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kofola

HALF-YEAR REPORT
of the KOFOLA S.A. group for the first half of 2012

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1.1 Description of the KOFOLA S.A. Group

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

OUR MISSION AND OUR GOAL

Our mission is to passionately and enthusiastically create new brand name products that offer to our client's functional and emotional values which allow our products to become an important part of their lives.

2012 AWARDS

Janis Samaras, Chairman of the Management Board of KOFOLA S.A. was chosen ***Entrepreneur of the Year 2011*** in the Czech Republic in the contest organised since 2000 by Ernst&Young.

Czech TOP 100 – Kofola a.s. fifth most admired company in the Czech Republic in 2011.

Syrup line Paola was chosen ***Product of 2012*** by the consumers and received the title Consumer Choice. Product of the Year. Innovation 2012.

Marek Kmiecik, marketing director of Hoop Polska Sp. z o.o. won in the competition ***Marketing Director 2011***.

The company Hoop Polska Sp. z o. o, was honoured the title ***Responsible Employer 2012***, taking prestigious place in the HR Leader group.

Jupik Aqua Sport ***Hit of the Year 2012*** in FMCG sector.

The new line of syrups Jupi Superhusty was chosen by consumers ***Product of the Year 2012*** and received the title of Consumer Choice 2012.

WE ARE PROUD OF OUR SUCCESSES…

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


COMPANIES OF THE KOFOLA S.A. GROUP

Holding companies:

Kofola S.A. – Kutno (PL)

Kofola ČeskoSlovensko a.s. – Ostrava (CZ)

Production and trading companies:

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

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

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

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

Kofola Sp. z o.o. – Kutno (PL)

Pinelli spol. s r.o. – Krnov (CZ)

Distribution companies:

PCD Hoop Sp. z o. o. – Koszalin (PL)

STEEL INVEST Sp. z o. o. – Kutno (PL)

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

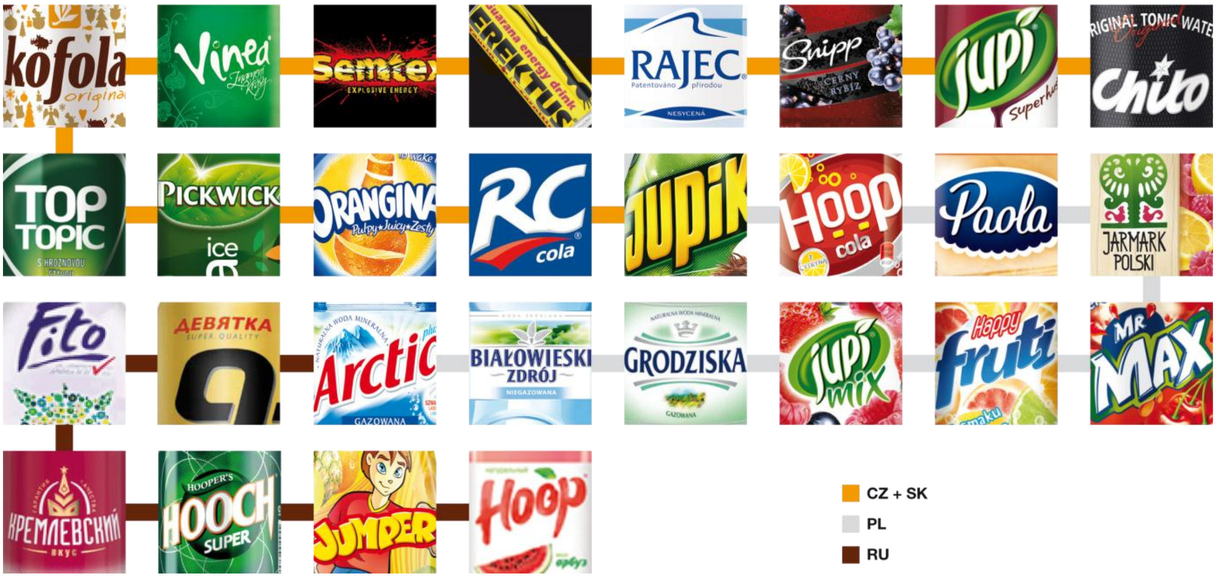
Transport companies:

Santa-Trans s. r. o. – Krnov (CZ)

Santa-Trans.SK s. r. o. – Rajec (SK)

Transport Spedycja Handel Sulich Sp. z o. o. – Bielsk Podlaski (PL)

OUR BRANDS IN 2012



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

As at 30 June 2012 the Group comprised the following entities:

	Company Name	Headquarters	Range of activity	Consolidation method	direct or indirect % part in share capital	% part in voting rights
1.	KOFOLA S.A.	Poland, Kutno	holding	full consolidation method		
2.	Kofola ČeskoSlovensko a.s.	Czech Republic, Ostrava	holding	full consolidation method	100.00%	100.00%
3.	Hoop Polska Sp. z o.o.	Poland, Kutno	production of non-alcoholic beverages	full consolidation method	100.00%	100.00%
4.	Kofola a.s.	Czech Republic, Krnov	production and distribution of non-alcoholic beverages	full consolidation method	100.00%	100.00%
5.	Kofola a.s.	Slovakia, Rajecká Lesná	production and distribution of non-alcoholic beverages	full consolidation method	100.00%	100.00%
6.	Kofola Sp. z o.o.	Poland, Kutno	rent of production assets	full consolidation method	100.00%	100.00%
7.	Santa-Trans s.r.o.	Czech Republic, Krnov	road cargo transport	full consolidation method	100.00%	100.00%
8.	Santa-Trans.SK s.r.o.	Slovakia, Rajec	road cargo transport	full consolidation method	100.00%	100.00%
9.	OOO Megapack	Russia, Widnoje	production of non-alcoholic and low-alcoholic beverages	full consolidation method	50.00%	50.00%
10.	OOO Trading House Megapack	Russia, Widnoje	sale and distribution of non-alcoholic and low-alcoholic beverages	full consolidation method	50.00%	50.00%
11.	Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.	Poland, Koszalin	wholesale of non-alcoholic and low-alcoholic beverages, activity discontinued in 2011	full consolidation method	100.00%	100.00%
12.	Transport Spedycja Handel Sulich Sp. z o.o.	Poland, Bielsk Podlaski	road cargo transport, spedition	equity accounting	50.00%	50.00%
13.	PINELLI spol. s r.o.	Czech Republic, Ostrava	trademark licensing	full consolidation method	100.00%	100.00%
14.	Kofola Zrt. in liquidation	Hungary, Budapest	in liquidation *	full consolidation method	100.00%	100.00%
15.	STEEL INVEST Sp. z o.o.	Poland, Kutno	does not conduct business operation	full consolidation method	100.00%	100.00%

*liquidation process ended after the balance sheet date, see point 1.2

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

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

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

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

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

- Kofola ČeskoSlovensko a.s. – the holding company – registered in the Czech Republic, performing management and control of the other entities comprising the KOFOLA S.A. Group,
- Kofola a.s. (CZ) – a company registered in the Czech Republic, with main activities consisting of the production and distribution of beverages on the territory of the Czech Republic,
- Kofola a.s. (SK) – a company registered in Slovakia, with main activities consisting of the production and distribution of beverages on the territory of Slovakia,
- Kofola Sp. z o.o. – a company registered in Poland, with main activities consisting of renting out the production line in Kutno to the company Hoop Polska Sp. z o.o., which conducts its production there,
- Santa-Trans s.r.o. (CZ) – a company registered in the Czech Republic, with main activities consisting of road cargo transport provided mainly to Kofola a.s. (Czech Republic),
- Santa-Trans.SK s.r.o. (SK) - a company registered in Slovakia, with main activities consisting of road cargo transport provided mainly to Kofola a.s. (Slovakia),
- Pinelli spol. s r.o. (CZ) - a company registered in the Czech Republic, where Kofola a.s. (CZ) holds 100%. Until the end of June 2011 activities of Pinelli spol. s r.o. consisted of the production and sale of beverages. In July and August 2011, activities were transferred to Kofola a.s. (CZ) and production to the plant in Krnov. Presently, Pinelli spol. s r.o. owns the trademarks Semtex, Erektus and ice tea Green Tea. Due to the fact that the takeover of the company took place on 22 April 2011, the results of Pinelli spol. s r.o were not included in the comparable data.
- Kofola Zrt. (HU) in liquidation – a company registered in Hungary, which did not conduct business operations from 2010; on 9 August 2012 the Management Board of KOFOLA S.A. received from the Court information about a final decision on removal its subsidiary - Kofola Zrt. in liquidation with its registered office in Budapest, Hungary from the court register. The above mentioned decision formally ended the liquidation process of the subsidiary commenced with an application from 1 February 2009.

The subsidiary – **Megapack Group**, with its holding company OOO Megapack with its registered office in Promozno, Widnoje, Leninskiy District, Moscow Region, the Russian Federation, of which KOFOLA S.A. holds 50%. The activities of the Megapack Sp. z o.o. Group consist of the provision of services consisting of bottling beverages for third parties, production of own beverages, as well as their distribution on the territory of the Russian Federation. In the current period the KOFOLA S.A. Group is able to control the financial and operating policies of the Megapack Group, and as such it consolidates its financial results using acquisition accounting. In accordance with the binding Statute, the Director General of Megapack is selected by the Shareholders Meeting, with KOFOLA S.A. having the deciding vote in this matter. The Director General is Megapack's one-man executive and representative organ.

The subsidiary – **Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.** with its registered office in Koszalin, 75-209, ul. BoWiD 9e, of which KOFOLA S.A. holds 100% and has 100% of votes at Shareholders Meeting. The activities of PCD HOOP Sp. z o.o. consist of the wholesale of beverages. Since April 2011, the company successively sells its assets significantly reducing operational activities with the intention of a future liquidation. For the purposes of these consolidated financial information, the value of net assets held by the Company was reviewed for possible impairment.

The co-subsidiary – **Transport – Spedycja – Handel - Sulich Sp. z o. o.** with its registered office in Bielsk Podlaski, of which KOFOLA S.A. holds 50% and has 50% of votes at Shareholders Meeting. The company's activities consist of road transport of cargo. This co-subsidiary is consolidated using equity method.

STEEL INVEST Sp. z o.o. – since 17 June 2012 registered in Kutno, of which KOFOLA S.A. acquired on 28 March 2012 100% of share capital amounted to PLN 50 thousand. At this time, the company does not conduct any business operations.

KLIMO s.r.o. in liquidation – a company registered in the Czech Republic. Until the end of 2007 the company was distributing beverages on the territory of Czech Republic. From the beginning of 2008 company ceased its operations. Liquidation process ended in January 2011. Accordingly results of the company are presented only in comparable data.

1.2 Most significant events at the KOFOLA S.A. Group in the period from 1 January 2012 to the preparation of the present financial information

ISSUANCE OF BONDS FROM SERIES A^3 IN KOFOLA S.A.

According to resolution number 13/XI/2011 of KOFOLA S.A.'s Supervisory Board from 10 November 2011 regarding approval of Bond Issuance Program realisation, changed by the resolution of the Supervisory Board number 1/2012 from 20 February 2012 and KOFOLA S.A.'s Management resolution number 1/II/2012 from 1 February 2012 regarding issuance of bonds from series $A^{3.}$ KOFOLA S.A. as at 20 February 2012 issued 16 850 A^3 bonds.

In accordance with the Terms of Bonds Issuance:

- bonds are bearer bonds,
- bonds are not secured,
- the nominal value of bonds is PLN 1 000 each,
- the issue price of bonds is equal to their nominal value,
- maturity of bonds from series A^3 is 34 months from the date of the resolution of the bonds allocation and settlement,
- interest on the bonds shall be determined separately by the sum of the index and margin WIBOR 6M,
- interest will be paid every six months where the first interest period began on the date of issue and ended after four months from the date of issue,
- bond purchase proposal was addressed to no more than 99 recipients in the manner specified in Article 9, item 3 of the Act on Bonds,
- bonds do not have the form of a document,
- bonds entitle only to cash benefits,
- in accordance with the Terms of Bonds Issuance on 30 March 2012 bonds were introduced to trading on the Catalyst and BondSpot S.A. markets,
- after two interest periods Issuer has granted option call bonds with the assumption that one-time buy-back will be at least 15% of the issued series under the Bond Issuance Program.

LOANS PROVIDED BY KOFOLA S.A. TO THE SUBSIDIARY

On 22 February 2012, KOFOLA S.A. provided a subordinated loan to the subsidiary Hoop Polska Sp. z o.o. in the amount of PLN 11 000 thousand with maturity on 31 December 2014. The purpose of the loan was to improve the financial ratios required for Hoop Polska Sp. z o.o. in the credit agreement with Bank Consortium.

On 4 April 2012 KOFOLA S.A. provided a subordinated loan to the subsidiary Hoop Polska Sp. z o.o. in the amount of PLN 21 000 thousand with maturity on 31 December 2014. The purpose of the loan was to finance the subsidiary's development plans.

ESTABLISHMENT OF 'PAPROĆ' FOUNDATION

On 22 February 2012 the Management Board of the subsidiary Hoop Polska Sp. z o.o. passed a resolution concerning the establishment of 'Paproć' foundation for purposes related to preservation of nature and natural environment. Apart from education, the foundation intends to acquire entrepreneurs and people supporting pro-ecological activities in the fight to protect the natural heritage.

BONDS OF KOFOLA S.A. ADMITTED TO TRADING ON CATALYST AND BONDSPOT S.A.

As of 30 March 2012, bonds from series A^1, A^2 and A^3 issued by KOFOLA S.A. were introduced to trading on the alternative trading system Catalyst managed by the Warsaw Stock Exchange and wholesale BondSpot S.A. market.

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

According to Resolution number 1 from 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 KOFOLA S.A. by the issue value of PLN 5 500 for each share, thus the total issuance amount of 11 000 thousand PLN.

On 5 March 2012, an agreement concerning tripartite obligations settlement was conducted, under which PCD Hoop Sp. z o.o. settled its obligations towards Hoop Polska Sp. z o.o. in the amount of PLN 11 000 thousand and under which Kofola S.A. has given a cash contribution to cover the increased capital of PCD Hoop Sp. z o.o. – to Hoop Polska sp. z o.o.

In the agreement from 7 March 2012 KOFOLA S.A. has obliged to pay the amount of PLN 11 000 thousand to Hoop Polska Sp. z o.o. in accordance with the established timetable until 28 February 2017.

The above-described steps leading to the restructuring of PCD Hoop Sp. z o.o. constitute execution of commitments adopted by KOFOLA S.A. 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 increase of the PCD Hoop Sp. z o.o. share capital was registered by the Court on 3 April 2012.

CREDIT AGREEMENTS

On 28 March 2012, the Agreement Changing and Standardising the Agreement of Term Credit in the amount of PLN 57 000 thousand was signed between the subsidiary Hoop Polska Sp. z o.o. and Bank Consortium and the Agreement Changing and Standardising the Agreement of Credit in the current account in the amount of PLN 57 000 thousand with the maturity to 28 March 2013.

ACQUISITION OF THE SUBSIDIARY

On 28 March 2012, KOFOLA S.A. acquired 100% of shares in the share capital of the company STEEL INVEST Sp. z o.o., amounted to PLN 50 thousand. At this time, the company does not conduct any business operations.

CHANGE IN THE NAME OF THE SUBSIDIARY

On 30 March 2012 the company Kofola Holding a.s. changed its name to Kofola ČeskoSlovensko a.s.

CHANGE IN THE REGISTERED OFFICE OF THE SUBSIDIARY

On 17 June 2012 the new office of the company Steel Invest Sp. o.o. in Kutno was incorporated in the National Court Register.

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

According to Resolution No. 17 from 25 June 2012 the Ordinary General Meeting of KOFOLA S.A. designated the net profit generated by KOFOLA S.A. in 2011, in the amount of PLN 22 614 thousand and the amount of PLN 680 thousand derived from the dividend fund for the payment of dividends.

Shares from each series (A, B, C, D, E, F, G) will be part of the dividend that amounts to PLN 0.89 per share. The dividend date was set for 25 September 2012 and the payment of the dividend was set for 6 December 2012. The amount of the declared dividend of PLN 23 294 thousand is presented in the short-term liabilities in the item 'Other financial liabilities'.

OWN SHARES REDEMPTION PROGRAMME

In accordance with Resolution No 18 from 25 June 2012 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 in order to remit and reduce the share capital of KOFOLA S.A. The total number of shares covered by the Redemption Programme will be no more than 118 707 shares, which constitutes approximately 0.45% of the share capital, the resources allocated to the Programme may not exceed PLN 1 000 thousand and the price of acquired shares cannot be higher than PLN 40. Under the agreement from 17 July 2012, Dom Maklerski Copernicus Securities S.A. (the brokerage house) 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 19 from 25 June 2012 the Ordinary General Meeting of KOFOLA S.A. decided to establish reserve capital from the dividend fund surplus in 'Other capital' to cover the total amount of own shares acquired by the Company (pursuant to Resolution No 18 from 25 June 2012) in the amount of PLN 1 000 thousand.

RESIGNATION OF THE MEMBER OF THE SUPERVISORY BOARD

On 25 June 2012 Mr. Raimondo Eggink resigned as the Member of the Supervisory Board for personal reasons, which is effective from 1 October 2012.

APPORT AND INCREASE IN THE SHARE CAPITAL OF THE SUBSIDIARY HOOP POLSKA SP. Z O.O.

According to Resolution No 1 from 26 June 2012 the Extraordinary Shareholders Meeting of Hoop Polska Sp. z o.o. increased company's share capital by PLN 100 thousand by the creation of 200 newly established shares with a nominal value of PLN 500 each with a total nominal value of PLN 100 thousand. All the newly established shares were acquired by existing sole shareholder KOFOLA S.A. for a total amount of PLN 13 200 thousand and were covered by the non-monetary contribution in the form of fixed assets (the production line) purchased from a related company Kofola Sp. z o.o. for market value of PLN 13 200 thousand in accordance with the expert valuation. The nominal value surplus of the shares in the amount of PLN 13 200 thousand was transferred to the Hoop Poland Sp. o.o. capital reserve.

KDPW'S DECISSION ABOUT THE ASSIMILATION OF KOFOLA S.A. BONDS FROM SERIES A^2 AND A^3

On 29 June 2012 the Management Board of National Depository for Securities (KDPW) adopted a resolution to proceed assimilation of bonds from series A^2 and A^3 on 3 July 2012. From 3 July 2012, both series occur as A^2.

CONCLUSION OF LIQUIDATION PROCEEDINGS OF SUBSIDIARY

On 9 August 2012 Management Board of KOFOLA S.A. received from the Court information about a final decision on removal its subsidiary - Kofola Zrt. in liquidation with its registered office in Budapest, Hungary from the court register. The above mentioned decision formally ended the liquidation process of the subsidiary commenced with an application from 1 February 2009.

REGISTRATION OF THE SHARE CAPITAL INCREASE OF THE SUBSIDIARY HOOP POLSKA SP. Z O.O.

Until the date of publication, Hoop Polska Sp. z o.o. has not received any information about registration of the share capital increase.

1.3 Description of operating results and financial position

Presented below is a description of the financial position and results of the Kofola Group for the first half of 2012. It should be reviewed along with the consolidated financial statements and with other financial information presented in other sections of the present report and the annual report published on 19 March 2012.

To better present the Group's financial position, in addition to the reviewed consolidated financial information prepared in accordance with the accounting methods arising out of International Financial Reporting Standards and for the Group management purposes, consolidated financial information adjusted for one-off events with prevailing non-monetary part, translated using the same foreign exchange rates.

Due to differences in the exchange rates of the CZK, EUR and RUB to the Polish zloty between the first half of 2012 and the first half of 2011, to obtain better comparability of data, the financial information of the Czech, Slovak and Russian companies for the first half of 2011 have been translated into the Polish zloty using the exchange rates from the first half of 2012. Information about the exchange rates used for valuation purposes is in Note 4.3. The consolidated financial information presenting data translated using the exchange rates for the given period are presented in the second portion of the present report.

It should be noted that only in Note 1.3 the comparative data have been converted at the exchange rate applicable to the first half of 2012. In all other notes the comparative data have been recalculated at the historical rate.

Selected financial highlights	Reported* 1.1.2011 – 30.6.2011	Converted ** 1.1.2011 - 30.6.2011
Revenue	663 581	691 294
Cost of sales	(460 439)	(479 152)
Gross profit	**203 142**	**212 142**
Selling, marketing and distribution costs	(144 492)	(150 807)
Administrative costs	(36 859)	(38 680)
Other operating income / (expenses) net	3 037	3 062
Operating result	**24 828**	**25 717**
Net financial expenses	(10 115)	(9 639)
Income tax	(3 939)	(4 066)
Net profit for the period	**10 774**	**12 012**

* results reported in the first half of 2011 including changes in presentation described in the note 4.5 in the financial part of this report
** results reported in the first half of 2011 are for better comparability recalculated at the exchange rates effective in the first half of 2012

In the Management Board's opinion, the consolidated financial information adjusted by one-off events provide greater comparability of the KOFOLA S.A. Group's results between the periods; but from a formal standpoint, the consolidated financial information, presented in the second section of this report, are reported.

One-off items constitute all extraordinary items, exceptional items, non-recurring or unusual in nature, including in particular costs not arising from ordinary operations, such as those associated with impairment allowances for fixed assets, financial assets, goodwill, intangible fixed assets, relocation costs and the costs of group layoffs.

In the first half of 2012 EBIT, EBITDA and net profit were affected by one-off costs, connected with an impairment allowance for fixed assets in the amount of PLN 1 670 thousand. After adjustment the operating profit amounted to PLN 37 092 thousand, EBITDA amounted to PLN 77 996 thousand and adjusted net profit amounted to PLN 17 417 thousand. Details are presented in the table below:

Selected financial highlights for the period 1.1.2012 - 30.6.2012	Consolidated financial information in accordance with IFRS	Corrections for one-off events	Adjusted consolidated financial information for management purposes
Revenue	689 884	-	689 884
Cost of sales	(483 663)	-	(483 663)
Gross profit	**206 221**	**-**	**206 221**
Selling, marketing and distribution costs	(139 040)	-	(139 040)
Administrative costs	(31 775)	-	(31 775)
Other operating income / (expenses) net	16	1 670	1 686
Operating result (EBIT)	**35 422**	**1 670**	37 092
EBITDA	**76 326**	**1 670**	**77 996**
Net financial expenses	(9 413)	-	(9 413)
Income tax	(10 262)	-	(10 262)
Net profit for the period	**15 747**	**1 670**	**17 417**
- assigned to the shareholders of the parent company	14 828	1 670	16 498

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

SUMMARY OF OPERATING RESULTS IN THE PERIOD OF SIX MONTHS ENDED 30 JUNE 2012

When assessing the financial results of the KOFOLA S.A. Group for the six-month period ended 30 June 2012 it is important to consider market conditions, which had an effect on the Group's results:

- Consumers continued to have a high level of uncertainty and thus looked for savings in their shopping cart.
- Continuing high levels of unemployment and high energy prices had an adverse effect on the level of disposable income, which affected the contents of shopping carts, the tendency to seek sales and high promotional activity by our competitors and retailers in all markets where we operate.
- Transfer of sales from the traditional sales channel into modern and especially to food discount chains (in particular the apparent trend in Poland and Russia).
- Distributors' market consolidation influencing trading conditions.
- High prices of sugar, isoglucose and glucose - fructose syrup compared to the first half of 2011.
- Increasing cost of financing resulting from increase bank lending margins for loan renewals.
- Further increase of the excise duty on alcoholic beverages in Russia in 2012 resulted in price increases for these products. In addition, in the end of 2011 Russian consumers secured themselves by stock purchases with a lower duty. Both factors contributed to a decline in demand for alcoholic beverages in Russia in the first half of 2012.
- Statutory change of capacity of can of low-alcoholic beverages from 0,5l to 0,33l.
- Introduction in Russia since January 2012 the duty of labelling low-alcoholic beverages with the excise marks and problems with the availability of excise bands in the first two months of 2012 year.
- Favourable weather conditions in the second quarter of 2012.

Below, we describe the changes that have taken place in the main items of the consolidated financial information.

- **Revenues** decreased from PLN 691 294 thousand to PLN 689 884 thousand, i.e. by PLN 1 410 thousand, that is by 0.2% compared to the six months ended 30 June 2011. The increase in revenue in Poland, Czech Republic and Slovakia was compensated by the turnover decrease in Russia.
- **Gross profit** decreased from PLN 212 142 thousand to PLN 206 221 thousand, i.e. by PLN 5 921 thousand, that is by 2.8% due to significant increase in sugar and isoglucose prices.
- The increase in adjusted **operating profit (EBIT)** from PLN 25 717 thousand to PLN 37 092 thousand, i.e. by PLN 11 375 thousand, that is by 44.2% possible first of all due to the effects of the introduction of the fixed cost reduction program to the Group in 2011 and due to the optimalization process.
- The increase in adjusted ratio **EBITDA (operating profit plus depreciation)** from PLN 64 059 thousand to PLN 77 996 thousand, i.e. by PLN 13 937 thousand, an increase of 21.8%.
- **Adjusted EBITDA margin** increased from 9.3% in the six months ended 30 June 2011 to 11.3% in the corresponding period of the year 2012.
- The increase in adjusted **net profit attributable to equity holders of the parent company** from PLN 9 552 thousand to PLN 16 498 thousand, i.e. by PLN o 6 946 thousand, that is 72.7%.
- The increase of **net profitability** from 1.4% to 2.4%, i.e. 1 percentage point.
- The decrease in **net financial debt** from PLN 313 645 thousand at the end of December 2011 (converted by the exchange rate to the Polish zloty from 30 June 2012) to the level of PLN 263 522 thousand on 30 June 2012, i.e. PLN 50 123 thousand, a decrease of 16%. Group net debt calculated as a multiple of 12-month adjusted EBITDA amounted to 1.8 at the end of June 2012 and 2.4 at the end of December 2011.
- The increase in **net working capital** from PLN 2 254 thousand as at 30 June 2011 (converted by the exchange rate to the Polish zloty in the reporting period of 2012) to PLN 25 112 thousand as at 30 June 2012. This increase results mainly from a decrease in trade liabilities and other liabilities compared to the level as at 30 June 2011, which is the result mainly of changes in the settlements of excise duty on alcohol in Russia (existing payables as at 30 June 2012 were transferred into receivables in respect of prepayment for excise duty) and the increase in inventory in manufacturing companies in order to provide our customers with a higher level of services.

- **Cash flows generated from operating activities** during the six months ended 30 June 2012 were PLN 86 603 thousand, which means they were higher by PLN 798 thousand, i.e. by 0.9%, compared to cash flows for the same period in 2011.
- **Cash flows from investing activities** incurred during the six months ended 30 June 2012 were PLN 23 258 thousand which means they were lower by PLN 4 446 thousand, i.e. by 19.2% compared to the same period in 2011.
- **Cash flows from financing activities** incurred during the six months ended 30 June 2012 amounted to PLN 73 776 thousand and were higher by PLN 5 606 thousand compared to the same period in 2011.

POLAND

- In the period of six months ended 30 June 2012 (compared to the same period in 2011) Hoop Polska Sp. z o.o. increased revenues from non-related Group entities by PLN 1 849 thousand. The whole increase related to the modern channel.
- In the first half of 2012 new products were introduced to Polish market: Hoop Cola in a 0,25l can, new brands of syrup: Jarmark Polski, new brand of water Białowieski Zdrój and Jupik Aqua sport. Pickwick Ice Tea and Vinea beverage, successful in the Czech Republic and Slovakia, were also introduced on the Polish market.

CZECH REPUBLIC

- In the six-month period ended 30 June 2012 Kofola a.s. (CZ) generated in the traditional and modern channels an increase in sales of 10.2% in the local currency, which indicates the opposite trend with respect to market behaviour and indicates the reversal of decrease in sale trend that had place in 2011. The increase in revenue was the mostly visible in the segment of carbonated beverages, syrups and energy drinks (thanks to acquisition of Pinelli spol. s r.o. in April 2011). In the six-month period ended on 30 June 2012 revenue of Kofola a.s. (CZ) in the most profitable catering channel increased compared to analogical period of 2011 by 4.0% at the time of market decrease by 3.0%.
- Rapid increase of revenue in the first half of 2012 was achieved due to innovation, improvement of effectiveness of sales forces' functioning that resulted in greater sales volume than in the analogical period of previous year, achieved both in retail and restaurant channels and implemented products price increase.
- The Jupi syrups strengthened its leader position due to their high quality, number of implemented innovation and the effective advertising campaign in February and March 2012.
- In the six-month period ended 30 June 2012 the Group launched on the Czech market the following new products: Chito 'Ginger Beer' (non-alcoholic ginger beer) and Chito 'Cloudy lemon', Kofola without sugar with stevia, Kofola with foam, Kofola 'festival' with guava, Kofola 'outdoor' with guarana, new herbal flavours of Jupi syrups (camomile and wild rose, ribwort plantain and yarrow, thyme and wild endive), Jupik with stevia, Rajec water for babies, new flavours of Rajec water – with gooseberry and cranberry, Jupik Aqua sport and Vinea and Pickwick Ice Tea in 0.25l cans.

SLOVAKIA

- In the six-month period ended 30 June 2012, on the growing Slovak market, both in the traditional and modern channels, we noted an increase in sales by 15% counted in the local currency, compared to analogical period. The increase was most visible in the category of carbonated beverages and syrups. Revenues of Kofola a.s. (Slovakia) in the most profitable catering channel increased in the six-month period ended 30 June 2012 compared to analogical period of 2011 by 4.0% at the time of market decrease by 4.0%.
- Rapid increase of revenue in first the half of 2012 was achieved due to innovation, improvement of effectiveness of sales forces' functioning that resulted greater sales volume than in analogical period of previous year, achieved both in retail and restaurant channels and implemented products price increase.
- Slovak Kofola Group products under the brand Rajec were still the leader in the bottled water category. In addition, Vinea has a strong position in the local market of carbonated beverages.
- Just as it is in the Czech Republic, it is also in Slovakia, we have started distributing Rajec water for babies, Chito 'Ginger Beer' (non-alcoholic ginger beer) and Chito 'Cloudy lemon', Kofola without sugar with stevia, Kofola with foam, Kofola 'festival' with guava, Kofola 'outdoor' with guarana, new herbal flavours of Jupi syrups (camomile and wild rose, ribwort plantain and yarrow, thyme and wild endive), Jupik with stevia, Rajec water for babies, new flavours of Rajec water – with gooseberry and cranberry, Jupik Aqua sport and Vinea and Pickwick Ice Tea in 0.25l cans.

RUSSIA

- In Russia, during the period, compared with the six-month period ended 30 June 2011, sales have decreased by 7.5% in the local currency, which when converted to PLN gives a decrease of 13 663 thousand PLN. This decrease was due to the increase of excise duty on alcohol and the fact that, at the end of 2011 customers in Russia were buying alcohol for storing, which caused significant demand drop on those commodities in the first half of 2012.
- In addition, since January 2012 as a result of amendments to the rules of packaging capacity of low-alcohol beverages, they were reduced from 0.5l to 0.33l, that further intensified purchases by distributors at the end of the year in the previous capacity and in consequence demand dropped in the first half of 2012.
- From January 2012, the obligation of banderolling of low-alcohol beverages was introduced in Russia, but there were problems with availability in the first two months of 2012, therefore Megapack Group was not able to complete all orders for low-alcohol beverages and orders for so-called co-packing contracts.
- From January 2012, as announced and as in previous years, there was an increase of excise duty on alcohol that caused the increase of non-alcohol beverages prices on the shelf. Fortunately, in connection with the packaging capacity reduction, price increase of a single can on the shelf was little.
- In the first half of 2012 the Megapack Group continued introduction of its brand products to major supermarkets chains that was associated with opening costs and products' listings in those shops. Those costs charged the first half of 2012 results, however the effects of brand beverages sales increase should be visible in the following periods.

CONDENSED CONSOLIDATED INCOME STATEMENT

THE SIX-MONTH PERIOD ENDED 30 JUNE 2012 COMPARED TO THE SIX-MONTH PERIOD ENDED 30 JUNE 2011

Selected financial highlights	1.1.2012 – 30.6.2012	1.1.2011 - 30.6.2011*	Change 2012/2011	Change 2012/2011 (%)
Revenue	689 884	691 294	(1 410)	(0.2%)
Cost of sales	(483 663)	(479 152)	(4 511)	0.9%
Gross profit	**206 221**	**212 142**	**(5 921)**	**(2.8%)**
Selling, marketing and distribution costs	(139 040)	(150 807)	11 767	(7.8%)
Administrative costs	(31 775)	(38 680)	6 905	(17.9%)
Adjusted other operating income / (expense), net	1 686	3 062	(1 376)	(44.9%)
Adjusted operating result (EBIT)	**37 092**	**25 717**	**11 375**	**44.2%**
Adjusted EBITDA	**77 996**	**64 059**	**13 937**	**21.8%**
Financial expense, net	(9 413)	(9 639)	226	(2.3%)
income tax	(10 262)	(4 066)	(6 196)	152.4%
Adjusted net profit for the period	**17 417**	**12 012**	**5 405**	**45.0%**
- assigned to the shareholders of the parent company	16 498	9 552	6 946	72.7%

	1.1.2012 – 30.6.2012	1.1.2011 - 30.6.2011*
Gross margin %	29.9%	30.7%
EBITDA margin (adjusted) %	11.3%	9.3%
EBIT margin (adjusted) %	5.4%	3.7%
Net profitability (adjusted)	2.4%	1.4%
Adjusted net profit / share	0.6304	0.3650

** Data are recalculated at exchange rates from the 6-month period ended 30 June 2012*

Ratio calculation principles:

Net profit per share – *net profit attributable to shareholders of the parent company / weighted average number of ordinary shares in a given period*
Net profitability – *Net profit attributable to shareholders of the parent company / net revenues from the sales of products, services, goods and materials in a given period*
EBIT margin % – *operating profit for a given period / net revenues from sales of products, services, goods and materials in a given period*
EBITDA margin % – *(operating profit + depreciation for a given period) / net revenues from sales of products, services, goods and materials in a given period*
Gross margin % - *Gross profit for the period / net sales of products, services, goods and materials for the period*

NET SALES REVENUE

The consolidated net sales revenues of the KOFOLA S.A. Group for the 6-month period ended 30 June 2012 amounted to PLN 689 884 thousand, which constitutes a decrease of PLN 1 410 thousand (i.e. 0.2%) compared to the same period of the previous year. Revenue from the sale of finished products and services amounted to PLN 688 094 thousand, which constitutes 99.7% of total revenues. The decrease in the Group's revenues in the analysed period of 2012 compared to the 6-month period ended 30 June 2011 was caused primarily by three factors. First of all, lower by PLN 13 663 thousand revenue of the Megapack Group compared to the same period in 2011 and secondly the closing of operations by PCD Hoop Sp. z o.o., which had a significant impact on the revenue from the sale of goods and materials. In the analysed period of 2012 the revenue from the sale of goods and materials of this company, after excluding intra-group transactions amounted to PLN 203 thousand, whereas in the first half of 2011 amounted to PLN 12 058 thousand, and third of all the decrease in revenue of Pinelli spol. s.r.o. by PLN 5 079 thousand.

On the other hand, positive impacts on the revenues were as follows: higher by PLN 1 849 thousand revenues of Hoop Poland Sp. z o.o. excluding intra-group transactions, higher by PLN 12 817 thousand revenues of Kofola a.s. (Czech Republic) excluding intra-group transactions and higher by PLN 13 818 thousand revenues of Kofola a.s. (Slovakia) excluding intra-group transactions.

The activities of the KOFOLA S.A. Group concentrate on the production of beverages in five market segments: carbonated beverages, non-carbonated beverages, mineral water, syrups and low-alcohol drinks. Together these segments account for around 98.1% of the Group's sales revenues. The revenue structure has not changed considerably compared to the same period of last year. The largest share among the revenues of the analysed period of 2012 was the sale of carbonated beverages, as was the case in the comparative period (44.9% and 41.9% of revenues in 2012 and 2011 respectively).

NET REVENUES OF THE GROUP'S MOST SIGNIFICANT ENTITIES

Net revenues from the sales of products, services, goods and materials *	1.1.2012 - 30.6.2012	1.1.2011 – 30.6.2011**	change	% change
Hoop Polska Sp. z o.o.	244 404	244 088	316	0.1%
Kofola a.s. (CZ)	193 961	176 943	17 018	9.6%
Kofola a.s. (SK)	120 390	112 191	8 199	7.3%
Megapack Group***	168 488	182 151	(13 663)	(7.5%)

* *Standalone data without consolidation adjustments*

** *Data are recalculated at exchange rates from the six-month period ended 30 June 2012*

*** *The Megapack Group (the companies OOO Megapack and OOO Trading House Megapack) is shown in aggregate due to the need to maintain two legal entities arising out of the need to have separate licenses for the production and storage and sale of alcohol*

The revenues generated in the six -month period ended 30 June 2012 by the HOOP Polska Sp. z o.o. were by 0.1% higher than in the comparative period. The whole increase related to the modern channel.

The revenues of Kofola a.s. (CZ) generated in the six-month period ended 30 June 2012 were by 9.6% higher than in the comparative period in local currency. This increase was caused by increased revenues, especially in the carbonated beverages segment, syrup segment and energy drink segment.

The revenues of Kofola a.s. (SK) generated in the six-month period ended 30 June 2012 in the local currency increased by 7.3% mainly because of an increase in revenues from the sale of carbonated beverages and mineral waters.

In the six-month period ended 30 June 2012 the Megapack Group decreased the value of its sales revenue by 7.5% in the local currency compared to the same period of the year 2011, mainly due to three reasons:

- In the face of the increased excise tax on alcohol announced since January 2012, the consumers in Russia secured themselves by stock purchases in the end of 2011, which adversely affected the demand for alcoholic beverages in the first half of 2012,
- Since January 2012, the packaging for alcoholic beverages in Russia has been reduced from 0.5l to 0.33l, which resulted in the increase in purchases at the end of 2011 and the decline in demand for alcoholic beverages in the first half of 2012,
- Unavailability of excise tax label bands in the first two months of 2012.

COSTS OF SALES

In the 6-month period ended 30 June 2012 the KOFOLA S.A. Group's consolidated costs of sales increased by PLN 4 511 thousand, i.e. 0.9%, to PLN 483 663 thousand from PLN 479 152 thousand in the same period of 2011. Consolidated cost of sales for the 6-month period ended 30 June 2012 constituted 70.1% of net sales, compared to 69.3% in the same period of 2011. High level of costs of sales was due to a record high prices of raw materials (mainly sugar and isoglucose), which significantly increased compared to the first half of 2011. The increase in the raw materials prices was mainly offset by the price increase of products, searching for alternate suppliers, reducing the bottle weight and improvement of the efficiency of the production process.

SELLING, MARKETING AND DISTRIBUTION COSTS

In the 6-month period ended 30 June 2012, the KOFOLA S.A. Group's consolidated selling, marketing and distribution costs decreased by PLN 11 767 thousand, i.e. 7.8 % to PLN 139 040 thousand, from PLN 150 807 thousand in the same period of 2011.

Selling, marketing and distribution costs in the 6-month ended 30 June 2012 decreased to the level of 20.2% of net sales revenue in comparison to 21.8% in the same period of 2011. This means a decrease in the share of cost of sales by 1.6 percentage points. This decrease was a result of decreased number of sales force and concentration on bigger and the most perspective clients, optimalization of logistics processes and good control over marketing costs.

ADMINISTRATIVE COSTS

In the 6-month period ended 30 June 2012 the consolidated administrative costs were PLN 31 775 thousand, which means the decrease from PLN 38 680 thousand in the same period of 2011. The share of the consolidated administrative costs in net sales revenue decreased respectively from 5.6% to 4.6% in the comparable periods. The decrease in administrative costs is a result of activities implemented in the beginning of 2011 within the cost reduction program in the whole Group including optimalization of employment and concentration only on the most important projects and actions.

ADJUSTED OPERATING PROFIT

Adjusted operating profit (EBIT) increased by PLN 11 375 thousand, i.e. 44.2%, from PLN 25 717 thousand in the 6 - month period ended 30 June 2011 and amounted to PLN 37 092 thousand in the reporting period.

The adjusted operating profit margin (EBIT margin) in the 6- month period ended 30 June 2012 amounted to 5.4% compared to 3.7% in the same period of 2011.

The increase in operating profit was mainly the result of implemented cost savings in all departments of the Group.

ADJUSTED EBITDA RATIO

The adjusted EBITDA, calculated as the operating profit plus depreciation for a given period, increased from PLN 64 059 thousand in the 6-month period ended 30 June 2011 to PLN 77 996 thousand, i.e. by PLN 13 937 thousand (by 21.8%) in the same period of 2012.

The increase in the EBITDA of the KOFOLA S.A. Group in this period was caused primarily by a higher EBITDA at the company Kofola a.s. (CZ) and in Kofola a.s. (SK). The adjusted EBITDA margin increased from 9.3% in the 6-month period ended 30 June 2011 to 11.3% in the same period of 2012.

The increase in EBITDA margin was attained due to increased prices and cost savings implemented within theGroup.

NET FINANCIAL EXPENSES

In the 6-month period ended 30 June 2012 the Group recorded net financial expenses of PLN 9 413 thousand compared to PLN 9 639 thousand in the same period of 2011.

INCOME TAX

Income tax expense increased from PLN 4 066 thousand recorded in the first six-month period of 2011 to PLN 10 262 thousand in the current period. This increase is caused by a significant increase in profit before tax for the reporting period compared to the same period last year, and unrecognized deferred tax asset. Deferred tax asset was not recognised due to the uncertainty of its use in the future.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Selected financial highlights	30.6.2012	31.12.2011*	30.6.2011*	Change from 12.2011 (%)	Change from 6.2011 (%)
Total assets	**1 353 206**	**1 319 191**	**1 391 952**	**2.6%**	**(2.8%)**
Fixed assets, out of which:	881 836	888 436	898 969	(0.7%)	(1.9%)
Tangible fixed assets	*528 947*	*530 696*	*540 859*	*(0.3%)*	*(2.2%)*
Intangible fixed assets	*213 609*	*214 935*	*214 818*	*(0.6%)*	*(0.6%)*
Goodwill	*117 886*	*118 710*	*117 482*	*(0.7%)*	*0.3%*
Deferred tax assets	*17 911*	*20 540*	*22 248*	*(12.8%)*	*(19.5%)*
Current assets, out of which:	471 370	430 755	492 983	9.4%	(4.4%)
Inventories	*157 222*	*127 790*	*165 246*	*23.0%*	*(4.9%)*
Trade receivables	*263 142*	*240 013*	*263 855*	*9.6%*	*(0.3%)*
Cash and cash equivalents	*40 034*	*50 465*	*45 731*	*(20.7%)*	*(12.5%)*
Total equity and liabilities	**1 353 206**	**1 319 191**	**1 391 952**	**2.6%**	**(2.8%)**
Equity	542 473	553 779	536 689	(2.0%)	1.1%
Long-term liabilities	159 302	158 624	158 963	0.4%	0.2%
Short-term liabilities, out of which:	651 431	606 788	696 300	7.4%	(6.4%)
*Non-controlling interest liabilities****	*41 197*	*41 497*	*38 721*	*(0.7%)*	*6.4%*

	30.6.2012	31.12.2011*	30.6.2011*
Current ratio	0.77	0.76	0.75
Quick ratio	0.51	0.54	0.50
Total debt ratio	59.9%	58.0%	61.4%
Net debt	263 522	313 645	263 497
Net debt /EBITDA **	1.8	2.4	2.2

** translated using exchange rates as at 30 June 2012*
*** based on annualized, adjusted value of EBITDA ratio*
****non-controlling interest liablities is excluded from short-term liabilities for calculation of ratios above*

Ratio calculation principles:

***current ratio** – current assets at the end of a given period / current liabilities at the end of a given period*
***quick ratio** – current assets less inventory at the end of a given period / current liabilities at the end of a given period*
***total debt ratio** - current and non-current liabilities at the end of a given period / total assets at the end of a given period*
***net debt** - long-term and short-term credits, loans and other sources of financing less cash and cash equivalents*

ASSETS

At the end of June 2012 the Group's fixed assets equalled PLN 881 836 thousand. Compared to 31 December 2011 the value of fixed assets decreased by PLN 6 600 thousand (0.7%), that was due to depreciation charge in the amount of PLN 40 904 thousand from one side and from the other side to investment expenditure in the amount of PLN 17 939 thousand and change of the pallets presentation introduced in first half of 2012 in the whole Group, which resulted in transferring of pallets with the book value of PLN 14 870 thousand from inventory to fixed assets. At the end of June 2012 fixed assets accounted for 65.2% of total assets and had dropped compared to the end of December 2011, when it amounted to 67.3%.

Goodwill comprised of four items: the goodwill resulting from the business combination of the HOOP S.A. Group and the Kofola SPV Sp. z o.o. Group, the goodwill of the Megapack Group, the goodwill of Pinelli spol. s r.o. and the value of the production operations of Klimo taken over in 2006 by Kofola a.s. Czech Republic.

As at 30 June 2012 the Group's current assets amounted to PLN 471 370 thousand. At the end of June 2012 they consisted primarily of: trade and other receivables – 55.8% of current assets, and inventory – 33.4%. Compared to the end of June 2011, the value of current assets decreased by PLN 21 613 thousand (including the decrease of inventory by PLN 8 024 thousand, including the transfer of pallets with the book value of PLN 14 870 thousand presented as at 31 December 2011, the decrease of trade receivables by PLN 713 thousand and the decrease of cash and cash equivalents by PLN 5 697 thousand). The value of net working capital calculated as the sum of inventory, trade receivables less short-term trade payables and other payables as at 30 June 2012 was PLN 25 112 thousand compared to PLN 2 254 thousand as at 30 June 2011. This improvement is mostly the result of a decrease in trade payables and other payables compared to state as at 30 June 2011. It resulted mainly from the changes in the settlements of excise duty on alcohol in Russia (existing payables were transferred into receivables in respect of prepayment for excise duty) and the increase in inventory in manufacturing companies in order to provide our customers with increased service level.

LIABILITIES

As at 30 June 2012 the Group's liabilities (long- and short-term together) amounted to PLN 810 733 thousand, which constitutes a drop by PLN 44 530 thousand compared to the end of June 2011. This decrease results mostly from the decrease of trade liabilities, which results mostly from the changes in the settlements of excise duty on alcohol in Russia (existing payables were transferred into receivables in respect of prepayment for excise duty).

As at 30 June 2012 the debt rate (short- and long-term liabilities to total assets) amounted to 59.9% and decreased by 1.5 pp compared to the end of June 2011.

The Group's net debt (which is the sum of long- and short-term payables relating to credits, loans, leasing and other debt instruments less cash and cash equivalents) amounted to PLN 263 522 thousand as at 30 June 2012 and was at the similar level compared to the end of June 2011.

CONSOLIDATED CASH FLOW

In the six-month period ended on 30 June 2012 the value of net consolidated cash flows amounted to PLN (10 803) thousand and was at the same level as in the same period of the year 2011, when it had amounted to PLN (10 802) thousand.

The value of consolidated operating cash flows generated in the six-month period ended on 30 June 2012 was PLN 86 603 thousand compared to PLN 85 805 thousand in the same period of 2011. The effect of the increase in profit before tax in the current period was compensated by a negative impact of foreign exchange differences related to operating activities and the reversal of excise duty payables in Russia into receivables in respect of prepayment for excise duty.

In the six-month period ended on 30 June 2012 the value of consolidated investment cash flows was PLN (23 258) thousand compared to PLN (27 704) thousand in the same period of 2011.

The value of consolidated financing cash flows in the six-month period ended on 30 June 2012 as in the same period of 2011, was negative and amounted to PLN (73 776) thousand and PLN (68 170) thousand, respectively. The Group tries to minimalise the usage of overdraft accounts as well as the interest costs.

1.4 Segments

ESTIMATED POSITION OF THE KOFOLA S.A. GROUP ON THE RETAIL MARKET OF NON-ALCOHOLIC BEVERAGES

As at 30 June 2012 companies of the KOFOLA S.A. Group rank first on the non-alcoholic beverages market **in Czech Republic** when it comes to the syrups market, second on the cola-type drinks, second on the on the market of children's drinks, second on the carbonated beverages and fourth on the mineral water market. **In Slovakia** ranked first on the mineral water market, second on the children's drinks market, second on the cola-type beverages, second on the syrup market and second on the non-carbonated beverages market. On the Polish market ranked second on the syrup market, third on the cola-type beverages, fifth on the children's drinks market and seventh on the non-carbonated beverages market.

In Russia the company Megapack was until now visible primarily on the local Moscow market. Due to the size of the Russian market, data relating to the company do not appear in market statistics, which makes it difficult to determine its market position.

PRODUCTS

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

KOFOLA S.A. GROUP BRANDS IN 2012	
CARBONATED BEVERAGES	Kofola, RC Cola, Citrocola, Hoop Cola, Top Topic, Vinea, Orangina, Chito, Citronela, Fruti, Mr. Max
NATURAL SPRING WATERS	Rajec, Arctic, Grodziska, Bialowieski zdrój
NON-CARBONATED BEVERAGES	Jupí Fruit Drink, Top Topic
100% FRUIT JUICES AND NECTARS	Snipp
SYRUPS AND CONCENTRATES	Jupí, Paola, Jarmark Polski
CHILDRENS' DRINKS	Jupík, Jupík Aqua, Jumper
ICE TEA	Pickwick Ice Tea
ENERGY DRINKS	Semtex, Erektus
LOW ALCOHOL BEVERAGES (Russia)	Hooper`s Hooch, Dieviatka

From the beginning of 2012 the Group's beverage assortment was extended by the new brand of syrups in the economic segment Jarmark Polski, new brand of water Białowieski zdrój, Chito 'Ginger Beer' (non-alcoholic ginger beer) and Chito 'Cloudy lemon', Kofola without sugar with stevia, Kofola with foam, Kofola 'festival' with guava, Kofola 'outdoor' with guarana, new herbal flavours of Jupi syrups (camomile and wild rose, ribwort plantain and yarrow, thyme and wild endive), Jupik with stevia, Rajec water for babies, new flavours of Rajec water – gooseberry and cranberry, Jupik Aqua sport and Vinea and Pickwick Ice Tea in 0.25l cans.

KOFOLA Group S.A. also produces water, and non-carbonated soft drinks and syrups on behalf of external companies, mostly retailers. These companies offer consumer products under its own brand using the distribution capabilities of its own stores.

In addition, the company Megapack, which operates on the Russian market also sells drink bottling services on commission of companies outside the Group. This applies to both low-alcohol beverages and non-alcoholic beverages.

The Management Board has decided to introduce from 30 June 2012 changes presentation of segments to better reflect how the business performance of the Group is managed and verified.

The Group conducts activities as part of the following segments:

- Poland
- Czech Republic
- Russia
- Slovakia
- Export

The Group applies the same accounting methods for all of the segments. Transactions between segments are eliminated in the consolidation process.

As part of presenting its segments, the Group identified two clients, who generated more than 10% of the segment's revenues. The Group's revenues from these clients for the six-month period ended 30 June 2012 amounted in total to PLN 237 788 thousand and related to Russia and Poland.

It should be noted that the comparable data within the information on segments have been established at the historical cost. This is important in respect of the Russian units in the context of the comparability of the information contained in Note 1.3. Due to decrease in Polish zloty against Russian ruble exchange rate, the change in revenues in local currency was offset by foreign exchange differences on translation to PLN, as a result, decrease in revenues of Russian companies is not visible in the information on segments.

Total revenues and costs of each operating segment include one-off items and are consistent with data presented in the profit and loss for the reporting and comparable period. Reporting segment results for the six-month period ended 30 June 2012 and the six-month period ended 30 June 2011:

GEOGRAPHICAL SEGMENTS

1.1.2012 - 30.6.2012	Poland	Czech Republic	Russia	Slovakia	Export	Eliminations (consolidation adjustments)	Total
Revenue	251 172	194 863	168 488	130 794	2 532	(57 965)	689 884
Sales to external customers	239 135	174 831	168 488	104 898	2 532	-	689 884
Inter-segment sales	12 037	20 032	-	25 896	-	(57 965)	-
Adjusted operating expenses	(251 036)	(173 999)	(163 985)	(118 706)	(2 537)	57 471	(652 792)
Related to sales to external customers	(238 998)	(154 462)	(163 985)	(92 810)	(2 537)	-	(652 792)
Related to inter-segment sales	(12 038)	(19 537)	-	(25 896)	-	57 471	-
Adjusted operating profit (loss)	**136**	**20 864**	**4 503**	**12 088**	**(5)**	**(494)**	**37 092**
One-off operating expenses	(1 670)						(1 670)
Adjusted operating profit (loss)	**(1 534)**	**20 864**	**4 503**	**12 088**	**(5)**	**(494)**	**35 422**
Result on financial activity	4 707	3 029	(801)	(851)	(1)	(15 496)	(9 413)
within segment	(5 556)	(2 204)	(801)	(851)	(1)	-	(9 413)
between segments	10 263	5 233	-	-	-	(15 496)	-
Profit /(loss) before tax	3 173	23 893	3 702	11 237	(6)	(15 990)	26 009
Income tax	(2 408)	(3 752)	(1 864)	(2 236)	(2)	-	(10 262)
Net profit /(loss)	**765**	**20 141**	**1 838**	**9 001**	**(8)**	**(15 990)**	**15 747**
Assets and liabilities							
Segment assets	712 235	498 329	148 207	213 561	2 190	(221 316)	1 353 206
Total assets	**712 235**	**498 329**	**148 207**	**213 561**	**2 190**	**(221 316)**	**1 353 206**
Segment liabilities	381 596	411 619	107 057	141 464	60	(231 063)	810 733
Equity							542 473
Total liabilities and equity							**1 353 206**
Other information concerning segment							
Investment expenditure:							
Tangibles and intangibles	5 678	8 448	2 210	3 549	-	(1 946)	17 939
Amortisation and depreciation	15 044	14 205	4 194	8 461	-	(1 000)	40 904

1.1.2011 - 30.6.2011 *	Poland	Czech Republic	Russia	Slovakia	Export	Eliminations (consolidation adjustments)	Total
Revenue	266 126	175 621	169 248	108 737	1 371	(57 522)	663 581
Sales to external customers	253 806	152 778	168 919	86 707	1 371	-	663 581
Inter-segment sales	12 320	22 843	329	22 030	-	(57 522)	-
Operating expenses	(259 804)	(161 959)	(163 888)	(108 052)	(1 349)	56 299	(638 753)
Related to third party sales	(247 861)	(139 962)	(163 559)	(86 022)	(1 349)	-	(638 753)
Related to inter-segment sales	(11 943)	(21 997)	(329)	(22 030)	-	56 299	-
Operating profit (loss)	**6 322**	**13 662**	**5 360**	**685**	**22**	**(1 223)**	**24 828**
Result on fiancial activity	17 650	2 192	804	(1 181)	1	(29 581)	(10 115)
within segment	(6 876)	(2 863)	804	(1 181)	1	-	(10 115)
between segments	24 526	5 055	-	-	-	(29 581)	-
Profit /(loss) before tax	23 972	15 854	6 164	(496)	23	(30 804)	14 713
Income tax	(3 464)	21	(1 602)	(36)	-	1 142	(3 939)
Net profit /(loss)	**20 508**	**15 875**	**4 562**	**(532)**	**23**	**(29 662)**	**10 774**
Assets and liabilities							
Segment assets	790 587	510 067	148 208	204 793	73	(289 380)	1 364 348
Total assets	**790 587**	**510 067**	**148 208**	**204 793**	**73**	**(289 380)**	**1 364 348**
Segment liabilities	422 432	438 110	109 484	146 759	(138)	(281 555)	835 092
Equity							529 256
Total liabilities and equity							**1 364 348**
Other information concerning segment							
Investment expenditure:							
Tangibles and intangibles	12 700	6 306	3 421	1 266	-	(1 815)	21 878
Depreciation and amortization	11 955	12 555	4 973	7 584	-	-	37 067

* Data in segments for comparative period have been established by the historical cost. They have not been calculated for better comparability, as in the Note 1.3, at the rate applicable for the current period.

PRODUCT SEGMENTS

	Continuing operations						
1.1.2012 - 30.6.2012	Carbonated beverages	Non-Carbonated beverages	Mineral waters	Syrups	Low alcohol drinks	Other	Total
Revenue	310 017	56 301	107 255	75 894	127 188	13 229	689 884
Adjusted operating expenses	(288 698)	(55 213)	(106 570)	(73 887)	(118 770)	(9 654)	(652 792)
Adjusted operating profit	**21 319**	**1 088**	**685**	**2 007**	**8 418**	**3 575**	**37 092**
One-off operating expenses							(1 670)
Operating profit	**21 319**	**1 088**	**685**	**2 007**	**8 418**	**3 575**	**35 422**
Result on financial activity							(9 413)
Profit before tax							26 009
Income tax							(10 262)
Net profit							**15 747**

	Continuing operations						
1.1.2011 - 30.6.2011 *	Carbonated beverages	Non-Carbonated beverages	Mineral waters	Syrups	Low alcohol drinks	Other	Total
Revenue	278 270	64 837	110 611	64 437	128 405	17 021	663 581
Operating expenses	(259 040)	(63 613)	(116 246)	(59 003)	(121 906)	(18 945)	(638 753)
Operating profit (loss)	**19 230**	**1 224**	**(5 635)**	**5 434**	**6 499**	**(1 924)**	**24 828**
Result on financial activity							(10 115)
Profit before tax							14 713
Income tax							(3 939)
Net profit							**10 774**

* Data in segments for comparative period have been established by the historical cost. They have not been calculated for better comparability, similarly as in the Note 1.3, at the rate applicable for the current period.

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

According to the Company's information as at the date of the preparation of the present report (i.e. 28 August 2012), the following entities held at least 5% of the total number of votes at General Shareholders Meeting of KOFOLA S.A:

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

- 13 395 373 shares, or 51.18% of share capital of KOFOLA S.A.
- 13 395 373 votes, or 51.18% of total votes at General Shareholders Meeting of KOFOLA S.A.

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

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

As at 30 June 2012 the share capital amounted to PLN 26 172 602 and consisted of 26 172 602 shares with a nominal value of PLN 1 each entitling to 26 172 602 votes at General Shareholders Meeting.

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

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

SHARE CAPITAL STRUCTURE

Shareholder	Share capital (value)	% 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%
Others	118 707	0.45%	0.45%
Total	**26 172 602**	**100.00%**	**100.00%**

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

According to the Company's information as at the date of submission of the report for the six-month period ended 30 June 2012 no changes occurred in the ownership of KOFOLA S.A. shares by management and supervisory staff compared to the date of submission of the first quarter report for the year 2012 (i.e. 15 May 2012).

1.8 Ongoing proceedings before courts, arbitration organs or public administration organs

FRUCTO-MAJ SP. Z O.O.

KOFOLA S.A. holds debts of Fructo-May Sp. z o.o., a company in a state of bankruptcy. As at 30 June 2012 the total value of these receivables is PLN 7 455 thousand, the balance sheet value of this item after revaluation is PLN 39 thousand. At this time the assets of Fructo-Maj Sp. z o.o. are still being sold by the bankruptcy estate receiver. According to the Management, based on the current legal status, write-downs of assets associated with Fructo-Maj Sp. z o.o. included in these financial information are adequate.

POMORSKIE CENTRUM DYSTRYBUCJI HOOP SP. Z O.O.

The subsidiary Pomorskie Centrum Dystrybucji Hoop Sp. z o.o. is currently in the process of significant reduction of operational activities and disposal of its assets (according to concluded arrangement).

According to the resolution No 1 from 28 February 2012 Extraordinary Shareholders Meeting of the 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 KOFOLA S.A. by the issue value of PLN 5 500 for each share, thus the total issuance amount of PLN 11 000 thousand.

On 5 March 2012, an agreement concerning tripartite obligations settlement was conducted, under which PCD Hoop Sp. z o.o. settled its obligations towards Hoop Polska Sp. z o.o. in the amount of PLN 11 000 thousand and under which Kofola SA has given a cash contribution to cover the increased capital of PCD Hoop Sp. z o.o. – to Hoop Polska Sp. z o.o.

In the agreement from 7 March 2012 KOFOLA S.A. has obliged to pay the amount of PLN 11 000 thousand to Hoop Polska in accordance with the established timetable until 28 February 2017.

The above-described steps leading to the restructuring of the PCD Hoop Sp. z o.o. constitute execution of commitments adopted by KOFOLA S.A. in the course of the arrangements of the company PCD Hoop Sp. z o.o. arising from the decision of 22 November 2012 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 increase of the PCD Hoop Sp. z o.o. share capital was registered by the Court on 3 April 2012.

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

According to Resolution number 13/XI/2011 of KOFOLA S.A.'s Supervisory Board from 10 November 2011 regarding approval of Bond Issuance Program realisation changed by Supervisory Board resolution number 1/2012 from 20 February 2012 and KOFOLA S.A. Management resolution number 1/II/2012 from 1 February 2012 regarding issuance of bonds from series A^3, KOFOLA S.A. as at 20 February 2012 issued 16 850 bonds from series A^3 at the issue price and with nominal value of PLN 1 000 each with a maturity of 34 months.

In connection with excise alcoholic tax regulations the OOO Megapack subsidiary in Russia received in the reporting period guarantees in the total amount of PLN 121 273 thousand on the basis of agreements with several banks.

1.10 Information about significant contracts

No significant contract was concluded in the period covered by the financial information.

1.11 Information about relationships with other Group entities

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

A description of the transactions concluded between related parties is presented in Note 5.16 to the financial information.

1.12 Information on the granting by the Issuer or its subsidiary of credit or loan guarantees or sureties

Entity providing guarantees/ sureties	Entity receiving guarantees/sureties	Credit value on balance sheet day which were subject to guarantee/sureties		The period for providing guarantees/ sureties	The entity for which liabilities guarantees/ sureties were provided	Kind of relationship between the entity providing guarantees/sureties and one on behalf of which it was provided
		in currency	in ths. PLN			
Kofola ČeskoSlovensko a.s.	UNICREDIT BANK	381 T EUR	1 624	12/2014	Kofola a.s. (SK)	subsidiary
Kofola ČeskoSlovensko a.s.	VÚB BANKA	6 140 T EUR	26 164	12/2017	Kofola a.s. (SK)	subsidiary
Kofola ČeskoSlovensko a.s.	ČSOB a.s.	178 T EUR	759	3/2014	Kofola a.s. (SK)	subsidiary
Kofola ČeskoSlovensko a.s.	Raiffeisen-Leasing	29 921 T CZK	4 979	10/2015	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	OberbankLeasing	3 310 T CZK	551	4/2016	Kofola a.s. (CZ)	subsidiary
Kofola ČeskoSlovensko a.s.	OberbankLeasing	3 464 T CZK	576	5/2016	Kofola a.s. (CZ)	subsidiary
KOFOLA S.A.	Bank Zachodni WBK S.A.	26 600 T PLN	26 600	12/2016	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank Zachodni WBK S.A.	6 414 T PLN	6 414	12/2016	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Kredyt Bank S.A.	- T PLN	-	12/2016	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank Pekao S.A.	9 199 T PLN	9 199	12/2016	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Deutsche Leasing	2 004 T EUR	8 539	2/2014	Hoop Polska Sp z o.o.	subsidiary
KOFOLA S.A.	ING Commercial Finance	4 172 T PLN	4 172	until termination of the contract – undefined contract	Hoop Polska Sp z o.o.	subsidiary
KOFOLA S.A.	Komercni banka a.s.	89 999 T CZK	14 976	12/2016	Kofola a.s., CZ	subsidiary
KOFOLA S.A.	Komercni banka a.s.	18 833 T CZK	3 134	12/2012	Kofola a.s., CZ	subsidiary
Total sureties for loans or guarantees issued			**107 687**	**ths. PLN**		

In the reporting period the companies of the KOFOLA S.A. Group received no remuneration for guaranteeing the liabilities of other Group companies.

1.13 Information on issuing securities

According to the resolution No 13/XI/2011 of KOFOLA S.A. Supervisory Board from 10 November 2011 regarding approval of Bond Issuance Program realization amended with the Management resolution No 1/2012 from 20 February 2012 and the KOFOLA S.A. Management resolution No 1/II/2012 from 1 February 2012 regarding issuance of bonds from serie A^3, KOFOLA S.A. as at 20 February 2012 issued 16 850 bonds from serie A^3.

In accordance of the Terms of Bonds Issuance:

- bonds are bearer bonds,
- bonds are not secured,
- the nominal value of bonds is PLN 1 000 each,
- the issue price of bonds is equal to their nominal value,
- maturity from bonds of serie A^3 falls for 34 months from the date of the resolution of the allocation and settlement,
- interest on the bonds shall be determined by the sum of the index and margin WIBOR 6M,
- interest will be paid every six months where the first interest period began on the date of issue and ended after four months from the emission day,
- bond purchase proposal was addressed to no more than 99 recipients in the manner specified in Article 9, item 3 of the Act on Bonds,
- bonds do not have the form of a document,
- bonds give right only to cash benefits,
- in accordance with the Terms of Bonds Issuance on 30 March 2012 bonds were introduced to trading on the Catalyst and BondSpot S.A. markets,
- after two interest periods Issuer has granted option to redeem bonds with the assumption that one-time bay-back will be at least 15% of the issued series under the Bond Issuance Program.

As at 21 June 2012, the interests for the first interest period on bonds issued by KOFOLA S.A.for all series were paid.

As at 29 June 2012 the Management Board of National Depository for Securities (KDPW) adopted a resolution to proceed assimilation of bonds from series A^2 and A^3 on 3 July 2012. From 3 July 2012, both series occur as A^2.

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

The Group published no financial result forecasts for the year 2012.

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

The net result of the Group during the reporting period in relation to comparable data was significantly influenced by the increase in prices of basic raw materials, particularly sugar and isoglucose. Most of the basic raw materials and so-called commodity prices are subject to significant fluctuations in global markets. Sugar prices reached the highest level for 30 years, prices of granulation for the production of PET bottles are also at high level in recent years. Our companies, in reaction to high raw material prices, had to increase product prices during 2011.

In connection with a restructuring plan of sales, production and administration department conducted in the Czech Republic and Slovakia in 2011, which resulted in reduced employment in these companies, the Group recognised a decrease of employee and retirement benefit expenses costs by PLN 3 222 thousand (i.e. by 4%) in the six-month period ended 30 June 2012.

The result of a six-month period ended 30 June 2012 was affected by a one-off non-cash event. The Group created an impairement allowance for fixed assets in the amount of PLN 1 670 thousand.

1.16 The factors that could have a significant effect on the Group's future financial results

The Kofola Group's competitive position has to do with basic market factors, such as: the strength of its brands, innovation, costs, production quality, the scale effect, swiftness and market position and the ability to obtain raw materials at favourable prices. In the Management's opinion, the Group's financial position, its production potential and market position pose no threats to its continued growth. There are, however, several factors, especially external that will, either directly or indirectly, affect the Group's financial results in the coming quarters.

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

- the prices of raw production materials, of which the majority is based on so-called commodities (the prices of raw materials such as oil, sugar, isoglucose, granules for the production of PET bottles, fruit concentrates, foil or paper – which, especially in the case of sugar and isoglucose, are at a record high price levels),
- the changes in the structure of retail trade, consisting of the growing importance of discount food chains at the expense of traditional channels, with slower than previous growth of the supermarket chains, consolidation of distributors and wholesalers and the speed of adapting Kofola Group's operating business model to the changing market,
- the ability to maintain the largest customers at reasonable commercial terms to enable Kofola Group companies to improve performance and generate positive cash flows,
- the level of unemployment and people's willingness to consume outside of home and purchase brand name food products
- pricing policies of competitors, in particular in the segment of carbonated soft drinks (especially cola), mineral waters and syrups,
- weather conditions (temperature, precipitation),
- changes in foreign exchange rates (PLN, CZK, EUR and RUB) and effectiveness of protection against such changes – so called hedging,
- increase in excise tax on low-alcohol beverages in Russia and other changes regarding low-alcoholic beverages,
- ability to introduce new innovative products on the market,
- interest rates,
- the availability of funding and the associated expected profit margins of banks and bondholders.

1.17 Subsequent events

KDPW'S DECISSION ABOUT THE ASSIMILATION OF KOFOLA S.A. BONDS FROM SERIES A^2 AND A^3

As at 29 June 2012 the Management Board of National Depository for Securities (KDPW) adopted a resolution to proceed assimilation of bonds from series A^2 and A^3 on 3 July 2012. From 3 July 2012, both series occur as A^2.

END OF LIQUIDATION PROCESS OF SUBSIDIARY

On 9 August 2012 the Management Board of KOFOLA S.A. received from the Court information about a final decision on removal its subsidiary - Kofola Zrt. in liquidation with its registered office in Budapest, Hungary from the court register. The above mentioned decision formally ended the liquidation process of the subsidiary commenced with an application from 1 February 2009.

REGISTRATION OF THE SHARE CAIPTAL INCREASE OF THE HOOP POLSKA SP. Z O.O. SUBSIDIARY

Until the date of publication, Hoop Polska Sp. z o.o. has not received any information about registration of the share capital increase.

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

According to § 89 par. 1 item 4 and § 90 par. 1 item 4 of the Decree of the Council of Ministers from 19 February 2009 on current and periodic information published by the issuers of securities and conditions for recognising as equivalent information required by law of a non-member state, the Management Board of KOFOLA S.A. declares that according to its best knowledge, the interim condensed standalone financial information of KOFOLA S.A. and the interim condensed consolidated financial information of the KOFOLA S.A. Group for the period from 1 January 2012 to 30 June 2012 and comparative figures have been prepared in accordance with applicable accounting principles and give a true and fair view about financial position and financial performance of KOFOLA S.A. and the KOFOLA S.A. Group, and that the director's report on the activities of the Group presents a true view of the development and achievements as well as position of KOFOLA S.A. and the KOFOLA S.A. Group, including a description of the main risks and threats.

At the same time according to § 89 par. 1 item 5 and § 90 par. 1 item 5 the above-mentioned Decree, the Management Board of KOFOLA S.A. declares that the entity authorised to review the financial information, which reviewed the interim condensed standalone financial information of KOFOLA S.A. and the interim condensed consolidated financial information of the KOFOLA S.A. Group for the period from 1 January 2012 to 30 June 2012, was selected in accordance with the legal regulations and that this entity and the auditors performing the review, met the conditions for independence in accordance with applicable regulations and professional standards.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

30.8.2012	**Janis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
30.8.2012	**Bartosz Marczuk**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

30.8.2012	**Katarzyna Balcerowicz**	**Chief Accountant**	....
date	*name and surname*	*position*	*signature*

Document signed on the Polish original.

2.1 Condensed consolidated income statement

for the 6-month period ended 30 June 2012 (under review) and the 6-month period ended 30 June 2011 (under review, restated) in thousand PLN.

Condensed consolidated income statement	Note	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Revenue from the sale of finished products and services	5.1	688 094	650 964
Revenue from the sale of goods and materials	5.1	1 790	12 617
Revenue		689 884	663 581
Cost of products and services sold	5.2	(482 077)	(448 667)
Cost of goods and materials sold	5.2	(1 586)	(11 772)
Total cost of sales		(483 663)	(460 439)
Gross profit		**206 221**	**203 142**
Selling, marketing and distribution costs	5.2	(139 040)	(144 492)
Administrative costs	5.2	(31 775)	(36 859)
Other operating income		2 299	5 446
Other operating expenses		(2 283)	(2 409)
Operating result		**35 422**	**24 828**
Financial income	5.3	3 843	1 532
Financial expense	5.4	(13 256)	(11 538)
Share in profit received from associates	5.5	-	(109)
Profit before tax		**26 009**	**14 713**
Income tax	5.8	(10 262)	(3 939)
Net profit for the financial year		**15 747**	**10 774**
Attributable to:			
Shareholders of the parent company		14 828	8 493
Non-controlling interests shareholders		919	2 281
Earnings per share (in PLN)			
– basic earnings per share	5.10	0.5665	0.3245
– diluted earnings per share	5.10	0.5664	0.3244

2.2 Condensed consolidated statement of comprehensive income

for the 6-month period ended 30 June 2012 (under review) and the 6-month period ended 30 June 2011 (under review, restated) in thousand PLN.

Condensed consolidated statement of comprehensive income	Nota	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Net profit for the period		**15 747**	**10 774**
Other comprehensive income			
Currency differences from translation of foreign subsidiaries		(9 312)	5 890
Other comprehensive income (net)		**(9 312)**	**5 890**
Total comprehensive income	2.5	**6 435**	**16 664**
Attributable to:			
Shareholders of the parent company	2.5	6 735	13 692
Non-controlling interests shareholders	2.5	(300)	2 972

2.3 Condensed consolidated statement of financial position

As at 30 June 2012 (under review), as at 31 December 2011 (audited, restated) and as at 30 June 2011 (under review, restated) in thousand PLN.

ASSETS	Note	30.6.2012	31.12.2011	30.6.2011
Fixed assets (long-term)		**881 836**	**903 635**	**882 745**
Tangible fixed assets	5.11	528 947	541 122	529 238
Goodwill		117 886	118 972	117 355
Intangible fixed assets	5.12	213 609	218 870	210 669
Other financial assets		-	73	-
Other long-term assets		3 483	3 481	3 560
Deferred tax assets		17 911	21 117	21 923
Current assets (short-term)		**471 370**	**441 161**	**481 603**
Inventories		157 222	130 523	162 237
Trade receivables and other receivables		263 141	247 242	256 885
Current income tax receivables		973	2 560	8 020
Cash and cash equivalents		40 034	50 836	44 461
Assets (group of assets) held for sale	5.13	10 000	10 000	10 000
TOTAL ASSETS		**1 353 206**	**1 344 796**	**1 364 348**

LIABILITIES AND EQUITY	Note	30.6.2012	31.12.2011	30.6.2011
Equity		**542 473**	**559 340**	**529 256**
Share capital	2.5	26 173	26 173	26 173
Other capital	2.5	563 669	571 794	558 161
Accumulated deficit	2.5	(47 369)	(38 627)	(55 078)
Long-term liabilities		**159 302**	**165 029**	**152 589**
Bank credits and loans	5.14	77 634	84 392	104 208
Bonds issued	5.14	48 585	31 808	-
Financial leasing liabilities		11 213	15 727	17 823
Provisions	5.6	70	70	69
Other liabilities		10 238	20 281	21 735
Deferred tax reserve		11 562	12 751	8 754
Short-term liabilities		**651 431**	**620 427**	**682 503**
Bank credits and loans	5.14	153 748	224 386	167 272
Bonds issued	5.14	113	82	-
Financial leasing liabilities		10 546	12 779	10 378
Trade liabilities and other liabilities		395 251	313 576	417 012
Current income tax liabilities		4 846	3 358	1 346
Other financial liabilities		23 227	18	16 228
Provisions	5.6	19 734	22 490	29 118
Non-controlling interest liabilities	4.6	41 197	41 497	38 721
Government subsidies		1 052	-	-
Liabilities (group of liabilities) related to assets held for sale	5.13	1 717	2 241	2 428
Total liabilities		**810 733**	**785 456**	**835 092**
TOTAL LIABILITIES AND EQUITY		**1 353 206**	**1 344 796**	**1 364 348**

2.4 Condensed consolidated cash flow statement

for the 6-month period ended 30 June 2012 (under review) and the 6-month period ended 30 June 2011 (under review, restated) in PLN thousand.

Condensed consolidated cash flow statement	Note	1.1.2012 – 30.6.2012	1.1.2011 - 30.6.2011
Cash flow on operating activity			
Profit before income tax		26 009	14 713
Adjustments for:			
Non-cash movements			
Depreciation	5.2	40 904	37 067
Net interest and dividends	5.3,5.4	10 381	8 387
Change in the balance of provisions		(2 756)	(1 467)
Impairment allowance for fixed assets		1 670	-
Other		-	800
Other currency differences from translation		(18 721)	2 660
Cash movements			
Net foreign exchange differences	5.3,5.4	(358)	374
(Profit)/loss on investment activity		(223)	581
Paid income tax		(4 189)	(1 177)
Changes in working capital			
Change in the balance of receivables		(21 785)	(55 157)
Change in the balance of inventories		(41 569)	(33 063)
Change in the balance of liabilities		97 240	112 087
Net cash flow on operating activity		**86 603**	**85 805**
Cash flow on investing activity			
Sale of intangible assets and fixed assets		431	2 500
Purchase of intangible assets and fixed assets	5.11,5.12	(17 939)	(21 878)
Purchase of subsidiary net of acquired cash		(6 656)	(9 757)
Dividends and interest received		906	1 431
Net cash flow on investing activity		**(23 258)**	**(27 704)**
Cash flow on financial activity			
Repayment of financial leasing liabilities		(8 753)	(7 770)
Proceeds from loans and bank credits received		24 954	17 523
Proceeds from bonds issue		16 697	-
Repayment of loans and bank credits		(95 719)	(62 817)
Dividends paid to the non-controlling interests shareholders		-	(5 439)
Interest paid	5.4	(10 955)	(9 667)
Net cash flow on financing activity		**(73 776)**	**(68 170)**
Total net cash flow		(10 431)	(10 069)
Currency differences from translation of cash		(372)	(733)
Cash at the beginning of the period		**50 836**	**55 263**
Cash at the end of the period		**40 033**	**44 461**

2.5 Condensed consolidated statement of changes in equity

for the 6-month period ended 30 June 2012 (under review), for the 12-month period ended 31 December 2011 (audited, restated) and for the 6-month period ended 30 June 2011 (under review, restated) in PLN thousand.

Condensed consolidated statement of changes in equity	Note	Share capital	Other capital		Accumulated deficit	Total
			Total other capital	including: Currency differences from translation of foreign subsidiaries		
As at 1.1.2011		**26 173**	**482 870**	**24 769**	**(37 446)**	**471 597**
Correction of errors	4.6	-	60 189	-	-	60 189
As at 1.1.2011 after restatement		**26 173**	**543 059**	**24 769**	**(37 446)**	**531 786**
Total comprehensive income for the period	2.2	**-**	**5 199**	**5 199**	**8 493**	**13 692**
Dividends payment	5.7	-	-	-	(16 227)	(16 227)
Other (profit distribution)		-	9 903	-	(9 898)	5
As at 30.6.2011		**26 173**	**558 161**	**29 968**	**(55 078)**	**529 256**
As at 1.1.2011		**26 173**	**482 870**	**24 769**	**(37 446)**	**471 597**
Correction of errors	4.6	-	60 189	-	-	60 189
As at 1.1.2011 after restatement		**26 173**	**543 059**	**24 769**	**(37 446)**	**531 786**
Total comprehensive income for the period		**-**	**19 424**	**19 424**	**24 232**	**43 656**
Dividends payment		-	-	-	(16 227)	(16 227)
Other (profit distribution)		-	9 311	-	(9 186)	125
As at 31.12.2011		**26 173**	**571 794**	**44 193**	**(38 627)**	**559 340**
As at 1.1.2012		**26 173**	**511 605**	**44 193**	**(38 627)**	**499 151**
Correction of errors	4.6	-	60 189	-	-	60 189
As at 1.1.2012 after restatement		**26 173**	**571 794**	**44 193**	**(38 627)**	**559 340**
Total comprehensive income for the period	2.2	**-**	**(8 093)**	**(8 093)**	**14 828**	**6 735**
Dividends payment	5.7	-	(680)	-	(22 614)	(23 294)
Other (profit distribution)		-	648	-	(956)	(308)
As at 30.6.2012		**26 173**	**563 669**	**36 100**	**(47 369)**	**542 473**

3. GENERAL INFORMATION

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

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

Registered office currently ul. Wschodnia 5, 99-300 Kutno, till 24 October 2011 ul. Jana Olbrachta 94, 01-102 Warsaw.

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

Registration organ: the Regional Court for the capital city of Warsaw, XII Business Division of the National Court Register, KRS 0000134518.

The Company has been formed for an unspecified time.

The Group's consolidated financial information cover the 6-month period ended 30 June 2012, and contain comparatives for the 6-month period ended 30 June 2011.

MANAGEMENT BOARD

As at 30 June 2012 the Management Board ("MB") of the holding company KOFOLA S.A. comprised:

- Mr. Janis Samaras – Chairman of the MB,
- Mr. Bartosz Marczuk – Member of the MB,
- Mr. Martin Mateáš – Member of the MB,
- Mr. Tomáš Jendřejek – Member of the MB,
- Mr. René Musila – Member of the MB.

No changes were made in the composition of the Management Board of the holding company KOFOLA S.A. before the publication of the present report.

SUPERVISORY BOARD

As at 30 June 2012 the Supervisory Board comprised:

- Mr. René Sommer – Chairman,
- Mr. Jacek Woźniak – Vice - Chairman,
- Mr. Dariusz Prończuk,
- Mr. Raimondo Eggink,
- Mr. Martin Dokoupil,
- Mr. Anthony Brown.

No changes were made in the composition of the Supervisory Board of the holding company KOFOLA S.A. before the publication of the present report. On 25 June 2012 Mr. Raimondo Eggink resigned as the Member of the Supervisory Board for personal reasons – effective from 1 October 2012.

AUDIT COMMITTEE

As at 30 June 2012 the Audit Committee comprised:

- Mr. Raimondo Eggink – Chairman,
- Mr. Jacek Woźniak,
- Mr. Dariusz Prończuk,
- Mr. René Sommer,
- Mr. Anthony Brown.

No changes were made in the composition of the Audit Committee of the holding company KOFOLA S.A. before the publication of the present report. On 25 June 2012 Mr. Raimondo Eggink resigned as the Member of the Audit Committee for personal reasons – effective from 1 October 2012.

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

4.1 Statement of compliance and basis for the preparation of the condensed interim consolidated financial information

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

The present condensed consolidated financial information is to be read along with the audited consolidated financial information of the KOFOLA S.A. Group for the year ended 31 December 2011 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU, containing notes ('the Consolidated Financial Statements prepared in accoradance with IFRS').

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

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

New standards, changes in accounting standards and interpretations binding as at 1 January 2012

The following standards, changes in binding standards and interpretations (adopted or in the process of being adopted by the European Union) are binding as at 1 January 2012:

- Amendment to IFRS 7 "Financial instruments: Disclosures – Transfers of Financial Assets".

The adoption of the above standard did not result in significant changes in the Group's accounting policies, or presentation of data in the consolidated financial information.

4.2 Functional currency and presentation currency

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

4.3 Translation of amounts expressed in foreign currencies

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

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

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

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

The following rates were used in the balance sheet valuation:

Currency rates at the end of period	30.6.2012	31.12.2011	30.6.2011
PLN/CZK	0.1664	0.1711	0.1641
PLN/EUR	4.2613	4.4168	3.9866
PLN/RUB	0.1030	0.1061	0.0987
PLN/USD	3.3885	3.4174	2.7517
Average currency rates, calculated as arithmetical mean of currencies on last day of each month in period	**1.1.2012 - 30.6.2012**	**1.1.2011 - 31.12.2011**	**1.1.2011 - 30.6.2011**
PLN/CZK	0.1679	0.1682	0.1628
PLN/EUR	4.2246	4.1401	3.9673
PLN/RUB	0.1060	0.1008	0.0983
PLN/USD	3.2453	2.9679	2.7888

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

- corresponding balance sheet items at the average exchange rate announced by the National Bank of Poland for the balance sheet date,
- corresponding income statement items at the rate constituting the arithmetical mean of the average exchange rates announced by the National Bank of Poland for each day ending a reporting month. The resulting foreign exchange differences are recognized in other comprehensive income,
- corresponding cash flow statement items (investment and financing activities) at the rate constituting the arithmetical mean of the average exchange rates announced by the National Bank of Poland for each day ending a reporting period. The resulting foreign exchange differences are recognized under the "Foreign exchange differences from translation of foreign entities" item of the cash flow statement.

4.4 Consolidation methods

The financial information of the subsidiaries are prepared for the same period as the consolidated financial information of the holding company, using consistent accounting policies, based on the same accounting methods applied to similar transactions and economic events. Adjustments have been made to eliminate any differences in accounting methods.

All material balances and transactions between the Group's entities, including unrealized profits arising out of transactions within the Group, have been fully eliminated. Unrealized losses are eliminated unless they prove impairment.

The subsidiaries are consolidated in the period from the date on which the Group began to exercise control, to the date on which such control ceases. Control is exercised by the holding company whenever it holds, directly or indirectly through its subsidiaries, more than half of the votes in a given company, unless it is possible to prove that such holding does not constitute control. Control is also exercised when the Group is able to influence the entity's financial and operating policies.

4.5 Accounting methods

The accounting methods based on which the present consolidated financial information has been prepared have not changed compared to the methods used in the consolidated financial statements for the twelve months period ended 31 December 2011.

4.6 Corrections of errors and changes in presentation

RESTATEMENT OF COMPARATIVE INFORMATION – PRIOR PERIOD ERRORS

Certain comparative information for the prior years has been restated for the purpose of correction of prior year errors identified.

RECOGNITION OF DEFERRED TAX LIABILITY

In December 2007 Hoop S.A. (now Kofola S.A.) contributed in kind its entire business to a newly established legal entity Hoop Polska Sp. z o.o. Within this transaction a deferred tax liablity of PLN 60 189 thousand was recognised against “Other capital”, which was not in line with IAS 12.10.

In 2012 the Management Board of the Group decided to withdraw from calculation of deffered tax from possible revenues from sale of subsidiary shares, because there is no tax liability related to this long-term investment, as dividends from a subsidiary are not taxable.

As a result the following restatements were made in the consolidated financial information:

- Debit Deferred tax liability as at 31 December 2011 respectively 30 June 2011 and 1 January 2011 in amount of PLN 60 189 thousand; and
- Credit Other capital as at 31 December 2011 respectively 30 June 2011 and 1 January 2011 in amount of PLN 60 189 thousand.

RECLASSIFICATION OF NON-CONTROLLING INTEREST

In 2012 the Management Board noted that based on the Russian Commercial Code non-controlling interest has puttable option. As the puttable option exists from the date of establishment of the subsidiary based on the IAS 32 this has to be recognised as liability. Until now this liability was not recognised. As a result of information mentioned above, the non-controlling interest as at 1 January 2011, 30 June 2011 and 31 December 2011 was reclassified to current liabilities (in the line with Megpack Group statutes) in order to correct the error.

	31.12.2011		
	published financial statements	comparable data	change
Non-controlling interest	41 497	-	(41 497)
Puttable non-controlling interest	-	41 497	41 497

	30.6.2011		
	published financial information	comparable data	change
Non-controlling interest	38 721	-	(38 721)
Puttable non-controlling interest	-	38 721	38 721

RECLASIFICATION OF SEGMENTAL COSTS

The Management Board of the Group has decided to introduce changes to the presentation of segmental costs, effective from from 1 January, 2012.

In comparative periods a part of segmental costs was presented as Selling, marketing and distribution costs, and currently is presented as a position decreasing revenues from the sales of finished products and services. The segmental costs are: bonuses for customers and distributors, specific marketing costs (e.g. listing, opening expenses, leaflets), reconstruction costs, refrigerators, implementation costs, promotion charges, promotional commodities and products and commissions.

According to the Management of the Group the new approach will allow to provide more reliable and useful information for the users of the financial statements.

	1.1.2011 - 30.6.2011		
	published financial information	comparable data	change
Revenues	679 606	650 964	(28 642)
Selling, marketing and distribution costs	(173 134)	(144 492)	28 642

4.7 Change of estimates

Since some of the information contained in the consolidated financial information cannot be measured precisely, to prepare the consolidated financial information the Group's Management Board must perform estimates. The Management Board verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason the estimates performed as at 30 June 2012 may be changed in the future. The main estimates pertain to the following matters:

ESTIMATES
Impairment of trade receivables
Impairment allowances for fixed assets and intangible assets
Income tax
Employee benefits
Provisions
Economic useful lives of tangible and intangible fixed assets
Write down of slow moving and obsolete inventory items

There were no significant changes in the reporting period apart form the change in the pallets' recognition.

Since 1 January 2012 pallets for drinks distribution are presented as tangible fixed assets (formerly presented as inventories). The value of pallets reclassified from the opening balance of inventories to tangible fixed assets amounts to PLN 14 870 thousand. According to the management of the Group this new approach will result in providing reliable and more relevant information regarding pallets. The reason for the change is extended useful life of this packaging due to the use of external outsourcing company services in pallet management, which will result less frequent use of own pallets. The new pallet management service was introduced in 2012 in Hoop Polska Sp. z o.o. which maintains more than half of the Group's pallets. The new accounting treatment of pallets will further enable better monitoring and extended use of own pallets for the whole Group. Estimated useful life of pallets is estimated and set to three years.

Income tax is not recognised on the basis of estimation of the effective tax rate, due to difficulty of calculating the effective tax rate. This tax is recognised on the basis of a detailed calculation of current and deferred income tax at the balance sheet date.

4.8 Approval of condensed interim consolidated financial information

The Management Board approved the present consolidated financial information for publication on 30 August 2012.

5.1 Operating segments

A segment is a component of an entity:

A) which engages in business activities as a result of which it may earn revenue and incur costs (including revenue and costs associated with transactions with other components of the same entity),

B) whose results are regularly reviewed by the main body in charge of making operating decisions at the entity, which uses those results to decide on the allocation of resources to the segment and to assess the segment's results, as well as,

C) for which separate financial information is available.

The Management Board has decided to introduce from 30 June 2012 changes in presentation of segments to better reflect how the business performance of the Group is managed and verified. The Group conducts activities as part of the following segments:

- Poland
- Czech Republic
- Russia
- Slovakia
- Export

The Group applies the same accounting methods for all of the segments. Transactions between segments are eliminated in the consolidation process.

As part of presenting its segments, the Group identified two clients, who generated more than 10% of the segment's revenues. The Group's revenues from these clients for the six-month period ended 30 June 2012 amounted to total of PLN 237 788 thousand and related to Russia and Poland.

Reporting segments' results for the 6-month period ended 30 June 2012 and for the 6-month period ended 30 June 2011 are as follows:

1.1.2012 - 30.6.2012	Poland	Czech Republic	Russia	Slovakia	Export	Eliminations (consolidation adjustments)	Total
Revenue	251 172	194 863	168 488	130 794	2 532	(57 965)	689 884
Sales to external customers	239 135	174 831	168 488	104 898	2 532	-	689 884
Inter-segment sales	12 037	20 032	-	25 896	-	(57 965)	-
Adjusted operating expenses	(251 036)	(173 999)	(163 985)	(118 706)	(2 537)	57 471	(652 792)
Related to sales to external customers	(238 998)	(154 462)	(163 985)	(92 810)	(2 537)	-	(652 792)
Related to inter-segment sales	(12 038)	(19 537)	-	(25 896)	-	57 471	-
Adjusted operating profit (loss)	**136**	**20 864**	**4 503**	**12 088**	**(5)**	**(494)**	**37 092**
One-off operating expenses	(1 670)						(1 670)
Operating profit (loss)	**(1 534)**	**20 864**	**4 503**	**12 088**	**(5)**	**(494)**	**35 422**
Result on financial activity	4 707	3 029	(801)	(851)	(1)	(15 496)	(9 413)
within segment	(5 556)	(2 204)	(801)	(851)	(1)	-	(9 413)
between segments	10 263	5 233	-	-	-	(15 496)	-
Profit /(loss) before tax	3 173	23 893	3 702	11 237	(6)	(15 990)	26 009
Income tax	(2 408)	(3 752)	(1 864)	(2 236)	(2)	-	(10 262)
Net profit /(loss)	**765**	**20 141**	**1 838**	**9 001**	**(8)**	**(15 990)**	**15 747**
Assets and liabilities							
Segment assets	712 235	498 329	148 207	213 561	2 190	(221 316)	1 353 206
Total assets	**712 235**	**498 329**	**148 207**	**213 561**	**2 190**	**(221 316)**	**1 353 206**
Segment liabilities	381 596	411 619	107 057	141 464	60	(231 063)	810 733
Equity							542 473
Total liabilities and equity							**1 353 206**
Other information concerning segment							
Investment expenditure:							
Tangibles and intangibles	5 678	8 448	2 210	3 549	-	(1 946)	17 939
Amortisation and depreciation	15 044	14 205	4 194	8 461	-	(1 000)	40 904

1.1.2011 - 30.6.2011 *	Poland	Czech Republic	Russia	Slovakia	Export	Eliminations (consolidation adjustments)	Total
Revenue	266 126	175 621	169 248	108 737	1 371	(57 522)	663 581
Sales to external customers	253 806	152 778	168 919	86 707	1 371	-	663 581
Inter-segment sales	12 320	22 843	329	22 030	-	(57 522)	-
Operating expenses	(259 804)	(161 959)	(163 888)	(108 052)	(1 349)	56 299	(638 753)
Related to sales to external customers	(247 861)	(139 962)	(163 559)	(86 022)	(1 349)	-	(638 753)
Related to inter-segment sales	(11 943)	(21 997)	(329)	(22 030)	-	56 299	-
Operating profit (loss)	**6 322**	**13 662**	**5 360**	**685**	**22**	**(1 223)**	**24 828**
Result on financial activity	17 650	2 192	804	(1 181)	1	(29 581)	(10 115)
within segment	(6 876)	(2 863)	804	(1 181)	1	-	(10 115)
between segments	24 526	5 055	-	-	-	(29 581)	-
Profit /(loss) before tax	23 972	15 854	6 164	(496)	23	(30 804)	14 713
Income tax	(3 464)	21	(1 602)	(36)	-	1 142	(3 939)
Net profit /(loss)	**20 508**	**15 875**	**4 562**	**(532)**	**23**	**(29 662)**	**10 774**
Assets and liabilities							
Segment assets	790 587	510 067	148 208	204 793	73	(289 380)	1 364 348
Total assets	**790 587**	**510 067**	**148 208**	**204 793**	**73**	**(289 380)**	**1 364 348**
Segment liabilities	422 432	438 110	109 484	146 759	(138)	(281 555)	835 092
Equity							529 256
Total liabilities and equity							**1 364 348**
Other information concerning segment							
Investment expenditure:							
Tangibles and intangibles	12 700	6 306	3 421	1 266	-	(1 815)	21 878
Amortisation and depreciation	11 955	12 555	4 973	7 584	-	-	37 067

* Data in segments for comparative period have been established by the historical cost. They have not been calculated for better comparability, similarly as in the Note 1.3, at the rate applicable for the current period.

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

Seasonality

Seasonality, associated with periodic deviations in demand and supply, is of certain significance in the shaping of the KOFOLA Group's general sales trends. Beverage sales peak in the 2nd and 3rd quarter of the year. This is caused by increased drink consumption in the spring and summer months. In the year ended 31 December 2011, approximately 21% (19% in 2010) of revenue from the sale of finished products and services was earned in the 1st quarter, with 31% (27% in 2010), 23% (30% in 2010) and 25% (24% in 2010) of total annual consolidated revenues earned in the 2nd, 3rd and 4th quarters. The Management is expecting similar seasonality in the year 2012.

Cyclical nature

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

5.2 Expenses by type, including employee benefits

Expenses by type	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Depreciation of fixed assets and intangible assets	40 904	37 067
Employee benefits costs	74 635	77 403
Retirement benefits expenses or retirement benefits plan expenses *	11 814	12 268
Consumption of materials and energy	450 762	418 174
Services	96 994	85 505
Taxes and fees	5 602	3 947
Property and life insurance	1 262	1 676
Other costs, including:	7 745	13 617
- change in revaluation write-off of inventory	(1 299)	(669)
- change in revaluation write-off of receivables	1 363	2 459
- other operating costs	7 681	11 827
Total expenses by type	**689 718**	**652 657**
Change in the balance of products, production in progress, prepayments and accruals	(33 908)	(19 950)
Depreciation included in segment costs	(2 918)	(2 689)
Reconciliation of expenses by type to expenses by function	**652 892**	**630 018**
Costs of sales, marketing and distribution	139 040	144 492
Administrative costs	31 775	36 859
Cost of product sold	482 077	448 667
Total costs of product sold, merchandise and materials, sales costs and overhead costs	**652 892**	**630 018**

Costs of employee benefits and retirement benefits	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Cost of salary	66 781	69 577
Social security and other benefits costs	7 854	7 569
Future benefits expenses (provisions): retirement bonuses, anniversary bonuses and other similar employee benefits	-	257
Retirement benefits expenses or retirement benefit plan expenses *	11 814	12 268
Total costs of employee benefits and retirement benefits	**86 449**	**89 671**

* benefits relate to premiums for government retirement benefit plans

5.3 Financial income

	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Financial interest income from		
- bank deposits	766	1 129
- credits and loans granted	140	151
Net financial income from realized FX differences	936	246
Release of financial provision	1 996	-
Other financial income	5	6
Total financial income	**3 843**	**1 532**

As a result of the verification of the estimates in the first half of 2012, the provision for potential losses related to investments in the distribution companies in the amount of PLN 1 996 thousand was released.

5.4 Financial expense

	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Financial interest expense from:		
- credits, financial leases and bonds	11 287	9 667
Net financial losses from realized FX differences	578	620
Bank costs and charges	1 387	1 251
Other financial expense	4	-
Total financial expense	**13 256**	**11 538**

5.5 Share in result received from associates

The item includes the result of TSH Sulich Sp. z o.o. corresponding in the current period to KOFOLA S.A. Owing to the fact that KOFOLA S.A. holds 50 % of the company's share capital, this company is an associate and it is consolidated by equity method.

5.6 Changes in reserves and provisions

	Receivables	Inventories	Tangible assets	Intangible assets	Financial assets	Provisions
As at 1.1.2012	**23 662**	**8 533**	**22 882**	**34 120**	**800**	**22 560**
Currency differences from translation	(334)	(17)	(18)	2	-	(464)
Increase due to creation	3 385	1 118	1 670	-	-	7 709
Decrease due to release	(1 178)	(443)	-	-	-	(2 006)
Decrease due to use	(845)	(1 973)	-	-	-	(7 995)
Transfer to other category *	-	(6 264)	-	-	-	-
As at 30.6.2012	**24 690**	**954**	**24 534**	**34 122**	**800**	**19 804**

* Transfer relates to pallets, whose value has been transferred to fixed assets and the write-down, which equals their current consumption has been presented as accumulated depreciation.

5.7 Dividends paid and declared

	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Dividends declared in the given period	23 294	16 227
Dividends on common shares:		
paid out in the given period	-	-
Dividends declared	**23 294**	**16 227**

According to Resolution No. 17 from 25 June 2012 the Ordinary General Meeting of KOFOLA S.A. designated the net profit generated by KOFOLA S.A. in 2011, in the amount of PLN 22 614 thousand and the amount of PLN 680 thousand derived from the dividend fund for the payment of a dividend.

Shares of each series (A, B, C, D, E, F, G) will be part of the dividend that amounts to PLN 0.89 per share. The dividend date was set for 25 September 2012 and the payment of the dividend was set for 6 December 2012. The amount of the declared dividend of PLN 23 294 thousand is presented in the short-term liabilities in the item ‘Other financial liabilities’.

5.8 Income tax

Main income tax elements for the six-month period ended 30 June 2012 and for the six-month period ended 30 June 2011:

	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Profit and loss		
Current income tax	**7 818**	**2 461**
Current Income tax charge	7 818	3 500
Adjustments of current income tax from previous years	-	(1 039)
Deferred income tax	**2 444**	**1 478**
Related with arising and reversing of temporary differences	1 368	1 723
Related with tax losses	1 076	(245)
Income tax charge recorded in consolidated profit and loss	**10 262**	**3 939**

5.9 Discontinued operations

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

5.10 Earnings per share

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

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

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

	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Net profit assigned to the shareholders of the parent company	**14 828**	**8 493**

	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Weighted average number of issued common shares used to calculate the regular earnings per share ratio	26 172 602	26 172 602
Impact of dilution:		
Subscription warrants	6 099	6 099
Adjusted weighted average number of common shares used to calculate diluted earnings per share	**26 178 701**	**26 178 701**

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

Basic profit per share	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Net profit assigned to the shareholders of the parent company	14 828	8 493
Weighted average number of issued common shares	26 172 602	26 172 602
Regular earnings per share (PLN/share)	**0.5665**	**0.3245**

Diluted profit per share	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Net profit assigned to the shareholders of the parent company, used to calculate diluted earnings per share	14 828	8 493
Adjusted weighted average number of common shares used to calculate diluted earnings per share	26 178 701	26 178 701
Diluted earnings per share (PLN/share)	**0.5664**	**0.3244**

5.11 Tangible fixed assets

In the reporting period of 6 months ended 30 June 2012 the companies of the KOFOLA S.A. Group incurred PLN 17 505 thousand in expenses to increase the value of tangible fixed assets. Main part of investment expenses relates to equipment supplement of the hot filling line in Kofola a.s. (the Czech Republic), investment to the equipment of the gastronomic premises in the Czech Republic and Slovakian markets and a continuation of investment in the production line of glass packaging for beverages launched in 2011 in the company OOO Megapack (Russia).

Change in the value of fixed assets is mainly a result of new investments in the amount of PLN 17 505 thousand, depreciation in the value of PLN 40 904 thousand and reclassification of pallets in the amount of PLN 14 870 thousand.

5.12 Intangible fixed assets

Goodwill consists of the goodwill resulting from the merger of the Kofola Group with the Hoop Group (including the goodwill of Megapack), goodwill for the company Pinelli Spo. s.r.o. purchased in April 2011 and the value acquired by Kofola a.s (CZ) in 2006, part of the production of the company Klimo s.r.o. Change in the goodwill value in comparison to the comparable period results only from taking into account the exchange rate differences on translation.

The value of trademarks includes, among others, the value of such trademarks as: Kofola, Vinea, Hoop Cola, Paola, Arctic, Hooper`s Hooch, Citrocola, Semtex and Erektus. The trademarks have indefinite useful life.

Goodwill and trademarks were reviewed for impairment indicators with no impact on valuation identified. The intangible assets will be tested for impairment at the year-end.

In the 6-month period ended 30 June 2012 the companies of the KOFOLA S.A. Group incurred PLN 434 thousand in expenses to increase the value of intangible fixed assets. Investment projects realized in this period relate mainly to the company's software in Kofola ČeskoSlovensko a.s.

5.13 Assets (group of assets) held for sale

Assets (groups of assets) held for sale include the fixed assets of the subsidiary Hoop Polska Sp. z o.o. available for immediate sale with a balance sheet value of PLN 10 000 thousand (the plant in Tychy along with office building) and assets related to these liabilities in the amount of PLN 1 717 thousand presented in the position Liabilities directly associated with assets (asset groups) classified as held for sale and constitute in total leasing obligations. The Management Board is making all steps to realise the sale of these assets before the end of 2012.

In accordance with IFRS 5 the Issuer classifies a fixed asset (or group of fixed assets) as held for sale, if its balance sheet value will be recovered primarily through a sale transaction rather than through continued use.

5.14 Credits and loans and issued bonds

As at 30 June 2012 the Group's total credit and loan debt amounted to PLN 231 382 thousand and decreased by PLN 77 396 thousand compared to the end of the year 2011.

As at 30 June 2012 the Group has obligations from emission of long-term bonds in the total amount of PLN 48 698 thousand, of which PLN 48 585 thousand are presented is in long-term liabilities, and interest payments of PLN 113 thousand in short-term liabilities.

An increase of PLN 16 808 thousand in total obligation from emission of long-term bonds compared to the state as at 31 December 2011 results from a new issuance of bonds from serie A^3 which took place in February 2012.

As at 28 March 2012, between the subsidiary Hoop Polska Sp. z o.o. and Bank Consortium was signed the Agreement Amending and Standardising the Term Loan Agreement in the amount of PLN 57 000 thousand and the Agreement Amending and Standardising the Loan Agreement in Current Account in the amount of PLN 57 000 thousand with the maturity to 28 March 2013.

According to the resolution No 13/XI/2011 of KOFOLA S.A. Supervisory Board from 10 November 2011 regarding approval of Bond Issuance Program realization amended with the Management resolution No 1/2012 from 20 February 2012 and the KOFOLA S.A. Management resolution No 1/II/2012 from 1 February 2012 regarding issuance of bonds from serie A^3, KOFOLA S.A. as at 20 February 2012 issued 16 850 bonds from serie A^3.

CREDIT TERMS AND BOND ISSUANCE TERMS

Based on credit agreements and bond issuance terms, the companies of the Group are required to meet specified financial ratios (so-called covenants). Credit agreements ended in the current reporting period have been extended. In accordance with the requirements of IAS 1, a breach of credit terms that may potentially limit unconditional access to credits or the necessity of earlier pay-back in the nearest year makes it necessary to classify such liabilities as short-term.

5.15 Contingent assets and liabilities

As at 30 June 2012 the Group does not have any contingent assets or liabilities to other parties.

5.16 Information on transactions with related parties

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

Revenues from the sale to related companies	1.1.2012 - 30.6.2012	
	revenues on the sale of products and services	revenues on the sale of merchandise and materials
- to affiliates (TSH Sulich)	55	-
Total revenues from the sale to related companies	**55**	**-**

Purchases from related companies	1.1.2012 - 30.6.2012	
	purchase of services	purchase of merchandise and materials
- from affiliates (TSH Sulich)	4 241	-
Total purchases from related companies	**4 241**	**-**

Receivables from related companies	30.6.2012	31.12.2011	30.6.2011
- from affiliates (TSH Sulich)	62	18	25
- from other related companies (KSM Investment)	4 236	4 070	4 469
Total receivables from related companies	**4 298**	**4 088**	**4 494**

Liabilities towards related companies	30.6.2012	31.12.2011	30.6.2011
- towards affiliates (TSH Sulich)	839	661	834
- towards other related companies (KSM Investment)	6 276	6 236	5 960
Total liabilities towards related companies	**7 115**	**6 897**	**6 794**

Total remuneration in amount of PLN 2 431 thousand and loans in amount of PLN 206 thousand were paid to KOFOLA S.A.'s Management Board members and Supervisory Board members in first half of 2012.

5.17 Financial instruments

The Group does not have any financial instruments at fair value.

5.18 Purchase of subsidiary

As at 28 March 2012 KOFOLA S.A. purchased 100% shares in share equity of the company STEEL INVEST Sp. z o.o. amounting to PLN 50 thousand. The Company currently does not carry on any business activity. The fair value of purchased assets is PLN 3 thousand.

5.19 Puttable non-controlling interest

When the non-controlling interest has a put option that provides them with the right to force the Group to purchase their respective interest, a financial liability (redemption liability) is recognised to reflect the put option. A financial liability is recognised at the present value of the redemption amount and accreted through finance charges in the profit or loss over the contract period up to the final redemption amount. The initial redemption liability is either debited to the parent's equity if risks and rewards of ownership remain with the noncontrolling interest or against non-controlling interest equity if risks and rewards of ownership are transferred to the parent. If the present value of the redemption amount exceeds the carrying value of non-controlling interest, any excess is recorded against the parent's equity.

5.20 Headcount

The average headcount in the Group was as follows:

	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Management Board of the parent company	5	5
Management Boards of the Group entities	8	20
Administration	243	296
Sales, marketing and logistic departments	1 038	1 109
Production department	699	870
Other	195	197
Total	**2 188**	**2 497**

5.21 Subsequent events

There were no significant events after the balance sheet date.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

30.8.2012	**Janis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
30.8.2012	**Bartosz Marczuk**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

30.8.2012	**Katarzyna Balcerowicz**	**Chief Accountant**	....
date	*name and surname*	*position*	*signature*

Document signed on the Polish original.

6. CONDENSED INTERIM SEPARATE FINANCIAL INFORMATION OF KOFOLA S.A

6.1 Condensed separate income statement

for the 6-month period ended 30 June 2012 (under review) and 6-month period ended 30 June 2011 (under review, restated) in PLN thousand.

Condensed separate income statement	Note	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Revenue from the sale of finished products and services		9 162	14 807
Revenue		9 162	14 807
Total cost of sales		-	-
Gross profit		**9 162**	**14 807**
Selling, marketing and distribution costs		-	-
Administrative costs	9.1	(1 762)	(1 087)
Other operating income		1 636	1 142
Other operating expenses		(4)	(195)
Operating result		**9 032**	**14 667**
Financial income	9.2	5 502	9 468
Financial expense	9.3	(6 274)	(629)
Profit before tax		**8 260**	**23 506**
Income tax	9.6	505	(2 667)
Net profit for the financial period		**8 765**	**20 839**
Earnings per share (in PLN)			
- basic earnings per share		0.3349	0.7962
- diluted earnings per share		0.3348	0.7960

6.2 Condensed separate statement of comprehensive income

for the 6-month period ended 30 June 2012 (under review) and 6-month period ended 30 June 2011 (under review, restated) in PLN thousand.

Condensed separate statement of comprehensive income	Note	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Profit for the period		**8 765**	**20 839**
Other comprehensive income (gross)		**-**	**-**
Other comprehensive income for the period (net)		**-**	**-**
Total comprehensive income for the period	6.5	**8 765**	**20 839**

6.3 Condensed separate statement of financial position

as at 30 June 2012 (under review), as at 31 December 2011 (audited, restated) and as at 30 June 2011 (under review, restated) in PLN thousand.

ASSETS	Note	30.6.2012	31.12.2011	30.6.2011
Fixed assets		**1 051 705**	**1 005 494**	**1 005 222**
Tangible fixed assets		372	372	372
Goodwill		13 767	13 767	13 767
Investment in subsidiaries and associates	9.7	867 337	854 137	854 137
Loans provided to related parties	9.7	170 229	137 218	136 946
Current assets		**14 557**	**34 720**	**16 833**
Trade receivables and other receivables		13 205	1 833	5 474
Current income tax receivables		-	-	560
Cash and cash equivalents		1 352	32 887	10 799
TOTAL ASSETS		**1 066 262**	**1 040 214**	**1 022 055**

LIABILITIES AND EQUITY	Note	30.6.2012	31.12.2011	30.6.2011
Equity		**955 700**	**970 229**	**968 454**
Share capital		26 173	26 173	26 173
Other capital		920 762	921 442	921 442
Retained earnings		8 765	22 614	20 839
Long-term liabilities		**78 590**	**52 219**	**18 115**
Issued bonds		48 585	31 808	-
Other long-term liabilities		27 434	17 336	16 199
Deferred tax reserve		2 571	3 075	1 916
Short-term liabilities		**31 972**	**17 766**	**35 486**
Issued bonds		113	82	-
Trade liabilities and other liabilities		6 234	2 380	4 315
Current icome tax liabilities		-	359	-
Other financial liabilities	9.5	23 294	-	16 227
Provisions		2 331	14 945	14 944
Total liabilities		**110 562**	**69 985**	**53 601**
TOTAL LIABILITIES AND EQUITY		**1 066 262**	**1 040 214**	**1 022 055**

6.4 Condensed separate cash flow statement

for the 6-month period ended 30 June 2012 (under review) and 6-month period ended 30 June 2011 (under review, restated) in PLN thousand.

Condnsed separate cash flow statement	Note	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Cash flow on operating activity			
Profit before income tax		8 260	23 506
Adjustments for:			
Non-cash movements			
Depreciation	9.1	-	10
Net interests		(2 552)	(3 739)
Net dividends		(9 162)	(14 807)
Change in the balance of provisions		(12 614)	(1 083)
Impairment allowance for fixed assets		11 081	-
Net foreign exchange difference	9.2,9.3	3 317	(5 101)
Cash movements			
Dividends received		-	13 278
Paid income tax		(360)	(682)
Changes in working capital			
Change in the balance of receivables (including receivables acquired)		(2 210)	2 811
Change in the balance of liabilities		839	(11 125)
Net cash flow on operating activity		**(3 401)**	**(3 068)**
Cash flow on investing activity			
Purchase of financial assets		(11 500)	-
Interests received		685	119
Loans granted		(32 000)	-
Net cash flow on investing activity		**(42 815)**	**119**
Cash flow on financial activity			
Proceeds from issued bonds		16 697	-
Interest paid		(2 016)	(1 197)
Net cash flow on financing activity		**14 681**	**(1 197)**
Net change in cash and cash equivalents		(31 535)	1 990
Cash at the beginning of the period		**32 887**	**8 809**
Cash at the end of the period, including		**1 352**	**10 799**

6.5 Condensed separate statement of changes in equity

for the 6-month period ended 30 June 2012 (under review), for the 12-month period ended 31 December 2011 (audited, restated) and the 6-month period ended 30 June 2011 (under review, restated) in PLN thousand.

Cndensed separate statement of changes in equity	Note	Share capital	Other capital	Retained earnings	Total equity
As at 1.1.2011		**26 173**	**852 189**	**25 291**	**903 653**
Correction of errors	8.6	-	60 189	-	60 189
As at 1.1.2011 after restatement		**26 173**	**912 378**	**25 291**	**963 842**
Total comprehensive income for the period	6.2	**-**	**-**	**20 839**	**20 839**
Dividends payment	9.5	-	-	(16 227)	(16 227)
Profit distribution		-	9 064	(9 064)	-
As at 30.6.2011		**26 173**	**921 442**	**20 839**	**968 454**
As at 1.1.2011		**26 173**	**852 189**	**25 291**	**903 653**
Correction of errors	8.6	-	60 189	-	60 189
As at 1.1.2011 after restatement		**26 173**	**912 378**	**25 291**	**963 842**
Total comprehensive income for the period		**-**	**-**	**22 614**	**22 614**
Dividends payment		-	-	(16 227)	(16 227)
Profit distribution		-	9 064	(9 064)	-
As at 31.12.2011		**26 173**	**921 442**	**22 614**	**970 229**
As at 1.1.2012		**26 173**	**861 253**	**22 614**	**910 040**
Correcion of errors	8.6	-	60 189	-	60 189
As at 1.1.2012 after restatement		**26 173**	**921 442**	**22 614**	**970 229**
Total comprehensive income for the period	6.2	**-**	**-**	**8 765**	**8 765**
Dividends payment	9.5	-	(680)	(22 614)	(23 294)
As at 30.6.2012		**26 173**	**920 762**	**8 765**	**955 700**

In ‘Other capital’ line reserve capital (dividend fund) is presented in the amount of PLN 28 861 thousand designated for future dividends payment. Dividend fund was created in the amount of PLN 29 541 thousand according to the Ordinary General Meeting of KOFOLA S.A. resolution from 29 June 2011 from supplementary capital created from retained earnings in the amount of PLN 20 477 thousand and undistributed profit for previous years in the amount of PLN 105 thousand, and partly from the profit of 2010 in the amount of 8 959 thousand PLN. In accordance with resolution No 17 from 25 June 2012 the amount of PLN 680 thousand will be used for dividend payment in 2012.

In ‘Other capital’ line reserve capital for the acquisition of the KOFOLA S.A. own shares is also presented in the amount of PLN 1 000 thousand. The capital was established in accordance with resolution No 18 from 25 June 2012.

7. GENERAL INFORMATION

Information about the company:

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

Registered office	currently ul. Wschodnia 5, 99-300 Kutno, till 24 October 2011 ul. Jana Olbrachta 94, 01-102 Warsaw.

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

Registration body: the Regional Court for the capital city of Warsaw, XII Business Division of the National Court Register, KRS 0000134518.

The Company has been formed for an unspecified time.

The Company's separate financial information cover the 6-month period ended 30 June 2012, and contain comparatives for the 6-month period ended 30 June 2011.

8. INFORMATION ABOUT THE METHODS USED TO PREPARE THE CONDENSED INTERIM SEPARATE FINANCIAL INFORMATION OF THE KOFOLA S.A.

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

The present condensed separate financial information has been prepared in accordance with the laws binding in the Republic of Poland and with International Accounting Standard (IAS) 34, 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 E.U. Directive on the application of international accounting standards. The separate financial information has been prepared on a going concern basis and in accordance with the historical cost method, with the exception of assets and financial liabilities stated at amortized cost, financial assets stated at fair value, and the assets, liabilities and contingent liabilities of the acquiree, which were stated at fair value as at the date of the merger of the Kofola Group and Hoop Group.

The present condensed separate financial information is to be read along with the audited annual separate financial statements of Kofola S.A. prepared in accordance with International Financial Reporting Standards ("IFRS") approved by the E.U., containing notes ("the separate financial statements prepared in accordance with IFRS") for the year ended 31 December 2011.

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

The present condensed separate financial information ("separate financial information") has been prepared as required by IAS 34 'Interim Financial Reporting' and present the Company's financial position as at 30 June 2012, 31 December 2011 and 30 June 2011, financial result for the 6-month period ended 30 June 2012 and 30 June 2011 and cash flows for the 6-month period ended 30 June 2012 and 30 June 2011.

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

8.2 Statement of compliance

The present condensed separate financial information has been prepared in accordance with IAS 34 approved by the E.U.

8.3 Functional currency and presentation currency

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

8.4 Translation of amounts expressed in foreign currencies

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

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

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

The following rates were used in the balance sheet valuation:

Currency rates at the end of period	30.6.2012	31.12.2011	30.6.2011
PLN/CZK	0.1664	0.1711	0.1641
PLN/EUR	4.2613	4.4168	3.9866
PLN/RUB	0.1030	0.1061	0.0987
PLN/USD	3.3885	3.4174	2.7517

Average currency rates, calculated as arithmetical mean of currencies on last day of each month in period	1.1.2012 - 30.6.2012	1.1.2011 - 31.12.2011	1.1.2011 - 30.6.2011
PLN/CZK	0.1679	0.1682	0.1628
PLN/EUR	4.2246	4.1401	3.9673
PLN/RUB	0.1060	0.1008	0.0983
PLN/USD	3.2453	2.9679	2.7888

8.5 Accounting methods

The accounting policy and methods of computation based on which the financial information contained in this report have been prepared have not changed compared to the separate financial statements for the year 2011.

8.6 Corrections of errors and changes in presentation

ADJUSTMENT OF COMPARATIVE DATA – PRIOR PERIOD ERRORS

Certain comparative information has been restated for the purpose of correction of prior year errors identified. These corrections concern only the statement of financial position as at 31 December 2011 and the statement of changes in equity for the period ended 31 December 2011 and do not affect the statement of comprehensive income and the cash flows statement.

RECOGNITION OF DEFERRED TAX LIABILITY

In December 2007 Hoop S.A. (now Kofola S.A.) contributed in kind its entire business to a newly established legal entity Hoop Polska Sp. z o.o. Within this transaction a deferred tax liablity of PLN 60 189 thousand was recognised against "Other capital" which was not in line with IAS 12.10.

In 2012 the Management Board of the Group decided to withdraw from calculation of deffered tax from possible revenues from sale of subsidiary shares, because there is no tax liability related to this long-term investment, as dividends from a subsidiary are not taxable.

As a result the following restatements were made in the consolidated financial information:

- Debit Deferred tax liability as at 31 December 2011 respectively 30 June 2011 and 1 January 2011 in amount of PLN 60 189 thousand; and
- Credit Other capital as at 31 December 2011 respectively 30 June 2011 and 1 January 2011 in amount of PLN 60 189 thousand.

CHANGE IN PRESENTATION OF DIVIDEND RECEIVED

The Management Board of KOFOLA S.A. decided to change presentation of dividend income in the income statement. Dividends, which were previously presented as financial income, are presented as revenue from the sale of finished products and services now. According to the Management Board it will provide more relevant and reliable information about the financial performance of the Company.

	1.1.2011 - 30.6.2011		
	published financial information	comparable data	change
Revenue from the sale of finished products and services	-	14 807	14 807
Financal income	24 275	9 468	(14 807)

In the financial information for the comparative period was reclassified from cash flow on operating activities to cash flow on investing activities in the item "Dividend received" resulting from the different way of presentation dividend in the income statement as described above.

8.7 Approval of condensed separate interim financial information

The Management Board approved the present separate financial information for publication on 30 August 2012.

9. NOTES TO THE CONDENSED SEPARATE FINANCIAL INFORMATION OF THE KOFOLA S.A.

9.1 Expenses by type, including employee benefits

Expenses by type	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Depreciation of fixed assets and intangible assets	-	10
Employee benefits costs	77	155
Retirement benefits expenses or retirement benefit plan expenses *	15	20
Consumption of materials and energy	5	6
Services	1 590	811
Taxes and fees	31	41
Property and life insurance	6	-
Other costs	38	44
Total expenses by type	**1 762**	**1 087**
Reconciliation of expenses by type to expenses by function	**1 762**	**1 087**
Administrative costs	1 762	1 087
Total costs of sales, marketing and distribution and administrative costs	**1 762**	**1 087**

Costs of employee benefits and retirement benefits	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Cost of salary	77	155
Retirement benefits expenses or retirement benefit plan expenses *	15	20
Total costs of employee benefits and retirement benefits	**92**	**175**

* benefits relate to premiums for government retirement benefit plans

9.2 Financial income

	1.1.2012 – 30.6.2012	1.1.2011 30.6.2011
Financial interest income from:		
- bank deposits	686	199
- credits and loans granted	4 816	4 246
Net financial income from realized FX differences	-	5 101
Other financial income	-	2
Total financial income	**5 502**	**9 468**

Financial interest income from credits and loans granted concern mainly the loan granted in the Company Kofola ČeskoSlovensko a.s. (CZ) (previously Kofola Holding a.s.) and in the company Hoop Polska Sp. z o.o. In the reporting period KOFOLA S.A. recoreded income from dividends from the company Kofola ČeskoSlovensko a.s.

9.3 Financial expense

	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Financial interest expense from:		
- bonds and debts acquired within the Group	2 950	626
Net financial losses from realized FX differences	3 317	-
Bank charges	7	3
Total financial expense	**6 274**	**629**

Net financial losses from realized FX differences concern mainly loan granted in the Company Kofola ČeskoSlovensko a.s. (CZ) (previously Kofola Holding a.s.).

9.4 Changes in reserves and provisions

	Receivables	Financial assets	Provisions
As at 1.1.2012	**10 240**	**800**	**14 945**
Increase due to creation	129	11 081	-
Decrease due to release	(217)	-	(12 614)
Decrease due to use	-	-	-
As at 30.6.2012	**10 152**	**11 881**	**2 331**

In the reporting period KOFOLA S.A. released the provision for potential losses associated with the investments in subsidiaries in the amount of PLN 11 000 thousand and at the same time recognised an impairment on assets of a subsidiary in the amount of PLN 11 000 thousand in relation to taking over newly established shares in PCD Hoop Sp. z o.o. As a result of the estimates verification, the provision for potential claims related to the inability to meet contract terms by KOFOLA S.A. was decreased by the amount of PLN 1 614 thousand.

9.5 Dividends paid and declared

	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Dividends declared in the given period	23 294	16 227
Dividends on common shares:		
paid out in the given period	-	-
Dividends declared	**23 294**	**16 227**

According to Resolution No. 17 from 25 June 2012 the Ordinary General Meeting of KOFOLA S.A. designated the net profit generated by KOFOLA S.A. in 2011, in the amount of PLN 22 614 thousand and the amount of PLN 680 thousand derived from the dividend fund for the payment of a dividend.

Shares of each series (A, B, C, D, E, F, G) will be part of the dividend that amounts to PLN 0.89 per share. The dividend date was set for 25 September 2012 and the payment of the dividend was set for 6 December 2012. The amount of the declared dividend of PLN 23 294 thousand is presented in the short-term liabilities in the item ‘Other financial liabilities’.

In the current period KOFOLA S.A. has recorded dividend income from Kofola ČeskoSlovensko a.s. amounting to PLN 9 162 thousand.

9.6 Income tax

Main income tax elements for the six-month period ended 30 June 2012 and for the six-month period ended 30 June 2011:

	1.1.2012 - 30.6.2012	1.1.2011 - 30.6.2011
Profit and loss		
Current income tax	**-**	**-**
Deferred income tax	**(505)**	**2 667**
Related with arising and reversing of temporary differences	(1 581)	5 188
Related with tax losses	1 076	(2 521)
Income tax charge recorded in consolidated profit and loss	**(505)**	**2 667**

9.7 Information on transactions with related parties

The company receives revenue from re-invoicing on related party fees arising from leasing contracts. This revenue in the amount of PLN 1 432 thousand is presented in these financial information, on balance, with associated costs in the amount of PLN 1 432 thousand.

KOFOLA S.A.'s financial interest income from loans granted to related parties for the six-month period ended on 30 June 2012 amounted to PLN 4 816 thousand.

The value of services purchased from related parties by KOFOLA S.A. in the first half of 2012 amounted to PLN 1 072 thousand and concern mostly rental costs, financial reporting services and accounting and legal services.

Costs of unpaid interest from liabilities purchased from related parties amounted to PLN 815 thousand for the reporting period.

Receivables from related companies	30.6.2012	31.12.2011	30.6.2011
- from consolidated subsidiaries	13 182	327	1 672
Total receivables from related companies	**13 182**	**327**	**1 672**

Liabilities towards related companies	30.6.2012	31.12.2011	30.6.2011
- towards consolidated subsidiaries	33 490	19 277	20 296
Total liabilities towards related companies	**33 490**	**19 277**	**20 296**

The increase in receivables from related companies is connected with recognition of a dividend due from Kofola ČeskoSlovensko a.s. The increase in liabilities concerns the agreement of debt transfer, which was signed between Hoop Polska Sp. z o.o. and PCD Hoop Sp. z o.o. on 7 March 2012.

Total remuneration in amount of PLN 117 thousand was paid to KOFOLA S.A.'s Management Board and Supervisory Board members in first half of 2012.

LOANS GRANTED TO RELATED PARTIES

	30.6.2012	31.12.2011	30.6.2011
Long-term loan, including:			
Principal	133 368	104 231	106 973
Interest	36 861	32 987	29 973
Total	**170 229**	**137 218**	**136 946**

This item includes the loan granted to Kofola ČeskoSlovensko a.s. (in CZK) with the contractual repayment due date in October 2036 and the subordinated loans in PLN granted in the reporting period to Hoop Polska Sp. z o.o. with the contractual repayment due date in December 2014.

INVESTMENT IN SUBSIDIARIES, CO-SUBSIDIARIES AND ASSOCIATES

	Company name	Headquarter	Range of activity	Consolidation method	direct or indirect % part in share capital	% part in voting rights	Net book value		
							30.6.2012	31.12.2011	30.6.2011
1.	Kofola ČeskoSlovensko a.s.	Czech Republic, Ostrava	holding	acquisition accounting	100.00%	100.00%	438 668	438 668	438 668
2.	Hoop Polska Sp. z o.o.	Poland, Kutno	production of non-alcoholic beverages	acquisition accounting	100.00%	100.00%	372 770	359 570	359 570
3.	OOO Megapack	Russia, Widnoje	sale and distribution of non-alcoholic and low-alcoholic beverages	acquisition accounting	50.00%	50.00%	55 899	55 899	55 899
4.	Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.	Poland, Koszalin	wholesale of non-alcoholic and low-alcoholic beverages, activity ceased in 2011	acquisition accounting	100.00%	100.00%	-	-	
5.	Transport Spedycja Handel Sulich Sp. z o.o.	Poland, Bielsk Podlaski	road cargo transport, spedition	equity accounting	50.00%	50.00%	-	-	
6.	STEEL INVEST Sp. z o.o.	Poland, Kutno	does not carry on activity	acquisition accounting	100.00%	100.00%		-	
	TOTAL						**867 337**	**854 137**	**854 137**

The increase in share value is connected with taking over newly established shares of Hoop Polska Sp. z o.o. by KOFOLA S.A., in exchange for tangible assets in the amount of PLN 13 200 thousand. The book value of guarantees granted equal to their fair value.

Based on the Russian legislation, shareholders in OOO companies have a right to withdraw and demand the redemption of their shares in cash corresponding to the participant's share of the company's net assets determined in accordance with Russian Accounting Regulations at the next balance sheet date. Therefore KOFOLA S.A. has a put option, which is zero.

9.8 Contingent assets and liabilities

	Contingent assets	Contingent liabilities
As at 1.1.2012	**-**	**147 086**
Decrease	-	(74 052)
As at 30.6.2012	**-**	**73 034**

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

Entity providing guarantees/ Sureties	Entity receiving guarantees/ Sureties	Credit value on balance sheet day which were subject to guarantee /sureties		The period for providing guarantees /sureties	The entity for which liabilities guarantees /sureties were provided	Kind of relationship between the entity providing guarantees /sureties and one on behalf of which it is provided
		in currency	in ths. PLN			
KOFOLA S.A.	Bank Zachodni WBK S.A.	26 600 T PLN	26 600	12/2016	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank Zachodni WBK S.A.	6 414 T PLN	6 414	12/2016	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Kredyt Bank S.A.	- T PLN	-	12/2016	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank Pekao S.A.	9 199 T PLN	9 199	12/2016	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Deutsche Leasing	2 004 T EUR	8 539	2/2014	Hoop Polska Sp z o.o.	subsidiary
KOFOLA S.A.	ING Commercial Finance	4 172 T PLN	4 172	till terminatin of the contract – undefined contract	Hoop Polska Sp z o.o.	subsidiary
KOFOLA S.A.	Komercni banka a.s.	89 999 T CZK	14 976	12/2016	Kofola a.s., CZ	subsidiary
KOFOLA S.A.	Komercni banka a.s.	18 833 T CZK	3 134	12/2016	Kofola a.s., CZ	subsidiary
Total Sureties and Guarantees Issued			**73 034**	**ths. PLN**		

9.9 Subsequent events

There were no significant events after the balance sheet date.

SIGNATURES OF THE COMPANY’S REPRESENTATIVES:

30.8.2012	**Janis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
30.8.2012	**Bartosz Marczuk**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

30.8.2012	**Katarzyna Balcerowicz**	**Chief Accountant**	....
date	*name and surname*	*position*	*signature*

Document signed on the Polish original.