

THE KOFOLA GROUP
where the holding company is
Kofola S.A.
ul. Wschodnia 5
99-300 Kutno

Audit Opinion and Report
on the consolidated financial statements
for the period from 1 January to 31 December 2011

AUDIT OPINION

for the Shareholders and Supervisory Board of Kofola S.A.

We have audited the accompanying consolidated financial statements of the Kofola Group, where the holding company is Kofola S.A. ("the Company") with its registered office in Kutno, ul. Wschodnia 5, consisting of:

- the consolidated balance sheet prepared as at 31 December 2011, showing total assets and liabilities of **1.344.796** thousand zł;
- the consolidated profit and loss account for the period from 1 January to 31 December 2011, showing a net profit of **26.445** thousand zł;
- the consolidated statement of comprehensive income for the period from 1 January to 31 December 2011, showing a total comprehensive income of **49.404** thousand zł;
- the statement of changes in consolidated shareholders' equity for the period from 1 January to 31 December 2011, showing an increase in shareholders' equity of **27.863** thousand zł;
- the consolidated cash flow statement for the period from 1 January to 31 December 2011, showing a net cash decrease of **4.428** thousand zł;
- notes to the financial statements.

The Company's Management Board is responsible for the preparation in accordance with binding regulations of the consolidated financial statements and the Directors' Report on the Group's activities.

The Company's Management Board and members of the Supervisory Board are responsible for ensuring that the consolidated financial statements and the Directors' Report meet the requirements of the Accounting Act of 29 September 1994 (2009 Journal of Laws No. 152, item 1223 with subsequent amendments), hereinafter referred to as "the Accounting Act".

Our responsibility was to audit the consolidated financial statements and to express an opinion on the consistency of these consolidated financial statements with the Group's accounting policies, and on whether the consolidated financial statements give a true and fair view, in all material respects, of the Group's financial result and financial position.

We performed the audit of the consolidated financial statements in accordance with:

1. Chapter 7 of the Accounting Act,
2. the auditing standards issued by the National Council of Certified Auditors in Poland.

We planned and performed the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. In particular, our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. The audit also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that our audit provided a reasonable basis for our opinion.

In our opinion, the audited consolidated financial statements, in all material respects:

- a) give a true and fair view of the Group's financial position as at 31 December 2011, as well as of its financial result for the period from 1 January to 30 December 2011,
- b) have been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and the related interpretations issued in the form of regulations by the European Commission, and in issues not regulated by these standards - in accordance with the requirements of the Accounting Act and the related implementing provisions, as well as on the basis of properly kept books of account,
- c) are consistent with the laws and regulations applicable to the Group.

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

The Directors Report on the Group's activities includes all information required by Article 49 of the Accounting Act and by 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 recognizing as equally valid the information required by the regulations of a state that is not a member state (2009

Journal of Laws No. 33, item 259), and the information contained therein is consistent with the information presented in the audited consolidated financial statements.

Warsaw, 15 March 2012

BDO Sp. z o.o.
ul. Postępu 12
02-676 Warszawa
Authorized Audit Company No. 3355

Auditor in charge:

On behalf of BDO Sp. z o.o.:

Katarzyna Iwuć, PhD
Certified Auditor No. 11771
(signed on the Polish original)

André Helin, PhD
Senior Partner & CEO
Certified Auditor No. 90004
(signed on the Polish original)

This document is a translation.
The Polish original should be referred to in matters of interpretation.

Audit Report
on the consolidated financial statements of
the Kofola Group
where the holding company is Kofola S.A.
for the period from 1 January to 31 December 2011

TABLE OF CONTENTS

I. GENERAL INFORMATION	3
II. FINANCIAL ANALYSIS.....	8
III. DETAILED INFORMATION	12

I. GENERAL INFORMATION

1. Information about the Holding Company

1.1. Name and legal status

The Holding Company does business as Kofola Spółka Akcyjna [joint-stock company].

The Company's abbreviated name is Kofola S.A.

1.2. Registered office

99-300 Kutno, ul. Wschodnia 5

1.3. Areas of activity

The main areas of activity of the Kofola Group are:

- production and sale of non-alcoholic beverages;
- production and sale of mineral waters;
- production and sale of low-alcohol beverages (on the Russian market).

1.4. Legal bases for the Company's operations

Kofola S.A. operates on the basis of:

- the Company's Statute prepared in the form of a notarial deed on 31 March 2008 (Rep. A/3092/2008), with subsequent amendments,
- the Code of Commercial Partnerships and Companies.

1.5. Registration at Business Court

On 15 October 2002 the Company was entered in the National Court Register at the Regional Court in Warsaw - XII Business Division Registration Section, in number KRS 0000134518.

1.6. Registration at Tax Office and Voivodship Statistical Office

NIP 527-00-08-818
NIP EU PL 527-00-08-818
REGON 012771739

1.7. The Company's share capital and equity

As at 31 December 2011 the Holding Company's share capital amounted to 26.173 thousand zł and consisted of 26.172.602 shares with a nominal value of 1 zł per share.

No changes were made in the Company's share capital in the year 2011 or before the end of the audit.

The Company's shareholders as at 31 December 2011 as per the information provided by the Management Board:

Shareholder	Number of shares	% of votes at General Meeting
KSM Investment S.A.	13.395.373	51,18%
CED Group S. a r.l. with its registered office in Luxemburg	11.283.153	43,11%
René Musila	687.709	2,63%
Tomáš Jendřejek	687.660	2,63%
Other	118.707	0,45%
Total	26.172.602	100,00%

In addition, as at 31 December 2011 the Group's equity consisted of:

- other reserves 511.605 thousand zł
- uncovered losses from previous years 38.627 thousand zł

As at 31 December 2011 the Holding Company's shareholders' equity totaled 499.151 thousand zł.

1.8. The Company's Management

As at 31 December 2011 and at the signing of the financial statements the Company's Management Board comprised:

- Mr. Janis Samaras - President of the Management Board
- Mr. Bartosz Marczuk - Member of the Management Board
- Mr. Martin Mateáš - Member of the Management Board
- Mr. René Musila - Member of the Management Board
- Mr. Tomáš Jendřejek - Member of the Management Board

No changes were made in the composition of the Company's Management Board in the audited period or before the end of the audit.

1.9. The Company's Supervisory Board

As at 31 December 2011 and at the signing of the financial statements the Company's Supervisory Board comprised:

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

The following changes were made in the Company's Supervisory Board in the audited period and before the end of the audit:

On 26 January 2011 Mr. Ireneusz Stolarski, member of the Supervisory Board, rendered his resignation from the post effective 26 January 2011.

On 4 March 2011 Mr. René Sommer, who acts as Chairman of the Company's Supervisory Board, was appointed to the position of member of the Supervisory Board.

2. The composition of the Group as at the balance sheet date and changes therein in the audited period

2.1 Holding Company

Kofola S.A.

Period covered by the financial statements	1 January to 31 December 2011
Total assets and liabilities	1.040.214 thousand zł
Net profit/loss	22.614 thousand zł
Increase in equity	6.387 thousand zł
Increase in cash	24.078 thousand zł
Auditor	BDO Sp. z o.o., ul. Postępu 12, Warszawa
Audit opinion	qualified

2.2. Subsidiary companies

As at 31 December 2011 the Kofola Group comprised the following (direct and indirect) subsidiary companies:

No.	Company name	Auditor	Audit opinion
1.	Hoop Polska Sp. z o.o.	BDO Sp. z o.o.	unqualified
2.	Kofola Holding a.s. (Czech Republic)	BDO Audit s.r.o., Czech Republic	unqualified
3.	Kofola a.s. (Czech Republic)	BDO Audit s.r.o., Czech Republic	unqualified
4.	Kofola Sp. z o.o.	BDO Sp. z o.o.	unqualified
5.	Santa-Trans s.r.o. (Czech Republic)	R-K Audit s.r.o.	unqualified
6.	Santa-Trans.SK s.r.o. (Slovak Republic)	Tatra Audit s.r.o.	unqualified
7.	Kofola a.s. (Slovak Republic)	BDO s.r.o., Slovakia	unqualified
8.	OOO Megapack (Russia)	BDO Unicon Inc	unqualified
9.	OOO Trading House Megapack (Russia)	BDO Unicon Inc	unqualified
10.	Pomorskie Centrum Dystrybucji Sp. z o.o.	BDO Sp. z o.o.	unqualified
11.	Pinelli spol. s r.o.	-	-
12.	Klimo s.r.o. (Czech Republic)	-	-
13.	Kofola Zrt. (Hungary)	-	-

2.3. Entities excluded from consolidation

The Holding Company also has shares of the co-subsiary Transport Spedycja Handel Sulich Sp. z o.o., which have been valued using equity accounting.

3. Information about the audited financial statements

We have audited the consolidated financial statements of the Kofola Group prepared for the period from 1 January to 31 December 2011, consisting of:

- the consolidated balance sheet prepared as at 31 December 2011, showing total assets and liabilities of **1.344.796** thousand zł;
- the consolidated profit and loss account for the period from 1 January to 31 December 2011, showing a net profit of **26.445** thousand zł;
- the consolidated statement of comprehensive income for the period from 1 January to 31 December 2011, showing a total comprehensive income of **49.404** thousand zł;
- the statement of changes in consolidated shareholders' equity for the period from 1 January to 31 December 2011, showing an increase in shareholders' equity of **27.863** thousand zł;
- the consolidated cash flow statement for the period from 1 January to 31 December 2011, showing a net cash decrease of **4.428** thousand zł;
- notes to the financial statements.

4. Information about the entity authorized to conduct audits and the certified auditor performing the audit

The consolidated financial statements of the Kofola Group for the year 2011 have been audited by BDO Sp. z o.o. with its registered office in Warsaw, ul. Postępu 12, an entity authorized to audit financial statements, registered with the National Chamber of Certified Auditors in number 3355.

The auditor was selected by the Supervisory Board of Kofola S.A. in Resolution No. 4/2011.

The audit was conducted based on an audit agreement signed on 2 July 2009, and performed in the period from 20 February 2012 to the issue of the audit opinion by Katarzyna Iwuć, PhD, Certified Auditor No. 11771. It was preceded with a review of the consolidated financial statements for the first half of 2011.

We hereby declare that BDO Sp. z o.o., members of its management, the certified auditor and team performing the audit of the above-described financial statements meet the conditions required to issue an objective and independent opinion on the audited consolidated financial statements - as provided for in Articles 56, 57 and 60 of the Act of 7 May 2009 on certified auditors and their self-government, entities authorized to audit financial statements and on public supervision (2009 Journal of Laws No. 77, item 649).

The Management of the Holding Company provided the auditor with access to all of the requested data and provided all the information and explanations necessary to perform the audit, as well as informed of the absence of any significant post-balance sheet events, other than as described in the financial statements.

The auditor was not limited in selecting the appropriate auditing methods.

5. Information about the financial statements for the previous financial year

The opening balance was based on the consolidated financial statements prepared for the period from 1 January to 31 December 2010, which had been audited by BDO Sp. z o.o. and given an unqualified opinion.

The consolidated financial statements of the Kofola Group for the period from 1 January to 31 December 2010 were approved in Resolution No. 4 passed by the General Meeting of 29 June 2011.

The consolidated financial statements for the year 2010 were filed with the National Court Register on 12 July 2011, and on 13 July 2011 submitted for publication in Polish Monitor B.

II. FINANCIAL ANALYSIS

Presented below are selected consolidated balance sheet and consolidated profit and loss account items, as well as key financial ratios, compared to analogical amounts for the previous year.

1. Main balance sheet items

(in '000 zł)

	31.12.2011	% of balance sheet total	31.12.2010	% of balance sheet total	31.12.2009	% of balance sheet total
ASSETS						
Fixed assets	903 635	67,2	863 203	68,0	946 812	68,0
Tangible fixed assets	541 122	40,2	540 072	42,6	574 576	41,3
Goodwill	118 972	8,8	111 836	8,8	111 693	8,0
Intangible fixed assets	218 870	16,3	186 869	14,7	223 536	16,1
Financial assets available for sale	73	0,0	0	0,0	11 522	0,8
Other long-term assets	3 481	0,3	4 756	0,4	2085	0,1
Deferred income tax assets	21 117	1,6	19 670	1,6	23 400	1,7
Current assets	441 161	32,8	405 311	32,0	444 997	32,0
Inventory	130 523	9,7	127 106	10,0	107 840	7,7
Trade receivables and other receivables	247 242	18,4	203 700	16,1	266 408	19,1
Income tax receivables	2 560	0,2	9 242	0,7	2 339	0,2
Cash and cash equivalents	50 836	3,8	55 263	4,4	50 503	3,6
Other financial assets	0	0,0	0	0,0	1 500	0,1
Assets (groups of assets) held for resale	10 000	0,7	10 000	0,8	16 407	1,2
TOTAL ASSETS	1 344 796	100,0	1 268 514	100,0	1 391 809	100,0
LIABILITIES AND EQUITY						
Equity attributed to holding company shareholders	499 151	37,1	471 597	37,2	526 210	37,8
Equity attributed to non-controlling shareholders	41 497	3,1	41 188	3,2	42 882	3,1
Long-term liabilities	225 218	16,7	256 145	20,2	200 179	14,4
Credits and loans	84 392	6,3	149 283	11,8	76 152	5,5
Bonds	31 808	2,4	0	0,0	0	0,0
Lease payables	15 727	1,2	27 232	2,1	37 601	2,7
Cost provisions	70	0,0	215	0,0	165	0,0
Other liabilities	20 281	1,5	17 408	1,4	21 956	1,6
Provision for deferred income tax	72 940	5,4	62 007	4,9	64 305	4,6
Short-term liabilities	578 930	43,0	499 584	39,4	622 538	44,7
Credits and loans	224 386	16,7	161 997	12,8	261 486	18,8
Bonds	82	0,0	0	0,0	0	0,0
Lease payables	12 779	1,0	12 947	1,0	20 466	1,5
Trade payables and other payables	313 576	23,3	290 658	22,9	306 237	22,0
Income tax payables	3 358	0,2	703	0,1	2 707	0,2
Other financial liabilities	18	0,0	33	0,0	0	0,0
Accruals	22 490	1,7	30 439	2,4	31 642	2,3
Liabilities directly tied to assets (groups of assets) classified as held for resale	2 241	0,2	2 807	0,2	0	0,0
TOTAL LIABILITIES AND EQUITY	1 344 796	100,0	1 268 514	100,0	1 391 809	100,0

2. Main profit and loss account items

(in '000 zł)

Item	<u>2011</u>	% of sales revenue	<u>2010</u>	% of sales revenue	<u>2009</u>	% of sales revenue
Sales revenue	1 336 273	100,0	1 239 164	100,0	1 531 985	100,0
Operating costs	1 285 127	96,2	1 205 428	97,3	1 407 828	91,9
Sales profit/loss	51 146	3,8	33 736	2,7	124 157	8,1
Profit/loss on other operating activities	2 895	0,2	-43 245	-3,5	-5 272	-0,3
Profit/loss on financial activities	-16 562	-1,2	-10 387	-0,8	-29 307	-1,9
Gross profit/loss	37 479	2,8	-19 896	-1,6	89 578	5,8
Income tax	<u>-11 034</u>	-0,8	<u>-8 696</u>	-0,7	<u>16 957</u>	1,1
Net profit/loss	<u>26 445</u>	2,0	<u>-28 592</u>	-2,3	<u>72 621</u>	4,7

3. Key financial ratios

Liquidity ratios	2011	2010	2009
Current ratio			
$\frac{\text{total current assets}}{\text{short-term liabilities}}$	0,8	0,8	0,7
Quick ratio			
$\frac{\text{total current assets} - \text{inventory}}{\text{short-term liabilities}}$	0,5	0,6	0,5
Operating ratios			
Receivable days			
$\frac{\text{average trade receivables *)} \times 365}{\text{sales revenue}}$	62	69	67
Inventory days			
$\frac{\text{average inventory *)} \times 365}{\text{cost of finished products sold}}$	53	55	66
Profitability ratios			
Net sales profitability			
$\frac{\text{net profit}}{\text{sales revenue}}$	2,0%	-2,3%	4,7%
Gross sales profitability			
$\frac{\text{sales profit/loss}}{\text{sales revenue}}$	3,8%	2,7%	8,1%
Return on assets			
$\frac{\text{net profit/loss}}{\text{total assets}}$	2,0%	-2,3%	5,2%
Return on equity			
$\frac{\text{net profit/loss}}{\text{equity}}$	4,9%	-5,6%	12,8%
Debt ratios			
Payable days			
$\frac{\text{average trade payables *)} \times 365}{\text{cost of goods sold}}$	125	141	111
Debt rate			
$\frac{\text{liabilities and cost provisions}}{\text{total liabilities and equity}}$	59,8%	59,6%	59,1%
Share efficiency ratios			
Book value per share in zł			
$\frac{\text{equity}}{\text{number of shares}}$	19,1	18,0	20,1
Net profit/loss per share in zł			
$\frac{\text{net profit/loss}}{\text{number of shares}}$	0,9	-1,2	2,8

*) Average receivables, inventory and payables calculated as the mathematical averages of their opening and closing balances.

4. Remarks

The Group's assets consist primarily of fixed assets, which account for 67,2% of the balance sheet total. The main fixed assets items are: tangible fixed assets, which constitute 40,2% of the balance sheet total, intangible fixed assets (16,3%) consisting primarily of trademarks, as well as goodwill (8,8%).

The Group's current assets, which constitute 32,8% of the balance sheet total, are made up primarily of trade receivables and other receivables (18,4%), as well as inventory (9,7%).

As at the balance sheet date the Group's equity amounted to 540.648 thousand zł, which constitutes 40,2% of the balance sheet total, of which 499.151 thousand zł is attributed to holding company shareholders.

Equity, which at the end of the audited period amounted to 59,8% of the balance sheet total, is the main source of the Group's financing. The greatest items are trade payables and other payables, as well as long- and short-term credits, which as at the balance sheet date amounted to 23,3% and 23,0% of total liabilities and equity.

As at the end of the year 2011 the Kofola Group's sales revenue listed in its profit and loss account amounted to 1.336.273 thousand zł. After taking into account the cost of goods sold, administrative and sales costs, the Group's consolidated sales result amounted to 51.146 thousand zł.

Having earned a profit on other operating activities and incurred a loss on financial activities the Group reached a gross profit of more than 37.479 thousand zł. After income tax, the Group closed the year with a net profit of 26.445 thousand zł.

The current ratio did not change in 2011 and remained at the 2010 value of 0,8. The quick ratio declined slightly from 0,6 in 2010 to 0,5 in the audited period.

Gross sales profitability is up from 2010 to 3,8% in 2011. The return on assets ratio has also improved to 2,0% as at the balance sheet date.

The receivable days ratio has improved and amounts to 62 days in 2011 compared to 69 days in 2010.

In 2011 the payable days ratio went down to 125 days, whereas the debt rate amounted to 59,8% at the end of the year 2011.

The general financial position of the companies comprising the Group points to no threats to their going concern, with the exception of the companies with immaterial effect on the Group's financial position and financial result, with regard to which action has been undertaken to extinguish their operations and liquidate them, as described in the consolidated financial statements.

III. DETAILED INFORMATION

1. Accounting methods

The entities covered by the consolidated financial statements of the Kofola Group apply the same principles and methods in the valuation of their individual assets and liabilities.

2. Methods used to prepare the consolidated financial statements

The consolidated financial statements of the Kofola Group have been prepared in accordance with the European Union approved version of International Financial Reporting Standards, and in issues not regulated by these standards - in accordance with the requirements of the Accounting Act and the related implementing provisions.

The consolidated financial statements have been prepared based on consolidation documentation prepared in accordance with the Minister's of Finance Decree for 2009 audits dated 8 August 2008 (2008 Journal of Laws No. 162, item 1004).

3. Information about selected significant consolidated balance sheet and consolidated profit and loss account items

The most significant consolidated balance sheet and consolidated profit and loss account items have been described in the notes to the consolidated financial statements of the Kofola Group and in the Directors' Report on the Group's activities.

4. Additional information

The introduction and notes to the consolidated financial statements have been prepared completely and correctly, in accordance with the requirements of the Accounting Act and the related implementing provisions.

5. Statement of changes in consolidated shareholders' equity

The data listed in the statement of changes in consolidated shareholders' equity are consistent with the consolidated balance sheet and the books of account, and show truly and fairly the changes made in the Group's equity.

6. Consolidated cash flow statement

The consolidated cash flow statement has been prepared using the indirect method, in accordance with the provisions of IAS 7, and is consistent with the consolidated balance sheet and the consolidated profit and loss account.

7. Directors' Report

In accordance with the requirements of Article 49 of the Accounting Act, the Holding Company's Management Board prepared a Directors' Report on the Group's activities.

The information presented in the Directors' Report is consistent with the information presented in the Company's audited consolidated financial statements.

8. Management's Declaration

The Holding Company's Management submitted a written declaration about the completeness of the books of account and disclosure of all contingent liabilities and significant post-balance sheet events.

Warsaw, 15 March 2012

BDO Sp. z o.o.
ul. Postępu 12
02-676 Warszawa
Authorized Audit Company No. 3355

Auditor in charge:

On behalf of BDO Sp. z o.o.:

Katarzyna Iwuć, PhD
Certified Auditor No. 11771
(signed on the Polish original)

André Helin, PhD
Senior Partner & CEO
Certified Auditor No. 90004
(signed on the Polish original)