

**KOFOLA S.A.****Floating Rate Notes up to CZK 450,000,000  
due 2018**

This document constitutes the prospectus (the "**Prospectus**") which applies to notes up to the aggregate principal amount of CZK 450,000,000 (to wit: four hundred and fifty million Czech crowns) (the "**Notes**" or the "**Issue**") issued by KOFOLA S.A., a joint-stock company incorporated under the laws of Poland, with its registered office at ul. Wschodnia 5, 99-300 Kutno, Poland, registered under company code KRS 0000134518 in the Company's Registrar held by the Court of Łódź-Śródmieście, XX Department of the National Court Registrar (the "**Issuer**" or "**KOFOLA S.A.**" or the "**Company**"). The Notes will bear floating rate interest payable annually on each 4 October. The Issue Date of the Notes is 4 October 2013. The Notes will mature on 4 October 2018. The ISIN of the Notes assigned by the Central Depository (*Centrální depozitář cenných papírů, a.s.*) is CZ0000000351.

The Noteholders may redeem the Notes in whole or in part for 100 per cent. of their nominal value plus accrued interest if a Change of Control over the Issuer or certain Material Subsidiaries (as defined in the Terms and Conditions) or other events specified in the terms and conditions of the Notes (the "**Terms and Conditions**") occur.

As needed, the Issuer may update this Prospectus in a form of its supplements. Each such a supplement will be approved by the Czech National Bank (the "**CNB**") and published in a way that the Issue, the listing of which on the regulated market is applied for, is listed on the regulated market on the basis of an up-to-date security prospectus. For the purpose of listing the Notes on the regulated market, this Prospectus will be valid for twelve (12) months from the date of its approval by the CNB.

The Issuer does not intend to make any public offering of the Notes under the applicable legislation, nor does it intend to entrust any third person with public offering of the Notes.

An application has been made for the Notes to be admitted to listing on the regulated market (*Regulovaný trh*) of Burza cenných papírů Praha, a.s. (the "**Prague Stock Exchange**" or the "**PSE**"). The Notes are expected to be admitted to trading on the PSE on or around the Issue Date.

The Prospectus, which includes the wording of the Terms and Conditions, has been approved by the CNB's decision on 2 October 2013, ref. no. 2013/10927/570, file no. Sp/2013/33/572, which became final and effective on 2 October 2013.

This Prospectus was made on 25 September 2013.

*This Prospectus does not constitute any public or any other offer to purchase any Notes. The persons interested in the purchase of any Notes should make their investment decision on the basis of information provided not only in this Prospectus, but also in its supplements (if any).*

*The distribution of this Prospectus, as well as any offers, sale or purchase of the Notes, are restricted by law in some jurisdictions. The Notes will not be registered, permitted or approved by any administrative or other authority in any jurisdiction with the exception of the CNB and, accordingly, no placement may be possible outside of the Czech Republic (see also "Important Notice").*

**Joint Lead Managers**

Česká spořitelna, a.s.

PPF banka a.s.

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## IMPORTANT NOTICE

*This Prospectus represents a prospectus of the Notes within the meaning of Article 5 of Directive 2003/71/EC of the European Parliament and of the Council (the "**Prospectus Directive**") and Section 36 of Act No. 256/2004 Coll., on Capital Market Undertakings, as amended (the "**ACMU**").*

*The distribution of this Prospectus, as well as any offers, sale or purchase of the Notes, are restricted by law in some jurisdictions. Neither the Notes nor the Prospectus related thereto will be at the instance of the Issuer listed, registered, permitted, recognized or approved by any administrative or other authority in any jurisdiction with the exception of the CNB. All persons in possession of this Prospectus will be responsible for observing any restrictions relating to offers, purchase and sale of the Notes and the possession and distribution of any documents relating to the Notes in all relevant jurisdictions.*

*The Issuer would like to draw the attention of potential investors to the fact that the Notes have not been and will not be registered under the U.S. 1933 Securities Act, as amended (the "**U.S. Securities Act**") or by any securities commission or any other authority of any State of the United States and therefore will not be offered, sold or transferred within the United States or to U.S. residents (as defined in Regulation S implementing the U.S. Securities Act) except pursuant to an exemption from the registration duty under the U.S. Securities Act or in transactions not subjected to registration under the U.S. Securities Act.*

*The Issuer further wishes to point out that the Notes will not be offered or sold in the United Kingdom of Great Britain and Northern Ireland (the "**United Kingdom**") by way of distributing any documents or notices except for offers to persons authorized to trade with securities on their own or on someone else's account in the United Kingdom or under such circumstances that do not constitute a public offer of securities under the 1985 Companies Act, as amended. All legal acts pertaining to the Notes made in the United Kingdom, from the United Kingdom or otherwise associated with the United Kingdom in any manner whatsoever will also be performed in compliance with the 2000 (FSMA 2000) legislation governing financial services, including the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and with the Prospectus Regulations 2005, as amended.*

*The persons interested in the purchase of any Notes should make their investment decision on the basis of information provided in this Prospectus, including its amendments. In case of any discrepancy between the information provided in this Prospectus and its amendments, the last-published information will be valid.*

*Neither the Issuer nor the Joint Lead Managers have approved any declaration, representation or information concerning the Notes or the Issuer other than those included in this Prospectus or its amendments. No such declaration, representation or information may be relied upon as approved by the Issuer or the Joint Lead Managers. Unless stated otherwise, all information provided in this Prospectus is valid as of the date of this Prospectus. The delivery of this Prospectus at any time after its drafting should not mean that the information contained therein is correct at any time after the publication of the Prospectus. Moreover, the information included in this Prospectus may be further modified or amended by the specific amendments to the Prospectus.*

*The information included in chapters "Taxation" and "Enforcement of Civil Liabilities against the Issuer" is provided as general information only (is not intended to be comprehensive) that is based on the state as of the date of this Prospectus, and that was obtained from public sources, which have not been processed or independently verified by the Issuer. Besides, the information contained in these chapters cannot be considered an indicator of future trends due to the significant political, economic and other structural changes in the Czech Republic in the recent years. All potential purchasers of any Notes should rely exclusively on their own analyses of the factors stated in those chapters and upon the opinion of their own legal, tax and other professional advisors.*

*Any assumptions and projections concerning the future development of the Issuer, its financial or market positions and the scope of their business, should not be deemed representations or binding promises of the Issuer regarding any future events or outcomes, because such future events and outcomes are subject, entirely or in part, to circumstances and events beyond the Issuer's control. Potential investors should make their own analyses of any development trends or projections contained in this Prospectus, and if relevant, conduct further independent investigations, and base their investment decisions on the results of such investigations and analyses.*

*The Issuer will publish its economic and financial reports within the scope and in accordance with the generally binding legislation and regulations governing the individual official securities markets on which the Notes are to be listed (if relevant), and will observe its reporting duties.*

*The Prospectus, all annual reports of the Issuer, copies of any audit reports concerning the Issuer, as well as any documents incorporated in this Prospectus by reference, will be available for inspection, free of charge, to all interested persons on business days during regular office hours from 9 a.m. to 4 p.m. at the Issuer's registered office and at the registered office of the Issuer's subsidiary, Kofola ČeskoSlovensko, a.s., in Ostrava, Nad Porubkou 2278/31a, Postal Code 708 00, Czech Republic. Documents regarding the Issuer will be also available in electronic form on the Issuer's website: [www.kofola.pl](http://www.kofola.pl).*

*Copies of the Prospectus, financial statements and audit reports will be available for inspection, free of charge, during regular office hours at the Issuer's registered office, and in the Specified Office of the Fiscal and Paying Agent. Certain values contained in this Prospectus have been rounded. Accordingly, there may be slight differences between certain values relating to a single information item appearing in several tables of this Prospectus and certain values presented as sums in some tables may not be the arithmetic sum of the counted numbers.*

*NOTICE CONCERNING THE PUBLIC NOTE OFFERING. The Issuer does not intend to make any public offering of the Notes in the Czech Republic or abroad. The Issuer or its authorized person will offer the Notes for subscription and purchase exclusively on the basis of one or more exceptions stated in Section 35(2) of the ACMU. The nominal value of a Note exceeds an equivalent of EUR 100,000. The Issuer has not authorized and does not intend to authorize any of the dealers or other persons with public offering of the Notes and requests all investors in possession of the Notes not to make any public offering of the Notes within the meaning of applicable laws and to observe all statutory restrictions concerning the Notes offer in the Czech Republic and abroad. The Prospectus does not include prospectus summary within the meaning of the Prospectus Directive.*

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# 1. RISK FACTORS

## 1.1 Risk Factors Related to the Issuer

*Activities of the KOFOLA S.A. Group's companies, their financial position and results of operations are subject to, and may in the future be subject to negative changes as a result of the occurrence of any of the factors described below. Occurrence of even some of these risk factors may have a materially adverse effect on the business, financial condition and financial results of the Issuer or KOFOLA S.A. Group as a whole, and in consequence may affect the Issuer's ability to fulfil its obligations under the Notes issued under this Prospectus. Most of those factors are of contingent nature, and may or may not occur and the Issuer is not able to express its view on their probability of occurrence. The factors presented below represent the key risks inherent in investing in the Notes issued under this Prospectus. The order in which they were presented is not an indication as to their significance, or probability of occurrence, or of the potential impact on the KOFOLA S.A. Group. Other risks, factors and uncertainties than those described below, including also those which the KOFOLA S.A. Group is not currently aware of or which are considered to be minor, may also have an important negative impact on the KOFOLA S.A. Group's operations, financial position and results of operations in the future. Prospective investors should read the detailed information provided in this Prospectus as well as get acquainted with the historical financial reports and other information available prior to making any investment decision. Prospective investors should also seek advice from their own legal, financial and tax advisors about the risks associated with investment into any Notes issued under this Prospectus and assess the suitability of investment into such Notes against their own risk profile.*

*Prospective investors among the other things should consider the following:*

### **DEPENDENCE ON THE CASHFLOW FROM SUBSIDIARIES**

The Issuer is a holding company and many of the risk factors relate to the operations of its Subsidiaries. The ability of the Issuer to meet its financial obligations related to the Notes will depend on the ability of the Subsidiaries to generate cash and pay dividends.

### **RISK ASSOCIATED WITH THE MACROECONOMIC SITUATION OF THE COUNTRIES IN WHICH THE GROUP OPERATES**

The economic position of KOFOLA S.A. Group companies is closely correlated with the economic situation in the Czech Republic, Poland, Russia and Slovakia, which are the most important markets for the sale of the KOFOLA S.A. Group's products. Macroeconomic factors such as GDP growth, unemployment, effective growth of wages, availability of the consumer loans or the economic outlook translate into the willingness of the citizens of these countries to purchase the products manufactured by the KOFOLA S.A. Group companies, select between the branded or private label food products and consumption patterns outside of their homes. In consequence, consumers' behaviour in those countries may affect the sale of the KOFOLA S.A. Group products.

Increasing risk aversion of banks due to the market situation related to the crisis in Europe may cause increased fiscal pressure on households' situation in the Czech Republic, Slovakia, Poland and Russia. Policies adopted by the governments and the central banks of the countries where KOFOLA Group companies operate may have a negative impact on currency exchange rates, interest rates and other instruments traded in the European financial markets, and in consequence may lead to a more difficult access to financing.

As a result of the mutual interdependence, an escalation of the fiscal crisis in the European region, can negatively affect any variables reflecting economic viability, and thus may affect the results of KOFOLA S.A. Group.

## **RISK OF CHANGES IN THE PRICES OF RAW MATERIALS**

Production costs of soft drink in large part depend on the raw materials prices, in particular sugar, isoglucose, PET resins (that are used to produce PET bottles), fruit concentrates, foil, paper, and, indirectly, crude oil. The majority of the key raw materials constitute or are linked to the so-called commodities, which are subject to significant fluctuations in the world's markets. Sudden changes in the raw materials prices may have a significant effect on the margins earned on the sale of beverages, and therefore fluctuations of the KOFOLA S.A. Group's profitability and its ability to generate cash.

## **RISK RESULTING FROM THE SEASONAL WEATHER CONDITIONS**

The sale of non-alcoholic beverages is highly dependent on weather conditions, in particular temperature and precipitation. Nearly 60% of the KOFOLA S.A. Group's sales is realised in the second and third quarters of a year, reaching a peak during the hottest summer months. Rainy and cool summers may result in the low level of revenues, in particular in the water segment. An unusually hot summer, on the other hand, may trigger larger than expected demand from the customers and in consequence inability of the KOFOLA S.A. Group companies to deliver sufficient quantities of products to retailers, which could result in potential penalties for service level below the agreed thresholds.

## **RISK OF LOSING LARGE CLIENTS**

A significant portion of the revenues earned by the KOFOLA S.A. Group companies comes from clients that operate chains of the grocery stores, supermarkets, hypermarkets and discount stores. In recent years, there is a visible trend of trade volumes moving from the traditional corner shops to the larger operators of the chain stores (sometimes called the Modern Trade channel). In consequence, those chains, especially the discount store operators, are becoming stronger and increase their share in the revenues of the KOFOLA S.A. Group companies. Those chains are tough negotiators, which increases the risk of lack of agreement on the terms and conditions and in consequence loss of a significant client, adversely impacting the revenues and/or bringing about the necessity of costs cutting measures to adjust the cost structure to the reduced sales level, which can lead to a decrease in profitability and an impaired ability to generate cash.

## **RISK RESULTING FROM HIGHLY COMPETITIVE ENVIRONMENT**

Companies belonging to the KOFOLA S.A. Group operate in a highly competitive market where both multinational and local producers compete against each other through offering a wide range of products. Due to this competitive environment, any changes in the current trends in beverage industry and consumer behaviour pose additional risk of downward pressure on the selling prices and/or a possibility of losing the market shares in the individual product categories or in the overall soft drinks market. Consequently, KOFOLA S.A. Group may suffer margins decline and generate less cash.

## **RISK ASSOCIATED WITH PRICING BEHAVIOR OF MAIN COMPETITORS**

The pricing policy of the main competitors lies beyond influence of the KOFOLA S.A. Group. Changing approach to pricing policy by the strong players may result in a market pressure on the KOFOLA S.A. Group companies to adjust their pricing to the current market trends and negatively impact achieved margins and in consequence the amounts of generated cash.

## **DIFFICULTY IN TRANSFER OF THE RISING RAW MATERIAL PRICES TO THE END CONSUMERS**

The raw materials prices, in particular those that are based on commodities or harvest levels, are prone to fluctuations during short periods as well as to long term trends. Terms and conditions between the companies in the KOFOLA S.A. Group and their customers are typically concluded for 12-month periods and therefore the KOFOLA S.A. Group companies might have limited possibilities to

adjust upward the selling prices of soft drinks several times during the year to reflect the behaviour of the raw materials prices.

Moreover the large retail chains tend to defend the end consumers and resist price increases. That difficulty in the transfer of rising raw materials prices to the end consumers might impact the margins realized on the sale of soft drinks and, hence, the ability of the KOFOLA S.A. Group to generate cash.

### **IT RISK**

The KOFOLA S.A. Group companies in order to carry out day-to-day business rely on information technology supporting all major processes in the business (both maintained in-house as well as outsourced to third parties). The KOFOLA S.A. Group companies may thus encounter system failures including but not limited to power losses, computer break-downs, computer viruses or security breaches which may also be caused by third parties. Any failure of the information systems may result in a disruption of the daily operations, which could have an adverse effect on the KOFOLA S.A. Group's revenues, relations with customers in case of under-deliveries of products and in consequence the profitability and the ability to generate cash.

### **CREDIT RISK**

In conducting its trade activity, the KOFOLA S.A. Group companies primarily realise the sales of their products and services to the customers with deferred payments therefor. As a result, KOFOLA S.A. Group companies are exposed to a credit risk of the respective counterparty's failure to pay for the delivered products or services. A failure to pay by a large customer could have an adverse impact on the KOFOLA S.A. Group profitability and its ability to generate cash.

### **RISK OF PRODUCT CONTAMINATION**

Like other food products, beverages are produced in the environment of a high level of care and high production standards using regularly controlled raw materials. Despite those measures, it may happen that the natural raw materials will contain an undesired contamination that will unintentionally penetrate to the end product making it unsuitable for consumption.

Moreover despite the quality control along all the supply chain, it may also happen that the products will be intentionally contaminated by humans in an act of terrorism or blackmail.

Intentional or unintentional product contamination may results in a loss of reputation of a brand or manufacturer that in consequence may adversely impact the sales of that brand or even all products manufactured by that manufacturer in the particular market in the long term and lead to the necessity to recall the products from the market and reduce their use in a short term. Any such event could adversely impact the level of sales and in consequence the profitability and the ability to generate cash.

In extreme cases product contamination could lead to such damage to the brand being contaminated that the KOFOLA S.A. Group will be forced to completely withdraw such brand from the market.



## **RISK OF TERMINATION OF FINANCING FACILITIES**

Companies of the KOFOLA S.A. Group use external financing in a form of bank loans, issued notes, leasing as well as the trade finance solutions like factoring and receivables discounting. The financing arrangements are concluded for the specified time periods and are typically extended at maturity upon the fulfilment by the company being financed of certain terms and conditions (so called covenants).

Deterioration in the financial performance or other non-adherence to the defined terms and conditions can lead to a lack of extension of the financing facilities or in extreme cases cancellation of the financing contracts, exposing the KOFOLA S.A. Group companies to the necessity of refinancing.

Termination of the financing facilities may also happen on the bank's decision to reduce or completely withdraw from the exposure in the particular market where the KOFOLA S.A. Group companies operate.

In a case of the insufficient external financing, the KOFOLA S.A. Group may be forced to curtail the scale of its operations and in extreme cases be forced to dispose of some of its assets to release cash. Such steps could impair the KOFOLA S.A. Group's profitability and its ability to generate cash.

## **RISK OF IMPAIRMENT OF GOODWILL OR KEY BRANDS**

The sale of beverages is subject to fluctuations associated with, among others, the weather, the promotional campaigns conducted by the competition and fashion trends. Margins on sales are also subject to changes, arising mainly out of the prices of raw materials and pricing competition in the various beverage segments.

In view of this, fluctuations may also affect the value of the brands owned by the KOFOLA S.A. Group companies. A change in the volume of sales, a brand's profitability or the assumptions used in impairment tests may lead to the need to recognise an impairment of a brand or goodwill, and thus negatively affect the KOFOLA S.A. Group's reported financial results.

## **RISK OF INCOMPLETE UTILISATION OF TAX INCENTIVE IN KOFOLA A.S. (CZ)**

In January 2008, by the decision of the Ministry of Industry and Trade of the Czech Republic, Kofola a.s. (CZ) (a member company of the KOFOLA S.A. Group) received a consent to be provided with investment incentives in the form of corporate income tax relief for the period of 10 consecutive years. The total amount of the state support in the form of investment incentives should not exceed CZK 161.04 million. This support was already recognized as a deferred tax asset in 2008 and 2009. There is a risk that the future profit before tax achieved by Kofola a.s. (CZ) might be insufficient to fully utilize this tax incentive and in that case the previously recognized deferred tax asset will have to be released decreasing the net profit of Kofola a.s. (CZ) and, as a consequence, the consolidated net profit of the KOFOLA S.A. Group.

## **RISK OF LOSS OF INTELLECTUAL PROPERTY RIGHTS**

A very important component of the long-term assets of the KOFOLA S.A. Group is its intellectual property, in particular the beverages trademarks. The companies within the KOFOLA S.A. Group holding those intellectual rights keep those rights registered and protected in the relevant local authorities in each state where the KOFOLA S.A. Group operates. The periods of intellectual property protection are monitored and prolonged when appropriate. Those rights to the intellectual properties can be subject to hostile activities like imitations, copying or attempts to seize such property at the protection expiry period. Therefore there is a risk of infringement on, or misappropriation of, those intellectual properties which in consequence would undermine the competitive position of the KOFOLA S.A. Group and result in a decrease in sales volumes.

## **RISK OF BUSINESS INTERRUPTION**

Companies of the KOFOLA S.A. Group are exposed to the risk of business interruption that might be caused by several factors and accidental events, including but not limited to, fire, floods, breakdowns of the production lines, malfunctions in functioning of the ERP (Enterprise Resource Planning) system and similar. Any such business interruption could from time to time put one or more of the production plants or customer service departments from operation and, thus, decrease the sales volumes.

## **RISK OF PENALTIES FOR UNDER-DELIVERIES**

The KOFOLA S.A. Group companies, according to the prevailing market standards, have the contract clauses specifying their obligations to deliver certain quantities of the products to the key customers and/or the minimum percentage of deliveries versus the orders. Unfulfilled obligations or the percentage of realized deliveries below the defined thresholds can result in contractual penalties to be paid by the KOFOLA S.A. Group companies, which will lead to a reduction in the profitability of the KOFOLA S.A. Group.

## **RISK OF UNSUCCESSFUL INTEGRATION AFTER MERGER**

Pursuing its development strategy, the KOFOLA S.A. Group seeks acquisition targets in order to consolidate the market and acquire brands or companies fitting its product portfolio or having the unexplored market potential. Each completed acquisition carries a risk of unsuccessful integration of the acquired company into the KOFOLA S.A. Group structures, and therefore a risk of failing to achieve the pre-acquisition financial targets.

## **RISK ASSOCIATED WITH LOSING KEY MANAGEMENT PERSONNEL**

The activities of the KOFOLA S.A. Group and its key companies depend on the experience, knowledge and qualifications of its managers, who are responsible for the different areas of the KOFOLA S.A. Group's operations. Significant demand for sales, marketing, R&D or finance specialists, as well as competitors' recruitment activities may cause the loss of some of the key employees. Losing a key person or persons may have a negative effect on the KOFOLA S.A. Group's relationship with its clients, or may slow down the pace of the KOFOLA S.A. Group projects.

## **FOREIGN EXCHANGE RISK**

More than half of the raw materials used for production are purchased in euro or in the local currency but with the pricing derived from euro. Therefore, the results of the KOFOLA S.A. Group are subject to fluctuations in the foreign exchange rates of euro and the local currencies. Despite the applied hedging policy, the KOFOLA S.A. Group might not be able to hedge all the currency risks, in particular in the longer periods.

The KOFOLA S.A. Group companies make the internal settlements for the shared services provided by Kofola ČeskoSlovensko a.s. in Czech crowns. The Issuer provides the financing for the Czech and Slovak operations via Kofola ČeskoSlovensko a.s. in a form of the intragroup loans denominated in Czech crowns. Therefore the Issuer and the KOFOLA S.A. Group are exposed to the fluctuations of the foreign exchange rates against the Czech crown.

## **INTEREST RATE RISK**

The KOFOLA S.A. Group companies use external financing facilities to finance their long term assets as well as the working capital. Most of those financing facilities bear the floating interest rate and, therefore, depend on the behaviour of the base interest rates in the interbank market and the interest rate policies adopted by the relevant central banks. The rapid and unexpected changes in interest rates might result in an increase in the financing costs and in consequence negatively impact the KOFOLA S.A. Group's profitability and its financing cash flows.

At the time of this Prospectus, the KOFOLA S.A. Group did not protect itself against changes in interest rates.

## **RISK OF CHANGES IN TRADE STRUCTURE**

In the recent years, the food and beverage manufacturers observe changes in the structure of the retail shops with the economic slowdown making the retail discounters a more attractive place to shop for consumers, which redirects trading volumes from the fast developing hypermarket and supermarket chains. The accelerating speed of life directs the customers to more convenient places for purchases, which diminishes the significance of the traditional corner food shops. The changes in the retail structure, if not properly and timely recognized and addressed by adjustment to the KOFOLA S.A. Group business model, might have an adverse impact on the sale volumes and, in consequence, the KOFOLA S.A. Group's profitability and its ability to generate cash.

## **RISK OF FUEL PRICE INCREASES**

Most of the soft drinks manufacturers use diesel trucks to deliver their products. Therefore, the rising fuel prices (either related to the crude oil prices or the level of the excise duty on diesel fuel) can have a negative impact on the transportation costs and in consequence on the KOFOLA S.A. Group profitability and its ability to generate cash.

## **RISK OF ELECTRICITY PRICE INCREASES**

Production processes consume significant volumes of electricity, in particular for heating and PET bottles blowing. Increases in energy prices can have a negative impact on the production costs and in consequence on the KOFOLA S.A. Group profitability and its ability to generate cash.

## **RISK ASSOCIATED WITH LEGAL REGULATIONS**

Changing legal regulations, in particular tax, labour law and social insurance regulations, VAT rates, matters relating to the granting of licenses and permits (for example for the production and sale of alcoholic beverages) may affect the personnel costs of the KOFOLA S.A. Group's companies, the prices of products on store shelves, or the ability to produce and sell a portion of their portfolio (this pertains in particular to low-alcohol beverages ("alco-pops") in Russia).

The Russian government, in order to reduce the alcoholism problem in Russia, in the recent years introduced a number of limitations to sale and marketing of alcoholic beverages including, *inter alia*, restrictions to sell alcoholic beverages after 10:00 p.m., increasing the level of exercise duty, reducing the number of off-licence shops and reducing the maximum alcohol content of alco-pops. Those steps may result in decreased consumption of alcoholic beverages and partial transfer of consumers to the so-called 'grey economy'.

Changes in the level of VAT rates on soft drinks may also adversely impact the level of sales of the Kofola S.A. Group products.

In some countries the restrictions on sale of high sugar content of beverages or additional product fees for products with high sugar content have already been implemented. There is a risk that similar regulations could be the implementation in the countries, where the KOFOLA S.A. Group companies operate as well.

In some developed countries restrictions on single use of PET bottles or special product charges for drinks in such bottles promoting multi-usage of PET bottles have been implemented. There is a risk that the governments of countries where the KOFOLA S.A. Group companies operate will introduce such product charges to discourage the sale of products in single use PET bottles or introduce the necessity to sell the soft drinks in multi-usage PET bottles. Such measures, if implemented, could have an adverse effect on the KOFOLA S.A. Group's profitability or its ability to generate cash.

#### **LOSS OF LICENSE TO PRODUCE AND SELL ALCOHOL PRODUCTS**

The two Russian companies belonging to the KOFOLA S.A. Group were granted licenses to produce and sell the low alcohol beverages that are valid until October 2016. The licensees are subject to verification of compliance by the local regulator. A failure to do so might result in suspension or withdrawal of one or more licenses. A lack of license to sell low alcohol beverages could lead to significantly reduced revenues of the Russian companies belonging to the KOFOLA S.A. Group.

There is also a risk that those licenses may not be extended beyond the date indicated above. This could have an adverse effect on revenues of one or both of the Russian companies belonging to the KOFOLA S.A. Group.

#### **POLISH INSOLVENCY LAWS MAY PROVIDE INVESTORS WITH LESS PROTECTION THAN CZECH INSOLVENCY LAWS**

The Issuer is incorporated under the laws of the Republic of Poland and its shares are listed on the Warsaw Stock Exchange. The insolvency laws of the Republic of Poland may be materially different from the laws of the Czech Republic or other jurisdictions with which investors are familiar, including in respect of reorganization, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and, thus, may limit investors' ability to recover payments due on the Notes to an extent exceeding the limitations arising under other insolvency laws. In the event that the Issuer or any Subsidiary of the Issuer experiences financial difficulty, it is not possible to predict with certainty the outcome of such proceedings. This may adversely affect investors' ability to enforce their rights against the Issuer in Poland and limit any amounts that they may receive from the Notes.

## **1.2 Risk Factors Related to the Notes**

### **GENERAL RISKS RELATED TO NOTES**

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any of its supplements;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- (d) understand thoroughly the terms of the Notes (especially the Terms and Conditions, this Prospectus and its supplements) and be familiar with the behaviour or development of the respective financial market; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios of further development of economics, interest rates and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Institutional investors purchase complex financial instruments with adequate risk, the level of which they are aware of, in order to decrease risk or increase profit of their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate the performance of the Notes under changing conditions determining the value of the Notes and the impact this investment will have on the potential investor's investment portfolio.

### **LIQUIDITY RISK**

The Issuer applied for admission of Notes to trading at the Prague Stock Exchange (regulated market). There can be no assurance that there will be a liquid secondary market for the Notes or, if such will develop, that it will last. The fact that Notes are listed on a regulated market does not necessarily lead to higher liquidity of the listed Notes than the unlisted ones. The investor may not be able to sell the Notes at any time at a fair market price on an illiquid market.

### **TAXATION**

Potential purchasers and sellers of the Notes should be aware of the fact that they may be required to pay taxes or other charges according to the laws and practices of Poland or the state where the Notes are transferred or in another jurisdiction relevant in the situation given. In some countries no official statements of tax offices or court rulings in the matter of financial instruments such as the Notes may be provided. Potential investors should not rely on the brief summary of tax matters included in this Prospectus when purchasing, selling or repaying these Notes, but they should act according to the recommendation of their financial advisors regarding their individual taxation. Investment according to the risks stated in this section should be considered taking into account at least the chapter "Taxation" of this Prospectus.

## **LEGALITY OF PURCHASE**

Potential purchasers of the Notes (in particular foreign entities) should be aware that the purchase of the Notes may be subject to legal restrictions affecting the validity of the purchase. Neither the Issuer, potential dealers nor any of their respective affiliates has or assumes responsibility for the legality of the acquisition of the Notes by any potential purchaser of the Notes, whether under the laws of jurisdiction of its incorporation or jurisdiction where it operates (if different). A potential purchaser cannot rely on the Issuer, potential dealers or any of their respective affiliates when deciding in the matter of legality of Notes purchase.

## **CHANGE OF LAW**

Terms and Conditions of the Notes are governed by Czech law in force as of the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Czech law or administrative practice after the date of this Prospectus.

## **SPECIFIC RISKS RELATED TO FLOATING RATE NOTES**

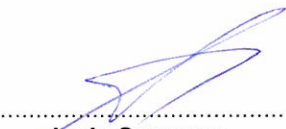
A Noteholder of a floating rate Note is exposed to the risk of variation of interest rates or values of underlying assets, as well as of uncertain interest income. Floating interest rates do not ensure an anticipated determination of a profit from the floating rate Notes. The Notes, the profit of which depends on the development of the reference rates, are sophisticated credit instrument.

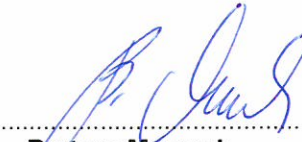
## 2. PERSON RESPONSIBLE

This Prospectus has been prepared by KOFOLA S.A. which is responsible for the data stated therein. The person responsible for the Prospectus hereby declares that, with all reasonable care and to the best of its knowledge, the information provided herein is in accordance with the facts and contains no omission likely to affect its import.

On 25 September 2013

**KOFOLA S.A.**

  
.....  
**Janis Samaras**  
Chairman of the Management Board

  
.....  
**Bartosz Marczuk**  
Member of the Management Board, CFO

## 3. STATUTORY AUDITORS

The consolidated financial statements of the KOFOLA S.A. Group for the year ended 31 December 2012 were audited by PricewaterhouseCoopers Sp. z o.o. with its registered seat in Warsaw, and the unaudited Condensed Consolidated Interim Financial Information of the Group for the six months ended 30 June 2013 was subject to review by:

Audit firm: PricewaterhouseCoopers Sp. z o.o.  
License no.: 144  
Registered office: Poland, Warsaw, at Al. Armii Ludowej 14, 00-638  
Responsible person: Tomasz Reinfuss  
License no.: 90038

The consolidated financial statements of the KOFOLA S.A. Group for the year ended 31 December 2011 were audited by:

Audit firm: BDO Sp. z o.o.  
License no.: 3355  
Registered office: Poland, Warsaw, at ul. Postępu 12, 02-676  
Responsible person: Katarzyna Iwuć, André Helin  
License no.: 11771, 90004

Supervisory Board of KOFOLA S.A. acting on the basis of § 18 p. 8 subp. (p) of the Issuer's Statute has selected PricewaterhouseCoopers Sp. z o.o. as the entity authorized to audit and review Issuer's financial statements and KOFOLA S.A. Group's (as defined in the Terms and Conditions) consolidated financial statements. The Supervisory Board has made the choice in accordance with the legal provisions and the professional standards.

The recent change of auditor was based on a rotation principle to mitigate any risks of jeopardising the auditor's independence during the course of a long-term engagement. Prior to the appointment of PricewaterhouseCoopers Sp. z o.o., audit and review of Company's financial statements and KOFOLA S.A. Group's consolidated financial statements had been performed by BDO Sp. z o.o. since 1 January 2005.

## 4. INFORMATION INCORPORATED BY REFERENCE

The following information has been incorporated into this Prospectus by reference to the documents that are available on the Issuer's Web Page ([www.kofola.pl](http://www.kofola.pl)) under the links indicated below. For facilitation the respective names of the documents and the page numbers have been indicated in the table below.

| Information  | Document  | Pages  |
|--|---|--------|
| Audited IFRS consolidated financial statements for the year ended 31 December 2012   | Consolidated annual report 2012                 | 59-120 |
| The auditor's opinion on consolidated financial statements for the year ended 31 December 2012.                            | Audit opinion on consolidated statement 2012    | 1 – 2  |
| Audited IFRS consolidated financial statements for the year ended 31 December 2011   | Consolidated annual report 2011                 | 79-170 |
| The auditor's opinion on consolidated financial statements for the year ended 31 December 2011.                            | Audit opinion consolidated report 2011          | 2 – 4  |
| Unaudited condensed consolidated interim financial information for the six months ended 30 June 2013                       | Consolidated report for 1H 2013                 | 30-49  |
| The review report on unaudited condensed consolidated interim financial information for the six months ended 30 June 2013. | Consolidated report for 1H2013 - review opinion | 1      |

Web links to the documents mentioned above (in English):

Consolidated Annual report 2012

<http://kofola.pl/file/757/CONSOLIDATED%20ANNUAL%20REPORT%202012%20KOFOLA%20S.A.%20GROUP.pdf>

Audit opinion on consolidated statement 2012

[http://kofola.pl/file/758/Auditor's%20Opinion\\_KOFOLA%20S.A.%20Group.pdf](http://kofola.pl/file/758/Auditor's%20Opinion_KOFOLA%20S.A.%20Group.pdf)

Consolidated annual report 2011

<http://kofola.pl/file/633/CONSOLIDATED%20ANNUAL%20REPORT%202011%20KOFOLA%20S.A.%20ENG.pdf>

Audit opinion consolidated report 2011

<http://kofola.pl/file/634/Opinia%20i%20raport%20skonsolid%20Kofola%202011%20ang.pdf>

Consolidated report for 1H 2013

<http://kofola.pl/file/823/ HALF-YEAR%20REPORT%201H%202013%20KOFOLA%20S.A.%20GROUP.pdf>

Consolidated report for 1H2013 – review opinion

[http://kofola.pl/file/821/Review%20report%20-%20conso\\_Kofola%20Group%20\\_ENG.pdf](http://kofola.pl/file/821/Review%20report%20-%20conso_Kofola%20Group%20_ENG.pdf)



The auditor's opinion on consolidated financial statements as of 31 December 2011 issued by BDO Sp. z o.o. included an emphasis of matter in the following wording:

„Without qualifying our opinion we draw your attention to the fact that in its financial statements the Group discloses 89.183 thousand zł in goodwill formed at the acquisition of the subsidiary Hoop Polska Sp. z o.o. Based on the results of an impairment test performed by the Management of the Holding Company, the Management did not perform a revaluation write down of the goodwill, which has been described in point 5.15 of the financial statements. The recoverable amount of the goodwill depends on the realization of financial plans, including operating result assumptions. Because the assumptions adopted in previous years had not been realized, and the negative deviations from the adopted values were significant, there is an uncertainty with regard to the realization of the adopted assumptions, and in consequence the recoverable amount of the goodwill.“

## 5. INFORMATION ABOUT THE ISSUER

### 5.1 History and Development of the Issuer

The Kofola brand is already 53 years old. The current companies Kofola a.s. (CZ) and Hoop Polska Sp. z o.o. celebrate the 20<sup>th</sup> anniversary in 2013.

|      |   |
|------|---|
| 1960 | Kofola brand launched in the former Czechoslovakia  |
| 1993 | Foundation of SP Vrachos in Krnov (renamed later to SANTA NÁPOJE, Krnov, a.s., precursor of Kofola a.s (CZ))<br>Foundation of Hoop in Poland      |
| 1996 | Activity of SP VRACHOS spol. s r.o. transferred to SANTA NÁPOJE, Krnov, a.s.  |
| 2000 | SANTA NÁPOJE, Krnov, a.s., signed license agreement and started bottling of Kofola drink  |
| 2002 | Acquisition of Kofola brand and original recipe. Company SANTA NÁPOJE, Krnov, a.s., renamed to Kofola a.s. after rebranding.                      |
| 2003 | Hoop makes an IPO on Warsaw Stock Exchange and acquires a 50% stake in Megapack Group   |
| 2008 | Merger of Kofola a.s. (CZ) and Hoop.<br>Acquisition of Vinea brand in Slovakia<br>Enterprise Investors acquired a 43% stake in the merged company |
| 2011 | Acquisition of Pinelli (Semtex energy drink)  |
| 2012 | Debut of the KOFOLA S.A.'s notes on Catalyst (non-regulated) market in Poland<br>Acquisition of UGO   |

Legal name of the Issuer is KOFOLA Spółka Akcyjna, using commercial name KOFOLA S.A.

The Issuer was founded on the basis of a notarial deed drawn up on 10 September 1997 at the Notary Public's Office of Janusz Rudnicki in Warsaw and registered with Rep. No. 4588/97. On 15 October 2002, the Issuer was entered in the Companies Registrar maintained by the District Court in Warsaw, XII Business Department of the National Court Register, with the reference number KRS 0000134518.

The Issuer was assigned a tax identification number (NIP) 527-00-08-818 for the purpose of making tax settlements and a REGON number 012771739 for statistical purposes.

The Issuer has been formed for an unspecified time.

The Issuer is incorporated as a joint-stock company in the Republic of Poland pursuant to Polish law. The Issuer has its seat in Kutno and is domiciled in Poland. Registration court is District Court for the City of Łódź in Łódź XX Commercial Department of the National Court Register, the registration number is KRS 0000134518.

The share capital of the Issuer amounts to PLN 26,172,602.

The Issuer operates on the basis of its statute prepared in the form of a notarial deed dated 31 March 2008 (Rep. A/3092/2008), with subsequent amendments, the Polish Code of Commercial Partnerships and Companies and other relevant provisions of Polish law. Each of the Material Subsidiaries (as defined in the Terms and Conditions) operates under the laws of the respective country in which it is incorporated. Hoop operates under Polish law, in particular under the Polish Code of Commercial Partnerships and Companies. Kofola a.s. (CZ) and Kofola ČeskoSlovensko, a.s., operate under Czech law, in particular in accordance with the Czech Commercial Code and Czech Civil Code. Kofola a.s. (SK) operates under the laws of Slovakia, in particular in accordance with the Slovak Commercial Code.

The Issuer's registered office is ul. Wschodnia 5, 99-300 Kutno, phone number: +48 22 338 18 18.

Shares of the Issuer are listed on the Warsaw Stock Exchange under ticker KFL since August 2003.

## **5.2 Recent Events Related to Issuer's Solvency**

### **KOFOLA S.A. NOTES ADMITTED TO TRADING ON THE CATALYST MARKET AND BONDSPOT S.A.**

As at 30 March 2012, series A<sup>1</sup>, A<sup>2</sup> and A<sup>3</sup> notes issued by the Issuer were admitted to trading in an alternative trading system on the Catalyst market, which is organised by the Warsaw Stock Exchange and the wholesale market BondSpot S.A.

### **CAPITAL INCREASE IN SUBSIDIARY - AN AGREEMENT ON THE TRANSFER AND AN AGREEMENT ON THE OBLIGATION REPAYMENT**

According to resolution No. 1 dated 28 February 2012, the Extraordinary Shareholders Meeting of Pomorskie Centrum Dystrybucji HOOP Sp. z o.o. increased the company's share capital by PLN 1,000 thousand by the creation of 2,000 new shares with a nominal value of PLN 500 each, which were acquired by the Issuer at the issue price of PLN 5,500 each; the total issuance amount was PLN 11,000 thousand.

On 5 March 2012, a tripartite agreement on the transfer was concluded, under which the obligations of PCD Hoop Sp. z o.o. to Hoop Polska Sp. z o.o. have been repaid to the amount of PLN 11,000 thousand and under which the Issuer has given a contribution to cover the newly created shares in the increased capital of PCD Hoop Sp. z o.o. in the amount of PLN 11,000 thousand and undertook to pay the amount of transfer to Hoop Polska Sp. z o.o. no later than on 28 February 2017, in accordance with the timetable included in the agreement from 7 March 2012 regarding the repayment of the obligation.

The above-described steps leading to restructuring of PCD Hoop Sp. z o.o. constitute execution of commitments adopted by the Issuer in the course of the arrangement of the company PCD Hoop Sp. z o.o. arising from the decision of 22 November 2010 by the Regional Court in Koszalin, VII Business Division for Bankruptcy and Recovery Cases, ref. Act VII GUp 13/10 for approval of the arrangements of the PCD Hoop Sp. z o.o.

The share capital increase of PCD Hoop Sp. z o.o. was registered by the court as at 3 April 2012.

### **ACQUISITION OF THE SUBSIDIARY STEEL INVEST SP. Z O.O.**

On 28 March 2012, the Issuer acquired 100% shares of the STEEL INVEST Sp. z o.o. share capital amounting to PLN 50 thousand. At this time, the company did not conduct any business operations apart from debt collection.

### **SHARE BUY-BACK PROGRAM**

The Ordinary General Meeting of the Issuer passed a decision by its resolution No. 18 dated 25 June 2012 to authorise, under the conditions and within the limits set out in the resolution adopted, the Management Board of the Issuer to purchase its own shares for cancellation and thus to reduce the share capital of the Issuer. The total number of shares covered by the Repurchase Program was to be no more than 118,707 shares, which would be approximately 0.45% of the share capital. Resources for the program could not exceed PLN 1,000 thousand and the price per share could not exceed PLN 40.

The Ordinary General Meeting of the Issuer passed a decision by its resolution No. 19 from 25 June 2012 to create reserve capital to cover the total amount of the Repurchase Program (based on the resolution No. 18 dated 25 June 2012) in the amount of PLN 1,000 thousand. Funds from the capital reserve fund exceeding the dividend fund were allocated for this.

Pursuant to an agreement dated 17 July 2012, the Brokerage House Copernicus Securities S.A. brokered the Share Repurchase program by purchasing it on its own account and the Issuer committed itself to buy back the shares. On 24 December 2012, the Issuer repurchased 2,599 of own shares from the Brokerage House Copernicus Securities S.A. representing 0.0099% of its share capital and the same percentage of voting rights in an OTC transaction. The average price per share was PLN 25.78.

As at 31 December 2012, the Issuer completed the Share Repurchase program.

On 24 June 2013 the Ordinary General Meeting of the Issuer passed a decision by its resolution No. 19 to decrease the share capital of the Issuer from PLN 26,172,602 to PLN 26,170,003, i.e. by PLN 2,599. The number of shares was in consequence reduced from 26,172,602 shares to 26,170,003 shares. On the date of this Prospectus the reduction of the share capital of the Issuer was not registered.

The Ordinary General Meeting of the Issuer passed a decision by its resolution No. 20 dated 24 June 2013 to authorise, under the conditions and within the limits set out in the resolution adopted, the Management Board of the Issuer to purchase its own shares for cancellation and thus to reduce the share capital of the Issuer. The total number of shares covered by the Repurchase Program II was to be no more than 116,108 shares, which would be approximately 0.45% of the share capital. Resources for the program could not exceed PLN 930 thousand and the price per share could not exceed PLN 40.

The Ordinary General Meeting of the Issuer passed a decision by its resolution No. 21 from 24 June 2013 to create reserve capital to cover the total amount of the Repurchase Program II (based on the resolution No. 20 dated 24 June 2013) in the amount of PLN 930 thousand. Funds from the capital reserve fund exceeding the dividend fund were allocated for this.

Pursuant to an agreement dated 16 July 2013, the Brokerage House Copernicus Securities S.A. commenced to broker the Repurchase program II by purchasing it on its own account and the Issuer committed itself to buy back the shares.

#### **CAPITAL CONTRIBUTION AND INCREASE IN SUBSIDIARY HOOP POLSKA SP. Z O.O.**

On 26 June 2012 an Extraordinary General Meeting of Hoop Polska Sp. z o.o. passed resolution No. 1 on increasing the share capital by PLN 100 thousand by issuing 200 new shares with nominal value of PLN 500 (total value of PLN 100 thousand). All of the new shares have been acquired by the sole shareholder, the Issuer, for the total price of PLN 13,200 thousand and were paid in kind in the form of fixed assets (production line) purchased from Kofola Sp. z o.o. at a market value of PLN 13,200 thousand, corresponding to an expert's valuation. The excess price over the nominal value of the shares in the amount of PLN 13,100 thousand was transferred to the capital reserve of Hoop Polska Sp. z o.o.

#### **BOARD OF THE NATIONAL DEPOSITORY FOR SECURITIES DECISION ON ASSIMILATION OF KOFOLA S.A. BONDS SERIES A2 AND A3**

On 29 June 2012, Board of the National Depository for Securities decided on the assimilation of Kofola S.A. bonds from series A<sup>2</sup> and A<sup>3</sup> on 3 July 2012. From 3 July 2012 on, both series are presented as series A<sup>2</sup>.

#### **REGISTRATION OF CAPITAL INCREASE IN SUBSIDIARY HOOP POLSKA SP. Z O.O.**

Capital increase in Hoop Polska Sp. z o.o. from the amount of PLN 374,822,000 to PLN 374,922,000 was registered by court on 31 August 2012.

## **MERGER OF GROUP COMPANIES**

On 6 September 2012, the managements of Kofola Sp. z o.o. with its registered office in Kutno, and Kofola ČeskoSlovensko a.s., with its registered office in Ostrava, agreed on a cross-border merger. This merger had the form of incorporation (merger by acquisition). All assets of Kofola Sp. z o.o. were transferred to Kofola ČeskoSlovensko a.s. The aim of this merger was to simplify the KOFOLA S.A. Group's structure and lower its administrative costs. As at the merger date, 29 December 2012, the acquiring company, Kofola ČeskoSlovensko a.s., assumed all rights and obligations of the acquired company Kofola Sp. z o.o., which ceased to exist as at the merger date.

## **DIVIDEND PAYMENT TO ISSUER'S SHAREHOLDERS**

The dividend in the amount of PLN 0.89 per share was paid out to the Issuer's shareholders on 6 December 2012.

## **RESOLUTION ABOUT PAYMENT OF DIVIDEND TO ISSUER'S SHAREHOLDERS**

The Ordinary General Meeting of KOFOLA S.A. held on 24 June 2013 passed a decision (resolution number 17) to distribute the net profit for 2012 of KOFOLA S.A. in the amount of PLN 11,755 thousand and the amount of PLN 11,536 thousand from the dividend fund as dividend payments.

The shares of all series (A,B,C,D,E,F,G excluding own shares) are entitled to receive the dividend of PLN 0.89 per share. The dividend date was set for 24 September 2013 and the day of dividend payment for 6 December 2013.

## **ACQUISITION OF 'UGO' FRESH JUICE BARS CHAIN**

On 1 December 2012, Kofola Československo a.s. acquired a 75% stake in UGO juice s.r.o. being the 100% owner of UGO trade s.r.o. (both companies incorporated and registered in the Czech Republic). UGO trade s.r.o. is an operator of a chain of fresh juice bars in the Czech Republic and Slovakia under the brand UGO, located mostly in trade galleries and malls. The acquisition is in line with the KOFOLA S.A. Group's strategy which aims to increase the share of the healthy drinks in the portfolio.

## **CANCELLATION OF CONSOLIDATION OF MEGAPACK GROUP IN RELATION TO CHANGE OF MANAGEMENT METHOD**

As the agreement giving the Issuer the decisive vote to nominate the General Director of its subsidiary OOO Megapack expired by the end of December 2012, starting from 1 January 2013 both the Issuer and the Russian shareholders have joint control over the company and, in accordance with IAS 31, KOFOLA S.A. consolidates the Megapack Group using the equity method. The Issuer will continue to pursue ownership supervision over the activities of its subsidiary by the right to appoint two of the four members of the Board of Directors of OOO Megapack.

## **FOUNDATION OF ALOFOK LTD AND CONTRIBUTION OF OOO MEGAPACK SHARES**

The Issuer acquired 100% of shares in its subsidiary Alofok Ltd with its registered office in Limassol, Cyprus on 5 February 2013. The value of acquired assets is PLN 8 thousand (EUR 2 thousand). After the balance sheet date (30 June 2013), a contribution of all shares held in OOO Megapack by KOFOLA S.A. into Alofok Ltd with fair value of PLN 58,876 thousand was registered. The share capital of Alofok Ltd. increased to PLN 40 thousand (EUR 10 thousand). The surplus of the fair value of OOO Megapack shares over the share capital increase was allocated to other capital of Alofok Ltd.

### **SALES OF SHARES IN SUBSIDIARY – TSH SULICH SP. Z O.O.**

The Issuer disposed of all shares in its subsidiary Transport Spedycja Handel SULICH Sp. z o.o. on 8 March 2013. This transaction has no influence on the results of 2013.

### **SALES OF SHARES IN SUBSIDIARY – SANTA-TRANS.SK S.R.O.**

A subsidiary of the Issuer, Kofola ČeskoSlovensko a.s. based in Ostrava sold 100% of its shares in SANTA-TRANS.SK s.r.o. based in Rajec, Slovakia, to Mamenato Steal a.s. based in Ostrava on 16 April 2013.

The 100% ownership interest was sold for CZK 15,000 thousand (i.e. PLN 2,432 thousand) which was determined as the market multiple of EBITDA reached by SANTA-TRANS.SK s.r.o. in 2012. The payment was split into 7 instalments payable at the end of each year beginning from 2013 until 2019.

### **CREDIT AGREEMENTS**

On 22 April 2013, Hoop Polska sp. z o.o. entered into an investment loan and overdraft facility agreements with Bank Millenium S.A. Warsaw and Bank BPH S.A. Krakow in the total amount of PLN 72,000 thousand comprising two investment loans of PLN 16,000 thousand each and two overdraft facilities of PLN 20,000 thousand each. The purpose of the credit agreement is to guarantee financing of the current activity of Hoop Polska Sp. z o.o. and to refinance debt existing as at 30 April 2013 resulting from a term loan and overdraft facility.

The due date of all newly acquired loans was set on 22 April 2017. All loans bear variable interest rates and margins were determined at prevailing market conditions.

### **CHANGES IN MANAGEMENT BOARD OF KOFOLA S.A.**

Based on the resolution No. 12 from 24 June 2013, the Supervisory Board of KOFOLA S.A. have appointed two following new members of the Management Board for a five-year term: Daniel Buryš and Marián Šefčovič. The term of the remaining members of the Management Board was prolonged by another five years.

### **A DIVIDEND PAYMENT RESOLUTION FOR SHAREHOLDERS OF KOFOLA S.A.**

According to Resolution No. 17 from 24 June 2013 the Ordinary General Meeting of KOFOLA S.A. designated the net profit generated by KOFOLA S.A. in 2012, in the amount of PLN 11,755 thousand and the amount of PLN 11 536 thousand derived from the dividend fund for the payment of dividends.

Shares from each series (A, B, C, D, E, F, G) excluding own shares, will be part of the dividend that amounts to PLN 0.89 per share. The dividend date was set for 24 September 2013 and the payment of the dividend was set for 6 December 2013. The amount of the declared dividend of PLN 23,291 thousand is presented in the short-term liabilities in the item 'Other financial liabilities'.

### **OWN SHARES REDEPTION PROGRAMME**

In accordance with Resolution No. 20 from 24 June 2013 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 KOFOLA S.A. The total number of shares covered by the Redemption Programme will be no more than 116 108 shares, which constitutes approximately 0.45% of the share capital, the resources allocated to the Redemption Programme may not exceed PLN 930 thousand and the price of acquired shares cannot exceed PLN 40 per share. Under the agreement from 16 July 2013, Dom Maklerski Copernicus Securities S.A. mediates in buying shares by purchasing them on its own account, from which KOFOLA S.A. will redeem its own shares in the future.

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

According to Resolution No 21 from 24 June 2013 the Ordinary General Meeting of KOFOLA S.A. decided to establish reserve capital from the dividend fund surplus in 'Supplementary capital' to cover the total amount of own shares acquired by the Company (pursuant to Resolution No. 20 from 24 June 2013) in the amount of PLN 930 thousand.

### **RESOLUTION ON CANCELLATION OF OWN SHARES AND REDUCTION OF SHARE CAPITAL**

According to Resolutions No. 18 and 19 from 24 June 2013 the Ordinary General Meeting of the KOFOLA S.A. decided on the cancellation of 2,599 ordinary shares acquired within the share redemption programme completed by the end of 2012 and decided on the reduction of the share capital by PLN 2,599 to PLN 26,170,003. As at the date of publication of this Prospectus, the change has not been registered by the Court.

## 6. BUSINESS OVERVIEW

### 6.1 Principal Activities

The KOFOLA S.A. Group is one of the leading producers of non-alcoholic beverages in Central Europe and low alcohol drinks in Russia<sup>(1)</sup>. The KOFOLA S.A. Group operates in the Czech Republic, Slovakia, Poland and Russia.

#### PRODUCTS

The KOFOLA S.A. Group offers its products in Poland, the Czech Republic, Slovakia and Russia as well as exports to a few other countries, mainly in Europe. The majority of the products sold are branded products offered in several categories presented in the table below. The major brands of the KOFOLA S.A. Group are Kofola, Hoop Cola, Jupí, Jupik, Rajec, Paola, Semtex and Vinea, with the remaining brands being rather tactical brands complementing the portfolio. The KOFOLA S.A. Group offers soft drinks and low alcohol drinks (only in Russia) in PET bottles, glass bottles, cans and KEGs.

#### KOFOLA S.A. GROUP BRANDS IN 2013

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

In 2011, the KOFOLA S.A. Group decided to increase the share of innovations in its portfolio, in particular in the single serve formats. Since the beginning of 2012, the portfolio of the KOFOLA S.A. Group's drinks has been enlarged by new brands of syrup in the economy segment Jarmark Polski, a new brand of mineral water Białowieski Zdrój (clear and flavoured), Hoop Cola Spice, Chito "Ginger Beer" (alcohol free ginger beer) and Chito lemonade "Cloudy lemon", sugar free Kofola with stevia, Kofola with foam, "festival" Kofola with guava, Kofola "outdoor" with guarana, new herbal flavours of Jupí syrups (camomile and wild rose, plantain and yarrow, thyme and dandelion), stevia sweetened Jupik, Rajec water for babies, new flavours of Rajec water – with gooseberries and cranberries, Jupik Aqua sport and Vinea, Kofola and Pickwick Ice Tea in 0.25l cans. In the fourth quarter of 2012 in the Czech Republic and in Slovakia, a revolutionary hot drink Natelo was introduced. In Russia, The KOFOLA S.A. Group introduced new products in glass containers: Koe Chto lemonade, fruit juices Eskimors and low alcohol beverages Black Mamba in can.

In December 2012 Group acquired UGO Group, an operator of fresh bars in the Czech Republic and Slovakia. In the beginning of 2013 Kofola, introduced the freshly squeezed vegetable juices under the umbrella brand UGO into the Czech and Slovak markets. To complete the Hotels, Restaurants and Catering (further described as HoReCa) portfolio, since 1Q 2013 Kofola, became the distributor of the French luxury waters Evian and Badoit.

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

Note: (1) KOFOLA S.A. Group's own analysis. Source: KOFOLA S.A. Group.




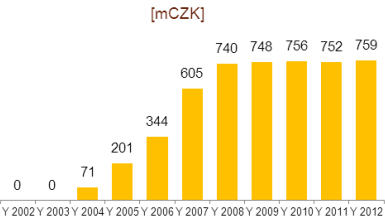
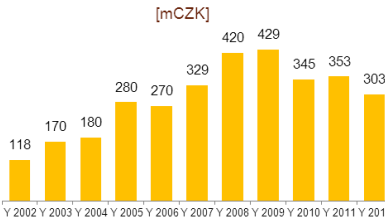
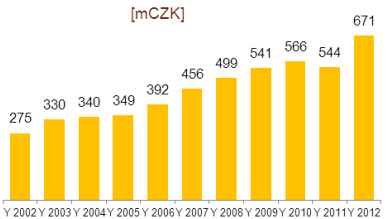


In addition, Megapack operating on the Russian market offers services of bottling drinks on behalf of companies from outside the KOFOLA S.A. Group. This applies both to low-alcohol beverages, and soft drinks.

**DEVELOPMENT OF NEW KOFOLA BRANDS**

The table below presents the development of the unaudited sales revenues generated by the key internally established brands belonging to KOFOLA S.A. Group.



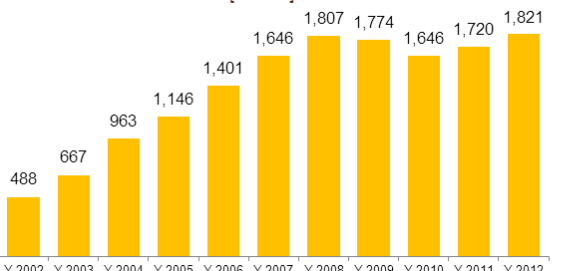
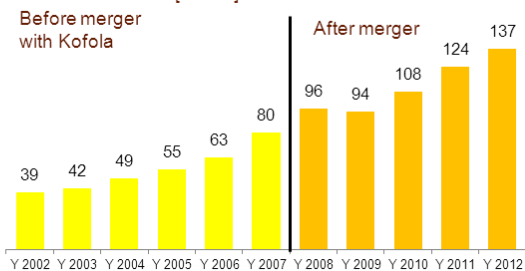
Please note that figures from all years are recalculated by the average 2011 FX rate (PLN/EUR of 4.1401; PLN/CZK of 0.1682).

|   |    |    |      |      |      |      |      |      |      |      |      |      |       |   |   |    |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |
|--|---|---|------|------|------|------|------|------|------|------|------|------|-------|---|---|----|-----|-----|-----|-----|-----|-----|-----|-----|---|------|------|------|------|------|------|------|------|------|------|------|------|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|---|------|------|------|------|------|------|------|------|------|------|------|------|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| <p>Rajec brand launched in 2004. Thanks to the repositioning in water category, Rajec became no. 1<sup>(1)</sup> in Slovakia in 2008 and since then maintains this position. Innovative brand (herbs, trees, oxygen). Infant water was launched in 2012.</p>   | <p>KOFOLA S.A. Group opened the kids drinks category launching Jupik in 1999 becoming the market leader in the Czech and Slovak Republics. The category attracted many competitors slowing down the growth rate. Launched in Poland in 2005, extended to water for kids in 2008. A product without preservatives was introduced in 2012 in the Czech Republic and Slovakia.</p> | <p>Syrups brand introduced to the market in 1998. Soon became the no. 1<sup>(1)</sup> in the Czech Republic (keeping this place until now). First syrup bottled into PET. Syrups without preservatives with natural juice start at the end of 2011. Syrups with herbs without preservatives were added to the portfolio in November 2012.</p> |      |      |      |      |      |      |      |      |      |      |       |   |   |    |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |
|  <table border="1"> <caption>RAJEC Brand Sales (mCZK)</caption> <thead> <tr><th>Year</th><th>2002</th><th>2003</th><th>2004</th><th>2005</th><th>2006</th><th>2007</th><th>2008</th><th>2009</th><th>2010</th><th>2011</th><th>2012</th></tr> </thead> <tbody> <tr><td>Value</td><td>0</td><td>0</td><td>71</td><td>201</td><td>344</td><td>605</td><td>740</td><td>748</td><td>756</td><td>752</td><td>759</td></tr> </tbody> </table> | Year  | 2002  | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Value | 0 | 0 | 71 | 201 | 344 | 605 | 740 | 748 | 756 | 752 | 759 |  <table border="1"> <caption>JUPIK Brand Sales (mCZK)</caption> <thead> <tr><th>Year</th><th>2002</th><th>2003</th><th>2004</th><th>2005</th><th>2006</th><th>2007</th><th>2008</th><th>2009</th><th>2010</th><th>2011</th><th>2012</th></tr> </thead> <tbody> <tr><td>Value</td><td>118</td><td>170</td><td>180</td><td>280</td><td>270</td><td>329</td><td>420</td><td>429</td><td>345</td><td>353</td><td>303</td></tr> </tbody> </table> | Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Value | 118 | 170 | 180 | 280 | 270 | 329 | 420 | 429 | 345 | 353 | 303 |  <table border="1"> <caption>JUPI Brand Sales (mCZK)</caption> <thead> <tr><th>Year</th><th>2002</th><th>2003</th><th>2004</th><th>2005</th><th>2006</th><th>2007</th><th>2008</th><th>2009</th><th>2010</th><th>2011</th><th>2012</th></tr> </thead> <tbody> <tr><td>Value</td><td>275</td><td>330</td><td>340</td><td>349</td><td>392</td><td>456</td><td>499</td><td>541</td><td>566</td><td>544</td><td>671</td></tr> </tbody> </table> | Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Value | 275 | 330 | 340 | 349 | 392 | 456 | 499 | 541 | 566 | 544 | 671 |
| Year   | 2002  | 2003  | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |      |       |   |   |    |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |
| Value  | 0   | 0   | 71   | 201  | 344  | 605  | 740  | 748  | 756  | 752  | 759  |      |       |   |   |    |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |
| Year   | 2002  | 2003  | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |      |       |   |   |    |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |
| Value  | 118   | 170   | 180  | 280  | 270  | 329  | 420  | 429  | 345  | 353  | 303  |      |       |   |   |    |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |
| Year   | 2002  | 2003  | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |      |       |   |   |    |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |
| Value  | 275   | 330   | 340  | 349  | 392  | 456  | 499  | 541  | 566  | 544  | 671  |      |       |   |   |    |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |
| <p>Source: KOFOLA S.A. Group. Note: (1) KOFOLA S.A. Group's own analysis.</p>  |   |   |      |      |      |      |      |      |      |      |      |      |       |   |   |    |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |   |      |      |      |      |      |      |      |      |      |      |      |      |       |     |     |     |     |     |     |     |     |     |     |     |



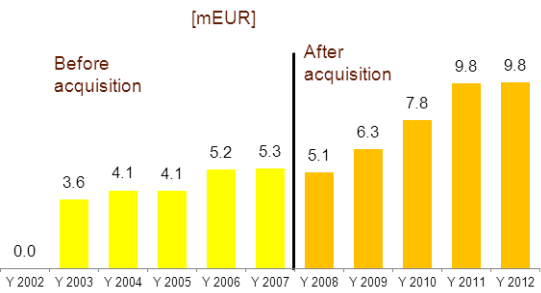
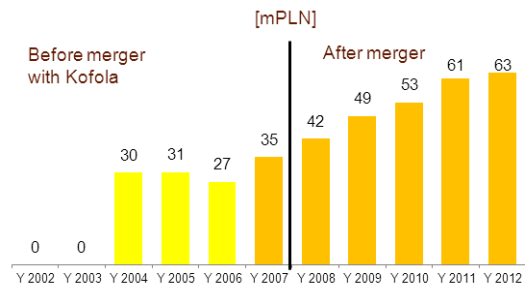
## ACQUISITION AND DEVELOPMENT OF KOFOLA BRANDS

The tables below present the development of the unaudited sales revenues generated by the key brands that were acquired by KOFOLA S.A. Group and still belonging to its portfolio.

Please note that figures from all years are recalculated by the average 2011 FX rate (PLN/EUR of 4.1401; PLN/CZK of 0.1682).

|    |    |      |      |       |       |       |       |       |       |       |       |      |                |     |     |     |       |       |       |       |       |       |       |       |  |      |      |      |      |      |      |      |      |      |      |      |      |                |    |    |    |    |    |    |    |    |     |     |     |
|---|---|------|------|-------|-------|-------|-------|-------|-------|-------|-------|------|----------------|-----|-----|-----|-------|-------|-------|-------|-------|-------|-------|-------|--|------|------|------|------|------|------|------|------|------|------|------|------|----------------|----|----|----|----|----|----|----|----|-----|-----|-----|
| <p>Significant success in revitalization of the Kofola brand in the Czech and Slovak markets since acquisition from Ivax in 2002. Price war in the cola category in 2010 and 2011 slowed the growth dynamics.</p>   | <p>Main brand acquired with Hoop Group. Brand strengthening its position in the market (no. 3<sup>(1)</sup> after Coca Cola and Pepsi). One of the 3 key brands for Hoop.</p> |      |      |       |       |       |       |       |       |       |       |      |                |     |     |     |       |       |       |       |       |       |       |       |  |      |      |      |      |      |      |      |      |      |      |      |      |                |    |    |    |    |    |    |    |    |     |     |     |
| <p style="text-align: center;">[mCZK]</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>2002</th> <th>2003</th> <th>2004</th> <th>2005</th> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> <th>2010</th> <th>2011</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>Revenue [mCZK]</td> <td>488</td> <td>667</td> <td>963</td> <td>1,146</td> <td>1,401</td> <td>1,646</td> <td>1,807</td> <td>1,774</td> <td>1,646</td> <td>1,720</td> <td>1,821</td> </tr> </tbody> </table> | Year  | 2002 | 2003 | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012 | Revenue [mCZK] | 488 | 667 | 963 | 1,146 | 1,401 | 1,646 | 1,807 | 1,774 | 1,646 | 1,720 | 1,821 | <p style="text-align: center;">[mPLN]</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>2002</th> <th>2003</th> <th>2004</th> <th>2005</th> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> <th>2010</th> <th>2011</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>Revenue [mPLN]</td> <td>39</td> <td>42</td> <td>49</td> <td>55</td> <td>63</td> <td>80</td> <td>96</td> <td>94</td> <td>108</td> <td>124</td> <td>137</td> </tr> </tbody> </table> | Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Revenue [mPLN] | 39 | 42 | 49 | 55 | 63 | 80 | 96 | 94 | 108 | 124 | 137 |
| Year  | 2002  | 2003 | 2004 | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  |      |                |     |     |     |       |       |       |       |       |       |       |       |  |      |      |      |      |      |      |      |      |      |      |      |      |                |    |    |    |    |    |    |    |    |     |     |     |
| Revenue [mCZK]  | 488   | 667  | 963  | 1,146 | 1,401 | 1,646 | 1,807 | 1,774 | 1,646 | 1,720 | 1,821 |      |                |     |     |     |       |       |       |       |       |       |       |       |  |      |      |      |      |      |      |      |      |      |      |      |      |                |    |    |    |    |    |    |    |    |     |     |     |
| Year  | 2002  | 2003 | 2004 | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  |      |                |     |     |     |       |       |       |       |       |       |       |       |  |      |      |      |      |      |      |      |      |      |      |      |      |                |    |    |    |    |    |    |    |    |     |     |     |
| Revenue [mPLN]  | 39  | 42   | 49   | 55    | 63    | 80    | 96    | 94    | 108   | 124   | 137   |      |                |     |     |     |       |       |       |       |       |       |       |       |  |      |      |      |      |      |      |      |      |      |      |      |      |                |    |    |    |    |    |    |    |    |     |     |     |

Source: KOFOLA S.A. Group. Note: (1) KOFOLA S.A. Group's own analysis.

|   |   |      |      |      |      |      |      |      |      |      |      |      |                |     |     |     |     |     |     |     |     |     |     |     |  |      |      |      |      |      |      |      |      |      |      |      |      |                |   |   |    |    |    |    |    |    |    |    |    |
|--|--|------|------|------|------|------|------|------|------|------|------|------|----------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|------|------|------|------|------|------|------|------|------|------|------|------|----------------|---|---|----|----|----|----|----|----|----|----|----|
| <p>Fast increase in sales due to proper positioning of the brand, innovations and increased distribution in the Czech and Slovak markets. Market share in CSD Fruits is above Fanta and Mirinda in Slovakia<sup>(1)</sup>.</p>   | <p>Brand acquired with Hoop group. Paola has a strong no. 2<sup>(1)</sup> position in the Polish market proved by revenues increase visible since 2008 onwards (focus, innovations, wider distribution).</p> |      |      |      |      |      |      |      |      |      |      |      |                |     |     |     |     |     |     |     |     |     |     |     |  |      |      |      |      |      |      |      |      |      |      |      |      |                |   |   |    |    |    |    |    |    |    |    |    |
| <p style="text-align: center;">[mEUR]</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>2002</th> <th>2003</th> <th>2004</th> <th>2005</th> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> <th>2010</th> <th>2011</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>Revenue [mEUR]</td> <td>0.0</td> <td>3.6</td> <td>4.1</td> <td>4.1</td> <td>5.2</td> <td>5.3</td> <td>5.1</td> <td>6.3</td> <td>7.8</td> <td>9.8</td> <td>9.8</td> </tr> </tbody> </table> | Year   | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Revenue [mEUR] | 0.0 | 3.6 | 4.1 | 4.1 | 5.2 | 5.3 | 5.1 | 6.3 | 7.8 | 9.8 | 9.8 | <p style="text-align: center;">[mPLN]</p>  <table border="1"> <thead> <tr> <th>Year</th> <th>2002</th> <th>2003</th> <th>2004</th> <th>2005</th> <th>2006</th> <th>2007</th> <th>2008</th> <th>2009</th> <th>2010</th> <th>2011</th> <th>2012</th> </tr> </thead> <tbody> <tr> <td>Revenue [mPLN]</td> <td>0</td> <td>0</td> <td>30</td> <td>31</td> <td>27</td> <td>35</td> <td>42</td> <td>49</td> <td>53</td> <td>61</td> <td>63</td> </tr> </tbody> </table> | Year | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | Revenue [mPLN] | 0 | 0 | 30 | 31 | 27 | 35 | 42 | 49 | 53 | 61 | 63 |
| Year   | 2002   | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |      |                |     |     |     |     |     |     |     |     |     |     |     |  |      |      |      |      |      |      |      |      |      |      |      |      |                |   |   |    |    |    |    |    |    |    |    |    |
| Revenue [mEUR]   | 0.0  | 3.6  | 4.1  | 4.1  | 5.2  | 5.3  | 5.1  | 6.3  | 7.8  | 9.8  | 9.8  |      |                |     |     |     |     |     |     |     |     |     |     |     |  |      |      |      |      |      |      |      |      |      |      |      |      |                |   |   |    |    |    |    |    |    |    |    |    |
| Year   | 2002   | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |      |                |     |     |     |     |     |     |     |     |     |     |     |  |      |      |      |      |      |      |      |      |      |      |      |      |                |   |   |    |    |    |    |    |    |    |    |    |
| Revenue [mPLN]   | 0  | 0    | 30   | 31   | 27   | 35   | 42   | 49   | 53   | 61   | 63   |      |                |     |     |     |     |     |     |     |     |     |     |     |  |      |      |      |      |      |      |      |      |      |      |      |      |                |   |   |    |    |    |    |    |    |    |    |    |

Source: KOFOLA S.A. Group. Note: (1) KOFOLA S.A. Group's own analysis.

## 6.2 Competitive Position and Markets

KOFOLA S.A. Group operates in the following segments:

- ✿ Poland
- ✿ Czech Republic
- ✿ Russia
- ✿ Slovakia
- ✿ Export

### PRODUCT SEGMENTS

| 1.1.2012 - 31.12.2012 (in ths. PLN)         | Carbonated beverages | Non-Carbonated beverages | Natural waters | Syrups         | Low alcohol drinks | Other         | Total            |
|---|----------------------|--------------------------|----------------|----------------|--------------------|---------------|------------------|
| <b>Revenue</b>                              | <b>617 822</b>       | <b>96 340</b>            | <b>204 865</b> | <b>153 710</b> | <b>241 888</b>     | <b>26 267</b> | <b>1 340 892</b> |
| Continuing operations                       | 592 180              | 57 746                   | 192 833        | 153 710        | 68                 | 26 126        | 1 022 663        |
| Discontinued consolidation (Megapack Group) | 25 642               | 38 594                   | 12 032         | -              | 241 820            | 141           | 318 229          |

Source: KOFOLA S.A. Group

### GEOGRAPHICAL SEGMENTS

| 1.1.2012 - 31.12.2012 (in ths. PLN) | Poland  | Czech Republic | Slovakia | Export | Eliminations (consolidation adjustments) | Subtotal  | Russia  | Total     |
|-------------------------------------|---------|----------------|----------|--------|--|-----------|---------|-----------|
| <b>Revenue</b>                      | 478 933 | 371 848        | 273 696  | 4 369  | (106 183)                                | 1 022 663 | 318 229 | 1 340 892 |
| Sales to external customers         | 459 306 | 339 598        | 219 390  | 4 369  | -  | 1 022 663 | 318 229 | 1 340 892 |

Source: KOFOLA S.A. Group

### DISTRIBUTION CHANNELS

|   | PL | CZ | SK | RU |   |
|---|----|----|----|----|---|
| <b>Modern channels (retail chains)</b>                      | ✓  | ✓  | ✓  | ✓  | KOFOLA S.A. Group has a strong position in modern channels (in both supermarkets and discount stores in all countries).   |
| <b>Traditional channels (wholesalers and distributors)</b>  | ✓  | ✓  | ✓  | ✓  | Although, the sales activity slowly moving to modern distribution channels, traditional channels remains the second strongest channel.  |
| <b>HoReCa</b>   |    | ✓  | ✓  |    | Very strong position of HoReCa channel in the Czech Republic and Slovakia where Kofola is sold from KEGs.   |
| <b>B2B (private labels, co-packing, toll-manufacturing)</b> | ✓  |    | ✓  |    | Segment B2B requires unique knowledge. KOFOLA S.A. Group produces and sells private labels for its strategic partners as well as products of global beverages producers. Toll-manufacturing contract with the worldwide top beverages manufacturer.               |
| <b>Direct distribution</b>                                  |    |    | ✓  |    | Direct distribution (DD) was fully launched in Slovakia since 4Q 2009. Direct distribution allowed to increased gross profit and improved cash flows, but caused higher logistic costs on the other side.<br><br>Transition to the Cross Dock model from Q4 2011. |

**Vending machines**

✓

First 2,000 vending machines were introduced in the Czech Republic in 2010.

Operation of the vending machines is outsourced to an external company.

**KOFOLA'S ESTIMATED MARKET POSITION IN THE TOTAL RETAIL MARKET IN 1H 2013**

During 1H 2013, according to the KOFOLA S.A. Group's own analysis the KOFOLA S.A. Group companies held first position in the soft drinks market in the Czech Republic in syrups, second in cola-type drinks, second in children drinks, second in carbonated drinks, fourth in energy drinks, fifth in waters and fifth in non-carbonated drinks; in Slovakia, first position in waters market, second in cola-type drinks, second in children drinks, second in syrups, second in carbonated beverages and sixth in non-carbonated beverages market; and in Poland, second position in syrups market, third in cola-type drinks, sixth in children drinks, sixth in non-carbonated beverages and seventh in carbonated beverages.

In Russia, Megapack OOO has only been noticeable in the local Moscow market. Due to the size of the Russian market, data of Megapack OOO is not visible in the official statistics; therefore it is hard to establish its market position.

**ESTIMATED MARKET POSITION IN THE MAJOR SEGMENTS IN 1H 2013**

|   | PL <sup>(1)</sup> | CZ <sup>(1)</sup> | SK <sup>(1)</sup> | RU <sup>(1)</sup> |   |
|---|-------------------|-------------------|-------------------|-------------------|---|
| <b>Cola beverages</b>                     | 3                 | 2                 | 2                 | -                 | Due to brands like Kofola, Hoop Cola or RC Cola, the KOFOLA S.A. Group commands a very strong position in the segment for Cola beverages (no. 2 in the Czech Republic and Slovakia, no. 3 in Poland). |
| <b>Carbonated beverages</b>               | 7                 | 2                 | 2                 | -                 | Strong position in the segment for carbonated beverages in Slovakia was achieved due to an acquisition of Vinea brand in 2008.  |
| <b>Non-carbonated beverages</b>           | 6                 | 5                 | 6                 | -                 |   |
| <b>Natural spring waters</b>              | 10                | 5                 | 1                 | -                 | Since 2008, the KOFOLA S.A. Group is a leader in the natural spring waters in Slovakia. Position achieved thanks to changes in segment strategy and innovations.                                      |
| <b>Syrups and concentrates</b>            | 2                 | 1                 | 2                 | -                 | Leading position of Jupí syrup brand in the Czech Republic, third position in Slovakia and second position of Paola syrup brand in Poland behind Herbapol.  |
| <b>Beverages for children</b>             | 6                 | 2                 | 2                 | -                 | Pioneer activities in the segment of beverages for children on the Czech and Slovak markets (Jupík, Jupík Aqua). On the Czech and Slovak markets currently holds second position behind Kubik.        |
| <b>Energy drinks</b>                      | -                 | 4                 | 9                 | -                 | Entry to energy drinks category in 2011 via acquisition of Pinelli. Position should be strengthened by improved brand management.   |
| <b>Soft alcohol beverages (alco-pops)</b> | -                 | -                 | -                 | 3 <sup>(2)</sup>  | Alco-pops products have a strong position in Moscow, unfortunately, in a market with restrictions in sales and marketing of alcoholic beverages.  |

Notes: (1) KOFOLA S.A. Group's own analysis. (2) Volume share in the Moscow area only. Source: KOFOLA S.A. Group

## LONG-TERM TRENDS IN THE BEVERAGES MARKET

|   | Long-term trends  | KOFOLA S.A. Group's approach  |
|---|---|---|
| <b>Healthy food and beverages</b>                                       | Consumers became more aware and pay attention to quality of food and beverages and avoid products with artificial additives and preservatives   | Gradual conversion of products to preservatives-free, healthy innovations (requires capital expenditure)<br><br>Promotion of healthy lifestyle                                      |
| <b>Increasing share of outdoor activities</b>                           | People tend to spend more time out of home on various activities (work, sport, travel, entertainment) raising the need of availability of food and beverages everywhere   | Focus on impulse products (portfolio enhancement)<br><br>Development of the impulse channels<br><br>Development of HoReCa (coverage, portfolio)                                     |
| <b>Consolidation of retail and drift of volume to Modern Trade (MT)</b> | Pressure on margins and efficiency leads to consolidation of retailers (big and small)<br><br>Faster lifestyle leads to more purchases of FMCG products (Fast Moving Consumer Goods) in large shops, drifting volume to MT<br><br>Hypermarkets started to develop smaller shop formats (MT) | Strengthening brands to be more important for retailers<br><br>Focus on terms and conditions with retailers<br><br>Proper pack/channel tactics                                      |
| <b>Consolidation of food and beverages producers</b>                    | Pressure on margins from retailers and high raw materials prices lead to decisions of business disposals and bankruptcies resulting in producers consolidation  | Ambition to be the market consolidator<br><br>Constant search for leads of unexplored brands (companies)<br><br>Acquisition of Vinea, Citrocola, Semtex and UGO in the last 4 years |
| <b>Globalization and growing individualism</b>                          | Nowadays consumers travel more, expecting to have their beloved products available everywhere<br><br>Rising need of individualism among consumers leads to need to differentiate and identify with unique features of brands and products<br><br>Both trends are going against each other   | Rollout of the successful brands to other markets where the KOFOLA S.A. Group companies operate<br><br>Building and/or creation of brands with functional/emotional features        |

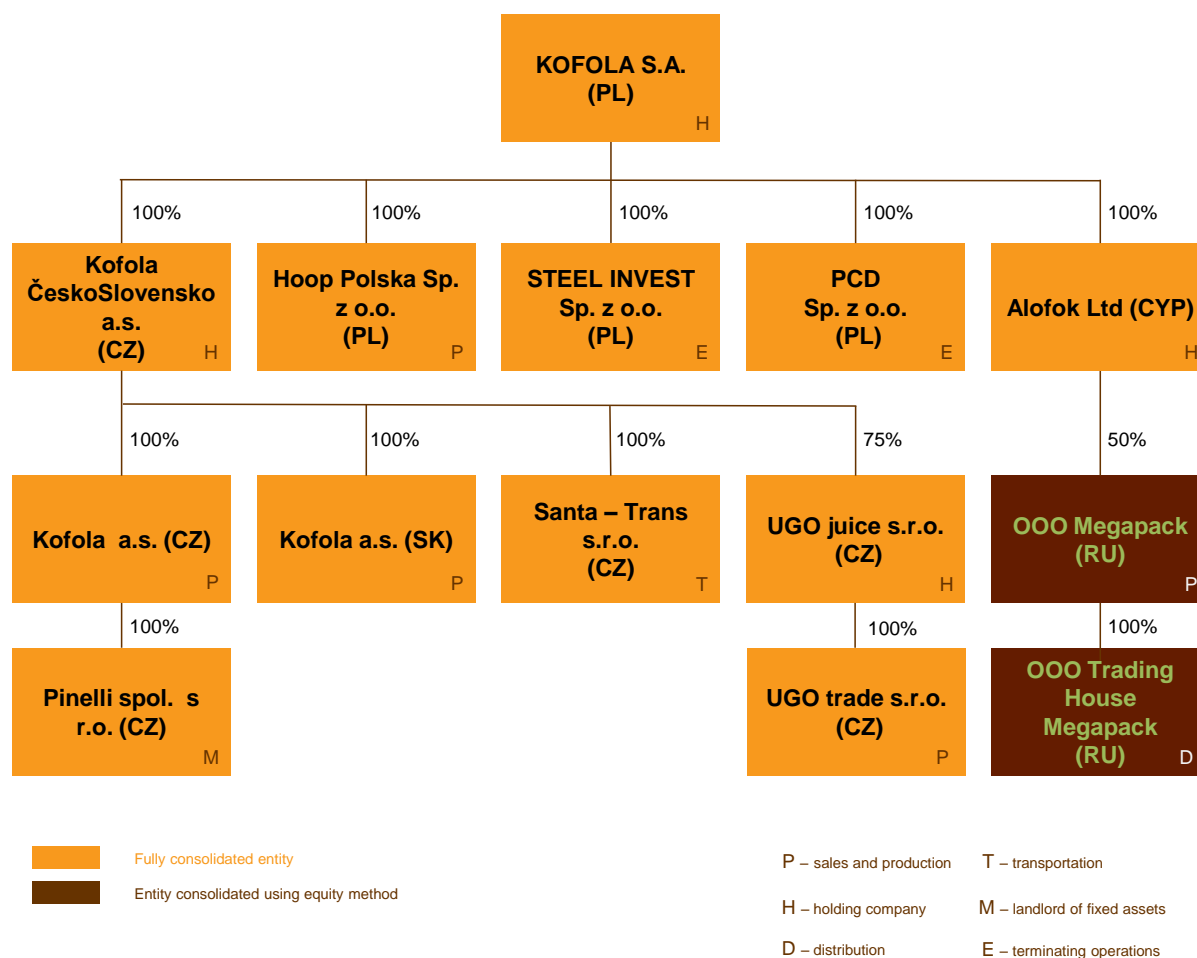
## **STRENGTHS OF THE KOFOLA S.A. GROUP**

- ✿ KOFOLA S.A. Group has been achieving successes in the market for 20 years
- ✿ Stable customer demand for food and beverages allows for sustainable cash flow generation
- ✿ KOFOLA S.A. Group showcased resilience against economic downturns – the management proved ability to improve results and cash flow in the demanding market conditions of 2010 - 2012 (pressure on demand, pricing, high raw materials prices)
- ✿ Strong market position in major categories: cola drinks in Slovakia and the Czech Republic, syrups in the Czech Republic and Poland and Slovakia, as well as the water segment in Slovakia and kids drinks in the Czech Republic and Slovakia
- ✿ Strategic focus on innovations, impulse products and HoReCa to offset the changes in the retail structure proved by several new products and brands introduced in 2011 and 2012
- ✿ Diversified portfolio of strong brands: Kofola, Vinea, Paola, Rajec, Hoop Cola, Semtex, supported by tactical brands
- ✿ Backed by a leading private equity fund in the CEE region (Enterprise Investors), providing access to know-how, challenging the management, putting pressure on the results and facilitating flexible reactions to fast changing market conditions
- ✿ Sufficient production capacities
- ✿ Track record in acquisition of brands with unexplored potential proven by successful cases of Kofola, Paola, Vinea, Hoop Cola and Semtex
- ✿ Track record in development of own brands and establishing new categories proven by Rajec, Jupí and Jupik
- ✿ Low leverage when compared to sizeable peers in Western Europe
- ✿ Transparent business due to the listing on the Warsaw Stock Exchange

## 7. ORGANISATIONAL STRUCTURE

The Issuer is a holding company with no operations and no employees. The Issuer relies on upstream distributions from its Subsidiaries in respect of fulfilling its liabilities towards the Noteholders and/or other creditors.

As of the date of this Prospectus the KOFOLA S.A. Group comprised the following entities:



| Company Name                                     | Headquarters            | Range of activity   | Consolidation method   | Direct or indirect % part in share capital | % part in voting rights |
|--|-------------------------|---|------------------------|--|-------------------------|
| 1. KOFOLA S.A.                                   | Poland, Kutno           | holding   | acquisition accounting |  |                         |
| 2. Kofola ČeskoSlovensko a.s.                    | Czech Republic, Ostrava | holding   | acquisition accounting | 100.00%                                    | 100.00%                 |
| 3. Hoop Polska Sp. z o.o.                        | Poland, Kutno           | production of non-alcoholic beverages   | acquisition accounting | 100.00%                                    | 100.00%                 |
| 4. Kofola a.s.                                   | Czech Republic, Krnov   | production and distribution of non-alcoholic beverages                                | acquisition accounting | 100.00%                                    | 100.00%                 |
| 5. Kofola a.s.                                   | Slovakia, Rajecká Lesná | production and distribution of non-alcoholic beverages                                | acquisition accounting | 100.00%                                    | 100.00%                 |
| 6. SANTA-TRANS s.r.o.                            | Czech Republic, Krnov   | road cargo transport  | acquisition accounting | 100.00%                                    | 100.00%                 |
| 7. OOO Megapack                                  | Russia, Widnoje         | production of non-alcoholic and low-alcoholic beverages                               | equity accounting      | 50.00%                                     | 50.00%                  |
| 8. OOO Trading House Megapack                    | Russia, Widnoje         | sale and distribution of non-alcoholic and low-alcoholic beverages                    | equity accounting      | 50.00%                                     | 50.00%                  |
| 9. Pomorskie Centrum Dystrybucji HOOP Sp. z o.o. | Poland, Koszalin        | wholesale of non-alcoholic and low-alcoholic beverages, activity extinguished in 2011 | acquisition accounting | 100.00%                                    | 100.00%                 |
| 10. Alofok Ltd                                   | Cyprus, Limassol        | holding   | acquisition accounting | 100.00%                                    | 100.00%                 |
| 11. PINELLI spol. s r.o.                         | Czech Republic, Krnov   | trademark licensing   | acquisition accounting | 100.00%                                    | 100.00%                 |
| 12. UGO Trade s.r.o.                             | Czech Republic, Krnov   | production of non-alcoholic beverages   | acquisition accounting | 75.00%                                     | 75.00%                  |
| 13. UGO Juice s.r.o.                             | Czech Republic, Krnov   | holding   | acquisition accounting | 75.00%                                     | 75.00%                  |
| 14. STEEL INVEST Sp. z o.o.                      | Poland, Kutno           | does not conduct currently any business activity                                      | acquisition accounting | 100.00%                                    | 100.00%                 |

## 8. TREND INFORMATION

The Issuer is not aware of any material adverse change in the prospects of the Issuer since 31 December 2012.

## 9. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES

### 9.1 Management Board

The composition of the Management Board of the Issuer is, as of the date of this Prospectus, as follows:

-  Janis Samaras – Chairman of the Board
-  Bartosz Marczuk – Member of Board
-  Martin Mateáš – Member of Board
-  René Musila – Member of the Board
-  Tomáš Jendřejek – Member of the Board
-  Marián Šefčovič – Member of the Board
-  Daniel Buryš – Member of the Board



#### **JANIS SAMARAS – CHAIRMAN OF THE BOARD AND CEO**

Mr. Samaras has been in the Management Board since May 2008 and is responsible for the creation and implementation of the strategy for the whole KOFOLA S. A. Group. In 1993, together with his father Kostas Samaras, Janis Samaras established Santa Nápoje s.r.o., a company operating in the production and sale of non-alcoholic beverages. His biggest success is the transformation of the local company from North Moravia to an important market player in Central Europe and one of the most admired European companies. Janis Samaras is 42 years old. He received secondary education. He also received CIMA certificate in the area of marketing. He was elected Entrepreneur of the Year 2011 in Czech Republic.

Working address: Nad Porubkou 2278/31a, Ostrava 8 – Poruba, Czech Republic

Janis Samaras is also Chairman of the Board of Kofola ČeskoSlovensko a.s. and Kofola a.s. (CZ), Vice-Chairman of the Board of Kofola a.s. (SK) and Statutory Representative of Pinelli spol. s r.o.

#### **BARTOSZ MARCZUK – MEMBER OF THE BOARD AND CFO**

Mr. Marczuk is in the position of the KOFOLA S.A. Group CFO since November 2009. In May 2010, he was appointed the Management Board member of KOFOLA S.A. and the Management Board member of Kofola Holding a.s. (currently Kofola ČeskoSlovensko a.s.). Mr. Marczuk is responsible for finances and IT in the entire Group. During 2005 – 2009, he acted as an interim manager and a freelance consultant for private equity funds and international companies on operational optimisation projects. He got experience in various industries, e.g. ceramics, FMCG, maintenance, repair and operations, paper and packaging, animal nutrition, aluminium or tourism. During 2005 – 2006, acting as managing director, he successfully completed a turn-around in AB Dvarcioniu keramika in Lithuania. During 2001 – 2004, he acted as project manager in Kolaja&Partners (currently Alvarez&Marsal). Between 1998 – 2000, he was a senior associate for corporate finance in Arthur Andersen. During 1996 – 1998 he acted as an analyst in audit department in PriceWaterhouse. Mr. Marczuk graduated in financial and insurance mathematics at Polytechnics of Wroclaw in Poland and Paisley University in Scotland. He is an ACCA member since 2002. Mr. Marczuk is one of the founders of Interim Managers Association in Poland. Bartosz Marczuk is 41 years old.

Working address: Nad Porubkou 2278/31a, Ostrava 8 – Poruba, Czech Republic

Bartosz Marczuk is also Member of the Board of Kofola ČeskoSlovensko a.s.

#### **MARTIN MATEÁŠ – MEMBER OF THE BOARD AND COMMERCIAL DIRECTOR**

Mr. Mateáš has been in the Management Board since May 2008 and is responsible for the KOFOLA S.A. Group's sales strategies and global brand management. He joined the KOFOLA S.A. Group in 2005 as a senior brand manager, and since 2007 acts as marketing director. Since November 2010 he has acted as CEO of Hoop Polska Sp. z o.o. He has introduced many product innovations, e.g. water for kids Jupik Aqua. Before joining the KOFOLA S.A. Group, Martin held the position of a brand manager in Heineken Slovakia and was responsible for the brand Zlatý Bažant during the years 2004 – 2005. His other activities included the following: St. Nicolas Trade – senior brand manager in water segment (Budis) during 1999 – 2003, Procter & Gamble – sales analysts during 1998 – 1999. Martin Mateáš is 38 years old. He graduated at the Physical Education Academy in Bratislava and in tourism management in Nitra (Slovakia).

Working address: 99-300 Kutno, ul. Wschodnia 5, Poland.

Martin Mateáš is also CEO of Hoop Polska Sp. z o.o. and Member of the Board of Kofola ČeskoSlovensko a.s.

#### **RENÉ MUSILA – MEMBER OF THE BOARD AND COO**

Mr. Musila has been in the Management Board since May 2008 and since 1993 in the beverage industry. He has acted as director of operations since the very beginning of activities at SP Vrachos and Santa Nápoje, later on in Kofola a.s. (CZ), being responsible for production, purchasing and quality. Since 2008 and in relation with the set-up of the KOFOLA S.A. Group he has acted as director of group operations. Within the KOFOLA S.A. Group he is in charge of managing production plants, investments and new technologies. Mr. Musila is responsible for increasing production efficiency, cost savings and new sources of water search. His biggest success is inclusion of Hoop production plants to the production structure of the KOFOLA S.A. Group. René Musila is 44 years old. He received secondary education.

Working address: Nad Porubkou 2278/31a, Ostrava 8 – Poruba, Czech Republic

René Musila is also Vice-Chairman of the Board of Kofola ČeskoSlovensko a.s., Member of the Board of Kofola a.s. (CZ) and Kofola a.s. (SK) and Statutory Representative of SANTA – TRANS s.r.o.

#### **TOMÁŠ JENDŘEJEK – MEMBER OF THE BOARD AND PROCUREMENT DIRECTOR**

Tomáš Jendřejek has been in the Management Board since May 2008 and since 1994 in beverage industry. At the beginning, he acted as a sales representative and later as key account manager (1996 – 1999). He was a sales manager during 1999 – 2002 and sales director in Kofola a.s. (CZ) during the 2002 – 2006. Since 2008 and in relation with the set-up of the KOFOLA S.A. Group he has acted as group procurement director. Within the KOFOLA S.A. Group he is in charge of procurement strategy, optimisation of prices of raw materials and services. His biggest success is completion of the process of centralisation of procurement in the KOFOLA S.A. Group in 2009. Mr. Jendřejek is 48 years old. He received secondary education. Before joining the KOFOLA S.A. Group he had worked for 8 years in maintenance department of production plant producing machines for the fannery industry. He also received CIMA certificate in marketing.

Working address: Nad Porubkou 2278/31a, Ostrava 8 – Poruba, Czech Republic

Tomáš Jendřejek is also Member of the Board of Kofola ČeskoSlovensko a.s. and also a Statutory Representative of SANTA – TRANS s.r.o. (CZ)

#### **MARIÁN ŠEFCOVIČ – MEMBER OF THE BOARD AND SALES DIRECTOR KOFOLA ČESKO SLOVENSKO A.S.**

Marián started his career as a sales representative of the salty snacks division of PepsiCo in Slovakia in 1994. He continued his career as a salesman responsible for the region in Slovandy Haas s.r.o. 1996 – 1999. Since 1999, he acted as a regional salesman and in customer care department of Santa Nápoje Slovakia (currently Kofola a.s. Slovakia). During 2001 – 2002, he was a sales manager of Kofola a.s. (SK). Between 2002 – 2007, Marián was the sales director of Kofola a.s. (SK) responsible for the entire sales force and sales strategy in Slovakia. During 2007 – 2012, he acted as general director of Kofola a.s. (SK). Since September 2011, he also acted in the position of the sales director responsible for sales in all channels of Kofola brand in the Czech Republic and Slovakia. Marián gained education in Trnava, Slovakia. After the graduation, he received CIM diploma in marketing. Marián speaks English and German.

Working address: Nad Porubkou 2278/31a, Ostrava 8 – Poruba, Czech Republic

Marián Šefčovič is also the Chairman of the Board of Directors of Kofola a.s. (SK) and Vice-chairman of the Board of Directors of Kofola a.s. (CZ).

## **DANIEL BURYŠ – MEMBER OF THE BOARD AND CFO KOFOLA ČESKO SLOVENSKO A.S.**

Daniel joined the KOFOLA S.A. Group in 2010. He is responsible for finance management, accounting and controlling in the Czech Republic and Slovakia. Before joining Kofola, Daniel worked as finance manager in ČEZ PL - Elektrociepłownia Chorzów "ELCHO" Sp. z o.o. There he was responsible for a syndicated loan refinancing (11 banks took part in refinancing). Daniel also acted as finance manager in Severomoravská energetika, a.s. (acquired by CEZ). There he was responsible for financing, accounting and controlling. He led the implementation of SAP in Severomoravská energetika, a.s. and played an active role in integration of Severomoravská energetika, a.s. into the CEZ Group and CEZ process business model. Daniel is 43 years old.

Working address: Nad Porubkou 2278/31a, Ostrava 8 – Poruba, Czech Republic

Daniel Buryš is also a Member of the Board of Kofola a.s. (CZ) and Kofola a.s. (SK) and Statutory Representative in UGO trade s.r.o. and UGO juice s.r.o.

## **9.2 The principles of appointing of Management Board members**

The Management Board comprises of five to eight members for the 5-year term, appointed and removed by the Supervisory Board (the members may be re-appointed).

Subject to the provisions of Par. 18.8. items r) to v) of KOFOLA S.A.'s Statute, the resolution of the Supervisory Board on appointment or removal from office of all or any particular member of the Management Board, including the chairman of the Management Board, is to be adopted by a simple majority of the votes.

If the Supervisory Board removes any member or members of the Management Board from their office, as a result of which the number of the Management Board members falls below five, the Supervisory Board is obliged to appoint at the same meeting new members to the Management Board to ensure it is complete.

If the term 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 Board of Directors members falls below five, the Supervisory Board is obliged within 14 days of the occurrence of such fact to appoint a new member or members to the Management Board to ensure it is complete.

The tenure of the Management Board members expires as provided for in Art. 369.4 of the Polish Commercial Companies Code. If new members were appointed to fill a vacancy or supplement the composition of the Management Board, the term of office of such newly-appointed Management Board members will expire at the same time as the terms of office of the other Management Board members who were appointed regularly.

### 9.3 Supervisory Board

The composition of the Supervisory Board of the Issuer is, as of the date of this document, as follows:

- ✿ René Sommer – Chairman of the Supervisory Board
- ✿ Jacek Woźniak - Vice-Chairman of the Supervisory Board
- ✿ Dariusz Prończuk - Supervisory Board Member
- ✿ Pavel Jakubík - Supervisory Board Member
- ✿ Martin Dokoupil - Supervisory Board Member
- ✿ Anthony Brown - Supervisory Board Member

#### **RENÉ SOMMER – CHAIRMAN OF THE SUPERVISORY BOARD**

René Sommer has been the Chairman of the Supervisory Board of KOFOLA S.A. since March 2011. Currently, he is also the Head of HR and Legal in the KOFOLA S.A. Group. Between 2006 and 2009, he acted as CEO of Kofola a.s. (CZ) in the Czech Republic. In 1992 he started to work at SP Vrachos, the predecessor of today's Kofola a.s. (CZ). René Sommer is an entrepreneur, running his own chain of shops importing and selling products from Greece, Bulgaria and Slovakia. Until 1990, he acted as project manager in ČKD Polovodiče Praha. René Sommer is 48 years old. He graduated from the Czech Technical University in Prague and completed MBA courses.

Working address: Nad Porubkou 2278/31a, Ostrava 8 – Poruba, Czech Republic

#### **JACEK WOŹNIAK – VICE-CHAIRMAN OF THE SUPERVISORY BOARD**

Jacek Woźniak is a partner in Enterprise Investors private equity fund responsible for the investments in the FMCG and industrial sectors. Mr. Woźniak has 20 years of experience in private equity, consulting and restructurings. He is also the President of the Supervisory Board of Gamet S.A. Before joining Enterprise Investors, Mr. Woźniak was a consultant in the Warsaw office of Arthur Andersen and an investment director in Trinity Management, a firm managing NFI funds during privatization in Poland. Mr. Woźniak is a graduate from the Economy Department of the University of Gdańsk. He has been in the Supervisory Board of KOFOLA S.A. since December 2008.

Working address: 53 Emilii Plater St., 31st floor, 00-113 Warsaw, Poland

#### **DARIUSZ PROŃCZUK - SUPERVISORY BOARD MEMBER**

Dariusz Prończuk is a managing partner and a member of the management board of Enterprise Investors. He has been involved with Enterprise Investors since 1993. Mr. Prończuk specializes in investments in the financial sector, FMCG, IT and constructions. So far, he realized over 20 investments, including Lukas SA, Sonda SA, Comp Rzeszów SA, Magellan SA, Kruk SA, Skarbiec Assets Holding SA and AVG Technologies N.V. Before joining Enterprise Investors he worked as a financial analyst in Multicraft and PDG Partners and was a vice-president of Investment Bank Hejka Michna Inc. He is a member of the supervisory boards of Kruk SA, MedFinance SA, Magellan SA, Skarbiec Assets Holding SA, S.C. Macon SA, Netrisk HU and AVG Technologies N.V. Mr. Prończuk graduated from the Warsaw School of Economics. He has been in the Supervisory Board of KOFOLA S.A. since December 2008.

Working address: 53 Emilii Plater St., 31st floor, 00-113 Warsaw, Poland

#### **PAVEL JAKUBÍK - SUPERVISORY BOARD MEMBER**

Pavel Jakubík is a Financial Manager in Kofola ČeskoSlovensko a.s. responsible for running projects related to financing within the KOFOLA S.A. Group since 2008. Before joining KOFOLA S.A. Group Pavel Jakubík was a financial director in Bekeart Bohumín, a Belgium global steel wires and coatings manufacturer. After graduation, Mr. Jakubík joined the Czech office of Ernst & Young, where, for a period of 5 years, he was responsible for auditing various companies, due diligence projects, MSSF

consolidation and verification of the reporting of mergers. Mr. Jakubík is a graduate of the Technical University of Ostrava, Economics Department, with a specialization in finance. He is an ACCA member. Mr. Jakubík has been in the Supervisory Board of KOFOLA S.A. since November 2012.

Working address: Nad Porubkou 2278/31a, Ostrava 8 – Poruba, Czech Republic

#### **MARTIN DOKOUPIL - SUPERVISORY BOARD MEMBER**

Martin Dokoupil is a managing partner of Blue Strategy, s.r.o. Mr. Dokoupil has a rich experience in advisory and market analysis. Since 1999, he has been in the advisory business working primarily with retailers and FMCG companies operating in the Czech Republic as well as in Central Europe. Martin Dokoupil specializes in support to the top managements when changing management processes. Mr. Dokoupil has been a member of the Supervisory Board of KOFOLA S.A. since 2008. Martin Dokoupil has a Master Degree in Socio-Economical Geography.

Working address: Hlubočepská 701/38c, 152 00 Praha 5, Czech Republic

#### **ANTHONY BROWN - SUPERVISORY BOARD MEMBER**

Anthony Brown is a general manager of InMarket Solutions Inc., an US consulting company advising the firms in the area of marketing and sales. He acted in Unilever during 2000 – 2008. After 2006 he was promoted to regional director for the Near East, Africa and Central Asia. He acted as general and marketing manager for Russia. During 1994 – 1999, he was building the presence of PepsiCo in Poland and Russia. Since 1988 Anthony Brown worked as regional brand manager in Miller Brewing becoming regional sales manager and marketing manager developing brand Leinenkugel's. After graduation, he worked as an investment banker in First Winconsin Bank Corp., First Bank System in Minneapolis and Hapoalim Bank in Chicago. Anthony Brown is a graduate of the Marquette University obtaining BSc in marketing (1983) and MBA in finance (1990). Mr. Brown is a member of the Wisconsin and National Marketing Association in USA. Anthony Brown has been a member of the Supervisory Board of KOFOLA S.A. since June 2009.

Working address: Jana Pawla Street II 80, 00-175 Warsaw, Poland

### **9.4 The principles of Appointing of Supervisory Board Members**




In accordance with the KOFOLA S.A.'s Statute, the Supervisory Board comprises of five to six members, including one independent Supervisory Board member, appointed and removed by the General Meeting, whereby:

a) as long as KSM Investment SA with the registered office in Luxembourg ("**KSM**") remains the KOFOLA S.A.'s shareholder with no less than 35% of KOFOLA S.A.'s share capital, KSM may appoint and remove three members of the Supervisory Board, including the Chairman of the Supervisory Board; and

b) as long as CED GROUP S. a r.l. ("**CED**") remains KOFOLA S.A.'s shareholder with no less than 15% of KOFOLA S.A.'s share capital, CED may appoint and remove two members of the Supervisory Board, including the Vice-chairman of the Supervisory Board.

### **9.5 The Audit Committee and Remuneration Committee**

As of the date of this Prospectus, the Audit Committee comprises of:

-  Anthony Brown
-  Jacek Woźniak
-  Dariusz Prończuk

- ✿ René Sommer
- ✿ Pavel Jakubík

As of the date of this Prospectus, the Remuneration Committee comprises of:

- ✿ Jacek Woźniak
- ✿ Martin Dokoupil

## 9.6 Administrative, Management and Supervisory Bodies Conflicts of Interests

The Issuer is not aware of any potential conflict of interest of persons representing administrative, management and supervisory bodies between any duties to the Issuer and their private interests. Every member of the Management Board and also Supervisory Board being appointed makes a statement about any possible conflicts of interests.

The Issuer as a company listed on the Warsaw Stock Exchange (WSE) is obliged to obey the Code of Best Practice for WSE Listed Companies. This includes also an obligation to disclose non-compliance to any rules of the Code of Best Practice.

According to the rule 4 Title II - Best Practice for Management Boards of Listed Companies - a member of the Management Board should notify any conflicts of interest, which have arisen or may arise, to the Management Board and should refrain from taking part in the discussion and from voting on the adoption of a relevant measure.

According to the rule 4 Title III - Best Practice for Supervisory Board Members - a member of the Supervisory Board should notify any conflicts of interest which have arisen or may arise to the Supervisory Board and should refrain from taking part in the discussion and from voting on the adoption of a relevant measure.

## 10. MAJOR SHAREHOLDERS

As of the date of this Prospectus, the shareholders of the Issuer, according to the Issuer's best knowledge, were the following entities:

### **KSM INVESTMENT S.A. WITH ITS REGISTERED OFFICE IN LUXEMBOURG**

- ✿ 13,395,373 shares, accounting 51.18% of Issuer's share capital;
- ✿ 13,395,373 votes, accounting for 51.18% of the total vote at General Meeting of the Issuer.

### **CED GROUP S. A R.L. WITH ITS REGISTERED OFFICE IN LUXEMBOURG**

- ✿ 11,283,153 shares, accounting for 43.11 % of Issuer's share capital;
- ✿ 11,283,153 votes, accounting for 43.11 % of the total vote at General Meeting of the Issuer.

### **TOMÁŠ JENDŘEJEK**

- ✿ 687,660 shares, accounting for 2.63 % Issuer's share capital;
- ✿ 687,660 votes, accounting for 2.63 % of the total vote at General Meeting of the Issuer.

### **RENÉ MUSILA**

- ✿ 687,709 shares, accounting for 2.63 % Issuer's share capital;
- ✿ 687,709 votes, accounting for 2.63 % of the total vote at General Meeting of the Issuer.

## OTHER SHAREHOLDERS

- ✿ 118,707 share, accounting for 0.45% Issuer's share capital;
- ✿ 118,707 votes, accounting for 0.45% of the total vote at General Meeting of the Issuer.

As of the date of this Prospectus, the share capital of the Issuer amounted to PLN 26,172,602 and consisted of 26,172,602 shares entitling to 26,172,602 of the votes at General Meeting of the Company. All of the issued shares have a nominal value of PLN 1 and have been fully paid up.

According to the Issuer's knowledge, no changes were made in the ownership of major share packages in the period since the submission of the quarterly report for 1Q 2013. The shares of all series are ordinary shares equally privileged with regard to dividend and return on equity. The transferability of shares is not limited.

Below is an overview of the share capital and share capital structure of the Issuer as of the date of this Prospectus:

| SHARE CAPITAL |               |                          |                                      |                   |                                      |   |                 |                                   |
|---------------|---------------|--------------------------|--------------------------------------|-------------------|--------------------------------------|---|-----------------|-----------------------------------|
| Series        | Type of share | Type of preferred shares | Type of rights restriction to shares | Number of shares  | Par value of share serie in '000 PLN | Way of covering the capital (cash/contribution in kind) | Date registered | Right to dividend (from the date) |
| A             | ordinary      | N/A                      | N/A                                  | 447 680           | 448                                  | cash  | 03.10.1997      | 03.10.1997                        |
| B             | ordinary      | N/A                      | N/A                                  | 100 000           | 100                                  | cash  | 22.01.1998      | 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      | 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      | 01.01.2008                        |
| G             | ordinary      | N/A                      | N/A                                  | 684               | 1                                    | merger  | 31.03.2009      | 01.01.2009                        |
| <b>Total</b>  |               |                          |                                      | <b>26 172 602</b> |                                      |   |                 |                                   |

| SHARE CAPITAL STRUCTURE |                   |                    |                   |
|-------------------------|-------------------|--------------------|-------------------|
| Name of entity          | Number of shares  | % in share capital | % in voting power |
| KSM Investment S.A.     | 13 395 373        | 51.18%             | 51.18%            |
| 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                   | 118 707           | 0.45%              | 0.45%             |
| <b>Total</b>            | <b>26 172 602</b> | <b>100.00%</b>     | <b>100.00%</b>    |

The Issuer is currently not aware of any arrangements, nor any efforts being made to conclude such arrangements, that may result in a change in control of the Issuer.

## **11. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**

### **11.1 Historical Financial Information**

The following financial information with the respective auditor's opinions is incorporated by reference to this Prospectus:

Audited consolidated financial statements of the KOFOLA S.A. Group for the year ended 31 December 2012, prepared in accordance with the IFRS, are shown in the Consolidated Annual Report of KOFOLA S.A. Group for 2012, p. 59 through p. 120.

Auditor's opinion in respect of the consolidated financial statements of the KOFOLA S.A. Group for the year ended 31 December 2012 is shown on web page <http://www.kofola.pl> in section „*Periodic reports 2012*“.

Audited consolidated financial statements of the KOFOLA S.A. Group for the year ended 31 December 2011, prepared in accordance with the IFRS, are shown in the Consolidated Annual Report of KOFOLA S.A. Group for 2011, p. 79 through p. 170.

Auditor's opinion in respect of the consolidated financial statements of the KOFOLA S.A. Group for the year ended 31 December 2011 is shown on web page <http://www.kofola.pl> in section „*Periodic reports 2011*“.

Unaudited condensed consolidated interim financial information of the KOFOLA S.A. Group for the six months ended 30 June 2013, prepared in accordance with the IFRS, are shown in the Consolidated Report for 1H 2013 of the Issuer, p. 30 through p. 49.

The review report on condensed consolidated interim financial information for the six months ended 30 June 2013 is shown on web page <http://www.kofola.pl> in section "*Periodic reports 2013*".

The information referred to above are incorporated in this Prospectus by reference (see Chapter 4 – Information incorporated by reference).

#### **11.1.1 Information about the basis for preparation of the consolidated financial statements of the KOFOLA S.A. Group**

The annual consolidated financial statements ("consolidated 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 consolidated financial statements have been prepared on a going concern basis and in accordance with the historical cost method, except for financial assets and liabilities measured at fair value, and the assets, liabilities and contingent liabilities of the acquiree, which were stated at fair value as at the date of the merger as required by IFRS 3.

The consolidated financial statements include the consolidated statement of the financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash-flow statement and explanatory notes.

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



The consolidated financial statements of the KOFOLA S.A. Group for the year ended 31 December 2012 encompass certain restatements of the comparative information for the prior years for the purpose of presentation changes and the correction of prior year errors that have been identified during 2012 and those restatements have been described in the Consolidated Annual Report of the KOFOLA S.A. Group for the year ended 31 December 2012 on pages 70-74. Those restatements relating to the presentation changes cover the following: (i) presentation of Megapack group as discontinued consolidation, (ii) adjustment of segmental costs, (iii) adjustment of non-controlling interest, (iv) separate presentation of the currency difference translation of cash and cash equivalents as a separate item in the statement of cash flows. Those restatements relating to correction of prior year errors cover the following: (i) correction in recognition of deferred tax liability, (ii) adjustment in deferred tax balance of Hoop Polska Sp. z o.o., (iii) adjustment of net assets attributable to owners with put option, (iv) correction in provisions for untaken holidays and state subsidies.

The unaudited condensed consolidated interim financial information of the KOFOLA S.A. Group for the six months ended 30 June 2013 encompass certain restatements of the comparative information for the prior years for the purpose of presentation changes and the correction of the identified prior year errors. Those restatements have been described in the Half-Year Report of the KOFOLA S.A. Group for the six month ended 30 June 2013 on pages 40-41. Those restatements relating to the presentation changes cover the following: (i) presentation of Megapack group as discontinued consolidation. Those restatements relating to correction of prior year errors cover the following: (i) adjustment in deferred tax balance of Hoop Polska Sp. z o.o, (ii) adjustment of net assets attributable to owners with put option, (iii) correction of error and changes to consolidated cash flow statement.

The financial information for the year ended 31 December 2011 contained in this Prospectus in sections: 11.1.2, 11.1.3, 11.1.4, 11.1.5 and 11.1.6 are presented on the restated basis.

The financial information for the six month ended 30 June 2012 contained in this Prospectus in sections: 11.2.1, 11.2.2, 11.2.3, 11.2.4 and 11.2.5 are presented on a restated basis.

## FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The Polish złoty (PLN) is the functional currency of the parent company and the presentation currency of the consolidated financial statements.

The following rates were used in the statement of financial position:

| Currency rates at the end of period | 31.12.2012 | 31.12.2011 | 1.1.2011 |
|-------------------------------------|------------|------------|----------|
| PLN/CZK                             | 0.1630     | 0.1711     | 0.1580   |
| PLN/EUR                             | 4.0882     | 4.4168     | 3.9603   |
| PLN/RUB                             | 0.1017     | 0.1061     | 0.0970   |
| PLN/USD                             | 3.0996     | 3.4174     | 2.9641   |

The following rates were used in the income statement, statement of comprehensive income, statement of cash flows:

| Average currency rates, calculated as arithmetical mean of currencies on last day of each month in period | 1.1.2012 -<br>31.12.2012 | 1.1.2011 -<br>31.12.2011 |
|---|--------------------------|--------------------------|
| PLN/CZK   | 0.1661                   | 0.1682                   |
| PLN/EUR   | 4.1736                   | 4.1401                   |
| PLN/RUB   | 0.1043                   | 0.1008                   |
| PLN/USD   | 3.2312                   | 2.9679                   |

## 11.1.2 Consolidated Income Statement

For the 12-month period ended 31 December 2012 and the 12-month period ended 31 December 2011 in PLN thousand:

| Consolidated income statement   | 1.1.2012 - 31.12.2012 | 1.1.2011 - 31.12.2011 |
|---|-----------------------|-----------------------|
| <b>Continuing operations</b>  |                       |                       |
| Revenue from the sale of finished products and services                   | 1 019 145             | 969 413               |
| Revenue from the sale of goods and materials                              | 3 518                 | 14 692                |
| <b>Revenue</b>  | <b>1 022 663</b>      | <b>984 105</b>        |
| Cost of products and services sold  | (672 711)             | (617 263)             |
| Cost of goods and materials sold  | (3 055)               | (13 284)              |
| Total cost of sales   | (675 766)             | (630 547)             |
| <b>Gross profit</b>   | <b>346 897</b>        | <b>353 558</b>        |
| Selling, marketing and distribution costs                                 | (241 709)             | (252 137)             |
| Administrative costs  | (52 364)              | (55 629)              |
| Other operating income  | 7 341                 | 7 827                 |
| Other operating expenses  | (5 766)               | (5 003)               |
| <b>Operating result</b>   | <b>54 399</b>         | <b>48 616</b>         |
| Financial income  | 3 888                 | 6 988                 |
| Financial expense   | (22 774)              | (24 252)              |
| Share in profit received from associates                                  | 45                    | (111)                 |
| <b>Profit before tax</b>  | <b>35 558</b>         | <b>31 241</b>         |
| Income tax  | (8 896)               | (9 222)               |
| <b>Net profit on continuing operations</b>                                | <b>26 662</b>         | <b>22 019</b>         |
| <b>Discontinued consolidation</b>   |                       |                       |
| Net profit on discontinued consolidation                                  | 2 276                 | 2 213                 |
| <b>Net profit for the financial year</b>                                  | <b>28 938</b>         | <b>24 232</b>         |
| Assigned to:  |                       |                       |
| <b>Shareholders of the parent company</b>                                 | <b>28 943</b>         | <b>24 232</b>         |
| - on continuing operations  | 26 667                | 22 019                |
| - on discontinuing consolidation  | 2 276                 | 2 213                 |
| <b>Non-controlling interests shareholders on continuing operations</b>    | <b>(5)</b>            | <b>-</b>              |
| <b>Earnings per share (in PLN)</b>  |                       |                       |
| <b>- basic earnings per share</b>   |                       |                       |
| - from continuing operations attributable to equity holders of the parent | 1,0189                | 0,8413                |
| - from discontinuing operations   | 0,0870                | 0,0846                |
| - attributable to equity holders of the parent                            | <b>1,1059</b>         | <b>0,9259</b>         |
| <b>- diluted earnings per share</b>                                       |                       |                       |
| - from continuing operations attributable to equity holders of the parent | 1,0188                | 0,8411                |
| - from discontinuing operations   | 0,0869                | 0,0845                |
| - attributable to equity holders of the parent                            | <b>1,1057</b>         | <b>0,9256</b>         |

Source: Issuer's data following Consolidated Financial Statements of the KOFOLA S.A. Group for the year ended 31 December 2012.

The description of the restatements related to 2011 figures is presented in the 2012 Consolidated Annual Report of the Issuer, p. 70 through p. 74.

### 11.1.3 Consolidated Statement of Comprehensive Income

For the 12-month period ended 31 December 2012 and the 12-month period ended 31 December 2011 in PLN thousand:

| Statement of comprehensive income                                      | 1.1.2012 - 31.12.2012 | 1.1.2011 - 31.12.2011 |
|--|-----------------------|-----------------------|
| <b>Net profit for the period</b>                                       | <b>28 938</b>         | <b>24 232</b>         |
| <b>Other comprehensive income</b>                                      |                       |                       |
| Currency differences from translation of foreign subsidiaries          | (17 734)              | 19 424                |
| - on continuing operations   | (14 028)              | 15 889                |
| - on discontinuing consolidation                                       | (3 706)               | 3 535                 |
| <b>Other comprehensive income (net)</b>                                | <b>(17 734)</b>       | <b>19 424</b>         |
| <b>Total comprehensive income</b>                                      | <b>11 204</b>         | <b>43 656</b>         |
| Assigned to:   |                       |                       |
| <b>Shareholders of the parent company</b>                              | <b>11 209</b>         | <b>43 656</b>         |
| - on continuing operations   | 12 639                | 37 908                |
| - on discontinuing consolidation                                       | (1 430)               | 5 748                 |
| <b>Non-controlling interests shareholders on continuing operations</b> | <b>(5)</b>            | <b>-</b>              |

Source: Issuer data following Consolidated Financial Statements of the KOFOLA S.A. Group for the year ended 31 December 2012.

## 11.1.4 Consolidated Statement of Financial Position

As at 31 December 2012, 31 December 2011 and 1 January 2011 in PLN thousand:

| ASSETS  | 31.12.2012       | 31.12.2011       | 1.1.2011         |
|---|------------------|------------------|------------------|
| <b>Fixed assets (long-term)</b>                                       | <b>780 727</b>   | <b>893 869</b>   | <b>853 437</b>   |
| Tangible fixed assets   | 477 322          | 541 122          | 540 072          |
| Goodwill  | 103 253          | 118 972          | 111 836          |
| Intangible fixed assets   | 191 141          | 218 870          | 186 869          |
| Other long-term assets  | 68               | 3 554            | 4 756            |
| Deferred tax assets   | 8 943            | 11 351           | 9 904            |
| <b>Current assets (short-term)</b>                                    | <b>477 367</b>   | <b>441 161</b>   | <b>405 311</b>   |
| Inventories   | 99 535           | 130 523          | 127 106          |
| Trade receivables and other receivables                               | 151 498          | 247 242          | 203 700          |
| Income tax receivables  | 226              | 2 560            | 9 242            |
| Cash and cash equivalents   | 15 706           | 50 836           | 55 263           |
| Discontinued consolidation assets                                     | 200 402          | -                | -                |
| Assets (group of assets) held for sale                                | 10 000           | 10 000           | 10 000           |
| <b>TOTAL ASSETS</b>   | <b>1 258 094</b> | <b>1 335 030</b> | <b>1 258 748</b> |
| LIABILITIES AND EQUITY  | 31.12.2012       | 31.12.2011       | 1.1.2011         |
| <b>Equity assigned to the shareholders of the parent company</b>      | <b>536 531</b>   | <b>549 574</b>   | <b>522 020</b>   |
| Share capital   | 26 173           | 26 173           | 26 173           |
| Supplementary capital   | 534 518          | 527 424          | 518 113          |
| Translation difference on revaluation of foreign subsidiaries         | 26 459           | 44 193           | 24 769           |
| Other capital   | 177              | 177              | 177              |
| Own shares  | (69)             | -                | -                |
| Accumulated losses  | (50 727)         | (48 393)         | (47 212)         |
| <b>Equity assigned to the non-controlling interest's shareholders</b> | <b>498</b>       | <b>-</b>         | <b>-</b>         |
| <b>Total equity</b>   | <b>537 029</b>   | <b>549 574</b>   | <b>522 020</b>   |
| <b>Long-term liabilities</b>  | <b>128 433</b>   | <b>165 029</b>   | <b>195 956</b>   |
| Bank credits and loans  | 56 025           | 84 392           | 149 283          |
| Bonds issued  | 45 369           | 31 808           | -                |
| Financial leasing liabilities   | 9 487            | 15 727           | 27 232           |
| Provisions  | 673              | 70               | 215              |
| Other long-term liabilities   | 11 234           | 20 281           | 17 408           |
| Deferred tax reserve  | 5 645            | 12 751           | 1 818            |
| <b>Short-term liabilities</b>   | <b>592 632</b>   | <b>620 427</b>   | <b>540 772</b>   |
| Bank credits and loans  | 148 568          | 224 386          | 161 997          |
| Bonds issued  | 3 163            | 82               | -                |
| Financial leasing liabilities   | 9 573            | 12 779           | 12 947           |
| Trade liabilities and other liabilities                               | 269 390          | 321 189          | 290 658          |
| Income tax liabilities  | 3 663            | 3 358            | 703              |
| Other financial liabilities   | 117              | 18               | 33               |
| Provisions  | 10 176           | 14 218           | 30 439           |
| Net assets attributable to owners with put option                     | -                | 41 497           | 41 188           |
| Government subsidies  | 537              | 659              | -                |
| Discontinued consolidation liabilities                                | 146 235          | -                | -                |
| Liabilities directly related to assets held for sale                  | 1 210            | 2 241            | 2 807            |
| <b>Total Liabilities</b>  | <b>721 065</b>   | <b>785 456</b>   | <b>736 728</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                   | <b>1 258 094</b> | <b>1 335 030</b> | <b>1 258 748</b> |

Source: Issuer's data following Consolidated Financial Statements of the KOFOLA S.A. Group for the year ended 31 December 2012.

## 11.1.5 Consolidated Statement of Cash Flows

For the 12-month period ended 31 December 2012 and the 12-month period ended 31 December 2011 in PLN thousand:

| Consolidated statement of cash flow                                  | 1.1.2012 - 31.12.2012 | 1.1.2011 - 31.12.2011 |
|--|-----------------------|-----------------------|
| <b>Cash flow on operating activity</b>                               |                       |                       |
| Profit before tax on continuing operations                           | 35 558                | 31 241                |
| Profit before tax on discontinued consolidation                      | 4 000                 | 6 238                 |
| Adjustments for the following items:                                 |                       |                       |
| <b>Non-cash movements</b>  |                       |                       |
| Depreciation   | 79 595                | 78 361                |
| Net interest   | 19 601                | 17 684                |
| Change in the balance of provisions                                  | (3 438)               | (16 366)              |
| Impairment of fixed assets   | 1 577                 | -                     |
| Remeasurement of puttable non-controlling interest                   | 1 430                 | (2 213)               |
| Other  | (636)                 | -                     |
| Other currency differences from translation                          | (7 722)               | (11 920)              |
| <b>Cash movements</b>  |                       |                       |
| Profit on investment activity  | (749)                 | (1 566)               |
| Paid income tax  | (10 237)              | 1 550                 |
| <b>Changes in working capital</b>                                    |                       |                       |
| Change in the balance of receivables                                 | 23 385                | (36 897)              |
| Change in the balance of inventories                                 | (3 306)               | (1 347)               |
| Change in the balance of liabilities                                 | 45 117                | 38 771                |
| Change in the balance of state subsidies                             | (122)                 | 659                   |
| <b>Net cash flow on operating activity</b>                           | <b>184 053</b>        | <b>104 195</b>        |
| <b>Cash flow on investing activity</b>                               |                       |                       |
| Sale of intangible assets and fixed assets                           | 2 457                 | 3 598                 |
| Purchase of intangible assets and fixed assets                       | (32 198)              | (53 339)              |
| Purchase of short-term deposits with maturity over 3 months          | (31 290)              | -                     |
| Purchase of subsidiary, net  | (6 258)               | (9 757)               |
| Interest received  | 1 040                 | 2 097                 |
| <b>Net cash flow on investing activity</b>                           | <b>(66 249)</b>       | <b>(57 401)</b>       |
| <b>Cash flow on financial activity</b>                               |                       |                       |
| Repayment of financial leasing liabilities                           | (16 320)              | (20 309)              |
| Proceeds from loans and bank credits received                        | 36 434                | 56 364                |
| Proceeds from bonds issue  | 16 697                | 31 890                |
| Repayment of loans and bank credits                                  | (125 086)             | (78 780)              |
| Dividends paid to the shareholders of the parent company             | (23 294)              | (16 227)              |
| Dividends paid to non-controlling interest                           | -                     | (5 439)               |
| Interest paid  | (20 777)              | (19 781)              |
| <b>Net cash flow on financing activity</b>                           | <b>(132 346)</b>      | <b>(52 282)</b>       |
| Net increase in cash and cash equivalents                            | (14 542)              | (5 488)               |
| <b>Cash at the beginning of the period</b>                           | <b>50 836</b>         | <b>55 263</b>         |
| Exchange differences on translation of cash                          | (617)                 | 1 061                 |
| <b>Cash at the end of the period</b>                                 | <b>35 677</b>         | <b>50 836</b>         |
| Cash at the end of the period included in discontinued consolidation | 19 970                | -                     |
| Restricted cash  | -                     | -                     |

Source: Issuer's data following Consolidated Financial Statements of the KOFOLA S.A. Group for the year ended 31 December 2012.

### 11.1.6 Consolidated Statement of Changes in Equity

For the 12-month period ended 31 December 2012 and the 12-month period ended 31 December 2011 in PLN thousand:

| Consolidated statement of changes in equity | Assigned to the shareholders of the parent company |                       |   |               |             |                    | Equity assigned to the shareholders of the parent company | Equity assigned to the non-controlling interest's shareholders | Total equity   |
|---|--|-----------------------|---|---------------|-------------|--------------------|---|--|----------------|
|   | Share capital                                      | Supplementary capital | Translation difference on revaluation of foreign subsidiaries | Other capital | Own shares  | Accumulated losses |   |  |                |
| <b>As at 1.1.2011</b>                       | <b>26 173</b>                                      | <b>457 924</b>        | <b>24 769</b>   | <b>177</b>    | <b>-</b>    | <b>(37 446)</b>    | <b>471 597</b>  | <b>41 188</b>  | <b>512 785</b> |
| Correction of errors                        | -  | 60 189                | -   | -             | -           | (9 766)            | 50 423  | (41 188)   | 9 235          |
| <b>As at 1.1.2011 after restatement</b>     | <b>26 173</b>                                      | <b>518 113</b>        | <b>24 769</b>   | <b>177</b>    | <b>-</b>    | <b>(47 212)</b>    | <b>522 020</b>  | <b>-</b>   | <b>522 020</b> |
| Net profit for the period                   | -  | -                     | -   | -             | -           | 24 232             | 24 232  | -  | 24 232         |
| Other comprehensive income                  | -  | -                     | 19 424  | -             | -           | -                  | 19 424  | -  | 19 424         |
| <b>Total comprehensive income</b>           | <b>-</b>   | <b>-</b>              | <b>19 424</b>   | <b>-</b>      | <b>-</b>    | <b>24 232</b>      | <b>43 656</b>   | <b>-</b>   | <b>43 656</b>  |
| Dividends payment                           | -  | -                     | -   | -             | -           | (16 227)           | (16 227)  | -  | (16 227)       |
| Other (profit distribution)                 | -  | 9 311                 | -   | -             | -           | (9 186)            | 125   | -  | 125            |
| <b>As at 31.12.2011</b>                     | <b>26 173</b>                                      | <b>527 424</b>        | <b>44 193</b>   | <b>177</b>    | <b>-</b>    | <b>(48 393)</b>    | <b>549 574</b>  | <b>-</b>   | <b>549 574</b> |
| <b>As at 1.1.2012</b>                       | <b>26 173</b>                                      | <b>467 235</b>        | <b>44 193</b>   | <b>177</b>    | <b>-</b>    | <b>(38 627)</b>    | <b>499 151</b>  | <b>41 497</b>  | <b>540 648</b> |
| Correction of errors                        | -  | 60 189                | -   | -             | -           | (9 766)            | 50 423  | (41 497)   | 8 926          |
| <b>As at 1.1.2012 after restatement</b>     | <b>26 173</b>                                      | <b>527 424</b>        | <b>44 193</b>   | <b>177</b>    | <b>-</b>    | <b>(48 393)</b>    | <b>549 574</b>  | <b>-</b>   | <b>549 574</b> |
| Net profit/(loss) for the period            | -  | -                     | -   | -             | -           | 28 943             | 28 943  | (5)  | 28 938         |
| Other comprehensive loss                    | -  | -                     | (17 734)  | -             | -           | -                  | (17 734)  | -  | (17 734)       |
| <b>Total comprehensive income</b>           | <b>-</b>   | <b>-</b>              | <b>(17 734)</b>   | <b>-</b>      | <b>-</b>    | <b>28 943</b>      | <b>11 209</b>   | <b>(5)</b>   | <b>11 204</b>  |
| Dividends payment                           | -  | (680)                 | -   | -             | -           | (22 614)           | (23 294)  | -  | (23 294)       |
| Own shares                                  | -  | -                     | -   | -             | (69)        | -                  | (69)  | -  | (69)           |
| Other (profit distribution)                 | -  | 7 774                 | -   | -             | -           | (8 663)            | (889)   | 503  | (386)          |
| <b>As at 31.12.2012</b>                     | <b>26 173</b>                                      | <b>534 518</b>        | <b>26 459</b>   | <b>177</b>    | <b>(69)</b> | <b>(50 727)</b>    | <b>536 531</b>  | <b>498</b>   | <b>537 029</b> |

Source: Issuer's data following Consolidated Financial Statements of the KOFOLA S.A. Group for the year ended 31 December 2012.

## 11.2 Unaudited Condensed Consolidated Interim Financial Information for the six months ended 30 June 2013

The following rates were used in the statement of financial position:

| Currency rates at the end of period | 30.6.2013 | 31.12.2012 | 30.6.2012 |
|-------------------------------------|-----------|------------|-----------|
| PLN/CZK                             | 0.1669    | 0.1630     | 0.1664    |
| PLN/EUR                             | 4.3292    | 4.0882     | 4.2613    |
| PLN/RUB                             | 0.1013    | 0.1017     | 0.1030    |
| PLN/USD                             | 3.3175    | 3.0996     | 3.3885    |

The following rates were used in the income statement, statement of comprehensive income, statement of cash flows:

| Average currency rates, calculated as arithmetical mean of currencies on last day of each month in period | 1.1.2013 - 30.6.2013 | 1.1.2012 - 31.12.2012 | 1.1.2012 - 30.6.2012 |
|---|----------------------|-----------------------|----------------------|
| PLN/CZK   | 0.1637               | 0.1661                | 0.1679               |
| PLN/EUR   | 4.2140               | 4.1736                | 4.2246               |
| PLN/RUB   | 0.1031               | 0.1043                | 0.1060               |
| PLN/USD   | 3.2165               | 3.2312                | 3.2453               |

### 11.2.1 Consolidated Income Statement

For the 6-month period ended 30 June 2013 and the 6-month period ended 30 June 2012 in PLN thousand:

| Consolidated income statement   | 1.1.2013 - 30.6.2013 | 1.1.2012 - 30.6.2012 |
|---|----------------------|----------------------|
| <b>Continuing operations</b>  |                      |                      |
| Revenue from the sale of finished products and services                   | 502 244              | 519 606              |
| Revenue from the sale of goods and materials                              | 1 838                | 1 790                |
| Revenues from sale  | 504 082              | 521 396              |
| Cost of products and services sold  | (343 766)            | (334 562)            |
| Cost of goods and materials sold  | (1 706)              | (1 586)              |
| Total cost of sales   | (345 472)            | (336 148)            |
| <b>Gross profit</b>   | <b>158 610</b>       | <b>185 248</b>       |
| Selling, marketing and distribution costs                                 | (115 964)            | (128 359)            |
| Administrative costs  | (22 479)             | (25 993)             |
| Other operating income  | 6 117                | 2 294                |
| Other operating expenses  | (1 261)              | (2 271)              |
| <b>Operating result</b>   | <b>25 023</b>        | <b>30 919</b>        |
| Financial income  | 2 301                | 3 394                |
| Financial expense   | (9 822)              | (12 006)             |
| Share in profit received from subsidiaries and associates                 | (3)                  | -                    |
| <b>Profit before tax</b>  | <b>17 499</b>        | <b>22 307</b>        |
| Income tax  | (4 162)              | (8 398)              |
| <b>Net profit on continued activity</b>                                   | <b>13 337</b>        | <b>13 909</b>        |
| <b>Discontinued consolidation</b>   |                      |                      |
| Net profit on discontinued consolidation                                  | (849)                | 919                  |
| <b>Net profit for the financial year</b>                                  | <b>12 488</b>        | <b>14 828</b>        |
| Assigned to:  |                      |                      |
| <b>Shareholders of the parent company</b>                                 | <b>12 531</b>        | <b>14 828</b>        |
| – from continuing operations  | 13 380               | 13 909               |
| – from discontinued consolidation   | (849)                | 919                  |
| <b>Non-controlling interests shareholders on continuing operations</b>    | <b>(43)</b>          | <b>-</b>             |
| <b>Earnings per share (in PLN)</b>  |                      |                      |
| <b>Basic earnings per share</b>   |                      |                      |
| – from continuing operations attributable to equity holders of the parent | 0.5112               | 0.5314               |

|   |               |               |
|---|---------------|---------------|
| – from discontinued consolidation   | (0.0324)      | 0.0351        |
| <b>– attributable to equity holders of the parent</b>                     | <b>0.4788</b> | <b>0.5665</b> |
| <b>Diluted earnings per share</b>   |               |               |
| – from continuing operations attributable to equity holders of the parent | 0.5111        | 0.5313        |
| – from discontinued consolidation   | (0.0324)      | 0.0351        |
| <b>– attributable to equity holders of the parent</b>                     | <b>0.4787</b> | <b>0.5664</b> |

Source: Issuer's data following Unaudited Condensed Consolidated Interim Financial Information of the KOFOLA S.A. Group for the six months ended 30 June 2013.

## 11.2.2 Consolidated Statement of Comprehensive Income

For the 6-month period ended 30 June 2013 and the 6-month period ended 30 June 2012 in PLN thousand:

| Statement of comprehensive income                             | 1.1.2013 - 30.6.2013 | 1.1.2012 - 30.6.2012 |
|---|----------------------|----------------------|
| <b>Net profit for the period</b>                              | <b>12 488</b>        | <b>14 828</b>        |
| <b>Other comprehensive income</b>                             |                      |                      |
| Currency differences from translation of foreign subsidiaries | 14 007               | (8 093)              |
| – from continuing operations                                  | 8 449                | (6 874)              |
| – from discontinued consolidation                             | 5 558                | (1 219)              |
| <b>Other comprehensive income (net)</b>                       | <b>14 007</b>        | <b>(8 093)</b>       |
| <b>Total comprehensive income</b>                             | <b>26 495</b>        | <b>6 735</b>         |
| Assigned to:  |                      |                      |
| <b>Shareholders of the parent company</b>                     | <b>26 538</b>        | <b>6 735</b>         |
| – from continuing operations                                  | 21 829               | 7 035                |
| – from discontinued consolidation                             | 4 709                | (300)                |
| <b>Non-controlling interests shareholders</b>                 | <b>(43)</b>          | <b>-</b>             |

Source: Issuer's data following Unaudited Condensed Consolidated Interim Financial Information of the KOFOLA S.A. Group for the six months ended 30 June 2013.



### 11.2.3 Consolidated Statement of Financial Position

As at 30 June 2013, 31 December 2012 and 30 June 2012 in PLN thousand:

| ASSETS   | 30.6.2013        | 31.12.2012        | 30.6.2012        |
|--|------------------|-------------------|------------------|
| <b>Fixed assets (long-term)</b>  | <b>843 092</b>   | <b>780 727</b>    | <b>872 070</b>   |
| Tangible fixed assets  | 474 104          | 477 322           | 528 947          |
| Goodwill   | 103 471          | 103 253           | 117 886          |
| Intangible fixed assets  | 195 451          | 191 141           | 213 609          |
| Investments in subsidiaries, joint ventures and associated             | 58 918           | -                 | -                |
| Other long-term assets   | 2 691            | 68                | 3 483            |
| Deferred tax assets  | 8 457            | 8 943             | 8 145            |
| <b>Current assets (short-term)</b>                                     | <b>339 227</b>   | <b>477 367</b>    | <b>471 370</b>   |
| Inventories  | 120 033          | 99 535            | 157 222          |
| Trade receivables and other receivables                                | 192 816          | 151 498           | 263 141          |
| Income tax receivables   | 780              | 226               | 973              |
| Cash and cash equivalents  | 15 590           | 15 706            | 40 034           |
| Other financial assets   | 8                | -                 | -                |
| Discontinued consolidation assets                                      | -                | 200 402           | -                |
| Assets (group of assets) held for sale                                 | 10 000           | 10 000            | 10 000           |
| <b>TOTAL ASSETS</b>  | <b>1 182 319</b> | <b>1 258 094</b>  | <b>1 343 440</b> |
| <b>LIABILITIES AND EQUITY</b>  | <b>30.6.2013</b> | <b>31.12.2012</b> | <b>30.6.2012</b> |
| <b>Equity assigned to the shareholders of the parent company</b>       | <b>538 697</b>   | <b>536 531</b>    | <b>532 707</b>   |
| Share capital  | 26 173           | 26 173            | 26 173           |
| Supplementary capital  | 541 299          | 534 518           | 527 392          |
| Translation difference on revaluation of foreign subsidiaries          | 36 559           | 26 459            | 36 100           |
| Other capital  | 342              | 177               | 177              |
| Own shares   | (69)             | (69)              | -                |
| Accumulated losses   | (65 607)         | (50 727)          | (57 135)         |
| <b>Equity assigned to the non-controlling interest's shareholders</b>  | <b>754</b>       | <b>498</b>        | <b>-</b>         |
| <b>Total equity</b>  | <b>539 451</b>   | <b>537 029</b>    | <b>532 707</b>   |
| <b>Long-term liabilities</b>   | <b>162 715</b>   | <b>128 433</b>    | <b>159 302</b>   |
| Bank credits and loans   | 85 747           | 56 025            | 77 634           |
| Bonds issued   | 45 369           | 45 369            | 48 585           |
| Financial leasing liabilities  | 10 313           | 9 487             | 11 213           |
| Provisions   | 688              | 674               | 70               |
| Other long-term liabilities  | 11 317           | 11 233            | 10 238           |
| Deferred tax reserve   | 9 281            | 5 645             | 11 562           |
| <b>Short-term liabilities</b>  | <b>480 153</b>   | <b>592 632</b>    | <b>651 431</b>   |
| Bank credits and loans   | 111 908          | 148 568           | 153 748          |
| Bonds issued   | 3 132            | 3 163             | 113              |
| Financial leasing liabilities  | 10 337           | 9 573             | 10 546           |
| Trade liabilities and other liabilities                                | 321 864          | 269 390           | 395 251          |
| Income tax liabilities   | 1 892            | 3 663             | 4 846            |
| Other financial liabilities  | 23 519           | 117               | 23 227           |
| Provisions   | 6 620            | 10 176            | 19 734           |
| Net assets attributable to owners with put option                      | -                | -                 | 41 197           |
| Government subsidies   | 73               | 537               | 1 052            |
| Discontinued consolidation liabilities                                 | -                | 146 235           | -                |
| Liabilities directly related to assets (group of assets) held for sale | 808              | 1 210             | 1 717            |
| <b>Total Liabilities</b>   | <b>642 868</b>   | <b>721 065</b>    | <b>810 733</b>   |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                    | <b>1 182 319</b> | <b>1 258 094</b>  | <b>1 343 440</b> |

Source: Issuer's data following Unaudited Condensed Consolidated Interim Financial Information of the KOFOLA S.A. Group for the six months ended 30 June 2013.

## 11.2.4 Consolidated Statement of Cash Flows

For the 6-month period ended 30 June 2013 and the 6-month period ended 30 June 2012 in PLN thousand:

| Consolidated statement of cash flow                           | 1.1.2013 – 30.6.2013 | 1.1.2012 - 30.6.2012 |
|---|----------------------|----------------------|
| <b>Cash flow on operating activity</b>                        |                      |                      |
| Profit before tax on continuing operations                    | 17 499               | 22 307               |
| Profit before tax on discontinued consolidation               | (849)                | 3 702                |
| Adjustments for the following items:                          |                      |                      |
| <b>Non-cash movements</b>                                     |                      |                      |
| Depreciation and amortisation                                 | 35 717               | 40 904               |
| Net interest  | 7 441                | 10 381               |
| Share in profit received from associates                      | 3                    | -                    |
| Loss on discontinued consolidation of Megapack Group          | 849                  | -                    |
| Profit on sale of subsidiary (SANTA-TRANS.SK)                 | (2 092)              | -                    |
| Change in the balance of provisions                           | (3 552)              | (2 756)              |
| Impairment allowance for fixed assets                         | -                    | 1 670                |
| Remeasurement of puttable non-controlling interest            | -                    | (300)                |
| Other   | (164)                | -                    |
| Other currency differences from translation                   | 362                  | 4 216                |
| <b>Cash movements</b>   |                      |                      |
| Profit on investment activity                                 | (1 816)              | (223)                |
| Paid income tax   | (4 926)              | (4 189)              |
| <b>Changes in working capital</b>                             |                      |                      |
| Change in the balance of receivables                          | (43 137)             | (21 785)             |
| Change in the balance of inventories                          | (20 568)             | (41 569)             |
| Change in the balance of liabilities                          | 60 343               | 73 853               |
| Change in the balance of state subsidies                      | (464)                | 393                  |
| <b>Net cash flow on operating activity</b>                    | <b>44 646</b>        | <b>86 604</b>        |
| <b>Cash flow on investing activity</b>                        |                      |                      |
| Sale of intangible assets and fixed assets                    | 1 927                | 431                  |
| Purchase of intangible assets and fixed assets                | (12 184)             | (17 939)             |
| Purchase of financial assets                                  | (7 669)              | (6 656)              |
| Interest received   | 175                  | 906                  |
| Cash from withdrawn companies as at 1 January 2013 (Megapack) | (19 970)             | -                    |
| <b>Net cash flow on investing activity</b>                    | <b>(37 721)</b>      | <b>(23 258)</b>      |
| <b>Cash flow on financial activity</b>                        |                      |                      |
| Repayment of financial leasing liabilities                    | (6 586)              | (8 753)              |
| Proceeds from loans and bank credits received                 | 53 385               | 24 954               |
| Proceeds from bonds issue                                     | -                    | 16 697               |
| Repayment of loans and bank credits                           | (66 865)             | (95 719)             |
| Dividends paid to the shareholders of the parent company      | -                    | -                    |
| Interest paid   | (7 179)              | (10 955)             |
| <b>Net cash flow on financing activity</b>                    | <b>(27 245)</b>      | <b>(73 776)</b>      |
| Net increase in cash and cash equivalents                     | (20 320)             | (10 430)             |
| <b>Cash at the beginning of the period</b>                    | <b>35 677</b>        | <b>50 836</b>        |
| Exchange differences on translation of cash                   | 233                  | (372)                |
| <b>Cash at the end of the period</b>                          | <b>15 590</b>        | <b>40 034</b>        |
| Restricted cash   | -                    | -                    |

Source: Issuer's data following Unaudited Condensed Consolidated Interim Financial Information of the KOFOLA S.A. Group for the six months ended 30 June 2013.

## 11.2.5 Consolidated Statement of Changes in Equity

For the 6-month period ended 30 June 2013, and for the 12-month period ended 31 December 2012 and for the 6-month period ended 30 June 2012 in PLN thousand:

| Consolidated statement of changes in equity    | Assigned to the shareholders of the parent company |                       |   |               |             |                    | Equity assigned to the non-controlling interest's shareholders | Total equity |                |
|--|--|-----------------------|---|---------------|-------------|--------------------|--|--------------|----------------|
|  | Share capital                                      | Supplementary capital | Translation difference on revaluation of foreign subsidiaries | Other capital | Own shares  | Accumulated losses |  |              |                |
| <b>As at 1.1.2012</b>                          | <b>26 173</b>                                      | <b>527 424</b>        | <b>44 193</b>   | <b>177</b>    | <b>-</b>    | <b>(38 627)</b>    | <b>559 340</b>   | <b>-</b>     | <b>559 340</b> |
| Correction of errors                           | -  | -                     | -   | -             | -           | (9 766)            | (9 766)  | -            | (9 766)        |
| <b>As at 1.1.2012 after restatement</b>        | <b>26 173</b>                                      | <b>527 424</b>        | <b>44 193</b>   | <b>177</b>    | <b>-</b>    | <b>(48 393)</b>    | <b>549 574</b>   | <b>-</b>     | <b>549 574</b> |
| Net profit for the period                      | -  | -                     | -   | -             | -           | 14 828             | 14 828   | -            | 14 828         |
| Other comprehensive loss                       | -  | -                     | (8 093)   | -             | -           | -                  | (8 093)  | -            | (8 093)        |
| <b>Total comprehensive income</b>              | <b>-</b>   | <b>-</b>              | <b>(8 093)</b>  | <b>-</b>      | <b>-</b>    | <b>14 828</b>      | <b>6 735</b>   | <b>-</b>     | <b>6 735</b>   |
| Dividends payment                              | -  | (680)                 | -   | -             | -           | (22 614)           | (23 294)   | -            | (23 294)       |
| Other (profit distribution)                    | -  | 648                   | -   | -             | -           | (956)              | (308)  | -            | (308)          |
| <b>As at 30.6.2012</b>                         | <b>26 173</b>                                      | <b>527 392</b>        | <b>36 100</b>   | <b>177</b>    | <b>-</b>    | <b>(57 135)</b>    | <b>532 707</b>   | <b>-</b>     | <b>532 707</b> |
| <b>As at 1.1.2012</b>                          | <b>26 173</b>                                      | <b>527 424</b>        | <b>44 193</b>   | <b>177</b>    | <b>-</b>    | <b>(38 627)</b>    | <b>559 340</b>   | <b>-</b>     | <b>559 340</b> |
| Correction of errors                           | -  | -                     | -   | -             | -           | (9 766)            | (9 766)  | -            | (9 766)        |
| <b>As at 1.1.2012 after restatement</b>        | <b>26 173</b>                                      | <b>527 424</b>        | <b>44 193</b>   | <b>177</b>    | <b>-</b>    | <b>(48 393)</b>    | <b>549 574</b>   | <b>-</b>     | <b>549 574</b> |
| Net profit/(loss) for the period               | -  | -                     | -   | -             | -           | 28 943             | 28 943   | (5)          | 28 938         |
| Other comprehensive loss                       | -  | -                     | (17 734)  | -             | -           | -                  | (17 734)   | -            | (17 734)       |
| <b>Total comprehensive income/loss</b>         | <b>-</b>   | <b>-</b>              | <b>(17 734)</b>   | <b>-</b>      | <b>-</b>    | <b>28 943</b>      | <b>11 209</b>  | <b>(5)</b>   | <b>11 204</b>  |
| Dividends payment                              | -  | (680)                 | -   | -             | -           | (22 614)           | (23 294)   | -            | (23 294)       |
| Own shares                                     | -  | -                     | -   | -             | (69)        | -                  | (69)   | -            | (69)           |
| Other (profit distribution)                    | -  | 7 774                 | -   | -             | -           | (8 663)            | (889)  | 503          | (386)          |
| <b>As at 31.12.2012</b>                        | <b>26 173</b>                                      | <b>534 518</b>        | <b>26 459</b>   | <b>177</b>    | <b>(69)</b> | <b>(50 727)</b>    | <b>536 531</b>   | <b>498</b>   | <b>537 029</b> |
| <b>As at 1.1.2013</b>                          | <b>26 173</b>                                      | <b>534 518</b>        | <b>26 459</b>   | <b>177</b>    | <b>(69)</b> | <b>(50 727)</b>    | <b>536 531</b>   | <b>498</b>   | <b>537 029</b> |
| Net profit/(loss) for the period               | -  | -                     | -   | -             | -           | 12 531             | 12 531   | (43)         | 12 488         |
| Other comprehensive income                     | -  | -                     | 14 007  | -             | -           | -                  | 14 007   | -            | 14 007         |
| <b>Total comprehensive income/loss</b>         | <b>-</b>   | <b>-</b>              | <b>14 007</b>   | <b>-</b>      | <b>-</b>    | <b>12 531</b>      | <b>26 538</b>  | <b>(43)</b>  | <b>26 495</b>  |
| Dividends payment                              | -  | (11 536)              | -   | -             | -           | (11 755)           | (23 291)   | -            | (23 291)       |
| Other (profit distribution)                    | -  | 138                   | (269)   | 165           | -           | (1 115)            | (1 081)  | 299          | (782)          |
| Discounted consolidation of the Megapack Group | -  | 18 179                | (3 638)   | -             | -           | (14 541)           | -  | -            | -              |
| <b>As at 30.6.2013</b>                         | <b>26 173</b>                                      | <b>541 299</b>        | <b>36 559</b>   | <b>342</b>    | <b>(69)</b> | <b>(65 607)</b>    | <b>538 697</b>   | <b>754</b>   | <b>539 451</b> |

Source: Issuer's data following Unaudited Condensed Consolidated Interim Financial Information of the KOFOLA S.A. Group for the six months ended 30 June 2013.

## 11.3 Legal and Arbitration Proceedings

The KOFOLA S.A. Group is involved in certain legal proceedings that are incidental to the ordinary conduct of its business. The Issuer does not conduct any judicial, administrative or arbitration proceedings and has not conducted such proceedings in the period of past 12 months, which, in the Issuer's best opinion, could have/had in the past 12 months material impact on the financial situation and/or profitability of the Issuer or KOFOLA S.A. Group.

## 11.4 Significant Change in the Issuer's Financial or Trading Position

No significant changes in the financial or trading situation of the Issuer or KOFOLA S.A. Group have occurred since the publication of the audited financial statements for the year ended 31 December 2012.

## 11.5 Management Discussion and Analysis

The management of the KOFOLA S.A. Group, in addition to the consolidated financial statements prepared in accordance with the IFRS, prepares and analyses the consolidated financial results for the managerial purposes ("Management's Discussion and Analysis"), adjusted for the events of non-recurring nature (mostly of non-cash nature) and recalculated using the same foreign exchange rates. Such kind of reporting allows, according to the KOFOLA S.A. Group's management, a better comparison of the recurring operating results between the periods.

The foreign operating companies of the KOFOLA S.A. Group earn their revenues and incur majority of their costs in their local currencies, i.e. Czech crowns, euros and Russian rubles that are then converted into the reporting currency that is Polish złoty (PLN). The fluctuations in the foreign exchange rates of the Czech crown, euro and the Russian ruble to the Polish złoty can impact the consolidated results during consolidation recalculation.

Events of the non-recurring nature constitute all extraordinary items, non-recurring or unusual in nature, including in particular costs not arising from the ordinary operations, such as those associated with impairment of assets, restructurings, lay-offs and employee relocation costs, etc.

For the managerial purposes the KOFOLA S.A. Group's management monitors the coefficient called EBITDA that is defined as the operating result (EBIT) increased by all depreciation and amortisation for that period.

## 11.6 Consolidated 2011 Income Statement Prepared for Managerial Purposes

Analyzing 2011 results, it should be noted that at the end of 2012 the KOFOLA S.A. Group ceased to consolidate the Megapack Group using the acquisition accounting consolidation and commenced to consolidate the Megapack Group using the equity method. To provide for the comparability between the periods, for the managerial purposes the 2011 income statement has been adjusted as if the Megapack Group was never consolidated using the acquisition accounting consolidation.

In addition, certain adjustments have also been made to analyze the impact of the non-recurring items. The table below presents the selected financial items of the consolidated income statement for the financial year of 2011 that were prepared for the managerial purposes. 2011 EBITDA and the operating profit were affected by the one-off costs of the restructuring of the companies in the Czech Republic and Slovakia amounting in total to PLN 3,343 thousand. The restructuring of those companies comprises unification of the management teams for Kofola a.s. (CZ), Kofola a.s. (SK) and Kofola ČeskoSlovensko a.s. (Kofola Holding a.s. at the moment of restructuring), reduction of one level of the management and headcount reduction of approx. 120 employees from all the departments. The impact of that restructuring on the net profit totaled PLN 2,934 thousand. After accounting for those one-off costs and reflecting the change in the presentation of the Megapack Group as described above the adjusted operating profit amounted to PLN 51,960 thousand, adjusted EBITDA amounted to PLN 120,288 thousand and the adjusted net profit amounted to PLN 27,167 thousand.

Those adjusted results for impact of the one-off events recalculated using 2012 foreign exchange rates would give the operating profit of PLN 51,678 thousand EBITDA of PLN 119,793 thousand and net profit of PLN 26,937 thousand.

In the Issuer's management opinion, the consolidated financial information adjusted by one-off events allows a better comparability of the KOFOLA S.A. Group's recurring results between the periods.

| Selected financial data (unaudited)                              | Reported as comparative information for the consolidated financial statements for 2012 (take into account the change in the presentation of the Megapack group and other changes in presentation)*<br>1.1.2011 - 31.12.2011 | One-off events | Reported adjusted by one-off events<br>1.1.2011 - 31.12.2011 | Adjusted recalculated **<br>1.1.2011 - 31.12.2011 – comparative data for management purposes |
|--|---|----------------|--|--|
| <b>Continuing operations</b>                                     |   |                |  |  |
| Sales revenues   | 984 105   | -              | 984 105  | 980 302  |
| Cost of sales  | (630 547)   | 611            | (629 935)  | (628 020)  |
| <b>Gross profit</b>  | <b>353 558</b>  | <b>611</b>     | <b>354 170</b>   | <b>352 282</b>   |
| Selling, marketing and distribution costs                        | (252 137)   | 2 144          | (249 993)  | (248 827)  |
| Administrative costs   | (55 629)  | 588            | (55 042)   | (54 573)   |
| Other operating income/(expense), net                            | 2 824   | -              | 2 824  | 2 795  |
| <b>Operating result</b>  | <b>48 616</b>   | <b>3 343</b>   | <b>51 960</b>  | <b>51 678</b>  |
| <b>EBITDA</b>  | <b>116 944</b>  | <b>3 343</b>   | <b>120 288</b>   | <b>119 793</b>   |
| Financial expense, net   | (17 375)  | -              | (17 375)   | (17 397)   |
| Income tax   | (9 222)   | (409)          | (9 631)  | (9 634)  |
| <b>Net profit from continuing operation</b>                      | <b>22 019</b>   | <b>2 934</b>   | <b>24 954</b>  | <b>24 647</b>  |
| <b>Discontinued consolidation</b>                                |   |                |  |  |
| <b>Net profit for the period from discontinued consolidation</b> | <b>2 213</b>  | <b>-</b>       | <b>2 213</b>   | <b>2 290</b>   |
| <b>Net profit for the period</b>                                 | <b>24 232</b>   | <b>2 934</b>   | <b>27 167</b>  | <b>26 937</b>  |
| - assigned to the shareholders of the parent company             | 24 232  | 2 934          | 27 167   | 26 937   |

\* Results published for the year 2011 taking into account both presentation changes and reclassification changes related to the discontinued consolidation of the Megapack group.

\*\* Corrected results for year 2011 recalculated for better comparability with the 2012 exchange rate.

Source: Issuer's data following Directors Report in the Consolidated Annual Report of KOFOLA S.A. Group for 2012.

## 11.7 Consolidated 2012 Income Statement Prepared for Managerial Purposes

Analyzing 2012 results, it should be noted that the KOFOLA S.A. Group recognized the impairment of the fixed asset of PLN 1,670 thousand as the only event of the one-off nature, resulting in the adjustments at the operating profit, EBITDA and the net profit of that value. The consolidated operating profit of the KOFOLA S.A. Group adjusted for that impairment amounted to PLN 28,332 thousand, the adjusted EBITDA amounted to PLN 129,937 thousand and the adjusted net profit amounted to PLN 30,608 thousand.

In the Issuer's management opinion, the consolidated financial information adjusted by one-off events allows a better comparability of the KOFOLA S.A. Group's recurring operating results between the periods.

The table below presents the selected financial items of the consolidated income statement for the financial year of 2012 that were prepared for the managerial purposes.

| Selected financial data for the period 1.1.2012 - 31.12.2012 (unaudited) | Consolidated financial statements under IFRS | One-off adjustments | Adjusted financial statements for management purposes |
|--|--|---------------------|---|
| <b>Continuing operations</b>   |  |                     |   |
| Sales revenues   | 1 022 663                                    | -                   | 1 022 663   |
| Cost of sales  | (675 766)                                    | -                   | (675 766)   |
| <b>Gross profit</b>  | <b>346 897</b>                               | <b>-</b>            | <b>346 897</b>  |
| Selling, marketing and distribution costs                                | (241 709)                                    | -                   | (241 709)   |
| Administrative costs   | (52 364)                                     | -                   | (52 364)  |
| Other operating income/(expense), net                                    | 1 575  | 1 670               | 3 245   |
| <b>Operating result</b>  | <b>54 399</b>                                | <b>1 670</b>        | <b>56 069</b>   |
| <b>EBITDA</b>  | <b>128 267</b>                               | <b>1 670</b>        | <b>129 937</b>  |
| Financial expense, net   | (18 841)                                     | -                   | (18 841)  |
| Income tax   | (8 896)                                      | -                   | (8 896)   |
| <b>Net profit from continuing operation</b>                              | <b>26 662</b>                                | <b>1 670</b>        | <b>28 332</b>   |
| <b>Discontinued consolidation</b>  |  |                     |   |
| <b>Net profit for the period from discontinued consolidation</b>         | <b>2 276</b>                                 | <b>-</b>            | <b>2 276</b>  |
| <b>Net profit for the period</b>   | <b>28 938</b>                                | <b>1 670</b>        | <b>30 608</b>   |
| - assigned to the shareholders of the parent company                     | 28 943                                       | 1 670               | 30 613  |

Source: Issuer's data following Directors Report in the Consolidated Annual Report of KOFOLA S.A. Group for 2012.

## 11.8 Comparison of Recurring 2012 and 2011 Results

The table below presents the comparison of the consolidated income statements of 2012 and 2011 that were prepared for the managerial purposes, which is adjusted for the events of the non-recurring nature and recalculated using the same foreign exchange rates from 2012 (PLN/EUR of 4.1736; PLN/CZK of 0.1661).

| Adjusted selected financial data (unaudited)                     | 1.1.2012 –<br>31.12.2012 | 1.1.2011 -<br>31.12.2011* | Change<br>2012/2011 | Change<br>2012/2011 (%) |
|--|--------------------------|---------------------------|---------------------|-------------------------|
| <b>Continuing operations</b>                                     |                          |                           |                     |                         |
| Sales revenues   | 1 022 663                | 980 302                   | 42 361              | 4.3%                    |
| Adjusted cost of sales   | (675 766)                | (628 020)                 | (47 746)            | 7.6%                    |
| <b>Adjusted gross profit</b>                                     | <b>346 897</b>           | <b>352 282</b>            | <b>(5 385)</b>      | <b>(1.5%)</b>           |
| Adjusted selling, marketing and distribution costs               | (241 709)                | (248 827)                 | 7 118               | (2.9%)                  |
| Adjusted administrative costs                                    | (52 364)                 | (54 573)                  | 2 209               | (4.0%)                  |
| Adjusted other operating income/(expense), net                   | 3 245                    | 2 795                     | 450                 | 16.1%                   |
| <b>Adjusted profit from operational activity</b>                 | <b>56 069</b>            | <b>51 678</b>             | <b>4 391</b>        | <b>8.5%</b>             |
| <b>Adjusted EBITDA</b>   | <b>129 937</b>           | <b>119 793</b>            | <b>10 144</b>       | <b>8.5%</b>             |
| Financial expense, net   | (18 841)                 | (17 397)                  | (1 444)             | 8.3%                    |
| Adjusted income tax  | (8 896)                  | (9 634)                   | 738                 | (7.7%)                  |
| <b>Adjusted net profit from the continuing operations</b>        | <b>28 332</b>            | <b>24 647</b>             | <b>3 685</b>        | <b>15.0%</b>            |
| <b>Discontinued consolidation</b>                                |                          |                           |                     |                         |
| <b>Net profit for the period from discontinued consolidation</b> | <b>2 276</b>             | <b>2 290</b>              | <b>(14)</b>         | <b>(0.6%)</b>           |
| <b>Adjusted net profit for the period</b>                        | <b>30 608</b>            | <b>26 937</b>             | <b>3 671</b>        | <b>13.6%</b>            |
| - assigned to the shareholders of the parent company             | 30 613                   | 26 937                    | 3 676               | 13.6%                   |

|   | 1.1.2012 –<br>31.12.2012 | 1.1.2011 -<br>31.12.2011* |
|---|--------------------------|---------------------------|
| Adjusted gross profit margin from the continuing operations % | 33.9%                    | 35.9%                     |
| Adjusted EBITDA margin from the continuing operations %       | 12.7%                    | 12.2%                     |
| Adjusted EBIT margin from the continuing operations %         | 5.5%                     | 5.3%                      |
| Adjusted net profit margin %                                  | 3.0%                     | 2.7%                      |
| Adjusted net profit per share                                 | 1.1697                   | 1.0292                    |

\* Results recalculated using currency exchange rates for the period of twelve months ended 31 December 2012

### Calculation principles:

Adjusted gross profit margin (%) - Adjusted gross profit for the period / net sales of products, services, goods and materials for the period

Adjusted EBITDA margin (%) - (Adjusted profit from operational activity + depreciation for a given period) / net revenues from sales of products, services, goods and materials in a given period

Adjusted EBIT margin (%) - Adjusted profit from operational activity for a given period / net revenues from sales of products, services, goods and materials in a given period

Adjusted net profit margin (%) - Adjusted net profit attributable to shareholders of the parent company / net revenues from the sales of products, services, goods and materials in a given period

Adjusted net profit per share - Adjusted net profit attributable to shareholders of the parent company / weighted average number of ordinary shares in a given period

Source: Issuer's data following Directors Report in the Consolidated Annual Report of KOFOLA S.A. Group for 2012.

- **Revenues** increased from PLN 980,302 thousand to PLN 1,022,663 thousand, an increase of PLN 42,361 thousand, which makes a 4.3% increase in comparison to 2011.
- Decrease in **adjusted gross profit** from PLN 352,282 thousand to PLN 346,897 thousand, a decrease of PLN 5,385 thousand, which makes a decrease of 1.5% resulting from the rise of the prices of sugar, isoglucose and glucose – fructose syrup (basic raw materials for production) and slower than planned increasing of the selling prices.
- Increase in **operational profit (EBIT)** from PLN 51,678 thousand do PLN 56,069 thousand, an increase of PLN 4,391 thousand, which makes an increase of 8.5% achieved mainly due to higher revenue and effects of introducing in 2011 the reduction of fixed costs and optimisation of logistics program in the KOFOLA S.A. Group.
- Increase in adjusted **EBITDA from continuing operations (operational profit increased by depreciation and amortisation)** from PLN 119,793 thousand to PLN 129,937 thousand, an increase of PLN 10,144 thousand (8.5%).
- Increase in adjusted **EBITDA margin from continuing operations** from 12.2% in the period of twelve months ended 31 December 2011 to 12.7% in the same period in 2012.
- Increase in adjusted **net profit** attributed to shareholders of the parent company from PLN 26,937 thousand to PLN 30,613 thousand, an increase of PLN 3,676 thousand (13.6%).
- Increase in the **net profitability** from 2.7% to 3.0%, an increase of 0.3 percentage points.

## 11.9 Comparison of Recurring 1H 2013 and 1H 2012 Results and Cash Flows

The table below presents the comparison of the consolidated income statements of 1H 2013 and 1H 2012 that were prepared for the managerial purposes, which have been adjusted for the events of the non-recurring nature and recalculated using the same foreign exchange rates from 1H 2013 (PLN/EUR of 4.2140; PLN/CZK of 0.1637).

| Adjusted Selected financial data (unaudited)                            | 1.1.2013 -<br>30.6.2013         | 1.1.2012 -<br>30.6.2012*         | Change<br>2013/2012 | Change<br>2013/2012 (%) |
|---|---------------------------------|----------------------------------|---------------------|-------------------------|
| <b>Continued operations</b>   |                                 |                                  |                     |                         |
| Revenue   | 504 082                         | 515 128                          | (11 046)            | (2.1%)                  |
| Cost of sales   | (345 472)                       | (332 921)                        | (12 551)            | 3.8%                    |
| <b>Gross profit</b>   | <b>158 610</b>                  | <b>182 207</b>                   | <b>(23 597)</b>     | <b>(13.0%)</b>          |
| Selling, marketing and distribution costs                               | (115 964)                       | (126 466)                        | 10 502              | (8.3%)                  |
| Administrative costs  | (22 479)                        | (25 360)                         | 2 881               | (11.4%)                 |
| Adjusted other operating income / (expenses), net                       | 3 040                           | 1 680                            | 1 360               | 81.0%                   |
| <b>Adjusted profit from operational activity</b>                        | <b>23 207</b>                   | <b>32 061</b>                    | <b>(8 854)</b>      | <b>(27.6%)</b>          |
| <b>Adjusted EBITDA</b>  | <b>58 924</b>                   | <b>68 405</b>                    | <b>(9 481)</b>      | <b>(13.9%)</b>          |
| Adjusted financial expense, net   | (9 616)                         | (8 882)                          | (734)               | 8.3%                    |
| Adjusted income tax   | (4 056)                         | (8 304)                          | 4 248               | (51.2%)                 |
| <b>Adjusted net profit on continuing operations</b>                     | <b>9 535</b>                    | <b>14 875</b>                    | <b>(5 340)</b>      | <b>(35.9%)</b>          |
| <b>Discontinued consolidation</b>                                       |                                 |                                  |                     |                         |
| <b>Net profit / (loss) for the period on discontinued consolidation</b> | <b>(849)</b>                    | <b>893</b>                       | <b>(1 742)</b>      | <b>(195.1%)</b>         |
| <b>Adjusted net profit for the period</b>                               | <b>8 686</b>                    | <b>15 768</b>                    | <b>(7 082)</b>      | <b>(44.9%)</b>          |
| - assigned to the shareholders of the parent company                    | 8 729                           | 15 768                           | (7 039)             | (44.6%)                 |
|   | <b>1.1.2013 -<br/>30.6.2013</b> | <b>1.1.2012 -<br/>30.6.2012*</b> |                     |                         |
| <b>Continuing operations</b>  |                                 |                                  |                     |                         |
| Gross profit margin %   | 31.5%                           | 35.4%                            |                     |                         |
| Adjusted EBITDA margin %  | 11.7%                           | 13.3%                            |                     |                         |
| Adjusted EBIT margin %  | 4.6%                            | 6.2%                             |                     |                         |
| Adjusted net profit margin %  | 1.7%                            | 3.1%                             |                     |                         |
| Adjusted net profit per share   | 0.3335                          | 0.6025                           |                     |                         |

\* data recalculated using currency exchange rates for the period of six-months ended 30 June 2013

### Calculation principles:

**Gross profit margin (%)** – gross profit for the period / net sales of products, services, goods and materials for the period

**Adjusted EBITDA margin (%)** – (Adjusted profit from operational activity + depreciation and amortisation for the period) / net sales of products, services, goods and materials for the period

**Adjusted EBIT margin (%)** – Adjusted profit from operational activity for the period / net revenues from sales of products, services, goods and materials for the period

**Adjusted net profit margin (%)** – Adjusted net profit attributable to shareholders of the parent company for the period / net sales of products, services, goods and materials for the period

**Adjusted net profit per share** – Adjusted net profit attributable to shareholders of the parent company for the period / weighted average number of ordinary shares for the period

Source: Issuer's data following Directors Report in the Consolidated Half-Year Report of KOFOLA S.A. Group for the first six months of 2013.

- **Revenues from continuing operations** decreased from PLN 515,128 thousand in the first half of 2012 to PLN 504,082 thousand in the reported period, i.e. by PLN 11,046 thousand (2.1%).
- **Gross profit from continuing operations** amounted to PLN 158,610 thousand and it was lower by PLN 23,597 thousand (13.0%) compared to PLN 182,207 thousand reached in the comparative period.
- **Adjusted operating profit (EBIT) from continuing operations** decreased from PLN 32,061 thousand to PLN 23,207 thousand, i.e. by PLN 8,854 thousand (27.6%).
- **Adjusted EBITDA from continuing operations (operating profit plus depreciation and amortisation)** decreased from PLN 68,405 thousand to PLN 58,924 thousand, i.e. by PLN 9,481 thousand (13.9%).
- **Adjusted EBITDA margin from continuing operations** decreased from 13.3% in the first half of 2012 to 11.7% in the same period in 2013.
- **Adjusted net profit attributable to equity holders of the parent company** decreased from PLN 15,768 thousand to PLN 8,729 thousand, i.e. by PLN 7,039 thousand (44.6%).



## PRO-FORMA CONSOLIDATED CASH FLOWS

For better comparability of the cash flows between the periods and for the needs of this section of the Prospectus the pro-forma cash flows only relating to continuing operations are presented, which therefore do not include financial data of the Megapack Group for neither 2013 nor 2012. Cash flows prepared in accordance with IFRS are disclosed in section 11.2 of this Prospectus. It has to be noted that the comparative data presented in the pro-forma cash flows were recalculated using the historical exchange rate. Comments presented in this section relate to the pro-forma cash flow statement only.

| Pro-forma consolidated statement of cash flow – continuing operations (unaudited) | 1.1.2013 – 30.6.2013 | 1.1.2012 - 30.6.2012 | Change          |
|---|----------------------|----------------------|-----------------|
| <b>Cash flow from operating activity</b>  |                      |                      |                 |
| Profit before tax on continuing operations  | 17 499               | 22 307               | (4 808)         |
| Adjustments for the following items:  |                      |                      |                 |
| <b>Non-cash movements</b>   |                      |                      |                 |
| Amortisation and depreciation   | 35 717               | 36 710               | (993)           |
| Net interest  | 7 441                | 9 875                | (2 434)         |
| Share in profit received from associates  | 3                    | -                    | 3               |
| Profit on sale of subsidiary  | (2 092)              | -                    | (2 092)         |
| Change in the balance of provisions   | (3 552)              | (2 461)              | (1 091)         |
| Impairment of fixed assets  | -                    | 1 670                | (1 670)         |
| Remeasurement of puttable non-controlling interest                                | -                    | (300)                | 300             |
| Other   | (164)                | -                    | (164)           |
| Other currency differences from translation                                       | 362                  | 4 474                | (4 112)         |
| <b>Cash movements</b>   |                      |                      |                 |
| (Profit)/ loss on investment activity   | (1 816)              | (223)                | (1 593)         |
| Paid income tax   | (4 926)              | (3 041)              | (1 885)         |
| <b>Changes in working capital</b>   |                      |                      |                 |
| Change in the balance of receivables  | (43 137)             | (43 462)             | 325             |
| Change in the balance of inventories  | (20 568)             | (40 208)             | 19 640          |
| Change in the balance of liabilities  | 60 343               | 75 778               | (15 435)        |
| Change in the balance of state subsidies  | (464)                | 393                  | (857)           |
| <b>Net cash flow from operating activity</b>                                      | <b>44 646</b>        | <b>61 512</b>        | <b>(16 866)</b> |
| <b>Cash flow from investing activity</b>  |                      |                      |                 |
| Sale of intangible and tangible fixed assets                                      | 1 927                | 284                  | 1 643           |
| Purchase of intangible and tangible fixed assets                                  | (12 184)             | (15 729)             | 3 545           |
| Purchase of subsidiary, excluding cash from acquisition                           | (7 669)              | (6 656)              | (1 013)         |
| Interest received   | 175                  | 457                  | (282)           |
| <b>Net cash flow from investing activity</b>                                      | <b>(17 751)</b>      | <b>(21 644)</b>      | <b>3 893</b>    |
| <b>Cash flow from financial activity</b>  |                      |                      |                 |
| Repayment of financial leasing liabilities  | (6 586)              | (8 753)              | 2 167           |
| Proceeds from loans and bank credits received                                     | 54 251               | 24 937               | 29 314          |
| Proceeds from bonds issue   | -                    | 16 697               | (16 697)        |
| Repayment of loans and bank credits   | (66 865)             | (81 573)             | 14 708          |
| Dividends paid to the shareholders of the parent company                          | -                    | -                    | -               |
| Interest paid   | (7 179)              | (10 392)             | 3 213           |
| Other   | (866)                | -                    | (866)           |
| <b>Net cash flow from financing activity</b>                                      | <b>(27 245)</b>      | <b>(59 084)</b>      | <b>31 839</b>   |
| Net increase in cash and cash equivalents   | (350)                | (19 216)             | 18 866          |
| <b>Cash at the beginning of the period</b>  | <b>15 707</b>        | <b>46 961</b>        | <b>(31 254)</b> |
| Exchange differences on translation of cash                                       | 233                  | (372)                | 605             |
| <b>Cash at the end of the period</b>  | <b>15 590</b>        | <b>27 373</b>        | <b>(11 783)</b> |

In the first half of 2013 the value of net consolidated cash flows was PLN (350) thousand and was by PLN 18,866 thousand higher compared to the previous period.

The value of the consolidated cash flow generated from operating activities in the six-month period ended 30 June 2013 amounted to PLN 44,646 thousand and was by PLN 16,866 thousand lower compared to the corresponding period of 2012. This change was influenced by lower than last year gross profit and unfavourable development of exchange rates from translation of consolidated companies' balances.

The value of consolidated net cash flow generated from investing activity in the six-month period ended 30 June 2013 amounted to PLN 17,751 thousand and was by PLN 3,893 thousand lower than



in the corresponding period of 2012. Capital expenditure only amounted in the first half of 2013 to PLN 12,184 thousand compared to PLN 15,729 thousand in the first half of 2012.

The value of the consolidated cash flow from financing activities for the six-month period ended 30 June 2013 amounted to PLN 27,245 thousand compared to PLN 59,084 thousand in the same period of 2012, when substantial repayment of loans in the amount of PLN 81,573 thousand took place compared to PLN 66,865 thousand repaid in the first half of 2013. Moreover, as a result of the decrease in the net debt by PLN 25,296 thousand as compared with previous year, in the current half-year, the KOFOLA S.A. Group has paid less interest by PLN 3,213 thousand.

## **12. MATERIAL CONTRACTS**

The Issuer believes that the following contract may be deemed material in accordance with Commission Regulation (EC) No. 809/2004, i. e. as a contract that was not entered into in the ordinary course of the Issuer's business and that could result in any KOFOLA S.A. Group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the Noteholders.

### Syndicated facilities agreement entered into by Hoop Polska Sp. z o.o.

On 22 April 2013, Hoop Polska Sp. z o.o. as debtor entered into an investment loan and overdraft facility agreements with Bank Millenium S.A. Warsaw and Bank BPH S.A. Krakow in the total amount of PLN 72,000,000 comprising two investment loans of PLN 16,000,000 each and two overdraft facilities of PLN 20,000,000 each. The purpose of the credit facilities is to ensure financing of the business activities of Hoop Polska Sp. z o.o. and to refinance certain debt existing as at 30 April 2013. The final repayment date of all facilities will be 22 April 2017. All loans bear variable interest rates (WIBOR plus margin) and margins were determined at prevailing market conditions.

The Issuer guarantees the repayment of the facilities up to the total amount of PLN 108,000,000. The guarantee will expire on 31 December 2020 at the latest.

The enterprise of Hoop Polska Sp. z o.o. and certain real estate owned by Hoop Polska Sp. z o.o. were pledged as security in favor of the banks.

## **13. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST**

The Prospectus does not include any representation or report, except for the auditors' opinions, of any person acting as an expert.

Certain data stated herein come from third parties. Such data have been accurately reproduced, to the Issuer's best knowledge, and to the extent, in which such data could be obtained from information published by a third party. No facts have been omitted, which would render the reproduced data inaccurate or misleading.

## **14. DOCUMENTS ON DISPLAY**

The audited consolidated financial statements of the KOFOLA S.A. Group and auditor's opinions thereof, are, available for inspection during the standard working hours, upon request at the Issuer's registered office and at the registered office of the Issuer's subsidiary, Kofola ČeskoSlovensko, a.s., and on the Issuer's website [www.kofola.pl](http://www.kofola.pl).

Any annual and semi-annual reports (where relevant) are available at the same place. Any other documents and materials specified herein and relating to the Issuer, including any past financial data of the Issuer and its subsidiaries for each of the two financial years prior to the publication of this Prospectus, and the Issuers foundation documents and the KOFOLA S.A.'s Statute are also available for inspection at the Issuer's registered office, at the registered office of the issuer's subsidiary, Kofola ČeskoSlovensko, a.s.

Any documents specified in this section will be available at the aforementioned locations until the expiration of this Prospectus.

## 15. TERMS AND CONDITIONS OF THE NOTES

The substitutable notes issued by KOFOLA S.A., with its registered office at ul. Wschodnia 5, 99-300 Kutno, Poland, registered under company code KRS 0000134518 in the Company's Registrar held by the Court of Łódź-Śródmieście, XX Department of the National Court Registrar (the "**Issuer**"), in the anticipated aggregate nominal value of up to CZK 450,000,000 (to wit: four hundred fifty million Czech crowns), bearing floating interest rate, due in 2018 (the "**Issue**" and individual notes within the Issue as the "**Notes**"), are governed by these Terms and Conditions of the Notes (the "**Terms and Conditions**") and by Act No. 190/2004 Coll., on Notes, as amended (the "**Notes Act**").

The Issue was approved by a resolution of the Issuer's Supervisory Board dated 9 August 2013, as amended by a resolution of the Issuer's Supervisory Board dated 24 September 2013, and approved by a decision of the Management Board of the Issuer dated 12 August 2013, as amended by a decision of the Management Board of the Issuer dated 25 September 2013.

The ISIN of the Notes allocated by the Central Depository (as this term is defined in [Article 1.3](#) below) is CZ0000000351. The title of the Notes is "Notes of Kofola S.A. VAR/2018".

Services of the fiscal and paying agent related to interest payments and Notes redemption will be provided by Česká spořitelna, a.s., with its registered office in Prague 4, Olbrachtova 1929/62, Postal Code 140 00, ID-No.: 452 44 782, registered with the Commercial Register kept by the Municipal Court in Prague, Section B, Insert No. 1171 (the "**Fiscal and Paying Agent**"). The relationship between the Issuer and the Fiscal and Paying Agent in connection with the performance of payment services in favour of the Noteholders (as this term is defined below) and some other administrative acts related to the Issue is governed by an agreement entered into between the Issuer and the Fiscal and Paying Agent (the "**Fiscal and Paying Agency Agreement**"). A counterpart of the Fiscal and Paying Agency Agreement is available for inspection to the Noteholders during regular business hours at the Specified Office of the Fiscal and Paying Agent set forth in [Article 11.1.1](#) of these Terms and Conditions.

Services of the calculation agent in connection with the Notes will be provided to the Issuer by Česká spořitelna, a.s. (the "**Calculation Agent**"), under the terms of the Fiscal and Paying Agency Agreement.

Services of the listing agent related to the listing of the Notes comprising the Issue on the regulated market of the Prague Stock Exchange will be provided by PPF banka a.s.

### 1. **General Characteristics of the Notes**

#### 1.1 **Form, Nominal Value, Anticipated Volume of the Issue**

The Notes are issued as book-entered securities in bearer form. The nominal value of each Note is CZK 3,000,000 (to wit: three million Czech crowns). The anticipated aggregate nominal value of the Issue is CZK 450,000,000 (to wit: four hundred fifty million Czech crowns). In accordance with the Notes Act the Issuer is entitled to issue the Notes in a lesser aggregate nominal value than the anticipated aggregate nominal value.

#### 1.2 **Detachment of the Right to Interest; Pre-emptive and Exchange Rights**

There will be no detachment of the right to receive interest payable on the Notes. No pre-emptive or exchange rights are attached to the Notes.

#### 1.3 **Noteholders**

For the purpose of these Terms and Conditions, the "**Noteholder**" means a person on whose holder's account kept by the Central Depository or in follow-up records relating to the central registry for securities the Note is recorded.

"**Central Depository**" means Centrální depozitář cenných papírů, a.s., a company with its registered office in Prague 1, Rybná 14, Postal Code: 110 05, ID-No.: 250 81 489, registered with the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert No. 4308.

Unless the Issuer is informed in a credible manner about facts proving that the Noteholder is not the owner of the relevant book-entered securities, the Issuer and the Fiscal and Paying Agent will consider each Noteholder in all aspects as the beneficial owner thereof and will make payments to such Noteholder in accordance with these Terms and Conditions. Persons who are the Noteholders and who are not registered for any reason in the relevant records of holders of book-entered securities will be obliged to promptly notify the Issuer and the Fiscal and Paying Agent of such fact and of their acquisition title to the Notes.

#### **1.4 Transfer of the Notes**

The transfer of the Notes will be effective upon the registration thereof in the holder's account maintained by the Central Depository in accordance with the rules and regulations of the Central Depository and under applicable laws. In case of the Notes recorded in the clients' (nominee) account in the Central Depository, the transfer of the Notes will be effective (i) upon the registration of such transfer in the clients' account in accordance with the rules and regulations of the Central Depository and under applicable laws, whereas the client account owner is obliged to promptly register such transfer in the holder's account as of the moment of registration thereof in the clients' account, or (ii) in case of any transfer between the Noteholders within one clients' account, upon the registration of such transfer in the holder's account in follow-up records relating to the central registry for securities.

#### **1.5 Rating**

The Issuer's financial standing (rating) has not been assessed.

No separate financial rating of the Issue has been assigned and, therefore, the Issue does not have a separate rating.

#### **1.6 Certain Other Obligations of the Issuer**

The Issuer undertakes to pay interest on and repay the nominal value of the Notes in the manner and at the place set forth in these Terms and Conditions.

## **2. Volume of the Issue, Issue Price, Subscription Period, Method of Note Issue**

### **2.1 Issue Date, Subscription Period**

The issue date of the Notes is scheduled on 4 October 2013 (the "**Issue Date**"). The Notes may be issued (i) in a single series on the Issue Date, or (ii) in tranches at any time after the Issue Date during the subscription period ending on the Record Date for Nominal Value Repayment (as defined below) (the "**Issue Period**").

Without undue delay after the expiry of the Issue Period, the Issuer will notify the Noteholders, in the same manner as used for publication of these Terms and Conditions, of the aggregate nominal value of all issued Notes comprising the relevant Issue but only in case that the aggregate nominal value of all Notes issued within the relevant Issue is lower than the anticipated aggregate nominal value of the Issue.

### **2.2 Issue Price**

The issue price of any Notes issued on the Issue Date is equal to 99 per cent. of par value. The issue price of any Notes issued after the Issue Date will be determined by the Issuer taking into account the current market conditions. Where relevant, a corresponding accrued interest will be added to the amount of the issue price for any Notes issued after the Issue Date.

### **2.3 Method and Place of Note Subscription**

The Notes will be offered for purchase by the joint lead managers of the Issue, Česká spořitelna, a.s., and PPF banka a.s. (the "**Joint Lead Managers**"), to Czech or foreign qualified investors (under Act No. 256/2004 Coll., on Capital Market Undertakings, as amended) and selected individuals, in accordance with applicable laws.

On 7 August 2013 the Issuer and the Joint Lead Managers entered into a mandate agreement under the terms of which the Notes will be placed in the market on a "Best Efforts Basis", i.e. the Joint Lead Managers will use their best efforts to place the Notes on the domestic capital market; however, the Joint Lead Managers will in no case be obliged to subscribe any unplaced Notes themselves.

The investors will be approached by the Joint Lead Managers, in particular by means of distance

communication in compliance with applicable laws (e-mails, telephones, etc.), starting on 25 September 2013 and asked to place binding orders to purchase the Notes. Prior the Issue Date the Issuer intends to conclude a subscription agreement with the Joint Lead Managers as the initial purchasers (subscribers) of all placed Notes. The scope of such agreement includes the Issuer's duty to issue, and the Joint Lead Managers' duty to subscribe for and purchase, the Notes subject to the conditions set forth in the subscription agreement to purchase the Notes.

On a relevant settlement date agreed to in the subscription agreement to purchase the Notes, the Notes will be allocated to the Joint Lead Managers against payment of the issue price (or the issue price reflecting the corresponding accrued interest yield, if any) by crediting them into a respective account notified by the Issuer to the Joint Lead Manager for this purpose. The Notes will be subsequently (preferably on the same day) resold by the Joint Lead Managers to the investors.

### **3. Status of the Notes**

The Notes (and any and all payment liabilities of the Issuer to the Noteholders under the Notes) constitute direct, general, unsecured, unconditional and unsubordinated obligations of the Issuer which rank and will always rank *pari passu* without preference among themselves, and at least *pari passu* with any other present or future unsubordinated and unsecured obligations of the Issuer, except for such obligations of the Issuer as may be preferred by mandatory provisions of applicable law. The Issuer undertakes to treat under the same circumstances all Noteholders equally.

### **4. Negative Pledge and Other Covenants**

#### **4.1 Negative Pledge**

So long as any Note remains outstanding the Issuer will not create or permit to subsist any Security Interest (other than a Permitted Security Interest) (as these terms are defined in Article 15 of these Terms and Conditions) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any bonds, notes, commercial papers or other debt securities or any guarantee of any such debt securities without at the same time or prior thereto (i) securing the Notes equally and ratably therewith or (ii) otherwise secured as approved by a resolution of the Noteholders' Meeting in accordance with Article 12 of these Terms and Conditions.

Notwithstanding the foregoing the Issuer will use all reasonable endeavors to ensure that the "Kofola" brand is not pledged to secure any Indebtedness (as defined in Article 15 of these Terms and Conditions).

#### **4.2 Limitation on Asset Sales**

The Issuer may not, and will procure that each of its Material Subsidiaries (as defined in Article 15 of these Terms and Conditions) does not, sell, lease, transfer or otherwise dispose of (each such action, a "**disposal**") by one or more transactions or series of transactions (whether related or not), the whole or any part of its revenues or its assets to any Person (as defined in Article 15 of these Terms and Conditions), except where:

- (a) the consideration received by the Issuer or such Material Subsidiary is of at least 75 per cent. in cash or cash equivalent, and is not less than the Fair Market Value (as defined in Article 15 of these Terms and Conditions) of the assets or revenues disposed;
- (b) immediately before or after giving effect to such disposal, no Event of Default or potential Event of Default (as defined in Article 9.1 of these Terms and Conditions) shall have occurred and be continuing as a result of such disposal; and
- (c) the proceeds of any such disposal are used to refinance any Indebtedness or are reinvested in the KOFOLA S.A. Group's business (as defined in Article 15 of these Terms and Conditions).

#### 4.3 Limitation on Indebtedness

- (a) The Issuer will not, and will not cause or permit any of its Material Subsidiaries to, directly or indirectly, create, incur, assume guarantee or otherwise become liable for (collectively "**incur**") any Indebtedness, provided, however, that the Issuer or any of its Material Subsidiaries may incur Indebtedness if (i) the ratio of Consolidated Net Debt to Adjusted Consolidated EBITDA (as defined in Article 15 of these Terms and Conditions) for the Issuer's most recently ended four full fiscal quarters for which consolidated financial statements are available immediately preceding the date on which such additional Indebtedness is incurred and after giving effect thereto on a *pro forma basis* (including a *pro forma* application of the net proceeds therefrom) would not have exceeded 3.5 to 1.0 at the date of such incurrence and (ii) no Event of Default or potential Event of Default shall have occurred and be continuing as a result of such incurrence.
- (b) Notwithstanding the limitation on incurrence of Indebtedness set forth in the preceding paragraph the Issuer and any of its Material Subsidiaries may incur any Permitted Indebtedness (as defined in Article 15 of these Terms and Conditions).

#### 4.4 Limitation on Mergers with respect to the Issuer and its Material Subsidiaries

Neither the Issuer nor any of its Material Subsidiaries may enter into any amalgamation, demerger, merger or corporate reorganisation (the "**Merger**"), provided, however, that the Issuer or any of its Material Subsidiaries may enter into a Merger if (i) the Issuer would, at the time of such Merger, have been permitted to incur at least 1.00 CZK of additional Indebtedness pursuant to Article 4.3 (a) above, and (ii) no Event of Default or potential Event of Default shall have occurred and be continuing as a result of such Merger, and (iii) the successor company (if any) is incorporated in the EEA, Switzerland, Canada or the U.S.A. and, in case of a Merger involving the Issuer, assumes all outstanding obligations arising from the Notes.

#### 4.5 Limitation on Acquisitions with respect to the Issuer and its Material Subsidiaries

Neither the Issuer nor any of its Material Subsidiaries may acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company (the "**Acquisition**") provided, however, that the Issuer or any of its Material Subsidiaries may carry out an Acquisition if (i) the Issuer would, at the time of such Acquisition, have been permitted to incur at least 1.00 CZK of additional Indebtedness pursuant to Article 4.3 (a) above and (ii) no Event of Default or potential Event of Default shall have occurred and be continuing as a result of such Acquisition.

#### 4.6 Limitation on Restricted Payments

The Issuer will not, and will not cause or permit any of its Material Subsidiaries to, directly or indirectly, make any payment on or with respect to, or purchase, redeem or otherwise acquire or retire for value, any Indebtedness of the Issuer or any of its Material Subsidiaries that is contractually subordinated to the Notes (excluding any intercompany Indebtedness between the Issuer and any of its Subsidiaries – provided, however, that for intercompany Indebtedness between the Issuer and the Subsidiaries which are not Material Subsidiaries, a cumulative cap since the Issue Date of PLN 10,000,000 in aggregate would apply – but including any shareholder loan or similar financing received from the shareholders of the Issuer or any affiliates thereof which would, on a cumulative basis since the Issue Date, exceed PLN 6,500,000), except for (a) a payment of interest or principal at the stated maturity thereof or (b) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity (the "**Restricted Payment**"), provided, however, that the Issuer can make a Restricted Payment if (i) the Issuer would, after giving effect thereto on a *pro forma basis*, at the time of such Restricted Payment, have been permitted to incur at least 1.00 CZK of additional Indebtedness pursuant to Article 4.3 (a) above and (ii) no Event of Default or potential Event of Default shall have occurred and be continuing as a result of such Restricted Payment.

The Issuer may not propose to declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital) (the "**Distribution**"), provided, however, that the Issuer can make a Distribution if (i) the Issuer would, after giving effect thereto on a *pro forma basis* at the time of such Distribution, have been permitted to incur at least 1.00 CZK of additional Indebtedness pursuant to Article 4.3 (a) above and (ii) no Event of Default or potential Event of Default shall have occurred and be continuing as a result of such Distribution.

Notwithstanding the above the Issuer may, to the extent no Event of Default or potential Event of Default shall have occurred and be continuing as a result of such action, declare and pay dividends of (i) up to PLN 1.35 per share if the ratio of Consolidated Net Debt to Adjusted Consolidated EBITDA does not exceed 2.5 to 1.0, or (ii) up to PLN 1.00 per share if the ratio of Consolidated Net Debt to Adjusted Consolidated EBITDA exceeds 2.5 to 1.0 (but does not exceed 3.5 to 1.0), in each case on a *pro forma basis* after considering the effect of the respective dividend payment. In case of any share splits, new issues or buy back the dividends will be recalculated by the Issuer on a pro rata basis to reflect such events.

The limitations set out above do not apply to any profits retained as to the Issue Date. Such profits will be freely distributable.

#### **4.7 Reporting of the Issuer**

If the Issuer ceases to be listed on a European regulated market it will continue providing the same amount of information to the Noteholders, and within the same deadlines, as required by the rules of the European regulated market where the Issuer was last listed.

### **5. Interest**

#### **5.1 Method of Interest Calculation, Interest Period**

The Notes will bear the floating interest rate equal to (i) the Reference Rate (see definition below in this [Article 5.1](#)) valid for the relevant Interest Period (see definition below in this [Article 5.1](#)) and determined by the Calculation Agent on the Reference Rate Determination Date (see definition below in this [Article 5.1](#)) plus (ii) the margin of 4.15 per cent. p.a. The interest will be paid annually in arrears, on 4 October of each year (the "**Interest Payment Date**"). The first Interest Payment Date will be 4 October 2014.

"**Reference Rate**" means 12M PRIBOR; "**12M PRIBOR**" means the interest rate in per cent. p.a. offered for the Czech crown that is quoted in the "Reuters Screen Service" PRBO page (or any other official source where such rate will be quoted) as the value of the Prague interbank offer rates for Czech crown interbank deposits for the 12-month period set out by the Czech National Bank and valid on the Reference Rate Determination Date when the Reference Rate is determined. If PRIBOR is not quoted in the aforementioned PRBO page (or other official source) for the relevant 12-month period, then the Calculation Agent will determine 12M PRIBOR from (i) PRIBOR for the nearest longer period for which PRIBOR is quoted in the aforementioned PRBO page (or other official source) and (ii) PRIBOR for the nearest shorter period for which PRIBOR is quoted on the aforementioned PRBO page (or other official source), as the average of the two.

If 12M PRIBOR cannot be determined on any day according to the preceding paragraph, then the Calculation Agent will determine 12M PRIBOR on such day as the arithmetic mean of the interest rates quoted for the sale of Czech crown interbank deposits for such period that corresponds to the relevant 12-month period and the relevant amount obtained on such day after 11:00 (eleven) a.m. Prague time from at least 3 (three) banks operating in the Prague interbank market selected by the Calculation Agent at its sole discretion. If 12M PRIBOR cannot be determined in this manner, then it will be equal to the 12M PRIBOR determined in accordance with the precedent paragraph on the nearest previous Business Day when 12M PRIBOR was determinable in such a manner.

For the avoidance of doubt, if PRIBOR is cancelled or ceases to be generally used in the market for interbank deposits due to the accession of the Czech Republic to the European Monetary Union, the rate that will be generally used in the market for interbank deposits in the Czech Republic will be used instead of PRIBOR.

"**Reference Rate Determination Date**" means the date as of which the Reference Rate for the relevant Interest Period is determined. The Reference Rate Determination Date for the relevant Interest Period will be the 2nd (second) Business Day before the first day of such Interest Period.

For the purposes of these Terms and Conditions, "**Interest Period**" means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and each immediately following period from (and including) the Interest Payment Date to (but excluding) the next Interest Payment Date until the maturity date of the Notes (as specified in [Article 6.1](#) below). For the purposes of the running of any Interest Period, the Interest Payment Date will not be adjusted according to the Business Day Convention (see [Article 7.3](#) of these Terms and Conditions).



The Calculation Agent will round the interest rate for each Interest Period on the basis of mathematical rules to four decimal places according to the fifth decimal place. The Calculation Agent will notify the Fiscal and Paying Agent of the interest rate applicable to each Interest Period promptly after its determination and the Fiscal and Paying Agent will in turn communicate without any undue delay such interest rate to the Noteholders in accordance with Article 13 of these Terms and Conditions.

The interest will accrue evenly from the first day of each Interest Period to the last day included in such Interest Period at the interest rate set forth in this Article 5.1 above.

The amount of interest accrued on 1 (one) Note will be calculated as a multiple of the nominal value of such Note, the relevant interest rate (expressed in decimal form) and the relevant day count fraction as determined according to Article 5.3 of these Terms and Conditions.

## **5.2 End of Interest Accrual**

The Notes will cease to bear interest on the Final Redemption Date (as this term is defined in Article 6.1 of these Terms and Conditions) or on the Early Redemption date (as this term is defined in Articles 6.4.2, 9.2, 12.4.1 and 12.4.2 of these Terms and Conditions), unless the payment of any amount due is unlawfully retained or refused by the Issuer although all relevant conditions and requirements have been complied with. In such event, interest will continue to accrue at the interest rate set forth in Article 5.1 above until the earlier of (i) the date on which all amounts due and payable as of that date in accordance with these Terms and Conditions are paid to the Noteholders or (ii) the date on which the Fiscal and Paying Agent notifies the Noteholders that it has received all amounts payable in connection with the Notes, unless any additional unlawful retention or refusal of payments occurs after such notice.

## **5.3 Day Count Convention for Interest Calculation**

The interest payable on the Notes for a period of less than 1 (one) year will be calculated on the basis of an "Act/360" day count convention, i.e., the actual number of days in the period for which the interest is calculated divided by 360.

## **6. Redemption and Purchase of the Notes**

### **6.1 Final Redemption**

Unless previously redeemed or purchased by the Issuer and cancelled as specified below, the nominal value of the Notes will be redeemed in a single payment on 4 October 2018 (the "**Final Redemption Date**").

A Noteholder is not entitled to demand early redemption of the Notes prior to the Final Redemption Date with the exception of early redemption of the Notes in accordance with Articles 6.4, 9, 12.4.1 and 12.4.2 of these Terms and Conditions.

### **6.2 Purchase of the Notes**

The Issuer is entitled to purchase the Notes at any time on the market or otherwise at any price.

### **6.3 Cancellation of the Notes**

The Notes purchased by the Issuer will not be cancelled, unless decided otherwise by the Issuer. If the Issuer does not decide on the cancellation of the Notes purchased by it, it will be entitled to dispose of such Notes at its sole discretion.

## **6.4 Early Redemption**

### **6.4.1 The Right of Noteholders to Require Early Redemption upon a Change of Control**

If any of the following events occurs:

(a) *Change of Control with respect to the Issuer*

A Change of Control with respect to the Issuer occurs. "**Change of Control**" shall be deemed to have occurred if KSM Investment S.A. ceases to own, directly or indirectly, 40 (forty) per cent. or more of the issued ordinary share capital of the Issuer or voting rights in the Issuer; or

(b) *Change of Control with respect to certain Material Subsidiaries*

A Change of Control with respect to (i) Kofola ČeskoSlovensko a.s. (a company incorporated and existing under Czech law) or (ii) Kofola a.s. (a company incorporated and existing under Czech law) or (iii) Kofola a.s. (a company incorporated and existing under Slovak law) occurs. "**Change of Control**" shall be deemed to have occurred if the Issuer ceases to own, directly or indirectly, 51 per cent. or more of the issued ordinary share capital of either (i) Kofola ČeskoSlovensko a.s. (a company incorporated and existing under Czech law) or (ii) Kofola a.s. (a company incorporated and existing under Czech law) or (iii) Kofola a.s. (a company incorporated and existing under Slovak law),

or

(i) Kofola ČeskoSlovensko a.s. (a company incorporated and existing under Czech law) or (ii) Kofola a.s. (a company incorporated and existing under Czech law) or (iii) Kofola a.s. (a company incorporated and existing under Slovak law), as the case may be, ceases to be under Exclusive Control of the Issuer or its shareholders. "**Exclusive Control**" means the exclusive power to direct the management and policies or affairs of an entity, directly or indirectly, and whether through the ownership of voting capital, power to appoint/recall the majority of members of the board of directors or supervisory board members, by contract or otherwise;

then any Noteholder, at its discretion, by a written notice addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office on the 45<sup>th</sup> (forty-fifth) Business Day following the day of publication of the Change of Control Notice (as defined below) at the latest (the "**Early Redemption Notice**"), may request early redemption of the Notes held by such Noteholder which the Noteholder undertakes not to dispose of since that moment, plus any accrued and unpaid interest thereon pursuant to Article 5.1 of these Terms and Conditions, as at the Early Redemption Date (as this term is defined below), and the Issuer is obliged to redeem such Notes (together with accrued and unpaid interest thereon) in accordance with Article 6.4.2 of these Terms and Conditions.

The Issuer must, without undue delay but at the latest on the 5<sup>th</sup> (fifth) Business Day following the day on which it learns about the change of control event described above in this Article 6.4.1, notify the Noteholders in the manner set forth in Article 13 of these Terms and Conditions of the relevant change of control event (the "**Change of Control Notice**").

### **6.4.2 Maturity of Accelerated Notes**

Any and all amounts payable by the Issuer to any Noteholder according to the foregoing Article 6.4.1 of these Terms and Conditions will become due and payable as of the last Business Day of the month following the month in which the Noteholder delivered the relevant Early Redemption Notice, addressed to the Issuer, to the Specified Office of the Fiscal and Paying Agent (the "**Early Redemption Date**").

### **6.4.3 Withdrawal of Early Redemption Notice**

A Noteholder may withdraw, in writing, the Early Redemption Notice but only with respect to the Notes held by such Noteholder and only if such withdrawal is addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office before the relevant amounts become due and payable according to preceding Article 6.4.2 of these Terms and Conditions. However, any such withdrawal of the Early Redemption Notice will not affect any Early Redemption Notices given by the other Noteholders.

#### **6.4.4 Other Conditions for Early Redemption of the Notes**

The provisions of Article 7 of these Terms and Conditions will apply *mutatis mutandis* to the early redemption of the Notes pursuant to this Article 6.4.

#### **6.5 Deemed Payment**

For the purpose of Article 4, all liabilities of the Issuer under the Notes will be deemed fully discharged as of the date on which the Issuer pays to the Fiscal and Paying Agent the full amount of the nominal value (principal) of the Notes together with accrued interest thereon (if relevant) payable in accordance with Articles 5, 6, 9, 12.4.1 and 12.4.2 of these Terms and Conditions.

### **7. Payment Terms**

#### **7.1 Currency of Payments**

The Issuer undertakes to pay interest on and repay the nominal value of the Notes solely in Czech crowns, or in any other lawful currency of the Czech Republic that might replace the Czech crown. The interest will be paid to the Noteholders and the nominal value of the Notes will be repaid subject to and in accordance with these Terms and Conditions, and the tax, foreign exchange and other applicable laws of the Czech Republic in effect at the time of the relevant payment.

In the event that the Czech crown in which the Notes are denominated and in which the payments relating to the Notes should be made in compliance with these Terms and Conditions ceases to exist and is replaced by the Euro currency, (i) the denomination of such Notes will be changed to Euro in conformity with the applicable laws, and (ii) all monetary liabilities arising from such Notes will automatically and without any further notice to the Noteholders be payable in Euro, with the official rate (i.e. the fixed conversion ratio) in accordance with the applicable law being used as the exchange rate between Czech crown (CZK) and euro (EUR). Such replacement of the Czech crown (i) will not, in any respect, affect the existence or enforceability of the Issuer's liabilities under the Notes, and (ii) for the avoidance of doubt, will not be deemed to constitute any change to these Terms and Conditions or an Event of Default under these Terms and Conditions.

#### **7.2 Payment Date**

The payment of interest on and the repayment of the nominal value of the Notes will be made by the Issuer through the Fiscal and Paying Agent on the dates specified in these Terms and Conditions (each such date being hereinafter referred to, according to its meaning, as the "**Interest Payment Date**" or the "**Final Redemption Date**" or the "**Early Redemption Date**" or also as the "**Payment Date**").

#### **7.3 Business Day Convention**

If any Payment Date falls on a day that is not a Business Day, such Payment Date will instead fall on the next following Business Day, and the Issuer will not be obliged to pay any interest or any other additional charges by reason of such delay in payment resulting from the application of any Business Day convention (the "**Business Day Convention**").

For the purposes of these Terms and Conditions, "**Business Day**" means any day (other than Saturday or Sunday) on which banks in the Czech Republic are open for business, and on which foreign exchange transactions and interbank payments in Czech crowns, or in any other lawful currency of the Czech Republic that might replace the Czech crown, are settled.

#### **7.4 Determination of the Right to Receive Payments Related to the Notes**

The authorized persons to whom the Issuer will pay interest or other yield on the Notes will be persons on whose holder's account kept by the Central Depository, or in the register maintained by a person keeping follow-up records relating to the central registry for securities, the Notes are recorded at the close of the relevant Record Date for Interest Payment (the "**Authorized Persons**").

"**Record Date for Interest Payment**" is a day falling 30 (thirty) days prior to the relevant Interest Payment Date; however, for the purposes of determining the Record Date for Interest Payment, the Interest Payment Date will not be adjusted according to the Business Day Convention.

The "**Ex-Coupon Date**" will be the date immediately following the Record Date for Interest payment. For the purposes of determining the recipient of interest, neither the Issuer nor the Fiscal and Paying

Agent will take account of the transfer of any Notes made on or after the calendar day on which the Ex-Coupon Date in respect of such payment falls.

The Authorized Persons to whom the Issuer will repay the nominal value of the Notes will be persons on whose holder's account kept by the Central Depository, or in the register maintained by a person keeping follow-up records relating to the central registry for securities, the Notes are recorded at the close of the relevant Record Date for Nominal Value Repayment (the "**Authorized Persons**").

"**Record Date for Nominal Value Repayment**" is a day falling 30 (thirty) days prior to the relevant Final Redemption Date or the Early Redemption Date; however, for the purposes of determining the Record Date for Nominal Value Repayment, such Payment Date will not be adjusted according to the Business Day Convention.

The "**Ex-Principal Date**" shall be the date immediately following the Record Date for Nominal Value Repayment. For the purposes of determining the recipient of the nominal value of the Notes, neither the Issuer nor the Fiscal and Paying Agent will take account of the transfer of any Notes made on or after the calendar day on which the Ex-Principal Date falls.

## **7.5 Payments**

The Fiscal and Paying Agent will make payments to the Authorized Persons by means of wire transfer to their accounts kept with a bank in the Czech Republic according to the instruction that the respective Authorized Person delivers to the Fiscal and Paying Agent in a credible manner at the address of the Fiscal and Paying Agent's Specified Office. The instruction will be in the form of a signed written statement with an officially legalised (notarized) signature or signatures containing sufficient details of such account to allow the Fiscal and Paying Agent to make the payment and will be accompanied by an original or officially certified copy of a certificate of tax domicile of the recipient of the relevant payment (payee) for the relevant tax period and, in the event that the payee is a legal entity, also by an original or officially certified copy of a valid excerpt from the Commercial Register in respect of the payee not older than 3 (three) months (such instruction together with the excerpt from the Commercial Register (if applicable) and the certificate of tax domicile and any other relevant appendices, is hereinafter also referred to as the "**Instruction**"). Any originals of foreign official instruments or any deeds notarized abroad must be super-authenticated or certificated by the Hague Convention Apostille (whichever is relevant). The Instruction must be in a form and content reasonably acceptable to the Fiscal and Paying Agent and the Fiscal and Paying Agent may require satisfactory evidence that the person who has signed the Instruction is authorized to sign such Instruction on behalf of the Authorized Person. Such evidence must be delivered to the Fiscal and Paying Agent together with the Instruction. In this respect, the Fiscal and Paying Agent may require, without limitation, (i) the presentation of a power of attorney if the Authorized Person is represented by an agent (if necessary with an official Czech translation) and (ii) an additional confirmation of the Instruction by the Authorized Person. Notwithstanding the foregoing, neither the Fiscal and Paying Agent nor the Issuer will be obliged to examine the correctness, completeness or authenticity of any such Instruction in any manner whatsoever and neither of them will be liable for any damage incurred in connection with any delay in the delivery of such Instruction by the Authorized Person or with the delivery of an incorrect or otherwise defective Instruction. The Instruction will be deemed properly made if it contains all the items required by this Article, is delivered to the Fiscal and Paying Agent in accordance with this Article and complies with the requirements of this Article in all other respects.

The Instruction will be deemed filed in a timely manner if it is delivered to the Fiscal and Paying Agent not later than 15 (fifteen) Business Days before the relevant Payment Date.

The Issuer's liability to pay any amount due in connection with the Notes will be deemed discharged in a due and timely manner, if the relevant amount has been remitted to the Authorized Person in compliance with a proper Instruction pursuant to this [Article 7.5](#) and if such amount is credited to the account of the Authorized Person's bank with the clearing centre of the Czech National Bank not later than on the relevant due date of such amount.

Neither the Issuer nor the Fiscal and Paying Agent will be liable for any delay in the payment of any amount due caused by the Authorized Person, e.g. by its failure to deliver a proper Instruction in a timely manner. If any Authorized Person fails to deliver to the Fiscal and Paying Agent in time a proper Instruction under this [Article 7.5](#) of these Terms and Conditions, the Issuer's liability to pay any amount due will be deemed discharged in a due and timely manner *vis-à-vis* such Authorized Person if the relevant amount has been remitted to the Authorized Person in accordance with a proper Instruction pursuant to this [Article 7.5](#) of these Terms and Conditions and if such amount has been debited from

the Fiscal and Paying Agent's account not later than 15 (fifteen) Business Days following the day on which the Fiscal and Paying Agent received the proper Instruction, in which case such Authorized Person will have no right to receive any interest or any other yield or additional payment on account of the delay.

Neither the Issuer nor the Fiscal and Paying Agent will be liable for any damage incurred by (i) the failure to deliver in time the proper Instruction or any other documents or information required to be delivered under this Article 7.5, or (ii) such Instruction and/or related document or information being incorrect, incomplete or untrue, or (iii) circumstances beyond the control of the Issuer or the Fiscal and Paying Agent. No Authorized Person will be entitled in any such event to receive any additional payment, other compensation or interest for any such delay in the relevant payment.

## **7.6 Change in the Payment Method**

The Issuer and the Fiscal and Paying Agent are jointly entitled to elect to change the payment procedure. However, such change may not cause any detriment to the Noteholders. The Noteholders will be notified of such change in the same manner as set forth in Article 13 of these Terms and Conditions.

## **8. Taxation**

The repayment of the nominal value of, and payments of interest on, the Notes will be made without deduction of any taxes or charges of any nature whatsoever, unless such deduction is required by applicable laws of Poland in effect on the date of the relevant payment. If any such deduction of taxes or charges is required by the applicable laws of the Poland in effect on the date of such payment, the Issuer will not be obliged to pay to the Noteholders any additional amounts as compensation for such deduction of taxes or charges.

## **9. Early Redemption of the Notes upon the Occurrence of Events of Default**

### **9.1 Events of Default**

If any of the following events occurs and persists (each an "**Event of Default**"):

(a) *Payment default*

Any payment in connection with the Notes is not made in accordance with these Terms and Conditions and such default is not remedied for more than 3 (three) Business Days of the due date; or

(b) *Breach of other obligations*

The Issuer fails to fulfill or to comply with any obligation relating to the Notes, other than payment obligation, under these Terms and Conditions and such default is not remedied for more than 30 (thirty) Business Days of the date when the Issuer was notified of such fact by any Noteholder by means of a letter delivered to the Issuer or to the address of the Fiscal and Paying Agent's Specified Office; or

(c) *Cross-default*

Any other liability or liabilities related to any Indebtedness of the Issuer or any of its Material Subsidiaries (excluding liabilities arising in the ordinary course of business from supply of materials or services other than financial liabilities) that in their aggregate exceed CZK 100,000,000 (to wit: one hundred million Czech crowns) or the equivalent thereof in any other currency are not duly paid by the Issuer or any of its Material Subsidiaries, as the case may be, on their due date or within any applicable grace period, unless the Issuer or any of its Material Subsidiary in good faith legally contest such liability as to its amount or title and make the payment within the period set by a final judgment of the relevant court or other authority that ordered the Issuer or the Material Subsidiary, as the case may be, to pay; or

(d) *Insolvency*

The Issuer or any of its Material Subsidiaries becomes insolvent (provided, however, that the foregoing does not apply to a petition for winding-up presented by a creditor which is in the reasonable opinion of the Issuer frivolous or vexatious or which is being contested in good faith

and with due diligence, and, in each case, is discharged, stayed or dismissed within 15 (fifteen) Business Days (or, in relation to any Material Subsidiary incorporated in the Czech Republic, 30 (thirty) Business Days) of commencement) or files a petition for bankruptcy, for permission of restructuring or of discharge of debts or issued any other similar decision, or an insolvency petition in respect of the Issuer or any of its Material Subsidiaries is refused by court due to lack of assets of the Issuer or any of its Material Subsidiaries; or

(e) *Liquidation*

A court in the relevant jurisdiction will issue a final judgment, or a resolution of the Issuer's general meeting on the winding up of the Issuer or any of its Material Subsidiaries with liquidation will be adopted; or

(f) *Termination of business activities*

The Issuer or any of its Material Subsidiaries discontinues its core business activities or loses the license to carry on its core business activities; or

(g) *Delisting of Notes from the regulated market*

The Notes cease to be admitted for trading on the Regulated Market of the Prague Stock Exchange (*Burza cenných papírů Praha, a.s.*) or any European regulated market that would supersede the Regulated Market of the Prague Stock Exchange;

then any Noteholder, at its discretion, by a written notice addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office (the "**Early Redemption Notice**"), may request early redemption of the Notes held by such Noteholder which the Noteholder undertakes not to dispose of since that moment, plus any accrued and unpaid interest thereon pursuant to Article 5.1 of these Terms and Conditions, as at the Early Redemption Date (as this term is defined below), and the Issuer is obliged to redeem such Notes (together with accrued and undistributed interest thereon) in accordance with Article 9.2 of these Terms and Conditions.

## **9.2 Maturity of Accelerated Notes**

Any and all amounts payable by the Issuer to any Noteholder according to foregoing Article 9.1 of these Terms and Conditions will become due and payable as of the last Business Day of the month following the month in which the Noteholder delivered the relevant Early Redemption Notice, addressed to the Issuer, to the Specified Office of the Fiscal and Paying Agent (the "**Early Redemption Date**").

## **9.3 Withdrawal of Early Redemption Notice**

A Noteholder may withdraw, in writing, the Early Redemption Notice but only with respect to the Notes held by such Noteholder and only if such withdrawal is addressed to the Issuer and delivered to the Fiscal and Paying Agent at the address of the Specified Office before the relevant amounts become due and payable according to preceding Article 9.2 of these Terms and Conditions. However, any such withdrawal of the Early Redemption Notice will not affect any Early Redemption Notices given by the other Noteholders.

## **9.4 Other Conditions for Early Redemption of the Notes**

The provisions of Article 7 of these Terms and Conditions will apply *mutatis mutandis* to the early redemption of the Notes pursuant to this Article 9.

## **10. Statute of Limitations**

All rights connected with the Notes will become statute-barred upon the expiration of 10 (ten) years since the day when such rights could be exercised for the first time.

## **11. Fiscal and Paying Agent**

### **11.1 Fiscal and Paying Agent**

#### **11.1.1 Fiscal and Paying Agent and Specified Office**

Česká spořitelna, a.s. will act as the Fiscal and Paying Agent. The Fiscal and Paying Agent's specified office and place of payment (the "**Specified Office**") will be at the following address:

Česká spořitelna, a.s.  
Evropská 2690/17  
160 00 Prague 6  
Czech Republic

#### **11.1.2 Additional and Other Fiscal and Paying Agent and Specified Office**

The Issuer reserves the right to appoint, at any time, an additional or other Fiscal and Paying Agent and to designate an additional or other Specified Office, or to appoint additional payment providers.

The Issuer will give notice of such change in the Fiscal and Paying Agent or Specified Office and/or of the appointment of additional payment providers to the Noteholders in the manner set forth in [Article 13](#) of these Terms and Conditions and any such change will become effective upon the expiration of 15 (fifteen) calendar days following the day of such notice unless a later effective date is specified in the notice. In any event, any such change that would otherwise become effective less than 30 (thirty) calendar days before or after the Payment Date for any amount payable under the Notes will become effective on the 30th (thirtieth) day following such Payment Date.

#### **11.1.3 Relationship between the Fiscal and Paying Agent and Noteholders**

Unless provided otherwise by law or by the Fiscal and Paying Agency Agreement, the Fiscal and Paying Agent will act as an agent of the Issuer when performing the duties under the Fiscal and Paying Agency Agreement, providing no guarantee or security for the Issuer's liabilities under the Notes, and will be in no legal relationship with the Noteholders.

### **11.2 Calculation Agent**

#### **11.2.1 Calculation Agent**

Česká spořitelna, a.s., will be the Calculation Agent.

#### **11.2.2 Additional and other Calculation Agent**

The Issuer reserves the right to appoint another or additional Calculation Agent. If a change of the Calculation Agent occurs, the Issuer will notify the Noteholders of such change in the manner set forth in [Article 13](#) of these Terms and Conditions and any such change will become effective upon the expiration of 15 (fifteen) calendar days following the day of such notice unless a later effective date is set forth in such notice. In any case, any change that would otherwise become effective less than fifteen (15) calendar days before or after the date when the Calculation Agent is required to make any calculation in connection with the Notes will become effective on the 15th (fifteenth) calendar day following the date when the Calculation Agent was required to make such calculation.

#### **11.2.3 Relationship between Calculation Agent and Noteholders**

The Calculation Agent acts as the Issuer's agent and has no legal relationship with the Noteholders.

## **12. Noteholders' Meeting**

### **12.1 Authority and Convocation of the Meeting**

#### **12.1.1 Right to Convene the Noteholders' Meeting**

The Issuer or any Noteholder(s) may convene a meeting of the Noteholders (the "**Meeting**") in accordance with these Terms and Conditions and applicable laws if so required to decide on common interests of the Noteholders. The costs of organizing and convening the Meeting will be borne by the person who convened the Meeting, unless stipulated otherwise by law. The costs related to the attendance at the Meeting will be borne by each participant itself. If the convening person is one or more Noteholders such person will be required, not later than on the date on which a notice of the

Meeting is published (see [Article 12.1.3](#) of these Terms and Conditions), (i) to deliver to the Fiscal and Paying Agent a request for procuring evidence of the number of all Notes in the relevant Issue entitling the holder(s) to attend the Meeting convened by a Noteholder or the Noteholders, i.e. an extract from the relevant register of the Issue, and (ii) where relevant, to pay to the Fiscal and Paying Agent an advance to cover the costs associated with its services in relation to the Meeting. The due and timely delivery of the request under item (i) above and the payment of the advance for the costs referred to in item (ii) above are the prerequisites for the valid convocation of the Meeting.

### **12.1.2 Meeting Convened by the Issuer**

The Issuer is obliged to promptly convene the Meeting and request the Noteholders to take a stand on the following issues (each of them the "**Material Change**"):

- (a) the Issuer's proposal for any amendment to these Terms and Conditions that requires the Noteholders' consent under applicable laws;
- (b) the Issuer's proposal for its transformation<sup>1</sup>;
- (c) the Issuer's proposal for the execution of a controlling agreement or of an agreement on transfer of profit<sup>2</sup>, whichever party of such agreement is the Issuer; or
- (d) the Issuer's proposal for entering into an agreement on the sale of a business enterprise or any part thereof, irrespective of which party to such agreement is the Issuer, if the due and timely redemption of the Notes or the distribution of interest thereon may be jeopardized;
- (e) the Issuer's default in the satisfaction of any rights attached to the Notes which persists for more than 7 (seven) days following the day on which the relevant right could be exercised;
- (f) the Issuer's proposal for filing an application to withdraw the Notes from trading on the European regulated market or in a multilateral trading facility of an operator residing in any EU/EEA member state; and
- (g) any other changes that might significantly impair the Issuer's ability to discharge its payment liabilities under the Notes;

however, only provided that the convocation of the Meeting is also required by applicable laws.

The Issuer may convene the Meeting to propose a collective action if it has knowledge that any Event of Default has occurred or may occur.

### **12.1.3 Notice of the Meeting**

The Issuer is obliged to give notice of the Meeting in a manner set forth in [Article 13](#) of these Terms and Conditions not later than 15 (fifteen) calendar days prior to the date of the Meeting. If the Meeting is convened by any Noteholder (or the Noteholders), such convening person(s) will deliver a notice of the Meeting (containing all statutory elements) sufficiently in advance (at least 20 (twenty) calendar days prior to the proposed date of the Meeting) to the Issuer at the address of the Specified Office. The Issuer will promptly ensure that such notice of the Meeting is published in the manner and within the time limit specified in the first sentence of this [Article 12.1.3](#) (however, the Issuer is responsible neither for the content of such notice nor for any delay or default in complying with any statutory time limits by a Noteholder who convened the Meeting). The notice of the Meeting must contain at least (i) the business name, identification number and registered office of the Issuer, (ii) the identification of the Notes, to the minimum extent of the Note title, the Issue Date and the ISIN (or other Note identifiers if no ISIN is available), (iii) the venue, date and time of the Meeting, provided that the date of the Meeting must fall on a date which is a Business Day and the time of the Meeting may not be earlier than 4:00 p.m., (iv) the agenda of the Meeting and, in the case of any proposed amendment(s) referred to in [Article 12.1.2 \(a\)](#) above, the specification of the proposed amendment(s) and justification thereof, and (v) the day that is the record (conclusive) date for the attendance at the Meeting. The Meeting will only be authorized to adopt draft resolutions contained in the notice of the Meeting; any other draft resolutions and matters that were not included on the proposed agenda of the Meeting may be decided only in the presence and with the approval of all Noteholders entitled to vote at such Meeting. If there is no more reason to convene the Meeting, the convening person will call off the Meeting in the same manner as convened.

<sup>1</sup> Pursuant to the applicable provisions of Polish Act of 15 September 2000 Code of Commercial Companies, as amended

<sup>2</sup> Under the relevant provisions of Polish Act of 23 April 1964 Civil Code, as amended and Polish Act of 15 September 2000 Code of Commercial Companies, as amended



## **12.2 Persons Authorized to Attend and Vote at the Meeting**

### **12.2.1 Persons Authorized to Attend the Meeting**

To be entitled to attend and vote at the Meeting, a person will be a Noteholder (the "**Person Authorised to Attend the Meeting**") recorded as a Noteholder in the register kept by the Central Depository and in an extract from the Notes register provided by the Central Depository at the close of a calendar day that is 7 (seven) days prior to the date of the relevant Meeting (the "**Meeting Attendance Record Date**") or a person who produces a certificate of the custodian in whose client's account with the Central Depository the relevant number of the Notes was recorded as of the Meeting Attendance Record Date certifying that such person is a Noteholder and that the Notes held by such person are registered in the account of the custodian by reason of their custodianship. The certificate according to the preceding sentence must be satisfactory in form and substance to the Fiscal and Paying Agent. No transfers of the Notes made after the Meeting Attendance Record Date will be taken into account.

### **12.2.2 Voting Rights**

Each Person Authorized to Attend the Meeting will have such number of votes out of the total number of votes that corresponds to the ratio between the nominal value of the Notes held by such person as of the Meeting Attendance Record Date to the aggregate outstanding nominal value of the Issue as of the Meeting Attendance Record Date. No voting right will be attached to any Notes held by the Issuer as of the Meeting Attendance Record Date that have not been early redeemed by the Issuer within the meaning of [Article 6.3](#) of these Terms and Conditions, and no such Notes will be taken into account in determining the presence of a quorum at the Meeting. If the Meeting decides on recalling a common proxy, the common proxy (if he is a Person Authorized to Attend the Meeting) may not exercise his voting right.

### **12.2.3 Attendance of the Meeting by Other Persons**

The Issuer is obliged to attend the Meeting, either in person or by proxy. Other persons entitled to attend the Meeting are proxies of the Fiscal and Paying Agent, the common proxy of the Noteholders under [Article 12.3.3](#) of these Terms and Conditions (unless he is a Person Authorized to Attend the Meeting) and any guests invited by the Issuer and/or the Fiscal and Paying Agent.

## **12.3 Course of the Meeting; Decision-Making**

### **12.3.1 Quorum**

The Meeting will constitute a quorum if attended by the Persons Authorized to Attend the Meeting, who were, as of the Meeting Attendance Record Date, holders of the Notes the nominal value of which represents more than 30 (thirty) per cent. of the aggregate nominal value of the issued and outstanding Notes. If the Meeting decides on recalling a common proxy, any votes belonging to the common proxy (if he is a Person Authorized to Attend the Meeting) will not be included in the total number of votes. Before opening the Meeting the Issuer will inform, either alone or through the Fiscal and Paying Agent, about the number of all Notes in respect of which the Persons Authorized to Attend the Meeting are entitled to attend and vote at the Meeting in accordance with these Terms and Conditions.

### **12.3.2 Chairman of the Meeting**

The Meeting convened by the Issuer will be presided over by a chairman appointed by the Issuer. The Meeting convened by a Noteholder or the Noteholders will be presided over by a chairman elected by a simple majority of votes of the attending Persons Authorized to Attend the Meeting. Until the chairman is elected, the Meeting will be presided over by a person appointed by the Noteholder(s) who convened the Meeting, and the election of the chairman must be the first item on the agenda of any Meeting not convened by the Issuer.

### **12.3.3 Common Proxy**

The Meeting may elect, by resolution, an individual or a legal entity to act as a common proxy. The common proxy is authorized under the law (i) to enforce, on behalf of all of the Noteholders, any rights associated with the Notes to the extent specified in a resolution adopted by the Meeting, (ii) to supervise the compliance with these Terms and Conditions by the Issuer, and (iii) to execute, on behalf of all of the Noteholders, any other acts or protect the Noteholders' interests in the manner and to the extent specified in a resolution adopted by the Meeting. The Meeting may recall the common proxy in the same way in which the common proxy was elected or replace him with a new common proxy.

### **12.3.4 Decision-Making at the Meeting**

The Meeting will decide on any issues on its agenda in the form of resolutions. Any resolution that (i) approves a proposal pursuant to Article 12.1.2 (a) of these Terms and Conditions, or (ii) appoints or recalls a common proxy, will require the affirmative vote of at least 3/4 (three-quarters) of the attending Persons Authorized to Attend the Meeting. Unless provided otherwise by law, any other resolutions will require a simple majority of votes of the attending Persons Authorized to Attend the Meeting in order to pass.

### **12.3.5 Adjourned Meeting**

If within 1 (one) hour after the scheduled opening of the Meeting a quorum is not present, then such Meeting will be automatically adjourned without further notice.

If the Meeting which is to decide on amendments to the Terms and Conditions pursuant to Article 12.1.2 (a) of these Terms and Conditions does not have a quorum within 1 (one) hour after the scheduled opening of the Meeting, the Issuer will convene, if necessary, a substitute Meeting to be held not later than 6 (six) weeks after the scheduled date of the original Meeting. The holding of a substitute Meeting with the unchanged agenda will be notified to the Noteholders not later than 15 (fifteen) days after the scheduled date of the original Meeting. The substitute Meeting deciding on amendments to the Terms and Conditions according to Article 12.1.2 (a) of these Terms and Conditions will have a quorum irrespective of the conditions for quorum set out in Article 12.3.1 above.

## **12.4 Certain Additional Rights of the Noteholders**

### **12.4.1 Consequence of Voting against Certain Resolutions of the Meeting**

If the Meeting approved a Material Change in accordance with Article 12.1.2 (a) through (g) of these Terms and Conditions, the Person Authorized to Attend the Meeting who, according to the minutes of such Meeting, voted against a resolution adopted by the Meeting or failed to attend the Meeting (the "**Applicant**") may request the repayment of the nominal value of the Notes, which such Noteholder owned as of the Meeting Attendance Record Date and which will not be disposed of since such time, together with the pro-rata interest accrued on such Notes in compliance with these Terms and Conditions (if relevant). This right must be exercised by the Applicant within 30 (thirty) days of the publication date of such Meeting resolution according to Article 12.5 of these Terms and Conditions by a written notice (the "**Application**") addressed to the Issuer and delivered to the Specified Office of the Fiscal and Paying Agent, failing which the right will terminate. The amounts referred to above will become due and payable within 30 (thirty) days from the date the Application was delivered to the Fiscal and Paying Agent (the "**Early Redemption Date**").

### **12.4.2 Resolution on Early Redemption of the Notes upon Noteholders' Request**

If the Meeting agenda includes a Material Change under Article 12.1.2 (b) through (g) of these Terms and Conditions and the Meeting does not consent to such a Material Change, the Meeting may, even beyond the scope of the agenda, decide that if the Issuer proceeds in conflict with the resolution of the Meeting that disagreed with such a Material Change under Article 12.1.2 (b) through (g) of these Terms and Conditions, the Issuer will be obliged to prepay the nominal value of the Notes and any pro-rata interest accrued thereon (if relevant) to any Noteholder who requests such early repayment (the "**Applicant**"). This right must be exercised by the Applicant by a written notice (the "**Application**") addressed to the Issuer and delivered to the Specified Office of the Fiscal and Paying Agent. The amounts referred to above will become due and payable within 30 (thirty) days from the date the Application was delivered to the Fiscal and Paying Agent (the "**Early Redemption Date**").

### **12.4.3 Requirements as to the Application**

The Application will specify the number of Notes the redemption of which is claimed in compliance with this Article. The Application must be in writing and signed by persons authorized to act on behalf of the Applicant, the authenticity of such signatures to be officially verified. Within the same time limit, the Applicant is obliged to deliver to the Specified Office of the Fiscal and Paying Agent all the documents required for making the payment under Article 7 of these Terms and Conditions.

### **12.5 Minutes of the Meeting**

Minutes of the business transacted at the Meeting will be taken by the person who convened the Meeting or by a person authorized by such person within 30 (thirty) days after the date of the Meeting. The minutes will contain the conclusions of the Meeting, including, without limitation, any resolutions adopted by such Meeting. If the Meeting is convened by a Noteholder or the Noteholders, the minutes of such Meeting must also be delivered to the Issuer at the Specified Office address not later than 30 (thirty) days after the date of the Meeting. The Issuer is obliged to keep the minutes of the Meeting until the rights under the Notes come under the statute of limitations. The minutes of the Meeting will be available for inspection by the Noteholders at the Specified Office during regular office hours. The Issuer is obliged, in person or through his authorized person (especially the Fiscal and Paying Agent), to publish all resolutions of the Meeting in the manner set forth in Article 13 of these Terms and Conditions not later than 30 (thirty) days after the date of the Meeting. If the Meeting has discussed a resolution on any of the Material Changes referred to in Article 12.1.2 (a) through (g) of these Terms and Conditions, a notarial record must be made of the attendance at Meeting and the resolutions adopted by the Meeting. If the Meeting adopts any such resolution, the notarial record will also contain the names of the Persons Authorized to Attend the Meeting who validly voted for the adoption of such resolution and the number of Notes held by such persons as of the Meeting Attendance Record Date.

### **13. Notices**

Any notice to the Noteholders will be valid and effective if published in the English language on the Issuer's website: [www.kofola.pl](http://www.kofola.pl). If the mandatory provisions of applicable laws or these Terms and Conditions determine any other method for publishing any of the notices given hereunder, such notice will be deemed to be validly published upon its publication in the manner prescribed by the relevant legislation. In case of any notice published in several manners, the publication date of such notice will be deemed to be the date of its first publication.

### **14. Governing Law, Language and Dispute Resolution**

Any rights and obligations under the Notes will be governed by, and interpreted and construed in accordance with, the laws of the Czech Republic. These Terms and Conditions may be translated into other languages. In the event of any inconsistencies between the various language versions, the English language version shall prevail. Any dispute between the Issuer and the Noteholders arising out of or in connection with the Notes or these Terms and Conditions shall be finally resolved by the Regional Court in Ostrava.

The Noteholders should be aware that the Issuer as such is an entity established and operating in accordance with Polish law. The judgments given in a civil or commercial case by a court in an EU Member State are enforceable in Poland because the Council Regulation (ES) No. 44/2001 from 22 December 2000 on competence, recognition and execution of court rulings in civil and trade matters is directly applicable in Poland. The only Member State of the EU where Council Regulation (ES) No. 44/2001 does not apply is Denmark.

## 15. Definitions

In these Terms and Conditions:

**"Audited Financial Statements"** means the Issuer's audited consolidated annual financial statements prepared in accordance with the International Financial Reporting Standards as adopted by the EU ("IFRS").

**"Adjusted Consolidated EBITDA"** means, in relation to a Measurement Period, Consolidated EBITDA of the KOFOLA S.A. Group for the period adjusted by:

- (a) including the operating profit before interest, tax, depreciation, amortisation and impairment charges ("**EBITDA**") of a Subsidiary of the Issuer or attributable to a business or assets acquired during the Measurement Period for that part of the Measurement Period when it was not a Subsidiary of the Issuer and/or the business or assets were not owned by the Issuer or a Subsidiary of the Issuer; and
- (b) excluding the EBITDA attributable to any Subsidiary of the Issuer or to any business or assets sold during that Measurement Period.

**"Consolidated EBIT"** means, in relation to a Measurement Period, the aggregate of:

- (a) the consolidated operating profits of the Issuer and its Subsidiaries (including the results from discontinued operations) before finance costs and tax for that Measurement Period;
- (b) plus or minus the Issuer's and its Subsidiaries' share of the profits or losses of associates for that period (after finance costs and tax) and the Issuer's and its Subsidiaries' share of the profits or losses of any joint ventures;

adjusted by:

- (i) taking no account of any Exceptional Items;
- (ii) taking no account of any unrealised gains or losses on any derivative instrument (other than any derivative instrument which is accounted for on a hedge accounting basis) which is reported through the income statement;
- (iii) taking no account of any income or charge attributable to a post-employment benefit scheme other than the current service costs and any past and service costs and curtailments and settlements attributable to the scheme; and
- (iv) taking no account of any expense referable to equity-settled share-based compensation of employees.

**"Consolidated EBITDA"** means, in relation to a Measurement Period, Consolidated EBIT for that Measurement Period after adding back any depreciation and amortisation and taking no account of any charge for impairment or any reversal of any previous impairment charge made in the period.

**"Consolidated Eligible Cash and Cash Equivalents"** means, at any time:

- (a) cash in hand or on deposit with any acceptable bank;
- (b) certificates of deposit, maturing within one year after the relevant date of calculation, issued by an acceptable bank;
- (c) any investment in marketable obligations issued or guaranteed by the government of the United States of America, the United Kingdom, Germany, Austria, the Netherlands, France, Czech Republic, Slovakia or Poland or by an instrumentality or agency of those governments;
- (d) open market commercial paper not convertible to any other security;
- (e) investments accessible within 30 (thirty) days in money market funds which have a credit rating of either A-1 or higher by S&P or Fitch or P-1 or higher by Moody's and invest substantially all their assets in securities of the types described in paragraphs (b) to (d) above;

in each case, to which the Issuer or any of its Subsidiaries is beneficially entitled at that time and which is capable of being applied against Consolidated Debt. For this purpose an acceptable bank is a commercial bank incorporated in, or a branch of a foreign bank licensed to conduct business in, the

Czech Republic, Slovakia or Poland, or a commercial bank or trust company which has a rating of BB or higher by S&P or Fitch or Ba or higher by Moody's or a comparable rating from a nationally recognised credit rating agency for its long-term unsecured and non-credit enhanced debt obligations.

**"Consolidated Debt"** means, in respect of the Issuer and its Subsidiaries, at any time, the aggregate of the following liabilities calculated at the nominal, principal or other amount at which the liabilities would in accordance with IFRS be treated as a debt of the KOFOLA S.A. Group in a consolidated balance sheet of the Issuer drawn up at that time (or in the case of any guarantee, indemnity or similar assurance referred to in paragraph (h) below, the maximum liability under the relevant instrument):

- (a) any moneys borrowed;
- (b) any redeemable preference shares;
- (c) any bond, note, debenture, loan stock or other similar instrument;
- (d) any indebtedness under a finance or capital lease which would, in accordance with IFRS, be treated as a finance or capital lease;
- (e) any moneys owed in connection with the sale or discounting of receivables (except to the extent that there is no recourse);
- (f) any indebtedness arising from any deferred payment agreements arranged primarily as a method of raising finance or financing the acquisition of an asset to the extent it is recorded on the balance sheet of the relevant person in accordance with IFRS and to the extent it has maturity over 120 (one hundred and twenty) days;
- (g) any indebtedness arising in connection with any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing (but excluding liabilities arising in the ordinary course of business from supply of materials or services other than financial liabilities), to the extent it is recorded on the balance sheet of the relevant person in accordance with IFRS; and
- (h) without double counting any indebtedness of any person of a type referred to in the above paragraphs which is the subject of a guarantee, indemnity or similar assurance against financial loss given by the Issuer or any of its Subsidiaries (other than any given in respect of trade credit arising in the ordinary course of business).

**"Consolidated Net Debt"** means at any time Consolidated Debt less Consolidated Eligible Cash and Cash Equivalents.

**"Exceptional Items"** means items of income or expense that represents:

- (a) any gain or loss arising from:
  - (i) write-downs of inventories to net realisable value or of property, plant and equipment, trade-marks or intellectual property to recoverable amount, and reversals of such write-downs;
  - (ii) restructuring the activities of the Issuer or any of its Subsidiaries and any reversals of any provision for the costs of restructuring;
  - (iii) disposals of items of property, plant or equipment;
  - (iv) disposals of investments; or
  - (v) disposals or settlements of liabilities of the Issuer or any of its Subsidiaries that fall within the definition of Consolidated Debt;
- (b) any gain or loss of a non-cash or an unusual or non-recurring nature; or
- (c) any gain or loss arising from a transaction entered into otherwise than in the ordinary course of business of the Issuer or any of its Subsidiaries and excluding any losses (but not gains) realised on any derivative instruments entered into for speculative purposes.

**"Fair Market Value"** means with respect to any property or asset, the fair market value of such property or asset at the time of the event requiring such determination as determined in good faith by the Issuer, or with respect to any asset or property to be sold, leased, transferred or otherwise disposed of

in favor of a related party (other than a Subsidiary fully owned, directly or indirectly, by the Issuer, or unless the intention to conduct such transaction has been disclosed in the Audited Financial Statements before the Issue Date) in excess of CZK 60,000,000 (to wit: sixty million Czech crowns), or its equivalent in other currencies, as determined by an independent appraiser (which will be an investment banking firm, an accountancy firm, an appraiser (incl. real estate appraiser) or external audit firm, in each case which is reputable and in good standing) selected by the Issuer, provided it is not an affiliate of the Issuer or any of its Subsidiaries.

**"Hedging Obligations"** means, with respect to any Person:

- (a) any interest rate swap agreement, interest rate cap agreement or interest rate collar agreement or any other agreement or arrangement designed to protect such entity against fluctuations in interest rates; or
- (b) any foreign currency futures contract or option agreement or any other agreement or arrangement designed to protect such entity against fluctuations in foreign currency rates; or
- (c) any commodity forward, futures contract or option agreement in respect of commodities that are used in the production or transportation of soft drinks, concluded commensurate with up to the maximum volumes that are consumed by the companies in KOFOLA S.A. Group within a period of 12 months and that are designed to protect such entity against fluctuations in commodity prices; or
- (d) similar hedging derivatives;

but in any case only if concluded for non-speculative purposes.

**"Indebtedness"** means any indebtedness, in each case without double counting, which would, except for any indebtedness referred to in paragraphs (h) and (j) below, be in accordance with IFRS treated as debt recognised on the balance sheet of the relevant person for or in respect of:

- (a) moneys borrowed;
- (b) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (c) any redeemable preference share;
- (d) any lease, hire purchase contract or other agreement which would, in accordance with IFRS, be treated as a finance or capital lease or similar form of debt;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any indebtedness arising from any deferred payment agreements arranged primarily as a method of raising finance or financing the acquisition of an asset to the extent it is recorded on the balance sheet of the relevant person according to IFRS;
- (g) any derivative transaction entered into in connection with protection against fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value will be taken into account) which would, in accordance with IFRS, be treated on the balance sheet of the relevant person;
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond standby or documentary letter of credit or any other instrument issued by a bank or financial institution other than any given in respect of trade credit arising in the ordinary course of business;
- (i) any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing, to the extent it is recorded on the balance sheet of the relevant person according to IFRS; or
- (j) any guarantee, indemnity or similar assurance against financial loss of any person issued by the relevant person in respect of any item referred to in paragraphs (a) to (i) above (other than any given in respect of trade credit arising in the ordinary course of business).

**"KOFOLA S.A. Group"** means the Issuer and its Subsidiaries.

**"Material Subsidiary"** means, at any time, each Subsidiary of the Issuer which has earnings before interest, tax, depreciation and amortisation calculated on the same basis as Adjusted Consolidated EBITDA representing 20 (twenty) per cent. or more of Adjusted Consolidated EBITDA or has a net book value of total assets or sales, calculated on a consolidated basis, representing 20 (twenty) per cent. or more of the net book value of total assets or sales of the KOFOLA S.A. Group, all as determined by reference to the most recent audited financial statements (or, as the case may be, audited consolidated financial statements) of such Subsidiary and the most recent Audited Financial Statements; provided that in case of any doubt, a report of the auditors of the Issuer that, in their opinion, any Subsidiary of the Issuer is or is not or was or was not at any particular time a Material Subsidiary will, in the absence of a manifest error, be conclusive and binding on all parties. Notwithstanding the foregoing, the Issuer will always be deemed a Material Subsidiary of the Issuer.

As of the date of these Terms and Conditions, the Material Subsidiaries are the following companies:

- Kofola ČeskoSlovensko a.s. (a company incorporated and existing under Czech law);
- Kofola a.s. (a company incorporated and existing under Czech law);
- Kofola a.s. (a company incorporated and existing under Slovak law); and
- Hoop Polska Sp. z o.o. (a company incorporated and existing under Polish law).

**"Measurement Period"** means most recently ended four full fiscal quarters for which consolidated financial statements of the KOFOLA S.A. Group are available.

**"Permitted Indebtedness"** means any Indebtedness:

- (a) under any finance facilities existing on the Issue Date or arising out of the refinancing, extension, renewal or refunding of any such credit facilities;
- (b) in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease, including, without limitation, sale and lease back transactions;
- (c) arising under Hedging Obligations;
- (d) arising under any issuance of promissory notes within the ordinary course of business;
- (e) arising under any Project Financing;
- (f) arising under any subordinated debt;
- (g) in respect of workers' or company executives' compensation claims; or
- (h) consisting of fines, taxes or other mandatory payments imposed by any administrative bodies, regulatory or tax authorities or other government agencies.

**"Permitted Security Interest"** means:

- (a) any Security Interest in existence on the Issue Date to the extent that it secures Indebtedness outstanding or available for drawdown on such date;
- (b) any Security Interest arising by operation of law and in the ordinary course of business of the Issuer or any of its Material Subsidiaries which does not (either alone or together with any one or more other such Security Interests) materially impair the operation of such business and which has not been enforced against the assets to which it attaches, including, without limitation, any Security Interest subsisting in a security transfer of ownership (*zajišťovací převod práva*);
- (c) any Security Interest granted upon or with regard to any property or assets to secure the purchase price thereof or the cost of improvement or repair of all or any part of such property or assets or to secure Indebtedness incurred solely for the purpose of financing the acquisition, improvement (including costs such as interest incurred during construction and finance costs) or repair of all or any part of such property or assets and transactional expenses related thereto provided that the maximum amount of Indebtedness secured by any such Security Interest does not exceed the purchase price or cost of improvement or repair of such property or assets (such purchase price assessed in terms of the transaction as a whole) or the Indebtedness incurred solely for the purpose of financing the acquisition, construction, improvement or repair of such property or assets;

- (d) any Security Interest granted pursuant to Hedging Obligations of the Issuer or any of its Material Subsidiaries;
- (e) any Security Interest on or relating to any property or assets hereafter acquired by the Issuer or its Material Subsidiaries and existing on the date of acquisition (so long as such Security Interest was not created in contemplation of the acquisition of such property or assets);
- (f) any Security Interest arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by a Security Interest permitted by any of the exceptions set out in sub-paragraphs (a) to (j), provided that the Indebtedness thereafter secured by such Security Interest does not exceed the amount of the original Indebtedness and such Security Interest is not extended to cover any property not previously subject to such Security Interest;
- (g) any Security Interest acquired from a Person which is merged with or into the Issuer or any Security Interest existing on any asset of a Person which existed at the time such Person becomes a Subsidiary of the Issuer (so long as such Security Interest was not created in contemplation of such Person being merged with or into the Issuer or becoming a Subsidiary of the Issuer);
- (h) any Security Interest over assets of a Subsidiary which secures only Indebtedness owing by such Subsidiary to the Issuer or to another wholly-owned Subsidiary of the Issuer;
- (i) any Security Interest created in connection with any judicial or administrative proceedings, provided that the Issuer or its Material Subsidiary defends itself duly against the related claim, until the final and non-appealable judicial or administrative decision in respect of such claim is given; and
- (j) any Security Interest that does not fall within sub-paragraphs (a) to (i) above and that secures Indebtedness which, when aggregated with Indebtedness secured by all other Security Interests permitted under this sub-paragraph (j), does not exceed CZK 120,000,000 (to wit: one hundred twenty million Czech crowns) (or its equivalent in other currencies);

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

"**Project Financing**" means an arrangement on the provision of funds that are to be mainly and predominantly used for the financing of purchase, building, extension or use of any property and the Persons providing such funds agree that such funds would be repaid by the debtor from the income from the use, operation, compensation for destruction or damage to the financed property and as of the date of the provision of such financing, the providers of such funds could reasonably assume that the principal and the interest from the funds provided will be repaid by such income.

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction.

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated using the acquisition accounting method with those of the first Person.



## 16. TAXATION

*The information included in this chapter is presented as general information for analysis of the tax situation and was obtained from publicly available sources. The Issuer or its advisers make no representations as to the accuracy or completeness of the information included herein. Any prospective purchasers of the Notes should therefore not rely upon the information included herein and are advised to consult their own legal and tax advisers as to all tax aspects of the purchase, sale and holding of the Notes as well as receipt of payments of interest related to the Notes in compliance with the tax legislation effective in Poland and in the country of which they are residents as well as in countries where the proceeds of holding and the sale of the Notes may be subject to taxation.*

*The following general summary of taxation of Notes draws mainly upon the Corporate Income Tax Act<sup>3</sup> of 15 February 1992 (the "**CIT Law**") and Personal Income Tax Act of 26 July 1991<sup>4</sup> (the "**PIT Law**") and any applicable rules and regulations in force as of the date of the Prospectus, as well as arising out of the general interpretation of those acts and other legislation enforced by the Polish authorities and other public administration bodies and known to the Issuer as of the date of the Prospectus. All information below is subject to change based on amendments to the applicable legislation that may take place after that date or changes in the interpretation of the applicable legislation that could be applied after the date of the Prospectus.*

### **(A) Key tax issues corresponding to earnings on Notes**

Polish tax laws provide for different regimes depending on the status that particular entities have for tax purposes. In this respect, different treatment may be applied with regard to:

#### **1. Income received by individuals residing in Poland for tax purposes**

Individuals may earn profits on (i) disposal of Notes or (ii) interest/discount corresponding to the Notes.

##### *1.1. Taxation of income earned on disposal of Notes*

###### *1.1.1. General information regarding taxes applicable to income earned on disposal of Notes*

Where a Polish individual tax resident disposes Notes, he/she is subject to PIT under art. 30b of the PIT Law. Under this regime, the individual is subject to PIT at the difference between the remuneration received upon disposal of Notes and the expenses corresponding to the purchase or acquisition of the Notes. The income earned on disposal is subject to PIT at 19% (a different regime applies if the Notes are being sold in course of regular business. In such a case, income earned on Notes should be taxed similarly as the remaining income earned with respect to the business activity – the individual may be then subject to tax at 19% or progressive rates of 18% and 32%).

###### *1.1.2. Reporting obligations resulting from disposing of Notes*

Under art. 39 sec. 3 of the PIT Law, individuals engaged in the regular business activity, corporations and organizations not being legal entities, should report the income earned on sale of Notes by the individuals (specific forms are required). By the end of February, the information should be sent or delivered to the individual earning income on the disposal of Notes and the Tax Office of the individual.

<sup>3</sup> Corporate Income Tax Act of 15 February 1992 (consolidated version: Journal of Laws of 2011, no. 74, item 397 with amendments)

<sup>4</sup> Personal Income Tax Act 26 July 1991 (consolidated version: Journal of Laws of 2012, item 361 with amendments)

### 1.1.3. *Tax settlements corresponding to disposal of Notes*

Following art. 30b sec. 6 of the PIT Law, individuals should report the income and calculate the amount of the corresponding tax due in the annual PIT return (the details regarding the return are covered in art. 45 sec. 1a point 1 of the PIT Law). If the Notes are being disposed within the regular business activity of an individual, he/she should pay PIT advances as stated in art. 44 sec. 1 point 1 and file a tax return covered in art. 45 sec. 1 or sec. 1a point 2.

### 1.2. *Taxation of the received interest or discount*

Under art. 17 sec. 1 point 3 of the PIT Law, interest (discount) received from Notes are qualified as capital gains. Such revenue should be treated separately from other income/revenue earned by the individual and taxed at 19% (art. 30a sec. 1 point 2 of the PIT Law).

The tax due on the interest/discount should be withheld by a tax remitter, being the entity paying (or making the assets/cash available) to the individual or the entity running the investment account of the individual (where such an entity is an intermediately of the payment and the interest/payment are deemed to be sourced in Poland and correspond to Notes recorded on the investment account). The remitter should withhold the tax when paying to the individual and transfer the tax amount to the Tax Office being relevant for the remitter until the 20th day of the following month of payment (art. 42 sec. 1 of the PIT Law).

## **2. *Income earned by non-resident individuals in Poland***

### 2.1. *Taxation of income earned on disposal of Notes*

Non-resident individuals are subject to the domestic tax regime as regards the income earned on disposal of Notes, unless the double tax treaty at hand states otherwise. Under specific regulations included in the Poland-Czech Republic Double Tax Treaty<sup>5</sup>, income earned on disposal of Notes should be treated as capital gains under Article 13. Under this regime, individuals residing in the Czech Republic for tax purposes should be generally taxed there with respect to the capital gains earned in Poland (unless more specific regime applies – e.g. where a Czech tax resident disposes the Notes being allocated to a Poland-based permanent establishment).

Individuals running regular business, corporations and organizational units not being legal entities should report the income earned by the individuals upon disposal of Notes to the Tax Office being relevant for non-residents by the end of February. Upon written request of the individual (filed with regard to the intention of leaving Poland), the entities mentioned above should prepare the report within 14 days from the request and send it to the Tax Office and the individual (art. 39 sec. 3 and 4 of the PIT Law).

### 2.2. *Taxation of the received interest or discount*

Under art. 17 sec. 1 point 3 of the PIT Law, the interest (discount) received from Notes should be deemed as capital gains. Such revenue should be taxed separately from other income/revenue earned by the individual at 19% (art. 30a sec. 1 point 2 of the PIT Law). This regime applies if the double tax treaty at hand does not state otherwise.

The tax due on the interest/discount should be withheld by a tax remitter, being the entity paying (or making the assets/cash available) to the individual or the entity running the investment account of the individual (where such an entity is an intermediately of the payment and the

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<sup>5</sup> Agreement between the Republic of Poland and the Czech Republic for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (Journal of Laws of 2012, item 991)

interest/payment are deemed to be sourced in Poland and correspond to Notes recorded on the investment account). The remitter should withhold the tax when paying to the individual and transfer the tax amount to the Tax Office being relevant for the remitter until the 20th day of the following month of payment (art. 42 sec. 1 of the PIT Law).

The remitter may apply a reduced PIT rate resulting from the applicable double tax treaty if the tax residency of the individual earning profits on interest/discount is confirmed by the certificate issued by the relevant authorities of the states where the individual resides. Under the Poland-Czech Republic Double Tax Treaty, the withholding tax rate amounts generally to 5% provided that the recipient of interest is the beneficial owner.

Within the first month following the remitter's financial year, the remitter should report the revenue received by the individual upon interest/discount to the individual if he/she resides for tax purposes in (i) the EU/EEA member state (other than Poland), (ii) states associated or areas dependent to the United Kingdom or the Netherland, which concluded double tax treaties in Poland covering savings of individuals and to the Tax Office relevant for non-residents (art. 42c sec. 1,2 and 5 of the PIT Law).

With respect to the revenue earned by the remaining individuals, until the end of February of the year following the year of payment, the remitter should report the revenue received by the individual upon interest/discount to the Tax Office relevant to non-residents. Upon written request of the individual, the remitter should report within 14 days to the individual and the Tax Office (under both scenarios a specific form is required).

A separate regime applies if the interest is being paid via an omnibus account. In such a case:

- if the identity of the omnibus account participant is disclosed, then the interest payer (issuer of the Notes) should withhold the withholding tax due on the payments;
- if the identity is not disclosed, the obligation to withhold the withholding tax stays with the entity maintaining the omnibus account.

Interest received by a non-resident via a Poland-based permanent establishment is subject to the regime applicable to residents.

### **3. *Income earned by companies residing in Poland for tax purposes***

#### *3.1. Taxation of income earned on disposal of Notes*

Any income earned by corporations upon disposal of Notes is subject to the general corporate income tax (CIT) regime at 19%. Expenditures incurred upon purchase of the Notes are tax deductible at the moment the Notes are being disposed (art. 16 sec. 1 point 18 of the CIT Law).

#### *3.2. Taxation of the received interest or discount*

Interest/discount received by Poland-based corporations is subject to CIT at 19%.

### **4. *Income earned by non-resident companies in Poland***

#### *4.1. Taxation of income earned on disposal of Notes*

Non-residents earning income upon disposal of Notes are subject to domestic corporate income tax (CIT) regime unless a double tax treaty states otherwise. Consequently a 19% CIT rate applies.

Under specific regulations included in the Poland-Czech Republic Double Tax Treaty, income earned on disposal of Notes should be treated as capital gains under Article 13. Under this regime, companies residing in the Czech Republic for tax purposes should be generally taxed there with respect to the capital gains earned in Poland (unless more specific regime applies –

e.g. where a Czech tax resident disposes the Notes being allocated to a Poland-based permanent establishment).

#### *4.2. Taxation of the received interest or discount*

Non-residents earning interest/discount in Poland is subject to 20% withholding tax under art. 21 sec. 1 of the CIT Law, unless the relevant double tax treaty states otherwise. Under specific circumstances, interest may also enjoy 5% reduced withholding tax rate (exemption shall apply to the payments made after 30 June 2013) under art. 21 sec. 3-8 of the CIT Law (the provisions implement the Parent-Subsidiary Directive<sup>6</sup> to the Polish CIT). Particular kind of entities, being e.g. investment or pension funds may enjoy an exemption if certain conditions are met.

A remitter paying the interest/discount should withhold the amount of tax due corresponding to the payments and transfer it to the Tax Office relevant to non-residents until the 7th day of the month following the month of payment (art. 26 sec. 1 of the CIT Law and art. 26 sec. 3 of the CIT Law).

Remitters may withhold the tax according to reduced rates resulting from double tax treaties if the tax residence of payment recipient is confirmed by a tax residency certificate. Under the Poland-Czech Republic Double Tax Treaty, the withholding tax rate amounts generally to 5% provided that the recipient of interest is the beneficial owner.

Reduced rate/exemption under art. 23 sec. 3a and 3b of the CIT Law may be applied only if the payment recipients provide written statement confirming that the conditions allowing for exemption has been met and the tax authorities are allowed to exchange tax information with the state where the recipient resides for tax purposes (under an appropriate agreement). A tax residency certificate is also required.

Within three months following the close of the remitter's financial year, the remitter should report the amount of income received by non-resident corporations to the payment recipient and the Tax Office relevant to non-residents. Upon a written request by the payment recipient, the remitter should prepare a report within 14 days and send it to the recipient and the Tax Office (art. 26 sec. 3a and 3b of the CIT Law). Under both scenarios, special forms are required.

A separate regime applies if the interest is being paid via an omnibus account. In such a case:

- if the identity of the omnibus account participant is disclosed, then the interest payer (issuer of the Notes) should withhold the withholding tax due on the payments;
- if the identity is not disclosed, the obligation to withhold the withholding tax stays with the entity maintaining the omnibus account. If the interest/discount is paid to unidentified corporations, 20% withholding tax applies.

Interest received by non-resident via a Poland-based permanent establishment is subject to the regime applicable to residents.

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<sup>6</sup> Council Directive 2011/96/EU of 30 November 2011 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States (recast; L 345/8)

## **(B) Polish civil law activities corresponding to the Notes**

Under art. 7 sec. 1 point 1b and art. 6 sec. 1 point 1 of the Civil Law Activities Act<sup>7</sup> (the "CLAT"), sale of ownership over Notes is subject to 1% CLAT at the market value of Notes being sold.

Under art. 9 sec. 9 of the CLAT Law, sale of financial rights to (i) investment companies and foreign investment companies, (ii) performed via an investment company or a foreign investment company, (iii) within the organized trade, (iv) performed by investment company or a foreign investment company if these companies purchased the Notes within the organized trade as understood under the Act on Trading of Financial Instruments<sup>8</sup> is exempt from CLAT taxation.

## **(C) Profit/loss on sale in the Czech Republic**

Gains realised by a physical entity on the sale of Notes are subject to taxation in the Czech Republic if such Notes are sold by (i) a Czech tax resident or (ii) a Czech tax non-resident having a permanent establishment in the Czech Republic (if gains are attributable to that permanent establishment) or (iii) a Czech tax non-resident if the gains are realised on the sale to a purchaser, who is a Czech tax resident or a Czech tax non-resident having a permanent establishment in the Czech Republic (if attributable to that permanent establishment). The same are included in the general income tax base for physical entities and are subject to taxation of the income tax rate at the amount of 15%. Losses realised on the sale of notes are generally ineffective for taxation at this category of entities (but may be offset against gains from the sale of other securities realised within the same taxation period).

Gains realised by a legal entity on the sale of notes are subject to taxation in the Czech Republic if such notes are sold by (i) a Czech tax resident or (ii) a Czech tax non-resident having a permanent establishment in the Czech Republic (if gains are attributable to that permanent establishment) or (iii) a Czech tax non-resident if the gains are realised on the sale to a purchaser, who is a Czech tax resident or a Czech tax non-resident having a permanent establishment in the Czech Republic (if gains are attributable to that permanent establishment). The same are included in the general income tax base for legal entities and are subject to taxation of the income tax rate at the amount of 19%. Losses realised on the sale of notes are effective for taxation at this category of entities.

Profits from sale of notes realized by physical entities can be exempt from income tax under certain circumstances; provided that the Notes are not included in the Noteholder's business assets and the Noteholder's overall share of the company's registered capital and voting right did not exceed 5% during the period of 24 months before the securities sale and provided that between the purchase and the sale of Notes is a time period of at least 6 calendar months.

If the Notes are sold by a Czech tax non-resident Noteholder, who is not at the same time an EU or EEA tax resident, to a Czech resident purchaser or to a Czech tax non-resident purchaser having either a permanent establishment in the Czech Republic or employees located in the Czech Republic for more than 183 days, such purchasers shall be generally obliged to withhold 1% of such income as securing tax when paying the purchase price for the notes. The tax administrator may, if the non-resident Noteholder (seller) does not file its tax return within the statutory deadline, deem the income tax liability of the non-resident Noteholder (seller) secured by means of securing tax withheld as discharged and paid.

A double taxation treaty between the Czech Republic and a country where the Noteholder is resident may eliminate the taxation of gains from the disposition of Notes in the Czech Republic. Any application of such regime set out in a double taxation treaty may be conditional upon a proof that the relevant double taxation agreement applies to the Noteholder.

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<sup>7</sup> Civil law activities tax law of 8 September 2000 (consolidated version: Journal of Laws of 2010, no. 101, item 649 with amendments)

<sup>8</sup> Act on trading in financial instruments of 29 July 2005 (consolidated version: Journal of Laws of 2010, no. 211, item 1384 with amendments)

## 17. ENFORCEMENT OF CIVIL LIABILITIES AGAINST THE ISSUER

*The information included in this chapter is presented as general information for analysis of legal situation and was obtained from publicly available sources. The Issuer or its advisers make no representation as to the accuracy or completeness of the information included herein. Any prospective purchasers of the Notes should therefore not rely upon the information included herein and are recommended to contact their legal advisers for consultation about the enforcement of claims in respect of the Issuer's private law liabilities within any relevant jurisdiction.*

The Issuer has not given any consent as to the exclusive jurisdiction of any international court in connection with any legal action in connection with the purchase of any Notes, or named an agent for process in any jurisdiction. As a result, it may not be possible for the purchasers of the Notes to bring a claim or to effect any process against the Issuer abroad or to enforce judgments against the Issuer before any foreign courts or to enforce judgments obtained in such courts based upon foreign laws.

### **Enforcement in Poland**

The Issuer is an entity established and operating in accordance with Polish law.

Where the Republic of Poland and the relevant state are parties to an international treaty on the recognition and execution of court judgments, the execution of court judgments given in any such state is provided in compliance with the provisions of that particular international treaty. In the absence of such treaty, judgments issued by foreign courts may be recognized and executed in the Republic of Poland subject to the provisions of the Polish Code of Civil Procedure Act of 17 November 1964, as amended. Under this Act no rulings of any foreign courts in cases described in Section 1 of the above-described Polish Code of Civil Procedure, conciliations before foreign courts, and foreign notary deeds (jointly "**Foreign Rulings**"), may be recognized and enforced if: (i) is not final in the country in which it was issued; (ii) it was issued in the case which is subject to the exclusive jurisdiction of Polish courts; (iii) the defendant, who did not enter a dispute as to the merits of the case, was not served the document instituting the proceedings properly and in sufficient time to enable the defense; (iv) a party was deprived of the ability to defend itself in the course of the proceedings; (v) the case relating to the same claim between the same parties was pending in the Republic of Poland earlier than before a foreign court; (vi) it is contrary to a previous final judgment of a Polish court or a previous final judgment of a foreign court, which meets the conditions for its recognition in the Republic of Poland, issued in the case concerning the same claim between the same parties; (vii) the recognition would be contrary to the fundamental principles of legal order of the Republic of Poland (public order clause).

Under the Civil Procedure Code, foreign court judgments in civil matters that are carried out through enforcement proceedings are considered to be enforcement titles and will be enforceable in Poland, if the judgment is enforceable in the country in which it was issued. Foreign judgments in civil cases, enforceable by way of enforcement, become enforcement titles, once their enforceability is declared by a Polish court. The enforceability is declared if the judgment is enforceable in the country of its origin, and there are no obstacles, including, as the ones referred to above for the recognition of judgments. The recognition and enforcement of judgments issued by the courts of EU Countries is regulated by the EC Regulation No 44/2001 of 22 December 2000, on Jurisdiction and Enforcement of Court Judgments in Civil and Commercial Matters. The Issuer cannot provide assurance that all conditions precedent to the enforcement of foreign judgments in Poland will be met or that any particular judgment will be enforceable in Poland.

## 18. SUBSCRIPTION AND SALE

The distribution of this Prospectus as well as any offers, sale or purchase of the Notes are restricted by law in some jurisdictions. The Issuer will not ask for approval or recognition of the Prospectus (including its supplements, if any) in other jurisdiction, the Notes will not be registered, permitted or approved by any administrative or other authority in any jurisdiction with the exception of the CNB and, accordingly, no placement will be possible outside of the Czech Republic (eventually other countries which would without other conditions recognize the Prospectus approved by the CNB as a prospectus allowing Note offering in such country). All persons in possession of this Prospectus will be responsible for observing any restrictions relating to offers, purchase and sale of the Notes and the possession and distribution of any documents relating to the Notes in all relevant jurisdictions.

In addition to the above, the Issuer asks the subscribers of each Note and the Note acquirers to observe all relevant restrictions in each country (including the Czech Republic) where they would purchase, offer, sell or otherwise transfer the Notes or where they would distribute, make accessible or otherwise circulate this Prospectus including its supplements, if any, or any other offering or promotional material or information in connection with the Notes, in each case at their own expense and irrespective of whether the Prospectus or its supplements or any other offering or promotional material or information in connection with the Notes is recorded in the printed form or in the electronic or any other intangible form.

The Issuer also demands all subscribers and Note acquirers not to offer publicly any Notes in accordance with the respective legal prescriptions. In other jurisdictions Note offer may be limited by legal prescriptions of such jurisdictions and may require approval, recognition or translation of the Prospectus or of its part or other documents by a competent authority.

Any offer of any Notes made by the Issuer (including the distribution of this Prospectus to selected investors on a confidential basis in the Czech Republic prior to the approval of this Prospectus by the CNB and prior to its publication) will be made pursuant to Section 35 (2) lett. c) and d) of the ACMU. Such offer does not require prior publication of a prospectus of the offered security. Accordingly, the Issuer notifies all potential investors and other persons of the fact that any Notes may only be acquired by investors for an aggregate issue price equal to or in excess of the equivalent of EUR 100,000 per one investor. The Issuer will not be bound by any order of any potential investor for subscription or purchase of any Notes if the aggregate issue price for the ordered Notes is less than the equivalent of EUR 100,000.

Any person that acquires any Notes will be deemed to have represented and agreed that (i) such person acknowledges all relevant restrictions on the offer and sale of the Notes, in particular in the Czech Republic, relating to such person and the relevant method of offer or sale, (ii) such person will not further offer for sale or sell the Notes without complying with all relevant restrictions applicable to such person and to the relevant method of offer and sale and (iii) before further offering for sale or further selling the Notes, such person will inform the potential buyers that in certain jurisdictions, further offer or sale of the Notes may be subject to legal restrictions, which must be observed.

The Issuer would like to draw the attention of potential investors to the fact that the Notes have not been and will not be registered under the U.S. 1933 Securities Act, as amended (the "**U.S. Securities Act**") or by any securities commission or any other authority of any State of the United States and therefore will not be offered, sold or transferred within the United States or to U.S. residents (as defined in Regulation S implementing the U.S. Securities Act) except pursuant to an exemption from the registration duty under the U.S. Securities Act or in transactions not subjected to registration under the U.S. Securities Act.

The Issuer further wishes to point out that the Notes will not be offered or sold in the United Kingdom of Great Britain and Northern Ireland (the "**United Kingdom**") by way of distributing any documents or

notices except for offers to persons authorized to trade with securities on their own or on someone else's account in the United Kingdom or under such circumstances that do not constitute a public offer of securities under the 1985 Companies Act, as amended. All legal acts pertaining to the Notes made in the United Kingdom, from the United Kingdom or otherwise associated with the United Kingdom in any manner whatsoever will also be performed in compliance with the 2000 (FSMA 2000) legislation governing financial services, including the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and with the Prospectus Regulations 2005, as amended.

An application has been made for the Notes to be admitted to listing on the regulated market (*Regulovaný trh*) of the PSE. The expenses related to the admission to trading of the Notes on the regulated market of the PSE are expected to be CZK 50,000.

Except for Česká spořitelna, a.s., acting as a Joint Lead Manager, Fiscal and Paying Agent and Calculation Agent, and PPF banka a.s., acting as a Joint Lead Manager and Listing Agent, no person has any interest, including conflicting ones, known to the Issuer that would be material to the Issue.



## 19. CERTAIN DEFINITIONS

In this Prospectus:

**"Issuer"** or **"KOFOLA S.A."** or **"Company"** means KOFOLA S.A., a joint-stock company incorporated under the laws of Poland, with its registered office at ul. Wschodnia 5, 99-300 Kutno, Poland, registered under company code KRS 0000134518 in the Company's Registrar held by the Court of Łódź-Śródmieście, XX Department of the National Court Registrar;

**"Hoop"** means Hoop Polska Sp. z o.o, a limited liability company incorporated under the laws of Poland, with its registered office at ul. Wschodnia 5, 99-300 Kutno, Poland, registered under company code KRS 0000269410 in the Company's Registrar held by the Court of Łódź-Śródmieście, XX Department of the National Court Registrar;

**"Kofola a.s. (CZ)"** means Kofola a.s., a joint-stock company incorporated under Czech law, with its registered office in Krnov - Pod Bezručovým vrchem, Za drahou 165/1, Postal Code 794 01, Czech Republic, ID No: 277 67 680, registered in the Commercial Register maintained by the Regional Court in Ostrava, Section B, Insert 3021;

**"Kofola a.s. (SK)"** means Kofola a.s., a joint-stock company incorporated under Slovak law, with its registered office at súp. č. 1 Rajecká Lesná 013 15, Slovak Republic, ID No: 36 319 198;

**"Kofola ČeskoSlovensko, a.s."** means Kofola ČeskoSlovensko, a.s., a joint-stock company incorporated under Czech law, with its registered office in Ostrava, Nad Porubkou 2278/31a, Postal Code 708 00, Czech Republic, ID No: 276 63 001, registered in the Commercial Register maintained by the Regional Court in Ostrava, Section B, Insert 3109;

**"Kofola S.A. Group"** means the Issuer and its Subsidiaries (as defined in Article 15 of the Terms and Conditions);

**"ACMU"** means the Czech Act No. 256/2004 Coll., on Capital Market Undertakings, as amended;

**"Notes Act"** means the Czech Act no. 530/1990 Coll., on Notes, as amended;

**"Prague Stock Exchange"** or **"PSE"** means Burza cenných papírů Praha, a.s.;

**"CNB"** means the Czech National Bank, which exercises supervision over the capital market in accordance with Act No. 15/1998 Coll. on Supervision in the Capital Market Area and on the Amendment to Other Laws;

**"CZK"** refers to the lawful currency of the Czech Republic;

**"PLN"** refers to the lawful currency of the Republic of Poland;

**"EU"** refers to the European Union;

**"EEA"** refers to the European Economic Area;

**"euro"** refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time;

"**IFRS**" refers to International Financial Reporting Standards as adopted by the EU;

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**");

- (a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated using the acquisition accounting method with those of the first Person.

"**Terms and Conditions**" refers to the terms and conditions of the Notes;

"**we**", "**us**", "**our**" and other similar terms refer to the Issuer or the Kofola S.A. Group, unless expressly stated otherwise or the context otherwise requires.

## 20. GENERAL INFORMATION

1. The Issue was approved by a resolution of the Issuer's Supervisory Board dated 9 August 2013, as amended by a resolution of the Issuer's Supervisory Board dated 24 September 2013, and approved by a decision of the Management Board of the Issuer dated 12 August 2013, as amended by a decision of the Management Board of the Issuer dated 25 September 2013.
2. The Notes will be governed by Czech law, specifically the Notes Act, ACMU and by the respective relevant regulations of the public securities markets where the Notes are to be listed.
3. This Prospectus was approved by the decision of the CNB on 2 October 2013, ref. no. 2013/10927/570, file no. Sp/2013/33/572, which became final and effective on 2 October 2013.
4. No significant change in the financial or trading position of the KOFOLA S.A. Group occurred between 31 December 2012 and the date of this Prospectus.
5. This Prospectus was completed as of 25 September 2013.
6. PricewaterhouseCoopers Sp. z o.o., with its registered seat in Warsaw (00-638 Warsaw, Al. Armii Ludowej 14, Poland), audited the consolidated financial statements of the KOFOLA S.A. Group for the year ended 31 December 2012. Furthermore, PricewaterhouseCoopers Sp. z o.o. conducted a review of the unaudited condensed consolidated interim financial information of the KOFOLA S.A. Group for the six months ended 30 June 2013.

PricewaterhouseCoopers Sp. z o.o. is registered in the register of auditors held by the National Chamber of Statutory Auditors under no 144. On behalf of PricewaterhouseCoopers Sp. z o.o. the consolidated financial statements of the KOFOLA S.A. Group for the year ended 31 December 2012 were audited by Tomasz Reinfuss (certified auditor, license no 90038).

7. BDO Sp. z o.o. with its registered office in Warsaw (ul. Postępu 12, 02-676 Warsaw, Poland), audited the consolidated financial statements of the KOFOLA S.A. Group for the year ended 31 December 2011.

BDO Sp. z o.o. is registered in the register of auditors held by the National Chamber of Statutory Auditors under no 3355. On behalf of BDO Sp. z o.o. the consolidated financial statements of the KOFOLA S.A. Group for the year ended 31 December 2011 were audited by Mrs. Katarzyna Iwuć (certified auditor, license no 11771) and Mr. André Helin (certified auditor, license no 90004).

8. As of the date of this Prospectus and in the period of previous 12 months, the Issuer has not been involved in any legal, administrative or arbitration proceedings in Poland or elsewhere, in connection with Notes issue which could have negative impact on its financial situation or on the financial situation of its group.
9. The full versions of the KOFOLA S.A. Group's audited financial statements, including enclosures and auditor's reports are enclosed in this Prospectus by references and, together with all other documents referred to in this Prospectus, are available for inspection upon request at the Issuer's registered office during regular working hours and at the registered office of the Issuer's subsidiary, Kofola ČeskoSlovensko, a.s., and on the Issuer's web page [www.kofola.pl](http://www.kofola.pl).

## **ADDRESSES**

### **THE ISSUER**

KOFOLA S.A.  
ul. Wschodnia 5  
99-300 Kutno  
Poland

### **JOINT LEAD MANAGERS**

Česká spořitelna, a.s.  
Olbrachtova 1929/62  
140 00 Prague 4  
Czech Republic

PPF banka a.s.  
Evropská 2690/17  
160 41 Prague 6  
Czech Republic

### **FISCAL AND PAYING AGENT**

Česká spořitelna, a.s.  
Olbrachtova 1929/62  
140 00 Prague 4  
Czech Republic

### **LEGAL ADVISOR TO THE ISSUER AS TO CZECH LAW**

PRK Partners s.r.o., attorneys-at-law  
Jáchymova 2  
110 00 Prague 1  
Czech Republic

### **AUDITORS**

#### **for 2012**

PricewaterhouseCoopers Sp. z o.o.  
Al. Armii Ludowej 14  
Warsaw 00-638  
Poland

#### **for 2011**

BDO Sp. z o.o.  
ul. Postępu 12  
Warsaw 02-676  
Poland