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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.



**WE ARE PROUD OF OUR SUCCESSES...**



## COMPANIES OF THE KOFOLA S.A. GROUP AS AT MARCH 31, 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 31 March 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	acquisition accounting		
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.

**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.

**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.

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.

**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. The company was consolidated using the acquisition accounting. The Company’s data are presented for the comparative period only.

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. This company was consolidated using the equity method. The Company’s data are presented for the comparative period only.



## 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.

### SHARE BUY-BACK PROGRAM – BLOCK TRANSACTION

On April 2nd 2014 within the framework of the Share Buy-Back Program in accordance with resolution no. 20 of the Ordinary General Meeting of KOFOLA S.A. made on June 24th 2013, and in accordance with the agreement dated July 16, 2013 – the Company redeemed in block transaction from the Brokerage House Copernicus Securities S.A. 6 926 Company's own shares for the average purchase price of 38.06 PLN per share. After settlement of that transaction Company has 6 926 shares, giving the same amount of votes at the general meeting of the company, representing 0.0265% of the share capital and the total number of votes. Shares redeemed by the Company will be subject to cancellation and reduction of the share capital if the General Meeting of Shareholders does not decide otherwise.

### 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.

## 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 three-month period 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, 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 quarters of 2014 and 2013 were not influenced by any one-off events.

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 three-month period ended 31 March 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 - 31.3.2013	Reported recalculated* 1.1.2013 - 31.3.2013 - comparative data for management purposes
<b>Continuing operations</b>		
Revenue	214 094	208 005
Cost of sales	(152 114)	(148 708)
<b>Gross profit</b>	<b>61 980</b>	<b>59 297</b>
Selling, marketing and distribution costs	(50 824)	(49 040)
Administrative costs	(12 109)	(11 464)
Other operating income/(expenses), net	3 484	3 437
<b>Operating result</b>	<b>2 531</b>	<b>2 230</b>
<b>EBITDA</b>	<b>20 297</b>	<b>19 569</b>
Financial expenses, net	(5 663)	(5 479)
Income tax	(1 210)	(1 160)
<b>Net loss on continuing operations</b>	<b>(4 342)</b>	<b>(4 409)</b>
<b>Discontinued consolidation</b>		
<b>Net loss for the period on discontinued consolidation</b>	<b>(849)</b>	<b>(849)</b>
<b>Net loss for the period</b>	<b>(5 191)</b>	<b>(5 258)</b>
- attributable to shareholders of the parent company	(5 172)	(5 240)

\* results reported as comparative data in the 3-month period ended 31 March 2013 recalculated for use of this report at the exchange rates effective in the 3-month period ended 31 March 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:

- Weak winter and spring weather in March 2014.
- 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.
- High level of unemployment had an adverse effect on the level of disposable income, which affected the contents of shopping carts, the tendency to seek sales and high promotional activity of our competitors and retailers in all markets where we operate.
- Decrease in consumption in the higher margin gastro segment.
- 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.
- Easter in 2014 are in the second quarter compared to first quarter of 2013 which negatively influences revenues of the Group in the first quarter 2014.

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

- **Revenues** PLN 199 701 thousand
- **Gross profit** increased from PLN 59 297 thousand to PLN 64 734 thousand, i.e. by PLN 5 437 thousand (9.2%).
- **Operating result (EBIT)** increased from PLN 2 230 thousand to PLN 5 732 thousand, i.e. by PLN 3 502 thousand (157.0%).
- **EBITDA (operating result plus depreciation and amortisation)** increased from PLN 19 569 thousand to PLN 22 880 thousand, i.e. by PLN 3 311 thousand (16.9%).
- **Net loss attributable to shareholders of the parent company** PLN 1 413 thousand.
- Decrease in **gross financial debt** from PLN 281 493 thousand as at 31 March 2013 (translated to Polish Zloty at the exchange rate from 31 March 2014) to PLN 243 094 thousand as at 31 March 2014, i.e. by PLN 38 399 thousand (13.6%).
- Decrease in **net financial debt** from PLN 267 641 thousand as at 31 March 2013 (translated to Polish Zloty at the exchange rate from 31 March 2014) to PLN 227 475 thousand as at 31 March 2014, i.e. by PLN 40 166 thousand (15.0%). The Group's net debt calculated as a multiple of 12-month adjusted EBITDA equalled to 1.72 at the end of March 2014 against 2.22 at the end of March 2013.

## POLAND

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- In the first quarter 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 12 326 thousand (12.6%). This decrease relates to modern channel and results mainly from lower sales of carbonated beverages.

## CZECH REPUBLIC

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- In the first quarter of 2014 (compared to the same period in 2013), Kofola a.s. (Czech Republic) recorded a decrease in revenues from sales to parties from outside the Group by PLN 3 614 thousand (5.2%). This decrease relates to modern channel and results mainly from lower sales of carbonated beverages which were partly compensated with increased sales of water.
- In the first quarter Kofola a.s. (Czech Republic) reached leading position in the non-alcoholic beverage market in the retail segment in terms of market share.
- Jupí Syrup still maintains its market leader position in the Czech Republic.

## SLOVAKIA

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- In the first quarter of 2014 (compared to the same period in 2013) Kofola a.s. (Slovakia) recorded an increase in revenues from sales to parties from outside the Group by PLN 779 thousand (2.0%).
- In the first quarter 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.

## RUSSIA

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- In Russia, in the first quarter of 2014, sales revenues amounted to PLN 28 349 thousand.
- In the first quarter of 2014, the Megapack Group increased its revenues from sales of own brand products by 12.1% as compared to the first quarter of 2013.

## CONSOLIDATED INCOME STATEMENT

THE THREE-MONTH PERIOD ENDED 31 MARCH 2014 COMPARED TO THE THREE-MONTH PERIOD ENDED 31 MARCH 2013

Selected financial data	1.1.2014 – 31.3.2014	1.1.2013 – 31.3.2013*	Change 2014/2013	Change 2014/2013 (%)
<b>Continued operations</b>				
Revenue	199 701	208 005	(8 304)	(4,0%)
Cost of sales	(134 967)	(148 708)	13 741	(9,2%)
<b>Gross profit</b>	<b>64 734</b>	<b>59 297</b>	<b>5 437</b>	<b>9,2%</b>
Selling, marketing and distribution costs	(48 020)	(49 040)	1 020	(2,1%)
Administrative costs	(10 533)	(11 464)	931	(8,1%)
Other operating income / (expenses), net	(449)	3 437	(3 886)	(113,1%)
<b>Operating result</b>	<b>5 732</b>	<b>2 230</b>	<b>3 502</b>	<b>157,0%</b>
<b>EBITDA</b>	<b>22 880</b>	<b>19 569</b>	<b>3 311</b>	<b>16,9%</b>
Financial expense, net	(6 216)	(5 479)	(737)	13,5%
Income tax	(931)	(1 160)	229	(19,7%)
<b>Net loss from continuing operations</b>	<b>(1 415)</b>	<b>(4 409)</b>	<b>2 994</b>	<b>(67,9%)</b>
<b>Discontinued consolidation</b>				
<b>Net loss for the period from discontinued consolidation</b>	<b>-</b>	<b>(849)</b>	<b>849</b>	<b>(100,0%)</b>
<b>Net loss for the period</b>	<b>(1 415)</b>	<b>(5 258)</b>	<b>3 843</b>	<b>(73,1%)</b>
- attributable to shareholders of the parent company	(1 413)	(5 240)	3 827	(73,0%)

\* data recalculated using currency exchange rates for the period of three months period ended 31 March 2014

### REVENUE

The consolidated net revenue of the KOFOLA S.A. Group for the first quarter of 2014 amounted to PLN 199 701 thousand, which constitutes a decrease by PLN 8 304 thousand (i.e. 4.0%) compared to the first quarter of 2013. Revenues from the sale of finished products and services amounted to PLN 196 464 thousand, which constitutes 98.4% 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 12 326 thousand revenues of Hoop Polska Sp. z o.o. and lower by PLN 3 614 thousand revenues of Kofola a.s. (Czech Republic). On the other hand the newly acquired Mangaloo group added revenues of PLN 2 806 thousand in the reporting period, revenues of Kofola a.s. (Slovakia) increased by PLN 779 thousand and sales of the UGO Group also increased by PLN 189 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 95.6% 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 (51.9% and 57.6% respectively).

### COSTS OF SALES

In the first quarter of 2014, the KOFOLA S.A. Group's consolidated costs of sales decreased by PLN 13 741 thousand, i.e. by 9.2%, to PLN 134 967 thousand from PLN 148 708 thousand in the first quarter of 2013. As percentage, the consolidated cost of sales account for 67.6% of net sales revenues (71.5% in the first quarter 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 quarter of 2014 decreased by PLN 1 020 thousand, i.e. by 2.1% to PLN 48 020 thousand, from PLN 49 040 thousand in the first quarter of 2013. The decrease in selling, marketing and distribution costs relates to postponing of marketing expenses and further optimization of logistic processes.

### ADMINISTRATIVE COSTS

In the first quarter of 2014 the consolidated administrative costs decreased by PLN 931 thousand, i.e. by 8.1%, to PLN 10 533 thousand from PLN 11 464 thousand in the first quarter of 2013. The management of the KOFOLA S.A. Group continues in looking for efficiencies in all areas of operations that also resulted in reduction of administrative costs.

### OPERATING RESULT

Operating result (EBIT) increased from PLN 2 230 thousand in the first quarter of 2013 to PLN 5 732 thousand in the first quarter of 2014, i.e. by PLN 3 502 thousand (i.e. by 157.0%).

The increase of operating result is attributable to improvement of gross profit, postponing of marketing expenses and savings in logistic and administrative costs.



## EBITDA

EBITDA (calculated as the operating profit plus depreciation and amortisation) increased from PLN 19 569 thousand realized in the first quarter of 2013 to PLN 22 880 thousand realized in the first quarter of 2014, i.e. by PLN 3 311 thousand (by 16.9%).

The increase of EBITDA is attributable to improvement of gross profit, postponing of marketing expenses and savings in logistic and administrative costs.

## NET FINANCIAL EXPENSES

The change of net financial expenses is mainly influenced by two factors:

Share on loss of the Megapack group increased by PLN 1 041 thousands from PLN (1 256) thousands in the first quarter of 2013 to PLN (2 297) thousands in the current period.

On the other hand due to lower indebtedness of the group net financial expenses have decreased by PLN 304 thousands (despite unfavourable movement of FX differences).

## INCOME TAX

Income tax expense decreased from PLN 1 160 thousand in the first quarter of 2013 to PLN 931 thousand in the current period.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Selected financial data	31.3.2014	31.3.2013 *	Change 2014/2013	Change 2014/2013 (%)
<b>Total assets</b>	<b>898 036</b>	<b>1 085 632</b>	<b>(187 596)</b>	<b>(17.3%)</b>
Fixed assets, out of which:	625 496	809 650	(184 154)	(22.7%)
<i>Tangible fixed assets</i>	<i>395 856</i>	<i>455 370</i>	<i>(59 514)</i>	<i>(13.1%)</i>
<i>Intangible fixed assets</i>	<i>165 940</i>	<i>186 698</i>	<i>(20 758)</i>	<i>(11.1%)</i>
<i>Goodwill</i>	<i>13 458</i>	<i>102 642</i>	<i>(89 184)</i>	<i>(86.9%)</i>
<i>Investment in associates</i>	<i>49 544</i>	<i>57 666</i>	<i>(8 122)</i>	<i>(14.1%)</i>
<i>Deferred tax assets</i>	<i>564</i>	<i>7 391</i>	<i>(6 827)</i>	<i>(92.4%)</i>
Current assets, out of which:	272 540	275 982	(3 442)	(1.2%)
<i>Inventories</i>	<i>100 311</i>	<i>99 097</i>	<i>1 214</i>	<i>1.2%</i>
<i>Trade receivables and other receivables</i>	<i>151 198</i>	<i>152 703</i>	<i>(1 505)</i>	<i>(1.0%)</i>
<i>Cash and cash equivalents</i>	<i>15 619</i>	<i>13 852</i>	<i>1 767</i>	<i>12.8%</i>
<b>Total equity and liabilities</b>	<b>898 036</b>	<b>1 085 632</b>	<b>(187 596)</b>	<b>(17.3%)</b>
Equity	387 183	535 037	(147 854)	(27.6%)
Long-term liabilities	152 380	129 861	22 519	17.3%
Short-term liabilities	358 473	420 734	(62 261)	(7.2%)

\* translated using exchange rates as at 31 March 2014

### ASSETS

At the end of March 2014 the Group's fixed assets totalled PLN 625 496 thousand. Compared to 31 March 2013, the value of fixed assets decreased by PLN 184 154 thousand (i.e. 22.7%). 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 31 March 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 31 March 2014 amounted to PLN 272 540 thousand. In the structure of current assets as at the end of March 2014 the biggest were: trade receivables and other receivables making 55.5% of the total current assets and inventory making 36.8% of the total current assets. Compared to the end of March 2013, the value of current assets decreased by PLN 3 442 thousand. The decrease of current assets is mainly attributable to the sale of production plant in Tychy in August 2013 that was presented as current assets held for sale in the amount of PLN 10 000 thousand as of 31 March 2013. On the other hand area in Rajec held by Kofola a.s., SK in total amount PLN 5 141 thousand was recognized as assets held for sale as at 31 March 2014.

### LIABILITIES

As at 31 March 2014, the Group's liabilities (total long- and short-term) amounted to PLN 510 853 thousand, which constitutes a PLN 39 742 thousand decrease compared to the end of March 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 from continuing operations (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 227 475 thousand as at 31 March 2014, which means a PLN 40 166 thousand decrease compared to PLN 267 641 thousand as at the end of March 2013.

### CONSOLIDATED CASH FLOW

Consolidated cash flow generated from operating activity in the first quarter of 2014 amounted to PLN (2 974) thousand and was higher by PLN 2 240 thousand compared to the first quarter of 2013. The increase is mainly driven by improved profit before tax by PLN 2 648 thousand.

Consolidated cash flow generated from investing activity in the first quarter of 2014 amounted to PLN (17 457) thousand compared to PLN (28 271) thousand generated in the first quarter 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 quarter of 2014 amounted to PLN 5 323 thousand compared to PLN 12 163 thousand in the first quarter 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 31 March 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, second 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 waters market, second position in cola-type drinks 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, fifth 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, Białowiecki Zdrój, Grodziska, Badoit, Evian, Vincentka
NON-CARBONATED BEVERAGES	Jupí Fruit Drink, Mr. Max, Top Topic, Snipp, Natelo
100% FRUIT JUICES AND NECTARS	Snipp, Eskimors, UGO
SYRUPS AND CONCENTRATES	Jupí, 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 statements. 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 three-month period 2014 amounted PLN 53 172 thousand (2013 PLN 59 064 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 3-month period ended 31 March 2014 and the 3-month period ended 31 March 2013 are presented below:

## GEOGRAPHICAL SEGMENTS

1.1.2014 - 31.3.2014	Poland	Czech Republic	Slovakia	Export	Eliminations (consolidation adjustments)	Subtotal	Russia	Total
<b>Revenues</b>	88 609	77 315	50 980	1 484	(18 687)	199 701	-	199 701
Sales to external customers	85 234	72 143	40 840	1 484	-	199 701	-	199 701
Inter-segment sales	3 375	5 172	10 140	-	(18 687)	-	-	-
<b>Operating expenses</b>	(90 493)	(73 213)	(47 451)	(1 499)	18 687	(193 969)	-	(193 969)
Related to external customers sales	(87 118)	(68 041)	(37 311)	(1 499)	-	(193 969)	-	(193 969)
Related to inter-segment sales	(3 375)	(5 172)	(10 140)	-	18 687	-	-	-
<b>Operating result</b>	<b>(1 884)</b>	<b>4 102</b>	<b>3 529</b>	<b>(15)</b>	<b>-</b>	<b>5 732</b>	<b>-</b>	<b>5 732</b>
Result from financial activity						(3 919)	(2 297)	(6 216)
with third parties						(3 919)	-	(3 919)
between segments						-	-	-
Share in associates' financial result						-	(2 297)	(2 297)
Profit /(loss) before tax						1 813	(2 297)	(484)
Income tax						(931)	-	(931)
<b>Net profit /(loss)</b>	<b>5 834</b>	<b>1 640</b>	<b>2 458</b>	<b>(73)</b>	<b>(8 977)</b>	<b>882</b>	<b>(2 297)</b>	<b>(1 415)</b>
<b>Assets and liabilities</b>								
Segment assets	363 170	387 433	181 391	14	(83 516)	848 492	49 544	898 036
<b>Total assets</b>	<b>363 170</b>	<b>387 433</b>	<b>181 391</b>	<b>14</b>	<b>(83 516)</b>	<b>848 492</b>	<b>49 544</b>	<b>898 036</b>
Segment liabilities	192 736	311 468	99 953	14	(93 318)	510 853	-	510 853
Equity							-	387 183
<b>Total liabilities and equity</b>								<b>898 036</b>
<b>Other information concerning segment</b>								
Investment expenditure:								
Tangible and intangible fixed assets	2 358	3 135	5 050	-	-	10 543	-	10 543
Depreciation and amortization	5 809	7 837	3 502	-	-	17 148	-	17 148



1.1.2013 - 31.3.2013 *	Poland	Czech Republic	Slovakia	Export	Eliminations (consolidation adjustments)	Subtotal	Russia **	Total
<b>Revenues</b>	99 167	83 596	50 184	578	(19 431)	214 094	-	214 094
Sales to external customers	97 700	76 950	38 866	578	-	214 094	-	214 094
Inter-segment sales	1 467	6 646	11 318	-	(19 431)	-	-	-
<b>Operating result</b>	(100 925)	(79 470)	(49 975)	(624)	19 431	(211 563)	-	(211 563)
Related to sales to external customers	(99 457)	(72 825)	(38 657)	(624)	-	(211 563)	-	(211 563)
Related to inter-segment sales	(1 468)	(6 645)	(11 318)	-	19 431	-	-	-
<b>Operating result</b>	<b>(1 758)</b>	<b>4 126</b>	<b>209</b>	<b>(46)</b>	<b>-</b>	<b>2 531</b>	<b>-</b>	<b>2 531</b>
Result from financial activity						(4 452)	(1 211)	(5 663)
with third parties						(4 452)	-	(4 452)
between segments						-	-	-
Share in associates' financial result						-	(1 211)	(1 211)
Profit /(loss) before tax						(1 921)	(1 211)	(3 132)
Income tax						(1 210)	-	(1 210)
Loss on discontinued consolidation of the Megapack Group						-	(849)	(849)
<b>Net profit /(loss)</b>	<b>(4 104)</b>	<b>357</b>	<b>(33)</b>	<b>(46)</b>	<b>695</b>	<b>(3 131)</b>	<b>(2 060)</b>	<b>(5 191)</b>
<b>Assets and liabilities</b>								
Segment assets	579 677	452 474	185 737	82	(160 621)	1 057 349	57 666	1 115 015
<b>Total assets</b>	<b>579 677</b>	<b>452 474</b>	<b>185 737</b>	<b>82</b>	<b>(160 621)</b>	<b>1 057 349</b>	<b>57 666</b>	<b>1 115 015</b>
Segment liabilities	232 862	418 818	109 607	108	(183 643)	577 752	-	577 752
Equity						537 263	-	537 263
<b>Total liabilities and equity</b>						<b>1 115 015</b>	<b>-</b>	<b>1 115 015</b>
<b>Other information concerning segment</b>								
Investment expenditures:								
Tangible and intangible fixed assets	1 508	3 606	2 631	-	-	7 745	-	7 745
Depreciation and amortization	6 725	7 269	3 773	-	-	17 767	-	17 767

\* 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 - 31.3.2014	Carbonated beverages	Non-carbonated beverages	Waters	Syrups	Other	Total
<b>Sales revenue</b>	103 717	10 429	39 977	36 836	8 742	199 701

1.1.2013 - 31.3.2013	Carbonated beverages	Non-carbonated beverages	Waters	Syrups	Other	Total
<b>Sales revenue</b>	123 465	9 701	36 790	38 069	6 069	214 094

## 1.5 Shareholders holding directly or indirectly significant packets of shares along with the number of shares held, their percentage of share capital, the resulting number of votes and percentage in the total number of votes at general meeting

According to the Company's information as at the date of the preparation of the present report (i.e. 9 May 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 31 March 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%
<b>Total</b>	<b>26 170 003</b>	<b>100.00%</b>	<b>100.00%</b>

## 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 3-month period ended 31 March 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 31 March 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 5.17 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 1 492 T	6 224	3/2015	Kofola a.s. (SK)	subsidiary
Kofola ČeskoSlovensko a.s.	VÚB banka a.s.	EUR 4 187 T	17 465	12/2017	Kofola a.s. (SK)	subsidiary
Kofola ČeskoSlovensko a.s.	ČSOB a.s.	EUR - T *	-	3/2014	Kofola a.s. (SK)	subsidiary
Kofola ČeskoSlovensko a.s.	Raiffeisen-Leasing	CZK 14 213 T	2 160	10/2015	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	Oberbank Leasing	CZK 1 845 T	280	4/2016	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	Oberbank Leasing	CZK 1 966 T	299	5/2016	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	Oberbank Leasing	CZK 8 578 T	1 304	2/2017	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	Oberbank Leasing	CZK 3 849 T	585	2/2017	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	Oberbank Leasing	CZK 1 155 T	176	10/2017	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	Unicredit Bank a.s.	EUR 3 982 T	16 608	4/2015	Santa-Trans.SK s.r.o. (SK)	third party
Kofola ČeskoSlovensko a.s.	Unicredit Bank a.s.	EUR 5 301 T	22 113	12/2022	Santa-Trans.SK s.r.o. (SK)	third party
Kofola a.s. (CZ)	Komerční banka a.s.	CZK 20 000 T	3 040	1/2015	Santa Trans s.r.o. (CZ)	subsidiary
Kofola a.s. (CZ)	Komerční banka a.s.	CZK 2 176 T	331	1/2019	Santa Trans s.r.o. (CZ)	subsidiary
KOFOLA S.A.	Bank Millenium S.A.	PLN 12 000 T	12 000	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank BPH S.A.	PLN 12 000 T	12 000	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank Millenium S.A.	PLN 899 T	899	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank BPH S.A.	PLN 867 T	867	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Deutsche Leasing S.A.	EUR 334 T	1 393	7/2014	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Toyota Leasing S.A.	EUR 505 T	2 108	6/2015	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	UAB Putoksnis	EUR 2 T	8	3/2014	Hoop Polska Sp. z o.o.	subsidiary
<b>Total loans and guarantees issued as at 31.3.2014</b>			<b>99 859</b>	<b>PLN thousand</b>		

\* As at 31 March 2014 the loan was not used

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 quarter 2014, the seasonality of sales in the non-alcoholic beverages should be taken into consideration. Kofola Group revenue in the first quarters of 2012 and 2013 accounted for 21% 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 quarter 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 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's 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

### SHARE BUY-BACK PROGRAM – BLOCK TRANSACTION

On April 2nd 2014 within the framework of the Share Buy-Back Program in accordance with resolution no. 20 of the Ordinary General Meeting of KOFOLA S.A. made on June 24th 2013, and in accordance with the agreement dated July 16, 2013 – the Company redeemed in block transaction from the Brokerage House Copernicus Securities S.A. 6 926 Company's own shares for the average purchase price of 38.06 PLN per share. After settlement of that transaction Company has 6 926 shares, giving the same amount of votes at the general meeting of the company, representing 0.0265% of the share capital and the total number of votes. Shares redeemed by the Company will be subject to cancellation and reduction of the share capital if the General Meeting of Shareholders does not decide otherwise.

### 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.

No other events have occurred after the balance sheet date.

## SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

9.5.2014 Janis Samaras Chairman of the Board of Directors

*date*

*name and surname*

*position/role*

*signature*

9.5.2014 Martin Mateáš Member of the Board of Directors

*date*

*name and surname*

*position/role*

*signature*

9.5.2014 René Musila Member of the Board of Directors

*date*

*name and surname*

*position/role*

*signature*

9.5.2014 Tomáš Jendřejek Member of the Board of Directors

*date*

*name and surname*

*position/role*

*signature*

9.5.2014 Daniel Buryš Member of the Board of Directors

*date*

*name and surname*

*position/role*

*signature*

9.5.2014 Marián Šefčovič Member of the Board of Directors

*date*

*name and surname*

*position/role*

*signature*

## SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

9.5.2014 Rafał Leduchowski Chief Accountant

*date*

*name and surname*

*position*

*signature*

### 2.1 Consolidated income statement

for the 3-month period ended 31 March 2014 and for the 3-month period ended 31 March 2013 in PLN thousand.

Consolidated Income statement	Note	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
<b>Continuing operations</b>			
Revenues from the sale of finished products and services	5.1	196 464	213 432
Revenues from the sale of goods and materials	5.1	3 237	662
Revenues		199 701	214 094
Cost of products and services sold	5.2	(132 020)	(151 496)
Cost of goods and materials sold	5.2	(2 947)	(618)
Cost of sales		(134 967)	(152 114)
<b>Gross profit</b>		<b>64 734</b>	<b>61 980</b>
Selling, marketing and distribution costs	5.2	(48 020)	(50 824)
Administrative costs	5.2	(10 533)	(12 109)
Other operating income		558	3 831
Other operating expenses		(1 007)	(347)
<b>Operating result</b>		<b>5 732</b>	<b>2 531</b>
Financial income	5.3	173	136
Financial expense	5.4	(4 092)	(4 543)
Share in the financial result of associates	5.5	(2 297)	(1 256)
<b>Loss before tax</b>		<b>(484)</b>	<b>(3 132)</b>
Income tax	5.8	(931)	(1 210)
<b>Net loss on continuing operations</b>		<b>(1 415)</b>	<b>(4 342)</b>
<b>Discontinued consolidation</b>			
Loss for the period on discontinued consolidation	5.9	-	(849)
<b>Net loss for the period</b>		<b>(1 415)</b>	<b>(5 191)</b>
Attributable to:			
<b>Shareholders of the parent company</b>		<b>(1 413)</b>	<b>(5 172)</b>
– from continuing operations		(1 413)	(4 323)
– from discontinued consolidation		-	(849)
<b>Non-controlling interests from continuing operations</b>		<b>(2)</b>	<b>(19)</b>
<b>Earnings per share (in PLN)</b>			
<b>Basic earnings per share</b>			
– from loss for the period from continuing operations attributable to shareholders of the parent company	5.10	(0.0540)	(0.1653)
– from loss for the period from discontinued consolidation	5.10	-	(0.0323)
<b>– from loss for the period attributable to shareholders of the parent company</b>	5.10	<b>(0.0540)</b>	<b>(0.1976)</b>
<b>Diluted earnings per share</b>			
– from loss for the period from continuing operations attributable to shareholders of the parent company	5.10	(0.0540)	(0.1653)
– from loss for the period from discontinued consolidation	5.10	-	(0.0323)
<b>– from loss for the period attributable to shareholders of the parent company</b>	5.10	<b>(0.0540)</b>	<b>(0.1976)</b>

### 2.2 Consolidated statement of comprehensive income

for the 3-month period ended 31 March 2014 and for the 3-month period ended 31 March 2013 in PLN thousand.

Consolidated statement of comprehensive income	Note	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
<b>Net loss for the period</b>		<b>(1 415)</b>	<b>(5 191)</b>
<b>Other comprehensive income</b>			
Currency differences from translation of foreign subsidiaries – subsequently reclassified to profit or loss		(9 903)	5 586
– from continuing operations		(9 903)	28
– from discontinued consolidation		-	5 558
<b>Other comprehensive income (net)</b>	2.5	<b>(9 903)</b>	<b>5 586</b>
<b>Total comprehensive income / (loss)</b>		<b>(11 318)</b>	<b>395</b>
Attributable to:			
<b>Shareholders of the parent company</b>		<b>(11 319)</b>	<b>414</b>
– from continuing operations		(11 319)	(4 295)
– from discontinued consolidation		-	4 709
<b>Non-controlling interests from continuing operations</b>		<b>1</b>	<b>(19)</b>

## 2.3 Consolidated statement of financial position

As at 31 March 2014, 31 December 2013 (audited) and 31 March 2013 in PLN thousand.

ASSETS	Note	31.3.2014	31.12.2013	31.3.2013
<b>Fixed assets (long-term)</b>		<b>625 496</b>	<b>631 780</b>	<b>827 426</b>
Tangible fixed assets	5.11	395 856	408 908	467 007
Goodwill	5.12	13 458	13 419	103 204
Intangible fixed assets	5.12	165 940	157 040	191 075
Investments in associates		49 544	51 841	57 666
Other long-term assets		134	134	-
Deferred tax asset		564	438	8 474
<b>Current assets (short-term)</b>		<b>272 540</b>	<b>262 645</b>	<b>287 589</b>
Inventories		100 311	89 961	102 763
Trade receivables and other receivables		151 198	141 937	160 128
Income tax receivables		271	205	290
Cash and cash equivalents		15 619	30 542	14 351
Other financial assets		-	-	57
Assets (group of assets) held for sale	5.13	5 141	-	10 000
<b>TOTAL ASSETS</b>		<b>898 036</b>	<b>894 425</b>	<b>1 115 015</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Equity attributable to shareholders of the parent company</b>		<b>386 430</b>	<b>386 801</b>	<b>536 784</b>
Share capital	2.5	26 170	26 170	26 173
Supplementary capital	2.5	541 870	541 870	552 697
Translation difference on revaluation of foreign subsidiaries	2.5	10 346	20 252	28 246
Other capital	2.5	-	-	177
Own shares	2.5	(69)	(69)	(69)
Accumulated losses	2.5	(191 887)	(201 422)	(70 440)
<b>Equity attributable to non-controlling interests</b>		<b>753</b>	<b>752</b>	<b>479</b>
<b>Total equity</b>	2.5	<b>387 183</b>	<b>387 553</b>	<b>537 263</b>
<b>Long-term liabilities</b>		<b>152 380</b>	<b>149 365</b>	<b>140 109</b>
Bank credits and loans	5.14	67 204	66 681	67 803
Bonds issued		49 275	49 005	45 369
Financial leasing liabilities		8 037	7 011	7 747
Provisions	5.6	678	675	670
Other long-term liabilities		6 023	6 318	11 514
Deferred tax liabilities		21 163	19 675	7 006
<b>Short-term liabilities</b>		<b>358 473</b>	<b>357 507</b>	<b>437 643</b>
Bank credits and loans	5.14	110 974	100 431	155 226
Bonds issued		1 194	587	4 192
Financial leasing liabilities		6 410	7 297	9 165
Trade liabilities and other liabilities		234 434	238 019	257 060
Income tax liabilities		1 858	2 652	2 893
Other financial liabilities		1	-	-
Provisions	5.6	3 602	8 521	7 535
Government subsidies		-	-	563
Liabilities (group of liabilities) related to assets held for sale	5.13	-	-	1 009
<b>Total Liabilities</b>		<b>510 853</b>	<b>506 872</b>	<b>577 752</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>898 036</b>	<b>894 425</b>	<b>1 115 015</b>

### 2.4 Consolidated cash flow statement

for the 3-month period ended 31 March 2014 and for the 3-month period ended 31 March 2013 in PLN thousand.

Consolidated cash flow statement	Note	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
<b>Cash flow from operating activity</b>			
Loss before tax on continuing operations	2.1	(484)	(3 132)
Loss before tax on discontinued consolidation		-	(849)
Adjustments for:			
<b>Non-cash movements and other adjustments</b>			
Depreciation and amortization	5.2	17 148	17 767
Net interest	5.3, 5.4	2 485	3 803
Share in associates' financial result	5.5	2 297	1 256
Loss on discontinued consolidation of the Megapack Group		-	849
Change in the balance of provisions		(4 916)	(2 641)
Gain on sale of property, plant and equipment		(308)	(515)
Other currency differences from translation		(23)	(336)
Other		-	123
<b>Cash movements</b>			
Paid income tax		(2 312)	(1 540)
<b>Changes in working capital</b>			
Change in the balance of receivables		(7 993)	(8 174)
Change in the balance of inventories		(10 350)	(3 228)
Change in the balance of liabilities		1 481	(8 623)
Change in the balance of state subsidies		-	26
<b>Net cash flow from operating activity</b>		<b>(2 974)</b>	<b>(5 214)</b>
<b>Cash flow from investing activity</b>			
Sale of intangible and tangible fixed assets		575	540
Purchase of intangible and tangible fixed assets	5.11, 5.12	(10 543)	(7 745)
Acquisition of subsidiary net of acquired cash		(7 533)	(1 113)
Interest received		44	17
Cash from discontinued consolidation of Megapack Group as at 1 January 2013		-	(19 970)
<b>Net cash flow from investing activity</b>		<b>(17 457)</b>	<b>(28 271)</b>
<b>Cash flow from financial activity</b>			
Repayment of financial leasing liabilities		(3 099)	(2 997)
Proceeds from loans and bank credits received		19 695	51 726
Repayment of loans and bank credits		(9 411)	(33 714)
Interest paid		(1 862)	(2 860)
Other		-	8
<b>Net cash flow from financing activity</b>		<b>5 323</b>	<b>12 163</b>
Total net cash flow		(15 108)	(21 322)
<b>Cash at the beginning of the period</b>		<b>30 542</b>	<b>35 677 *</b>
Exchange differences from translation of cash		184	(4)
<b>Cash at the end of the period</b>		<b>15 618</b>	<b>14 351</b>
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 3-month period ended 31 March 2014, 12-month period ended 31 December 2013 (audited) and the 3-month period ended 31 March 2013 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		
<b>As at 1.1.2013</b>		<b>26 173</b>	<b>534 518</b>	<b>26 459</b>	<b>177</b>	<b>(69)</b>	<b>(50 727)</b>	<b>536 531</b>	<b>498 537 029</b>
Net profit/(loss) for the period		-	-	-	-	-	(5 172)	(5 172)	(5 191)
Other comprehensive income		-	-	5 586	-	-	-	5 586	5 586
<b>Total comprehensive income / (loss)</b>	2.2	-	-	<b>5 586</b>	-	-	<b>(5 172)</b>	<b>414</b>	<b>(19) 395</b>
Other (profit distribution)		-	-	(160)	-	-	-	(160)	(160)
Discontinued consolidation of the Megapack Group		-	18 179	(3 639)	-	-	(14 541)	-	-
<b>As at 31.3.2013</b>		<b>26 173</b>	<b>552 697</b>	<b>28 246</b>	<b>177</b>	<b>(69)</b>	<b>(70 440)</b>	<b>536 784</b>	<b>479 537 263</b>
<b>As at 1.1.2013</b>		<b>26 173</b>	<b>534 518</b>	<b>26 459</b>	<b>177</b>	<b>(69)</b>	<b>(50 727)</b>	<b>536 531</b>	<b>498 537 029</b>
Decrease of share capital		(3)	3	-	-	-	-	-	-
Net profit/(loss) for the period		-	-	-	-	-	(123 660)	(123 660)	(39) (123 699)
Other comprehensive income		-	-	(2 603)	-	-	-	(2 603)	(2 603)
<b>Total comprehensive income / (loss)</b>	2.2	-	-	<b>(2 603)</b>	-	-	<b>(123 660)</b>	<b>(126 263)</b>	<b>(39) (126 302)</b>
Dividends payment	5.9	-	(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)	-	-
<b>As at 31.12.2013</b>		<b>26 170</b>	<b>541 870</b>	<b>20 252</b>	-	<b>(69)</b>	<b>(201 422)</b>	<b>386 801</b>	<b>752 387 553</b>
<b>As at 1.1.2014</b>		<b>26 170</b>	<b>541 870</b>	<b>20 252</b>	-	<b>(69)</b>	<b>(201 422)</b>	<b>386 801</b>	<b>752 387 553</b>
Net profit/(loss) for the period		-	-	-	-	-	(1 413)	(1 413)	(2) (1 415)
Other comprehensive income		-	-	(9 906)	-	-	-	(9 906)	3 (9 903)
<b>Total comprehensive income / (loss)</b>	2.2	-	-	<b>(9 906)</b>	-	-	<b>(1 413)</b>	<b>(11 319)</b>	<b>1 (11 318)</b>
Dividends payment	5.9	-	-	-	-	-	-	-	-
Effect of PCD Sp. z o.o. sale		-	-	-	-	-	10 948	10 948	- 10 948
<b>As at 31.3.2014</b>		<b>26 170</b>	<b>541 870</b>	<b>10 346</b>	-	<b>(69)</b>	<b>(191 887)</b>	<b>386 430</b>	<b>753 387 183</b>

\* According to Resolutions No. 18 and 19 from 24 June 2013 the Ordinary General Meeting of KOFOLA S.A. decided on the cancellation of 2 599 ordinary shares acquired within the share redemption programme completed by the end of 2012 and decided on the reduction of the share capital by PLN 2 599 to PLN 26 170 003. Reduction of the share capital was registered by the Court on 15 October 2013.

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 3-month period ended 31 March 2014 and contains comparatives for the 3-month period ended 31 March 2013.

#### BOARD OF DIRECTORS

As at 31 March 2014 the Board of Directors of the parent company KOFOLA S.A. comprised:

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

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 statements.

#### SUPERVISORY BOARD

As at 31 March 2014 the Supervisory Board comprised:

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

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

#### AUDIT COMMITTEE

As at 31 March 2014 the Audit Committee comprised:

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

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

### 4.1 Statement of compliance and basis for the preparation of the condensed interim consolidated financial statements 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 statement 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 statements are presented in Polish zlotys ("PLN"), and all values, unless stated otherwise, are listed in PLN thousand.

The preparation of financial statements 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 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.
- 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.

## 4 INFORMATION ABOUT THE METHODS USED TO PREPARE THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF THE KOFOLA S.A. GROUP

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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 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

### 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	31.3.2014	31.12.2013	31.3.2013
PLN/CZK	0.1520	0.1513	0.1621
PLN/EUR	4.1713	4.1472	4.1774
PLN/RUB	0.0852	0.0914	0.1050
PLN/USD	3.0344	3.0120	3.2590

Average currency rate, calculated as arithmetical mean of currencies on last day of each month in the period	1.1.2014 - 31.3.2014	1.1.2013 - 31.12.2013	1.1.2013 - 31.3.2013
PLN/CZK	0.1527	0.1620	0.1626
PLN/EUR	4.1894	4.2110	4.1738
PLN/RUB	0.0860	0.0990	0.1038
PLN/USD	3.0629	3.1653	3.1714

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

- assets and liabilities for each balance sheet 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 all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that 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 initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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 31 March 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 statements

The Board of Directors approved the present consolidated financial information for publication on 9 May 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 statements. 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 three-month period 2014 amounted PLN 53 172 thousand (2013 PLN 59 064 thousand).

## 5 NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT 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 3-month period ended 31 March 2014 and the 3-month period ended 31 March 2013 are presented below:

1.1.2014 - 31.3.2014	Poland	Czech Republic	Slovakia	Export	Eliminations (consolidation adjustments)	Subtotal	Russia	Total
<b>Revenues</b>	88 609	77 315	50 980	1 484	(18 687)	199 701	-	199 701
Sales to external customers	85 234	72 143	40 840	1 484	-	199 701	-	199 701
Inter-segment sales	3 375	5 172	10 140	-	(18 687)	-	-	-
<b>Operating expenses</b>	(90 493)	(73 213)	(47 451)	(1 499)	18 687	(193 969)	-	(193 969)
Related to external customers sales	(87 118)	(68 041)	(37 311)	(1 499)	-	(193 969)	-	(193 969)
Related to inter-segment sales	(3 375)	(5 172)	(10 140)	-	18 687	-	-	-
<b>Operating result</b>	<b>(1 884)</b>	<b>4 102</b>	<b>3 529</b>	<b>(15)</b>	<b>-</b>	<b>5 732</b>	<b>-</b>	<b>5 732</b>
Result from financial activity						(3 919)	(2 297)	(6 216)
with third parties						(3 919)	-	(3 919)
between segments						-	-	-
Share in associates' financial result						-	(2 297)	(2 297)
Profit /(loss) before tax						1 813	(2 297)	(484)
Income tax						(931)	-	(931)
<b>Net profit /(loss)</b>	<b>5 834</b>	<b>1 640</b>	<b>2 458</b>	<b>(73)</b>	<b>(8 977)</b>	<b>882</b>	<b>(2 297)</b>	<b>(1 415)</b>
<b>Assets and liabilities</b>								
Segment assets	363 170	387 433	181 391	14	(83 516)	848 492	49 544	898 036
<b>Total assets</b>	<b>363 170</b>	<b>387 433</b>	<b>181 391</b>	<b>14</b>	<b>(83 516)</b>	<b>848 492</b>	<b>49 544</b>	<b>898 036</b>
Segment liabilities	192 736	311 468	99 953	14	(93 318)	510 853	-	510 853
Equity							-	387 183
<b>Total liabilities and equity</b>								<b>898 036</b>
<b>Other information concerning segment</b>								
Investment expenditure:								
Tangible and intangible fixed assets	2 358	3 135	5 050	-	-	10 543	-	10 543
Depreciation and amortization	5 809	7 837	3 502	-	-	17 148	-	17 148

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

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1.1.2013 - 31.3.2013	Poland	Czech Republic	Slovakia	Export	Eliminations (consolidation adjustments)	Subtotal	Russia *	Total
<b>Revenues</b>	99 167	83 596	50 184	578	(19 431)	214 094	-	214 094
Sales to external customers	97 700	76 950	38 866	578	-	214 094	-	214 094
Inter-segment sales	1 467	6 646	11 318	-	(19 431)	-	-	-
<b>Operating result</b>	(100 925)	(79 470)	(49 975)	(624)	19 431	(211 563)	-	(211 563)
Related to sales to external customers	(99 457)	(72 825)	(38 657)	(624)	-	(211 563)	-	(211 563)
Related to inter-segment sales	(1 468)	(6 645)	(11 318)	-	19 431	-	-	-
<b>Operating result</b>	<b>(1 758)</b>	<b>4 126</b>	<b>209</b>	<b>(46)</b>	<b>-</b>	<b>2 531</b>	<b>-</b>	<b>2 531</b>
Result from financial activity						(4 452)	(1 211)	(5 663)
with third parties						(4 452)	-	(4 452)
between segments						-	-	-
Share in associates' financial result						-	(1 211)	(1 211)
Profit /(loss) before tax						(1 921)	(1 211)	(3 132)
Income tax						(1 210)	-	(1 210)
Loss on discontinued consolidation of the Megapack Group						-	(849)	(849)
<b>Net profit /(loss)</b>	<b>(4 104)</b>	<b>357</b>	<b>(33)</b>	<b>(46)</b>	<b>695</b>	<b>(3 131)</b>	<b>(2 060)</b>	<b>(5 191)</b>
<b>Assets and liabilities</b>								
Segment assets	579 677	452 474	185 737	82	(160 621)	1 057 349	57 666	1 115 015
<b>Total assets</b>	<b>579 677</b>	<b>452 474</b>	<b>185 737</b>	<b>82</b>	<b>(160 621)</b>	<b>1 057 349</b>	<b>57 666</b>	<b>1 115 015</b>
Segment liabilities	232 862	418 818	109 607	108	(183 643)	577 752	-	577 752
Equity						537 263	-	537 263
<b>Total liabilities and equity</b>						<b>1 115 015</b>	<b>-</b>	<b>1 115 015</b>
<b>Other information concerning segment</b>								
Investment expenditures:								
Tangible and intangible fixed assets	1 508	3 606	2 631	-	-	7 745	-	7 745
Depreciation and amortization	6 725	7 269	3 773	-	-	17 767	-	17 767

\* Discontinued consolidation (Megapack Group)

## REVENUES BY PRODUCT

1.1.2014 - 31.3.2014	Carbonated beverages	Non-carbonated beverages	Waters	Syrups	Other	Total
<b>Sales revenue</b>	103 717	10 429	39 977	36 836	8 742	199 701

1.1.2013 - 31.3.2013	Carbonated beverages	Non-carbonated beverages	Waters	Syrups	Other	Total
<b>Sales revenue</b>	123 465	9 701	36 790	38 069	6 069	214 094

## 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 - 31.3.2014	1.1.2013 - 31.3.2013
Depreciation of tangibles and amortization of intangibles	17 148	17 767
Employee benefit costs and retirement benefits	28 636	30 994
Consumption of materials and energy	119 251	138 822
External services	25 493	28 517
Rental costs	3 019	1 846
Taxes and fees	1 390	1 839
Property and life insurance	611	609
Other costs, including:	1 859	2 687
– change in allowance to inventory	(576)	(939)
– change in allowance to receivables	1 187	1 620
– other operating costs	1 249	2 006
<b>Total expenses by type *</b>	<b>197 407</b>	<b>223 081</b>
Change in the balance of semi-finished products and work in progress	(6 834)	(7 034)
Depreciation and amortization included in segment costs	-	(1 618)
<b>Reconciliation of expenses by type to expenses by function</b>	<b>190 573</b>	<b>214 429</b>
Selling, marketing and distribution costs	48 020	50 824
Administrative costs	10 533	12 109
Costs of products and services sold	132 020	151 496
<b>Total costs of production, selling, marketing, distribution and administrative costs</b>	<b>190 573</b>	<b>214 429</b>

Costs of employee benefits and retirement benefits	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
Cost of salaries	21 853	23 376
Social security and other benefit costs	2 610	3 491
Retirement benefit plan expenses	4 173	4 127
<b>Total costs of employee benefits and retirement benefits</b>	<b>28 636</b>	<b>30 994</b>

\* Does not include other Operating income and expenses

## 5.3 Financial income

Financial income	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
Financial interest income from:		
– bank deposits	23	17
– credits and loans granted	88	67
– receivables	-	2
Net financial income from realised FX differences	62	49
<b>Total financial income</b>	<b>173</b>	<b>136</b>

## 5.4 Financial expense

Financial expense	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
Financial interest expense from:		
– credits, financial leases and bonds	2 596	3 890
Financial losses from realised FX differences	1 133	1
Bank costs and charges	363	652
<b>Total financial expense</b>	<b>4 092</b>	<b>4 543</b>

## 5.5 Share in the financial result of associates

The item includes share in the loss of the Megapack Group for the current period of PLN 2 297 thousand attributable to the KOFOLA S.A. Group (1.1.2013 – 31.3.2013: loss of PLN 1 256 thousand).

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
<b>As at 1.1.2014</b>	<b>18 750</b>	<b>1 151</b>	<b>25 008</b>	<b>63 689</b>	<b>800</b>	<b>9 196</b>
Currency differences from translation	215	4	-	-	-	23
Increase due to creation	1 436	38	-	-	-	3 075
Decrease due to release	(62)	(181)	-	-	-	(404)
Decrease due to usage	(187)	(433)	-	-	-	(7 611)
<b>As at 31.3.2014</b>	<b>20 152</b>	<b>579</b>	<b>25 008</b>	<b>63 689</b>	<b>800</b>	<b>4 280</b>

## 5.7 Dividends paid and declared

No dividends have been paid or declared in the current period.



## 5.8 Income tax

Main income tax elements for the 3-month period ended 31 March 2014 and for the 3-month period ended 31 March 2013 were as follows:

Income tax	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
<b>Income Statement</b>		
<b>Current income tax</b>	<b>1 379</b>	<b>819</b>
Current income tax charge	1 379	819
Adjustments of current income tax from previous years	-	-
<b>Deferred income tax</b>	<b>(448)</b>	<b>391</b>
Related to arising and reversing of temporary differences	(448)	391
Related to tax losses	-	-
<b>Income tax recorded in consolidated income statement</b>	<b>931</b>	<b>1 210</b>

## 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.

<b>Loss on deconsolidation of Megapack group</b>	
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
<b>Net loss recognized on deconsolidation of Megapack Group as at 1.1.2013</b>	<b>(849)</b>

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

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

\* 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 - 31.3.2014	1.1.2013 - 31.3.2013
Net loss from the continuing operations attributable to shareholders of the parent company	(1 415)	(4 323)
Loss for the period from discontinued consolidation	-	(849)
<b>Net loss attributable to shareholders of the parent company</b>	<b>(1 415)</b>	<b>(5 172)</b>
	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
Weighted average number of issued common shares used to calculate the regular earnings per share ratio	26 170 003	26 172 602
Impact of dilution:		
Subscription warrants	-	6 099
Own shares	-	(2 599)
<b>Adjusted weighted average number of common shares used to calculate diluted earnings per share</b>	<b>26 170 003</b>	<b>26 176 102</b>

No other transactions involving ordinary shares or potential ordinary shares, except for registration of capital reduction, 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 - 31.3.2014	1.1.2013 - 31.3.2013
Net loss from the continuing operations attributable to shareholders of the parent company	(1 415)	(4 323)
Loss for the period from discontinued consolidation	-	(849)
<b>Net loss attributable to shareholders of the parent company</b>	<b>(1 415)</b>	<b>(5 172)</b>
Weighted average number of issued common shares	26 170 003	26 172 602
Regular earnings per share from the continuing operations attributable to shareholders of the parent company	(0.0540)	(0.1653)
Regular earnings per share for the period from discontinued consolidation	-	(0.0323)
<b>Regular earnings per share attributable to shareholders of the parent company</b>	<b>(0.0540)</b>	<b>(0.1976)</b>
Diluted earnings per share (PLN/share)	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
Net loss from the continuing operations attributable to shareholders of the parent company	(1 415)	(4 323)
Net loss for the period from discontinued consolidation	-	(849)
<b>Net loss attributable to shareholders of the parent company</b>	<b>(1 415)</b>	<b>(5 172)</b>
Adjusted weighted average number of common shares used to calculate diluted earnings per share	26 170 003	26 176 102
Diluted earnings per share from continuing operations attributable to shareholders of the parent company	(0.0540)	(0.1653)
Diluted earnings per share for the period from discontinued consolidation	-	(0.0323)
<b>Diluted earnings per share attributable to shareholders of the parent company</b>	<b>(0.0540)</b>	<b>(0.1976)</b>

## 5.11 Tangible fixed assets

In the reporting period of three-months ended 31 March 2014 the companies of the KOFOLA S.A. Group incurred PLN 10 253 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.

### 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 three-months ended 31 March 2014 the KOFOLA S.A. Group companies made expenditures to increase the value of intangible assets amounting to PLN 290 thousand. Investment projects realised in this period relate mainly to the company's software in Kofola ČeskoSlovensko a.s.

### 5.13 Assets (group of assets) held for sale

Assets (groups of assets) held for sale presented in the current period included the fixed assets of the subsidiary Kofola a.s., SK available for immediate sale with a balance sheet value of PLN 5 141 thousand (the area in Rajec).

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 March 2013 in the amount of PLN 1 009 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.

### 5.14 Credits, loans and issued bonds

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

As at 31 March 2014, the Group's total credit and loan debt amounted to PLN 178 178 thousand and decreased by PLN 44 851 thousand compared to the end of March 2013.

As at 31 March 2014, KOFOLA S.A. has obligations from issued bonds in the total amount of PLN 50 469 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 in the amount of PLN 49 275 thousand are disclosed in long-term liabilities, and the liabilities from interests in the amount of PLN 1 194 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.

### 5.15 Contingent assets and liabilities

As at 31 March 2014 the Group has contingent liabilities to third parties in total amount of PLN 38 721 thousand. These contingent liabilities relate to guarantees provided to company SANTA-TRANS.SK s.r.o.

### 5.16 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 31 March 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.

## 5.17 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	31.3.2014	31.12.2013	31.3.2013
- from shareholders of KSM Investment S.A.	-	-	3 497
<b>Total receivables from related companies</b>	<b>-</b>	<b>-</b>	<b>3 497</b>

Liabilities to related companies	31.3.2014	31.12.2013	31.3.2013
- towards shareholders of KSM Investment S.A.	5 328	5 316	5 161
<b>Total liabilities towards related companies</b>	<b>5 328</b>	<b>5 316</b>	<b>5 161</b>

Total remuneration paid to the members of the Board of Directors and Supervisory Board of KOFOLA S.A. in the three-month period ended 31 March 2014 amounted to PLN 2 356 thousand (in the three-month period ended 31 March 2013 amounted to PLN 1 165 thousand).

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

## 5.18 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
<b>Non-recurring measurement</b>	
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.

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

## 5.19 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

## 5.20 Subsequent events

### SHARE BUY-BACK PROGRAM – BLOCK TRANSACTION

On April 2nd 2014 within the framework of the Share Buy-Back Program in accordance with resolution no. 20 of the Ordinary General Meeting of KOFOLA S.A. made on June 24th 2013, and in accordance with the agreement dated July 16, 2013 – the Company redeemed in block transaction from the Brokerage House Copernicus Securities S.A. 6 926 Company's own shares for the average purchase price of 38.06 PLN per share. After settlement of that transaction Company has 6 926 shares, giving the same amount of votes at the general meeting of the company, representing 0.0265% of the share capital and the total number of votes. Shares redeemed by the Company will be subject to cancellation and reduction of the share capital if the General Meeting of Shareholders does not decide otherwise.

### 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.

No other events have occurred after the balance sheet date.

## SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

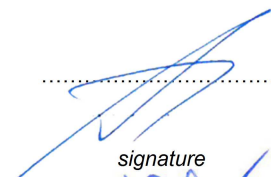
9.5.2014 Janis Samaras Chairman of the Board of Directors

*date*

*name and surname*

*position/role*

signature



9.5.2014 Martin Mateáš Member of the Board of Directors

*date*

*name and surname*

*position/role*

signature



9.5.2014 René Musila Member of the Board of Directors

*date*

*name and surname*

*position/role*

signature



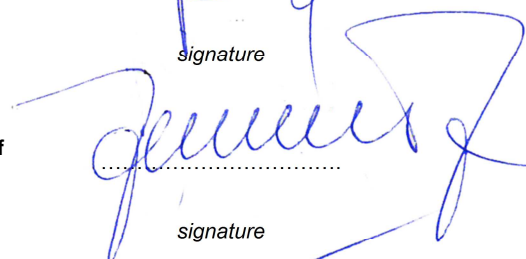
9.5.2014 Tomáš Jendřejek Member of the Board of Directors

*date*

*name and surname*

*position/role*

signature



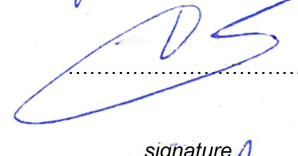
9.5.2014 Daniel Buryš Member of the Board of Directors

*date*

*name and surname*

*position/role*

signature



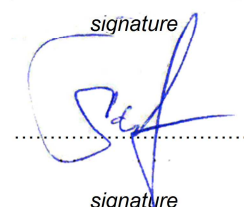
9.5.2014 Marián Šefčovič Member of the Board of Directors

*date*

*name and surname*

*position/role*

signature



## SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

9.5.2014 Rafał Leduchowski Chief Accountant

*date*

*name and surname*

*position*

signature





## 6.1 Separate income statement

for the three-month period ended 31 March 2014 and the three-month period ended 31 March 2013 in PLN thousand.

Income Statement	Note	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
Revenue from dividends		8 699	-
Cost of sales		-	-
<b>Gross profit</b>		<b>8 699</b>	<b>-</b>
Selling, marketing and distribution costs		-	-
Administrative costs	9.1	(716)	(809)
Other operating income		7	2 920
Other operating expenses		-	-
<b>Operating profit/loss</b>		<b>7 990</b>	<b>2 111</b>
Financial income	9.3	1 123	2 617
Financial expense	9.4	(1 171)	(2 034)
<b>Profit/loss before tax</b>		<b>7 941</b>	<b>2 694</b>
Income tax	9.6	144	(403)
<b>Net profit/loss for the period</b>		<b>8 085</b>	<b>2 291</b>
<b>Earnings per share (in PLN)</b>			
- basic from profit for the period		0.3089	0.0875
- diluted from profit for the period		0.3089	0.0875

## 6.2 Separate statement of comprehensive income

for the three-month period ended 31 March 2014 and the three-month period ended 31 March 2013 in PLN thousand.

Statement of comprehensive income	Note	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
<b>Net profit/loss for the period</b>		<b>8 085</b>	<b>2 291</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>	6.5	<b>8 085</b>	<b>2 291</b>

## 6.3 Separate statement of financial position

as at 31 March 2014, 31 December 2013 (audited) and 31 March 2013 in PLN thousand.

ASSETS	Note	31.3.2014	31.12.2013	31.3.2013
<b>Fixed assets (long-term)</b>		<b>851 124</b>	<b>849 679</b>	<b>1 042 558</b>
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		105 615	104 314	161 005
Deferred tax assets		560	416	69
<b>Current assets (short-term)</b>		<b>2 049</b>	<b>2 599</b>	<b>3 935</b>
Trade receivables and other receivables		538	416	304
Cash and cash equivalents		1 511	2 183	3 631
<b>TOTAL ASSETS</b>		<b>853 173</b>	<b>852 278</b>	<b>1 046 493</b>

LIABILITIES AND EQUITY	Note	31.3.2014	31.12.2013	31.3.2013
<b>Equity</b>		<b>776 902</b>	<b>768 817</b>	<b>960 912</b>
Share capital		26 170	26 170	26 173
Supplementary capital		908 887	908 887	920 420
Own shares		(69)	(69)	(69)
Other capital		-	-	342
Retained earnings		(158 086)	(166 171)	14 046
<b>Long-term liabilities</b>		<b>72 543</b>	<b>77 437</b>	<b>71 254</b>
Bonds issued		49 275	49 006	45 369
Other long-term liabilities		23 268	28 431	25 885
<b>Short-term liabilities</b>		<b>3 727</b>	<b>6 024</b>	<b>14 327</b>
Bonds issued		1 194	588	4 192
Trade liabilities and other liabilities		2 532	5 436	9 429
Other financial liabilities		1	-	-
Provisions		-	-	706
<b>Total liabilities</b>		<b>76 270</b>	<b>83 461</b>	<b>85 581</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>853 173</b>	<b>852 278</b>	<b>1 046 493</b>

## 6.4 Separate cash flow statement

for the three-month period ended 31 March 2014 and the three-month period ended 31 March 2013 in PLN thousand.

Cash flow statement	Note	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
<b>Cash flows on operating activity</b>			
Profit (loss) before tax		7 941	2 694
Adjustments for the following items:			
<b>Non-cash movements</b>			
Net interest and dividends		(8 688)	(1 122)
Change in the balance of provisions	9.4	-	(17)
Other		(1)	-
Gains and losses on foreign exchange differences		94	534
<b>Cash movements</b>			
Dividends received		8 699	-
Income tax paid		-	-
<b>Change in working capital</b>			
(Increase) / decrease in the balance of receivables		(453)	36
(Increase) / decrease in the balance of liabilities		(5 116)	449
<b>Net cash flows on operating activity</b>		<b>2 476</b>	<b>2 573</b>
<b>Cash flows on investing activity</b>			
Purchase of financial assets		-	(8)
Interest received		-	10
Loans granted		-	(96)
<b>Net cash flows on investing activity</b>		<b>-</b>	<b>(94)</b>
<b>Cash flows on financial activity</b>			
Interest paid		(3 149)	-
<b>Net cash flows on financing activity</b>		<b>(3 149)</b>	<b>-</b>
Total net cash flow		(673)	2 479
<b>Cash at the beginning of the period</b>		<b>2 183</b>	<b>1 152</b>
<b>Cash at the end of the period</b>		<b>1 510</b>	<b>3 631</b>

## 6.5 Separate statement of changes in equity

for the three-month period ended 31 March 2014, twelve-month period ended 31 December 2013 (audited) and the three-month period ended 31 March 2013 in PLN thousand.

Statement of changes in equity	Note	Share capital	Supplementary capital	Own shares	Other capital	Retained earnings	Total equity
<b>As at 1.1.2013</b>		<b>26 173</b>	<b>920 420</b>	<b>(69)</b>	<b>342</b>	<b>11 755</b>	<b>958 621</b>
Net profit/loss for the period		-	-	-	-	2 291	2 291
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 291</b>	<b>2 291</b>
<b>As at 31.3.2013</b>		<b>26 173</b>	<b>920 420</b>	<b>(69)</b>	<b>342</b>	<b>14 046</b>	<b>960 912</b>
<b>As at 1.1.2013</b>		<b>26 173</b>	<b>920 420</b>	<b>(69)</b>	<b>342</b>	<b>11 755</b>	<b>958 621</b>
Decrease in share capital		(3)	3	-	-	-	-
Net profit/loss for the period		-	-	-	-	(166 171)	(166 171)
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(166 171)</b>	<b>(166 171)</b>
Dividend payment		-	(11 536)	-	-	(11 755)	(23 291)
Other (profit distribution, own shares)		-	-	-	(342)	-	(342)
<b>As at 31.12.2013</b>		<b>26 170</b>	<b>908 887</b>	<b>(69)</b>	<b>-</b>	<b>(166 171)</b>	<b>768 817</b>
<b>As at 1.1.2014</b>		<b>26 170</b>	<b>908 887</b>	<b>(69)</b>	<b>-</b>	<b>(166 171)</b>	<b>768 817</b>
Net profit/loss for the period		-	-	-	-	8 085	8 085
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 085</b>	<b>8 085</b>
<b>As at 31.3.2014</b>		<b>26 170</b>	<b>908 887</b>	<b>(69)</b>	<b>-</b>	<b>(158 086)</b>	<b>776 902</b>

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

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

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 three-month period ended 31 March 2014 and includes comparatives for the three-month period ended 31 March 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 and financial liabilities stated at amortized cost, financial assets stated at fair value, and 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.

### 8.2 Statement of compliance

These condensed separate financial statements 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	31.3.2014	31.12.2013	31.3.2013
PLN/CZK	0.1520	0.1513	0.1621
PLN/EUR	4.1713	4.1472	4.1774
PLN/RUB	0.0852	0.0914	0.1050
PLN/USD	3.0344	3.0120	3.2590

Average currency rate, calculated as arithmetical mean of currencies on last day of each month in the period	1.1.2014 - 31.3.2014	1.1.2013 - 31.12.2013	1.1.2013 - 31.3.2013
PLN/CZK	0.1527	0.1620	0.1626
PLN/EUR	4.1894	4.2110	4.1738
PLN/RUB	0.0860	0.0990	0.1038
PLN/USD	3.0629	3.1653	3.1714

### 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 9 May 2014.



## 9.1 Expenses by type

Expenses by type	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
Costs of employee benefits and retirement benefits	27	94
Consumption of materials and energy	2	2
Services	661	656
Rental costs	18	18
Taxes and fees	8	8
Other expenses	-	31
<b>Total expenses by type</b>	<b>716</b>	<b>809</b>
<b>Reconciliation of expenses by type to expenses by function</b>	<b>716</b>	<b>809</b>
Administrative costs	716	809
<b>Total costs of products, merchandise and materials sold, sales costs and overhead costs</b>	<b>716</b>	<b>809</b>

Costs of employee benefits and retirement benefits	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
Cost of salary	24	78
Social security and other benefits costs	3	16
<b>Total costs of employee benefits and retirement benefits</b>	<b>27</b>	<b>94</b>

## 9.2 Financial income

Financial income	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
Financial interest income from:		
– bank deposits	-	10
– credits and loans granted	1 064	2 607
Other financial income	59	-
<b>Total financial income</b>	<b>1 123</b>	<b>2 617</b>

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 - 31.3.2014	1.1.2013 - 31.3.2013
Financial interest expense from:		
– bonds issued	1 074	1 029
– liabilities purchased within the Group	-	466
Net financial losses from realised FX differences	94	534
Bank costs and charges	3	5
<b>Total financial expenses</b>	<b>1 171</b>	<b>2 034</b>

## 9.4 Changes in provisions and impairment allowances

Changes in provisions and impairment allowances	Receivables	Tangible fixed assets	Financial assets
<b>As at 1.1.2014</b>	<b>5 696</b>	<b>104</b>	<b>176 154</b>
Increase due to recognition	15	-	-
Decrease due to release	(62)	-	-
Decrease due to usage	-	-	(13 009)
Transfer to other category	-	-	-
<b>As at 31.3.2014</b>	<b>5 648</b>	<b>104</b>	<b>163 145</b>

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

No dividends have been paid or declared in the current period.

## 9.6 Income tax

Main income tax elements for the period of 3 months ended 31 March 2014 and for the period of 3 months ended 31 March 2013:

Income tax	1.1.2014 - 31.3.2014	1.1.2013 - 31.3.2013
<b>Income Statement</b>		
<b>Current income tax</b>	-	-
Current Income tax charge	-	-
<b>Deferred income tax</b>	<b>(144)</b>	<b>403</b>
Related with recognition and reversal of temporary differences	(144)	403
Related with tax losses	-	-
<b>Income tax charge/discharge recorded in the income statement</b>	<b>(144)</b>	<b>403</b>

## 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 three-month period of 2014 amounted to PLN 1 064 thousand.

Revenue arising from guarantees issued for the three-month period of 2014 amounted to PLN 59 thousand.

The value of services purchased by KOFOLA S.A. in the three-month period of 2014 from related parties amounted to PLN 387 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 three-month period of 2014 amounted to PLN 425 thousand.

Receivables from related parties	31.3.2014	31.12.2013	31.3.2013
- from consolidated subsidiaries	78	17	182
<b>Total receivables from related companies</b>	<b>78</b>	<b>17</b>	<b>182</b>

Liabilities towards related parties	31.3.2014	31.12.2013	31.3.2013
- towards consolidated subsidiaries	25 855	33 590	35 230
<b>Total liabilities towards related companies</b>	<b>25 855</b>	<b>33 590</b>	<b>35 230</b>

Remuneration paid via Group companies to the members of the Board of Directors and Supervisory Board of KOFOLA S.A. in the three-month period of 2014 amounted to PLN 2 356 thousand (in the comparative period of 2013 amounted to PLN 1 165 thousand).

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

### LOANS GRANTED TO RELATED PARTIES

Loans granted to related parties	31.3.2014	31.12.2013	31.3.2013
<b>Long-term loans, including:</b>			
Principal	73 676	73 483	126 792
Interest	31 939	30 831	34 213
<b>Total</b>	<b>105 615</b>	<b>104 314</b>	<b>161 005</b>

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.

## 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		
						31.3.2014	31.12.2013	31.3.2013
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%	-	-	-
<b>TOTAL</b>						<b>744 681</b>	<b>744 681</b>	<b>867 345</b>

## 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 12 000 T	12 000	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank BPH S.A.	PLN 12 000 T	12 000	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank Millenium S.A.	PLN 899 T	899	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank BPH S.A.	PLN 867 T	867	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Deutsche Leasing S.A.	EUR 334 T	1 393	7/2014	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Toyota Leasing S.A.	EUR 505 T	2 108	6/2015	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	UAB Putoksnis	EUR 2 T	8	3/2014	Hoop Polska Sp. z o.o.	subsidiary
<b>Total guarantees issued as at 31.3.2014</b>			<b>PLN 29 275</b>	<b>thousand</b>		

Remuneration of KOFOLA S.A. for granting the above mentioned guarantees in the reporting period amounted to PLN 59 thousand.

## 9.9 Subsequent events

### SHARE BUY-BACK PROGRAM – BLOCK TRANSACTION

On April 2nd 2014 within the framework of the Share Buy-Back Program in accordance with resolution no. 20 of the Ordinary General Meeting of KOFOLA S.A. made on June 24th 2013, and in accordance with the agreement dated July 16, 2013 – the Company redeemed in block transaction from the Brokerage House Copernicus Securities S.A. 6 926 Company's own shares for the average purchase price of 38.06 PLN per share. After settlement of that transaction Company has 6 926 shares, giving the same amount of votes at the general meeting of the company, representing 0.0265% of the share capital and the total number of votes. Shares redeemed by the Company will be subject to cancellation and reduction of the share capital if the General Meeting of Shareholders does not decide otherwise.

No other events have occurred after the balance sheet date.

## SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

9.5.2014 Janis Samaras Chairman of the Board of Directors

*date*

*name and surname*

*position/role*

signature

9.5.2014 Martin Mateáš Member of the Board of Directors

*date*

*name and surname*

*position/role*

signature

9.5.2014 René Musila Member of the Board of Directors

*date*

*name and surname*

*position/role*

signature

9.5.2014 Tomáš Jendřejek Member of the Board of Directors

*date*

*name and surname*

*position/role*

signature

9.5.2014 Daniel Buryš Member of the Board of Directors

*date*

*name and surname*

*position/role*

signature

9.5.2014 Marián Šefčovič Member of the Board of Directors

*date*

*name and surname*

*position/role*

signature

## SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

9.5.2014 Rafał Leduchowski Chief Accountant

*date*

*name and surname*

*position*

signature

