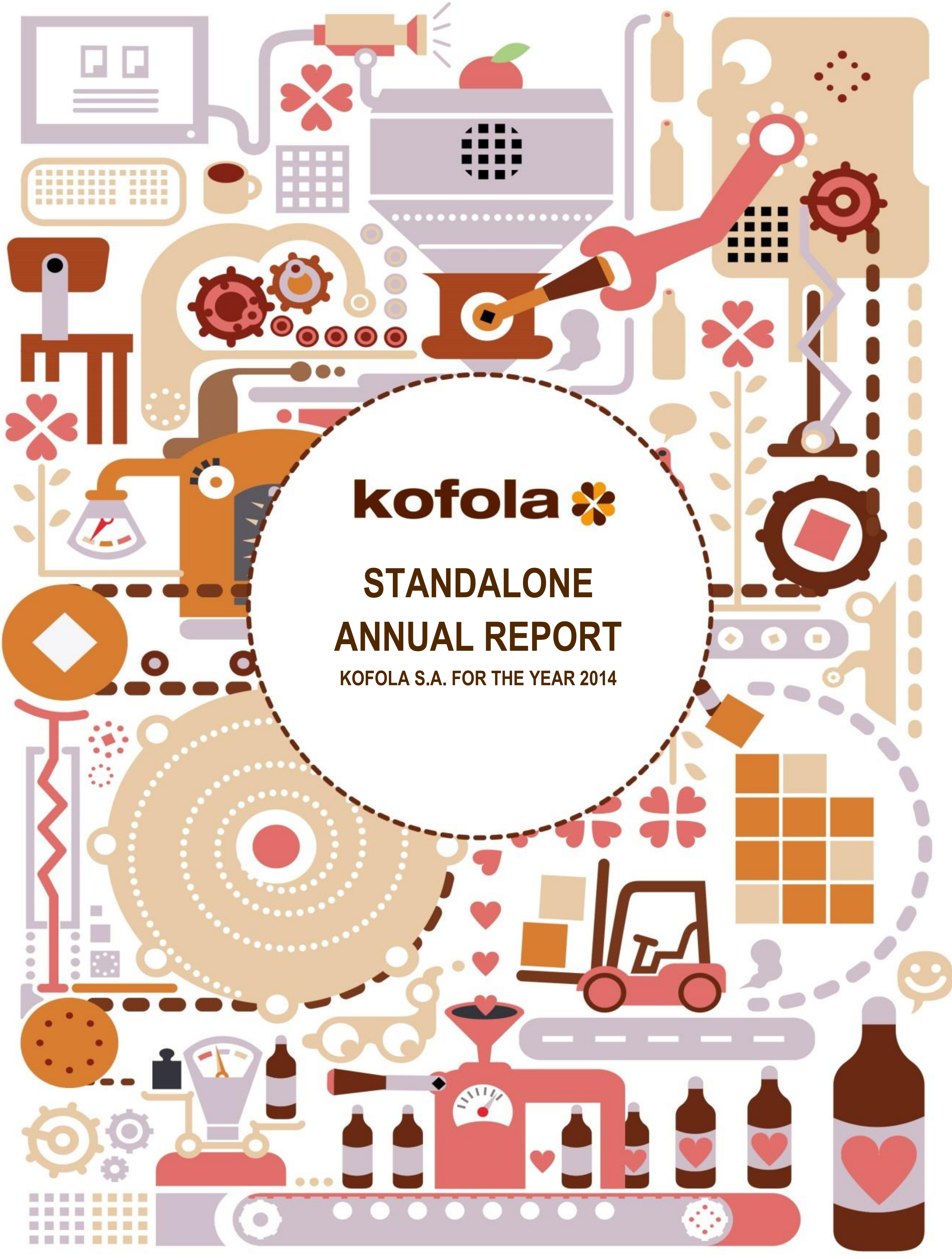

kofola

STANDALONE ANNUAL REPORT

KOFOLA S.A. FOR THE YEAR 2014

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

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

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

As at 31 December 2014, the Group comprised the following entities:

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 90% of shares after merger with companies Mangaloo s.r.o., Mangaloo freshbar s.r.o. The merger was registered by the court on 30 October 2014. The company's main area of activities is managing of fresh bars chain. The company was acquired on 1 December 2012,
- Kofola, družba za upravljanje, d.o.o. – a company registered in Slovenia as a holding company for acquisition of Radenska d.d.

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

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

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

COMPANIES PRESENTED FOR THE COMPARATIVE PERIOD ONLY:

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

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

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

1.2 MOST SIGNIFICANT EVENTS AT KOFOLA S.A. GROUP IN THE PERIOD FROM 1 JANUARY 2014 TO THE PREPARATION OF THE PRESENT FINANCIAL STATEMENTS

ACQUISITON OF RADENSKA

It is expected that on 17 March 2015 subsidiary Kofola, družba za upravljanje, d.o.o. closes transaction of acquisition 87.16% of share in Slovenian company Radenska d.d. with signing procedure started on 19 December 2014 by sales and purchase agreement (SPA) with Pivovarna Laško d.d. Radenska is the number one producer of natural mineral and spring water products in Slovenia. Furthermore Kofola is a party to agreement for the acquisition of further 6.82% stake in Radenska, specifying further conditions precedent which must be met within the next two weeks.

The transaction constitutes great opportunity for the Group to establish its presence in another European region. The Group will utilise the synergies coming from use of its know-how, efficient processes and innovations and is looking forward to develop and further build the Radenska brand. Also, the Group anticipates that the acquisition of Radenska will support its expansion possibilities to the Balkan market.

COOPERATON WITH RAUCH

In November 2014, the Group finalised the contract with the Rauch Group for exclusive distribution of Rauch products in the Czech Republic and Slovakia. It is a beginning of a long-term cooperation between two producers with common philosophy and values - quality products and continuous innovation towards healthier beverages. This cooperation with a family run company that is alike Kofola Group still owned by its original founders will make the Kofola Group a partner with the most comprehensive and high-quality portfolio in the CzechoSlovak soft drinks market offering beverages that satisfy even the most demanding customers.

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.

SHARE BUY-BACK TRANSACTIONS

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

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

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

CONTINUATION OF OWN SHARES REDEMPTION PROGRAMME

In accordance with Resolution No. 22 from 23 June 2014 the Ordinary General Meeting of KOFOLA S.A. authorized, under the conditions and within the limits set out in the adopted resolution, the Management Board of KOFOLA S.A. to purchase its own shares for cancellation and thus reduction of the share capital of the KOFOLA S.A. The total number of shares covered by the Redemption Programme will be no more than 106 484 shares, which constitutes approximately 0.4069% of the share capital, the resources allocated to the Programme may not exceed PLN 566 thousand and the price of acquired shares cannot exceed PLN 60 per share.

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

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

RESOLUTION ON CANCELLATION OF OWN SHARES AND REDUCTION OF SHARE CAPITAL

According to Resolutions No. 20 and 21 from 23 June 2014 the Ordinary General Meeting of KOFOLA S.A. decided on the cancellation of 9 624 ordinary shares acquired within the share redemption programme completed by the end of May 2014 and decided on the reduction of the share capital by PLN 9 624 to PLN 26 160 379. Reduction of the share capital was registered by the Court on 7 January 2015.

1.3 DESCRIPTION OF OPERATING RESULTS AND FINANCIAL POSITION

ADJUSTED INCOME STATEMENT

THE 12 MONTH PERIOD ENDED 31 DECEMBER 2014 COMPARED TO THE 12 MONTH PERIOD ENDED 31 DECEMBER 2013

Income Statement	1.1.2014 - 31.12.2014 *	1.1.2013 - 31.12.2013**	Change 2014/2013	Change 2014/2013 (%)
Revenue from dividends	20 629	12 453	8 176	66%
Cost of sales	-	-	-	-
Gross profit	**20 629**	**12 453**	8 176	66%
Selling, marketing and distribution costs	-	-	-	-
Administrative costs	(3 589)	(3 202)	(387)	12%
Adjusted other operating income/expenses net	(150)	3 938	(4 088)	(104)%
Adjusted operating profit	**16 890**	**13 189**	**3 701**	**28%**
Adjusted EBITDA	16 890	13 189	3 701	28%
Financial income/expenses net	(140)	(266)	126	(47%)
Adjusted profit before tax	**16 750**	**12 923**	**3 827**	**30%**
Income tax	-	(56)	56	(100%)
Adjusted net profit for the financial year	**16 750**	**12 867**	**3 883**	**30%**

** Data adjusted for impairment allowances of investment in associate in a total amount of PLN 6 747 thousand*
*** Data adjusted for impairment allowances of shares in Hoop Polska Sp. z o.o., impairment of goodwill and impairment allowances of land in a total amount of PLN 179 570 thousand*

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

Revenue from dividends

In the reporting period KOFOLA S.A. received a dividend from its subsidiary Alofok Ltd in amount of PLN 12 114 thousand and dividend from Kofola ČeskoSlovensko a.s. in amount of PLN 8 515 thousand, which is presented in Revenue from dividends.

Financial income

Interest income	*PLN 3 948 thousand*
Other	*PLN 198 thousand*

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

Financial expenses

Interest expense	*PLN 4 134 thousand*
Currency differences (losses)	*PLN 140 thousand*
Other	*PLN 12 thousand*

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

STATEMENT OF FINANCIAL POSITION

ASSETS	31.12.2014	31.12.2013	Change 2014/2013	Change 2014/2013
Fixed assets, out of which:	**833 480**	**849 679**	**(16 199)**	**(2%)**
Property, plant and equipment	268	268	-	-
Goodwill	-	-	-	-
Investment in subsidiaries and associates	737 934	744 681	(6 747)	(1%)
Loans provided to related parties	94 862	104 314	(9 452)	(9%)
Deferred tax asset	416	416	-	-
Current assets, out of which:	**5 021**	**2 599**	**2 422**	**93%**
Trade receivables and other receivables	3 726	416	3 310	796%
Cash and cash equivalents	1 295	2 183	(888)	(41)%
Total equity and liabilities	**838 501**	**852 278**	**(13 777)**	**(2%)**
Equity	761 454	768 817	(7 363)	(1%)
Long-term liabilities	71 992	77 437	(5 445)	(7%)
Short-term liabilities	5 055	6 024	(969)	(16%)

Assets

At the end of December 2014 the Company's fixed assets amounted to PLN 833 480 thousand. Compared to 31 December 2013 the value of fixed assets decreased by PLN 16 199 thousand mainly due to repayment of loans granted.

Goodwill created as a result of the merger with HOOP S.A. in 2008 constituting a component of assets in the comparable period, was fully written off in the comparative period. As at 31 December 2014, the Company's current assets amounted to PLN 5 021 thousand and most of the balance consisted of receivables from unpaid dividend and cash.

Liabilities

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

As at 31 December 2014, the net debt of the Company amounted to PLN 49 155 thousand and remained at a level similar to one recorded at the end of the comparable period.

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

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

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

In accordance with the requirements of § 91 par. 5 point 4 of the Minister's of Finance Decree of 19 February 2009 on the current and periodic information submitted by the issuers of securities and the conditions for recognising as equally valid the information required by the regulations of a state that is not a member state, as well as § 29 par. 5 of the Warsaw Stock Exchange Regulations, the Management Board of KOFOLA S.A. with its registered office in Kutno ("the Company") hereby makes public its declaration on the Company's application of corporate governance principles in the year 2014.

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

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

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

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

In 2014 the Company applied all of the principles referred to in the Good Practices of the Companies Listed on the WSE, with the exception of principles as followed.

In 2014 the Company stated that it was not applying the principle referred to in point 6 of Part IV of the Good Practices i.e. the principle which says that the day of the dividend and the dividend payment date shall be so set that the period between them was as short as possible and in any event not longer than 15 working days. Failure to implement the aforementioned principle resulted from the fact that, in Resolution No. 17 dated 23 June 2014 adopted by the Ordinary General Meeting of Shareholders, of which the Company stated in the current report No. 6/2014 and 7/2014 dated 24 June 2014, the day of the dividend was set for 23 September 2014, while the dividend payment date was established on 8 December 2014.

In the year 2014 the Company still did not apply the principle referred to in point 6 of Part III of the Good Practices, i.e. the principle relating to meeting the criteria of independence by at least two members of the Supervisory Board of which the Company informed in current report No. 20/2014 dated 29 September 2014.

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

Moreover, during Ordinary General Meeting of Shareholders convened on 23th June 2014, 21st July 2014, 2nd September 2014 and 29th September 2014, - due to the high costs of implementation and the lack of interest of the shareholders on the participation in the General Meeting via electronic means of communication, the Company did not apply the principle of 10 of Part IV of the Code of Best Practice. In the opinion of the Management Board, the Company applied the procedure for documenting general meetings fully reflect their actual course and ensure transparency of them. Therefore, lack of application of the principle does not affect the reliability of the Company's information policy. Introducing the possibility of carrying out electronic general meeting will only increase the cost of organizing the meeting.

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

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

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

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

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

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

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

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

The Shareholders of KOFOLA S.A. – according to the Company's knowledge as at 31 December 2014:

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

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

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

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

As at 31 December 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.

According to Resolutions No. 20 and 21 from 23 June 2014 the Ordinary General Meeting of the KOFOLA S.A. decided on the cancellation of 9 624 ordinary shares acquired within the share redemption programme completed by the end of May 2014 and decided on the reduction of the share capital by PLN 9 624 to PLN 26 160 379. Reduction of the share capital was registered by the Court on 7 January 2015.

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

There are no securities at the Company that give special controlling rights.

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

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

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

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

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

THE PRINCIPLES OF APPOINTING SUPERVISORY BOARD MEMBERS

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

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

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

THE PRINCIPLES OF APPOINTING MANAGEMENT BOARD MEMBERS

1. The Management Board comprises from 5 to 8 members appointed and removed by the Supervisory Board. Members of the Company's Management Board may hold the following positions::

a) Chairman of the Management Board,

b) Finance Director – Member of the Management Board,

c) Operating Directors - Member of the Management Board,

d) Sales Director - Member of the Management Board,

e) Marketing Director - Member of the Management Board,

f) Human Resources and Services Director - Member of the Management Board,

g) Development Director - Member of the Management Board,

2. Subject to the provisions of Par. 18.8. r)-v) above, the resolution of the Supervisory Board on appointment or removal from office of all or any particular members of the Management Board, including the President of the Management Board, shall be adopted by a simple majority of the votes.

3. If the Supervisory Board removes from office any member or members of the Management Board, as a result of which the number of the Management Board members falls below five, the Supervisory Board shall be obliged to appoint on the same meeting a new members of the Management Board in the number which shall guarantee the maintenance of the composition of the Management Board referred to the Articles of association of the Company.

4. If the term of office of any member or members of the Management Board expires due to reasons other than their removal from office and, as a result, the number of the Management Board members falls below five, the Supervisory Board shall be obliged within 14 days of the occurrence of such fact to appoint a new member.

5. A resigning Management Board member shall be obliged to advise the Supervisory Board and the remaining members of the Management Board of his or her resignation in writing.

6. The term of office of the Management Board shall be five years. The members of the Management Board may be re-appointed for next terms of office. Members of the Management Board are appointed for a joint term of office.

7. The tenure of the Management Board members shall expire as provided for in Art. 369 § 4 of the Commercial Companies Code. If new members were appointed to fill a vacancy or supplement the composition of the Management Board during its term of office, the term of office of the newly-appointed Management Board member shall expire at the same time as the terms of office of the other Management Board members.

THE POWERS OF THE SUPERVISORY BOARD

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

a) reviewing the Company's financial statements and the report of the Management Board on the Company's operations, in terms of their conformity with the accounting books and documents and with the actual state of affairs, and the Management Board's recommendations concerning the distribution of profit or coverage of loss, and submitting annual written report on the findings of the review to the General Shareholders Meeting,

b) reviewing the financial statements of the Company's Group and the report of the Management Board on the operations of the Company's Group, and submitting annual written report on the findings of the review to the General Shareholders Meeting,

c) supervising the performance of budgets,

d) approving the payment of interim dividend,

e) approving the grant of power of proxy or general power of attorney,

f) issuing opinions on matters to be discussed during the General Shareholders Meeting,

g) issues referred to in Par. 18 section 8 of the Statute of the Company.

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

a) approval of the consolidated economic and financial plan ("the budget") of the capital group of the Company prepared by the Company's Management Board, changing the format used for preparing the Company's budget,

b) approving the Company's long-term operating plans developed by the Management Board,

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

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

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

- EUR 30 000 000 or an equivalent of that amount – with respect to activities conducted as part of the ordinary course of business,
- EUR 3 000 000 or an equivalent of that amount – with respect to activities conducted outside the ordinary course of business,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- the contracts for the sale or for delivery of products and goods and materials to the production, the contracts for the provision of services or the contracts for the sale of fixed assets concluded on the market rules between the companies of the Company's Group where the value of such transactions on a one-off basis or over a period of one year shall not exceed the amount of EUR 1 000 000 or its equivalent,
- the guarantee contracts and other contracts of a similar nature, concluded between the companies of the Company's Group, where the value of the commitment shall not exceed the amount of EUR 5 000 000 or its equivalent,

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

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

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

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

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

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

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

THE POWERS OF MANAGEMENT BOARD

Representation of the Company and the Management Board's responsibilities

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

Passing resolutions

1. The Management Board shall adopt its decisions in the form of resolutions passed at meetings, which shall be convened as the need arises. Resolutions shall be passed by a simple majority of votes. In the event of a voting tie, the Chairman of the Management Board shall have the casting vote.
2. The following matters shall require the adoption of a resolution by the Management Board:

a) adopting the budget,

b) approving subscription, acquisition or disposal of shares in other entities and approving joining a company under commercial law or a civil-law partnership by the Company or any company of its Group,

c) approving a share capital increase, sale of a business or an organised part of a business, a demerger, merger or transformation of the Company or any company of its Group,

d) approving acquisition or disposal by the Company or any company of its Group of real property, a perpetual usufruct right or an interest in real property

e) approving the assumption of a liability or the disposal of assets by the Company or any company of its Group in a transaction other than executed in the ordinary course of business of the Company or any company of the Company's Group, where such transaction has not been provided for in the budget of the Company or any company of its Group and its value – based on one or more related legal transactions – exceeds the amount of 250 000 EUR or its equivalent,

f) approving the liquidation of any company of the Company's Group,

g) defining the terms and conditions of remuneration of the management boards and supervisory boards of the companies of the Company's Group,

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

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

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

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

Acquisition of own shares by the Company

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

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

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

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

CONVENING OF THE GENERAL MEETINGS

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

MAKING RESOLUTIONS BY THE GENERAL MEETING

1. Subject to the provisions of Art. 404 of the Commercial Companies Code, the General Shareholders Meeting may adopt resolutions only on matters provided for in the Commercial Companies Code, in the Statute and matters included in the agenda of the Meeting.
2. A resolution not to consider an issue included in the agenda of the meeting shall be adopted only for significant reasons. The relevant motion shall be justified in detail.
3. The General Shareholders Meeting shall be opened by the Chairperson of the Supervisory Board or by a person designated by the Chairperson, or – if there is not such a person – by the oldest Supervisory Board member present at the meeting. In the absence of such persons, the General Shareholders Meeting shall be opened by the Chairman of the Management Board, a person designated by the Management Board, or the Shareholder representing the largest number of the Company shares. If there are two or more Shareholders representing the largest number of the Company shares, the General Shareholders Meeting shall be opened by the oldest of them.
4. The General Shareholders Meeting shall be valid and shall have the capacity to adopt effective resolutions if the attending shareholders represent no less than 50% (fifty per cent) of the share capital. If there is no quorum present at the first General Shareholders Meeting, the Management Board shall immediately convene another General Shareholders Meeting with the same agenda, on a date falling no sooner than after four weeks of the first General Shareholders Meeting, indicating that it is convened after an earlier Meeting was adjourned and that it shall be valid regardless of the percentage of the share capital represented.

5. Subject to the mandatory provisions of the Commercial Companies Code and unless the Statute's provisions provide otherwise, resolutions shall be adopted by a simple majority. As long as CED GROUP S. à r.l., a limited-liability company under the law of Great Duchy of Luxemburg, with registered office in Luxembourg ("CED") remains the Company's shareholder with no less than 15% of shares in its share capital, the following matters shall require a resolution by the General Shareholders Meeting, adopted with the majority of 70% (seventy percent) of the votes cast in favour of the resolution:

   a) payment of dividend to shareholders in the amount exceeding 75% (seventy-five percent) of the net profit generated by the Company in the preceding financial year,

   b) appointment and removal of the independent member of the Supervisory Board,

   c) removal or suspension of members of the Company's Management Board.

6. The General Shareholders Meeting shall adopt Rules of Procedures for the General Shareholders Meeting, specifying in detail the manner of conducting the Meetings and adopting resolutions. In the event of a change to the Rules, the change shall become effective as of the next General Shareholders Meeting.

THE POWERS OF THE GENERAL MEETING

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

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

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

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

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

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

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

g) amending the Company's Statute, increasing or reducing the Company's share capital,

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

i) acquiring Company's own shares,

j) subject to Par. 17, Section 1 below, appointing and removing Supervisory Board members, including the Chairperson of the Supervisory Board,

k) dissolving the Company,

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

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

n) determining the dividend record date, that is the date as at which the list of Shareholders entitled to dividend for the given financial year is determined, subject to the provisions of Art. 348, Par. 2 of the Commercial Companies Code, and determining the dividend payment date,

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

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

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

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

Right to Participate in the General Meeting of Shareholders

1. Shareholders Meeting have only those who are shareholders of the Company for sixteen days before the date of the General Shareholders Meeting (the record date for the participation in the General Meeting).

    a) The bearer shares in a form of the document confer the right to participate in General Meeting if the documents of shares are submitted in the company not later than on the record date for participation in the general meeting and shall not be received before the end of this date. Instead of shares, it may be submitted the certificate issued as the proof of deposit of shares at the notary, in the bank or in the investment firm which have a seat or branch in the European Union or in a state which is the party of the agreement on the European Economic Area, as indicated in the notice of the convention of the General Meeting.

    b) The dematerialized bearer shares confer the right to participate in the General Meeting provided that the notification to the operator of the securities account the participation in the General Meeting shall be submitted by the holder of the dematerialized shares under Art. 406 (3) § 2 of the Commercial Companies Code.

2. The persons entitled to participate in the General Shareholders Meeting pursuant to point 1 of this paragraph are hereinafter referred to as the "Eligible Participants".

3. The members of the Company's Management Board and Supervisory Board, as well as other persons invited by the body which has convened the General Shareholders Meeting, shall be obliged to participate, with the right to speak, in the General Shareholders Meeting.

4. The Shareholder who is natural persons may participate in the General Shareholders Meeting and exercise its voting right personally or through a proxy, unless such voting right has been limited or waived under the applicable laws or the provisions of the Company's Statute adopted on the basis of such laws.

5. A Shareholder which is a legal person or an entity with no legal personality, but with the legal capacity, may participate in the General Shareholders Meeting and exercise its voting right through a person authorised to make declarations of will on behalf of such Shareholder or through a proxy.

6. The Power of attorney to participate in the General Meeting and to execution of voting right must be granted in writing or in electronic form. Granting power of attorney in electronic form shall not require a provision of it with a secure electronic signature verified by a valid qualified certificate. The Management Board decides of the manner of notification of the fact of granting the power of attorney in the notice of the convention of the General Meeting.

7. If the proxy at the General Meeting is a board member, member of the supervisory board, liquidator, an employee of the Company or member of bodies or employee of the company or subsidiary cooperative of the Company, the power of attorney may authorise to represent on the only one General Meeting. The proxy has an obligation to disclose to the shareholder the circumstances indicating the existence or the possibility of existence of a conflict of interests. Granting further power of attorney is impossible. In aforementioned case, the Proxy votes in accordance with instructions granted by the shareholder.

Opening of a General Meeting and election of its Chairman

1. A General Meeting is opened by the Chairman of the Supervisory Board or a person by him/her authorised, and in the absence of such authorisation, the most senior member of the Supervisory Board present at the Meeting. In the absence of those persons, the General Meeting is opened by the Chairman of the Management Board or a person appointed by the Management Board, or the Shareholder holding the greatest number of the Company's shares. If two or more shareholders meet the criteria of the greatest number of shares, the General Meeting is opened by the most senior among them or their representatives.

2. The person opening the General Meeting oversees the submission of candidacies and election of the General Meeting Chairman.

3. The General Meeting Chairman is elected from among the General Meeting's eligible participants.

4. Each Eligible participant has the right to submit one candidate.

5. The General Meeting Chairman directs the meeting in accordance with the agreed agenda, binding legal regulations and the provisions of the present Rules of Procedure, ensuring that the meeting is conducted and voting held in an efficient and proper manner.

6. The Chairman cannot resign from this position without valid reasons.

7. The powers and responsibilities of the General Meeting Chairman include in particular:

    a) preparing an attendance list, signing the list, displaying the list during the General Meeting and attaching it to the minutes,

    b) giving the floor,

    c) overseeing voting and ensuring that it is conducted correctly,

    d) signing documents containing vote results,

    e) concluding the completion of the meeting's agenda,

    f) resolving procedural matters,

    g) overseeing the work of support personnel present at the General Meeting.

8. The Chairman shall make decisions on admitting journalists to the General Meeting of Shareholders and on granting permission to make sound or visual recordings of the General Meeting of Shareholders. If any of Shareholders present at the Meeting should object to the decision of the Chairman, the issue shall be voted upon by the General Meeting of Shareholders.

Binding the General Meeting with the agenda

1. Subject to the provisions of Art. 404 of the Commercial Companies Code, the General Shareholders Meeting may adopt resolutions only on matters included in the agenda of the Meeting.

2. On the motion from an Eligible Participant, the Management Board or the Supervisory Board, the General Shareholders Meeting may adopt a resolution not to consider an issue included in the agenda or to change the order of issues included in the agenda.

3. A resolution not to consider an issue included in the agenda of the meeting shall be adopted only for significant reasons. The relevant motion shall require detailed grounds.

4. A shareholder or shareholders representing at least one-twentieth of the share capital may request the inclusion of certain issues in the agenda of the next General Meeting. The request shall be submitted to the Management Board no later than twenty one days before the scheduled date of the Meeting. The request shall include a justification or a draft of resolution concerning the proposed agenda item. The request may be submitted in electronic form. The Management Board shall announce immediately, but not later than eighteen days before the scheduled date of the General Meeting, the changes in the agenda, introduced at the request of shareholders. The announcement shall be made in a manner appropriate to convene a general meeting.

5. A shareholder or shareholders representing at least one twentieth of the share capital before the date of the General Meeting may submit to the Company in writing or by electronic means of communication, draft of resolutions concerning the issues placed in the agenda of general meeting or the issues which shall be placed in the agenda. The Company shall promptly announce the drafts of resolutions on its website.

Voting

1. Subject to the provisions of par. 2 and 3, voting is open.

2. The ballot shall be in the following cases:

    a) the vote relates to elections and motions to dismiss members of the Company's organs or liquidators,

    b) the vote relates to motions to hold members of the Company's organs or liquidators liable,

    c) the vote relates to personal matters.

3. Subject to the provisions of Article 416 § 3 of the Commercial Companies Code, a ballot is ordered at the request of even one of the present or represented Shareholders.

4. The General Meeting may pass a resolution to waive the secrecy of the vote on matters relating to the election of a Committee appointed by the General Meeting.

5. The provisions of par. 2 and 3 do not apply in cases when the General Meeting is attended by only one Shareholder.

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

THE RULES OF OPERATION OF THE MANAGEMENT BOARD OF THE COMPANY

The Board of Directors ("BoD") operates in accordance with applicable provisions of law, Good Practices and the provisions of the Company's Statute.

CHANGES IN THE COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD

THE COMPOSITION OF THE MANAGEMENT BOARD OF KOFOLA S.A. as at 31 December 2014:

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

On the day of preparation of this statement, the aforementioned composition of the Board of Directors remains unchanged.

CHANGES IN THE COMPOSITION OF THE COMPANY'S SUPERVISORY BOARD

THE COMPOSITION OF THE SUPERVISORY BOARD OF KOFOLA S.A. as at 31 December 2014:

- Mr. René Sommer – Chairman,
- Mr. Jacek Woźniak – Vice-chairman,
- Mr. Dariusz Prończuk,
- Mr. Pavel Jakubík,
- Mr. Moshe Cohen-Nehemia,
- Ms. Agnieszka Donica.

Mr. Moshe Cohen-Nehemia was appointed to the Supervisory Board of KOFOLA S.A. on 29th September 2014, and serves in the position of a member of the Supervisory Board.

On the day of preparation of this statement, the aforementioned composition of the Supervisory Board remains unchanged.

THE AUDIT COMMITTEE comprises:

- Mr. René Sommer,
- Mr. Jacek Woźniak,
- Mr. Dariusz Prończuk,
- Mr. Pavel Jakubík,
- Mr. Moshe Cohen-Nehemia,
- Ms. Agnieszka Donica.

Mr. Moshe Cohen-Nehemia was appointed as a member of the Audit Committee on 29th September 2014.

On the day of preparation of this statement, the aforementioned composition the Audit Committee remains unchanged.

THE REMUNERATION COMMITTEE comprises:

- Mr. Jacek Woźniak – Chairman,
- Mr. René Sommer.

THE RULES OF OPERATION OF THE SUPERVISORY BOARD OF THE COMPANY

The Supervisory Board operates in accordance with applicable provisions of law, provisions of the Company's Statute and provisions of the Rules of Procedures of the Supervisory Board.

MEETINGS OF THE SUPERVISORY BOARD

1. The Supervisory Board passes the rules of procedures for the functioning of the Supervisory Board.
2. For a Supervisory Board meeting to be effective, all of the members of the Supervisory Board must be properly invited, and the meeting must be attended by at least half of the Supervisory Board members, including the Chairman or Vice-Chairman. With the consent of all of its members, the Supervisory Board may meet without a formal call.
3. A Supervisory Board meeting is called by: (i) the Chairman of the Supervisory Board or (ii) the Vice-Chairman of the Supervisory Board, on his own initiative or at the request of the Company's Management Board or at least two members of the Company's Supervisory Board. A meeting should be called within 2 (in words: two) weeks of the submission of such a request by the entitled person, with the date of the meeting set for within 4 (in words: four) weeks of the submission of such a request. A Supervisory Board meeting is called by registered mail, e-mail or fax sent at least 2 (in words: two) weeks prior to the meeting date.
4. The Supervisory Board is required to hold a meeting at least once a quarter. Supervisory Board meetings are held at the Company's registered office or – with the consent of all members – at another location.
5. Subject to Article 388 § 2 and 4 of the Commercial Companies Code, Supervisory Board members may take part in the passing of resolutions by casting their vote in writing through another member of the Supervisory Board.
6. Subject to Article 388 § 4 of the Commercial Companies Code, the Supervisory Board may pass resolutions in writing or by using methods of direct communication. A resolution is valid if all of the Supervisory Board members have been notified of the text of the draft resolution.

7. Subject to the other provisions of the Company's Statute (see point H of the present declaration), the Supervisory Board passes resolutions by an ordinary majority of votes cast by Supervisory Board members present at the meeting, and if the number of votes is equal the Chairman of the Supervisory Board has the deciding vote.
8. The Supervisory Board may appoint permanent or ad hoc committees, operating as the Supervisory Board's collegial consulting and opinion forming organs. Two permanent committees are formed as part of the Supervisory Board: the Audit Committee and the Remuneration Committee. The Supervisory Board appoints members of the Audit Committee and the Supervisory Committee from among members of the Supervisory Board.
9. The work of a Committee is directed by the Committee chairman, who is selected at its first meeting, in a resolution passed by its members, from among members of the Committee. The chairman also supervises the preparation of the agenda, organization of document distribution and preparation of Committee meeting minutes.
10. Committee meetings are called in accordance with the same principles that apply to the calling of Supervisory Board meetings.
11. Committee resolutions are passed by an ordinary majority of votes. In votes where an equal number of votes are cast 'in favour' and 'against', the Committee chairman casts the deciding vote.

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

1. The Remuneration Committee is appointed by the Supervisory Board from among its members, and comprises several members. The number of members, including independent members, is determined by the Supervisory Board in the form of a resolution.
2. The Remuneration Committee is the Supervisory Board's opinion forming and consulting organ on the following matters:
   a) determining the terms and conditions for remunerating members of the Company's Management Board and members of the management and supervisory boards of the companies from the Company's group,
   b) granting bonuses or other variable remuneration components to members of the Management Board,
   c) remuneration of the Company's Management Board members agreed in the contracts signed with the Company,
   d) the Company's remuneration policies, including in particular the performance of periodic reviews of the system used to remunerate members of the Management Board and management staff working directly under the supervision of members of the Management Board, and submitting to the Supervisory Board proposed changes in those policies in the context of the Company's strategic goals,
   e) incentive plans for higher level managers,
   f) assessing the human resources management system at the Company and at the companies from its Group.

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

According to the Company's information as at the date of the preparation of the present report (i.e. 17 March 2015 with due regard to the fact that reduction of the share capital to 26 160 379 PLN was registered by the register court on 7 January 2015), the following entities held at least 5% of the total number of votes at General Shareholders' Meeting of KOFOLA S.A.:

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

- 13 395 373 shares, which constitute 51.20% of share capital of KOFOLA S.A.
- 13 395 373 votes, which constitute 51.20% of total votes at General Shareholders' Meeting of KOFOLA S.A.

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

- 11 283 153 shares, which constitute 43.13% of share capital of KOFOLA S.A.
- 11 283 153 votes, which constitute 43.13% of total votes at General Shareholders' Meeting of KOFOLA S.A.

As at 31 December 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. After registration of reduction of the share capital by the register court on 7 January 2015 share capital amounts to PLN 26 160 379 and consisted of 26 160 379 shares entitling to 26 160 379 votes at General Shareholders' Meeting of the Company.

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

FRUCTO-MAJ SP. Z O.O.

On 17 December 2014 KOFOLA S.A. has received last payment rate of debts fom Fructo-Maj Sp. z o.o., a company in the state of bankruptcy amounting PLN 442 thousands.

1.8 INFORMATION ABOUT SIGNIFICANT CONTRACTS

In the reporting period there were no such contracts.

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

In the reporting period there were no such contracts.

1.10 INFORMATION ABOUT CREDIT AND LOANS

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

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

Entity providing guarantees	Entity receiving guarantees	Credit value on balance sheet day which were subject to guarantee		The period for providing guarantees	The entity for which liabilities guarantees were provided	Kind of relationship between the entity providing and entity receiving
		in currency	in thous. PLN			
KOFOLA S.A.	Bank Millenium S.A.	PLN 9 000 T	9 000	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank BPH S.A.	PLN 9 000 T	9 000	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank Millenium S.A	PLN - T	-	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank BPH S.A.	PLN - T	-	12/2020	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Toyota Leasing S.A.	EUR 350 T	1 493	6/2015	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Krajowa Spółka Cukrowa S.A.	PLN 1 328 T	1 328	2/2015	Hoop Polska Sp. z o.o.	subsidiary
Total for loans or guarantees issued			**PLN 20 821**	**thousand**		

Remuneration of KOFOLA S.A. for granting the above mentioned guarantees in the reporting period amounted to PLN 198 thousand. The management of the Company estimates the fair value of these contingent liabilities to be zero (fair valuation in level 3).

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

The Company did not publish any financial result forecasts for the year 2014.

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

The operating profit of the KOFOLA S.A. in 2014 was influenced by following items treated by the Management as one-off events: impairment of investment in associate in total amount of PLN 6 747 thousand. Impairment is tax neutral.

1.14 CHANGES IN THE COMPANY'S BASIC MANAGEMENT METHODS

During 2014, no changes in the Company's management methods were made.

1.15 AGREEMENTS CONCLUDED BETWEEN THE ISSUER AND THE MANAGEMENT STAFF

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

1.16 REMUNERATION OF BOARD OF DIRECTORS AND SUPERVISORY BOARD MEMBERS

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

Board of Directors	2014
Janis Samaras	685
Martin Mateáš	1 034
Tomáš Jendřejek	538
René Musila	527
Daniel Buryš	517
Marián Šefčovič	624
Total*	**3 925**

* Remuneration of PLN 3 301 thousand have been paid out by subsidiary Kofola ČeskoSlovensko a.s.

Supervisory Board	2014
René Sommer **	-
Jacek Woźniak	-
Dariusz Prończuk	-
Pavel Jakubík **	-
Martin Dokoupil	-
Moshi Cohen	80
Agnieszka Donica **	-
Total	**80**

** Remuneration paid out in 2014 from the employment in Kofola ČeskoSlovensko a.s. and Hoop Polska Sp. z. o.o. amounted to PLN 1 345 thousand.

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

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

1.18 INFORMATION ABOUT THE ENTITY AUTHORISED TO AUDIT THE FINANCIAL STATEMENTS

On 30 May 2012 the company KOFOLA S.A. concluded a contract with PricewaterhouseCoopers Sp. z o.o. for an audit and review of financial statements. The agreement with PricewaterhouseCoopers Sp. z o.o. was concluded for a period of one year for an audit KOFOLA S.A. and KOFOLA S.A. Group for the financial year 2012 with an option to extend for a further two years. According to Supervisory Board decision from 21th March 2014 PricewaterhouseCoopers Sp. z o.o. has been appointed to audit and review of financial statements for 2014. The amount of remuneration resulting from the agreement with PricewaterhouseCoopers Sp. z o.o. due in respect of the standalone and consolidated financial statements KOFOLA S.A. for the year 2014 is PLN 20 thousand, whereas the amount of remuneration to PricewaterhouseCoopers Sp. z o.o. with the other titles, for the year 2014 amounted to PLN 20 thousand and relates to the review of interim individual and consolidated financial statements for first half of 2014.

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

REDUCTION OF THE SHARE CAPITAL

On 7 January 2015 was registered the reduction of the share capital by PLN 9 624 to PLN 26 160 379. Reduction has been made according to resolutions No. 20 and 21 from 23 June 2014 the Ordinary General Meeting of the KOFOLA S.A.

CREDIT SECURITY FOR ACQUISITON OF RADENSKA D.D.

On 11 March 2015, the group company Kofola ČeskoSlovensko a.s. concluded a loan agreement with Česká spořitelna, a.s. and Československá obchodní banka, a. s. for maximum of EUR 69 000 thousand with an interest based on PRIBOR + margin. The purpose of the loan is to finance the acquisition of Radenska d.d. by Kofola ČeskoSlovensko a.s.´s subsidiary Kofola, družba za upravljanje, d.o.o. The loan is denominated in CZK, final repayment date was set to 31 March 2024. The loan is secured by the shares of Kofola, družba za upravljanje, d.o.o., receivables of Kofola ČeskoSlovensko a.s. from Kofola, družba za upravljanje, d.o.o. resulting from financing the Radenska d.d. acquisition and by financial guarantees granted by KOFOLA S.A., Kofola a.s. (CZ) and Kofola a.s. (SK).

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

According to § 91 clause 1, item 6 of the Decree of the Council of Ministers from 19 February 2009 on current and periodic information published by the issuers of securities and conditions for recognising as equivalent information required by law of a non-member state, the Board of Directors of KOFOLA S.A. declares that the entity authorised to audit the financial statements, which audited the financial statements for the year 2014, was selected in accordance with the legal regulations and that this entity and the auditors performing the audit of the report, met the conditions for an independent opinion on the audited annual financial statements in accordance with applicable regulations and professional standards.

According to § 91 paragraph 1.5 of the Council of Ministers of 19 February 2009 on current and periodic information published by the issuers of securities and conditions for recognising as equivalent information required by the legal regulations of a non-member state, the Board of Directors of KOFOLA S.A. declares that according to its best knowledge, the annual financial statements for 2014 and comparative figures have been prepared in accordance with applicable accounting principles and give a true and fair view about KOFOLA S.A.'s financial position and its financial performance, and that the issuer's activity report presents a true view of the development and achievements as well as position of KOFOLA S.A., including a description of the main risks and threats.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

17.3.2015	**Janis Samaras**	**Chairman of the Board of Directors**	…………………………………
date	*name and surname*	*position/role*	*signature*
17.3.2015	**Martin Mateáš**	**Member of the Board of Directors**	…………………………………
date	*name and surname*	*position/role*	*signature*
17.3.2015	**René Musila**	**Member of the Board of Directors**	…………………………………
date	*name and surname*	*position/role*	*signature*
17.3.2015	**Tomáš Jendřejek**	**Member of the Board of Directors**	…………………………………
date	*name and surname*	*position/role*	*signature*
17.3.2015	**Daniel Buryš**	**Member of the Board of Directors**	…………………………………
date	*name and surname*	*position/role*	*signature*
17.3.2015	**Marián Šefčovič**	**Member of the Board of Directors**	…………………………………
date	*name and surname*	*position/role*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

17.3.2015	**Rafał Leduchowski**	**Chief Accountant**	…………………………………
date	*name and surname*	*position*	*signature*

2 STANDALONE FINANCIAL STATEMENTS OF KOFOLA S.A.

2.1 STANDALONE INCOME STATEMENT

for the 12-month periods ended 31 December 2014 (audited) and for the 12-month periods ended 31 December 2013 (audited) in PLN thousand.

Income Statement	Note	1.1.2014 - 31.12.2014	1.1.2013 - 31.12.2013
Revenue from dividends		20 629	12 453
Cost of sales		-	-
Gross profit		**20 629**	**12 453**
Selling, marketing and distribution costs		-	-
Administrative costs	5.2	(3 589)	(3 202)
Other operating income		-	3 942
Other operating expenses	5.5, 5.11	(6 897)	(179 573)
Operating profit/loss		**10 143**	**(166 380)**
Financial income	5.3	4 146	10 455
Financial expense	5.4	(4 286)	(10 190)
Profit/loss before tax		**10 003**	**(166 115)**
Income tax	5.7	-	(56)
Net profit/loss for the period		**10 003**	**(166 171)**
Earnings/loss per share (in PLN)			
- basic from profit for the period	5.9	0.3824	(6.3497)
- diluted from profit for the period	5.9	0.3824	(6.3482)

2.2 STANDALONE STATEMENT OF COMPREHENSIVE INCOME

for the 12-month periods ended 31 December 2014 (audited) and for the 12-month periods ended 31 December 2013 (audited) in PLN thousand.

Statement of comprehensive income	Note	1.1.2014 - 31.12.2014	1.1.2013 - 31.12.2013
Net profit/loss for the period		**10 003**	**(166 171)**
Other comprehensive income (gross)		-	-
Other comprehensive income (net)		-	-
Total comprehensive income	2.5	**10 003**	**(166 171)**

2.3 STANDALONE STATEMENT OF FINANCIAL POSITION

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

ASSETS	Note	31.12.2014	31.12.2013
Fixed assets (long-term)		**833 480**	**849 679**
Tangible fixed assets	5.10	268	268
Goodwill	5.11	-	-
Intangible fixed assets	5.11	-	-
Investment in subsidiaries and associates	5.12	737 933	744 681
Loans granted to related parties	5.13	94 862	104 314
Deferred tax assets	5.7	416	416
Current assets (short-term)		**5 021**	**2 599**
Trade receivables and other receivables	5.13	3 726	416
Cash and cash equivalents	5.14	1 295	2 183
TOTAL ASSETS		**838 501**	**852 278**

LIABILITIES AND EQUITY	Note	31.12.2014	31.12.2013
Equity		**761 454**	**768 817**
Share capital	5.15	26 170	26 170
Supplementary capital		725 281	908 818
Other capital	5.15	-	-
Retained earnings	5.15	10 003	(166 171)
Long-term liabilities		**71 992**	**77 437**
Bonds issued	5.18	49 879	49 006
Provisions	5.16	-	-
Other long-term liabilities	5.19	22 113	28 431
Deferred income tax liabilities	5.7	-	-
Short-term liabilities		**5 055**	**6 024**
Bonds issued	5.18	571	588
Trade liabilities and other liabilities	5.19	4 484	5 436
Income tax liabilities		-	-
Provisions	5.20	-	-
Total liabilities		**77 047**	**83 461**
TOTAL LIABILITIES AND EQUITY		**838 501**	**852 278**

2.4 STANDALONE CASH FLOW STATEMENT

for the 12-month periods ended 31 December 2014 (audited) and for the 12-month periods ended 31 December 2013 (audited) in PLN thousand.

Cash flow statement	Note	1.1.2014 - 31.12.2014	1.1.2013 - 31.12.2013
Cash flows on operating activity			
Profit (loss) before tax		10 003	(166 115)
Adjustments for the following items:			
Non-cash movements			
Depreciation and amortisation		-	-
Net interest and dividends		(20 442)	(15 677)
Change in the balance of provisions		-	(723)
Impairment		6 747	179 570
Other		(362)	-
Gains and losses on foreign exchange differences		140	3 087
Cash movements			
Dividends received		17 214	12 453
Income tax paid		-	-
Change in working capital			
(Increase) / decrease in the balance of receivables		2 001	5 689
(Increase) / decrease in the balance of liabilities		(2 204)	(548)
Net cash flows on operating activity		**13 097**	**17 736**
Cash flows on investing activity			
Purchase of financial assets		-	(8)
Interest received		7 478	8 843
Proceeds from repaid loans		3 885	873
Loans granted		-	(96)
Net cash flows on investing activity		**11 363**	**9 612**
Cash flows on financial activity			
Proceeds from bonds issue		-	54 521
Repayment of bonds		-	(53 460)
Dividends paid		(17 004)	(23 291)
Interest paid		(8 344)	(4 087)
Net cash flows on financing activity		**(25 348)**	**(26 317)**
Total net cash flow		(888)	1 031
Cash at the beginning of the period		**2 183**	**1 152**
Cash at the end of the period		**1 295**	**2 183**

2.5 STANDALONE SATEMENT OF CHANGES IN EQUITY

for the 12-month period ended 31 December 2014 (audited) and the 12-month period ended 31 December 2013 (audited) in PLN thousand.

Statement of changes in equity	Note	Share capital	Supplementary capital	Own shares	Other capital	Retained earnings	Total equity
As at 1.1.2013		**26 173**	**920 420**	**(69)**	**342**	**11 755**	**958 621**
Net loss for the period		-	-	-	-	(166 171)	(166 171)
Total comprehensive income		**-**	**-**	**-**	**-**	**(166 171)**	**(166 171)**
Decrease in share capital		(3)	3	-	-	-	-
Dividend payment		-	(11 536)	-	-	(11 755)	(23 291)
Other (profit distribution)		**-**	-	-	(342)	-	(342)
As at 31.12.2013		**26 170**	**908 887**	**(69)**	**-**	**(166 171)**	**768 817**
As at 1.1.2014		**26 170**	**908 887**	**(69)**	**-**	**(166 171)**	**768 817**
Net profit for the period		-	-	-	-	10 003	10 003
Total comprehensive income		**-**	**-**	**-**	**-**	**10 003**	**10 003**
Dividend payment		-	(17 004)	-	-	-	(17 004)
Own shares		-	-	(362)	-	-	(362)
Transfers		-	(166 171)	-	-	166 171	-
As at 31.12.2014		**26 170**	**725 712**	**(431)**	**-**	**10 003**	**761 454**

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.

3 GENERAL INFORMATION

Information about the Company:

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

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

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

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

The Company has been formed for an unspecified time.

The Company's separate financial statements cover the year ended 31 December 2014 and include comparatives for the year ended 31 December 2013.

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

BOARD OF DIRECTORS

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

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

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

SUPERVISORY BOARD

As at 31 December 2014, the Supervisory Board consisted of:

- René Sommer – Chairman,
- Jacek Woźniak – Vice-Chairman,
- Dariusz Prończuk,
- Pavel Jakubík,
- Agnieszka Donica,
- Moshe Cohen-Nehemia.

Moshe Cohen-Nehemia was appointed as a member of the Supervisory Board on 29 September 2014.

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

AUDIT COMMITTEE

As at 31 December 2014, the Audit Committee consisted of:

- Jacek Woźniak,
- Dariusz Prończuk,
- René Sommer,
- Moshe Cohen-Nehemia,
- Agnieszka Donica,
- Pavel Jakubík.

Moshe Cohen-Nehemia was appointed as a member of the Audit Committee on 29 September 2014.

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

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

4.1 BASIS FOR THE PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

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

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

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

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

4.2 STATEMENT OF COMPLIANCE

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

4.3 FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

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

4.4 TRANSLATION OF AMOUNTS EXPRESSED IN FOREIGN CURRENCY

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

Financial assets and liabilities expressed as at the balance sheet date in currencies other than the Polish zloty are translated into the Polish zlotys using the closing 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 financial income (expense).

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.

The following rates were used for preparation of the financial information:

Currency rate at the end of the period	31.12.2014	31.12.2013
PLN/CZK	0.1537	0,1513
PLN/EUR	4.2623	4,1472
PLN/RUB	0.0602	0,0914
PLN/USD	3.5072	3,0120

Average currency rate, calculated as arithmetical mean of currencies on last day of each month in period	1.1.2014 - 31.12.2014	1.1.2013 - 31.12.2013
PLN/CZK	0.1520	0,1620
PLN/EUR	4.1893	4,2110
PLN/RUB	0.0821	0,0990
PLN/USD	3.1784	3,1653

4.4.1 *TANGIBLE FIXED ASSETS*

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

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

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

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

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

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

Depreciation

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

4.4.2 *GOODWILL*

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

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

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

4.4.3 *RECOVERABLE AMOUNT OF FIXED ASSETS*

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

4.4.4 *FINANCIAL INSTRUMENTS*

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

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

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

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

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

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

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

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

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

Financial liabilities are divided into:

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

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

FINANCIAL ASSETS

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

FINANCIAL ASSETS STATED AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

LOANS AND RECEIVABLES

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

FINANCIAL LIABILITIES

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

4.4.5 *TRADE RECEIVABLES AND OTHER RECEIVABLES*

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

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

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

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

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

Impairment is recognized when the carrying amount of the receivable is higher than its recoverable value.

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

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

Provisions for doubtful receivables are created for 50% of the following receivables:

- receivables that are overdue by more than 180 but less than 360 days as at the balance sheet date.

4.4.6 *CASH AND CASH EQUIVALENTS*

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

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

4.4.7 *EQUITY*

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

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

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

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

Other capital consists of the reserve capital and the revaluation reserve.

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

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

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

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

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

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

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

4.4.9 *TRADE LIABILITIES AND OTHER LIABILITIES*

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

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

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

4.4.10 *PROVISIONS*

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

4.4.11 *EMPLOYEE BENEFITS*

Jubilee bonuses and retirement compensation

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

Termination benefits

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

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

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

Incentive programs based on allocation of subscription warrants

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

4.4.12 *REVENUE*

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

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

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

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

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

4.4.12.1 Dividends

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

4.4.12.2 Provision of services

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

4.4.12.3 Interest

Interest income is recognised gradually as it accrues.

4.4.13 *INCOME TAX*

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

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

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

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

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

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

4.4.14 *EARNINGS PER SHARE*

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

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

4.5 NEW STANDARDS AND INTERPRETATIONS

ADOPTION OF CHANGES TO STANDARDS IN 2014

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

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

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

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

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

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

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

- 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
- Amendments to IAS 19 - Defined Benefit Plans: Employee Contributions
- IFRS 14, Regulatory Deferral Accounts
- Amendments to IAS 16 and IAS 41 - Agriculture: Bearer plants
- IFRIC 21 – Levies

4.6 PROFESSIONAL JUDGEMENT

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

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

As at 31 December 2014, the Management's professional judgment relates to provisions for claims and court cases, as well as to contingent liabilities. It is also used in assessing the risk associated with the repayment of overdue receivables – the Company verifies its impairment allowances for doubtful debts as at each balance sheet date, taking into account the potential risk of significant delays in their repayment.

4.7 UNCERTAINTY OF ESTIMATES

Since some of the information contained in the financial statements cannot be measured precisely, to prepare the financial statements the Company's Management must perform estimates. The Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason the estimates performed as at 31 December 2014 may be changed in the future. The main estimates pertain to the following matters:

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

4.8 APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved these separate financial statements for publication on 17 March 2015.

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

5.1 INFORMATION ABOUT OPERATING SEGMENTS

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

5.2 EXPENSES BY NATURE

Expenses by nature	1.1.2014 – 31.12.2014	1.1.2013 – 31.12.2013
Depreciation and amortisation of fixed assets and intangible assets	-	-
Costs of employee benefits and retirement benefits	96	256
Consumption of materials and energy	8	10
Services	3 914	2 822
Rental costs	72	72
Taxes and fees	11	17
Property and life insurance	-	25
Change in allowance to receivables	(512)	-
Total expenses by nature	**3 589**	**3 202**
Reconciliation of expenses by nature to expenses by function	**3 589**	**3 202**
Administrative costs	3 589	3 202
Total costs of products, merchandise and materials sold, sales costs and overhead costs	**3 589**	**3 202**

Costs of employee benefits and retirement benefits	1.1.2014 – 31.12.2014	1.1.2013 – 31.12.2013
Cost of salary	85	218
Social security and other benefits costs	11	38
Total costs of employee benefits and retirement benefits	**96**	**256**

5.3 FINANCIAL INCOME

Financial income	1.1.2014 – 31.12.2014	1.1.2013 – 31.12.2013
Financial interest income from:		
– bank deposits	7	312
– credits and loans granted	3 941	10 000
Net financial income from realised FX differences	-	-
Other financial income	198	143
Total financial income	**4 146**	**10 455**

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

5.4 FINANCIAL EXPENSES

Financial expenses	1.1.2014 – 31.12.2014	1.1.2013 – 31.12.2013
Financial interest expense from:		
– bonds issued	2 550	5 202
– liabilities purchased within the Group	1 584	1 885
Net financial losses from realised FX differences	140	3 087
Bank costs and charges	12	15
Total financial expenses	**4 286**	**10 189**

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

5.5 CHANGES IN PROVISIONS AND IMPAIRMENT ALLOWANCES

Changes in provisions and impairment allowances	Receivables	Tangible fixed assets	Financial assets
As at 1.1.2014	**5 696**	**104**	**177 580**
Increase due to recognition	-	-	6 747*
Decrease due to release	-	-	(11 081)
Decrease due to usage	(4 530)	-	-
As at 31.12.2014	**1 166**	**104**	**173 246**

** impairment allowances of investment in associate*

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

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

5.6 DIVIDENDS PAID AND DECLARED

According to Resolution No. 19 from 23 June 2014 the Ordinary General Meeting of KOFOLA S.A. 2014 has decided to cover the loss recorded by the Company in 2013 in the amount of PLN 166 171 thousand from the Supplementary capital. Moreover Shareholders Meeting decided to allocate the amount of PLN 17 004 thousand from the Dividend fund (created from prior year profits) for distribution between shareholders.

Shares from each series (A, B, C, D, E, F, G) excluding own shares, will be part of the dividend that amounts to PLN 0.65 per share. The dividend date was set for 23 September 2014 and the payment of the dividend was set for 8 December 2014.

In the reporting period KOFOLA S.A. recognized in revenues from dividends dividends from Kofola ČeskoSlovensko a.s. and Alofok Ltd. in amount of PLN 20 629 thousand.

5.7 INCOME TAX

Main income tax elements for the period of 12 months ended 31 December 2014 and for the period of 12 months ended 31 December 2013:

Income tax	1.1.2014 – 31.12.2014	1.1.2013 – 31.12.2013
Income Statement		
Current income tax	**-**	**-**
Current Income tax charge	-	-
Deferred income tax	**-**	**56**
Related with recognition and reversal of temporary differences	-	(1 384)
Related with tax losses	-	1 440
Income tax charge/discharge recorded in the income statement	**-**	**56**

Presented below is a reconciliation of the income tax on the profit/loss before tax at the statutory tax rate with income tax calculated using the effective tax rate, calculated as at 31 December 2014 and 31 December 2013:

	1.1.2014 – 31.12.2014	1.1.2013 – 31.12.2013
Profit/loss before tax	**10 003**	**(166 115)**
Tax expense at the theoretical domestic tax rate in Poland	(1 901)	31 562
Tax effect of:		
Non-deductible expenses	(1 321)	-
Non-recognition of deferred tax assets	(3 169)	-
Unrecognised asset from impairment allowances	-	(34 094)
Non-taxable income	3 919	2 366
Deferred tax adjustments relating to prior periods	2 472	110
Other	-	-
Income tax presented in the income statement	**-**	**(56)**
Effective tax rate (%)	**0.00%**	**(0.03)%**

Deferred income tax

Deferred income tax results from the following items:

31.12.2014

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITY	Deferred income tax assets	Deferred income tax liability	Net amount
Tangible fixed assets and intangible fixed assets	20	-	20
Receivables	304	4 928	(4 624)
Tax losses	4 719	-	4 719
Trade liabilities and other liabilities	332	-	332
Other	-	31	(31)
Deferred income tax assets / deferred income tax liabilities	**5 375**	**4 959**	**416**
Presentation offsetting	(4 959)	(4 959)	-
Long-term deferred income tax assets / deferred income tax liability	**416**	**-**	**416**
Short-term deferred income tax assets / deferred income tax liability	**-**	**-**	**-**

31.12.2013

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITY	Deferred income tax assets	Deferred income tax liability	Net amount
Tangible fixed assets and intangible fixed assets	20	-	20
Receivables	1 004	6 263	(5 259)
Tax losses	4 719	-	4 719
Liabilities and provisions	930	-	930
Other (incl. investment incentives)	6	-	6
Deferred income tax assets / deferred income tax liability	**6 679**	**6 263**	**416**
Presentation offsetting	(6 263)	(6 263)	-
Long-term deferred income tax assets / deferred income tax liability	**416**	**-**	**416**
Short-term deferred income tax assets / deferred income tax liability	**-**	**-**	**-**

5.8 DISCONTINUED OPERATIONS

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

5.9 EARNINGS PER SHARE

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

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

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

	1.1.2014 - 31.12.2014	1.1.2013 - 31.12.2013
Net profit/loss	**10 003**	**(166 171)**

	1.1.2014 - 31.12.2014	1.1.2013 - 31.12.2013
Weighted average number of issued common shares used to calculate the regular earnings per share ratio	26 170 003	26 172 602
Shares buy-back	(9 624)	(2 599)
Weighted average number of issued common shares	**26 160 379**	**26 170 003**
Impact of dilution:		
Subscription warrants	-	6 099
Adjusted weighted average number of common shares used to calculate diluted earnings per share	**26 160 379**	**26 176 102**

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

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

Basic earnings per share	1.1.2014 - 31.12.2014	1.1.2013 - 31.12.2013
Net profit/loss assigned to the shareholders of the parent company	10 003	(166 171)
Weighted average number of issued common shares	26 160 379	26 170 003
Basic earnings per share (PLN/share)	**0.3824**	**(6.3497)**

Diluted earnings per share	1.1.2014 - 31.12.2014	1.1.2013 - 31.12.2013
Net profit/loss attributable to the shareholders, used to calculate diluted earnings per share	10 003	(166 171)
Adjusted weighted average number of common shares used to calculate diluted earnings per share	26 160 379	26 176 102
Diluted earnings per share (PLN/share)	**0.3824**	**(6.3482)**

5.10 Tangible fixed assets

1.1.2014 - 31.12.2014

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

1.1.2013 - 31.12.2013

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

5.11 INTANGIBLE FIXED ASSETS

1.1.2014 - 31.12.2014

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

* The goodwill has been written-off

1.1.2013 - 31.12.2013

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

5.12 SHARES IN SUBSIDIARIES AND FINANCIAL ASSETS AVAILABLE FOR SALE

Shares in consolidated companies:

	Company Name	Registered office	Range of activity	Consolidation method	Direct or indirect % part in share capital	% part in voting rights	Net book value	
							31.12.2014	31.12.2013
1.	Kofola ČeskoSlovensko a.s.	Czech Republic, Ostrava	holding	Acquisition accounting	100.00%	100.00%	481 703	481 703
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
3.	Alofok Ltd.	Cyprus, Limassol	holding	Acquisition accounting	100.00%	100.00%	49 153	55 907
4.	STEEL INVEST Sp. z o.o.	Poland, Warszawa	does not conduct operations	Acquisition accounting	100.00%	100.00%	-	-
	TOTAL						**737 934**	**744 681**

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

INVESTMENT IN ALOFOK LTD. IMPAIRMENT TESTING

The carrying amount of the investment in ALOFOK Ltd. has been subject to impairment testing. The parameters of the impairment test model are as follows:

- Future Cash Flows are estimated based on Future Cash Flos of the Megapack Group,
- WACC: 21.9 %,
- Indefinite growth rate 2.0 %.

The financial projections are in the table below:

Megapack Group financial projections	2016	2017	2018	2019
EBITDA	**11 320**	**14 490**	**18 547**	**23 740**
Inflation - russian food industy	15%	15%	15%	15%
Real expected growth	13%	13%	13%	13%
Total growth	**28%**	**28%**	**28%**	**28%**

Changes in these assumptions may affect the Companie's financial position, including the results of fixed asset impairment tests, and in consequence, may change the Company's financial position and financial result in future years.

SENSITIVITY ANALYSIS OF THE IMPAIRMENT TEST

The impairment test based on above mentioned parameters gives impairment of PLN 6 747 thousand. If WACC is increased by 2 p.p. total impairment of PLN 13 803 thousand would be recorded. If the expected EBITDA growth is by 10% lower total impairment of PLN 19 691 thousand would be recorded.

5.13 TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables and other receivables	31.12.2014	31.12.2013
Trade receivables	906	921
Other financial receivables	375	4 875
Allowance on receivables	(1 166)	(5 697)
Total trade receivables and other financial receivables	**115**	**99**
VAT receivables	129	317
Other receivables	3 482	-
Total financial trade receivables and other receivables	**3 726**	**416**

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

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

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

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

5.14 Cash and cash equivalents

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

Cash and cash equivalents	31.12.2014	31.12.2013
Cash in bank and in hand	1 295	2 183
Total cash and cash equivalents	**1 295**	**2 183**

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

Currency structure of cash and cash equivalents:

Split by currency	31.12.2014	31.12.2013
in PLN	1 121	394
in EUR	1	452
in CZK	172	1 336
in RUB	1	1
Total cash and cash equivalents	**1 295**	**2 183**

5.15 Share capital and other capital

31.12.2014

SHARE CAPITAL

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

* including own shares

SHARE CAPITAL STRUCTURE

Name of entity	Number of shares	% in share capital	% in voting power
KSM Investment S.A.	13 395 373	51.19%	51.19%
CED GROUP S. a r.l.	11 283 153	43.11%	43.11%
René Musila	687 709	2.63%	2.63%
Tomáš Jendřejek	687 660	2.63%	2.63%
Other	116 108	0.44%	0.44%
Total	**26 170 003**	**100.00%**	**100.00%**

Ultimate controlling party is represented by private individuals.

Nominal value of shares

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

Shareholder rights

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

5.15.1 OTHER CAPITAL

Other capital	Supplementary Capital	Capital from subscription warrants	Total
As at 1.1.2013	**920 420**	**342**	**920 762**
Dividend payment	(11 536)	-	**(11 536)**
Other	(66)	(342)	**(408)**
As at 31.12.2013	**908 818**	**-**	**908 818**
As at 1.1.2014	**908 818**	**-**	**908 818**
Dividend payment	(17 004)	-	**(17 004)**
Transfers	(166 171)	-	**(166 171)**
As at 31.12.2014	**725 643**	**-**	**725 643**

Nature and purpose of other capital

Supplementary capital

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

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

5.16 PROVISIONS

Provisions	Provisions for costs of employee benefits	Other provisions	Total
As at 1. 1.2013	**18**	**705**	**723**
Increase due to recognition	-	-	-
Decreases due to release	-	(705)	(705)
Decreases due to usage	(18)	-	(18)
As at 31.12.2013	**-**	**-**	**-**
Increase due to recognition	-	-	-
Decreases due to release	-	-	-
Decreases due to usage	-	-	-
As at 31.12.2014	**-**	**-**	**-**

5.17 EMPLOYEE BENEFITS

5.17.1 RETIREMENT BENEFITS

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

5.18 CREDIT AND LOANS AND ISSUED BONDS

As at 31 December 2014 and as at 31 December 2013, KOFOLA S.A. had no debt arising out of credits or loans.

As at 31 December 2014, KOFOLA S.A. has obligations from issued bonds in the total amount of PLN 50 450 thousand. Liabilities from interests and obligations from bonds maturing in October 2018 in the amount of PLN 49 879 thousand are disclosed in long-term liabilities, and the liabilities from interests in the amount of PLN 571 thousand are presented in short-term liabilities.

5.19 TRADE LIABILITIES AND OTHER LIABILITIES

As at 31 December 2014 and as at 31 December 2013, the Company had no long-term trade liabilities. Listed as a long-term item in other liabilities in the amount of PLN 22 113 thousand are the interest-bearing liabilities to Hoop Polska Sp. z o.o. associated with the acquisition from Hoop Polska Sp. z o.o. of the debts of Maxpol Sp. z o.o., Bobmark International Sp. z o.o. and PCD Hoop Sp. z o.o.

The Company has the following short-term liabilities:

Trade liabilities and other liabilities	31.12.2014	31.12.2013
Trade liabilities	3 379	3 822
Accrued liabilities and other creditors	1 103	1 613
Total financial liabilities within trade liabilities and other liabilities	**4 482**	**5 435**
Accrued employee benefit costs	2	1
Total trade liabilities and other liabilities	**4 484**	**5 436**

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

CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities and assets	Contingent assets	Contingent liabilities
As at 1.1.2014	**-**	**30 039**
Increase (+)	-	2 108
Decrease (-)	-	(11 326)
As at 31.12.2014	**-**	**20 821**

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

5.20 COURT LITIGATIONS

FRUCTO-MAJ SP. Z O.O.

On 17 December 2014 KOFOLA S.A. has received last payment rate of debts fom Fructo-Maj Sp. z o.o., a company in the state of bankruptcy amounting PLN 442 thousands.

5.21 INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

Revenue of KOFOLA S.A. arising from interest from loans granted to related parties in the twelve-month period ended 31 December 2014 amounted to PLN 3 941 thousand. The management of the Company estimates the fair value of these contingent liabilities to be zero (fair valuation in level 3).

Revenue arising from guarantees issued for the year 2014 amounted to PLN 198 thousand.

The value of services purchased by KOFOLA S.A. in the twelve-month period of 2014 from related parties amounted to PLN 1 665 thousand and concerned primarily rental costs, maintenance costs for financial reporting and accounting and legal services.

Interest expense on debt acquired from related parties for the twelve-month period of 2014 amounted to PLN 1 584 thousand.

Receivables from related parties	31.12.2014	31.12.2013
- from consolidated subsidiaries	3 516	17
Total receivables from related companies	**3 516**	**17**

Liabilities towards related parties	31.12.2014	31.12.2013
- towards consolidated subsidiaries	25 364	33 590
Total liabilities towards related companies	**25 364**	**33 590**

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

Loans granted to related parties	31.12.2014	31.12.2013
Long-term Loans, including:		
Principal	70 299	73 483
Interest	24 563	30 831
Total	**94 862**	**104 314**

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

REMUNERATION OF THE SENIOR MANAGEMENT STAFF

Information on benefits for the senior management staff	1.1.2014 - 31.12.2014	1.1.2013- 31.12.2013
Short-term employee benefits (salaries, wages and other remuneration components)	-	149
Total value of benefits for the senior management staff	**-**	**149**

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

	1.1.2014 - 31.12.2014	1.1.2013- 31.12.2013
Board of Directors	-	149
Supervisory Board	80	96
Total	**80**	**245**

5.22 OBJECTIVES AND METHODS OF FINANCIAL RISK MANAGEMENT

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

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

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

The Company's activities are exposed to several types of financial risk: market risk (including foreign exchange risk, pricing risk and cash flow risk relating to changes in interest rates), credit risk and liquidity risk. The Company also monitors the market price risk on all of its financial instruments. Risk management is carried out by the Management of subsidiaries of the KOFOLA S.A., which identifies and evaluates financial risks above. The overall process of risk management is carried out by the Management and focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. The Company uses derivative financial instruments to hedge certain risk exposures, provided that hedging instruments are considered to be cost effective. As at 31 December 2014 did not have options or forward contracts, both in dollars and in euros. The Management verifies and agrees the risk management methods with regard to every type of risk. A short description of these methods is presented below.

5.22.1 *INTEREST RATE RISK*

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

The Company places its free funds on variable interest rate deposits, which will bring the profits down if the interest rates fall. The Company also uses fixed interest rate instruments, with regard to which interest rate movements have no effect on interest costs or interest receivable. Trade and other receivables and payables are not interest bearing and have due dates of up to a year, with the exception of other fixed interest rate liabilities (short- and long-term) to the subsidiary Hoop Polska Sp. z o.o. for the purchase of debts of the companies Maxpol Sp. z o.o. and Bobmark International Sp. z o.o. and PCD Hoop Sp. Z o.o. In addition, in 2008 the Company granted a loan to the subsidiary Kofola ČeskoSlovensko a.s., (the balance of which is CZK 386 398 thousand, i.e. PLN 59 389 thousand as at 31 December 2014), and also granted loans to the Company Hoop Polska Sp. z o.o. (the balance of which is PLN 35 473 thousand as at 31 December 2014). The loans have a fixed interest rate.

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

5.22.2 *CURRENCY RISK*

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

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

Currency risk impact on profit or loss	2014	2013
CZK appreciation by 3% (2013: appreciation by 3%)	(158)	(1)
CZK depreciation by 3% (2013: depreciation by 3%)	158	1
EUR appreciation by 3% (2013: appreciation by 3%)	(4)	55
EUR depreciation by 3% (2013: depreciation by 3%)	4	(55)

5.22.3 *CREDIT RISK*

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

As at 31 December 2014, the Company's maximum exposure to credit risk amounts to PLN 115 thousand, and has been estimated as the carrying amount of trade receivables and other receivables from third parties.

Ageing structure of receivables is presented below:

Credit risk	31.12.2014		31.12.2013	
	Trade receivables	Other financial receivables	Trade receivables	Other financial receivables
Receivables neither past due nor impaired				
Large retailers chains	-	-	-	-
Small companies	-	-	-	-
Total receivables neither past due nor impaired	**-**	**-**	**-**	**-**
Receivables past due but not impaired				
- less than 30 days overdue	-	-	-	-
- 30 to 90 days overdue	-	-	-	-
Total receivables past due but not impaired	**-**	**-**	**-**	**-**
Receivables individually determined to be impaired (gross)				
- less than 30 days overdue	-	-	-	1
- 30 to 90 days overdue	-	-	-	2
- 91 to 180 days overdue	-	-	-	3
- 181 to 360 days overdue	-	-	-	3
- over 360 days overdue	906	375	920	4 866
Total receivables individually impaired	**906**	**375**	**920**	**4 875**
Less impairment allowance	**(903)**	**(263)**	**(903)**	**(4 793)**
Total	**3**	**112**	**17**	**82**

In addition, the Company has a long-term receivable from a loan granted to Kofola Československo a.s. in the amount of PLN 59 389 thousand with maturity as at October 2036 and from loan granted to Hoop Polska Sp. z o.o. in the amount PLN 35 473 thousand.

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

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

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

5.22.4 *LIQUIDITY RISK*

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

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

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

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

31.12.2014		Cash outflows in the period:		
Cash outflows	Total	to 90 days	from 91 to 360 days	above 360 (see note below)
Trade liabilities	**3 379**	3 379	-	**-**
- out of that to subsidiaries	**3 251**	3 251	-	**-**
Interests	**9 369**	-	2 343	**7 026**
Bonds issued	**50 450**	-	571	**49 879**
Other financial liabilities	**23 216**	1 103	-	**22 113**
- out of that to subsidiaries	**22 113**	-	-	**22 113**
Total	**86 414**	**4 482**	**2 914**	**79 018**
Cash outflows in the period	1–2 years	2-3 years	more than3 years	Total
Trade liabilities	-	-	-	**-**
- out of that to subsidiaries	-	-	-	**-**
Interests	2 342	2 342	2 342	**7 026**
Bonds issued	-	-	49 879	**49 879**
Other financial liabilities	11 113	11 000	-	**22 113**
- out of that to subsidiaries	11 113	11 000	-	**22 113**
Total	**13 455**	**13 342**	**52 221**	**79 018**

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

5.23 FINANCIAL INSTRUMENTS BY CATEGORY

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

As at 31.12.2014	Loans and receivables
Loans	94 862
Trade receivables	3
Other financial receivables	112
Cash and cash equivalents	1 295
Total	**96 272**
As at 31.12.2014	**Other financial liabilities at amortised cost**
Bonds issued	50 450
Trade liabilities and other liabilities	4 482
Other long-term liabilities	-
Total	**54 932**

Fair value of financial assets and liabilities recognised at amortised costs	Fair value	
	As at 31.12.2014	As at 31.12.2013
Financial assets at amortised costs	**94 865**	**104 331**
Loans	94 862	104 314
- fixed interest rate	94 862	104 314
Trade receivables	3	17
Financial liabilities at amortised costs	**77 047**	**83 296**
Bonds issued	50 450	49 430
Trade liabilities and other financial liabilities	26 597	33 866

5.24 HEADCOUNT

The average headcount in the company was as follows:

	1.1.2014 - 31.12.2014	1.1.2013 - 31.12.2013
Management Boards of the Group entities	-	1
Administration	-	-
Sales, marketing and logistic department	-	-
Production division	-	-
Other	-	1
Total	**-**	**2**

5.25 SIGNIFICANT SUBSEQUENT EVENTS

REDUCTION OF THE SHARE CAPITAL

On 7 January 2015 was registered the reduction of the share capital by PLN 9 624 to PLN 26 160 379. Reduction has been made according to resolutions No. 20 and 21 from 23 June 2014 the Ordinary General Meeting of the KOFOLA S.A.

CREDIT SECURITY FOR ACQUISITON OF RADENSKA D.D.

On 11 March 2015, the group company Kofola ČeskoSlovensko a.s. concluded a loan agreement with Česká spořitelna, a.s. and Československá obchodní banka, a. s. for maximum of EUR 69 000 thousand with an interest based on PRIBOR + margin. The purpose of the loan is to finance the acquisition of Radenska d.d. by Kofola ČeskoSlovensko a.s.´s subsidiary Kofola, družba za upravljanje, d.o.o. The loan is denominated in CZK, final repayment date was set to 31 March 2024. The loan is secured by the shares of Kofola, družba za upravljanje, d.o.o., receivables of Kofola ČeskoSlovensko a.s. from Kofola, družba za upravljanje, d.o.o. resulting from financing the Radenska d.d. acquisition and by financial guarantees granted by KOFOLA S.A., Kofola a.s. (CZ) and Kofola a.s. (SK).

No other events have occurred after the balance sheet date.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

17.3.2015	**Janis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
17.3.2015	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
17.3.2015	**René Musila**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
17.3.2015	**Tomáš Jendřejek**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
17.3.2015	**Daniel Buryš**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*
17.3.2015	**Marián Šefčovič**	**Member of the Board of Directors**	....
date	*name and surname*	*position/role*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

17.3.2015	**Rafał Leduchowski**	**Chief Accountant**	....
date	*name and surname*	*position*	*signature*