolidated Financial Statements prepared in accordance with IFRS").

The condensed interim consolidated financial information includes the consolidated statement of the financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash-flow statement and explanatory notes.

The consolidated financial information are presented in Polish zlotys ("PLN"), and all values, unless stated otherwise, are listed in PLN thousand.

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires that management exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements as disclosed in Note 4.6.

ADOPTION OF CHANGES TO STANDARDS IN 2014

The following standards, changes in binding standards and interpretations adopted by the European Union have been adopted by the Group starting from 1 January 2014:

- IFRS 10, Consolidated Financial Statements (issued in May 2011, amended on 28 June 2012 and in EU effective for annual periods beginning on or after 1 January 2014), 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.
- IFRS 11 "Joint Arrangements" was issued by the International Accounting Standards Board in May 2011, adopted by the EU and applies to annual reporting periods beginning on or after 1 January 2014. The new standard superseded IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities - Non-Monetary Contributions by Venturers". Changes in definitions limited the number of types of joint arrangements to two: joint operations and joint ventures. At the same time eliminated the existing choice of proportionate consolidation in respect of entities under common control. All participants in joint ventures are now required to use the equity method.
- IFRS 12, Disclosure of Interest in Other Entities, (issued in May 2011, amended on 28 June 2012 and in EU effective for annual periods beginning on or after 1 January 2014), applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 sets out the required disclosures for entities reporting under the two new standards: IFRS 10, Consolidated financial statements, and IFRS 11, Joint arrangements, and replaces the disclosure requirements currently found 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. To meet these objectives, the new standard 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, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities. This standard will result in more detail disclosure in respect of subsidiaries which are not 100% owned by the Group in its annual 2014 financial statements.
- IAS 27, Separate Financial Statements, (revised in May 2011 and in EU effective for annual periods beginning on or after 1 January 2014), was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, Consolidated 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 added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.
- Amendments to IAS 36 - Recoverable amount disclosures for non-financial assets (issued on 29 May 2013 and effective for annual periods beginning 1 January 2014). The amendments remove the requirement to disclose the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment.

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

Following new standards and amendments not yet effective are relevant for Group:

- IFRS 9, Financial Instruments: Classification and Measurement
- IFRS 15, Revenue from Contracts with Customers

The management of the Group is analysing potential impact of the above mentioned standards on the consolidated financial information of the Group.

Following new standards and amendments not yet effective are not relevant for Group:

- IFRS 11: Joint agreement
- Amendment to IAS 28- accounting for joint ventures
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment entities
- Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21, Levies
- Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions
- IFRS 14, Regulatory Deferral Accounts
- Amendments to IAS 16 and IAS 41 - Agriculture: Bearer plants

4.2 Functional currency and presentation currency

The Polish zloty is the functional currency of the parent company and the presentation currency of the consolidated financial information.

4.3 Translation of amounts expressed in foreign currencies

The methods used to recognize and value transactions expressed in foreign currencies have been specified in IAS 21 "The Effects of Changes in Foreign Exchange Rates". Transactions expressed in foreign currencies are translated by the companies comprising the Group into their functional currencies using the exchange rates as at the date of the transaction. Monetary assets and liabilities expressed as at the balance sheet date in foreign currencies are translated using the average exchange rate announced by the National Bank of Poland for the end of the reporting period, and all foreign exchange gains or losses are recognized in the profit and loss account under:

- operating income and expense – for trading operations,
- financial income and expense – for financial operations.

Non-financial assets and liabilities recognized 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 recognized 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.

Foreign exchange differences on long-term loans granted to consolidated related parties are transferred as part of consolidation adjustments from the profit and loss to other comprehensive income and accumulated in Other capital as Currency differences from translation of foreign subsidiaries.

The following rates were used in the balance sheet valuation:

Currency rate at the end of the period	30.6.2014	31.12.2013	30.6.2013
PLN/CZK	0.1515	0.1513	0.1669
PLN/EUR	4.1609	4.1472	4.3292
PLN/RUB	0.0897	0.0914	0.1013
PLN/USD	3.0473	3.0120	3.3175

Average currency rate, calculated as arithmetical mean of currencies on last day of each month in the period	1.1.2014 - 30.6.2014	1.1.2013 - 31.12.2013	1.1.2013 - 30.6.2013
PLN/CZK	0.1522	0.1620	0.1637
PLN/EUR	4.1784	4.2110	4.2140
PLN/RUB	0.0867	0.0990	0.1031
PLN/USD	3.0539	3.1653	3.2165

The financial information of foreign entities is translated into PLN in the following manner:

- assets and liabilities for each statement of financial position presented at the exchange rate announced by the National Bank of Poland for the balance sheet date, except equity that is translated using the historical exchange rate,
- income and expense for each income statement at the rate constituting the arithmetical mean of the average exchange rates announced by the National Bank of Poland for each day ending an operating month. The resulting foreign exchange differences are recognized directly in equity as a separate item,
- corresponding cash-flow statement items (investment and financing activities) at the rate constituting the arithmetical mean of the average exchange rates announced by the National Bank of Poland for each day ending an operating month. The resulting foreign exchange differences are recognized under the "Other currency differences from translation" item of the cash-flow statement.

4.4 Consolidation methods

4.4.1 Subsidiaries

Subsidiaries are those investees, including structured entities, that the Group controls because the Group (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive rights, including substantive potential voting rights, are considered when assessing whether the Group has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Group may have power over an investee even when it holds less than majority of voting power in an investee. In such a case, the Group assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of investee's activities or apply only in exceptional circumstances, do not prevent the Group from controlling an investee. Subsidiaries are consolidated from the date on which control is transferred to the Group (acquisition date) and are deconsolidated from the date on which control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill, bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed and reviews appropriateness of their measurement.

The Group measures non-controlling interest at the non-controlling interest's proportionate share of net assets of the acquiree.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4.4.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share of the acquired carrying value of net assets of the subsidiary is recorded in retained earnings. Gains or losses on disposals to non-controlling interests are also recorded in equity.

4.4.3 Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value as at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

4.4.4 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines as at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial information only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

4.5 Accounting methods

The accounting methods based on which the present financial information has been prepared have not changed compared to the methods used in the consolidated financial information for the twelve-month period ended 31 December 2013.

4.6 Significant estimates

Since some of the information contained in the consolidated financial information cannot be measured precisely, the Group's Board of Directors must perform estimates to prepare the consolidated financial information. The Board of Directors 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 30 June 2014 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information
Impairment of goodwill and individual tangible and intangible assets	Key assumptions used to determine the recoverable amount: evidence for impairment, models, discount rates, growth rates.
Useful life of trade marks	The history of the trade mark on the market, market position, useful life of similar products, the stability of the market segment, competition.
Income tax	Assumptions used to recognise deferred income tax assets.

4.7 Approval of consolidated financial information

The Board of Directors approved the present consolidated financial information for publication on 26 August 2014.

5.1 Operating segments

An operating segment is a component of an entity:

- A) which engages in business activities as a result of which it may earn revenues and incur costs (including revenues and costs associated with transactions with other components of the same entity),
- B) which results are regularly reviewed by the main body in charge of making operating decisions at the entity, which uses those results to decide on the allocation of resources to the segment and to assess the segment's results, as well as,
- C) for which separate financial information is available.

The Board of Directors of KOFOLA S.A. is the chief operating decision maker responsible for operational decision-making and uses these results to decide on the allocation of resources to the segment and to assess segments performance.

The Group operates in the following segments managed by the chief operating decision maker:

- Poland
- Czech Republic
- Russia
- Slovakia
- Export

The Group applies the same accounting methods for all of the segments which are also in line with the accounting methods used in the preparation of these consolidated financial information. Transactions between segments are eliminated in the consolidation process.

Within the presented segments, the Group identified one client, who generated more than 10% of the Group's consolidated revenues from continuing operations. The Group's revenues from that client in the six-month period 2014 amounted PLN 119 843 thousand (2013 PLN 140 051 thousand).

5 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION OF THE KOFOLA S.A. GROUP

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Total revenues and costs of all operating segments correspond to information presented in the income statement for the reporting and comparative period. Reporting segment results for the 6-month period ended 30 June 2014 and the 6-month period ended 30 June 2013 are presented below:

1.1.2014 - 30.6.2014	Poland	Czech Republic	Slovakia	Export	Eliminations (consolidation adjustments)	Subtotal	Russia	Total
Revenues	207 414	178 243	123 228	4 613	(48 642)	464 856	-	464 856
Sales to external customers	198 174	164 043	98 026	4 613	-	464 856	-	464 856
Inter-segment sales	9 240	14 200	25 202	-	(48 642)	-	-	-
Operating expenses	(204 039)	(167 103)	(108 223)	(4 411)	48 642	(435 134)	-	(435 134)
Related to external customers sales	(194 799)	(152 903)	(83 021)	(4 411)	-	(435 134)	-	(435 134)
Related to inter-segment sales	(9 240)	(14 200)	(25 202)	-	48 642	-	-	-
Operating result	3 375	11 140	15 005	202	-	29 722	-	29 722
Result from financial activity						(6 386)	108	(6 278)
with third parties						(6 386)	-	(6 386)
between segments						-	-	-
Share in associates' financial result						-	108	108
Profit before tax						23 336	108	23 444
Income tax						(5 636)	-	(5 636)
Net profit						17 700	108	17 808
Assets and liabilities								
Segment assets	390 569	426 155	200 086	4	(103 902)	912 912	51 949	964 861
Total assets	390 569	426 155	200 086	4	(103 902)	912 912	51 949	964 861
Segment liabilities	226 568	343 461	118 158	4	(111 502)	576 689	-	576 689
Equity						388 172	-	388 172
Total liabilities and equity						964 861	-	964 861
Other information concerning segment								
Investment expenditure:								
Tangible and intangible fixed assets	5 379	5 637	10 563	-	-	21 579	-	21 579
Depreciation and amortization	10 109	16 589	6 886	-	-	33 584	-	33 584

5 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION OF THE KOFOLA S.A. GROUP

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1.1.2013 - 30.6.2013	Poland	Czech Republic	Slovakia	Export	Eliminations (consolidation adjustments)	Subtotal	Russia *	Total
Revenues	236 617	183 538	127 876	1 627	(45 576)	504 082	-	504 082
Sales to external customers	232 124	169 878	100 453	1 627	-	504 082	-	504 082
Inter-segment sales	4 493	13 660	27 423	-	(45 576)	-	-	-
Operating expenses	(234 413)	(168 513)	(119 855)	(1 854)	45 576	(479 059)	-	(479 059)
Related to sales to external customers	(229 920)	(154 853)	(92 432)	(1 854)	-	(479 059)	-	(479 059)
Related to inter-segment sales	(4 493)	(13 660)	(27 423)	-	45 576	-	-	-
Operating result	2 204	15 025	8 021	(227)	-	25 023	-	25 023
Result from financial activity						(7 566)	42	(7 524)
with third parties						(7 521)	-	(7 521)
between segments						-	-	-
Share in associates' financial result						(45)	42	(3)
Profit before tax						17 457	42	17 499
Income tax						(4 162)	-	(4 162)
Loss on discontinued consolidation of the Megapack Group						-	(849)	(849)
Net profit /(loss)						13 295	(807)	12 488
Assets and liabilities								
Segment assets	627 757	496 156	200 331	94	(200 938)	1 123 400	58 919	1 182 319
Total assets	627 757	496 156	200 331	94	(200 938)	1 123 400	58 919	1 182 319
Segment liabilities	286 451	455 954	125 920	118	(225 575)	642 868	-	642 868
Equity						539 451	-	539 451
Total liabilities and equity						1 182 319	-	1 182 319
Other information concerning segment								
Investment expenditures:								
Tangible and intangible fixed assets	3 760	5 475	2 949	-	-	12 184	-	12 184
Depreciation and amortization	13 560	14 890	7 267	-	-	35 717	-	35 717

* Discontinued consolidation (Megapack Group)

REVENUES BY PRODUCT

1.1.2014 - 30.6.2014	Carbonated beverages	Non-carbonated beverages	Waters	Syrups	Other	Total
Sales revenue	246 512	24 553	98 405	73 963	21 423	464 856

1.1.2013 - 30.6.2013	Carbonated beverages	Non-carbonated beverages	Waters	Syrups	Other	Total
Sales revenue	276 273	26 507	103 057	84 984	13 261	504 082

SEASONAL AND CYCLICAL NATURE OF THE OPERATIONS OF THE KOFOLA S.A. GROUP

Seasonality

Seasonality is associated with periodic deviations in demand and supply, of certain significance in the shaping of the KOFOLA Group's general sales trends. Beverage sales peak appears in the 2nd and 3rd quarter of the year. This is caused by increased drink consumption in the spring and summer months. In the year ended 31 December 2013, about 21% (21% in 2012) of revenue from the sales of finished products and services was earned in the 1st quarter, with 29% (31% in 2012), 27% (25% in 2012) and 23% (23% in 2012) of the annual consolidated revenues earned in the 2nd, 3rd and 4th quarters, respectively. The Board of Directors is expecting similar seasonality in 2014.

Cyclical nature

The Group's results are dependent on economic cycles, in particular on fluctuations in demand and in the prices of raw materials, so-called "commodities".

5.2 Expenses by type

Expenses by type	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Depreciation of tangibles and amortization of intangibles	33 584	35 717
Employee benefit costs and retirement benefits	62 107	61 222
Consumption of materials and energy	264 685	318 329
External services	65 578	74 360
Rental costs	6 737	4 396
Taxes and fees	3 011	3 891
Property and life insurance	1 127	1 169
Other costs, including:	2 929	2 550
– change in allowance to inventory	(626)	(1 438)
– change in allowance to receivables	1 826	1 204
– other operating costs	1 729	2 784
Total expenses by type *	439 758	501 634
Change in the balance of semi-finished products and work in progress	(9 800)	(15 964)
Depreciation and amortization included in segment costs	-	(3 461)
Reconciliation of expenses by type to expenses by function	429 958	482 209
Selling, marketing and distribution costs	115 444	115 964
Administrative costs	25 377	22 479
Costs of products and services sold	289 137	343 766
Total costs of production, selling, marketing, distribution and administrative costs	429 958	482 209

Costs of employee benefits and retirement benefits	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Cost of salaries	47 736	46 183
Social security and other benefit costs	6 799	7 167
Retirement benefit plan expenses	7 572	7 872
Total costs of employee benefits and retirement benefits	62 107	61 222

* Does not include Other operating income and expenses

5.3 Financial income

Financial income	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Financial interest income from:		
– bank deposits	217	39
– credits and loans granted	185	136
Net financial income from FX differences	34	-
Profit on the sale of subsidiary	-	2 092
Other financial income	29	34
Total financial income	465	2 301

5.4 Financial expense

Financial expense	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Financial interest expense from:		
– credits, financial leases and bonds	5 299	7 616
Financial losses from FX differences	786	788
Bank costs and charges	765	1 191
Other financial expense	1	227
Total financial expense	6 851	9 822

5.5 Share in the financial result of associates

The item includes share in the profit of the Megapack Group for the current period of PLN 108 thousand attributable to the KOFOLA S.A. Group (1.1.2013 – 30.6.2013: PLN 42 thousand share in the profit of the Megapack Group and PLN 45 thousand share on loss of TSH Sulich Sp. z o.o.).

Due to the fact that at the end of December 2012, shareholders' agreement giving KOFOLA S.A. the deciding vote in choosing the General Director of the subsidiary OOO Megapack expired since 1 January 2013 KOFOLA S.A. and the Russian shareholders have equal share in the company, and thus according to IAS 31 the KOFOLA S.A. Group accounts for Megapack Group using the equity method.

5.6 Changes in allowances and provisions

Changes in allowances and provisions	Receivables	Inventories	Tangible assets	Intangible assets	Financial assets	Provisions
As at 1.1.2014	18 750	1 151	25 008	63 689	800	9 196
Currency differences from translation	128	1	-	-	-	(19)
Increase due to creation	1 932	149	-	-	-	7 988
Decrease due to release	(84)	(260)	-	-	-	(662)
Decrease due to usage	(22)	(635)	-	-	-	(8 024)
As at 30.6.2014	20 704	406	25 008	63 689	800	8 479

5.7 Dividends paid and declared

Dividends from ordinary shares	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Dividends declared in the given period	17 004	23 291
Dividends paid out in the given period	-	-
Dividends declared	17 004	23 291

5.8 Income tax

Main income tax elements for the 6-month period ended 30 June 2014 and for the 6-month period ended 30 June 2013 were as follows:

Income tax	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Income Statement		
Current income tax	6 265	1 970
Current income tax charge	6 269	1 970
Adjustments of current income tax from previous years	(4)	-
Deferred income tax	(629)	2 192
Related to arising and reversing of temporary differences	(629)	1 791
Related to tax losses	-	401
Income tax recorded in consolidated income statement	5 636	4 162

5.9 Discontinued consolidation (Megapack group)

Megapack Group, which is part of the Russia reportable segment, is presented as a discontinued consolidation following the loss of control as at 1 January 2013.

Loss on deconsolidation of Megapack group	
Deconsolidation of 50% share on Megapack's group Net assets as at 1.1.2013	(54 167)
Currency translation related to Megapack group as at 1.1.2013 recognized in Income statement	(5 558)
Recognition of Megapack group as Investment in associate as at 1.1.2013	58 876
Net loss recognized on deconsolidation of Megapack Group as at 1.1.2013	(849)

An analysis of the cash flows of discontinued consolidation is as follows:

Analysis of the cash flows from discontinued consolidation	2013
Operating cash flows	-
Investing cash flows	(19 970)*
Financing cash flows	-
Total cash flows	(19 970)

* Cash and cash equivalents deconsolidated as a result of changes in control of Megapack Group.

Based on the Russian legislation, the shareholders of OOO companies have the right to withdraw from the contract and demand the repurchase of their shares by the company based on the value attributable to their net assets in accordance with Russian accounting regulations at the subsequent balance sheet date. With respect to this, non-controlling interest has puttable option with the nil value.

5.10 Earnings per share

The basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders of the parent company 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 own shares not subject to dividends).

Data relating to the profits and shares used to calculate basic and diluted earnings per share are presented below:

	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Net profit from the continuing operations attributable to shareholders of the parent company	17 791	13 380
Loss for the period from discontinued consolidation	-	(849)
Net profit attributable to shareholders of the parent company	17 791	12 531
	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Weighted average number of issued common shares used to calculate the regular earnings per share ratio	26 170 003	26 172 602
Shares buy-back	(9 624)	(2 599)
Weighted average number of issued common shares	26 160 379	26 170 003
Impact of dilution:		
Subscription warrants	-	6 099
Adjusted weighted average number of common shares used to calculate diluted earnings per share	26 160 379	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 information.

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

Basic earnings per share (PLN/share)	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Net profit from the continuing operations attributable to shareholders of the parent company	17 791	13 380
Net loss for the period from discontinued consolidation	-	(849)
Net profit attributable to shareholders of the parent company	17 791	12 531
Weighted average number of issued common shares	26 160 379	26 170 003
Regular earnings per share from the continuing operations attributable to shareholders of the parent company	0.6801	0.5112
Regular earnings per share for the period from discontinued consolidation	-	(0.0324)
Regular earnings per share attributable to shareholders of the parent company	0.6801	0.4788
Diluted earnings per share (PLN/share)	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Net profit from the continuing operations attributable to shareholders of the parent company	17 791	13 380
Net loss for the period from discontinued consolidation	-	(849)
Net profit attributable to shareholders of the parent company	17 791	12 531
Adjusted weighted average number of common shares used to calculate diluted earnings per share	26 160 379	26 176 102
Diluted earnings per share from continuing operations attributable to shareholders of the parent company	0.6801	0.5111
Diluted earnings per share for the period from discontinued consolidation	-	(0.0324)
Diluted earnings per share attributable to shareholders of the parent company	0.6801	0.4787

5.11 Tangible fixed assets

In the reporting period of six-months ended 30 June 2014 the companies of the KOFOLA S.A. Group incurred PLN 21 065 thousand in expenses to increase the value of tangible fixed assets. The investment projects realised in this period pertain primarily to the entities Kofola a.s. (Czech Republic) – update of production line for UGO juices in bottles and gastro equipment, Kofola a.s. (Slovakia) – expenditure for gastro equipment and Hoop Polska Sp. z o.o. – expenditure for new fleet and forklifts.

5.12 Intangible fixed assets

Goodwill consists of the goodwill for the company Pinelli spol. s r.o. acquired in April 2011 and goodwill of acquired by Kofola a.s. (Czech Republic) in 2006, production part of the company Klimo s.r.o.

The value of trademarks includes, among others, the value of such trademarks as: Kofola, Vinea, Hoop Cola, Paola, Citrocola, Semtex, Erektus and UGO.

In the reporting period of six-months ended 30 June 2014 the KOFOLA S.A. Group companies made expenditures to increase the value of intangible assets amounting to PLN 514 thousand. Investment projects realised in this period relate mainly to the company's software in Kofola ČeskoSlovensko a.s.

5.13 Investment in associates

The main activities of the Megapack Group are the provision of beverage bottling services to third parties, production of own beverages, as well as their distribution on the territory of the Russian Federation.

Statement of financial position	30.6.2014	31.12.2013	30.6.2013
Current assets (short-term)	95 088	109 429	155 465
Fixed assets (long-term)	39 650	42 588	47 681
Short-term liabilities	(71 653)	(86 629)	(118 277)
Long-term liabilities	(6 204)	(7 658)	(4 733)
Net assets	56 881	57 730	80 136

Income statement	1.1.2014 - 30.6.2014	1.1.2013 - 31.12.2013	1.1.2013 - 30.6.2013
Revenue	112 624	325 119	161 960
Net profit (loss) for the financial year	216	3 648	84
Share on profit attributable to KOFOLA S.A. Group	108	1 824	42

Investment in associate	1.1.2014 - 30.6.2014	1.1.2013 - 31.12.2013	1.1.2013 - 30.6.2013
Opening balance	51 841	58 876 *	58 876 *
Share on profit attributable to KOFOLA S.A. Group	108	1 824	42
Dividends received	-	(9 021)	-
Currency translation	-	162	-
Closing balance	51 949	51 841	58 918

* Initial recognition - Fair value of the investments in associates (Megapack Group) was calculated using the discounted cash flow method, based on the financial projections presented by the Management of the Megapack Group. For the purposes of valuation a weight average capital cost (WACC) on the level of 11.6% and marginal growth rate of 3.5% were adopted. Discounted cash flows method was used as shares of Megapack Group are not quoted and due to the lack of similar market transactions current period.

5.14 Assets (group of assets) held for sale

Assets (groups of assets) held for sale presented in the comparative period included the fixed assets of the subsidiary Hoop Polska Sp. z o.o. available for immediate sale with a balance sheet value of PLN 10 000 thousand (the plant in Tychy along with office building), and assets related to these lease liabilities (as at the end of June 2013 in the amount of PLN 808 thousand) presented in the position Liabilities directly associated with assets (groups of assets) classified as held for sale. On 30 August 2013 the assets were sold in the net amount of PLN 10 718 thousand, and all lease liabilities related to them were repaid.

5.15 Credits, loans and issued bonds

INDEBTNESS OF THE GROUP FROM THE CREDITS AND LOANS AND FROM EMITTED BONDS

As at 30 June 2014, the Group's total credit and loan debt amounted to PLN 164 509 thousand and decreased by PLN 33 146 thousand compared to the end of June 2013.

As at 30 June 2014, KOFOLA S.A. has obligations from issued bonds in the total amount of PLN 50 954 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 in the amount of PLN 49 156 thousand are disclosed in long-term liabilities, and the liabilities from interests in the amount of PLN 1 798 thousand are presented in short-term liabilities.

CREDIT TERMS AND TERMS AND CONDITIONS OF BONDS ISSUE

Based on credit agreements and Terms and Conditions of the Bonds Issue (TCBI), the companies of the Group are required to meet specified financial ratios (so-called covenants). Credit agreements ended in the current reporting period have been extended for the next periods. In accordance with the requirements of IAS 1, a breach of credit terms that may potentially limit unconditional access to credits in the nearest year makes it necessary to classify such liabilities as short-term. As at the balance sheet date none from agreements were breached and as such the Group did not perform any change in presentation. All TCBI were also met.

5.16 Contingent assets and liabilities

As at 30 June 2014 the Group has contingent liabilities to third parties in total amount of PLN 38 626 thousand. These contingent liabilities relate to guarantees provided to company SANTA-TRANS.SK s.r.o. The management of the Group estimates the fair value of these contingent liabilities to be zero (fair valuation in level 3).

5.17 Court litigations

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 30 June 2014 the total value of these receivables is PLN 4 459 thousand and the carrying amount 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.

5.18 Information on transactions with related parties

The ultimate controlling entity of the KOFOLA S.A. Group is KSM Investment S.A.

Presented below are the total amounts of transactions concluded in a given financial period with non-consolidated related parties:

Receivables from related companies	30.6.2014	31.12.2013	30.6.2013
- from affiliates	21	68	23
- from shareholders of KSM Investment S.A.	-	-	4 492
Total receivables from related companies	21	68	4 515

Liabilities to related companies	30.6.2014	31.12.2013	30.6.2013
- towards shareholders of KSM Investment S.A. (loan)	5 337	5 316	6 392
Total liabilities towards related companies	5 337	5 316	6 392

Total remuneration paid to the members of the Board of Directors and Supervisory Board of KOFOLA S.A. in the six-month period ended 30 June 2014 amounted to PLN 3 295 thousand (in the six-month period ended 30 June 2013 amounted to PLN 2 017 thousand).

All transactions with related parties have been concluded on market terms (see also Note 5.7).

5.19 Financial instruments

Table below presents financial instruments measured at fair value, according to different valuations methods. Levels are defined as follows:

- Quoted prices (unadjusted) for identical assets or liabilities in an active market (Level 1).
- Market inputs to valuation model other than Level 1 inputs, which are observable on the market for the asset or liability either directly (as price) or indirectly (based on prices) (Level 2).
- Market inputs to valuation model, for the asset or liability, not based on observable market data (unobservable market inputs) (Level 3).

Fair value measurement may be either recurring (repeated at the end of each reporting period) or non-recurring (one-off fair value measurement).

Financial instruments measured at fair value are assigned to the following levels in the fair value hierarchy:

Financial assets- Technical valuation based on significant non-observable data	1.1.2013
Non-recurring measurement	
Investment cost in an associate (initial recognition)*	58 876

* Fair value of the investments in associates (Megapack Group) from non-controlling interests (Megapack Group) was calculated using the discounted cash flow method, based on the financial projections presented by the Board of Directors of the Megapack Group. For the purposes of valuation a weight average capital cost (WACC) on the level of 11.6% and marginal growth rate of 3.5% were adopted. Discounted cash flows method was used as shares of the Megapack Group are not quoted and due to the lack of similar market transactions current period.

Financial assets / liabilities: Technical valuation based on significant observable data	2014	2013
Recurring measurement		
Foreign exchange forward contracts – assets *	3	-
Foreign exchange forward contracts – liabilities *	-	227

* Level 2 derivative instruments include currency forwards. These transactions were measured using the currency exchange rates quoted in active market. Effect of discount is generally irrelevant to the Level 2 derivative instruments.

The fair value of the following financial assets and liabilities approximates their carrying value:

- Trade receivables and other receivables
- Other financial assets
- Cash and cash equivalents
- Trade liabilities and other liabilities
- Credit and loans

5.20 Acquisition of subsidiary

ACQUISITION OF MANGALOO GROUP

On 21 January 2014 Kofola ČeskoSlovensko a.s. acquired 100% share in the Mangaloo group (Mangaloo s.r.o. and Mangaloo freshbar s.r.o.). The Mangaloo group is owner of chain of fresh bars in several large shopping centres in the Czech Republic.

Key financial indicators 2013	Mangaloo group
Revenue	10 106
Total assets	2 189
Equity	1 611

5.21 Subsequent events

No material events have occurred after the balance sheet date.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

26.8.2014 Janis Samaras Chairman of the Board of Directors

date

name and surname

position/role

signature

26.8.2014 Martin Mateáš Member of the Board of Directors

date

name and surname

position/role

signature

26.8.2014 René Musila Member of the Board of Directors

date

name and surname

position/role

signature

26.8.2014 Tomáš Jendřejek Member of the Board of Directors

date

name and surname

position/role

signature

26.8.2014 Daniel Buryš Member of the Board of Directors

date

name and surname

position/role

signature

26.8.2014 Marián Šefčovič Member of the Board of Directors

date

name and surname

position/role

signature

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

26.8.2014 Rafał Leduchowski Chief Accountant

date

name and surname

position

signature

6.1 Separate income statement

for the 6-month period ended 30 June 2014 (reviewed) and for the 6-month period ended 30 June 2013 (reviewed) in PLN thousand.

Income Statement	Note	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Revenue from dividends		17 214	12 453
Cost of sales		-	-
Gross profit		17 214	12 453
Selling, marketing and distribution costs		-	-
Administrative costs	9.1	(1 558)	(1 594)
Other operating income		12	2 923
Other operating expenses		-	-
Operating profit/loss		15 668	13 782
Financial income	9.2	2 167	7 841
Financial expense	9.3	(2 245)	(3 225)
Profit/loss before tax		15 590	18 398
Income tax	9.6	(13)	(1 027)
Net profit/loss for the period		15 577	17 371
Earnings per share (in PLN)			
- basic from profit for the period		0.5954	0.6638
- diluted from profit for the period		0.5954	0.6636

6.2 Separate statement of comprehensive income

for the 6-month period ended 30 June 2014 (reviewed) and for the 6-month period ended 30 June 2013 (reviewed) in PLN thousand.

Statement of comprehensive income	Note	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Net profit/loss for the period		15 577	17 371
Other comprehensive income		-	-
Total comprehensive income	6.5	15 577	17 371

6.3 Separate statement of financial position

as at 30 June 2014 (reviewed), 31 December 2013 (audited) and 30 June 2013 (reviewed) in PLN thousand.

ASSETS	Note	30.6.2014	31.12.2013	30.6.2013
Fixed assets (long-term)		851 734	849 679	1 048 886
Tangible fixed assets		268	268	372
Goodwill		-	-	13 767
Investment in subsidiaries and associates	9.7	744 681	744 681	867 345
Loans granted to related parties		106 381	104 314	167 402
Deferred tax assets		404	416	-
Current assets (short-term)		10 286	2 599	13 986
Trade receivables and other receivables		9 082	416	13 045
Cash and cash equivalents		1 204	2 183	941
TOTAL ASSETS		862 020	852 278	1 062 872

LIABILITIES AND EQUITY	Note	30.6.2014	31.12.2013	30.6.2013
Equity		767 028	768 817	952 701
Share capital		26 170	26 170	26 173
Supplementary capital		725 712	908 887	908 884
Own shares		(431)	(69)	(69)
Other capital		-	-	342
Retained earnings		15 577	(166 171)	17 371
Long-term liabilities		72 575	77 437	72 617
Bonds issued		49 156	49 006	45 369
Other long-term liabilities		23 419	28 431	26 693
Deferred tax reserve		-	-	555
Short-term liabilities		22 417	6 024	37 554
Bonds issued		1 798	588	3 132
Trade liabilities and other liabilities		3 614	5 436	10 197
Other financial liabilities		17 005	-	23 519
Provisions		-	-	706
Total liabilities		94 992	83 461	110 171
TOTAL LIABILITIES AND EQUITY		862 020	852 278	1 062 872

6.4 Separate cash flow statement

for the 6-month period ended 30 June 2014 (reviewed) and for the 6-month period ended 30 June 2013 (reviewed) in PLN thousand.

Cash flow statement	Note	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Cash flows on operating activity			
Profit (loss) before tax		15 590	18 398
Adjustments for the following items:			
Non-cash movements			
Net interest and dividends		(17 159)	(14 739)
Change in the balance of provisions	9.4	-	(17)
Other		(363)	-
Gains and losses on foreign exchange differences		129	(2 566)
Cash movements			
Dividends received		8 699	-
Income tax paid		-	-
Change in working capital			
Change in the balance of receivables		(292)	(306)
Change in the balance of liabilities		(4 434)	1 176
Net cash flows on operating activity		2 170	1 946
Cash flows on investing activity			
Purchase of financial assets		-	(8)
Interest received		-	28
Loans granted		-	(96)
Net cash flows on investing activity		-	(76)
Cash flows on financial activity			
Interest paid		(3 149)	(2 081)
Net cash flows on financing activity		(3 149)	(2 081)
Total net cash flow		(979)	(211)
Cash at the beginning of the period		2 183	1 152
Cash at the end of the period		1 204	941

6.5 Separate statement of changes in equity

for the 6-month period ended 30 June 2014 (reviewed), 12-month period ended 31 December 2013 (audited) and the 6-month period ended 30 June 2013 (reviewed) in PLN thousand.

Statement of changes in equity	Note	Share capital	Supplementary capital	Own shares	Other capital	Retained earnings	Total equity
As at 1.1.2013		26 173	920 420	(69)	342	11 755	958 621
Net profit for the period		-	-	-	-	17 371	17 371
Total comprehensive income		-	-	-	-	17 371	17 371
Dividend payment		-	(11 536)	-	-	(11 755)	(23 291)
As at 30.6.2013		26 173	908 884	(69)	342	17 371	952 701
As at 1.1.2013		26 173	920 420	(69)	342	11 755	958 621
Decrease in share capital		(3)	3	-	-	-	-
Net (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	908 887	(69)	-	(166 171)	768 817
As at 1.1.2014		26 170	908 887	(69)	-	(166 171)	768 817
Net profit for the period		-	-	-	-	15 577	15 577
Total comprehensive income		-	-	-	-	15 577	15 577
Dividend payment		-	(17 004)	-	-	-	(17 004)
Own shares		-	-	(362)	-	-	(362)
Transfers		-	(166 171)	-	-	166 171	-
As at 30.6.2014		26 170	725 712	(431)	-	15 577	767 028

According to Resolution No. 19 from 23 June 2014 the Ordinary General Meeting of KOFOLA S.A. 2014 has decided to cover the loss recorded by the Company in 2013 in the amount of PLN 166 171 thousand from the Supplementary capital. Moreover Shareholders Meeting decided to allocate the amount of PLN 17 004 thousand from the dividend fund (created from prior year profits) for distribution between shareholders. Shares from each series (A, B, C, D, E, F, G) excluding own shares, will be part of the dividend that amounts to PLN 0.65 per share. The dividend date was set for 23 September 2014 and the payment of the dividend was set for 8 December 2014.

In the Supplementary capital there is presented the capital fund in the amount of PLN 566 thousand, designed for repurchase program.

As part of the Share Buy-Back Program shares realized with agency of DM Copernicus Securities SA implemented on the basis of Resolution No. 18 of the Annual General Meeting held on 24 June 2013 - the Company acquired for redemption, on 2 April 2014 and 26 May 2014 9 624 shares with a nominal value of PLN 1.00 each, with a total nominal value of PLN 9 624 representing 0.0368 % of share capital, for a total price of PLN 362 thousands.

According to Resolutions No. 20 and 21 from 23 June 2014 the Ordinary General Meeting of the KOFOLA S.A. decided on the cancellation of 9 624 ordinary shares acquired within the share redemption programme completed by the end of May 2014 and decided on the reduction of the share capital by PLN 9 624 to PLN 26 160 379. As at the date of publication of this report, the change has not been registered by the Court.

Information about the Company:

Name: KOFOLA Spółka Akcyjna ("the Company", "the Issuer")

Registered office: ul. Wschodnia 5, 99-300 Kutno.

Main areas of activity: the activities of head offices and holdings, excluding financial holdings (PKD 2007 - Polish Classification of Activities) 7010Z (the activities of holdings in accordance with PKD 2004 - Polish Classification of Activities). 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 information covers the six-month period ended 30 June 2014 and includes comparatives for the six-month period ended 30 June 2013.

The Company is the parent company of the KOFOLA S.A. Group („the Group”, „the KOFOLA S.A. Group”) and prepares consolidated financial information.

8.1 Basis for the preparation of the condensed interim separate financial information

The present condensed separate financial information has been prepared in accordance with the laws binding in the Republic of Poland, in accordance with International Accounting Standard ("IAS 34") as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as adopted by the European Union, and therefore complies with Article 4 of the EU Directive on the application of international accounting standards. The separate financial information has been prepared on a going concern basis and in accordance with the historical cost method, with the exception of assets, liabilities and contingent liabilities of the acquired company, which were stated at fair value as at the date of the merger of the Kofola Group and the Hoop Group.

The present condensed separate financial information is to be read along with the audited annual separate financial information of KOFOLA S.A. prepared in accordance with International Financial Reporting Standards (IFRS), containing notes ("the separate financial statements prepared in accordance with IFRS") for the year ended 31 December 2013.

The condensed separate financial information consists of the separate statement of financial position, the income statement, the statement of comprehensive income, the separate statement of changes in shareholders' equity, the separate cash flow statement, and selected explanatory notes.

The condensed separate financial information is presented in Polish Zlotys ("PLN"), and all values, unless stated otherwise, are listed in thousand PLN.

ADOPTION OF CHANGES TO STANDARDS IN 2014

The following standards, changes in binding standards and interpretations adopted by the European Union have been adopted by the Company starting from 1 January 2014:

- IAS 27, Separate Financial Statements, (revised in May 2011 and in EU effective for annual periods beginning on or after 1 January 2014),
- 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).
- Amendments to IAS 36 - Recoverable amount disclosures for non-financial assets (issued on 29 May 2013 and effective for annual periods beginning 1 January 2014).

8.2 Statement of compliance

These condensed separate financial information have been prepared in accordance with IAS 34 as adopted by the EU.

8.3 Functional currency and presentation currency

The Polish Zloty is the functional currency of the Company and the presentation currency of the separate financial information.

8.4 Translation of amounts expressed in foreign currencies

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

Financial assets and liabilities expressed in currencies other than the Polish Zloty are translated as at the balance sheet date into the Polish Zloty 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 recognized under item financial income/(expense).

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 statement of financial position valuation:

Currency rate at the end of the period	30.6.2014	31.12.2013	30.6.2013
PLN/CZK	0.1515	0.1513	0.1669
PLN/EUR	4.1609	4.1472	4.3292
PLN/RUB	0.0897	0.0914	0.1013
PLN/USD	3.0473	3.0120	3.3175

Average currency rate, calculated as arithmetical mean of currencies on last day of each month in the period	1.1.2014 - 30.6.2014	1.1.2013 - 31.12.2013	1.1.2013 - 30.6.2013
PLN/CZK	0.1522	0.1620	0.1637
PLN/EUR	4.1784	4.2110	4.2140
PLN/RUB	0.0867	0.0990	0.1031
PLN/USD	3.0539	3.1653	3.2165

8.5 Accounting methods

The accounting policy and methods based on which the financial information contained in this report have been prepared have not changed compared to the separate financial statements for the year 2013.

8.6 Correction of errors and changes in presentation

No correction of errors and no changes in presentation took place in the reporting period.

8.7 Approval of financial information

The Board of Directors approved the present separate financial information for publication on 26 August 2014.

9.1 Expenses by type

Expenses by type	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Costs of employee benefits and retirement benefits	68	153
Consumption of materials and energy	4	4
Services	1 441	1 376
Rental costs	36	36
Taxes and fees	9	9
Other expenses	-	16
Total expenses by type	1 558	1 594
Reconciliation of expenses by type to expenses by function	1 558	1 594
Administrative costs	1 558	1 594
Total costs of products, merchandise and materials sold, sales costs and overhead costs	1 558	1 594

Costs of employee benefits and retirement benefits	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Cost of salary	61	128
Social security and other benefits costs	7	25
Total costs of employee benefits and retirement benefits	68	153

9.2 Financial income

Financial income	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Financial interest income from:		
– bank deposits	-	28
– credits and loans granted	2 057	5 247
Net financial income from FX differences	-	2 566
Other financial income	110	-
Total financial income	2 167	7 841

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

9.3 Financial expenses

Financial expenses	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Financial interest expense from:		
– bonds issued	1 302	2 049
– liabilities acquired within the Group	808	941
Valuation of foreign currency transactions	-	227
Net financial losses from FX differences	129	-
Bank costs and charges	6	8
Total financial expenses	2 245	3 225

9.4 Changes in provisions and impairment allowances

Changes in provisions and impairment allowances	Receivables	Tangible fixed assets	Financial assets
As at 1.1.2014	5 696	104	177 580
Increase due to recognition	15	-	-
Decrease due to release	(84)	-	-
Decrease due to usage	-	-	(11 081)
Transfer to other category	-	-	-
As at 30.6.2014	5 627	104	166 499

The usage of impairment allowances to financial assets relates to the sale of shares in PCD Hoop Sp. z o.o.

9.5 Dividends paid and declared

Dividends from ordinary shares	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Declared during the period	17 004	23 291
Paid during the period	-	-
Dividends from ordinary shares	17 004	23 291

9.6 Income tax

Main income tax elements for the period of 6 months ended 30 June 2014 and for the period of 6 months ended 30 June 2013:

Income tax	1.1.2014 - 30.6.2014	1.1.2013 - 30.6.2013
Income Statement		
Current income tax	-	-
Current Income tax charge	-	-
Deferred income tax	13	1 027
Related with recognition and reversal of temporary differences	13	1 219
Related with tax losses	-	(192)
Income tax charge/discharge recorded in the income statement	13	1 027

9.7 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.

Revenue of KOFOLA S.A. arising from interest from loans granted to related parties for the six-month period of 2014 amounted to PLN 2 057 thousand.

Revenue arising from guarantees issued for the six-month period of 2014 amounted to PLN 110 thousand. The management of the Company estimates the fair value of these contingent liabilities to be zero (fair valuation in level 3).

The value of services purchased by KOFOLA S.A. in the six-month period of 2014 from related parties amounted to PLN 774 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 six-month period of 2014 amounted to PLN 808 thousand.

Receivables from related parties	30.6.2014	31.12.2013	30.6.2013
- from consolidated subsidiaries	8 548 *	17	12 860 *
Total receivables from related companies	8 548	17	12 860

* main part relates to dividend receivable

Liabilities towards related parties	30.6.2014	31.12.2013	30.6.2013
- towards consolidated subsidiaries **	26 561	33 590	36 796
Total liabilities towards related companies	26 561	33 590	36 796

** main part relates to the liabilities acquired within the Group

Remuneration paid via Group companies to the members of the Board of Directors and Supervisory Board of KOFOLA S.A. in the six-month period of 2014 amounted to PLN 3 295 thousand (in the comparative period of 2013 amounted to PLN 2 017 thousand).

All transactions with related parties have been concluded on market terms (see also Note 9.5 and 9.8).

LOANS GRANTED TO RELATED PARTIES

Loans granted to related parties	30.6.2014	31.12.2013	30.6.2013
Long-term loans, including:			
Principal	73 538	73 483	129 596
Interest	32 843	30 831	37 806
Total	106 381	104 314	167 402

This item 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 maturity date in December 2017. Both loans were concluded on market terms.

INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

Company Name	Registered office	Range of activity	Consolidation method	Direct or indirect % part in share capital	% part in voting rights	Net book value		
						30.6.2014	31.12.2013	30.6.2013
1. Kofola ČeskoSlovensko a.s.	Czech Republic, Ostrava	holding	Acquisition accounting	100,00%	100,00%	481 703	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	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	55 907	8
6. STEEL INVEST Sp. z o.o.	Poland, Warszawa	does not conduct operations	Acquisition accounting	100,00%	100,00%	-	-	-
TOTAL						744 681	744 681	867 345

9.8 Contingent assets and liabilities

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 11 000 T	11 000	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank BPH S.A.	PLN 11 000 T	11 000	12/2020	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 85 T	354	7/2014	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Toyota Leasing S.A.	EUR 458 T	1 904	6/2015	Hoop Polska Sp. z o.o.	subsidiary
Total guarantees issued as at 30.6.2014			PLN 24 258 thousand			

* As at 30 June 2014 the loan was not used

Remuneration of KOFOLA S.A. for granting the above mentioned guarantees in the reporting period amounted to PLN 110 thousand. The management of the Company estimates the fair value of these contingent liabilities to be zero (fair valuation in level 3).

9.9 Subsequent events

No material events have occurred after the balance sheet date.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

26.8.2014 Janis Samaras Chairman of the Board of Directors

date

name and surname

position/role

signature

26.8.2014 Martin Mateáš Member of the Board of Directors

date

name and surname

position/role

signature

26.8.2014 René Musila Member of the Board of Directors

date

name and surname

position/role

signature

26.8.2014 Tomáš Jendřejek Member of the Board of Directors

date

name and surname

position/role

signature

26.8.2014 Daniel Buryš Member of the Board of Directors

date

name and surname

position/role

signature

26.8.2014 Marián Šefčovič Member of the Board of Directors

date

name and surname

position/role

signature

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

26.8.2014 Rafał Leduchowski Chief Accountant

date

name and surname

position

signature

