# QUARTERLY REPORT

of the kofola s.a. group for the Ist quarter 2012

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

## 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 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 clients 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.


***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, Senec (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.** – Warsaw (PL)

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

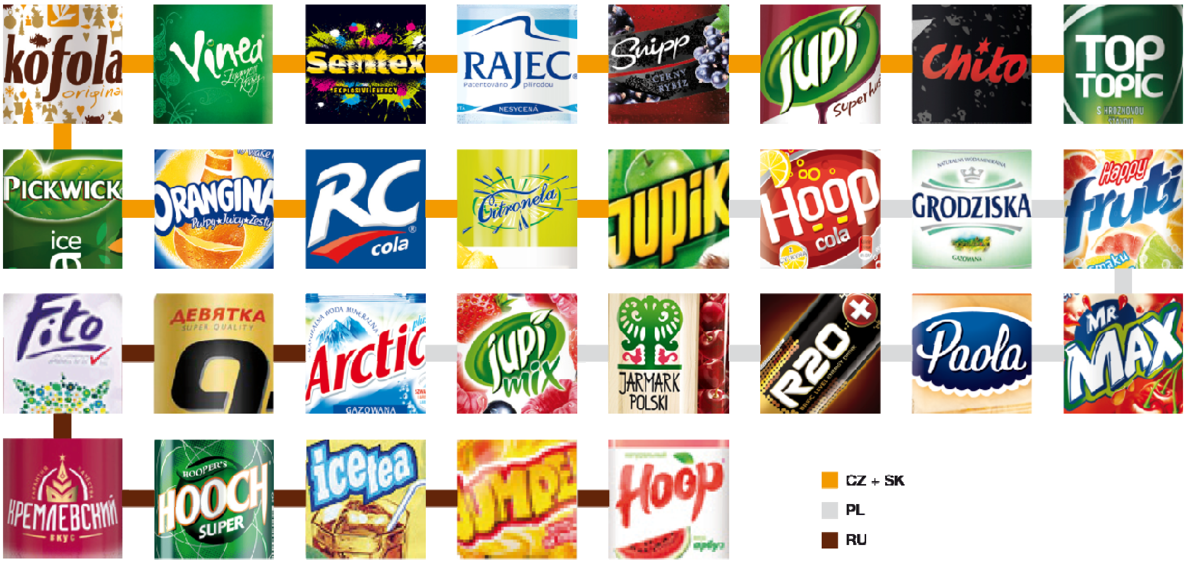
**Transport companies:**

**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 31 March 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 | acquisition accounting | | |
| 2. | Kofola ČeskoSlovensko a.s. | Czech Republic, Ostrava | holding | acquisition accounting | 100.0% | 100.0% |
| 3. | Hoop Polska Sp. z o.o. | Poland, Kutno | production of non-alcoholic beverages | acquisition accounting | 100.0% | 100.0% |
| 4. | Kofola a.s. | Czech Republic, Krnov | production and distribution of non-alcoholic beverages | acquisition accounting | 100.0% | 100.0% |
| 5. | Kofola a.s. | Slovakia, Rajecká Lesná | production and distribution of non-alcoholic beverages | acquisition accounting | 100.0% | 100.0% |
| 6. | Kofola Sp. z o.o. | Poland, Kutno | rent of production assets | acquisition accounting | 100.0% | 100.0% |
| 7. | Santa-Trans s.r.o. | Czech Republic, Krnov | road cargo transport | acquisition accounting | 100.0% | 100.0% |
| 8. | Santa-Trans.SK s.r.o. | Slovakia, Rajec | road cargo transport | acquisition accounting | 100.0% | 100.0% |
| 9. | OOO Megapack | Russia, Widnoje | production of non-alcoholic and low-alcoholic beverages | acquisition accounting | 50.0% | 50.0% |
| 10. | OOO Trading House Megapack | Russia, Widnoje | sale and distribution of non-alcoholic and low-alcoholic beverages | acquisition accounting | 50.0% | 50.0% |
| 11. | Pomorskie Centrum Dystrybucji HOOP Sp. z o.o. | Poland, Koszalin | wholesale of non-alcoholic and low-alcoholic beverages, activity discontinued in 2011 | acquisition accounting | 100.0% | 100.0% |
| 12. | Transport Spedycja Handel Sulich Sp. z o.o. | Poland, Bielsk Podlaski | road cargo transport, spedition | equity accounting | 50.0% | 50.0% |
| 13. | PINELLI spol. s r.o. | Czech Republic, Ostrava | trademark licensing | acquisition accounting | 100.0% | 100.0% |
| 14. | Kofola Zrt. | Hungary, Budapest | in liquidation | acquisition accounting | 100.0% | 100.0% |
| 15. | STEEL INVEST Sp. z o.o. | Poland, Warsaw | does not conduct business operation | acquisition accounting | 100.0% | 100.0% |

# 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 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) – a company registered in Hungary, which does not conduct business operations.

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. 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 statements, 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**. – with its registered office in Warsaw, 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.** – a company registered in the Czech Republic. Until the end of 2007, the company was distributing beverages in the territory of the Czech Republic. From the beginning of 2008, the company ceased its operations. The liquidation process ended in January 2011. Accordingly, the results of KLIMO s.r.o. 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 statements

**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 for each series,
- interest will be paid every six months where the first interest period begins on the date of issue and ends 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,
- bonds could be subject for appliance by the Issuer for their admission to trading in an alternative trading system on the Catalyst market, that is organised by the Stock Exchange in Warsaw or BondSpot S.A. – see point 1.2 about issuing bonds on the Catalyst market and BondSpot S.A., what took place on 30 March 2012,
- 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.

**ESTABLISHMENT OF 'PAROĆ' 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 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.

## 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 quarter 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.

In the first quarters of 2012 and 2011 the Kofola S.A. Group's results were not affected by one-off events, which is why the Group is presenting its financial results without adjustments by one-off events.

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

To better present the Group's financial position, in addition to the audited consolidated financial statements prepared in accordance with the accounting methods arising out of International Financial Reporting Standards, the Management is also presenting the consolidated financial results prepared for Group management purposes, 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 quarter of 2012 and the first quarter of 2011, to obtain better comparability of data, the financial statements of the Czech, Slovak and Russian companies for the first quarter of 2011 have been translated into the Polish zloty using the exchange rates from the first quarter of 2012. Information about the exchange rates used for valuation purposes is shown in Note 4.3. The consolidated financial statements presenting data translated using the exchange rates for the given period are presented in the second portion of the present report.

| Selected financial highlights | Reported* 1.1.2011 - 31.3.2011 | Converted ** 1.1.2011 - 31.3.2011 |
|---|---|---|
| Revenue | 265 043 | 274 788 |
| Cost of sales | (192 085) | (199 106) |
| **Gross profit** | **72 958** | **75 682** |
| Selling, marketing and distribution costs | (62 432) | (64 767) |
| Administrative costs | (18 182) | (18 995) |
| Other operating income / (expenses) net | 2 794 | 2 794 |
| **Operating result (EBIT)** | **(4 862)** | **(5 286)** |
| Financial expenses, net | (5 498) | (5 603) |
| Income tax | 88 | 160 |
| **Net profit/ (loss) for the period** | **(10 272)** | **(10 729)** |

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

**SUMMARY OF OPERATING RESULTS IN THE PERIOD OF THREE MONTHS ENDED 31 MARCH 2012**

When assessing the financial results of the KOFOLA S.A. Group for the three-month period ended 31 March 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).
- High prices of sugar, isoglucose and glucose- fructose syrup compared to the first quarter of 2011.
- Increasing cost of financing resulting from the growth rates in the interbank markets and 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 significant decline in demand for alcoholic beverages in Russia in the first quarter of 2012.
- Statutory change of capacity of low-alcoholic beverages in cans 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.

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

- **Revenues** increased by PLN 4 050 thousand, i.e. by 1.5% compared to the three months ended 31 March 2011. The increase in revenue of the Polish, Czech and Slovak companies compensated the turnover decrease in Russia.
- **Gross profit** increased by PLN 768 thousand, i.e. by 1.0%.
- The increase in **operating profit (EBIT)** by PLN 9 979 thousand, i.e. by 188.8% possible due to the slight increase in gross profit and above all, in the effects of the introduction of the fixed cost reduction program to the Group in 2011.
- The increase in **EBITDA** (operating profit plus depreciation) from PLN 13 670 thousand to PLN 25 670 thousand, i.e. by PLN 12 000 thousand, an increase of 87.8%.
- **EBITDA margin** increased from 5.0% in the three months ended 31 March 2011 to 9.2% in the corresponding period of the year 2012.
- The increase in **net profit attributable to equity shareholders of the parent company** from the loss of PLN 9 738 thousand to the profit of PLN 768 thousand, i.e. by PLN 10 507 thousand.
- The increase in **net debt** from PLN 313 535 thousand at the end of December 2011 (converted by the exchange rate to the Polish zloty in the reporting period of 2012) to the level of PLN 318 835 thousand on 31 March 2012, i.e. PLN 5 300 thousand, an increase of 1.7%. Group net debt calculated as a multiple of 12-month corrected EBITDA amounted to 2.2 at the end of March 2012 and 2.4 at the end of December 2011.
- The increase in **net working capital** from PLN 35 863 thousand as at 31 March 2011 (converted by the exchange rate to the Polish zloty in the reporting period of 2012) to PLN 52 626 thousand as at 31 March 2012. This increase results mainly from an increase in trade receivables and other receivables compared to the level as at 31 March 2011, which is the result of the increased scale of operations and changes in the settlements of excise duty on alcohol in Russia (existing payables were transferred into receivables in respect of prepayment for excise duty).
- **Cash flow generated from operating activities** during the three months ended 31 March 2012 were PLN by 10 711 thousand higher, i.e. by 28.1%, compared to cash flow for the same period in 2011.
- **Cash flows from investing activities** incurred during the three months ended 31 March 2012 were higher by PLN 1 446 thousand, i.e. by 20.2% compared to the same period in 2011.
- **Cash flows from financing activities** incurred during the three months ended 31 March 2012 amounted to PLN 8 630 thousand and were lower by PLN 4 944 thousand compared to the same period in 2011.

## POLAND

- In the period of three months ended 31 March 2012 (compared to the same period in 2011) Hoop Polska Sp. z o.o. generated a sales increase of 7.3%, i.e. of PLN 7 218 thousand, which is consistent with the upward trend visible in the whole market, which grew during this period by 8.1%. This increase was mainly recorded in a segment of carbonated beverages, especially in the modern channel.
- Sales growth was achieved due to much improved efficiency of the sales department and a consistent focus on key brands and clients.
- In the first quarter of 2012 new products were introduced to Polish market: Hoop Cola in a 0.25l can, new brands of syrup: Jarmark Polski and Jupik Aqua sport. Pickwick Ice Tea and Vinea beverage were also introduced on the Polish market.

## CZECH REPUBLIC

- In the three months period ended 31 March 2012 Kofola a.s. (CZ) generated in the traditional and modern channels an increase in sales of 12.4%, 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 three months period ended on 31 March 2011 revenue of Kofola a.s. (CZ) in the most profitable catering channel increased compared to analogical period of 2011 by 8.0%.
- Rapid increase of revenue in the first quarter of 2012 was achieved due to 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 three months period ended 31 March 2012 we introduced a series of new products to the Czech market: Chito „Ginger Beer" (non-alcoholic ginger beer) and Chito „Cloudy lemon", Kofola without sugar with stevia, Rajec water for babies, Jupik Aqua sport, Vinea and Pickwick Ice Tea in 0.25l cans.

## SLOVAKIA

- In the three months period ended 31 March 2012, on the growing Slovak market, both in the traditional and modern channels, we noted an increase in sales by 18.3% 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 compared to analogical period of 2011 by 10.0%
- Rapid increase of revenue in the first quarter of 2012 was achieved due to 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, Jupik Aqua sport, Chito „Ginger Beer" (non-alcoholic ginger beer) and Chito „Cloudy lemon", Kofola without sugar with stevia and Vinea and Pickwick Ice Tea in 0.25l cans.

## RUSSIA

- In Russia, during the period, compared with the three months period ended 31 December 2011, sales have decreased by 22.1% in the local currency, which when converted to PLN gives a decrease of 15 204 thousand PLN. This decrease was due to the 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 quarter 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 quarter of 2012.
- From January 2012, the obligation of banderolling of low-alcohol beverages entered 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 quarter 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 quarter of 2012 results, however the effects of brand beverages sales increase should be visible in the following quarters.

## CONSOLIDATED INCOME STATEMENT

***THE THREE-MONTH PERIOD ENDED 31 MARCH 2012 COMPARED TO THE THREE-MONTH PERIOD ENDED 31 MARCH 2011***

| Selected financial highlights | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011* | Change 2012/2011 | Change 2012/2011 (%) |
|---|---|---|---|---|
| Revenue | 278 838 | 274 788 | 4 050 | 1.5% |
| Cost of sales | (202 388) | (199 106) | (3 282) | 1.6% |
| **Gross profit** | **76 450** | **75 682** | **768** | **1.0%** |
| Selling, marketing and distribution costs | (58 662) | (64 767) | 6 105 | (9.4%) |
| Administrative costs | (14 427) | (18 995) | 4 568 | (24.0%) |
| Other operating income / (expense), net | 1 332 | 2 794 | (1 462) | (52.3%) |
| **Operating result (EBIT)** | **4 693** | **(5 286)** | **9 979** | **188.8%** |
| **EBITDA** | **25 670** | **13 670** | **12 000** | **87.8%** |
| Financial expense, net | (5 442) | (5 603) | 161 | (2.9%) |
| Income tax | (1 235) | 160 | (1 395) | (871.9%) |
| **Net profit (loss) for the period** | **(1 984)** | **(10 729)** | **8 745** | **81.5%** |
| - assigned to the shareholders of the parent company | 768 | (9 738) | 10 507 | 107.9% |

| | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011* |
|---|---|---|
| Gross margin % | 27.4% | 27.5% |
| EBITDA margin % | 9.2% | 5.0% |
| EBIT margin % | 1.7% | (1.9%) |
| Net profitability | 0.3% | (3.5%) |
| Net profit / share | 0.0294 | (0.3721) |

** Data are recalculated at exchange rates from the 3-month period ended 31March 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 3-month period ended 31 March 2012 amounted to PLN 278 838 thousand , which constitutes an increase of PLN 4 050 thousand (i.e. 1.5%) compared to the same period of the previous year. Revenue from the sale of finished products and services amounted to PLN 278 147 thousand, which constitutes 99.8% of total revenues. The increase in the Group's revenues in the analysed period of 2012 compared to the 3-month period ended 31 March 2011 was caused primarily by: higher (by PLN 7 124 thousand) revenue of the company Hoop Polska Sp. z o.o., after excluding intra-group transactions, higher (by PLN 9 840 thousand) revenue of the company Kofola a.s. (Czech Republic) after excluding intra-group transactions and higher (by PLN 7 953 thousand) revenue of the company Kofola a.s. (Slovakia) after excluding intra-group transactions.

On the other hand, two factors had the negative impact on the revenue. First of all, lower (by PLN 14 017 thousand) revenue of the Megapack Group compared to the same quarter 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 96 thousand, whereas in 2011 amounted to PLN 5 274 thousand.

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 98.16% 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 (47.9% and 40.6% of revenues in 2012 and 2011).This segment was the main engine of the growth of consolidated revenues. On the other hand, there was a decline of revenue in low-alcohol beverage segment from 20.8% of total revenues in the comparable period to 14.3% in the reporting period.

#### NET REVENUES OF THE GROUP'S MOST SIGNIFICANT ENTITIES

| Net revenues from the sales of products, services, goods and materials *** | 1.1.2012 - 31.3.2012 | 1.1.2011 – 31.3.2011* | change | % change |
|---|---|---|---|---|
| Hoop Polska Sp. z o.o. | 105 595 | 98 377 | 7 218 | 7.3% |
| Kofola a.s. (CZ) | 84 266 | 72 394 | 11 872 | 16.4% |
| Kofola a.s. (SK) | 48 496 | 43 733 | 4 763 | 10.9% |
| Megapack Group** | 53 596 | 67 613 | (14 017) | (20.7%) |

* *Data are recalculated at exchange rates from the 3-month period ended 31March 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 of and sale of alcohol*

*** *Standalone data without consolidation adjustments*

The revenues genearted in the 3-month period ended 31 March 2012 by the HOOP Polska Sp. z o.o. were by 7.3% higher than in the comparative period. This increase was especially connected with the segment of carbonated beverages.

The revenues of Kofola a.s. (CZ) generated in the 3-month period ended 31 March 2012 were by 16.4% 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 12-month period ended 31 March 2012 in the local currency increased by 10.9% mainly because of an increase in revenues from the sale of carbonated beverages.

In the 3-month period ended 31 March 2012 the Megapack Group decreased the value of its sales revenue by 20.7% 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 quarter 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 quarter of 2012.
- Unavailability of excise tax label bands in the first two months of 2012.

#### COSTS OF SALES

In the 3-month period ended 31 March 2012 the KOFOLA S.A. Group's consolidated costs of sales increased by PLN 3 282 thousand, i.e. 1.6 %, to PLN 202 388 thousand from PLN 199 106 thousand in the same period of 2011. Consolidated cost of sales for the 3-month period ended 31 March 2012 constituted 72.6% of net sales, compared to 72.5% in the same period of 2011. High level of costs of sales was due to a record high prices of raw materials (mainly the production of performs for PET bottles and sugar and isoglucose), which were even higher than in the first quarter of 2011. The increase in the raw materials prices was partially offset by the price increase of products, improvement of the efficiency of the production process and a favourable impact of the exchange rate differences.

#### SELLING, MARKETING AND DISTRIBUTION COSTS

In the 3-month period ended 31 March 2012, the KOFOLA S.A. Group's consolidated selling, marketing and distribution costs decreased by PLN 6 105 thousand, i.e. 9.4 % to PLN 58 662 thousand, from 64 767 thousand in the same period of 2011.

Selling, marketing and distribution costs in the 3-month ended 31 March 2012 decreased to the level of 21.0% of net sales revenue in comparison to 23.6% in the same period of 2011. This means a decrease in the share of cost of sales by 2.6 percentage points. This decrease was a result of decreased number of sales force and concentration on bigger more perspective clients, optimalisation of logistics processes and good control over marketing costs.

#### ADMINISTRATIVE COSTS

In the 3-month period ended 31 March 2012 the consolidated administrative costs were PLN 14 427 thousand, which means the decrease from PLN 18 995 thousand in the same period of 2011. The share of the consolidated administrative costs in net sales revenue decreased respectively from 6.9% to 5.2% 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 optimalisation of employment and concentration only on the most important projects and actions.

### OPERATING PROFIT

Operating profit (EBIT) increased by PLN 9 979 thousand, i.e. 188.8%, from the loss of PLN 5 286 thousand in the 3-month period ended 31 March 2011 and amounted to PLN 4 693 thousand in the reported period. The operating profit margin (EBIT margin) in the 3-month period ended 31 March 2012 amounted to 1.7% compared to (1.9%) 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 and thanks to higher revenues from the most significant Group entities.

### EBITDA RATIO

The EBITDA, calculated as the operating profit plus depreciation for a given period, increased from PLN 13 670 thousand in the 3-month period ended 31 March 2011 to PLN 25 670 thousand, i.e. by PLN 12 000 thousand (by 87.8%) 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 EBITDA margin increased from 5.0% in the 3-month period ended 31 March 2011 to 9.2% in the same period of 2012. The increase in EBITDA margin was attained due to increase in revenue, increased prices and cost savings implemented in all Group departments.

### NET FINANCIAL EXPENSES

In the 3-month period ended 31 March 2012 the Group recorded net financial expenses of PLN 5 442 thousand compared to PLN 5 603 thousand in the same period of 2011. The decrease in the net financial expenses of the KOFOLA S.A. Group was mainly driven by lower foreign exchange differences (by PLN 1 215 thousand) and by lower costs of interest and bank charges by PLN 395 thousand.

Simultaneously, the costs of interests increased by PLN 1 476 thousand, mainly due to increased cost of money in interbank markets and the increase in bank lending margins for short-term loan renewals and bonds issued.

## CONSOLIDATED BALANCE SHEET

| Selected financial highlights | 31.3.2012 | 31.12.2011* | 31.3.2011* | Change from 12.2011 (%) | Change from 3.2011 (%) |
|---|---|---|---|---|---|
| **Total assets** | **1 348 575** | **1 323 607** | **1 295 019** | **1.9%** | **4.1%** |
| Fixed assets, out of which: | 887 725 | 888 910 | 886 692 | (0.1%) | 0.1% |
| *Tangible fixed assets* | *530 063* | *530 418* | *551 312* | *(0.1%)* | *(3.9%)* |
| *Intangible fixed assets* | *214 902* | *215 398* | *198 599* | *(0.2%)* | *8.2%* |
| *Goodwill* | *118 209* | *118 788* | *112 382* | *(0.5%)* | *5.2%* |
| *Deferred tax assets* | *21 065* | *20 751* | *20 836* | *1.5%* | *1.1%* |
| Current assets, out of which: | 460 850 | 434 697 | 408 327 | 6.0% | 12.9% |
| *Inventories* | *136 520* | *128 625* | *136 244* | *6.1%* | *0.2%* |
| *Trade receivables* | *256 789* | *242 868* | *202 870* | *5.7%* | *26.6%* |
| *Cash and cash equivalents* | *54 108* | *50 643* | *45 995* | *6.8%* | *17.6%* |
| **Total equity and liabilities** | **1 348 575** | **1 323 607** | **1 295 019** | **1.9%** | **4.1%** |
| Equity assigned to the shareholders of the parent company | 492 737 | 494 662 | 474 854 | (0.4%) | 3.8% |
| Non-controlling capital | 38 879 | 41 497 | 35 763 | (6.3%) | 8.7% |
| Total equity | 531 616 | 536 159 | 510 617 | (0.8%) | 4.1% |
| Long-term liabilities | 229 239 | 219 630 | 218 252 | 4.4% | 5.0% |
| Short-term liabilities | 587 720 | 567 818 | 566 150 | 3.5% | 3.8% |

| | 31.3.2012 | 31.12.2011* | 31.3.2011* |
|---|---|---|---|
| Current ratio | 0.78 | 0.77 | 0.72 |
| Quick ratio | 0.55 | 0.54 | 0.48 |
| Total debt ratio | 60.58% | 59.49% | 60.57% |
| Net debt | 318 835 | 313 535 | 318 103 |
| Net debt /EBITDA ** | 2.2 | 2.4 | 3.0 |

* *translated using exchange rates as at 31 March 2012*
** *based on annualized, adjusted value of EBITDA ratio*

***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 March 2012 the Group’s fixed assets equalled 887 726 thousand PLN. Compared to 31 December 2011 the value of fixed assets decreased by 1 185 thousand PLN (0.1%), that was due to depreciation charge in the amount of 20 977 thousand PLN from one side and from the other side to investment expenditure in the amount of 7 885 thousand PLN and change of the pallets presentation introduced in first quarter 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 March 2012 fixed assets accounted for 65.8% of total assets and had dropped compared to the end of December 2011, when it amounted to 67.2%.

Goodwill previously comprised of three items: the goodwill resulting from the merger of the HOOP S.A. Group with the Kofola SPV Sp. z o.o. Group, the goodwill of the Megapack Group and the value of the production operations of Klimo taken over in 2006 by Kofola a.s. Czech Republic. The increase of goodwill compared to March 2011 results from the acquisition of Pinelli spol. s.r.o. by Kofola a.s. (CZ).

As at 31 March 2012 the Group’s current assets amounted to 460 850 thousand PLN. At the end of March 2012 they consisted primarily of: trade and other receivables – 55.7% of current assets, and inventory – 29.6%. Compared to the end of December 2011, the value of current assets increased by 26 153 thousand PLN (including the increase of inventory by 22 765 thousand PLN, including the transfer of pallets with the book value of PLN 14 870 thousand presented as at 31 December 2011, the increase of trade receivables by 13 921 thousand PLN and the increase of cash and cash equivalents by 3 465 thousand PLN). The value of net working capital calculated as the sum of inventory, trade receivables less short-term trade payables and other payables as at 31 March 2012 was 52 626 thousand PLN compared to 35 863 thousand PLN as at 31 December 2011. This improvement is mostly the result of an increase of trade receivables and other receivables compared to state as at 31 March 2011. It resulted from the increased scale of operations and changes in the settlements of excise duty on alcohol in Russia (existing payables were transferred into receivables in respect of prepayment for excise duty).

**LIABILITIES**

As at 31 March 2012 the Group’s liabilities (long- and short-term together) amounted to 816 959 thousand PLN, which constitutes a rise by 29 511 thousand PLN compared to the end of December 2011. This increase results mostly from the increase of trade liabilities and liabilities of bonds issued in February 2012.

As at 31 March 2012 the debt rate (short- and long-term liabilities to total assets) amounted to 60.6% and increased by 1.1 pp compared to the end of December 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 318 835 thousand PLN as at 31 March 2012 and increased compared to the end of December 2011 by 5 300 thousand PLN.

However, due to higher than in last year 12-month EBITDA, the ratio of net debt Group was 2.2 times consolidated EBITDA at the end of March 2012 to 2.4 times at the end of 2011 and 3.0 times at the end of first quarter of 2011.

## CONSOLIDATED CASH FLOW

In the three months period ended on 31 March 2012 the value of net consolidated cash flows was 3 272 thousand PLN and was by 14 210 thousand PLN higher compared to the net consolidated cash flows in the analogical period of 2011, when it had amounted to (10 938) thousand PLN. The increase of net cash flows resulted from 10 711 thousand PLN rise in operating cash flows, with 1 446 thousand PLN rise in investment cash flows accompanied by lower by 4 944 thousand PLN financing cash flows.

The value of consolidated operating cash flows generated in the three months period ended on 31 March 2012 was 19 070 thousand PLN compared to 8 359 thousand PLN in the analogical period of 2011. The increase resulted mostly from the improvement of profit before tax by 9 611 thousand PLN.

In the three months period ended on 31 March 2012 the value of consolidated investment cash flows was (7 169) thousand PLN compared to (5 723) thousand PLN in the analogical period of 2011. This increase resulted mostly from investment expenditure of OOO Megapack on a new production line to drink bottling.

The value of consolidated financing cash flows in the three months period ended on 31 March 2012 as in the analogical period of 2011, was negative and amounted to (8 630) thousand PLN and (13 574) thousand PLN, respectively. Financial operating expenses were lower as a result of lower repayments of credit payables. Furthermore, in the first quarter of 2012 the Group, via KOFOLA S.A., received inflows from bonds issuance in the amount of 16 697 thousand PLN.

## 1.4 Operating segments

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

As at 31 March 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 fifth 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 fifth 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 |
| NON-CARBONATED BEVERAGES | Jupí Fruit Drink, Top Topic, Aloe vera |
| 100% FRUIT JUICES AND NECTARS | Snipp |
| SYRUPS AND CONCENTRATES | Jupí, Paola, Jarmark Polski |
| CHILDRENS' DRINKS | Jupík, Jupík Aqua, Jumper, Jupik Smoothie |
| ICE TEA | Pickwick Ice Tea, Green Tea |
| ENERGY DRINKS | Semtex, Erektus, R20 |
| 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, Kofola without sugar with stevia, Jupik Aqua sport, Hoop Cola in 0.25 l cans, Chito „Ginger Beer" (non-alcoholic ginger beer) and Chito „Cloudy lemon", Rajec water for babies 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 Group conducts activities as part of the following operating segments:

- Carbonated beverages
- Non-Carbonated beverages
- Mineral waters
- Syrups
- Low alcohol drinks
- Other

The "Other" segment includes beverage (goods for resale) sales made by distribution company PCD Hoop Sp. z o.o., sales of own energy drinks Semtex and Erektus (products), ice tea Green Tea (product) as well as transport activities performed for entities from outside the Group.

Financial revenue and costs, as well as taxes, have not been disclosed by segment, as these values are monitored at Group level and no such information is forwarded to segment-level decision makers.

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 one client, who generates more than 10% of the segment's revenues. The Group's revenues from this client for the three-month period ended 31 March 2012 amounted to 56 201 thousand PLN and related to carbonated beverages, non-carbonated beverages, mineral water and syrups.

Due to the use of joint asset resources as part of operating segments and because of difficulties in allocating these resources to separate segments, the Group does not present to the decision making organ its data on the assets, liabilities, investment spending and depreciation charges allocated to the various segments, and does not present these data in the financial statements.

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 period of three months ended 31 March 2012 and the period of 3 months ended 31 March 2011:

**OPERATING SEGMENTS**

| | Continuing operations | | | | | | |
|---|---|---|---|---|---|---|---|
| 1.1.2012 - 31.3.2012 | Carbonated beverages | Non-Carbonated beverages | Mineral waters | Syrups | Low alcohol drinks | Other | Total |
| Revenue | 133 426 | 21 710 | 39 576 | 39 027 | 39 971 | 5 128 | 278 838 |
| Operating expenses | (127 777) | (22 944) | (40 559) | (38 202) | (40 226) | (4 437) | (274 145) |
| **Operating result of the segment** | **5 649** | **(1 234)** | **(983)** | **825** | **(255)** | **691** | **4 693** |
| Result on financial activity | | | | | | | (5 442) |
| Profit (loss) before tax | | | | | | | (749) |
| Income tax | | | | | | | (1 235) |
| **Net profit (loss)** | | | | | | | **(1 984)** |

| | Continuing operations | | | | | | |
|---|---|---|---|---|---|---|---|
| 1.1.2011 - 31.3.2011 * | Carbonated beverages | Non-Carbonated beverages | Mineral waters | Syrups | Low alcohol drinks | Other | Total |
| Revenue | 107 785 | 22 659 | 38 814 | 32 641 | 55 177 | 7 967 | 265 043 |
| Operating expenses | (103 298) | (23 922) | (46 058) | (30 920) | (55 775) | (9 932) | (269 905) |
| **Operating result of the segment** | **4 487** | **(1 263)** | **(7 244)** | **1 721** | **(598)** | **(1 965)** | **(4 862)** |
| Result on financial activity | | | | | | | (5 498) |
| Profit (loss) before tax | | | | | | | (10 360) |
| Income tax | | | | | | | 88 |
| **Net profit (loss)** | | | | | | | **(10 272)** |

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

## 1.5 Geographical segments

The Group's activities are generally concentrated on the four markets:

| Poland | Czech Republic | Russia | Slovakia |
|---|---|---|---|

Presented below are the data for the above geographical segments.

| 1.1.2012 - 31.3.2012 | Poland | Czech Republic | Russia | Slovakia | Other | Eliminations (consolidation adjustments) | Total |
|---|---|---|---|---|---|---|---|
| **Revenue** | 105 820 | 87 106 | 53 596 | 54 172 | 1 090 | (22 946) | 278 838 |
| Sales to external customers | 103 721 | 78 565 | 53 596 | 41 866 | 1 090 | - | 278 838 |
| Inter-segment sales | 2 099 | 8 541 | - | 12 306 | - | (22 946) | - |
| **Operating expenses** | (107 075) | (78 791) | (59 253) | (50 418) | (1 103) | 22 495 | (274 145) |
| Related to third party sales | (104 841) | (70 835) | (59 253) | (38 113) | (1 103) | - | (274 145) |
| Related to inter-segment sales | (2 234) | (7 956) | - | (12 305) | - | 22 495 | - |
| **Operating result of the segment** | **(1 255)** | **8 315** | **(5 657)** | **3 754** | **(13)** | **(451)** | **4 693** |
| Result on financial activity | (3 386) | (3 685) | (519) | (492) | (0) | 2 640 | (5 442) |
| within segment | (3 122) | (1 309) | (519) | (492) | (0) | - | (5 442) |
| between segments | (264) | (2 376) | - | - | - | 2 640 | - |
| Profit (loss) before tax | (4 641) | 4 630 | (6 176) | 3 262 | (13) | 2 189 | (749) |
| Income tax | 212 | (1 062) | 672 | (552) | (4) | (501) | (1 235) |
| **Net profit (loss)** | **(4 429)** | **3 568** | **(5 504)** | **2 710** | **(17)** | **1 688** | **(1 984)** |
| **Assets and liabilities** | | | | | | | |
| Segment assets | 706 119 | 466 313 | 168 990 | 193 830 | 189 | (186 866) | 1 348 575 |
| **Total assets** | **706 119** | **466 313** | **168 990** | **193 830** | **189** | **(186 866)** | **1 348 575** |
| Segment liabilities | 368 430 | 447 648 | 91 284 | 119 573 | 61 | (210 038) | 816 958 |
| Equity | | | | | | | 531 616 |
| **Total liabilities and equity** | | | | | | | **1 348 575** |
| **Other information concerning segment** | | | | | | | |
| Investment expenditure: | | | | | | | |
| Tangibles and intangibles | 1 855 | 1 711 | 2 523 | 1 796 | - | - | 7 885 |
| Depreciation and amortization | 7 130 | 7 127 | 2 579 | 4 141 | - | - | 20 977 |

| 1.1.2011 - 31.3.2011 * | Poland | Czech Republic | Russia | Slovakia | Other | Eliminations (consolidation adjustments) | Total |
|---|---|---|---|---|---|---|---|
| **Revenue** | 105 181 | 75 224 | 62 732 | 42 395 | 888 | (21 377) | 265 043 |
| Sales to external customers | 102 386 | 66 087 | 62 732 | 32 950 | 888 | - | 265 043 |
| Inter-segment sales | 2 795 | 9 137 | - | 9 445 | - | (21 377) | - |
| **Operating expenses** | (102 498) | (76 759) | (65 322) | (45 680) | (919) | 21 273 | (269 905) |
| Related to third party sales | (99 770) | (67 658) | (65 322) | (36 236) | (919) | - | (269 905) |
| Related to inter-segment sales | (2 728) | (9 101) | - | (9 444) | - | 21 273 | - |
| **Operating result of the segment** | **2 683** | **(1 535)** | **(2 590)** | **(3 285)** | **(31)** | **(104)** | **(4 862)** |
| Result on fiancial activity | 8 338 | (3 943) | 458 | (619) | - | (9 732) | (5 498) |
| within segment | (3 819) | (1 518) | 458 | (619) | - | - | (5 498) |
| between segments | 12 157 | (2 425) | - | - | - | (9 732) | - |
| Profit (loss) before tax | 11 021 | (5 478) | (2 132) | (3 904) | (31) | (9 836) | (10 360) |
| Income tax | (1 353) | 399 | 293 | 749 | - | - | 88 |
| **Net profit (loss)** | **9 668** | **(5 079)** | **(1 839)** | **(3 155)** | **(31)** | **(9 836)** | **(10 272)** |
| **Assets and liabilities** | | | | | | | |
| Segment assets | 764 256 | 422 015 | 120 712 | 208 197 | 5 | (248 381) | 1 266 804 |
| **Total assets** | **764 256** | **422 015** | **120 712** | **208 197** | **5** | **(248 381)** | **1 266 804** |
| Segment liabilities | 388 602 | 446 612 | 49 186 | 142 376 | 3 | (263 172) | 763 607 |
| Equity | | | | | | | 503 197 |
| **Total liabilities and equity** | | | | | | | **1 266 804** |
| **Other information concerning segment** | | | | | | | |
| Investment expenditure: | | | | | | | |
| Tangibles and intangibles | 3 531 | 1 877 | 472 | 433 | - | - | 6 313 |
| Depreciation and amortization | 5 816 | 6 231 | 2 537 | 3 810 | - | - | 18 394 |

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

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## 1.6 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. 11 May 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 31 March 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.

## 1.7 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%** |

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

According to the Company's information as at the date of submission of the report for the 3-month period ended 31 March 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 year-end report for the year 2011 (i.e. 19 March 2012).

## 1.9 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 31 March 2012 the total value of these receivables is PLN 8 002 thousand, the balance sheet value of this item after revaluation is PLN 586 thousand. The debts are secured with mortgages on all of the significant properties of Fructo-Maj Sp. z o.o., as well as a registered pledge on its movables.

At this time the assets of Fructo-Maj Sp. z o.o. are being sold by the bankruptcy estate receiver. According to the Management, based on the current legal status and types of collateral, write-downs of assets associated with Fructo-Maj Sp. z o.o. included in these financial statements 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 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 through the creation of 2 000 new shares with a nominal value of PLN 500 each, which were acquired by KOFOLA S.A. at 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 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.

## 1.10 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.

## 1.11 Information about significant contracts

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

## 1.12 Information about relationships with other Group entities

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

A description of the transactions concluded between related parties is presented in Note 5.17 to the financial statements.

## 1.13 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 | 4 890 EUR | 20 350 | 12/2014 | Kofola a.s. (SK) | subsidiary |
| Kofola ČeskoSlovensko a.s. | VÚB BANKA | 7 794 EUR | 32 436 | 12/2017 | Kofola a.s. (SK) | subsidiary |
| Kofola ČeskoSlovensko a.s. | ČSOB a.s. | 204 EUR | 849 | 3/2014 | Kofola a.s. (SK) | subsidiary |
| Kofola ČeskoSlovensko a.s. | Raiffeisen-Leasing | 32 166 CZK | 5 397 | 10/2015 | Kofola a.s. (CZ) | subsidiary |
| KOFOLA S.A. | Bank Zachodni WBK S.A. | 14 400 T PLN | 14 400 | 12/2016 | Hoop Polska Sp. z o.o. | subsidiary |
| KOFOLA S.A. | Kredyt Bank S.A. | 10 667 T PLN | 10 667 | 12/2016 | Hoop Polska Sp. z o.o. | subsidiary |
| KOFOLA S.A. | Bank Pekao S.A. | 5 333 T PLN | 5 333 | 12/2016 | Hoop Polska Sp. z o.o. | subsidiary |
| KOFOLA S.A. | Bank Zachodni WBK S.A. | 9 821 T PLN | 9 821 | 12/2016 | Hoop Polska Sp. z o.o. | subsidiary |
| KOFOLA S.A. | Kredyt Bank S.A. | 14 221 T PLN | 14 221 | 12/2016 | Hoop Polska Sp. z o.o. | subsidiary |
| KOFOLA S.A. | Bank Pekao S.A. | 9 695 T PLN | 9 695 | 12/2016 | Hoop Polska Sp. z o.o. | subsidiary |
| KOFOLA S.A. | Deutsche Leasing | 2 229 T EUR | 9 276 | 2/2014 | Hoop Polska Sp z o.o. | subsidiary |
| KOFOLA S.A. | ING Commercial Finance | 1 738 T PLN | 1 738 | until termination of the contract | Hoop Polska Sp z o.o. | subsidiary |
| KOFOLA S.A. | Komercni banka a.s. | 114 878 T CZK | 19 277 | 12/2016 | Kofola a.s., CZ | subsidiary |
| KOFOLA S.A. | Komercni banka a.s. | 195 000 T CZK | 32 721 | 12/2012 | Kofola a.s., CZ | subsidiary |
| KOFOLA S.A. | Komercni banka a.s. | 13 850 T CZK | 2 324 | 6/2012 | Kofola ČeskoSlovensko a.s. | subsidiary |
| **Total sureties for loans or guarantees issued** | | | **188 505** | **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.

## 1.14 Information on issuing securities

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 for each series,
- interest will be paid every six months where the first interest period begins on the date of issue and ends 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,
- bonds could be subject for appliance by the Issuer for their admission to trading in an alternative trading system on the Catalyst market, that is organised by the Stock Exchange in Warsaw or BondSpot S.A. – see point 1.2 about the introduction of bonds on the Catalyst market and BondSpot S.A., what took place on 30 March 2012,
- 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.

## 1.15 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.

## 1.16 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, isoglucose, the production of granulation for PET bottles and fruit concentrates. 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, granulation for the production of PET bottles has also reached the highest price in recent years, like the price of fruit concentrates. Our companies, in reaction to high raw material prices, had to increase product prices in the first quarter of 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 personnel costs of PLN 3 266 thousand (i.e. by 7.0%) in the 3-month period ended 31 March 2012.

The decrease in sales revenue in Russia by 20.7% (converted by exchange rate from the first quarter of 2012 for a better comparability) was mainly due to further increase in excise duty on alcoholic beverages since 1 January 2012 (which resulted in partial move of purchase by the customer from the first quarter of 2012 to the fourth quarter of 2011) and lower revenue from co-packing services (production subcontracted to third parties - in great measure low-alcoholic beverages). We expect that after the exhaustion of distributor's low-alcoholic beverages inventory (from the fourth quarter of 2011) a partial restoration of sales volumes in this category will occur.

## 1.17 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 in recent times are at highest price levels in years)
- pricing policies of competitors, in particular in the segment of carbonated soft drinks (especially cola), mineral waters and syrups,
- the changes in the structure of retail trade, consisting of the growing importance of discount food chains at the expense of traditional channels, with slower than previous growth of the supermarket chains and the speed of adapting Kofola Group's operating business model to the changing market,
- 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
- 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.

## 1.18 Subsequent events

**LOAN GRANTED BY KOFOLA S.A. TO THE SUBSIDIARY**

On 4 April 2012 KOFOLA S.A. granted 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.

**REGISTRATION OF THE SHARE CAIPTAL INCREASE IN THE SUBSIDIARY**

The increase of the PCD Hoop Sp. z o.o. share capital was registered by the Court on 3 April 2012 (for more information see point 1.9)

## SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

| | | | |
|---|---|---|---|
| **11.5.2012** | **Janis Samaras** | **Chairman of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |
| **11.5.2012** | **Bartosz Marczuk** | **Member of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |
| **11.5.2012** | **Martin Mateáš** | **Member of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |
| **11.5.2012** | **René Musila** | **Member of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |
| **11.5.2012** | **Tomáš Jendřejek** | **Member of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |

**SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:**

| | | | |
|---|---|---|---|
| **11.5.2012** | **Katarzyna Balcerowicz** | **Chief Accountant** | ................................. |
| *date* | *name and surname* | *position* | *signature* |

***Document signed on the Polish original.***

## 2.1 Consolidated income statement

for the 3-month period ended 31 March 2012 and the 3-month period ended 31 March 2011.

| Consolidated income statement | Note | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue from the sale of finished products and services | 5.1, 5.2 | 278 147 | 259 336 |
| Revenue from the sale of goods and materials | 5.1, 5.3 | 691 | 5 707 |
| Revenue | | 278 838 | 265 043 |
| Cost of products and services sold | 5.3 | (201 755) | (186 561) |
| Cost of goods and materials sold | 5.3 | (633) | (5 524) |
| Total cost of sales | | (202 388) | (192 085) |
| **Gross profit (loss)** | | **76 451** | **72 958** |
| Selling, marketing and distribution costs | 5.3 | (58 662) | (62 432) |
| Administrative costs | 5.3 | (14 427) | (18 182) |
| Other operating income | | 1 552 | 3 732 |
| Other operating expenses | | (220) | (938) |
| **Operating result** | | **4 693** | **(4 862)** |
| Financial income | 5.4 | 1 167 | 895 |
| Financial expense | 5.5 | (6 564) | (6 312) |
| Share in profit received from subsidiaries and associates | 5.6 | (45) | (81) |
| **Profit (loss) before tax** | | **(749)** | **(10 360)** |
| Income tax | 5.9 | (1 235) | 88 |
| **Net profit (loss) on continued activity** | | **(1 984)** | **(10 272)** |
| **Discontinued activity** | | | |
| Net profit (loss) on discontinued activity | | - | - |
| **Net profit (loss) for the financial year** | | **(1 984)** | **(10 272)** |
| Assigned to: | | | |
| Shareholders of the parent company | | 768 | (9 353) |
| Non-controlling interests shareholders | | (2 752) | (919) |
| **Earnings per share (in PLN)** | | | |
| – basic earnings per share | 5.11 | 0.0294 | (0.3574) |
| – basic earnings per share from continuing operations | | 0.0294 | (0.3574) |
| – diluted earnings per share | 5.11 | 0.0294 | (0.3573) |
| – diluted earnings per share from continuing operations | | 0.0294 | (0.3573) |

## 2.2 Consolidated statement of comprehensive income

for the 3-month period ended 31 March 2012 and the 3-month period ended 31 March 2011.

| Consolidated Statement of comprehensive income | Note | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|---|
| **Net profit/(loss) for the period** | | **(1 984)** | **(10 272)** |
| **Other comprehensive income** | | | |
| Currency differences from translation of foreign subsidiaries | | (7 048) | 6 123 |
| Income tax relating to components of other comprehensive income | | - | - |
| **Other comprehensive income (net)** | | **(7 048)** | **6 123** |
| **Total comprehensive income** | 2.5 | **(9 032)** | **(4 149)** |
| Assigned to: | | | |
| Shareholders of the parent company | 2.5 | (6 414) | (4 163) |
| Non-controlling interests shareholders | 2.5 | (2 618) | 14 |

## 2.3 Consolidated balance sheet

As at 31 March 2012, as at 31 December 2011 and as at 31 March 2011.

| ASSETS | Note | 31.3.2012 | 31.12.2011 | 31.3.2011 |
|---|---|---|---|---|
| **Fixed assets (long-term)** | | **887 725** | **903 635** | **870 297** |
| Tangible fixed assets | | 530 063 | 541 122 | 539 752 |
| Goodwill | | 118 209 | 118 972 | 112 137 |
| Intangible fixed assets | | 214 902 | 218 870 | 194 499 |
| Other financial assets | | 72 | 73 | 83 |
| Other long-term assets | | 3 414 | 3 481 | 3 481 |
| Deferred tax assets | | 21 065 | 21 117 | 20 345 |
| **Current assets (short-term)** | | **460 850** | **441 161** | **396 507** |
| Inventories | | 136 520 | 130 523 | 132 965 |
| Trade receivables and other receivables | | 256 789 | 247 242 | 196 448 |
| Income tax receivables | | 3 433 | 2 560 | 12 676 |
| Cash and cash equivalents | | 54 108 | 50 836 | 44 325 |
| Other financial assets | | - | - | 93 |
| Assets (group of assets) held for sale | 5.14 | 10 000 | 10 000 | 10 000 |
| **TOTAL ASSETS** | | **1 348 575** | **1 344 796** | **1 266 804** |

| LIABILITIES AND EQUITY | Note | 31.3.2012 | 31.12.2011 | 31.3.2011 |
|---|---|---|---|---|
| **Equity assigned to the shareholders of the parent company** | | **492 737** | **499 151** | **467 434** |
| Share capital | 2.5 | 26 173 | 26 173 | 26 173 |
| Other capital | 2.5 | 504 423 | 511 605 | 488 060 |
| Retained earnings | 2.5 | (37 859) | (38 627) | (46 799) |
| **Equity assigned to the non-controlling interests shareholders** | 2.5 | **38 879** | **41 497** | **35 763** |
| **Total equity** | | **531 616** | **540 648** | **503 197** |
| **Long-term liabilities** | | **229 239** | **225 218** | **211 178** |
| Bank credits and loans | | 84 564 | 84 392 | 104 833 |
| Bonds issued | | 48 532 | 31 808 | - |
| Financial leasing liabilities | | 15 655 | 15 727 | 26 082 |
| Provisions | 5.7 | 70 | 70 | 214 |
| Other liabilities | | 8 117 | 20 281 | 17 240 |
| Deferred tax reserve | | 72 301 | 72 940 | 62 809 |
| **Short-term liabilities** | | **587 720** | **578 930** | **552 429** |
| Bank credits and loans | | 212 878 | 224 386 | 212 109 |
| Bonds issued | | 998 | 82 | - |
| Financial leasing liabilities | | 8 420 | 12 779 | 10 513 |
| Trade liabilities and other liabilities | | 340 684 | 313 576 | 294 926 |
| Income tax liabilities | | 3 673 | 3 358 | 129 |
| Other financial liabilities | | 114 | 18 | - |
| Provisions | 5.7 | 19 058 | 22 490 | 32 107 |
| Liabilities (group of liabilities) related to assets held for sale | 5.14 | 1 895 | 2 241 | 2 645 |
| **Total liabilities** | | **816 959** | **804 148** | **763 607** |
| **TOTAL LIABILITIES AND EQUITY** | | **1 348 575** | **1 344 796** | **1 266 804** |

## 2.4 Consolidated cash flow statement

for the 3-month period ended 31 March 2012 and the 3-month period ended 31 March 2011.

| Consolidated cash flow statement | Note | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|---|
| **Cash flow on operating activity** | | | |
| Gross profit (loss) | | (749) | (10 360) |
| Adjustments for the following item: | | | |
| Depreciation | 5.3 | 20 977 | 18 394 |
| Net interest and dividends | 5.4,5.5 | 5 444 | 3 766 |
| Net foreign exchange differences | 5.4,5.5 | (585) | 630 |
| (Profit)/loss on investment activity | | (162) | (2) |
| Change in the balance of receivables | | (6 536) | 8 350 |
| Change in the balance of inventories | | (20 867) | (5 859) |
| Change in the balance of liabilities | | 15 710 | 1 046 |
| Change in the balance of provisions | | (3 432) | 1 667 |
| Paid income tax | | (688) | (3 724) |
| Other | | - | 265 |
| Other currency differences from translation | | 9 959 | (5 814) |
| **Net cash flow on operating activity** | | **19 071** | **8 359** |
| **Cash flow on investing activity** | | | |
| Sale of intangible assets and fixed assets | | 239 | 96 |
| Purchase of intangible assets and fixed assets | 5.12,5.13 | (7 885) | (6 313) |
| Dividends and interest received | | 477 | 514 |
| Other | | - | (20) |
| **Net cash flow on investing activity** | | **(7 169)** | **(5 723)** |
| **Cash flow on financial activity** | | | |
| Repayment of financial leasing liabilities | | (5 063) | (4 050) |
| Proceeds from loans and bank credits received | | 9 995 | 25 919 |
| Proceeds from bonds issue | | 16 697 | - |
| Repayment of loans and bank credits | | (25 417) | (25 771) |
| Dividends paid to the shareholders of the parent company | | - | - |
| Dividends paid to the non-controlling interests shareholders | | - | (5 439) |
| Interest paid | 5.5 | (4 842) | (4 233) |
| Other | | - | - |
| **Net cash flow on financing activity** | | **(8 630)** | **(13 574)** |
| Total net cash flow | | 3 272 | (10 938) |
| **Cash at the beginning of the period** | | **50 836** | **55 263** |
| **Cash at the end of the period** | | **54 108** | **44 325** |
| Cash with limited ability to use | | - | - |

## 2.5 Consolidated statement of changes in equity

for the 3-month period ended 31 March 2012, for the 12-month period ended 31 December 2011 and for the 3-month period ended 31 March 2011.

| Consolidated statement of changes in equity | Note | Assigned to the shareholders of the parent company | | | | | Assigned to the non-controlling interests shareholders | Total equity |
|---|---|---|---|---|---|---|---|---|
| | | | Other capital | | | | | |
| | | Share capital | Total other capital | including: Currency differences from translation of foreign subsidiaries | Retained earnings | Total | | |
| **As at 1.1.2011** | | **26 173** | **482 870** | **24 769** | **(37 446)** | **471 597** | **41 188** | **512 785** |
| **Total comprehensive income for the period** | 2.2 | **-** | **5 190** | **5 190** | **(9 353)** | **(4 163)** | **14** | **(4 149)** |
| Dividends payment | | - | - | - | - | - | (5 439) | (5 439) |
| Other (profit distribution) | | - | - | - | - | - | - | - |
| **As at 31.3.2011** | | **26 173** | **488 060** | **29 959** | **(46 799)** | **467 434** | **35 763** | **503 197** |
| **As at 1.1.2011** | | **26 173** | **482 870** | **24 769** | **(37 446)** | **471 597** | **41 188** | **512 785** |
| **Total comprehensive income for the period** | | **-** | **19 424** | **19 424** | **24 232** | **43 656** | **5 748** | **49 404** |
| Dividends payment | | - | - | - | (16 227) | (16 227) | (5 439) | (21 666) |
| Other (profit distribution) | | - | 9 311 | - | (9 186) | 125 | - | 125 |
| **As at 31.12.2011** | | **26 173** | **511 605** | **44 193** | **(38 627)** | **499 151** | **41 497** | **540 648** |
| **As at 1.1.2012** | | **26 173** | **511 605** | **44 193** | **(38 627)** | **499 151** | **41 497** | **540 648** |
| **Total comprehensive income for the period** | 2.2 | **-** | **(7 182)** | **(7 182)** | **768** | **(6 414)** | **(2 618)** | **(9 032)** |
| Other (profit distribution) | | - | - | - | - | - | - | - |
| **As at 31.3.2012** | | **26 173** | **504 423** | **37 011** | **(37 859)** | **492 737** | **38 879** | **531 616** |

# 3. GENERAL INFORMATION

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

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

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 statements cover the 3-month period ended 31 March 2012, and contain comparatives for the 3-month period ended 31 March 2011.

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

As at 31 March 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 | acquisition accounting | | |
| 2. | Kofola ČeskoSlovensko a.s. | Czech Republic, Ostrava | holding | acquisition accounting | 100.0% | 100.0% |
| 3. | Hoop Polska Sp. z o.o. | Poland, Kutno | production of non-alcoholic beverages | acquisition accounting | 100.0% | 100.0% |
| 4. | Kofola a.s. | Czech Republic,, Krnov | production and distribution of non-alcoholic beverages | acquisition accounting | 100.0% | 100.0% |
| 5. | Kofola a.s. | Slovakia, Rajecká Lesná | production and distribution of non-alcoholic beverages | acquisition accounting | 100.0% | 100.0% |
| 6. | Kofola Sp. z o.o. | Poland, Kutno | rent of production assets | acquisition accounting | 100.0% | 100.0% |
| 7. | Santa-Trans s.r.o. | Czech Republic, Krnov | road cargo transport | acquisition accounting | 100.0% | 100.0% |
| 8. | Santa-Trans.SK s.r.o. | Slovakia, Rajec | road cargo transport | acquisition accounting | 100.0% | 100.0% |
| 9. | OOO Megapack | Russia, Widnoje | production of non-alcoholic and low-alcoholic beverages | acquisition accounting | 50.0% | 50.0% |
| 10. | OOO Trading House Megapack | Russia, Widnoje | sale and distribution of non-alcoholic and low-alcoholic beverages | acquisition accounting | 50.0% | 50.0% |
| 11. | Pomorskie Centrum Dystrybucji HOOP Sp. z o.o. | Poland, Koszalin | wholesale of non-alcoholic and low-alcoholic beverages, activity discontinued in 2011 | acquisition accounting | 100.0% | 100.0% |
| 12. | Transport Spedycja Handel Sulich Sp. z o.o. | Poland, Bielsk Podlaski | road cargo transport, spedition | equity accounting | 50.0% | 50.0% |
| 13. | PINELLI spol. s r.o. | Czech Republic, Ostrava | trademark licensing | acquisition accounting | 100.0% | 100.0% |
| 14. | Kofola Zrt. | Hungary, Budapest | in liquidation | acquisition accounting | 100.0% | 100.0% |
| 15. | STEEL INVEST Sp. z o.o. | Poland, Warsaw | does not conduct business operation | acquisition accounting | 100.0% | 100.0% |

The holding company – **KOFOLA S.A.** ("the Company", "the Issuer") Company's registered office is in Kutno 99-300, ul. Wschodnia 5. The Company was 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 23 December 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. (till 30 March 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 Ostrawa - 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 Kofola a.s. (Slovakia),
- Pinelli spol. s r.o. (CZ) – a company registered in Czech Republic, of which Kofola a.s. (CZ). holds 100%. Until the end of June 2011 activities of Pinelli spol. s.r.o. consisted of production and sale of beverages. In July and August 2011 activities were transferred to Kofola a.s. (CZ) and production to 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 April 22, 2011, the results of Pinelli spol. s r.o. were not included in the comparable data.
- Kofola Zrt. (HU) – a company registered in Hungary, which does not conduct business operations from 2010. Currently in liquidation.

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. 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 signinificantly reducing operational activities with the intention of the future liquidation. For purposes of those consolidated financial statements 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.** – with its registered office in Warsaw, 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.** – 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 KLIMO s.r.o. are presented only in comparable data.

**MANAGEMENT BOARD**

As at 31 March 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 31 March 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.

**AUDIT COMMITTEE**

As at 31 March 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.

## 4.1 Basis for the preparation of the condensed interim consolidated financial statements

The present unaudited condensed consolidated financial statements ("consolidated financial statements") have been prepared in accordance with the laws binding in the Republic of Poland and with International Financial Reporting Standards ("IFRS"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, and therefore comply with Article 4 of the E.U. Directive on the application of international accounting standards. The consolidated financial statements have been prepared on a going concern basis and in accordance with the historical cost method, 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, as required by IFRS 3.

In accordance with § 83 par. 1 of the Decree, the present financial statements include financial information of the Holding Company, containing: the separate statement of financial position, the separate statement of comprehensive income, the separate cash flow statement and the separate statement of changes in shareholders' equity.

The present unaudited financial statements are to be read along with the audited annual consolidated financial statements of the KOFOLA S.A. Group prepared in accordance with International Financial Reporting Standards (IFRS), containing notes ("the consolidated financial statements prepared in accordance with IFRS") for the year ended 31 December 2011.

The condensed interim consolidated financial statements consist of the consolidated balance sheet, the consolidated profit and loss account, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated cash flow statement and notes.

The consolidated financial statements are 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 financial statements.

Standards and interpretations that have been published, but no yet adopted

The Management has not opted for early and fully application of the following standards and interpretations (adopted or in the process of being adopted by the European Union):

- IFRS 9 „Financial instruments" is effective for annual periods beginning on or after 1 January 2015 - the standard has not been yet approved by the European Union,
- IFRS 10 „Consolidated Financial Statements" is effective for annual periods beginning on or after 1 January 2013 - the standard has not been yet approved by the European Union,
- Amendment to IAS 27 "Separate Financial Statements" is effective for annual periods beginning on or after 1 January 2013 - the amendment has not been yet approved by the European Union,
- Amendment to IAS 28 "Investments in Associates and Joint Ventures" is effective for annual periods beginning on or after 1 January 2013 - the amendment has not been yet approved by the European Union,
- IFRS 11 „Joint Arrangements" is effective for annual periods beginning on or after 1 January 2013. The standard has not been yet approved by the European Union,
- IFRS 12 „Disclosure of Interest in Other Entities" is effective for annual periods beginning on or after 1 January 2013. The standard has not been yet approved by the European Union,
- IFRS 13 „Fair value measurement" is effective for annual periods beginning on or after 1 January 2013 - the standard has not been yet approved by the European Union,
- Amendment to IAS 1 „Presentation of Financial Statements" is effective for annual periods beginning on or after 1 July 2012 - the amendment has not been yet approved by the European Union,
- Amendment to IAS 19 „Employee Benefits" is effective for annual periods beginning on or after 1 January 2013 - the amendment has not been yet approved by the European Union.

The Management is currently analyzing the consequences and effect of the above new standards on the financial statements.

## 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 statements.

## 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. Financial 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 loans granted to consolidated related parties are transferred as part of consolidation adjustments from the profit and loss to Other capital as Foreign exchange differences on currency translation.

The following rates were used in the balance sheet valuation:

| Currency rates at the end of period | 31.3.2012 | 31.12.2011 | 31.3.2011 |
|---|---|---|---|
| PLN/CZK | 0.1678 | 0.1711 | 0.1634 |
| PLN/EUR | 4.1616 | 4.4168 | 4.0119 |
| PLN/RUB | 0.1064 | 0.1061 | 0.0994 |
| PLN/USD | 3.1191 | 3.4174 | 2.8229 |

| Average currency rates, calculated as arithmetical mean of currencies on last day of each month in period | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.12.2011 | 1.1.2011 - 31.3.2011 |
|---|---|---|---|
| PLN/CZK | 0.1673 | 0.1682 | 0.1628 |
| PLN/EUR | 4.1750 | 4.1401 | 3.9742 |
| PLN/RUB | 0.1062 | 0.1008 | 0.0985 |
| PLN/USD | 3.1318 | 2.9679 | 2.8613 |

The financial statements 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 directly under equity as a separate component,
- 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 statements of the subsidiaries are prepared for the same period as the financial statements 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 and changes in presentation

The accounting methods based on which the present financial statements have been prepared have not changed compared to the methods used in the consolidated financial statements for the twelve months period ended 31 December 2011, with the exception of the following presentation changes:

**CONSOLIDATED BALANCE SHEET**

In comparable periods bonuses for customers which decrease the revenues, are reported as liabilities, and currently are presented as an item reducing trade and other receivables.

| | 31.3.2011 | | |
|---|---|---|---|
| | published financial statements | comparable data | change |
| Trade receivables and other receivables | 219 938 | 196 448 | (23 490) |
| Trade liabilities and other liabilities | 318 416 | 294 926 | (23 490) |

In comparable periods short and long-term lease obligations relating to assets held for sale were displayed at position of lease obligations, and are currently presented in a separate item of current liabilities as liabilities directly associated with the asset (group asset) classified as held for sale.

| | 31.3.2011 | | |
|---|---|---|---|
| | published financial statements | comparable data | change |
| Long-term lease obligations | 27 909 | 26 082 | (1 827) |
| Short-term lease obligations | 11 331 | 10 513 | (818) |
| Liabilities directly associated with the asset (group asset) classified as held for sale | - | 2 645 | 2 645 |

Since 1 January 2012 pallets are presented in tangible fixed assets (previously they were a component of inventories). The effect of accounting methods change is transfer of pallets amounted to PLN 14 870 thousand from inventory to fixed assets. The Management believes that the new way of pallets presentation in the financial statements and their depreciation reflect in a better way the economic nature of those assets.

The above changes have not been included in comparative data due to the complexity of retrospective impact's estimation. At present the works are carried out to assess the impact of that change on the financial statements of the Group in previous periods.

**CONSOLIDATED INCOME STATEMENT**

In comparative periods a part of segmental costs was presented as Selling, marketing and distribution costs, and currently they are presented as a position decreasing revenues from the sales of finished products and services.

| | 31.3.2011 | | |
|---|---|---|---|
| | published financial statements | comparable data | change |
| Revenues | 271 195 | 259 336 | (11 859) |
| Selling, marketing and distribution costs | (74 291) | (62 432) | 11 859 |

**CONSOLIDATED CASH FLOW STATEMENT**

In the consolidated financial statements for the comparative period an adjustment was made between the positions of operating activity „Change in the balance of receivables" and „Change in the balance of liabilities" resulting from the different way of presenting the bonuses for customers described in the above point concerning the balance sheet statement.

## 4.6 Correction of error

No adjustments of errors have been made in the financial statements for the year.

## 4.7 Professional judgment

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

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

As at 31 March 2012 the Management's professional judgment relates to provisions for claims and court cases, as well as to contingent liabilities. It is also used in assessing the risk associated with the repayment of overdue receivables – the Group verifies its provisions for doubtful debts as at each balance sheet date, taking into account the potential risk of significant delays in their repayment.

## 4.8 Uncertainty of estimates

Since some of the information contained in the financial statements cannot be measured precisely, to prepare the financial statements the Group's Management must perform estimates. The Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason the estimates performed as at 31 March 2012 may be changed in the future. The main estimates pertain to the following matters:

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

## 4.9 Approval of financial statements

The Board of Directors approved the present consolidated financial statements for publication on 11 May 2012.

## 5.1 Operating segments

An operating segment is a component of an entity:

A) which engages in business activities as a result of which it may earn 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.

**Change in the presentation of information about operating segments**

Due to the new segment reporting requirements introduced effective 1 January 2009 by IFRS 8 Operating Segments, the KOFOLA S.A. Group presents a breakdown by segment. The Group has performed an analysis to identify potential operating segments. The Group conducts activities as part of the following operating segments:

- Carbonated beverages
- Non-Carbonated beverages
- Mineral waters
- Syrups
- Low alcohol drinks
- Other

The "Other" segment includes beverage (goods for resale) sales made by a distribution company PCD Hoop Sp. z o.o., sales of own energy drinks Semtex and Erektus (products), ice tea (product), as well as transport activities performed for entities from outside the Group.

Financial revenue and costs, as well as taxes, have not been disclosed by segment, as these values are monitored at Group level and no such information is forwarded to segment-level decision makers.

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 one client, who generates more than 10% of the segment's revenues. The Group's revenues from this client for the three-month period ended 31 March 2012 amounted to 56 201 thousand PLN and related to carbonated beverages, non-carbonated beverages, mineral water and syrups.

Due to the use of joint asset resources as part of operating segments and because of difficulties in allocating these resources to separate segments, the Group does not present to the decision making organ its data on the assets, liabilities, investment spending and depreciation charges allocated to the various segments, and does not present these data in the financial statements.

Reporting segment results for the three months period ended 31 March 2012 and for the three months period ended 31 March 2011:

**OPERATING SEGMENTS**

| | Continued activity | | | | | | |
|---|---|---|---|---|---|---|---|
| **1.1.2012 - 31.3.2012** | **Carbonated beverages** | **Non-Carbonated beverages** | **Mineral waters** | **Syrups** | **Low alcohol drinks** | **Other** | **Total** |
| Revenue | 133 426 | 21 710 | 39 576 | 39 027 | 39 971 | 5 128 | 278 838 |
| Operating expenses | (127 777) | (22 944) | (40 559) | (38 202) | (40 226) | (4 437) | (274 145) |
| **Operating result of the segment** | **5 649** | **(1 234)** | **(983)** | **825** | **(255)** | **691** | **4 693** |
| Result on financial activity | | | | | | | (5 442) |
| Profit (loss) before tax | | | | | | | (749) |
| Income tax | | | | | | | (1 235) |
| **Net profit (loss)** | | | | | | | **(1 984)** |

| | Continued activity | | | | | | |
|---|---|---|---|---|---|---|---|
| **1.1.2011 - 31.3.2011 *** | **Carbonated beverages** | **Carbonated beverages** | **Carbonated beverages** | **Carbonated beverages** | **Carbonated beverages** | **Carbonated beverages** | **Carbonated beverages** |
| Revenue | 107 785 | 22 659 | 38 814 | 32 641 | 55 177 | 7 967 | 265 043 |
| Operating expenses | (103 298) | (23 922) | (46 058) | (30 920) | (55 775) | (9 932) | (269 905) |
| **Operating result of the segment** | **4 487** | **(1 263)** | **(7 244)** | **1 721** | **(598)** | **(1 965)** | **(4 862)** |
| Result on financial activity | | | | | | | (5 498) |
| Profit (loss) before tax | | | | | | | (10 360) |
| Income tax | | | | | | | 88 |
| **Net profit (loss)** | | | | | | | **(10 272)** |

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

## 5.2 Geographical segments

The Group's activities are generally concentrated on the following markets:

- Poland
- Czech Republic
- Russia
- Slovakia

Presented below are the data for the above geographical segments.

| 1.1.2012 - 31.3.2012 | Poland | Czech Republic | Russia | Slovakia | Other | Eliminations (consolidation adjustments) | Total |
|---|---|---|---|---|---|---|---|
| **Revenue** | 105 820 | 87 106 | 53 596 | 54 172 | 1 090 | (22 946) | 278 838 |
| Sales to external customers | 103 721 | 78 565 | 53 596 | 41 866 | 1 090 | - | 278 838 |
| Inter-segment sales | 2 099 | 8 541 | - | 12 306 | - | (22 946) | - |
| **Operating expenses** | (107 075) | (78 791) | (59 253) | (50 418) | (1 103) | 22 495 | (274 145) |
| Related to third party sales | (104 841) | (70 835) | (59 253) | (38 113) | (1 103) | - | (274 145) |
| Related to inter-segment sales | (2 234) | (7 956) | - | (12 305) | - | 22 495 | - |
| **Operating result of the segment** | **(1 255)** | **8 315** | **(5 657)** | **3 754** | **(13)** | **(451)** | **4 693** |
| Result on financial activity | (3 386) | (3 685) | (519) | (492) | (0) | 2 640 | (5 442) |
| within segment | (3 122) | (1 309) | (519) | (492) | (0) | - | (5 442) |
| between segments | (264) | (2 376) | - | - | - | 2 640 | - |
| Profit /(loss) before tax | (4 641) | 4 630 | (6 176) | 3 262 | (13) | 2 189 | (749) |
| Income tax | 212 | (1 062) | 672 | (552) | (4) | (501) | (1 235) |
| **Net profit /(loss)** | **(4 429)** | **3 568** | **(5 504)** | **2 710** | **(17)** | **1 688** | **(1 984)** |
| **Assets and liabilities** | | | | | | | |
| Segment assets | 706 119 | 466 313 | 168 990 | 193 830 | 189 | (186 866) | 1 348 575 |
| **Total assets** | **706 119** | **466 313** | **168 990** | **193 830** | **189** | **(186 866)** | **1 348 575** |
| Segment liabilities | 368 430 | 447 648 | 91 284 | 119 573 | 61 | (210 038) | 816 958 |
| Equity | | | | | | | 531 616 |
| **Total liabilities and equity** | | | | | | | **1 348 575** |
| **Other information concerning segment** | | | | | | | |
| Investment expenditure: | | | | | | | |
| Tangibles and intangibles | 1 855 | 1 711 | 2 523 | 1 796 | - | - | 7 885 |
| Depreciation and amortization | 7 130 | 7 127 | 2 579 | 4 141 | - | - | 20 977 |

| 1.1.2011 - 31.3.2011 * | Poland | CzechRepublic | Russia | Slovakia | Other | Eliminations (consolidation adjustments) | Total |
|---|---|---|---|---|---|---|---|
| **Revenue** | 105 181 | 75 224 | 62 732 | 42 395 | 888 | (21 377) | 265 043 |
| Sales to external customers | 102 386 | 66 087 | 62 732 | 32 950 | 888 | - | 265 043 |
| Inter-segment sales | 2 795 | 9 137 | - | 9 445 | - | (21 377) | - |
| **Operating expenses** | (102 498) | (76 759) | (65 322) | (45 680) | (919) | 21 273 | (269 905) |
| Related to third party sales | (99 770) | (67 658) | (65 322) | (36 236) | (919) | - | (269 905) |
| Related to inter-segment sales | (2 728) | (9 101) | - | (9 444) | - | 21 273 | - |
| **Operating result of the segment** | **2 683** | **(1 535)** | **(2 590)** | **(3 285)** | **(31)** | **(104)** | **(4 862)** |
| Result on financial activity | 8 338 | (3 943) | 458 | (619) | - | (9 732) | (5 498) |
| within segment | (3 819) | (1 518) | 458 | (619) | - | - | (5 498) |
| between segments | 12 157 | (2 425) | - | - | - | (9 732) | - |
| Profit /(loss) before tax | 11 021 | (5 478) | (2 132) | (3 904) | (31) | (9 836) | (10 360) |
| Income tax | (1 353) | 399 | 293 | 749 | - | - | 88 |
| **Net profit /(loss)** | **9 668** | **(5 079)** | **(1 839)** | **(3 155)** | **(31)** | **(9 836)** | **(10 272)** |
| **Assets and liabilities** | | | | | | | |
| Segment assets | 764 256 | 422 015 | 120 712 | 208 197 | 5 | (248 381) | 1 266 804 |
| **Total assets** | **764 256** | **422 015** | **120 712** | **208 197** | **5** | **(248 381)** | **1 266 804** |
| Segment liabilities | 388 602 | 446 612 | 49 186 | 142 376 | 3 | (263 172) | 763 607 |
| Equity | | | | | | | 503 197 |
| **Total liabilities and equity** | | | | | | | **1 266 804** |
| **Other information concerning segment** | | | | | | | |
| Investment expenditure: | | | | | | | |
| Tangibles and intangibles | 3 531 | 1 877 | 472 | 433 | - | - | 6 313 |
| Depreciation and amortization | 5 816 | 6 231 | 2 537 | 3 810 | - | - | 18 394 |

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

**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 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 |
| NON-CARBONATED BEVERAGES | Jupí Fruit Drink, Top Topic, Aloe vera |
| 100% FRUIT JUICES AND NECTARS | Snipp |
| SYRUPS AND CONCENTRATES | Jupí, Paola, Jarmark Polski |
| CHILDRENS' DRINKS | Jupík, Jupík Aqua, Jumper, Jupik Smoothie |
| ICE TEA | Pickwick Ice Tea, Green Tea |
| ENERGY DRINKS | Semtex, Erektus, R20 |
| 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, Kofola without sugar with stevia, Jupik Aqua sport, Hoop Cola in 0.25 l cans, Chito „Ginger Beer" (non-alcoholic ginger beer) and Chito „Cloudy lemon", Rajec water for babies 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.

**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".

## 5.3 Expenses by type

| Expenses by type | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| Depreciation of fixed assets and intangible assets | 20 977 | 18 394 |
| Personal expenses | 40 913 | 44 179 |
| Consumption of materials and energy | 188 000 | 161 703 |
| Services | 33 551 | 35 171 |
| Taxes and fees | 1 983 | 2 113 |
| Property and life insurance | 722 | 707 |
| Other costs, including: | 3 420 | 6 131 |
| - change in revaluation write-off of inventory | 425 | (262) |
| - change in revaluation write-off of receivables | 1 261 | 990 |
| - other operating costs | 1 734 | 5 403 |
| **Total expenses by type** | **289 566** | **268 398** |
| Change in the balance of products, production in progress, prepayments and accruals | (13 215) | 175 |
| Depreciation included in segment costs | (1 507) | (1 399) |
| **Reconciliation of expenses by type to expenses by function** | **274 844** | **267 175** |
| Costs of sales, marketing and distribution | 58 662 | 62 432 |
| Administrative costs | 14 427 | 18 182 |
| Cost of product sold | 201 755 | 186 561 |
| **Total costs of product sold, merchandise and materials, sales costs and overhead costs** | **274 844** | **267 175** |

| Personal expenses | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| Cost of salary | 31 453 | 34 381 |
| Social security and Rother benefits costs | 9 460 | 9 798 |
| **Total employee benefits costs** | **40 913** | **44 179** |

## 5.4 Financial income

| | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| Financial interest income from: | | |
| - bank deposits | 403 | 442 |
| - credits and loans granted | 74 | 86 |
| - interest on receivables | - | 152 |
| Net financial income from realized FX differences | 622 | 214 |
| Other financial income | 68 | 1 |
| **Total financial income** | **1 167** | **895** |

## 5.5 Financial expense

| | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| Financial interest expense from: | | |
| - credits and financial leases | 5 922 | 4 446 |
| Net financial losses from realized FX differences | 37 | 844 |
| Bank costs and charges | 605 | 1 000 |
| Other financial expense | - | 22 |
| **Total financial expense** | **6 564** | **6 312** |

## 5.6 Share in result received from subsidiaries and 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, TSH Sulich Sp. z o.o. is not consolidated by acquisition accounting.

## 5.7 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 | (375) | (13) | 1 | - | - | (357) |
| Increase due to creation | 2 197 | 869 | - | - | - | 4 546 |
| Decrease due to release and use | (936) | (444) | (1) | (1) | - | (7 621) |
| Transfer to other category* | - | (6 264) | - | - | - | - |
| **As at 31.3.2012** | **24 548** | **2 681** | **22 882** | **34 119** | **800** | **19 128** |

* 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.

## 5.8 Dividends paid and declared

| | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| Dividends declared in the given period | - | - |
| Dividends on common shares: | | |
| paid out in the given period | - | - |
| **Dividends declared and paid** | **-** | **-** |

## 5.9 Income tax

Main income tax elements for the three months period ended 31 March 2012 and for the three months period ended 31 March 2011:

| | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| **Profit and loss** | | |
| **Current income tax** | **1 615** | **(39)** |
| Current Income tax charge | 1 615 | (79) |
| Adjustments of current income tax from previous years | - | 40 |
| **Deferred income tax** | **(380)** | **(49)** |
| Related with arising and reversing of temporary differences | (380) | (741) |
| Related with tax losses | - | 692 |
| **Income tax charge recorded in consolidated profit and loss** | **1 235** | **(88)** |

## 5.10 Discontinued operations

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

## 5.11 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 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| Net profit assigned to the shareholders of the parent company | 768 | (9 353) |

| | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| 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 |
| Adjusted weighted average number of common shares used to calculate diluted earnings per share | **26 172 602** | **26 178 701** |

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

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

| | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| Net profit assigned to the shareholders of the parent company | 768 | (9 353) |
| Weighted average number of issued common shares | 26 172 602 | 26 172 602 |
| **Regular earnings per share (PLN/share)** | **0.0294** | **(0.3574)** |

| | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| Net profit assigned to the shareholders of the parent company, used to calculate diluted earnings per share | 768 | (9 353) |
| Adjusted weighted average number of common shares used to calculate diluted earnings per share | 26 172 602 | 26 178 701 |
| **Diluted earnings per share (PLN/share)** | **0.0294** | **(0.3573)** |

## 5.12 Tangible fixed assets

In the reporting period of 3 months ended 31 March 2012 the companies of the KOFOLA S.A. Group incurred PLN 7 680 thousand in expenses to increase the value of tangible fixed assets. The investment projects realized in this period pertain primarily to Megapack Group (the continuation of investment in a new production line) and investment to the gastronomy in Czech and Slovakia.

## 5.13 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.

In the 3 month period ended 31 March 2012 the companies of the KOFOLA S.A. Group incurred PLN 205 thousand in expenses to increase the value of intangible fixed assets. Investment projects realized in this period relate mainly to the company's software Kofola ČeskoSlovensko a.s.

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

Assets (groups of assets) held for sale include the available for immediate sale fixed assets of the subsidiary Hoop Polska Sp. z o.o. with a balance sheet value of 10 000 thousand PLN (the plant in Tychy along with office building) and assets related to these liabilities in the amount of PLN 1 895 thousand presented in the position Liabilities directly associated with assets (asset groups) classified as held for sale and constitute in total leasing obligations.

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.

## 5.15 Credits and loans and issued bonds

As at 31 March 2012 the Group's total credit and loan debt amounted to PLN 297 442 thousand and decreased by PLN 11 336 thousand compared to the end of the year 2011.

As at 31 March 2012 the Group has obligations from emission of long-term bonds in the total amount of PLN 49 530 thousand, of which PLN 48 532 thousand are presented is in long-term liabilities, and interest payments of PLN 998 thousand in short-term liabilities.

An increase of PLN 17 640 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 and interest charge for the reporting period.

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 $A^3$.

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 separately for each series,
- interest will be paid every six months where the first interest period begins on the date of issue and ends 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,
- bonds will be subject for appliance by the Issuer for their admission to trading in alternative trading system on the Catalyst market, that is organized by the Stock Exchange in Warsaw or BondSpot S.A. – see point 1.2 of the introduction of bonds on Catalyst market and BondSpot S.A., that took place on 30 March 2012,
- after two interest periods Issuer has granted option call bonds with the assumption that one-time bay-back will be at least 15% of the issued series under the Bond Issuance Program.

**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 bay-back in the nearest year makes it necessary to classify such liabilities as short-term. In the reporting period of three month period ended on 31 March 2012 there were no breaches of credit agreements' warrants or bond issuance terms by the companies of the Group.

## 5.16 Contingent assets and liabilities

As at 31 March 2012 the Group does not have any contingent assets or liabilities to other parties.

## 5.17 Information on transactions with related parties

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

| Revenues from the sale to related companies | 1.1.2012 - 31.3.2012 | |
|---|---|---|
| | revenues on the sale of products and services | revenues on the sale of merchandise and materials |
| - to affiliates (TSH Sulich) | 14 | - |
| - to other related companies (KSM Investment) | - | - |
| **Total revenues from the sale to related companies** | **14** | **-** |

| Purchases from related companies | 1.1.2012 - 31.3.2012 | |
|---|---|---|
| | purchase of services | purchase of merchandise and materials |
| - from affiliates (TSH Sulich) | 1 763 | - |
| - from other related companies (KSM Investment) | - | - |
| **Total purchases from related companies** | **1 763** | **-** |

| Receivables from related companies | 31.3.2012 | 31.12.2011 | 31.3.2011 |
|---|---|---|---|
| - from affiliates (TSH Sulich) | 33 | 18 | 22 |
| - from other related companies (KSM Investment) | 3 497 | 4 070 | 3 500 |
| **Total receivables from related companies** | **3 530** | **4 088** | **3 522** |

| Liabilities towards related companies | 31.3.2012 | 31.12.2011 | 31.3.2011 |
|---|---|---|---|
| - towards affiliates (TSH Sulich) | 116 | 661 | 365 |
| - towards other related companies (KSM Investment) | 5 342 | 5 447 | 5 202 |
| **Total liabilities towards related companies** | **5 458** | **6 108** | **5 567** |

## 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.

## 5.19 Significant court cases

**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 31 March 2012 the total value of these receivables is 8 002 thousand PLN, the balance sheet value of this item after revaluation is 586 thousand PLN. The debts are secured with mortgages on all of the significant properties of Fructo-Maj Sp. z o.o., as well as a registered pledge on its movables.

At this time the assets of Fructo-Maj Sp. z o.o. are being sold by the bankruptcy estate receiver. According to the Management, based on the current legal status and types of collateral, write-downs of assets associated with Fructo-Maj Sp. z o.o. included in these financial statements 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 1 000 thousand PLN by the creation of 2 000 new shares with a nominal value of 500 PLN each, which were acquired by KOFOLA S.A. by the issue value of 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 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 KOFALA 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.

## 5.20 Headcount

The average headcount in the company was as follows:

| | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| Management Board of the parent company | 5 | 5 |
| Management Boards of the Group entities | 10 | 23 |
| Administration | 244 | 297 |
| Sales, marketing and logistic departments | 956 | 1 131 |
| Production department | 779 | 788 |
| Other | 185 | 195 |
| **Total** | **2 179** | **2 439** |

## 5.21 Subsequent events

**REGISTRATION OF THE SHARE CAIPTAL INCREASE OF THE SUBSIDIARY**

The increase of the PCD Hoop Sp. z o.o. share capital was registered by the Court on 3 April 2012 (for more information see point 1.9).

**LOAN PROVIDED BY KOFOLA S.A. TO THE SUBSIDIARY**

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.

## SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

| | | | |
|---|---|---|---|
| **11.5.2012 r.** | **Janis Samaras** | **Chairman of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |
| **11.5.2012 r.** | **Bartosz Marczuk** | **Member of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |
| **11.5.2012 r.** | **Martin Mateáš** | **Member of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |
| **11.5.2012 r.** | **René Musila** | **Member of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |
| **11.5.2012 r.** | **Tomáš Jendřejek** | **Member of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |

**SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:**

| | | | |
|---|---|---|---|
| **11.5.2012 r.** | **Katarzyna Balcerowicz** | **Chief Accountant** | ................................. |
| *date* | *name and surname* | *position* | *signature* |

***Document signed on the Polish original.***

## 6.1 Separate income statement

for the three months period ended 31 March 2012 and the three months period ended 31 March 2011.

| Separate Income Statement | Note | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue from the sale of finished products and services | | - | |
| Revenue from the sale of goods and materials | | - | |
| Revenue | | - | - |
| Cost of products and services sold | | - | |
| Cost of goods and materials sold | | - | |
| Total cost of sales | | - | - |
| **Gross profit (loss)** | | **-** | **-** |
| Selling, marketing and distribution costs | | - | |
| Administrative costs | 9.2 | (832) | (557) |
| Other operating income | | 818 | 542 |
| Other operating expenses | | (1) | (116) |
| **Operating result** | | **(15)** | **(131)** |
| Financial income | 9.3 | 2 525 | 12 154 |
| Financial expense | 9.4 | (3 625) | (312) |
| **Profit (loss) before tax** | | **(1 115)** | **11 711** |
| Income tax | | 212 | (2 225) |
| **Net profit (loss) on continued activity** | | **(903)** | **9 486** |
| **Discontinued activity** | | | |
| Net (loss) on discontinued activity | | - | - |
| **Net profit (loss) for the financial year** | | **(903)** | **9 486** |
| **Earnings per share (in PLN)** | | | |
| - basic earnings per share | | (0.0345) | 0.3624 |
| - basic earnings per share from continuing operations | | (0.0345) | 0.3624 |
| - diluted earnings per share | | (0.0345) | 0.3624 |
| - diluted earnings per share from continuing operations | | (0.0345) | 0.3624 |

## 6.2 Separate statement of comprehensive income

or the three months period ended 31 March 2012 and the three months period ended 31 March 2011.

| Separate statement of comprehensive income | Note | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|---|
| **Profit (loss) for the period** | | **(903)** | **9 486** |
| **Other comprehensive income (gross)** | | | |
| Fair value gains on available-for-sale financial assets | | - | - |
| Income tax relating to components of Other comprehensive income | | - | - |
| **Other comprehensive income for the period (net)** | | **-** | **-** |
| **Total comprehensive income for the period** | 6.5 | **(903)** | **9 486** |

## 6.3 Separate balance sheet

as at 31 March 2012, as at 31 December 2011 and as at 31 March 2011.

| ASSETS | Note | 31.3.2012 | 31.12.2011 | 31.3.2011 |
|---|---|---|---|---|
| **Fixed assets** | | **1 026 983** | **1 005 494** | **1 002 508** |
| Tangible fixed assets | | 372 | 372 | 372 |
| Goodwill | | 13 767 | 13 767 | 13 767 |
| Intangible fixed assets | | - | - | - |
| Investment in subsidiaries and associates | 9.7 | 854 137 | 854 137 | 854 137 |
| Financial assets available for sale | | - | - | - |
| Loans provided to related parties | 9.7 | 147 707 | 137 218 | 134 232 |
| Other financial assets | 9.9 | 11 000 | - | - |
| Deferred tax assets | | - | - | - |
| **Current assets** | | **40 068** | **34 720** | **17 086** |
| Inventories | | - | - | - |
| Trade receivables and other receivables | | 1 571 | 1 833 | 5 013 |
| Income tax receivables | | - | - | 560 |
| Cash and cash equivalents | | 38 497 | 32 887 | 11 513 |
| **TOTAL ASSETS** | | **1 067 051** | **1 040 214** | **1 019 594** |

| LIABILITIES AND EQUITY | Note | 31.3.2012 | 31.12.2011 | 31.3.2011 |
|---|---|---|---|---|
| **Equity** | | **909 137** | **910 040** | **913 139** |
| Share capital | | 26 173 | 26 173 | 26 173 |
| Other capital | | 861 253 | 861 253 | 852 189 |
| Retained earnings | | 21 711 | 22 614 | 34 777 |
| **Long-term liabilities** | | **138 877** | **112 408** | **77 785** |
| Issued bonds | | 48 532 | 31 808 | - |
| Provisions | | - | - | - |
| Other liabilities | | 27 293 | 17 336 | 16 122 |
| Deferred tax reserve | | 63 052 | 63 264 | 61 663 |
| **Short-term liabilities** | | **19 037** | **17 766** | **28 670** |
| Bank credits and loans | | - | - | - |
| Issued bonds | | 998 | 82 | - |
| Trade liabilities and other liabilities | | 3 901 | 2 380 | 13 185 |
| Income tax liabilities | | - | 359 | - |
| Provisions | | 14 138 | 14 945 | 15 485 |
| **Total liabilities** | | **157 914** | **130 174** | **106 455** |
| **TOTAL LIABILITIES AND EQUITY** | | **1 067 051** | **1 040 214** | **1 019 594** |

## 6.4 Separate cash flow statement

or the three months period ended 31 March 2012 and the three months period ended 31 March 2011.

| Separate cash flow statement | Note | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|---|
| **Cash flow on operating activity** | | | |
| Gross profit (loss) | | (1 115) | 11 711 |
| Adjustments for the following items: | | | |
| Depreciation | 9.2 | - | 10 |
| Net interest and dividends | | (1 243) | (7 342) |
| Net foreign exchange difference | 9.3,9.4 | 2 340 | (4 374) |
| Change in the balance of receivables (including receivables acquired) | 9.9 | (10 437) | 2 335 |
| Change in the balance of inventories | | - | - |
| Change in the balance of liabilities | | 11 139 | (3 333) |
| Change in the balance of provisions | | (807) | (544) |
| Paid income tax | | (359) | (682) |
| **Net cash flow on operating activity** | | **(482)** | **(2 219)** |
| **Cash flow on investing activity** | | | |
| Dividends and interests received | | 395 | 4 923 |
| Proceeds from repaid loans | | - | - |
| Loans granted | | (11 000) | - |
| **Net cash flow on investing activity** | | **(10 605)** | **4 923** |
| **Cash flow on financial activity** | | | |
| Proceeds from issued bonds | | 16 697 | - |
| Repayment of loans and bank credits | | - | - |
| Dividends paid to the shareholders of the parent company | | - | - |
| Interest paid | | - | - |
| **Net cash flow on financing activity** | | **16 697** | **-** |
| Net change in cash and cash equivalents | | 5 610 | 2 704 |
| **Cash at the beginning of the period** | | **32 887** | **8 809** |
| **Cash at the end of the period, including** | | **38 497** | **11 513** |
| Cash with limited ability to use | | - | - |

## 6.5 Separate statement of changes in equity

for the three months period ended 31 March 2012, for the twelve months period ended 31 December 2011 and the three months period ended 31 March 2011.

| 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** |
| **Total comprehensive income for the period** | 6.2 | **-** | **-** | **9 486** | **9 486** |
| Dividends payment | | - | - | - | - |
| Profit distribution | | - | - | - | - |
| **As at 31.3.2011** | | **26 173** | **852 189** | **34 777** | **913 139** |
| **As at a 1.1.2011** | | **26 173** | **852 189** | **25 291** | **903 653** |
| **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** | **861 253** | **22 614** | **910 040** |
| **As at 1.1.2012** | | **26 173** | **861 253** | **22 614** | **910 040** |
| **Total comprehensive income for the period** | 6.2 | **-** | **-** | **(903)** | **(903)** |
| Dividends payment | | - | - | - | - |
| Profit distribution | | - | - | - | - |
| **As at 31.3.2012** | | **26 173** | **861 253** | **21 711** | **909 137** |

In „Other capital" line reserve capital (dividend fund) is presented in the amount of 29 541 thousand PLN designated for future dividends payment. This fund was created 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 20 478 thousand PLN and undistributed profit for previous years in the amount of 105 thousand PLN, and partly from the profit of 2010 in the amount of 8 959 thousand PLN.

# 7. GENERAL INFORMATION

Information about the company:

Name: KOFOLA Spółka Akcyjna [joint-stock company] (“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 Company’s separate financial statements cover the 3-month period ended 31 March 2012, and contain comparatives for the 3-month period ended 31 March 2011.

**THE GROUP’S STRUCTURE AND CHANGES THEREIN IN THE REPORTING PERIOD**

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

As at 31 March 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 | acquisition accounting | | |
| 2. | Kofola ČeskoSlovensko a.s. | Czech Republic, Ostrava | holding | acquisition accounting | 100.0% | 100.0% |
| 3. | Hoop Polska Sp. z o.o. | Poland, Kutno | production of non-alcoholic beverages | acquisition accounting | 100.0% | 100.0% |
| 4. | Kofola a.s. | Czech Republic,, Krnov | production and distribution of non-alcoholic beverages | acquisition accounting | 100.0% | 100.0% |
| 5. | Kofola a.s. | Slovakia, Rajecká Lesná | production and distribution of non-alcoholic beverages | acquisition accounting | 100.0% | 100.0% |
| 6. | Kofola Sp. z o.o. | Poland, Kutno | rent of production assets | acquisition accounting | 100.0% | 100.0% |
| 7. | Santa-Trans s.r.o. | Czech Republic, Krnov | road cargo transport | acquisition accounting | 100.0% | 100.0% |
| 8. | Santa-Trans.SK s.r.o. | Slovakia, Rajec | road cargo transport | acquisition accounting | 100.0% | 100.0% |
| 9. | OOO Megapack | Russia, Widnoje | production of non-alcoholic and low-alcoholic beverages | acquisition accounting | 50.0% | 50.0% |
| 10. | OOO Trading House Megapack | Russia, Widnoje | sale and distribution of non-alcoholic and low-alcoholic beverages | acquisition accounting | 50.0% | 50.0% |
| 11. | Pomorskie Centrum Dystrybucji HOOP Sp. z o.o. | Poland, Koszalin | wholesale of non-alcoholic and low-alcoholic beverages, activity discontinued in 2011 | acquisition accounting | 100.0% | 100.0% |
| 12. | Transport Spedycja Handel Sulich Sp. z o.o. | Poland, Bielsk Podlaski | road cargo transport, spedition | equity accounting | 50.0% | 50.0% |
| 13. | PINELLI spol. s r.o. | Czech Republic, Ostrava | trademark licensing | acquisition accounting | 100.0% | 100.0% |
| 14. | Kofola Zrt. | Hungary, Budapest | in liquidation | acquisition accounting | 100.0% | 100.0% |
| 15. | STEEL INVEST Sp. z o.o. | Poland, Warsaw | does not carry on activity | acquisition accounting | 100.0% | 100.0% |

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

## 8.1 Basis for the preparation of the condensed interim separate financial statements

The present condensed separate financial statements have been prepared in accordance with the laws binding in the Republic of Poland and with International Financial Reporting Standards ("IFRS"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, and therefore comply with Article 4 of the E.U. Directive on the application of international accounting standards. The separate financial statements have been prepared on a going concern basis and in accordance with the historical cost method, with the exception of assets and financial liabilities stated at 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, as required by IFRS 3.

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

The condensed separate financial statements consist of the balance sheet, the profit and loss account, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement, and selected notes.

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

## 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 statements.

## 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 | 31.3.2012 | 31.12.2011 | 31.3.2011 |
|---|---|---|---|
| PLN/CZK | 0.1678 | 0.1711 | 0.1634 |
| PLN/EUR | 4.1616 | 4.4168 | 4.0119 |
| PLN/RUB | 0.1064 | 0.1061 | 0.0994 |
| PLN/USD | 3.1191 | 3.4174 | 2.8229 |

| Average currency rates, calculated as arithmetical mean of currencies on last day of each month in period | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.12.2011 | 1.1.2011 - 31.3.2011 |
|---|---|---|---|
| PLN/CZK | 0.1673 | 0.1682 | 0.1628 |
| PLN/EUR | 4.1750 | 4.1401 | 3.9742 |
| PLN/RUB | 0.1062 | 0.1008 | 0.0985 |
| PLN/USD | 3.1318 | 2.9679 | 2.8613 |

## 8.5 Accounting methods and changes in presentation

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

## 8.6 Correction of error

No adjustments of errors have been made in the financial statements for the year.

## 8.7 Approval of financial statements

The Board of Directors approved the present separate financial statements for publication on 11 May 2012.

## 9.1 Operating segments

An operating segment is a component of an entity:

A) which engages in business activities as a result of which it may earn 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 Company's activities are uniform when it comes to the type of products and services and significant clients, and therefore no operating segments have been separated

## 9.2 Expenses by type

| Expenses by type | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| Depreciation of fixed assets and intangible assets | - | 10 |
| Personal expenses | 54 | 142 |
| Consumption of materials and energy | 2 | 2 |
| Services | 802 | 388 |
| Taxes and fees | 6 | 8 |
| Property and life insurance | 3 | - |
| Other costs | (35) | 7 |
| **Total expenses by type** | **832** | **557** |
| Change in the balance of products, production in progress, prepayments and accruals | - | - |
| **Reconciliation of expenses by type to expenses by function** | **832** | **557** |
| Costs of sales, marketing and distribution | - | - |
| Administrative costs | 832 | 557 |
| **Total costs of sales, marketing and distribution and administrative costs** | **832** | **557** |

| Personal expenses | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| Cost of salary | 45 | 123 |
| Social security and other benefits costs | 9 | 19 |
| **Total costs of employee benefits** | **54** | **142** |

## 9.3 Financial income

| | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| Financial interest income from: | | |
| - bank deposits | 395 | 92 |
| - credits and loans granted | 2 130 | 2 122 |
| Dividends received | - | 5 439 |
| Net financial income from realized FX differences | - | 4 501 |
| **Total financial income** | **2 525** | **12 154** |

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.).

## 9.4 Financial expense

| | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| Financial interest expense from: | | |
| - credits and financial leases | 1 282 | 311 |
| Net financial losses from realized FX differences | 2 340 | - |
| Revaluation of financial assets | - | - |
| Bank charges | 3 | - |
| Other financial expenses | - | 1 |
| **Total financial expense** | **3 625** | **312** |

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

## 9.5 Changes in reserves and provisions

| | Receivables | Financial assets | Provisions |
|---|---|---|---|
| **As at 1.1.2012** | **10 086** | **800** | **14 945** |
| Increase due to creation | - | - | - |
| Decrease due to release and use | (55) | - | (807) |
| **As at 31.3.2012** | **10 031** | **800** | **14 138** |

## 9.6 Dividends paid and declared

| | 1.1.2012 - 31.3.2012 | 1.1.2011 - 31.3.2011 |
|---|---|---|
| Dividends declared in the given period | - | - |
| Dividends on common shares: | | |
| paid out in the given period | - | - |
| **Dividends paid and declared** | **-** | **-** |

## 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 701 thousand PLN is presented in these financial statements, on balance, with associated costs in the amount of 701 thousand PLN.

KOFOLA S.A.'s financial interest income from loans granted to related parties for the three months period ended on 31 March 2012 amounted to 2 130 thousand PLN.

The value of services purchased from related parties by KOFOLA S.A. in the first quarter of 2012 amounted to 537 thousand PLN 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 339 thousand PLN for the reporting period.

| Receivables from related companies | 31.3.2012 | 31.12.2011 | 31.3.2011 |
|---|---|---|---|
| - from consolidated subsidiaries | 11 567 | 327 | 250 |
| - from affiliates | - | - | - |
| - from non-consolidated subsidiaries | - | - | - |
| **Total receivables from related companies** | **11 567** | **327** | **250** |

| Liabilities towards related companies | 31.3.2012 | 31.12.2011 | 31.3.2011 |
|---|---|---|---|
| - towards consolidated subsidiaries | 30 871 | 19 277 | 29 074 |
| - towards affiliates | - | - | - |
| - towards non-consolidated subsidiaries | - | - | - |
| **Total liabilities towards related companies** | **30 871** | **19 277** | **29 074** |

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

There have been no transactions with members of the Management and Supervisory Boards during the reporting period.

**LOANS GRANTED TO RELATED PARTIES**

| | 31.3.2012 | 31.12.2011 | 31.3.2011 |
|---|---|---|---|
| **Long-term loan , including:** | | | |
| Principal | 113 220 | 104 231 | 106 516 |
| Interest | 34 487 | 32 987 | 27 716 |
| **Total** | **147 707** | **137 218** | **134 232** |

This item includes the loan granted to Kofola ČeskoSlovensko a.s. (CZ) with the contractual repayment due date in October 2036 and the subordinated loan 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 | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | 31.3.2012 | 31.12.2011 | 31.3.2011 |
| 1. | Kofola ČeskoSlovensko a.s. | Czech Republic, Ostrava | holding | acquisition accounting | 100.0% | 100.0% | 438 667 | 438 667 | 438 667 |
| 2. | Hoop Polska Sp. z o.o. | Poland, Kutno | production of non-alcoholic beverages | acquisition accounting | 100.0% | 100.0% | 359 571 | 359 571 | 359 571 |
| 3. | Megapack | Russia, Widnoje | sale and distribution of non-alcoholic and low-alcoholic beverages | acquisition accounting | 50.0% | 50.0% | 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 | acquisition accounting | 100.0% | 100.0% | - | - | |
| 5. | Transport Spedycja Handel Sulich Sp. z o.o. | Poland, Bielsk Podlaski | road cargo transport, spedition | equity accounting | 50.0% | 50.0% | - | - | |
| 6. | STEEL INVEST Sp. z o.o. | Poland, Warsaw | does not carry on activity | acquisition accounting | 100.0% | 100.0% | | - | |
| | **TOTAL** | | | | | | **854 137** | **854 137** | **854 137** |

## 9.8 Contingent assets and liabilities

| | Contingent assets | Contingent liabilities |
|---|---|---|
| **As at 1.1.2012** | **-** | **147 086** |
| Increase | - | - |
| Decrease | - | (17 611) |
| **As at 31.3.2012** | **-** | **129 475** |

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. | 14 400 T PLN | 14 400 | 12/2016 | Hoop Polska Sp. z o.o. | subsidiary |
| KOFOLA S.A. | Kredyt Bank S.A. | 10 667 T PLN | 10 667 | 12/2016 | Hoop Polska Sp. z o.o. | subsidiary |
| KOFOLA S.A. | Bank Pekao S.A. | 5 333 T PLN | 5 333 | 12/2016 | Hoop Polska Sp. z o.o. | subsidiary |
| KOFOLA S.A. | Bank Zachodni WBK S.A. | 9 821 T PLN | 9 821 | 12/2016 | Hoop Polska Sp. z o.o. | subsidiary |
| KOFOLA S.A. | Kredyt Bank S.A. | 14 221 T PLN | 14 221 | 12/2016 | Hoop Polska Sp. z o.o. | subsidiary |
| KOFOLA S.A. | Bank Pekao S.A. | 9 695 T PLN | 9 695 | 12/2016 | Hoop Polska Sp. z o.o. | subsidiary |
| KOFOLA S.A. | Deutsche Leasing | 2 229 T EUR | 9 276 | 2/2014 | Hoop Polska Sp z o.o. | subsidiary |
| KOFOLA S.A. | ING Commercial Finance | 1 738 T PLN | 1 738 | till terminatin of the contract – undefined contract | Hoop Polska Sp z o.o. | subsidiary |
| KOFOLA S.A. | Komercni banka a.s. | 114 878 T CZK | 19 278 | 12/2016 | Kofola a.s., CZ | subsidiary |
| KOFOLA S.A. | Komercni banka a.s. | 195 000 T CZK | 32 722 | 12/2012 | Kofola a.s., CZ | subsidiary |
| KOFOLA S.A. | Komercni banka a.s. | 13 850 T CZK | 2 324 | 6/2012 | Kofola ČeskoSlovensko a.s. | subsidiary |
| **Total Sureties and Guarantees Issued** | | | **129 475** | **ths. PLN** | | |

## 9.9 Significant court cases

**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 31 March 2012 the total value of these receivables is 8 002 thousand PLN, the balance sheet value of this item after revaluation is 586 thousand PLN. The debts are secured with mortgages on all of the significant properties of Fructo-Maj Sp. z o.o., as well as a registered pledge on its movables.

At this time the assets of Fructo-Maj Sp. z o.o. are being sold by the bankruptcy estate receiver. According to the Management, based on the current legal status and types of collateral, write-downs of assets associated with Fructo-Maj Sp. z o.o. included in these financial statements 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 1 000 thousand PLN by the creation of 2 000 new shares with a nominal value of 500 PLN each, which were acquired by KOFOLA S.A. by the issue value of 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 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 KOFALA 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.

## 9.10 Subsequent events

**REGISTRATION OF THE SHARE CAIPTAL INCREASE OF THE SUBSIDIARY**

The increase of the PCD Hoop Sp. z o.o. share capital was registered by the Court on 3 April 2012 (for more information see point 1.9).

**LOAN GRANTED BY KOFOLA S.A. TO THE SUBSIDIARY**

On 4 April 2012 KOFOLA S.A. granted 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.

## SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

| | | | |
|---|---|---|---|
| **11.5.2012 r.** | **Janis Samaras** | **Chairman of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |
| **11.5.2012 r.** | **Bartosz Marczuk** | **Member of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |
| **11.5.2012 r.** | **Martin Mateáš** | **Member of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |
| **11.5.2012 r.** | **René Musila** | **Member of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |
| **11.5.2012 r.** | **Tomáš Jendřejek** | **Member of the Board of Directors** | ................................. |
| *date* | *name and surname* | *position* | *signature* |

**SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:**

| | | | |
|---|---|---|---|
| **11.5.2012 r.** | **Katarzyna Balcerowicz** | **Chief Accountant** | ................................. |
| *date* | *name and surname* | *position* | *signature* |

***Document signed on the Polish original.***