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kofola

SEPARATE ANNUAL REPORT

kofola s.a.

for the year 2012

CONTENT

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

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

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

As at 31 December 2012, the Group comprised the following entities:

The holding company – **KOFOLA S.A.** ("the Company", "the Issuer"), the Company's registered office is in Kutno, 99-300, ul. Wschodnia 5. The Company was created 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**. with its registered office until 31 January 2012 in Warsaw, 01-102, ul. Jana Olbrachta 94. Currently the Company's 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 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, the Czech Republic, of which KOFOLA S.A. holds 100%.

Kofola Holding 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 KOFOLA S.A. Group,
- Kofola a.s. (CZ) – a company registered in the Czech Republic, with main activities consisting of the production and distribution of beverages on the territory of the Czech Republic,
- Kofola a.s. (SK) – a company registered in Slovakia, with main activities consisting of the production and distribution of beverages on the territory of Slovakia,
- Santa-Trans s.r.o. (CZ) – a company registered in the Czech Republic, with main activities consisting of road cargo transport provided mainly to 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, of which Kofola a.s. (CZ) holds 100%. Until the end of June 2011, the activities of Pinelli spol. s.r.o. consisted of the production and sale of beverages. In July and August 2011, the 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, from the day of takeover as at 22 April 2011 until 30 April 2011, no operations that could have a material impact on the Group's financial situation were noted. This report includes results of Pinelli spol. s.r.o, for the period commencing 1 May 2011,
- UGO Trade s.r.o. (CZ) – a company registered in the Czech Republic, of which Kofola ČeskoSlovensko a.s. (CZ) holds 75%.
  The company's main area of activities is the production of non-alcoholic beverages. The company was acquired on 1 December 2012, and therefore these financial statements include only the financial data for the last month of 2012,
- UGO Juice s.r.o. (CZ) - a company registered in the Czech Republic, of which Kofola ČeskoSlovensko a.s. (CZ) holds 75%.
  The company was acquired on 1 December 2012 and executes management and control function on the UGO Trade s.r.o.

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 was able to control the financial and operating policies of Megapack Group, and as such it consolidated its financial results using acquisition accounting. In accordance with the binding Statute, the General Director of Megapack was selected by the Shareholders Meeting, with KOFOLA S.A. having the deciding vote in this matter until 31 December 2012. Due to the fact that at the end of 31 December 2012, the shareholders' agreement giving KOFOLA S.A. the deciding vote in choosing the General Director of the Company OOO Megapack expired, from 1 January 2013 KOFOLA S.A. and the Russian shareholders have had joint control over the company, and according to IAS 31 (effective from 1 January 2013) KOFOLA S.A. will consolidate Megapack Group using the equity method. KOFOLA S.A. will continue to pursue ownership supervision over the activities of the subsidiary, with the right to appoint two of the four members of OOO Megapack's Board of Directors.

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 main activities of PCD HOOP Sp. z o.o. consisted of the wholesale of beverages. After the sale of its assets, the company's activities were extinguished.

The associate **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 associate is consolidated using the equity method.

STEEL INVEST Sp. z o.o. – since 17 June 2012 with its registered office in Kutno, on 28 March 2012 KOFOLA S.A. acquired 100% of the share capital amounting to PLN 50 thousand. Currently, the company is not engaged in any business activities except for debt collection.

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

Kofola Sp. z o.o. – a company that was registered in Poland, with its 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. The company was part of the Kofola ČeskoSlovensko a.s. group and as a result of merge with Kofola ČeskoSlovensko a.s. has ceased its activities as at the end of 2012.

1.2 MOST SIGNIFICANT EVENTS AT KOFOLA S.A. GROUP IN THE PERIOD FROM 1 JANUARY 2012 TO THE PREPARATION OF THE PRESENT FINANCIAL STATEMENTS

ISSUE OF BONDS FROM SERIE A^3 BY KOFOLA S.A.

According to resolution number 13/XI/2011 of KOFOLA S.A. Supervisory Board from 10 November 2011 regarding approval of Bond Issuance Program realisation amended by resolution of the Supervisory Board 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 A^3 bonds.

LOANS TO SUBSIDIARIES PROVIDED BY KOFOLA S.A.

On 22 February 2012 KOFOLA SA granted subsidiary Hoop Polska Sp. z o.o. subordinated loan 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 the Bank Consortium.

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

ESTABLISHMENT OF THE „PAPROĆ" FOUNDATION

On 22 February 2012 the Board of Directors of the subsidiary Hoop Polska Sp. z o.o. passed a resolution to set up the "Paproć" foundation for the purposes related to the protection of nature and the environment. Aside from educational mission, the foundation's aim is to activate entrepreneurs and people supporting environmental activities to fight for the protection of natural heritage.

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

As at 30 March 2012, bonds from series A^1, A^2 and A^3 issued by KOFOLA S.A. were admitted to trading in an alternative trading system on the Catalyst market, which is organised by the Stock Exchange in Warsaw and the wholesale market BondSpot S.A.

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

According to Resolution 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 PLN 11 000 thousand.

On 5 March 2012, a tripartite agreement on the transfer was concluded, under which the obligations of PCD Hoop Sp. z o.o. to Hoop Polska Sp. z o.o have been repaid to the amount of PLN 11 000 thousand and under which KOFOLA S.A. has given a cash contribution to cover the shares in the increased capital of PCD Hoop Sp. z o.o. – for Hoop Polska sp. z o.o.

According to the agreement from 7 March 2012, KOFOLA S.A. undertook to pay the amount of PLN 11 000 thousand to Hoop Polska Sp. z o.o. in accordance with the timetable no later than 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 in share capital of PCD Hoop Sp. z o.o. was registered by the court as at 3 April 2012.

CREDIT AGREEMENTS

On 28 March 2012 the Agreement amending and consolidating Term Loan Agreement in the amount of PLN 57 000 thousand with due date on 22 March 2014 and Agreement amending and consolidating overdraft Agreement in the amount of PLN 57 000 thousand with due date on 28 March 2013 were signed by the subsidiary Hoop Polska Sp. z o.o. and Bank Consortium. The changes include the extension of the deadline for repayment of the overdraft until 28 March 2013 with the consequent extension of the guarantees of these loans by KOFOLA S.A. until 31 December 2016 and update of the financial conditions, which do not differ from the market conditions applicable to such agreements. Security for both loan agreements remains unchanged.

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

On 28 March 2012 KOFOLA S.A. acquired 100% shares of the STEEL INVEST Sp. z o.o. share capital amounting to PLN 50 thousand. Currently, the company is not engaged in any business activities except for debt collection.

DECISION TO PAY DIVIDEND TO SHAREHOLDERS KOFOLA S.A.

The Ordinary General Meeting of KOFOLA S.A. passed a decision by resolution number 17 from 25 June 2012 to distribute the net profit for 2011 of KOFOLA S.A. in the amount of PLN 22 614 thousand and the amount of PLN 680 thousand from the dividend fund as a dividend payment.

The Company’s shares of all series (A,B,C,D,E,F,G) were involved in the dividend amounting to PLN 0,89 per share. The dividend date was set for 25 September 2012 and the dividend was paid out on 6 December 2012.

SHARE BUY BACK PROGRAM

The Ordinary General Meeting of KOFOLA S.A. passed a decision by resolution number 18 from 25 June 2012 to authorise, under the conditions and within the limits set out in the resolution adopted, the Board of Directors of KOFOLA S.A. to purchase its own shares for cancellation and thus reduction of the share capital of KOFOLA S.A. The total number of shares covered by the Repurchase Program was to be no more than 118 707 shares, which would be approximately 0,45% of the share capital. Resources for the program could not exceed PLN 1 000 thousand and the price per share could not exceed PLN 40.

The Ordinary General Meeting of KOFOLA S.A. passed a decision by resolution number 19 from 25 June 2012 to create reserve capital to cover the total amount of the Repurchase Program (based on the resolution number 18 from 25 June 2012) in the amount of PLN 1 000 thousand. Funds from the capital reserve fund exceeding the dividend fund were allocated for this.

Pursuant to the agreement from 17 July 2012 the Brokerage House Copernicus Securities S.A. brokered the Share Repurchase program by purchasing it on their own account and KOFOLA S.A. committed itself to buy back the shares. On 24 December 2012 the Board of Directors repurchased from the Brokerage House Copernicus Securities S.A. 2 599 of own shares representing 0,0099 % of its share capital and the same percentage of voting rights in a OTC transaction. The average price per share was PLN 25,78.

As at 31 December 2012, KOFOLA S.A. completed the Share Repurchase program, the implementation of which was justified by the current situation on the regulated market of the Warsaw Stock Exchange in Warsaw S.A.

Shares repurchased by the Company will be subject to cancellation and reduction of the share capital if the General Meeting of Shareholders does not decide otherwise.

CHANGES IN THE SUPERVISORY BOARD AND AUDIT COMMITTEE

On 25 June 2012, Mr. Raimondo Eggink resigned for personal reasons as a member of the Supervisory Board and the Audit Committee with effect from 1 October 2012. On 1 November 2012 the majority shareholder acting pursuant to § 17 art. 1 letter a) the Articles of Association of the Company appointed Mr. Pavel Jakubik as a member of the Supervisory Board.

APORT AND CAPITAL INCREASE IN THE SUBSIDIARY HOOP POLSKA SP. Z O.O.

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

BOARD OF THE NATIONAL DEPOSITORY FOR SECURITIES DECISION ON ASSIMILATION OF KOFOLA S.A. BONDS SERIES A^2 AND A^3

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

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

The Capital increase in Hoop Polska Sp. z o.o. was registered by court on 31 August 2012.

MERGER OF GROUP COMPANIES

On 6 September 2012 Managements of Kofola Sp. z o.o. with its registered office in Kutno and Kofola ČeskoSlovensko a.s. with its registered office in Ostrava agreed on trans-border fusion. This merger was incorporation (merger by acquisition). Total assets of Kofola Sp. z o.o. were transferred to Kofola ČeskoSlovensko a.s. The aim of this fusion was to simplify Group's structure and lower its administrative costs. As at the merger date, 29 December 2012 the acquiring company, Kofola ČeskoSlovensko a.s. assumed all rights and obligations of the acquired company Kofola Sp. z o.o., which as at the merger date lost its legal existence.

ACQUISITION OF SUBSIDIARIES

On 1 December 2012 Kofola ČeskoSlovensko a.s. acquired 75 % shares in the company UGO Juice s.r.o. which is 100% owned by UGO Trade s.r.o. – the owner of the bars network offering fresh juices (production and sale takes place in the points located in shopping centres). Registered offices of both companies are in Krnov in the Czech Republic. The Company UGO Juice s.r.o. is not engaged in any business activities.

DIVIDEND PAYMENT TO KOFOLA S.A. SHAREHOLDERS

The dividend was paid out to KOFOLA S.A. shareholders on 6 December 2012 in amount of PLN 0,89 per share.

1.3 DESCRIPTION OF OPERATING RESULTS AND FINANCIAL POSITION

INCOME STATEMENT

THE 12 MONTH PERIOD ENDED 31 DECEMBER 2012 COMPARED TO THE 12 MONTH PERIOD ENDED 31 DECEMBER 2011

Income Statement	1.1.2012 - 31.12.2012	Restated 1.1.2011 - 31.12.2011	Change 2012/2011	Change 2012/2011 (%)
Revenues from dividends	9 162	14 807	(5 645)	(38%)
Cost of sales	-	-	-	-
Gross profit	**9 162**	**14 807**	**(5 645)**	**(38%)**
Selling, marketing and distribution costs	-	-	-	-
Administrative costs	(3 508)	(3 737)	229	(6%)
Other operating income/expenses net	3 288	1 056	2 232	212%
Operating result	**8 942**	**12 126**	**(3 184)**	**(26%)**
EBITDA	8 942	12 136	(3 194)	(26%)
Financial income/expenses net	(734)	15 233	(15 967)	(105%)
Profit before tax	**8 208**	**27 359**	**(19 151)**	**(70%)**
Income tax	3 547	(4 745)	8 292	175%
Net profit for the financial year	**11 755**	**22 614**	**10 859**	**(48%)**

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

Revenues from dividends

In the reporting period KOFOLA S.A. received a dividend from its subsidiary Kofola ČeskoSlovensko a.s. in amount of PLN 9 162 thousand.

Administrative costs

In the 12 month period ended 31 December 2012 general administrative costs decreased by PLN 229 thousand (6%) to PLN 3 508 thousand from PLN 3 737 thousand in the same period of the year 2011.

Financial income

Interest income	*PLN 10 996 thousand*
Others	*PLN 30 thousand*

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

Financial expenses

Interest expense	*PLN 6 068 thousand*
Currency differences	*PLN 5 677 thousand*
Others	*PLN 15 thousand*

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

Net profit for the period

The net profit for the 12 month period ended 31 December 2012 amounted to PLN 11 755 thousand, compared to the profit in the amount of PLN 22 614 thousand earned in the same period of the year 2011. This decrease was caused mainly by negative direction of the exchange rate differences on loans granted in CZK, as well as lower income from dividends.

BALANCE SHEET

	31.12.2012	31.12.2011	Change 2012/2011	Change 2012/2011 (%)
Fixed assets, out of which:	**1 040 944**	**1 005 494**	**35 450**	**4%**
Property, plant en equipment	372	372	-	-%
Goodwill	13 767	13 767	-	-%
Investment in subsidiaries and associates	867 337	854 137	13 200	2%
Loans provided to related parties	158 996	137 218	21 778	16%
Deferred tax asset	472	-	472	100%
Current assets, out of which:	**1 455**	**34 720**	**(33 265)**	**(96%)**
Trade receivables and other receivables	303	1 833	(1 530)	(83%)
Cash and cash equivalents	1 152	32 887	(31 735)	(96%)
Total equity and liabilities	**1 042 399**	**1 040 214**	**2 185**	**0,2%**
Equity	958 621	970 229	(11 608)	(1%)
Long-term liabilities	71 075	52 219	18 856	36%
Short-term liabilities	12 703	17 766	(5 063)	(28%)

Assets

At the end of December 2012 the Company's fixed assets equalled PLN 1 040 945 thousand. Compared to 31 December 2011 the value of fixed assets increased by PLN 35 451 thousand due to the new loan provided to the subsidiary Hoop Polska Sp. z o.o. and increase in value of equity in Hoop Polska Sp. z o.o. in the amount of PLN 13 200 thousand.

Goodwill was created as a result of the merger with HOOP S.A. in 2008.

As at 31 December 2012, the Company's current assets amounted to PLN 1 455 thousand and most of the balance consisted of cash.

Liabilities

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

The Company's total debt has increased by PLN 13 793 thousand, mainly due to the PLN 18 856 thousand increase in long-term financial payables from the issuance of serie A^3 bonds and new commitments related to the acquisition of debts within the Group. In the reporting period it also came to the release of provisions for losses and a decrease in deferred tax assets.

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

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

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

In accordance with the requirements of § 91 par. 5 point 4 of the Minister's of Finance Decree of 19 February 2009 on the current and periodic information submitted by the issuers of securities and the conditions for recognising as equally valid the information required by the regulations of a state that is not a member state, as well as § 29 par. 5 of the Warsaw Stock Exchange Regulations, the Management Board of KOFOLA S.A. with its registered office in Kutno ("the Company") hereby makes public its declaration on the Company's application of corporate governance principles in the year 2012.

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

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

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

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

In 2012, the Issuer applied all of the principles referred to in the Good Practices of the Companies Listed on the WSE, with the exception of a one principle which it stated, in accordance with § 29 par. 3 of the Stock Exchange's Regulations, in its current report (published in the EBI system).

In 2012, the Company still has not applied the principle referred to in point 6 of Part IV of the Good Practices i.e. the principle which says that the day of the dividend and the dividend payment date shall be set so that the period between them was as short as possible and, in any event, not longer than 15 working days. Failure to adhere to the aforementioned principle resulted from the fact that in Resolution No. 17 dated 25 June 2012 adopted by the Ordinary General Meeting of Shareholders, which the Company mentioned in the current report No. 8/2012 and 10/2012 dated 25 June 2011, the day of the dividend was set for 25 September 2012, while the dividend payment date was established on 6 December 2012.

At the same time the Company still has not applied the principle referred to in point 6 of Part III of the Good Practices, i.e. the principle relating to meeting the criteria of independence by at least two members of the Supervisory Board which the Company mentioned in current report No. 3/2012 dated 2 November 2012.

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

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

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

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

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

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

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

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

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

The Shareholders of KOFOLA S.A. – state according to the Company's knowledge on 31 December 2012:

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

- 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 Meeting of KOFOLA S.A.

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

- 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 Meeting of KOFOLA S.A.

As at 31 December 2012, the share capital amounted to PLN 26 172 602 and consisted of 26 172 602 shares amounting to 26 172 602 of votes at General Meeting of the Company.

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

There are no securities at the Company that give special controlling rights, except of those described below.

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

The Company's Statute does not provide for such restrictions.

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

The Company's Statute does not provide for such restrictions.

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

THE PRINCIPLES OF APPOINTING SUPERVISORY BOARD MEMBERS

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

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

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

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THE PRINCIPLES OF APPOINTING MANAGEMENT BOARD MEMBERS

1. The Management Board comprises from 5 to 8 members appointed and removed by the Supervisory Board. Members of the Company's Management Board may hold the following positions:
    a) Chairman of the Management Board,
    b) Finance Director – Member of the Management Board,
    c) Operating Director - Member of the Management Board,
    d) Sales Director - Member of the Management Board,
    e) Marketing Director - Member of the Management Board,
    f) Human Resources and Services Director - Member of the Management Board,
    g) Development Director - Member of the Management Board,
    h) Managing Director - Member of the Management Board.
2. Subject to the provisions of Par. 18.8. r)–v) of the Company's Statute, the resolution of the Supervisory Board on appointment or removal from office of all or any particular members of the Management Board, including the Chairman of the Management Board, shall be adopted by a simple majority of the votes.
3. If the Supervisory Board removes from office any member or members of the Management Board, as a result of which the number of the Management Board members falls below five, the Supervisory Board shall be obliged to appoint on the same meeting a new members of the Management Board in the number which shall guarantee the maintenance of the composition of the Management Board referred to the Statute of the Company.
4. If the term of office of any member or members of the Management Board expires due to reasons other than their removal from office and, as a result, the number of the Management Board members falls below five, the Supervisory Board shall be obliged within 14 days of the occurrence of such fact to appoint a new member or members of the Management Board in the number which shall guarantee the maintenance of the composition of the Management Board referred to the Statute of the Company.
5. A resigning Management Board member shall be obliged to advise the Supervisory Board and the remaining members of the Management Board of his or her resignation in writing.
6. The term of office of the Management Board shall be five years. The members of the Management Board may be re-appointed for next terms of office. Members of the Management Board are appointed for a joint term of office.
7. The tenure of the Management Board members shall expire as provided for in Art. 369.4 of the Commercial Companies Code. If new members were appointed to fill a vacancy or supplement the composition of the Management Board during its term of office, the term of office of the newly-appointed Management Board member shall expire at the same time as the terms of office of the other Management Board members.

THE POWERS OF THE SUPERVISORY BOARD

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

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

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

c) supervising the performance of budgets,

d) approving the payment of interim dividend,

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

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

g) issues referred to in Par. 18.8 of the Statute of the Company.

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

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

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

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

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

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

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

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

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

    - trade credit granted in the ordinary course of business,

    - loans granted on the market principles between subsidiary companies of the Company's Group.

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

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

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

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

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

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

    - for members of the Company's Management Board – EUR 175 000 or an equivalent of that amount,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE POWERS OF MANAGEMENT BOARD

Representation of the Company and the Management Board's responsibilities

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

Passing resolutions

1. The Management Board shall adopt its decisions in the form of resolutions passed at meetings, which shall be convened as the need arises. Resolutions shall be passed by a simple majority of votes. In the event of a voting tie, the Chairman of the Management Board shall have the casting vote.
2. The following matters shall require the adoption of a resolution by the Management Board:
   a) adopting the budget,
   b) approving subscription, acquisition or disposal of shares in other entities and approving joining a company under commercial law or a civil-law partnership by the Company or any company of its Group,
   c) approving a share capital increase, sale of a business or an organised part of a business, a demerger, merger or transformation of the Company or any company of its Group,
   d) approving acquisition or disposal by the Company or any company of its Group of real property, a perpetual usufruct right or an interest in real property,

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

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

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

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

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

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

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

Acquisition of own shares by the Company

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

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

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

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

CONVENING OF THE GENERAL MEETINGS

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

MAKING RESOLUTIONS BY THE GENERAL MEETING

1. Subject to the provisions of Art. 404 of the Commercial Companies Code, the General Shareholders Meeting may adopt resolutions only on matters provided for in the Commercial Companies Code, in the Statute and matters included in the agenda of the Meeting.
2. A resolution not to consider an issue included in the agenda of the meeting shall be adopted only for significant reasons. The relevant motion shall be justified in detail.
3. The General Shareholders Meeting shall be opened by the Chairperson of the Supervisory Board or by a person designated by the Chairperson, or – if there is not such a person – by the oldest Supervisory Board member present at the meeting. In the absence of such persons, the General Shareholders Meeting shall be opened by the Chairman of the Management Board, a person designated by the Management Board, or the Shareholder representing the largest number of the Company shares. If there are two or more Shareholders representing the largest number of the Company shares, the General Shareholders Meeting shall be opened by the oldest of them.
4. The General Shareholders Meeting shall be valid and shall have the capacity to adopt effective resolutions if the attending shareholders represent no less than 50% (fifty per cent) of the share capital. If there is no quorum present at the first General Shareholders Meeting, the Management Board shall immediately convene another General Shareholders Meeting with the same agenda, on a date falling no sooner than after four weeks of the first General Shareholders Meeting, indicating that it is convened after an earlier Meeting was adjourned and that it shall be valid regardless of the percentage of the share capital represented.
5. Subject to the mandatory provisions of the Commercial Companies Code and unless the Statute's provisions provide otherwise, resolutions shall be adopted by a simple majority. As long as CED GROUP S. à r.l., a limited-liability company under the law of Great Duchy of Luxemburg, with registered office in Luxembourg ("CED") remains the Company's shareholder with no less than 15% of shares in its share capital, the following matters shall require a resolution by the General Shareholders Meeting, adopted with the majority of 70% (seventy percent) of the votes cast in favour of the resolution:
   a) payment of dividend to shareholders in the amount exceeding 75% (seventy-five percent) of the net profit generated by the Company in the preceding financial year,
   b) appointment and removal of the independent member of the Supervisory Board,
   c) removal or suspension of members of the Company's Management Board.
6. The General Shareholders Meeting shall adopt Rules of Procedures for the General Shareholders Meeting, specifying in detail the manner of conducting the Meetings and adopting resolutions. In the event of a change to the Rules, the change shall become effective as of the next General Shareholders Meeting.

THE POWERS OF THE GENERAL MEETING

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

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

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

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

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

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

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

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

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

i) acquiring Company's own shares,

j) subject to Par. 17.1 below, appointing and removing Supervisory Board members, including the Chairperson of the Supervisory Board,

k) dissolving the Company,

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

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

n) determining the dividend record date, that is the date as at which the list of Shareholders entitled to dividend for the given financial year is determined, subject to the provisions of Art. 348.2 of the Commercial Companies Code, and determining the dividend payment date,

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

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

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

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

Right to Participate in the General Meeting of Shareholders

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

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

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

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

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

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

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

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

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

Opening of a General Meeting and election of its Chairman

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

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

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

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

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

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

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

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

   b) giving the floor,

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

   d) signing documents containing vote results,

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

   f) resolving procedural matters;

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

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

Binding the General Meeting with the agenda

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

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

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

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

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

Voting

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

2. The ballot shall be in the following cases:

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

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

   c) the vote relates to personal matters.

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

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

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

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

THE RULES OF OPERATION OF THE MANAGEMENT BOARD OF THE COMPANY

The Management Board operates in accordance with applicable provisions of law, Good Practices and the provisions of the Company's Statute.

CHANGES IN THE COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD

THE COMPOSITION OF THE MANAGEMENT BOARD OF KOFOLA S.A. on 31 DECEMBER 2012:

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

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

CHANGES IN THE COMPOSITION OF THE COMPANY'S SUPERVISORY BOARD

THE COMPOSITION OF THE SUPERVISORY BOARD OF KOFOLA S.A. AS AT 31 DECEMBER 2012:

- René Sommer – Chairman,
- Jacek Woźniak – Vice-chairman,
- Dariusz Prończuk,
- Pavel Jakubík,
- Martin Dokoupil,
- Anthony Brown.

On 25 June 2012, Mr. Raimondo Eggink, resigned from the position as a member of the Supervisory Board, effective from 1 October 2012.

Mr. Pavel Jakubík was appointed to the Supervisory Board of KOFOLA S.A. on 1 November 2012, and will serve in the position of a member of the Supervisory Board.

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

THE AUDIT COMMITTEE COMPRISES:

- Anthony Brown,
- Jacek Woźniak,
- Dariusz Prończuk,
- René Sommer,
- Pavel Jakubík.

On 25 June 2012, Mr. Raimondo Eggink, resigned from the position as a member of the Audit Committee, effective from 1 October 2012.

Mr. Pavel Jakubík was appointed as a member of Audit Committee on 1 November 2012.

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

THE REMUNERATION COMMITTEE COMPRISES:

- Jacek Woźniak – Chairman,
- Martin Dokoupil.

On 25 June 2012, Mr. Raimondo Eggink, resigned from the position as a member of the Remuneration Committee, effective from 1 October 2012.

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

MEETINGS OF THE SUPERVISORY BOARD

1. The Supervisory Board passes the rules of procedures for the functioning of the Supervisory Board.
2. For a Supervisory Board meeting to be effective, all of the members of the Supervisory Board must be properly invited, and the meeting must be attended by at least half of the Supervisory Board members, including the Chairman or Vice-Chairman. With the consent of all of its members, the Supervisory Board may meet without a formal call.
3. A Supervisory Board meeting is called by: (i) the Chairman of the Supervisory Board or (ii) the Vice-Chairman of the Supervisory Board, on his own initiative or at the request of the Company's Management Board or at least two members of the Company's Supervisory Board. A meeting should be called within 2 (in words: two) weeks of the submission of such a request by the entitled person, with the date of the meeting set for within 4 (in words: four) weeks of the submission of such a request. A Supervisory Board meeting is called by registered mail, e-mail or fax sent at least 2 (in words: two) weeks prior to the meeting date.
4. The Supervisory Board is required to hold a meeting at least once a quarter. Supervisory Board meetings are held at the Company's registered office or – with the consent of all members – at another location.

5. Subject to Article 388 § 2 and 4 of the Commercial Companies Code, Supervisory Board members may take part in the passing of resolutions by casting their vote in writing through another member of the Supervisory Board.
6. Subject to Article 388 § 4 of the Commercial Companies Code, the Supervisory Board may pass resolutions in writing or by using methods of direct communication. A resolution is valid if all of the Supervisory Board members have been notified of the text of the draft resolution.
7. Subject to the other provisions of the Company's Statute (see point H of the present declaration), the Supervisory Board passes resolutions by an ordinary majority of votes cast by Supervisory Board members present at the meeting, and if the number of votes is equal the Chairman of the Supervisory Board has the deciding vote.
8. The Supervisory Board may appoint permanent or ad hoc committees, operating as the Supervisory Board's collegial consulting and opinion forming organs. Two permanent committees are formed as part of the Supervisory Board: the Audit Committee and the Remuneration Committee. The Supervisory Board appoints members of the Audit Committee and the Supervisory Committee from among members of the Supervisory Board.
9. The work of a Committee is directed by the Committee chairman, who is selected at its first meeting, in a resolution passed by its members, from among members of the Committee. The chairman also supervises the preparation of the agenda, organisation of document distribution and preparation of Committee meeting minutes.
10. Committee meetings are called in accordance with the same principles that apply to the calling of Supervisory Board meetings.
11. Committee resolutions are passed by an ordinary majority of votes. In votes where an equal number of votes are cast 'in favour' and 'against', the Committee chairman casts the deciding vote.

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

1. The Remuneration Committee is appointed by the Supervisory Board from among its members, and comprises several members. The number of members, including independent members, is determined by the Supervisory Board in the form of a resolution.
2. The Remuneration Committee is the Supervisory Board's opinion forming and consulting organ on the following matters:
   a) determining the terms and conditions for remunerating members of the Company's Management Board and members of the management and supervisory boards of the companies from the Company's group,
   b) granting bonuses or other variable remuneration components to members of the Management Board,
   c) remuneration of the Company's Management Board members agreed in the contracts signed with the Company,

d) the Company's remuneration policies, including in particular the performance of periodic reviews of the system used to remunerate members of the Management Board and management staff working directly under the supervision of members of the Management Board, and submitting to the Supervisory Board proposed changes in those policies in the context of the Company's strategic goals,

e) incentive plans for higher level managers,

f) assessing the human resources management system at the Company and at the companies from its Group.

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

According to the Company's information as at the date of the preparation of the present report (18 March 2013), 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 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 Meeting of KOFOLA S.A.

As at 31 December 2012, the share capital amounted to PLN 26 172 602 and consisted of 26 172 602 shares amounting to 26 172 602 votes at Company's General Shareholders Meetin.

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

FRUCTO-MAJ SP. Z O.O.

KOFOLA S.A. has receivables in the bankrupt company Fructo-Maj Sp. z o.o. As at 31 December 2012, the total value of the receivables is PLN 7 455 thousand, the balance sheet value of this item, after revaluation, is PLN 39 thousand.

The assets of Fructo-Maj Sp. z o.o. are currently being sold. The Management believes that, given the current state of affairs and type of collateral, no revaluation is needed with regard to the assets associated with Fructo-Maj Sp. z o.o.

POMORSKIE CENTRUM DYSTRYBUCJI HOOP SP. Z O.O.

The subsidiary Pomorskie Centrum Dystrybucji Hoop Sp. z o.o. after fulfilling the stipulations according to concluded arrangement and selling its assets the company does not conduct operating activities.

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

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

1.8 INFORMATION ABOUT SIGNIFICANT CONTRACTS

On 28 March 2012 the Agreement amending and consolidating Term Loan Agreement in the amount of PLN 57 000 thousand with due date on 22 March 2014 and the Agreement amending and consolidating overdraft Agreement in the amount of PLN 57 000 thousand with due date on 28 March 2013 were signed by the subsidiary Hoop Polska Sp. z o.o. and the Bank Consortium. The changes include the extension of the deadline of repayment of the overdraft until 28 March 2013 with the consequent extension of the guarantees of these loans by KOFOLA S.A. until 31 December 2016 and update of the financial conditions, which do not differ from market conditions applicable to such agreements. Securities for both loan agreements remain unchanged.

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

On 1 December 2012 Kofola ČeskoSlovensko a.s. (CZ) acquired 75 % of shares of UGO Juice s.r.o. which has 100 % of share of UGO Trade s.r.o. - owner of the of bars' network offering fresh juices (production and sale takes place in the points located in shopping centres).

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 with amendments by Supervisory Board resolution 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 with the issue price and the nominal value of PLN 1 000 each, and with 34 month maturity.

Due to tax regulation regarding excise tax on alcohol products, the subsidiary OOO Megapack in Russia obtained bank guarantees in the total amount of PLN 89 843 thousand during the reporting period.

1.10 INFORMATION ABOUT CREDIT AND LOANS

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

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

Entity providing guarantees	Entity receiving guarantees	Credit value on balance sheet day which were subject to guarantee		The period for providing guarantees	The entity for which liabilities guarantees were provided	Kind of relationship between the entity providing and entity receiving guarantees
		In currency	In ths. PLN			
KOFOLA S.A.	Bank Zachodni WBK S.A.	19 000 T PLN	19 000	12/2016	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank Zachodni WBK S.A.	5 852 T PLN	5 852	12/2016	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Kredyt Bank S.A.	786 T PLN	786	12/2016	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Bank Pekao S.A.	1 206 T PLN	1 206	12/2016	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Deutsche Leasing S.A.	1 544 T EUR	6 312	2/2014	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Toyota Leasing S.A.	1 915 T PLN	1 915	6/2015	Hoop Polska Sp. z o.o.	subsidiary
KOFOLA S.A.	Komerční banka a.s.	79 998 T CZK	13 040	12/2016	Kofola a.s. (CZ)	subsidiary
KOFOLA S.A.	Komerční banka a.s.	16 740 T CZK	2 727	12/2016	Kofola a.s. (CZ)	subsidiary
Total for loans or guarantees issued			**PLN 50 838**	**thousand**		

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

As at 31 December 2012 KOFOLA S.A. not established any provisions associated with the guarantees given.

1.12 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 amended by resolution number 1/2012 from 20 February and resolution number 1/II/2012 of KOFOLA S.A.'s Supervisory Board from 1 February 2012 regarding issuance of bonds from series A^3 KOFOLA S.A. as at 20 February 2012 issued 16 850 bonds of series A^3.

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 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,
- 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 rights only to cash benefits

- according to Terms of Bonds Issue on the 30 March 2012, bonds have been admitted on the Catalyst market that is organised by the Stock Exchange in Warsaw or BondSpot S.A.
- after two interest periods the 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.

On 21 June 2012 there was a payment of interest for the first interest period, and on 21 December 2012 for the second interest period for all series of bonds issued by KOFOLA S.A.

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

Issued bonds are valued using the adjusted price method (amortised cost) until maturity are presented in this report, including the issued bonds in December 2011 as long-term liabilities in the amount of PLN 45 369 thousand and as short-term liabilities in the amount of PLN 3 163 thousand (interests and payables related to bonds with maturity date in December 2013).

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

The Company did not publish any financial result forecasts for the year 2012.

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

In the reporting period the results of KOFOLA S.A. were greatly affected by interest income in the amount of PLN 10 996 thousand, dividends received in the amount of PLN 9 162 thousand, foreign exchange gains in the amount of PLN 5 677 thousand relating mainly to a long-term loan granted to the company Kofola ČeskoSlovensko a.s. in CZK, the cost of interest on the bonds and obligations in the amount of PLN 6 068 thousand and value of the deferred income tax.

In the coming periods the Company's results will be affected by the PLN to CZK exchange rates and by the results of subsidiaries that will determine the amount of possible dividend. The future growth of the company, which conducts no operating activities, is linked directly to the growth and results of the entire Group.

1.15 CHANGES IN THE COMPANY'S BASIC MANAGEMENT METHODS

During 2012, no changes in the Company's management methods were made.

1.16 AGREEMENTS CONCLUDED BETWEEN THE ISSUER AND THE MANAGEMENT STAFF

No agreements have been signed with persons who are members of management organs, which provide for compensation in the event of their resignation or dismissal.

1.17 REMUNERATION OF MANAGEMENT AND SUPERVISORY BOARD MEMBERS

The following total remuneration has been paid by the Group's companies to members of the Management and Supervisory Boards of KOFOLA S.A. in 2012:

Management Board	2012
Janis Samaras	1 227
Bartosz Marczuk	1 025
Martin Mateáš	1 448
Tomáš Jendřejek	977
René Musila	955
Total*	**5 632**

* out of the entire remuneration paid to members of the Management Board, PLN 5 464 thousand was paid by the subsidiary Kofola ČeskoSlovensko a.s.

Supervisory Board	2012
René Sommer **	-
Jacek Woźniak	-
Dariusz Prończuk	-
Pavel Jakubík **	-
Martin Dokoupil	-
Anthony Brown	16
Raimondo Eggink	54
Total	**70**

** remuneration paid in 2012 regarding employment in Kofola ČeskoSlovensko a.s. amounted to PLN 1 078 thousand.

As at 31 December 2012, a member of the Supervisory Board – René Sommer, held a loan of PLN 565 thousand with an interest rate of 3% with maturity date on 31 March 2013.

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

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

1.19 INFORMATION ABOUT THE EMPLOYEE SHARES CONTROL SYSTEM

The terms and conditions of the Incentive Program, its eligible participants, the maximum limit of subscription warrants corresponding to participant categories, as well as the criteria that must be met to receive an allotment of subscription warrants have been set by the Supervisory Board in the Incentive Program Regulations. The costs that will be incurred by KOFOLA S.A. in connection with the introduction of the Incentive Plan are based on the Group's forecast results. At the end of 2012 Employee Shares Program implemented in Company ceased to be valid. Persons who have acquired subscription warrants have right to use them in the period 3 years from the time of their acquisition.

1.20 INFORMATION ABOUT THE ENTITY AUTHORIZED TO AUDIT THE FINANCIAL STATEMENTS

On 30 May 2012 KOFOLA S.A. concluded an agreement with PricewaterhouseCoopers Sp. z o.o. for an audit and review of the financial statements. The agreement with PricewaterhouseCoopers Sp. z o.o. was concluded for a period of one year for audit of KOFOLA S.A. and KOFOLA S.A. Group for the financial year 2012 with an option to extend for a further two years. The total amount of remuneration resulting from the agreement with PricewaterhouseCoopers Sp. z o.o. in respect of the unconsolidated and consolidated financial statements of KOFOLA S.A. for the year 2012 is PLN 20 thousand. The aggregate remuneration payable to PricewaterhouseCoopers Sp. z o.o. under the contract, with the other titles, the year 2012 is PLN 20 thousand. and relates to the review of interim stand alone and consolidated financial statements as of 30 June 2012.

1.21 SUBSEQUENT EVENTS THAT COULD HAVE A SIGNIFICANT EFFECT ON THE FINANCIAL RESULTS OF KOFOLA S.A.

No indication of events after the balance sheet date that could significantly affect the future financial results of KOFOLA S.A. were identified.

1.22 STATEMENT OF THE MANAGEMENT BOARD OF KOFOLA S.A.

According to § 91 clause 1, item 6 of the Decree of the Council of Ministers from 19 February 2009 on current and periodic information published by the issuers of securities and conditions for recognising as equivalent information required by law of a non-member state, the Management Board of KOFOLA S.A. declares that the entity authorised to audit the financial statements, which audited the financial statements for the year 2012, was selected in accordance with the legal regulations and that this entity and the auditors performing the audit of the report, met the conditions for an independent opinion on the audited annual financial statements in accordance with applicable regulations and professional standards.

According to § 91 paragraph 1.5 of the Council of Ministers of 19 February 2009 on current and periodic information published by the issuers of securities and conditions for recognising as equivalent information required by the legal regulations of a non-member state, the Management Board of KOFOLA S.A. declares that according to its best knowledge, the annual financial statements for 2012 and comparative figures have been prepared in accordance with applicable accounting principles and give a true and fair view about KOFOLA S.A.'s financial position and its financial performance, and that the issuer's activity report presents a true view of the development and achievements as well as position of KOFOLA S.A., including a description of the main risks and threats.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

18 March 2013	**Janis Samaras**	**Chairman of the Board of Directors**	…………………………….
Date	*name and surname*	*position*	*Signature*
18 March 2013	**Bartosz Marczuk**	**Member of the Board of Directors**	…………………………….
Date	*name and surname*	*position*	*Signature*
18 March 2013	**Martin Mateáš**	**Member of the Board of Directors**	…………………………….
Date	*name and surname*	*position*	*Signature*
18 March 2013	**René Musila**	**Member of the Board of Directors**	…………………………….
Date	*name and surname*	*position*	*Signature*
18 March 2013	**Tomáš Jendřejek**	**Member of the Board of Directors**	…………………………….
Date	*name and surname*	*position*	*Signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

18 March 2013	**Katarzyna Balcerowicz**	**Chief Accountant**	…………………………….
Date	*name and surname*	*position*	*Signature*

The document was signed on polish original

2 SEPARATE FINANCIAL STATEMENTS OF KOFOLA S.A.

2.1 SEPARATE INCOME STATEMENT

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

Income Statement	Note	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Revenue from dividends		9 162	14 807
Cost of sales		-	-
Gross profit		**9 162**	**14 807**
Selling, marketing and distribution costs	5.2	-	-
Administrative costs	5.2	(3 508)	(3 737)
Other operating income		3 290	1 115
Other operating expenses		(2)	(59)
Operating profit		**8 942**	**12 126**
Financial income	5.3	11 026	16 588
Financial expense	5.4	(11 760)	(1 355)
Profit before tax		**8 208**	**27 359**
Income tax	5.7	3 547	(4 745)
Net profit for the financial year		**11 755**	**22 614**
Earnings per share (in PLN)			
– basic earnings per share	5.9	0,4491	0,8640
– diluted earnings per share	5.9	0,4491	0,8638

2.2 SEPARATE STATEMENT OF COMPREHENSIVE INCOME

for the 12-month period ended 31 December 2012 (audited) and the 12-month period ended 31 December 2011 (audited and restated) in PLN thousand.

Statement of comprehensive income	Note	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Net profit for the period		**11 755**	**22 614**
Other comprehensive income (gross)		-	-
Other comprehensive income (net)		-	-
Total comprehensive income	2.5	**11 755**	**22 614**

2.3 SEPARATE BALANCE SHEET

As at 31 December 2012 (audited), as at 31 December 2011 (audited and restated) and as at 1 January 2011 (audited, restated) in PLN thousand.

ASSETS	Note	31.12.2012	31.12.2011	1.1.2011
Fixed assets (long-term)		**1 040 944**	**1 005 494**	**996 773**
Tangible fixed assets	5.10	372	372	372
Goodwill	5.12	13 767	13 767	13 767
Intangible fixed assets	5.12	-	-	10
Investment in subsidiaries and associates	5.14	867 337	854 137	854 137
Loans provided to related parties	5.14	158 996	137 218	127 736
Deferred tax assets	5.7	472	-	751
Current assets (short-trem)		**1 455**	**34 720**	**15 549**
Trade receivables and other receivables	5.17	303	1 833	6 740
Cash and cash equivalents	5.18	1 152	32 887	8 809
TOTAL ASSETS		**1 042 399**	**1 040 214**	**1 012 322**

LIABILITIES AND EQUITY	Note	31.12.2012	31.12.2011	1.1.2011
Equity		**958 621**	**970 229**	**963 842**
Share capital	5.19	26 173	26 173	26 173
Own shares		(69)	-	-
Other capital	5.19	920 762	921 442	912 378
Retained earnings	5.19	11 755	22 614	25 291
Long-term liabilities		**71 075**	**52 219**	**16 054**
Bonds issued	5.22	45 369	31 808	-
Provisions	5.20	-	-	-
Other long-term liabilities	5.23	25 706	17 336	16 054
Deferred tax liabilities	5.7	-	3 075	-
Short-term liabilities		**12 703**	**17 766**	**32 426**
Bonds issued	5.22	3 163	82	-
Trade liabilities and other liabilities	5.23	8 817	2 380	16 277
Income tax liabilities		-	359	122
Provisions	5.20	723	14 945	16 027
Total Liabilities		**83 778**	**69 985**	**48 480**
TOTAL LIABILITIES AND EQUITY		**1 042 399**	**1 040 214**	**1 012 322**

2.4 SEPARATE CASH FLOW STATEMENT

for the 12-month period ended 31 December 2012 (audited) and the 12-month period ended 31 December 2011 (audited and restated) in PLN thousand.

Cash flow statement	Note	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Cash flow on operating activity			
Gross profit		8 208	27 359
Adjustments for the following items:			
Non-cash movements			
Depreciation		-	10
Net interest and dividends		(14 090)	(19 753)
Change in the balance of provisions		(14 222)	(1 082)
Impairment of fixed assets		11 081	-
Other		(68)	-
Gains and losses foreign exchange differences		5 677	(10 287)
Cash movements			
Dividends received		9 162	14 807
Paid income tax		(359)	(682)
Changes in working capital			
Change in the balance of receivables		3 324	4 611
Change in the balance of liabilities		(564)	(11 984)
Net cash flow on operating activity		**8 149**	**2 999**
Cash flow on investing activity			
Purchase of financial assets		(11 500)	-
Interest received		10 487	-
Proceeds from repaid loans		4 075	7 393
Loans granted		(32 000)	-
Net cash flow on investing activity		**(28 938)**	**7 393**
Cash flow on financial activity			
Proceeds from bonds issue		16 697	31 808
Dividends paid		(23 294)	(16 227)
Interest paid		(4 349)	(1 895)
Net cash flow on financing activity		**(10 946)**	**13 686**
Total net cash flow		(31 735)	24 078
Cash at the beginning of the period		**32 887**	**8 809**
Cash at the end of the period		**1 152**	**32 887**

2.5 SEPARATE STATEMENT OF CHANGES IN EQUITY

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

Statement of changes in equity	Note	Share capital	Own shares	Other capital	Retained earnings	Equity
As at 1.1.2011		**26 173**	**-**	**852 189**	**25 291**	**903 653**
Correction of error		-	-	60 189	-	60 189
As at 1.1.2011 after restatement		**26 173**	**-**	**912 378**	**25 291**	**963 842**
Total comprehensive income		**-**	**-**	-	22 614	22 614
Dividends payment		-	-	-	(16 227)	(16 227)
Other (profit distribution)		-	-	9 064	(9 064)	-
As at 31.12.2011		**26 173**	**-**	**921 442**	**22 614**	**970 229**
As at 1.1.2012		**26 173**	**-**	**861 253**	**22 614**	**910 040**
Correction of error		-	-	60 189	-	60 189
As at 1.1.2012 after restatement		**26 173**	**-**	**921 442**	**22 614**	**970 229**
Total comprehensive income		**-**	**-**	**-**	11 755	11 755
Dividends payment		-	-	(680)	(22 614)	(23 294)
Own shares		-	(69)	-	-	(69)
As at 31.12.2012		**26 173**	**(69)**	**920 762**	**11 755**	**958 621**

In Other capital – capital fund (dividend fund) is presented in the amount of PLN 28 862 thousand designed for future dividend payments. This fund was created according to resolution number 17 (Note 1.2) taken by Annual General Meeting of KOFOLA S.A. from 29 June 2012, from supplementary capital created from accumulated profits in the amount of PLN 20 478 thousand and from retained earnings in the amount of PLN 105 thousand, and partially from the results for the year 2011 in the amount of PLN 8 959 thousand. The found in the amount of PLN 680 thousand was designed for dividends payment for the year 2011.

3 GENERAL INFORMATION

Information about the Company:

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

Registered office: ul.Wschodnia 5, 99-300 Kutno, until 24 October 2011 ul. Jana Olbrachta 94, 01-102 Warszawa.

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

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

The Company has been formed for an unspecified time.

The Company's separate financial statements cover the year ended 31 December 2012 and include comparatives for the year ended 31 December 2011.

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

MANAGEMENT BOARD

As at 31 December 2012, the Management Board of the holding company KOFOLA S.A. consisted of:

- Pan Janis Samaras – Chairman of the Management Board,
- Pan Bartosz Marczuk – Member of the Management Board,
- Pan Martin Mateáš – Member of the Management Board,
- Pan Tomáš Jendřejek – Member of the Management Board,
- Pan René Musila – Member of the Management Board.

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

SUPERVISORY BOARD

As at 31 December 2012, the Supervisory Board consisted of:

- Pan René Sommer – Chairman,
- Pan Jacek Woźniak – Vice-Chairman,
- Pan Dariusz Prończuk,
- Pan Pavel Jakubík,
- Pan Martin Dokoupil,
- Pan Anthony Brown.

On 25 June 2012, Mr. Raimondo Eggink resigned from the position as a member of the Audit Committee, effective from 1 October 2012.

Mr. Pavel Jakubík was appointed as a member of Audit Committee on 1 November 2012.

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

AUDIT COMMITTEE

As at 31 December 2012, the Audit Committee consisted of:

- Pan Jacek Woźniak,
- Pan Dariusz Prończuk,
- Pan René Sommer,
- Pan Anthony Brown,
- Pan Pavel Jakubík.

On 25 June 2012, Mr. Raimondo Eggink resigned from the position as a member of the Audit Committee, effective from 1 October 2012.

Mr. Pavel Jakubík was appointed as a member of Audit Committee on 1 November 2012.

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

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

4.1 BASIS FOR THE PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

The present financial statements have been prepared in accordance with the laws binding in the Republic of Poland and with International Financial Reporting Standards ("IFRS"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, and therefore comply with Article 4 of the 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 amortised cost, financial assets stated at fair value.

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

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

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

4.2 STATEMENT OF COMPLIANCE

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

4.3 FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

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

4.4 TRANSLATION OF AMOUNTS EXPRESSED IN FOREIGN CURRENCY

Transactions expressed in currencies other the Polish zloty are translated into the Polish 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 recognised under financial revenue (costs).

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

The following rates were used in the balance sheet valuation:

Currency rates at the end of period	31.12.2012	31.12.2011	1.1.2011
PLN/CZK	0,1630	0,1711	0,1580
PLN/EUR	4,0882	4,4168	3,9603
PLN/RUB	0,1017	0,1061	0,0970
PLN/USD	3,0996	3,4174	2,9641

Average currency rates, calculated as arithmetical mean of currencies on last day of each month in period	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
PLN/CZK	0,1661	0,1682
PLN/EUR	4,1736	4,1401
PLN/RUB	0,1043	0,1008
PLN/USD	3,2312	2,9679

4.4.1 *TANGIBLE FIXED ASSETS*

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

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

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

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

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

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

<u>Depreciation</u>

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

4.4.2 *GOODWILL*

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

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

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

4.4.3 *RECOVERABLE AMOUNT OF FIXED ASSETS*

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

4.4.4 *FINANCIAL INSTRUMENTS*

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

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

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

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

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

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

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

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

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

Financial liabilities are divided into:

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

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

FINANCIAL ASSETS

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

FINANCIAL ASSETS STATED AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

LOANS AND RECEIVABLES

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

FINANCIAL LIABILITIES

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

FINANCIAL LIABILITIES STATED AT FAIR VALUE THROUGH PROFIT OR LOSS

This category includes two groups of liabilities: financial liabilities held for sale and financial liabilities initially recognised as stated at fair value through profit or loss. Financial liabilities held for sale are liabilities that: have been taken out primarily to be sold or bought back within a short time, are a component of portfolio of specific financial instruments that are managed jointly, and for which it is possible to confirm the generation of short-term profits, or constitute derivative instruments.

The Group's financial liabilities stated at fair value through profit or loss include primarily derivative instruments with a negative fair value. Liabilities classified as financial liabilities stated at fair value are stated at fair value as at each reporting date, and all gains or losses are charged to financial revenue and costs. Derivative instruments are stated at fair value as at each balance sheet date as well as at the end of each reporting period based on valuations performed by the banks realising the transactions. The fair value of debt instruments consists of future cash flows discounted at the current market interest rate applicable to similar instruments.

FINANCIAL LIABILITIES STATED AT AMORTISED COST

Other financial liabilities, not classified as financial liabilities stated at fair value through profit or loss, are included in financial instruments stated at amortised cost. This category includes primarily trade payables, as well as credits and loans. The liabilities included in this category are stated at amortised cost by applying the effective interest rate.

4.4.5 *TRADE RECEIVABLES AND OTHER RECEIVABLES*

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

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

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

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

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

Generally, provisions for doubtful receivables are created for 100% of the following receivables:

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

4.4.6 *CASH AND CASH EQUIVALENTS*

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

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

4.4.7 *EQUITY*

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

Share capital is listed at the amount disclosed in the Statute and in the National Court Register.

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

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

Share premium – this capital consists of the premium earned on the issue of shares, less the costs of the issue.

Other capital consists of the reserve capital (including the dividend fund) and the revaluation reserve.

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

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

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

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

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

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

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

4.4.9 *TRADE LIABILITIES AND OTHER LIABILITIES*

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

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

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

4.4.10 *PROVISIONS*

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

4.4.11 *EMPLOYEE BENEFITS*

Jubilee bonuses and retirement compensation

In accordance with binding remuneration regulations, the Company's employees are entitled to retirement compensation benefits. Owing to the fact that as at the balance sheet date KOFOLA S.A. had only 2 employees, the Company had formed no provision for future retirement compensation.

Termination benefits

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

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

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

Other employee benefits

The costs of other employee benefits are recognised in the costs of the year in which they were approved for payment, because the value of the benefit can only be reliably determined when it is approved for payment.

Incentive programs based on allocation of subscription warrants

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

4.4.12 *REVENUE*

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

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

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

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

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

4.4.12.1 Dividends

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

4.4.12.2 Provision of services

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

4.4.12.3 Interest

Interest income is recognised gradually as it accrues.

4.4.13 *INCOME TAX*

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

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

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

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

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

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

4.4.14 *EARNINGS PER SHARE*

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

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

4.5 NEW STANDARDS AND INTERPRETATIONS

Adoption of New or Revised Standards and Interpretations

The following new standards and interpretations became effective for the Company from 1 January 2012:

“Disclosures—Transfers of Financial Assets” – Amendments to IFRS 7 (issued in October 2010 and effective for annual periods beginning on or after 1 July 2011). The amendment requires additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party, yet remain on the entity's balance sheet. Disclosures are also required to enable a user to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. Where financial assets have been derecognised, but the entity is still exposed to certain risks and rewards associated with the transferred asset, additional disclosure is required to enable the effects of those risks to be understood.

Other revised standards and interpretations effective for the current period. The amendments to IFRS 1 “First-time adoption of IFRS”, relating to severe hyperinflation and eliminating references to fixed dates for certain exceptions and exemptions, did not have any impact on these financial statements. The amendment to IAS 12 “Income taxes”, which introduced a rebuttable presumption that an investment property carried at fair value is recovered entirely through sale, did not have a material impact on these financial statements.

New Accounting Pronouncements

IFRS 9 “Financial Instruments Part 1: Classification and Measurement”. IFRS 9, issued in November 2010, replaces those parts of IAS 39 relating to the classification and measurement of financial assets. IFRS 9 was further amended in October 2010 to address the classification and measurement of financial liabilities and in December 2011 to (i) change its effective date to annual periods beginning on or after 1 January 2015 and (ii) add transition disclosures. Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income. While adoption of IFRS 9 is mandatory from 1 January 2015, earlier adoption is permitted. It was not yet endorsed by EU. The Company analyses the implications and impact of the standard on the Company, as well as the time of its adoption.
The following other new pronouncements are not expected to have any material impact on the Company when adopted:

- IFRS 10 “Consolidated Financial Statements“ (issued in May 2011 and effective for annual periods beginning on or after 1 January 2014) which replaces all of the guidance on control and consolidation in IAS 27 “Consolidated and separate financial statements” and SIC-12 “Consolidation - special purpose entities”.
- IFRS 11 “Joint Arrangements“, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2014), which replaces IAS 31 “Interests in Joint Ventures” and SIC-13 “Jointly Controlled Entities—Non-Monetary Contributions by Venturers”.
- IFRS 12 “Disclosure of Interests in Other Entities“, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2014) which requires new disclosures by entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity.
- IFRS 13 “Fair Value Measurement“, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013), which aims to improve disclosures and achieve consistency by providing a revised definition of fair value.
- IAS 27 “Separate Financial Statements“ and IAS 28 “Investments in Associates and Joint Ventures“,, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2014), which were changed by IFRS 10 “Consolidated Financial Statements” and IFRS 11 “Joint Arrangements“
- Amendments to IAS 1 “Presentation of Financial Statements“ (issued in June 2011, effective for annual periods beginning on or after 1 July 2012), which aim to improve the disclosure of items presented in other comprehensive income.
- Amended IAS 19 “Employee Benefits“ (issued in June 2011, effective for periods beginning on or after 1 January 2013), which makes changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits.
- “Disclosures - Offsetting Financial Assets and Financial Liabilities“ - Amendments to IFRS 7 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014), which requires disclosures that will enable users to better evaluate the effect of netting arrangements, including rights of set-off.
- “Offsetting Financial Assets and Financial Liabilities“ - Amendments to IAS 32 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2013), which clarifies the meaning of ‘currently has a legally enforceable right of set-off’.
- Improvements to International Financial Reporting Standards (issued in May 2012), which consists of improvements to five standards. It was not yet endorsed by the EU.
- Transition Guidance Amendments to IFRS 10, IFRS 11 and IFRS 12 (issued in June 2012), which clarify the transition guidance in IFRS 10 “Consolidated Financial Statements” and provide additional transition relief from reporting comparative information under IFRS 10, IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities”. It was not yet endorsed by the EU.

- Amendments to IFRS 1 “First-time adoption of International Financial Reporting Standards - Government Loans“ (issued in March 2012 and effective for annual periods beginning 1 January 2013), which give first-time adopters of IFRSs relief from full retrospective application of accounting for certain government loans on transition.
- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine“, which considers when and how to account for the benefits arising from the stripping activity in mining industry.
- Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment entities (issued on 31 October 2012), which introduced a definition of an investment entity which will be required to carry its investee subsidiaries at fair value through profit or loss. It was not yet endorsed by the EU.

4.6 CORRECTION OF ERRORS

RESTATEMENT OF COMPARATIVE INFORMATION – PRIOR-PERIOD ERRORS

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

RECOGNITION OF DEFERRED TAX LIABILITY

In December 2007 Hoop S.A. (now Kofola S.A.) contributed in kind its entire business to a newly established legal entity Hoop Polska Sp. z o.o. Within this transaction a deferred tax liability of PLN 60 189 thousand was recognised against “Other capital”, which was not in line with IAS 12.

In 2012 the Management Board of the Group decided to withdraw from calculation of deferred tax from possible revenues from sale of subsidiary shares, because there is no tax liability related to this long-term investment, as dividends from a subsidiary are not taxable.
As a result the following restatements were made in the consolidated financial information:

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

CHANGE OF PRESENTATION IN DIVIDENDS RECIEVED

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

	1.1.2011 – 31.12.2011		
	published financial statements	comparable data	change
Revenues from dividends	-	14 807	14 807
Financial revenues	31 395	16 588	(14 807)

In the financial statements for the comparative period, an adjustment between cash flow from operating activities and investment activities in the position “Dividend received” resulting from the different way of recognising dividends in the income statement as described above.

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 December 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 Company 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 Company's Management must perform estimates. The Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason the estimates performed as at 31 December 2012 may be changed in the future. The main estimates pertain to the following matters:

Estimates	Type of information	Note
Impairment of goodwill and individual tangible and intangible fixed assets	Main assumptions used to determine the recoverable amount: indications of impairment, models, discount rates, growth rate.	5.11
Provisions for doubtful debts	Main assumptions used to determine the recoverable amount.	5.14

4.9 APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the present separate financial statements for publication on 18 March 2013

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

5.1 INFORMATION ABOUT OPERATING SEGMENTS

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

5.2 EXPENSES BY TYPE

Expenses by type	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Depreciation of fixed assets and intangible assets	-	10
Costs of employee benefits and retirement benefits	172	247
Consumption of materials and energy	8	11
Services	3 183	2 934
Rental costs	72	83
Taxes and fees	38	48
Property and life insurance	38	54
Other costs	(3)	350
Total expenses by type	**3 508**	**3 737**
Reconciliation of expenses by type to expenses by function	**3 508**	**3 737**
Administrative costs	3 508	3 737
Total costs of product sold, merchandise and materials, sales costs and overhead costs	**3 508**	**3 737**

Costs of employee benefits and retirement benefits	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Cost of salary	144	219
Social security and other benefits costs	28	28
Total costs of employee benefits and retirement benefits	**172**	**247**

5.3 FINANCIAL INCOME

Financial income	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Financial interest income from:		
– bank deposits	717	260
– credits and loans granted	10 279	6 041
Net financial income from realised FX differences	-	10 287
Other financial Income	30	-
Total financial income	**11 026**	**16 588**

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

5.4 FINANCIAL EXPENSES

Financial expenses	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Financial interest expense from:		
– issued bonds	4 302	82
– claims purchased within the Group	1 766	1 264
Net financial losses from realised FX differences	5 677	-
Bank costs and charges	15	9
Total financial expanse	**11 760**	**1 355**

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

5.5 CHANGES IN RESERVES AND PROVISIONS

Changes in reserves and provisions	Receivables	Financial assets	Provisions
As at 1.1.2012	**10 240**	**800**	**14 945**
Increase due to creation	129	-	6
Decrease due to release	(174)	-	(3 228)
Decrease due to usage	(1 256)	-	-
Transfer to other category	(81)	11 081	(11 000)
As at 31.12.2012	**8 858**	**11 881**	**723**

During the reporting period KOFOLA S.A. released a provision for potential losses related to investments in subsidiaries in the amount of PLN 11 000 thousand and at the same time the Company recognised the provision for the assets of subsidiary in the amount of PLN 11 000 thousand, due to takeover of new shares in PCD Hoop Sp. z o.o. The provision for potential damages related to the breach of contract by KOFOLA S.A. was reduced by the amount of PLN 3 228 thousand after the verification of estimates.

5.6 DIVIDENDS PAID AND DECLARED

In its Resolution No. 17 the Ordinary General Meeting of KOFOLA S.A. of 25 June 2012 approved part of the net profit generated in 2011, amounting to PLN 22 614 thousand and amount of PLN 680 thousand coming from dividend fund for the payment of a dividend.

The shares of all series (A,B,C,D,E,F,G) participated in the dividend (yield PLN 0.89/share). The dividend date was set for 25 September 2012. As per the above resolution, the dividend was paid out on 6 December 2012.

In the reporting period KOFOLA S.A. received a dividend from the company Kofola ČeskoSlovensko a.s. in the amount of PLN 9 162 thousand presented in revenues from sale of products and services.

5.7 INCOME TAX

Main income tax elements for the period of 12 months ended 31 December 2012 and for the period of 12 months ended 31 December 2011:

Income tax	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Income Statement		
Current income tax	**-**	**919**
Current Income tax charge	-	919
Deferred income tax	**(3 547)**	**3 826**
Related with arising and reversing of temporary differences	(6 826)	5 139
Related with tax losses	3 279	(1 313)
Income tax charge recorded in profit and loss	**(3 547)**	**4 745**

Presented below is a reconciliation of the income tax on the gross financial result prior to taxation at the statutory tax rate with income tax calculated using the effective tax rate, calculated as at 31 December 2012 and 31 December 2011:

	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Profit/Loss before tax	**8 208**	**27 359**
Tax expense at the theoretical domestic tax rates in Poland	(1 560)	(5 198)
Tax effect of:		
Non-deductible expenses	(7)	-
Non-taxable income	2 354	1 984
Deferred tax adjustments relating to prior periods	271	(765)
Other	2 489	(766)
Income tax presented in profit and loss	**3 547**	**(4 745)**
Effective tax rate (%)	**(43,21)%**	**17,34%**

Deferred income tax

Deferred income tax arises out of the following items:

31.12.2012

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX RESERVES	Deferred tax assets	Deferred tax reserve	Net amount
Receivables	1 492	5 984	(4 492)
Tax losses	3 279	-	3 279
Liabilities and provisions	625	-	625
Other (incl. investment incentives)	1 060	-	1 060
Deferred income tax assets / deferred tax liabilities	**6 456**	**5 984**	**472**
Presentation corrections	(5 984)	(5 984)	-
Long-term deferred income tax assets / deferred tax liabilities	**353**	**(1 137)**	**1 490**
Short-term deferred income tax assets / deferred tax liabilities	**119**	**1 137**	**(1 018)**

31.12.2011

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX RESERVES	Deferred tax assets	Deferred tax reserve	Net amount
Receivables	1 725	6 265	(4 540)
Tax losses	-	-	-
Liabilities and provisions	2 409	-	2 409
Other (incl. investment incentives)	-	944	(944)
Deferred income tax assets / deferred tax liabilities	**4 134**	**7 209**	**(3 075)**
Presentation corrections	(4 134)	(4 134)	-
Long-term deferred income tax assets / deferred tax liabilities	**(58)**	**1 219**	**(1 277)**
Short-term deferred income tax assets / deferred tax liabilities	**58**	**1 856**	**(1 798)**

1.1.2011

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX RESERVES	Deferred tax assets	Deferred tax reserve	Net amount
Receivables	1 615	4 693	(3 078)
Tax losses	1 313	-	1 313
Liabilities and provisions	2 529	-	2 529
Other (incl. investment incentives)	-	13	(13)
Deferred income tax assets / deferred tax liabilities	**5 457**	**4 706**	**751**
Presentation corrections	(4 706)	(4 706)-	-
Long-term deferred income tax assets / deferred tax liabilities	**709**	**-**	**709**
Short-term deferred income tax assets / deferred tax liabilities	**42**	**-**	**42**

5.8 DISCONTINUED OPERATIONS

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

5.9 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 is the data relating to the profits and shares used to calculated basic and diluted profit per share:

	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Net profit	**11 755**	**22 614**

	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
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:		
Subscriptions warrants	6 099	6 099
Own shares	(2 599)	-
Adjusted weighted average number of common shares used to calculate diluted earnings per share	**26 176 102**	**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:

Basic earnings per share	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Net profit assigned to the shareholders of the parent company	11 755	22 614
Weighted average number of issued common shares	26 172 602	26 172 602
Basic earnings per share (PLN/share)	**0,4491**	**0,8640**

Diluted earnings per share	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Net profit attributable to the shareholders, used to calculate diluted earnings per share	11 755	22 614
Adjusted weighted average number of common shares used to calculate diluted earnings per share	26 176 102	26 178 701
Diluted earnings per share (PLN/share)	**0,4491**	**0,8638**

5.10 TANGIBLE FIXED ASSETS

1.1.2012 - 31.12.2012

TABLE OF CHANGES IN TANGIBLE FIXED ASSETS	Land	Plant and equipment	Other fixed assets	Total
a) gross book value at the beginning of the period	**372**	**3**	**29**	**404**
b) increases	**-**	**-**	**-**	**-**
c) decreases	**-**	**(3)**	**(29)**	**(32)**
- liquidation	-	(3)	(29)	**(32)**
d) gross book value at the end of the period	**372**	**-**	**-**	**372**
e) accumulated depreciation at the beginning of the period		**(3)**	**(29)**	**(32)**
f) depreciation charge for the period	**-**	**3**	**29**	**32**
- liquidation of fixed asset	-	3	29	**32**
g) accumulated depreciation at the end of the period	**-**	**-**	**-**	**-**
j) net book value at the beginning of the period	**372**	**-**	**-**	**372**
k) net book value at the end of the period	**372**	**-**	**-**	**372**

1.1.2011 - 31.12.2011

TABLE OF CHANGES IN TANGIBLE FIXED ASSETS	Land	Plant and equipment	Other fixed assets	Total
a) gross book value at the beginning of the period	**372**	**3**	**29**	**404**
b) increases	**-**	**-**	**-**	**-**
c) decreases	**-**	**-**	**-**	**-**
d) gross book value at the end of the period	**372**	**3**	**29**	**404**
e) accumulated depreciation at the beginning of the period	**-**	**(3)**	**(29)**	**(32)**
f) depreciation charge for the period	**-**	**-**	**-**	**-**
g) accumulated depreciation at the end of the period	**-**	**(3)**	**(29)**	**(32)**
j) net book value at the beginning of the period	**372**	**-**	**-**	**372**
k) net book value at the end of the period	**372**	**-**	**-**	**372**

5.11 INTANGIBLE FIXE ASSETS

1.1.2012 - 31.12.2012

TABLE OF CHANGES IN INTANGIBLE FIXED ASSETS	Goodwill	Computer software	Total
a) gross book value at the beginning of the period	**13 767**	**242**	**14 009**
b) increases	**-**	**-**	**-**
c) decrease	**-**	**-**	**-**
d) gross book value at the end of the period	**13 767**	**242**	**14 009**
e) accumulated depreciation at the beginning of the period	**-**	**(242)**	**(242)**
f) depreciation charge for the period	**-**	**-**	**-**
g) accumulated depreciation at the end of the period	**-**	**(242)**	**(242)**
h) impairment charges at the beginning of the period	**-**	**-**	**-**
increase	**-**	**-**	**-**
decreases	**-**	**-**	**-**
i) impairment charges at the end of the period	**-**	**-**	**-**
j) net book value at the beginning of the period	**13 767**	**-**	**13 767**
k) net book value at the end of the period	**13 767**	**-**	**13 767**

In testing for impairment of goodwill, the Management has decided to use fair value less costs to sell. Due to the fact that the Management is not aware of comparable market transactions, the calculation of fair value less costs to sell is based on discounted free cash flow and used the estimated cash flow projections based on financial plans approved by management of Hoop Poland Sp. z o.o. Cost of sales was adopted as 2% of the fair value of the cash generating unit.

The main assumptions included in the financial plans and cash-flow projections are:

Goodwill	31.12.2012	31.12.2011
Book value	13 767	13 767
EBITDA margin	9,30%	5,80%
Growth rate	2,00%	2,00%
Discount rate	9,00%	9,30%
Marginal rate PLN/EUR *	3,70%	4,15%

* source Ministry of finance

The main assumption adopted by the Management is based on past experience and expectations as for the future market development. Adopted interest rates are in line with those used when preparing Group's results assumptions. Discount rate includes taxation and risk related to relevant operating segments as well as trademarks.

<u>The sensitivity analysis to changes in some of the assumptions contained in the financial plans and cash flow projections</u>

During testing of the goodwill of Hoop Poland Sp. z o.o., the recoverable value of cash generating unit, calculated on the basis of fair value less costs to sell exceeded the carrying amount by PLN 70 712 thousand. The resulting surplus could hypothetically be compensated by the reduction in EBITDA margin by 1,1% or devaluation of the exchange rate by 12% or decrease in the growth rate to 0,7% and an increase in the discount rate to 10.0%.

1.1.2011 - 31.12.2011

TABLE OF CHANGES IN INTANGIBLE FIXED ASSETS	Goodwill	Computer software	Total
a) gross book value at the beginning of the period	**13 767**	**242**	**14 009**
b) increases	**-**	**-**	**-**
c) decrease	**-**	**-**	**-**
d) gross book value at the end of the period	**13 767**	**242**	**14 009**
e) accumulated depreciation at the beginning of the period		**(232)**	**(232)**
f) depreciation charge for the period	**-**	**(10)**	**(10)**
- annual depreciation charge		(10)	(10)
g) accumulated depreciation at the end of the period	**-**	**(242)**	**(242)**
h) impairment charges at the beginning of the period	**-**	**-**	**-**
increase	**-**	**-**	**-**
decreases	**-**	**-**	**-**
i) impairment charges at the end of the period	**-**	**-**	**-**
j) net book value at the beginning of the period	**13 767**	**10**	**13 777**
k) net book value at the end of the period	**13 767**	**-**	**13 767**

5.12 SHARES IN SUBSIDIARIES AND FINANCIAL ASSETS AVAILABLE FOR SALE

Shares In consolidated companies:

	Company Name	Headquarters	Range of activity	Consolidation method	Direct or indirect % part in share capital	% part in voting rights	Net book value	
							31.12.2012	31.12.2011
1.	Kofola ČeskoSlovensko a.s.	Czech Republic, Ostrava	Holding	Acquisition accounting	100,00%	100,00%	438 668	438 668
2.	Hoop Polska Sp. z o.o.	Poland, Kutno	Production of non-alcoholic beverages	Acquisition accounting	100,00%	100,00%	372 770	359 570
3.	OOO Megapack	Russia, Widnoje	Production, sale and distribution of non-alcoholic and low-alcoholic beverages	Acquisition accounting	50,00%	50,00%	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	100,00%	100,00%	-	-
5.	Transport Spedycja Handel Sulich Sp. z o.o.	Poland, Bielsk Podlaski	Road cargo transport, spedition	Equity accounting	50,00%	50,00%	-	-
6.	STEEL INVEST Sp. z o.o.	Poland, Kutno	Does not operate	Acquisition accounting	100,00%	100,00%	-	-
	TOTAL						**867 337**	**854 137**

The increase in value of shares in Hoop Polska Sp. z o.o. is conected with an acquisition made by KOFOLA S.A. in exchange for a contribution in the form of fixed assets in the amount of PLN 13 200 thousand from new shares of this company.

Based on the Russian legislation, the shareholders of OOO companies have the right to withdraw from the contract and demand the repurchase of their shares by the company based on the value attributable to their net assets in accordance with Russian accounting regulations at the subsequent balance sheet date. With respect to this, non-controlling interest has puttable option with the nil value.

Due to the fact that, at the end of 31 December 2012, shareholders' agreement giving KOFOLA S.A. the deciding vote in choosing the General Director of the Company OOO Megapack expired, since 1 January 2013 KOFOLA S.A. and Russian shareholders have had joint control over the company, and thus according to the IAS 31 (effective from 1 January 2013) the KOFOLA S.A. will be consolidating the Megapack Group under the equity method.

As at the balance sheet date, no liens or other restrictions have been established on the Company's shares of its subsidiaries. No impairment has been determined with regard to any of the above items. The hypothetical impact of changes in the assumptions made in the financial plans and cash-flow projections for Hoop Polska Sp. z o.o. on the fair value of the shares in Hoop Polska Sp. z o.o. was presented in Note 5.11.

5.13 TRADE RECEIVABLES AND OTHER RECEIVABLES

Trade receivables and other receivables	31.12.2012	31.12.2011
Trade receivables	1 049	2 589
Other financial receivables	8 063	9 478
Allowance to receivables	(8 858)	(10 240)
Total financial assets within trade and other receivables	**254**	**1 827**
VAT recoverable	49	6
Total trade and other receivables	**303**	**1 833**

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

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

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

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

5.14 CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents	31.12.2012	31.12.2011
Cash in bank and in hand	1 152	7 787
Short-term deposits	-	25 100
Total cash and cash equivalents	**1 152**	**32 887**

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

Currency structure of cash and cash equivalents:

Split by currency	31.12.2012	31.12.2011
in PLN	599	32 826
in EUR	477	60
in CZK	75	-
in RUB	1	1
Total cash and cash equivalents	**1 152**	**32 887**

5.15 SHARE CAPITAL AND OTHER CAPITAL

31.12.2012

SHARE CAPITAL								
Series	Type of share	Type of preferred shares	Type of rights restiction to shares	Number of shares	Par value of one share	Way of covering the capital (cash/contibution in kind)	Date registered	Right to dividend (from the date)
A	ordinary	N/A	N/A	447 680	448	cash	03.10.1997	
B	ordinary	N/A	N/A	100 000	100	cash	22.01.1998/ 07.02.2007	03.10.1997
C	ordinary	N/A	N/A	71 080	71	cash	05.03.1998	22.01.1998
C	ordinary	N/A	N/A	11 776	12	cash	05.03.1998/ 07.02.2007	05.03.1998
D	ordinary	N/A	N/A	9 458 040	9 458	cash	21.01.2003	01.01.2003
E	ordinary	N/A	N/A	3 000 000	3 000	cash	01.09.2003	01.01.2003
F	ordinary	N/A	N/A	13 083 342	13 083	merger	30.05.2008	30.05.2008
G	ordinary	N/A	N/A	684	1	merger	31.03.2009	01.01.2009
Total				**26 172 602**				

SHARE CAPITAL STRUCTURE			
Name of entity	Number of shares	% in share capital	% in voting power
KSM Investment S.A.	13 395 373	51,18%	51,18%
CED GROUP S. a r.l.	11 283 153	43,11%	43,11%
René Musila	687 709	2,63%	2,63%
Tomáš Jendřejek	687 660	2,63%	2,63%
Pozostali	118 707	0,45%	0,45%
Total	**26 172 602**	**100,00%**	**100,00%**

NOMINAL VALUE OF SHARES

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

SHAREHOLDER RIGHTS

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

5.15.1 *OTHER CAPITAL*

Other capital	Supplementary Capital	Capital from subscription warrants	Total
As at 1.1.2011	**851 847**	**342**	**852189**
Correction of errors	60 189		**60 189**
As at 1.1.2011 after restatement	**912 036**	**342**	**912 378**
Dividends payment	-	-	**-**
Profit distribution	9 064	-	**9 064**
As at 31.12.2011	**921 100**	**342**	**921 442**
As at 1.1.2012	**860 911**	**342**	**861 253**
Correction of errors	60 189	-	**60 189**
As at 1.1.2012 after restatement	**921 100**	**342**	**921 442**
Dividends payment	(680)	-	**(680)**
As at 31.12.2012	**920 420**	**342**	**920 762**

Nature and purpose of other capital

Supplementary capital

Supplementary capital is created based on statutory requirements (in accordance with binding legal regulations) or voluntarily (in accordance with the entity's by-laws) using funds from the distribution of profits, share premium and contributions made by the shareholders. It is used to cover losses, refund capital contributions, and redeem shares.

In the Supplementary capital – the capital fund (dividend fund) is presented in the amount of PLN 28 862 thousand designed for future dividend payments (Notes 1.3 and 2.5).

5.16 PROVISIONS

5.16.1 CHANGES IN PROVISIONS

Provisions	Provision for personal expenses	Other provisions	Total
As at 1. 1.2011	**18**	**16 009**	**16 027**
Decrease due to repase	-	(1 076)	(1 076)
Decrease due to usage	(6)	-	(6)
As at 31.12.2011	**12**	**14 933**	**14 945**
Increase due to creation	6	-	6
Decrease due to repase	-	(3 228)	(3 228)
Transfer to other category	-	(11 000)	(11 000)
As at 31.12.2012	**18**	**705**	**723**

Provisions time framework	31.12.2012	31.12.2011
Long-term	-	-
Short-term	723	14 945
Total provisions	**723**	**14 945**

5.16.2 OTHER PROVISIONS

Under other provisions the Company presents a provision for anticipated losses associated with investments in related parties in the amount of PLN 705 thousand.

5.17 EMPLOYEE BENEFITS

5.17.1 RETIREMENT BENEFITS

Owing to the fact that, as at the balance sheet date, KOFOLA S.A. had only 2 employees, in the reporting period, as in the previous year, the Company had formed no provision for future retirement compensation.

5.18 CREDIT AND LOANS AND ISSUED BONDS

As at 31 December 2012 and 2011, KOFOLA S.A. had no debt arising out of credits or loans.

As at 31 December 2012, KOFOLA S.A. has obligations from issued bonds in the total amount of PLN 48 532 thousand.

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 with amendments by Supervisory Board resolution 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 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,
- 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 rights only to cash benefits
- according to Terms of Bonds Issue on the 30 March 2012, bonds have been admitted on the Catalyst market that is organised by the Stock Exchange in Warsaw or BondSpot S.A.
- after two interest periods the 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.

Issued bonds are valued using adjusted price method (amortised cost) until maturity.

In accordance with the Terms of Bond Issuance, KOFOLA S.A. is obliged to fulfil certain non-financial indicators (i.e. covenants) for the consolidated data. On 31 December 2012, the levels of all the required indicators have been achieved.

5.19 TRADE LIABILITIES AND OTHER LIABILITIES

As at 31 December 2012 and December 2011, the Company had no long-term trade liabilities. Listed as a long-term item in other liabilities in the amount of PLN 25 706 thousand are the interest-bearing liabilities to Hoop Polska Sp. z o.o. associated with the acquisition from Hoop Polska Sp. z o.o. of the debts of Maxpol Sp. z o.o., Bobmark International Sp. z o.o. and PCD Hoop Sp. z o.o.

The Company has the following short-term liabilities:

Trade liabilities and other liabilities	31.12.2012	31.12.2011
Trade liabilities	5 027	1 902
Accrued liabilities and other creditors	3 695	294
Total financial liabilities within trade and other liabilities	**8 722**	**2 196**
Accrued employee benefit costs	11	11
Other	84	173
Total trade liabilities and other liabilities	**8 817**	**2 380**

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

CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities	Contingent assets	Contingent liabilities
As at 1.1.2012	**-**	**147 086**
Increase	-	-
Decrease	-	(96 248)
As at 31.12.2012	**-**	**50 838**

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

5.20 COURT LITIGATIONS

FRUCTO-MAJ SP. Z O.O.

KOFOLA S.A. has receivables in the bankrupt company Fructo-Maj Sp. z o.o. As at 31 December 2012, the total value of the receivables is PLN 7 455 thousand, the balance sheet value of this item, after revaluation, is PLN 39 thousand.

The assets of Fructo-Maj Sp. z o.o. are currently being sold. The Management believes that given the current state of affairs and the type of collateral, no revaluation is needed with regard to the assets associated with Fructo-Maj Sp. z o.o.

POMORSKIE CENTRUM DYSTRYBUCJI HOOP SP. Z O.O.

The subsidiary Pomorskie Centrum Dystrybucji Hoop Sp. z o.o. after fulfilling the stipulations according to arrangement so concluded and selling its assets, the company does not conduct operating activities.

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

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

5.21 INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

The Company realises revenues from re-invoicing fees arising from the lease agreements to a related party. Revenues from this account in the amount of PLN 2 800 thousand are presented in this report netted with corresponding costs in the amount of PLN 2 800 thousand.

Revenue of KOFOLA S.A. arising from interest from loans granted to related parties for the year 2012 amounted to PLN 10 279 thousand.

The value of services purchased by KOFOLA S.A. in 2012 from related parties amounted to PLN 2 161 thousand and concerned primarily rental costs, maintenance costs for financial reporting and accounting and legal services.

Interest expense on debt acquired from related parties for 2012 amounted to PLN 1 766 thousand.

Receivables from related companies	31.12.2012	31.12.2011
- from consolidated subsidiaries	156	327
Total receivables from related companies	**156**	**327**

Liabilities towards related companies	31.12.2012	31.12.2011
- towards consolidated subsidiaries	34 384	19 277
Total liabilities towards related companies	**34 384**	**19 277**

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

Loans granted to related parties	31.12.2012	31.12.2011
Long-term Loans, including:		
Principal	127 221	104 231
Interest	31 775	32 987
Total	**158 996**	**137 218**

This line on financial statements consists of the loan granted to Kofola ČeskoSlovensko a.s. (in CZK) with maturity date in October 2036 and of subordinated loans granted during the reporting period to Hoop Poland Sp. z o.o. (in PLN) with repayment date in December 2014.

REMUNERATION OF THE SENIOR MANAGEMENT STAFF

Information on benefits for the key staff	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Short-term employee benefits (salaries, wages and other remuneration components)	89	65
Total value of benefits for the key staff	**89**	**65**

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

	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Management Board	83	65
Supervisory Board	70	108
Total	**153**	**173**

5.22 OBJECTIVES AND METHODS OF FINANCIAL RISK MANAGEMENT

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

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

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

The Company's activities are exposed to several types of financial risk: market risk (including foreign exchange risk, pricing risk and cash flow risk relating to changes in interest rates), credit risk and liquidity risk. The Company also monitors the market price risk on all of its financial instruments. Risk management is carried out by the Management of subsidiaries of the KOFOLA S.A., which identifies and evaluates financial risks above. The overall process of risk management is carried out by the Management and focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. The Company uses derivative financial instruments to hedge certain risk exposures, provided that hedging instruments are considered to be cost effective. As at 31 December 2012 did not have significant options or forward contracts, both in dollars and in euros.. The Management verifies and agrees the risk management methods with regard to every type of risk. A short description of these methods is presented below.

5.22.1 INTEREST RATE RISK

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

As at 31 December 2012, if interest rates at that date had been 100 basis points lower (2011: 100 basis points lower) with all other variables held constant, net profit for the year would have been by PLN 462 thousand higher, as a result of lower interest expense related to issued bonds. If interest rates had been 100 basis points higher, with all other variables held constant, profit would have been by PLN 462 thousand lower, mainly as a result of higher interest expense related to liabilities from bonds issued with variable interest rate.

In addition, the Company places its free funds on variable interest rate deposits, which will bring the profits down if the interest rates fall. The Company also uses fixed interest rate instruments, with regard to which interest rate movements have no effect on interest costs or interest receivable. Trade and other receivables and payables are not interest bearing and have due dates of up to a year, with the exception of other fixed interest rate liabilities (short- and long-term) to the subsidiary Hoop Polska Sp. z o.o. for the purchase of debts of the companies Maxpol Sp. z o.o. and Bobmark International Sp. z o.o. and PCD Hoop Sp. Z o.o. In addition, in 2008 the Company granted a loan to the subsidiary Kofola ČeskoSlovensko a.s. , (the balance of which is CZK 761 591 thousand as at 31 December 2012), and also granted loans to the Company Hoop Polska Sp. z o.o. (the balance of which is CZK 34 223 thousand as at 31 December 2012). The loans have a fixed interest rate.

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

5.22.2 CURRENCY RISK

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

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

Currency risk impact on profit or loss	31.12.2012	31.12.2011
CZK strengthening by 3% (2011: strengthening by 3%)		
CZK weakening by 3% (2011: weakening by 3%)		
EUR strengthening by 3% (2011: strengthening by 3%)		
EUR weakening by 3% (2011: weakening by 3%)	(58)	(8)

5.22.3 CREDIT RISK

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

As at 31 December 2012, the Company's maximum exposure to credit risk amounts to PLN 253 thousand, and has been estimated as the carrying amount of trade receivables and trade and other receivables from third parties.

Ageing structure of receivables is presented below:

Credit risk	31.12.2012		31.12.2011	
	Trade receivables	Other financial receivables	Trade receivables	Other financial receivables
Neither past due nor impaired				
Large retailers chains	-	-	15	38
Small companies	-	90	-	-
Total neither past due nor impaired	**-**	**90**	**15**	**38**
Past due but not impaired				
- less than 30 days overdue	-	-	293	-
- 30 to 90 days overdue	-	-	19	-
Total past due but not impaired	**-**	**-**	**312**	**-**
Individually determined to be impaired (gross)				
- less than 30 days overdue	-	-	-	-
- 30 to 90 days overdue	-	-	-	-
- 91 to 180 days overdue	129	-	-	-
- 181 to 360 days overdue	10	-	-	-
- over 360 days overdue	909	7 973	2 262	9 440
Total individually impaired	**1 048**	**7 973**	**2 262**	**9 440**
Less impairment provision	**(928)**	**(7 930)**	**(2 229)**	**(8 011)**
Total	**120**	**133**	**360**	**1 467**

In addition, the Company has a long-term receivable from a loan granted to Kofola Československo a.s. in the amount of PLN 124 773 thousand with maturity as at October 2036 and from loan granted to Hoop Polska Sp. z o.o. in the amount PLN 34 223 thousand.

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

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

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

5.22.4 LIQUIDITY RISK

The Company is exposed to liquidity risk, defined as a risk of losing the ability to pay its obligations as they become due. The risk arises from a potential restriction in access to financial markets, which may result in an inability to obtain new financing or refinancing of debts. In order to reduce this risk and in order to diversify the financing sources, the Issuer in December 2011 and February 2012 carried out issue of 3 series of bonds under Program of Bond Issue that raised the amount of PLN 49 000 thousand.

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

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

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

31.12.2012	Liabilities due in the period:			
Aged structure of liabilities	Total liabilities	to 90 days	from 91 to 360 days	above 360 (see note below)
Trade liabilities	**5 027**	4 812	215	**-**
- out of that to related parties	**4 982**	4 767	215	**-**
Interests	**8 104**	-	4 173	**3 931**
Bonds issued	**48 532**	-	3 163	**45 369**
Other financial liabilities	**33 653**	1 694	2 700	**29 259**
- out of that to related parties	**33 653**	1 694	2 700	**29 259**
Total	**95 316**	**6 506**	**10 251**	**78 559**
Liabilities due more than 360 days	1–2 years	2-3 years	more than3 years	Total
Trade liabilities	-	-	-	**-**
- out of that to related parties	-	-	-	**-**
Interests	3 931	-	-	**3 931**
Bonds issued	45 369	-	-	**45 369**
Other financial liabilities	16 651	8 188	4 420	**29 259**
- out of that to related parties	16 651	8 188	4 420	**29 259**
Total	**65 951**	**8 188**	**4 420**	**78 559**

31.12.2011	Liabilities due in the period:			
Aged structure of liabilities	Total liabilities	to 90 days	from 91 to 360 days	above 360 (see note below)
Trade liabilities	**2 074**	794	1 280	**-**
- out of that to related parties	**1 899**	619	1 280	**-**
Interests	**8 242**	-	3 023	**5 219**
Bonds issued	**31 890**	-	82	**31 808**
Other financial liabilities	**20 901**	294	1 118	**19 489**
- out of that to related parties	**20 901**	294	1 118	**19 489**
Total	**63 107**	**1 088**	**5 503**	**56 516**
Liabilities due more than 360 days	1–2 years	2-3 years	more than3 years	Total
Trade liabilities	-	-	-	**-**
- out of that to related parties	-	-	-	**-**
Interests	2 731	2 488	-	**5 219**
Bonds issued	3 042	28 766	-	**31 808**
Other financial liabilities	-	13 862	5 627	**19 489**
- out of that to related parties	-	13 862	5 627	**19 489**
Total	**5 773**	**45 116**	**5 627**	**56 516**

5.23 FINANCIAL INSTRUMENTS BY CATEGORY

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

As at 31.12.2012	Loans and receivables
Loans	158 996
Trade receivables	120
Other financial receivables	133
Cash and cash equivalents	1 152
Total	**160 401**

As at 31.12.2012	Other financial liabilities at amortised cost
Bonds issued	48 532
Trade liabilities and other financial liabilities	8 722
Other long-term liabilities	25 706
Total	**82 960**

Fair value of financial assets and liabilities recognised at amortised costs	Fair value	
	As at 31.12.2012	As at 31.12.2011
Financial assets at amortised costs	**159 116**	**137 578**
Loans	158 996	137 218
- fixed interest rate	158 996	137 218
Trade receivables	120	360
Financial liabilities at amortised costs	**82 960**	**51 422**
Bonds issued	48 532	31 890
Trade liabilities and other financial liabilities	34 428	19 532

5.24 THE REASON FOR THE DIFFERENCES BETWEEN THE CHANGES OF CERTAIN BALANCE SHEET ITEMS AND CHANGES PRESENTED IN CASH FLOW

	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Change due for supplies and services, and other accounts receivable	1 530	4 907
Change in other long-term assets	(21 779)	(9 482)
Repayment of loans granted	(4 075)	(7 393)
Loans granted	32 000	-
Accrued and unpaid interest on loans granted	509	6 080
Foreign exchange rate differences from loans and receivables	(4 861)	10 499
Change in the balance of receivables	**3 324**	**4 611**

	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Balance change of liabilities for supplies and services and other liabilities	6 437	(13 897)
Change in other long-term liabilities	8 370	1 282
Change in investment liabilities	(1 700)	-
Foreign exchange differences from liabilities	(816)	-
Accrued and unpaid interest on liabilities	(1 719)	-
Interest paid – accrued in prior periods	-	713
Accrued interest on bonds	(55)	(82)
Payables to HOOP from increase of PCD share capital presented in investment activity	(11 081)	-
Change in the balance of liabilities (+/-)	**(564)**	**(11 984)**

5.25 Headcount

The average headcount in the company was as follows:

	1.1.2012 - 31.12.2012	1.1.2011 - 31.12.2011
Management Boards of the Group entities	1	1
Administration	-	-
Sales, Marketing and Logistic department	-	-
Production division	-	-
Other	1	1
Total	**2**	**2**

5.26 Subsequent events

Discontinued consolidation of MEGAPACK group due to change in managing system

Due to the fact that the shareholders' agreement giving KOFOLA S.A. the deciding vote in choosing the CEO of Megapack Group expired (last possibility to utilise this right is on 31 December 2012) from 1 January 2013 KOFOLA S.A. and the Russian shareholders have joint control over the company, and thus according to the IAS 31 KOFOLA SA will account for Megapack Group using the equity method. KOFOLA S.A. will continue to pursue ownership supervision over the activities of the joint venture by the right to appoint two of the four members of the Board of Directors of OOO Megapack.

Sale of shares in subsidiary TSH Sulich Sp. z o.o.

On 8 March 2013 KOFOLA S.A. sold all its shares in the subsidiary Transport Spedycja Handel SULICH Sp. z o.o.

There were no other subsequent events after the balance sheet date.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

18 March 2013	**Janis Samaras**	**Chairman of the Board of Directors**	…………………………….
Date	*name and surname*	*position*	*Signature*
18 March 2013	**Bartosz Marczuk**	**Member of the Board of Directors**	…………………………….
Date	*name and surname*	*position*	*Signature*
18 March 2013	**Martin Mateáš**	**Member of the Board of Directors**	…………………………….
Date	*name and surname*	*position*	*Signature*
18 March 2013	**René Musila**	**Member of the Board of Directors**	…………………………….
Date	*name and surname*	*position*	*Signature*
18 March 2013	**Tomáš Jendřejek**	**Member of the Board of Directors**	…………………………….
Date	*name and surname*	*position*	*Signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

18 March 2013	**Katarzyna Balcerowicz**	**Chief Accountant**	…………………………….
Date	*name and surname*	*position*	*Signature*

The document was signed on polish original