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kofola
drinks. life. emotion.

quarterly report

kofola s.a. group

I quarter 2011

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1 The Directors' Report on the activities of the KOFOLA S.A. Group

1.1 Description of the KOFOLA S.A. Group

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

OUR MISSION AND OUR GOAL

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

WE ARE PROUD OF OUR ACHIEVEMENTS

2011 awards:

The ***"Zlatý Louskáček"*** award in the category of the most creative ad was given to the Kofola brand for the Kofola 50 TV spot prepared in the form of film chronicle from the sixties.

Three ***"Louskáček"*** awards were given to the Rajec brand – for the Frozen artwork project (Images – "frost on glass"), receiving silver in the Outdoor category, silver in the Media category and bronze for the Parking project in the Media category.

The "Media i Marketing Polska" monthly once again showed its appreciation of our marketing activities. In the chronicle summarizing the year 2010, it awarded to us the title of an **"ambient pearl"** for our Hooptimistic Windoow to the World.

Rajec spring water once again turned out to be a pioneer. It was the first spring water on the Czech market to obtain the **"Water that goes with wine"** certificate. The certificate was introduced by the Czech Republic Wine Institute in 2010 to be awarded to only those waters that meet the highest quality standards.

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

COMPANIES OF THE KOFOLA GROUP

Holding companies:

Kofola S.A. – Warszaw (PL)

Kofola Holding a.s. – Ostrava (CZ)

Production and trading companies:

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

Kofola a.s. – Rajecká Lesná, Senec, Malý Šariš, Zvolen (SK)

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

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

Kofola Sp. z o.o. – Kutno (PL)

Distribution companies:

PCD Hoop Sp. z o. o. – Koszalin (PL)

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

Transport companies:

Santa-Trans s. r. o. – Krnov (CZ)

Santa-Trans.SK s. r. o. – Rajec (SK)

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

OUR BRANDS IN 2011

The Group's structure and changes therein in the reporting period

As at 31 March 2011 the Group comprised the following entities:

	Company name	Headquarters	Range of activity	Consolidation method	% part in share capital	% part in voting rights
1.	KOFOLA S.A.	Poland, Warszawa	holding	acquisition accounting		
2.	Kofola Holding a.s.	Czech Republic, Ostrava	holding	acquisition accounting	100,00%	100,00%
3.	Hoop Polska Sp. z o.o.	Poland, Warszawa	production of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
4.	Kofola a.s.	Czech Republic, Krnov	production and distribution of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
5.	Kofola a.s.	Slovakia, Rajecká Lesná	production and distribution of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
6.	Kofola Sp. z o.o.	Poland, Kutno	rent of production assets	acquisition accounting	100,00%	100,00%
7.	Santa-Trans s.r.o.	Czech Republic, Krnov	road cargo transport	acquisition accounting	100,00%	100,00%
8.	Santa-Trans.SK s.r.o.	Slovakia, Rajec	road cargo transport	acquisition accounting	100,00%	100,00%
9.	OOO Megapack	Russia, Widnoje	production of non-alcoholic and low-alcoholic beverages	acquisition accounting	50,00%	50,00%
10.	OOO Trading House Megapack	Russia, Widnoje	sale and distribution of non-alcoholic and low-alcoholic beverages	acquisition accounting	50,00%	50,00%
11.	Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.	Poland, Koszalin	wholesale of alcoholic and non-alcoholic beverages	acquisition accounting	100,00%	100,00%
12.	Transport Spedycja Handel Sulich Sp. z o.o.	Poland, Bielsk Podlaski	road cargo transport, spedition	equity accounting	50,00%	50,00%
13.	Kofola Zrt.	Hungary, Budapest	in liquidation	acquisition accounting	100,00%	100,00%

The holding company – **KOFOLA S.A.** ("the Company", "the Issuer") with its registered office in Warsaw, 01-102, ul. Jana Olbrachta 94, formed as a result of the 30 May 2008 merger of HOOP S.A and Kofola SPV Sp. z o.o. Effective with the merger's registration, the name HOOP S.A. was changed to Kofola - HOOP S.A and since 23 December to KOFOLA S.A. At this time the Company's functions consist primarily of management and control of all of the entities belonging to the KOFOLA S.A. Group.

The subsidiary **Hoop Polska Sp. z o.o**. with its registered office in Warsaw, 01-102, ul. Jana Olbrachta 94, 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 Holding a.s.** is the company that manages the Group and at the same time the holding company of the Kofola Holding a.s. Group, with its registered office in Ostrava, Nad Porubkou 2278/31A, 708 00 Ostrawa - Poruba, CZECH REPUBLIC, of which KOFOLA S.A. holds 100%.

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

- Kofola Holding a.s. – the holding company – registered in the Czech Republic, performing management and control of the other entities comprising the KOFOLA S.A. Group,
- Kofola a.s. (CZ) – a company registered in the Czech Republic, with main activities consisting of the production and distribution of beverages on the territory of the Czech Republic,
- Kofola a.s. (SK) – a company registered in Slovakia, with main activities consisting of the production and distribution of beverages on the territory of Slovakia,
- Kofola Sp. z o.o. – a company registered in Poland, with main activities consisting of renting out the production line in Kutno to the company Hoop Polska Sp. z o.o., which conducts its production there,
- Santa-Trans s.r.o. (CZ) – a company registered in the Czech Republic, with main activities consisting of road cargo transport provided mainly to Kofola a.s. (Czech Republic),
- Santa-Trans.SK s.r.o. (SL) – a company registered in Slovakia, with main activities consisting of road cargo transport provided mainly Kofola a.s. (Slovakia),
- Kofola Zrt. (HU) – a company registered in Hungary, which does not conduct business operations. Currently in liquidation.

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

The subsidiary **Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.** with its registered office in Koszalin, 75-209, ul. BoWiD 9e, of which KOFOLA S.A. holds 100% and has 100% of votes at Shareholders Meeting. The activities of PCD HOOP Sp. z o.o. consist of the wholesale of beverages. The terms of the agreement are currently being realized (Note 5.18).

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

Bobmark International Sp. z o.o. with its registered office in Warsaw, of which KOFOLA S.A. held 100%. The activities of Bobmark International Sp. z o.o. consisted of the wholesale of beverages. In accordance with a conditional agreement of 8 July 2010, the shares of Bobmark were sold at the moment of the registration of a share capital increase, whereas control over the company was lost already at the signing of the conditional agreement and appointment of a new management. Due to the above the data of Bobmark International Sp. z o.o. have been included only in the comparatives.

KLIMO s.r.o. – a company registered in the Czech Republic. In 2007 it distributed beverages on the Czech market. No operating activities since the beginning of 2008. The company's liquidation process was completed in January 2011. Due to the above the company's data have been included only in the comparatives.

1.2 Description of operating results and financial position

Presented below is a description of the financial position and results of the Kofola Group for the first quarter of 2011. It should be reviewed along with the consolidated financial statements and with other financial information presented in other sections of the present report.

In the first quarters of 2011 and 2010 the Group's results were not affected by one-off events, which is why the Group is presenting its financial results without adjustments by one-off events.

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

To better present the Group's financial position, in addition to the audited consolidated financial statements prepared in accordance with the accounting methods arising out of International Financial Reporting Standards, the Management is also presenting the consolidated financial results prepared for Group management purposes, translated using the same foreign exchange rates.

Due to differences in the exchange rates of the CZK, EUR and RUB to the Polish zloty between the first quarter of 2011 and the first quarter of 2010, to obtain better comparability of data, the financial statements of the Czech, Slovak and Russian companies for the first quarter of 2010 have been translated into the Polish zloty using the exchange rates from the first quarter of 2011. Information about the exchange rates used for valuation purposes is shown in Note 4.3. The consolidated financial statements presenting data translated using the exchange rates for the given period are presented in the second portion of the present report.

Selected financial highlights	**Reported 1.1.2010 - 31.3.2010**	**Converted 1.1.2010 - 31.3.2010**
Revenue	232 695	239 182
Cost of sales	(134 813)	(137 891)
Gross profit	**97 882**	**101 291**
Selling, marketing and distribution costs	(74 381)	(76 801)
Administrative costs	(18 115)	(18 836)
Other operating income / (expenses) net	(324)	(313)
Operating result	**5 062**	**5 341**
Net financial expenses	(2 964)	(3 174)
Income tax	(661)	(703)
Net profit for the period	**1 437**	**1 464**

Summary of operating results in the period of three months ended 31 March 2011

When assessing the financial results of the Kofola Group for the first quarter of 2011 it is important to consider market conditions, which had an effect on the Group's results. The consumers continued to have a high level of uncertainty and thus looked for savings in their shopping cart. High unemployment affected the contents of the shopping cart and the tendency to look for promotional deals in all of the countries in which we operate.

The prices of raw materials (so-called commodities) continued to increase: oil, sugar, fruit concentrates and paper began to rise in the second half of 2010, translating into a considerable rise in the cost of producing beverages. Sugar, isoglucose and granules used to manufacture PET bottles reached their maximum prices in the first half of 2011. This forced the Group to buy raw materials at prices that were significantly higher than in the first quarter of 2010. The Group's Management reacted to the rise in the price of raw materials by gradually increasing the prices of its products, as well as limiting fixed costs, the effects of which should be visible starting with the second quarter of 2011.

When analyzing the results of the first quarter it is also important to remember the seasonality of sales in the non-alcoholic beverages sector. The Kofola Group's revenues for the first quarter of 2010 accounted for only 19% of its annual consolidated revenues for that year. Similar seasonality is expected for 2011, subject to increased sales before Easter, which in 2011 falls at the end of April as opposed to 2010, when it had fallen at its very start.

Presented below are the changes that occurred in the main financial statements items.

Consolidated sales revenue increased by 37 720 thousand PLN, i.e. by 15,8 % compared to the first quarter of 2010, due mainly to the 39 555 thousand PLN increase in the revenue of the Megapack Group, the 8 202 thousand PLN increase in the revenue of Hoop Polska Sp. z o.o. and the discontinuation of the consolidation of Bobmark International Sp. z o.o., which was sold in the second half of 2010, and whose revenue in the first quarter of 2010 had amounted to 3 930 thousand PLN after eliminating intra-group transactions. The Megapack Group owes its rise in revenue primarily to the acquisition of more orders for the production of low-alcohol drinks as part of co-packing, after some entities lost their licenses to manufacture alcoholic beverages. On the other hand, revenues were affected by the 5 453 thousand PLN lower revenue earned by Kofola a.s. in the Czech Republic and the 1 290 thousand PLN drop in the revenue earned by Kofola a.s. in Slovakia.

- **Gross profitability** is down from 42,3% to 30,6%, due mainly to a rise in the prices of raw materials, pricing pressure in the cola drinks and water categories, as well as higher revenue from co-packing services, which generate lower margins. This decline in profitability was felt by all of the Group's beverage companies.
- Despite an increase in sales revenue, for reasons described above (including mainly the rise in prices of raw materials), a drop was recorded in gross sales profit achieved in the first quarter of 2011 by 16 474 thousand PLN to 84 817 thousand PLN from 101 291 thousand PLN in the first quarter of 2010.
- At the end of 2010 we performed an optimization of our sales and distribution departments, which coupled with an increase in sales force efficiency led to a drop in **selling costs** calculated as a percentage of sales from 32,1% to 26,8%. Total selling costs are down from 76 801 thousand PLN to 74 291 thousand PLN, i.e. by 2 510 thousand PLN, or 3,3%.
- By limiting fixed costs and optimizing support functions the Group was able to lower the percentage share of **general administrative costs** from 7,9% of sales to 6,6%, and nominally from 18 836 thousand PLN in the first quarter of 2010 to 18 182 thousand PLN in the first quarter of 2011.
- **Other net operating revenue/(costs)** are up by 3 108 thousand PLN from (313) thousand PLN in the first quarter of 2010 to 2 795 thousand PLN in the reporting period due mainly to a refund of VAT received by Hoop Polska Sp. z o.o.
- As gross sales profit fell more quickly than the savings made on selling and general administrative costs, a drop was recorded in **operating profit (EBIT)** by 10 203 thousand PLN, from 5 341 thousand PLN in the first quarter of 2010 to the operating loss of 4 862 thousand PLN in the first quarter of 2011, lowering the EBIT margin in these comparative periods from 2,2 % to minus 1,8%.
- In the analyzed period **EBITDA** (operating profit plus depreciation) fell from 25 516 thousand PLN to 13 532 thousand PLN, and the EBITDA margin from 10,7% to 4,9%.
- In the analyzed period the **consolidated net profit** corresponding to the holding company's shareholders fell in the first quarter of 2011 compared to the first quarter of 2010 fell by 11 911 thousand PLN from 1 464 thousand PLN to a loss in the amount of 9 353 thousand PLN. The drop in net profit was higher than the drop in operating profit as a result of a decline in financial revenue by 1 814 thousand PLN, an increase in financial costs by 510 thousand PLN, as well as lower income tax by 791 thousand PLN.
- As a result of the drop in the net profit corresponding to the holding company's shareholders a drop occurred in the net profit per share from 0,0977 grosz to a loss of 0,0351 grosz in the analyzed period.
- The Group was effective in reducing the value of **net working capital** from 40 908 thousand PLN as at 31 December 2010 to 34 488 thousand PLN as at 31 March 2011. This decline is even greater if compared with the end of the first quarter of 2010 – as much as 68 614 thousand PLN from 103 360 thousand PLN. The ratio of working capital to annualized sales revenue has improved 3,2% as at 31 December 2010 to 2,7% as at 31 March 2011 due to better collectability of receivables and better payment terms negotiated with the suppliers.
- Net financial debt is up from 304 168 thousand PLN at the end of December 2010 to 311 858 thousand PLN as at 31 March 2011, i.e. by 5 166 thousand PLN, or 1,7%, due primarily to a reduction in the balance of cash and cash equivalents. As at 31 March 2011 the debt rate amounted to 61,0% (compared to 60,1% at the end of December 2010).

Poland

- Despite a drop in the non-alcoholic beverages market in Poland in the first quarter of 2011 by 1,7%, the sale of Hoop Polska Sp. z o.o. increased by 8 202 thousand PLN (or 8,9%). This increase was achieved primarily in the segment of carbonated beverages (Hoop Cola), mineral waters and syrups, especially in the traditional channel.
- The rise in sales was achieved due to a much greater efficiency of a reduced sales department and consistent focusing on key brands and clients.
- A new product was introduced in the first quarter – sugar-free Hoop Cola.

Czech Republic

- In the first quarter of 20101 the Czech non-alcoholic beverages market increased by 3,1% (compared to the first quarter of 2010). On the growing Czech market we recorded a 6,7% drop in sales in the local currency. The drop pertains primarily to the carbonated beverages (cola drinks) and non-carbonated beverages segments.
- In the first half of 2011 the Czech restaurant market went up by 4,0% compared to the same period of 2010. The Kofola Group's share in this market increased by one percentage point, which constitutes a strengthening of our position on this most profitable of segments.
- The Jupi syrups continue to be the market leader in the Czech Republic with a nearly 39% share due high quality and innovative products.
- In 2011 we introduced a series of new products to the Czech market: new Rajec flavored waters (Daisy and Birch), cherry flavored Kofola and Jupi syrups in sachets. In addition, starting in April 2011, following the acquisition of the company Pinelli spol. s r.o. the Group added the Semtex and Erektus energy drinks to its product portfolio.

Slovakia

- On the stagnant Slovak market we recorded a drop in sales from year to year by 2,7% in the local currency. The drop occurred in the traditional and modern channels. In the restaurant channel (the most profitable) revenue increased by 2,2% compared to the first quarter of 2010.
- The Group's Rajec brand products have strengthened their position of market leader in the bottled water category. Also the grape flavored Vinea drink can boast a strong position on the local carbonated beverages market; it had been purchased by Kofola in 2008.
- As in the Czech Republic, we have introduced new Rajec flavored waters and cherry flavored Kofola to the Slovak market.

Russia

- In the analyzed period a significant rise occurred in sales revenue in Russia – by 170,2% in the local currency, which in Polish zloty gives an increase of 39 555 thousand PLN compared to the first quarter of 2010. This is caused by the acquisition of a high number of orders for the service production as part of so-called co-packing contracts, after a portion of the entities operating on the Russian market lost their licenses for the production of alcohol. Being licensed, the Megapack Group was able to take over this portion of the market.

CONSOLIDATED INCOME STATEMENT

The three month period ended 31 March 2011 compared to the three month period ended 31 March 2010

Selected financial highlights	**1.1.2011 - 31.3.2011**	**1.1.2010 - 31.3.2010***	**Change 2011/2010**	**Change 2011/2010 (%)**
Revenue	276 902	239 182	37 720	15,8%
Cost of sales	(192 085)	(137 891)	(54 194)	39,3%
Gross profit	**84 817**	**101 291**	**(16 474)**	**(16,3%)**
Selling, marketing and distribution costs	(74 291)	(76 801)	2 510	(3,3%)
Administrative costs	(18 182)	(18 836)	654	(3,5%)
Other operating income/(expense)	2 794	(313)	3 107	(991,9%)
Operating result	**(4 862)**	**5 341**	**(10 203)**	**(191,0%)**
EBITDA	**13 532**	**25 516**	**(11 984)**	**(47,0%)**
Net financial expense	(5 498)	(3 174)	(2 324)	73,2%
Income tax	88	(703)	791	(112,5%)
Net profit for the period	**(10 272)**	**1 464**	**(11 736)**	**(801,8%)**
- assigned to the shareholders of the parent company	(9 353)	2 558	(11 911)	(465,6%)

	1.1.2011 - 31.3.2011	**1.1.2010 - 31.3.2010***
Earnings per share	(0,3573)	0,0977
Net profitability	(3,4%)	1,1%
Profitability EBIT %	(1,8%)	2,2%
Profitability EBITDA %	5,0%	10,7%

** translated using exchange rates in the first quarter of 2011*

Calculation principles:

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

Net sales revenue

The consolidated net sales revenues of the KOFOLA Group for the first quarter of 2011 amounted to 276 902 thousand PLN, which constitutes a rise of 37 720 thousand PLN (or 15,8%) compared to the same period of the previous year. Revenue from the sale of finished products amounted to 271 195 thousand PLN, which constitutes 97,9% of total revenues. The rise in the Group’s revenues in the first quarter of 2011 compared to the first quarter of 2011 was caused primarily by: higher (by 39 555 thousand PLN) revenues of the Megapack Group and higher (by 8 202 thousand PLN) revenue of Hoop Polska Sp. z o.o.. On the other hand, the revenues were lowered by the non-consolidated results of Bobmark International Sp. z o.o. (sold in the second half of 2010). In the first half of 2010 the revenues of this company had been consolidated and after eliminating intra-group transactions had amounted to 3 930 thousand PLN. The Group’s revenues were also affected by the lower revenues of Kofola a.s. in the Czech Republic (down by 5 453 thousand PLN) and of Kofola a.s. in the Slovak Republic (down by 1 290 thousand PLN).

The activities of the KOFOLA S.A. Group concentrate on five market segments: carbonated beverages, non-carbonated beverages, mineral water, syrups and low-alcohol drinks. Together these segments account for around 97,0% of the Group’s sales revenues. The revenue structure has not changed considerably compared to the same period of last year, except for a rise in revenues in the low-alcohol segment in Russia (6,4% of the Group’s revenue in the first quarter of 2010 compared to 20,0% of the Group’s revenues in the same period of 2011). The largest among the revenues of the first quarter of 2011 was the sale of carbonated beverages, as was the case in the comparative period (41,4% and 47,1% of revenues in the first quarters of 2011 and 2010, respectively).

Net revenues of the Group’s most significant entities

Net revenues from the sales of products, services, goods and materials ***	**1.1.2011 - 31.3.2011**	**1.1.2010 - 31.3.2010***	**Change**	**% Change**
Hoop Polska Sp. z o.o.	100 172	91 970	8 202	8,9%
Kofola a.s. (CZ)	75 660	81 113	(5 453)	(6,7%)
Kofola a.s. (SK)	46 394	47 684	(1 290)	(2,7%)
Grupa Kapitałowa Megapack**	62 797	23 242	39 555	170,2%

* *Data translated using exchange rates from the fist quarter of 2011*
** *The Megapack Group (the companies OOO Megapack and OOO Trading House Megapack) is shown in aggregate due to the need to maintain two legal entities arising out of the need to have separate licenses for the production and storage of and sale of alcohol*
*** *Standalone data without consolidation adjustments*

The revenues realized in the first quarter of 2011 by HOOP Polska Sp. z o.o. were by 8,9% higher than in the comparative period. This increase was especially clear in the key brand segment in the traditional channel, and was caused by a change in sales department management, focusing on most perspective clients, and as a result, higher efficiency of the restructured sales department.

The revenues of Kofola a.s. (CZ) realized in the first quarter of 2011 were by 6,7% lower than in the comparative period. This drop was caused by decreased demand, especially in the waters and non-carbonated beverages segment, as well as strong price competition in the cola segment, which resulted in a sales price that was lower than planned.

The revenues of Kofola a.s. (SK) realized in the first quarter of 2011 were lower than in the comparative period by 2,7% in the local currency. The drop in revenue was caused by a drop in revenue from cola drinks in the modern and traditional channels.

In the first quarter of 2011 the Megapack Group increased its sales revenue in local currency by 170,2% compared to the same period of 2010. The main reason leading to the increase in revenue was the acquisition of orders for commissioned production of low alcohol beverages from three firms. This rise in caused by structural changes on the Russian market, where some of the manufactures have lost their licenses for the production of alcohol.

Costs of sales

In the first quarter of 2011 the Kofola Group's consolidated costs of sales increased by 54 194 thousand PLN, i.e. by 39,3%, to 192 086 thousand PLN from 137 891 thousand PLN in the same period of 2010. In percentages, in the first quarter of 2011 consolidated costs of sales increased to 69,4% of net sales revenue, compared to 57,7% in the same period of the year 2010. Such a significant rise in costs of sales was caused primarily by the record high prices of raw materials, the high share of low margin revenues from copacking in Russia, as well as pricing competition in colas and waters.

Selling, marketing and distribution costs

In the first quarter of 2011 the Group's consolidated sales costs decreased by 2 510 thousand PLN, i.e. by 3,3% to 74 291 thousand PLN from 76 801 thousand PLN in the same period of 2010.

In percentages, in the first quarter of 2011 our sales costs decreased to 26,8% of net sales revenues, compared to 32,1% in the same period of 2010. This means a drop in the share of sales costs by nearly 5,3 percentage points. This decrease was on one hand the result of optimizing sales departments, raising the efficiency of logistics, and on the other increasing the efficiency of the sales force, and thus obtaining higher revenues.

The greatest improvement in sales costs occurred in Poland, by 5,4%, and in the Czech Republic – by 1,9%. On the other hand, these decreases were partly offset by a rise in sales costs in Slovakia arising out of increasing direct distribution to end users. The direct distribution platform is used to service smaller stores, pubs and restaurants.

Administrative costs

In the first quarter of 2011 the consolidated administrative costs amounted to 18 182 thousand PLN, which constitutes a drop from 18 836 thousand PLN in the first quarter of 2010. The ratio of consolidated administrative costs to sales is down from 7,9% to 6,6% in the analyzed periods.

Operating result

Operating profit (EBIT) is down by 10 203 thousand PLN, from 5 341 thousand PLN in the first quarter of 2010 to a loss of 4 862 thousand PLN for the first quarter of 2011. The operating profit margin (EBIT margin) in the first quarter of 2011 amounted to (1,8%) compared to 2,2% in the same period of 2010.

The decline was caused primarily by a quicker drop in gross profit resulting from a rise in the prices of raw materials than in the pace of decline of selling and administrative costs.

EBITDA

EBITDA, calculated as operating profit plus depreciation for a given period, fell from 25 516 thousand PLN in the first quarter of 2010 to 13 532 thousand PLN, i.e. by 11 984 thousand PLN (i.e. by 47,0 %) in the three month period ended 31 March 2011. The decrease in the EBITDA of the KOFOLA Group in this period was caused primarily by a lower EBITDA at the company Kofola a.s. in the Czech Republic and Kofola a.s. in the Slovak Republic, offset by the EBITDA achieved by Hoop Polska Sp. z o.o. As a result of a drop in consolidated EBITDA accompanied by a rise in revenues is a drop in the EBITDA margin to 4,9% from 10,7% in the same period of 2010.

Net financial expense

In the first quarter of 2011 the Group incurred net financial costs of 5 498 thousand PLN compared to 3 174 thousand PLN in the same period of 2010. The rise in the financial costs of the KOFOLA Group in the period was caused primarily by: an increase in foreign exchange losses and a decrease in foreign exchange gains totaling 2 347 thousand PLN, as well as an increase in interest costs by 309 thousand PLN.

CONSOLIDATED BALANCE SHEET

Selected financial highlights	31.3.2011	31.12.2010*	31.3.2010*	Change from 12.2010 (%)	Change from 3.2010 (%)
Total assets	**1 290 294**	**1 307 711**	**1 357 295**	**(1,3%)**	**(4,9%)**
Fixed assets, out of which:	870 297	880 525	953 872	(1,2%)	(8,8%)
Tangible fixed assets	*539 752*	*548 718*	*569 593*	*(1,6%)*	*(5,2%)*
Intangible fixed assets	*194 499*	*189 331*	*225 721*	*2,7%*	*(13,8%)*
Goodwill	*112 137*	*112 137*	*112 137*	*0,0%*	*0,0%*
Financial assets available for sale	*-*	*-*	*9 455*	*0,0%*	*(100,0%)*
Current assets, out of which:	419 997	427 186	403 423	(1,7%)	4,1%
Inventories	*132 965*	*129 560*	*120 717*	*2,6%*	*10,1%*
Trade receivables and other receivables	*219 938*	*221 905*	*244 853*	*(0,9%)*	*(10,2%)*
Cash and cash equivalents	*44 325*	*56 236*	*14 733*	*(21,2%)*	*200,8%*
Equity assigned to the shareholders of the parent company	467 434	479 969	539 472	(2,6%)	(13,4%)
Non-controlling capital	35 763	41 188	42 938	(13,2%)	(16,7%)
Total equity and liabilities	**1 290 294**	**1 307 711**	**1 357 295**	**(1,3%)**	**(4,9%)**
Total equity	503 197	521 157	582 410	(3,4%)	(13,6%)
Long-term liabilities	213 005	264 419	312 689	(19,4%)	(31,9%)
Short-term liabilities	574 092	522 135	462 197	10,0%	24,2%

	31.3.2011	31.12.2010*	31.3.2010*
Current ratio	0,73	0,82	0,88
Quick ratio	0,50	0,57	0,62
Total debt ratio	61,0%	60,1%	57,1%
Net debt	311 858	304 168	374 102
Net debt /EBITDA**	3,0	2,6	1,8

* *translated using exchange rates as at 31 March 2011*
** *based on annualized value of EBITDA (ratio for 2010 adjusted by one-off events described in the Report for the year 2010)*

Calculation principles:

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

Assets

At the end of March 2011 the Group's fixed assets equaled 870 297 thousand PLN. Compared to 31 December 2010 the value of fixed assets decreased by 10 229 thousand PLN (1,2%). The greatest decrease was recorded in tangible fixed assets (by 8 966 thousand PLN). On the other hand, intangible fixed assets went up by 5 167 thousand PLN, or 2,7%. At the end of March 2011 fixed assets account for 67,9% of total assets and has remained practically unchanged compared to the end of December 2010, when it had amounted to 67,4%.

Goodwill comprises three items, the goodwill resulting from the merger of the HOOP S.A. Group with the Kofola SPV Sp. z o.o. Group, the goodwill of the Megapack Group and the value of the production operations of Klimo taken over in 2006 by Kofola a.s. Czech Republic. Intangible assets consist primarily of trademarks acquired by the Group, as well as, to a lesser extent, the acquired software licenses.

As at 31 March 2011 the Group's current assets amounted to 419 997 thousand PLN. At the end of March 2011 they consisted primarily of: trade and other receivables – 52,4% of current assets, and inventory – 31,7%. Compared to the end of December 2010, the value of current assets decreased by 7 188 thousand PLN (where the greatest drop was recorded in trade receivables – by 1 966 thousand PLN, and the highest increase in trade payables - 7 856 thousand PLN).

The value of working capital calculated as the sum of inventory, trade receivables less short-term trade payables and other payables as at 31 March 2011 was 34 488 thousand PLN compared to 40 908 thousand PLN as at 31 December 2010 and 103 360 thousand PLN as at 31 March 2010. This improvement is primarily the result of an improvement in the collection of receivables and better payment terms negotiated with the Group's suppliers.

The ratio of working capital to annualized sales revenue amounts to 2,7% as at 31 March 2011, compared to 3,2% at the end of December 2010.

Liabilities

As at 31 March 2011 the Group's liabilities (long-and short-term together) amounted to 787 098 thousand PLN, which constitutes a rise by 544 thousand PLN compared to the end of December 2010.

As at 31 March 2011 the debt rate (short- and long-term liabilities to total assets) amounted to 61,0% and has remained practically unchanged compared to the end of December 2010, when it had amounted to 60,1%. The Group's net debt calculated as the sum of long- and short-term payables relating to credits, loans and other debt instruments less cash and cash equivalents amounted to 311 858 thousand PLN as at 31 March 2011 after increasing by 5 166 thousand PLN from the end of December 2010 (increase by 1,7%).

The ratio of net debt to the rolled 12-month EBITDA increased from 2,6 times at the end of December 2010 to 3,0 times at the end of March 2011. The rise in short-term liabilities pertains primarily to the upcoming repayment of selected bank loans.

CONSOLIDATED CASH FLOW

In the first quarter of 2011 the value of net consolidated cash flows was (10 938) thousand PLN and was by 25 180 thousand PLN higher compared to the net consolidated cash flows in the first quarter of 2010, when it had amounted to (36 118) thousand PLN. The improvement is due to a 26 728 thousand PLN in operating cash flows, 3 121 thousand PLN rise in financing cash flows, accompanied by only slightly lower (change by 4 669 thousand PLN) investment cash flows.

The value of consolidated operating cash flows generated in the first quarter of 2011 was 8 359 thousand PLN compared to (18 369) thousand PLN in the first quarter of 2010. The improvement was caused by better management of trade and other payables.

In the first quarter of 2011 the value of consolidated investment cash flows was (5 723) thousand PLN compared to (1 054) thousand PLN in the first quarter of 2010, when the Group had income in the amount 4 447 thousand PLN from the sale of the shares of Bomi S.A. In the analyzed periods the value of investment did not change considerably (6 313 thousand PLN in the first quarter of 2011 and 6 709 thousand PLN in the same period of 2010).

The value of consolidated financing cash flows was negative in both the first half of 2011 and the first half of 2010, amounting to (13 574) thousand PLN and (16 695) thousand PLN, respectively. Expenses were lower as a result of: lower repayment of lease payables and lower repayments of credit payables (even as a dividend was paid out to non-controlling shareholders).

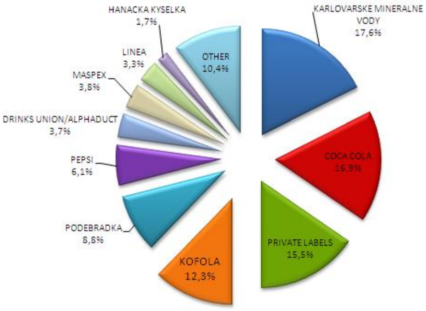
1.3 Operating segments

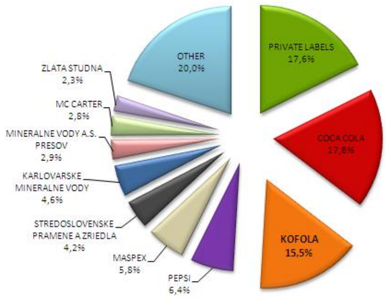
Market position of the KOFOLA S.A. Group

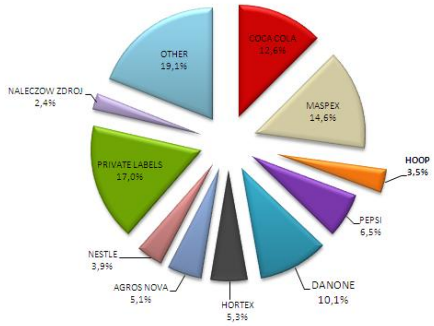
According to AC Nielsen, as at 31 March 2011 the companies of the KOFOLA S.A. Group rank third on the non-alcoholic beverages market in the Czech Republic (of which first when it comes to syrups, first on the market of children's drinks, second in colas, second in children's drinks, second in non-carbonated beverages in PET packaging and fourth in mineral waters), rank second on the Slovak non-alcoholic beverages market (first in mineral water, first in children's drinks, second in colas, second in syrups and second in non-carbonated beverages in PET packaging), and seventh on the Polish market (of which: second in syrups, third in colas, fifth in children's beverages, fourth in flavored waters (twelfth in total bottled waters) and fourth on the entire non-carbonated beverages market (all types of packaging) – second in non-carbonated beverages in PET packaging.

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

CZECH REPUBLIC **SLOVAKIA** **POLAND**







Products

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

KOFOLA GROUP BRANDS IN 2011

CARBONATED BEVERAGES	Kofola, RC Cola, Citrocola, Hoop Cola, Top Topic, Vinea, Orangina, Chito, Citronela, Fruti, Mr. Max
NATURAL SPRING WATERS	Rajec, Arctic
NON-CARBONATED BEVERAGES	Jupí Fruit Drink, Top Topic
100% FRUIT JUICES AND NECTARS	Snipp
SYRUPS AND CONCENTRATES	Jupí, Paola
CHILDRENS' DRINKS	Jupík, Jupík Aqua
ICE TEA	Pickwick Just Tea
ENERGY DRINKS	R20, Semtex, Erektus
LOW ALCOHOL BEVERAGES (Russia)	Hooper`s Hooch, Dieviatka

In 2011 the Group's beverage assortment was broadened to include new Rajec flavored waters ("Daisy", "Birch"), cherry flavored Kofola drink and new format of Jupí syrups in sachets. In addition, starting in April 2011, following the acquisition of the company Pinelli spol. s r.o. the Group added the Semtex and Erektus energy drinks to its product portfolio.

In addition, the KOFOLA S.A. Group makes waters, carbonated and non-carbonated beverages and syrups at the commission of other firms, mainly store chains. These firms offer products to consumers under their own brand using the distribution capabilities of their own stores.

The company Megapack, which operates on the Russian market, sells drink bottling services on commission. This relates to both low alcohol beverages and non-alcoholic beverages.

The Group conducts activities as part of the following operating segments:

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

The "Other" segment includes beverage (goods for resale) sales made by distribution companies, sales of own energy drink R20 (product) and ice coffee Nescafe Xpress (good for resale), as well as transport activities performed for entities from outside the Group

In January 2011 the Group discontinued the sale of Nescafe Xpress ice coffee.

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

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

As part of presenting its segments, the Group identified one client, who generates more than 10% of the segment's revenues. In the first quarter of 2011 the Group's revenues from this client amounted to 43 945 thousand PLN and related to carbonated beverages, non-carbonated beverages, mineral waters and syrups.

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

Reporting segment results for the three months period ended 31 March 2011 and for the three months period ended 31 March 2010:

Operating segments

1.1.2011 - 31.3.2011	**Carbonated beverages**	**Non-Carbonated beverages**	**Mineral waters**	**Syrups**	**Low alcohol drinks**	**Other**	**Total**
Revenue	114 601	23 765	41 013	34 264	55 264	7 995	276 902
Operating expenses	(110 114)	(25 027)	(48 257)	(32 544)	(55 862)	(9 960)	(281 764)
Operating result of the segment	**4 487**	**(1 262)**	**(7 244)**	**1 720**	**(598)**	**(1 965)**	**(4 862)**
Result on financial activity							(5 498)
Loss before tax							(10 360)
Income tax							88
Net loss							**(10 272)**

1.1.2010 - 31.3.2010	**Carbonated beverages**	**Non-Carbonated beverages**	**Mineral waters**	**Syrups**	**Low alcohol drinks**	**Other**	**Total**
Revenue	109 567	28 436	38 492	31 356	14 851	9 993	232 695
Operating expenses	(101 608)	(33 032)	(38 726)	(27 431)	(16 037)	(10 799)	(227 633)
Operating result of the segment	**7 959**	**(4 596)**	**(234)**	**3 925**	**(1 186)**	**(806)**	**5 062**
Result on financial activity							(2 964)
Profit before tax							2 098
Income tax							(661)
Net profit							**1 437**

1.4 Geographical segments

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

- Poland
- Czech Republic
- Russia
- Slovakia

Presented below are the data for the above geographical segments.

1.1.2011 - 31.3.2011	**Poland**	**Czech Republic**	**Russia**	**Slovakia**	**Other (export)**	**Eliminations (consolidation adjustments)**	**Total**
Revenue	106 976	80 435	62 818	47 160	890	(21 377)	276 902
Sales to external customers	104 181	71 298	62 818	37 715	890	-	276 902
Inter-segment sales	2 795	9 137	-	9 445	-	(21 377)	-
Operating expenses	(104 293)	(81 970)	(65 408)	(50 445)	(921)	21 273	(281 764)
Related to third party sales	(101 565)	(72 870)	(65 408)	(41 000)	(921)	-	(281 764)
Related to inter-segment sales	(2 728)	(9 100)	-	(9 445)	-	21 273	-
Operating result of the segment	**2 683**	**(1 535)**	**(2 590)**	**(3 285)**	**(31)**	**(104)**	**(4 862)**
Result on financial activity	8 338	(3 943)	458	(619)	-	(9 732)	(5 498)
within segment	(3 819)	(1 518)	458	(619)	-	-	(5 498)
between segments	12 157	(2 425)	-	-	-	(9 732)	-
Profit /(loss) before tax	11 021	(5 478)	(2 132)	(3 904)	(31)	(9 836)	(10 360)
Income tax	(1 353)	399	293	749	-	-	88
Net profit /(loss)	**9 668**	**(5 079)**	**(1 839)**	**(3 155)**	**(31)**	**(9 836)**	**(10 272)**
Assets and liabilities							
Segment assets	775 577	431 602	120 712	210 779	5	(248 382)	1 290 294
Total assets	**775 577**	**431 602**	**120 712**	**210 779**	**5**	**(240 544)**	**1 290 294**
Segment liabilities	399 922	456 199	49 186	144 960	3	(263 173)	787 097
Equity							503 197
Total liabilities and equity							**1 290 294**
Other information concerning segment							
Investment expenditure :							
Tangibles and intangibles	3 531	1 877	472	433	-	-	6 313
Depreciation and amortization	5 816	6 231	2 537	3 810	-	-	18 394

1.1.2010 - 31.3.2010	**Poland**	**Czech Republic**	**Russia**	**Slovakia**	**Other (export)**	**Eliminations (consolidation adjustments)**	**Total**
Revenue	97 458	81 802	22 840	50 264	1 424	(21 093)	232 695
Sales to external customers	94 756	73 504	22 840	40 171	1 424	-	232 695
Inter-segment sales	2 702	8 298	-	10 093	-	(21 093)	-
Operating expenses	(95 957)	(77 465)	(24 664)	(48 853)	(1 456)	20 762	(227 633)
Related to third party sales	(93 297)	(69 297)	(24 664)	(38 919)	(1 456)	-	(227 633)
Related to inter-segment sales	(2 660)	(8 168)	-	(9 934)	-	20 762	-
Operating result of the segment	**1 501**	**4 337**	**(1 824)**	**1 411**	**(32)**	**(331)**	**5 062**
Result on financial activity	(1 921)	(3 334)	(32)	(598)	-	2 921	(2 964)
within segment	(1 050)	(1 284)	(32)	(598)	-	-	(2 964)
between segments	(871)	(2 050)	-	-	-	2 921	-
Profit /(loss) before tax	(478)	1 036	(1 856)	813	(32)	2 590	2 098
Income tax	503	(627)	(295)	(242)	-	-	(661)
Net profit /(loss)	**83**	**376**	**(2 151)**	**571**	**(32)**	**2 590**	**1 437**
Assets and liabilities							
Segment assets	754 969	414 286	89 519	207 612	2 894	(167 251)	1 302 029
Total assets	**754 969**	**414 286**	**89 519**	**207 612**	**2 894**	**(167 251)**	**1 302 029**
Segment liabilities	389 262	417 479	34 502	154 095	764	(261 007)	735 095
Equity							566 934
Total liabilities and equity							**1 302 029**
Other information concerning segment							
Investment expenditure :							
Tangibles and intangibles	1 321	2 960	1 635	793	-	-	6 709
Depreciation and amortization	5 650	7 648	2 565	3 777	-	-	19 640

1.5 Most significant events at the KOFOLA S.A. Group in the period from 1 January 2011 to the preparation of the present financial statements

Credit agreements

On 28 February 2011 annexes were signed to the credit agreements between the subsidiary Hoop Polska Sp. z o.o. and Bank Consortium, where KOFOLA S.A. played the role of guarantor. In accordance with the provisions of the annexes, changes were made in the financial ratios required by the lenders and in the financial terms of the granted credits.

Changes in Supervisory Board and Audit Committee

On 26 January 2011 Mr. Ireneusz Stolarski, member of the Company's Supervisory Board who was also the Chairman of the Supervisory Board, resigned from the position of member of the Supervisory Board effective 26 January 2011.

Mr. René Sommer was appointed to the Supervisory Board of KOFOLA S.A. on 4 March 2011, and will serve in the position of Chairman of the Supervisory Board.

On 4 April 2011 the Supervisory Board appointed Mr. René Sommer to the position of Member of the Audit Committee, after dismissing Mr. Martin Dokoupil from the Committee.

Acquisition of the company PINELLI spol. s r.o.

On 22 April 2011 Kofola a.s (Czech Republic), a subsidiary of KOFOLA S.A., acquired 100% of the shares of the Czech company Pinelli spol. s r.o., the producer of the Semtex and Erektus energy drinks.

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

According to the Company's information as at the date of the preparation of the present report (i.e. 13 May 2011), 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 shares 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 shares or 43,11% of total votes at General Meeting of KOFOLA S.A.

As at 31 March 2011 the share capital amounted to 26 172 602 PLN and consisted of 26 172 602 shares entitling to 26 172 602 votes at General Shareholders Meeting.

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

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

SHARE CAPITAL STRUCTURE

Name of entity	Share capital (value)	% in share capital	% in voting power
KSM Investment S.A.	13 395 373	51,18%	51,18%
CED GROUP S. a r.l.	11 283 153	43,11%	43,11%
Other	1 494 076	5,71%	5,71%
Total	**26 172 602**	**100,00%**	**100,00%**

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

According to the Company's information as at the date of submission of the report for the three months ended 31 March 2011, no changes occurred in the ownership of KOFOLA S.A. shares by management and supervisory staff compared to the date of submission of the year-end report for the year 2010 (i.e. 15 March 2011).

Shareholder	Share capital (value)		% in share capital		% in voting power	
	13.5.2011	15.3.2011	13.5.2011	15.3.2011	13.5.2011	15.3.2011
René Musila	687 709	687 709	2,63%	2,63%	2,63%	2,63%
Tomáš Jendřejek	687 660	687 660	2,63%	2,63%	2,63%	2,63%

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

Fructo-Maj Sp. z o.o.

KOFOLA S.A. holds debts of Fructo-May Sp. z o.o., a company in a state of bankruptcy. As at 31 March 2011 the total value of these receivables is 11 246 thousand PLN, the balance sheet value of this item after revaluation is 4 020 thousand PLN. The debts are secured with mortgages on all of the significant properties of Fructo-Maj Sp. z o.o., as well as a registered pledge on its movables.

At this time the assets of Fructo-Maj Sp. z o.o. are being sold by the bankruptcy estate receiver. According to the Management, based on the current legal status and types of collateral, there is no need to write down 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. is currently in the process of realizing the provisions of an arrangement, which has no effect on its going concern.

Except for the matters described above, the companies of the KOFOLA S.A. Group are not involved in any other cases (disputes), which could have a material effect on Group's financial position.

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

On 22 April 2011 Kofola a.s (Czech Republic), a subsidiary of KOFOLA S.A., acquired 100% of the shares of the Czech company Pinelli spol. s r.o., the producer of the Semtex and Erektus energy drinks.

1.11 Information about significant contracts

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

1.12 Information about relationships with other Group entities

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

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

1.13 Information on the granting by the issuer or its subsidiary of credit or loan guarantees or sureties

Entity providing guarantees/ sureties	Entity receiving guarantees/sureties	Credit value on balance sheet day which were subject to guarantee/sureties		The period for providing guarantees/ sureties	The entity for which liabilities guarantees/ sureties were provided	Kind of relationship between the entity providing guarantees/sureties and one on behalf of which it was provided
		in currency	in ths. PLN			
Kofola a.s., ČR / Kofola Holding	UNICREDIT BANK	7 926 T EUR	31 798	6/2012	Kofola a.s., SR	subsidiary
Kofola Holding	VÚB BANKA	11 736 T EUR	47 084	3/2014	Kofola a.s., SR	subsidiary
Kofola Holding	ČSOB a.s.	344 T EUR	1 379	2/2015	Kofola a.s., SR	subsidiary
Kofola Holding	Raiffeisen-Leasing	41 142 T CZK	6 723	10/2015	Kofola a.s., ČR	subsidiary
Kofola S.A.	Bank Zachodni WBK S.A.	58 541 T PLN	58 541	12/2015	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	Kredyt Bank S.A.	16 028 T PLN	16 028	12/2015	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	Bank Pekao S.A.	8 415 T PLN	8 415	12/2015	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	Deutsche Leasing	12 440 T PLN	12 440	2/1014	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	ING Commercial Finance	2 850 T PLN	2 850	till termination of the contract	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	Komerční banka a.s., Praha	146 109 T CZK	23 874	12/2016	Kofola a.s., ČR	subsidiary
Kofola S.A.	Komerční banka a.s., Praha	233 485 T CZK	38 151	10/2011	Kofola a.s., ČR	subsidiary
Kofola S.A.	Komerční banka a.s., Praha	28 801 T CZK	4 706	10/2011	Kofola Holding a.s.	subsidiary
Total sureties for loans or guarantees issued			**251 989**	**ths. PLN**		

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

1.14 Information on issuing securities

No issue of securities took place in the presented period.

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

The Group published no financial result forecasts for the year 2011.

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

The Group's net result for the reporting period was significantly affected by the rise in the prices of basic raw materials, especially sugar, isoglucose, granules used in the production of PET bottles and fruit concentrates. The majority of the basic raw materials are so-called commodities that are subject to significant fluctuations on world markets. The prices of sugar are at their 30-year highs, the prices of granules for the production of PET bottles are also at their highest in several years, as are the prices of fruit concentrates.

In the first quarter of 2011 we began to raise sales prices. Despite this, the Group was not able to fully transfer onto the end client the cost of rising raw material prices.

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

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

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

- the prices of raw production materials, of which the majority is based on so-called commodities (the prices of raw materials such as oil, sugar, isoglucose, granules for the production of PET bottles, fruit concentrates, foil or paper – which in recent times went up quickly and in many cases are at highest price levels in years),

- the ability to transfer increasing prices of raw materials onto the end client,
- the level of unemployment and people's willingness to consume outside of home and purchase brand name food products,
- weather conditions (temperature, precipitation),
- changes in foreign exchange rates (PLN, CZK, EUR and RUB) and effectiveness of protection against such changes – so called hedging,
- increases in VAT rates like the ones in Poland and Slovak Republic effective 1 January 2011 (and the planned increase in VAT in the Czech Republic in the fourth quarter of 2011),
- increase in excise tax on low alcohol beverages in Russia,
- risk of not getting an extension from the second half of the year on the license to produce and sell alcohol by the Megapack Group,
- interest rates,
- impairment of goodwill or brand value.

1.18 Subsequent events

On 4 April 2011 the Supervisory Board appointed Mr. René Sommer to the position of Member of the Audit Committee, after dismissing Mr. Martin Dokoupil from the Committee.

On 22 April 2011 Kofola a.s (Czech Republic), a subsidiary of KOFOLA S.A., acquired 100% of the shares of the Czech company Pinelli spol. s r.o., the producer of the Semtex and Erektus energy drinks.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

13.5.2011	**Janis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
13.5.2011	**Bartosz Marczuk**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
13.5.2011	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
13.5.2011	**René Musila**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
13.5.2011	**Tomáš Jendřejek**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

13.5.2011	**Katarzyna Balcerowicz**	**Chief Accountant**	....
date	*name and surname*	*position*	*signature*

Document signed on the Polish original.

2 Condensed interim consolidated financial statements KOFOLA S.A. Group

2.1 Consolidated income statement

for the three months period ended 31 March 2011 and the three months period ended 31 March 2010.

	Note	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Continuing operations			
Revenue from the sale of finished products and services	5.1,5.2	271 195	222 021
Revenue from the sale of goods and materials	5.1,5.2	5 707	10 674
Revenue		276 902	232 695
Cost of products and services sold	5.3	(186 561)	(125 167)
Cost of goods and materials sold	5.3	(5 524)	(9 646)
Total cost of sales		(192 085)	(134 813)
Gross profit		**84 817**	**97 882**
Selling, marketing and distribution costs	5.3	(74 291)	(74 381)
Administrative costs	5.3	(18 182)	(18 115)
Other operating income		3 732	2 519
Other operating expenses		(938)	(2 843)
Operating result		**(4 862)**	**5 062**
Financial income	5.4	895	2 619
Financial expense	5.5	(6 312)	(5 583)
Share in result received from subsidiaries and associates	5.6	(81)	-
Profit / (Loss) before tax		**(10 360)**	**2 098**
Income tax	5.9	88	(661)
Net profit / (loss) on continued activity		**(10 272)**	**1 437**
Discontinued activity			
Net profit on discontinued activity		-	-
Net profit / (loss) for the financial year		**(10 272)**	**1 437**
Assigned to:			
Shareholders of the parent company		(9 353)	2 261
Non-controlling interests shareholders		(919)	(824)
Earnings per share (in PLN)			
- basic earnings per share	5.11	(0,3574)	0,0864
- basic earnings per share from continuing operations	5.11	(0,3574)	0,0864
- diluted earnings per share	5.11	(0,3573)	0,0859
- diluted earnings per share from continuing operations	5.11	(0,3573)	0,0859

2.2 Consolidated statement of comprehensive income

for the three months period ended 31 March 2011 and the three months period ended 31 March 2010.

	Note	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Net profit / (loss) for the financial year		**(10 272)**	**1 437**
Other comprehensive income (gross):			
Currency differences from translation of foreign subsidiaries	2.5	6 123	(5 577)
Fair value gains on available-for-sale financial assets		-	1 640
Cash flow hedges		-	(10)
Income tax relating to components of other comprehensive income	5.9	-	(310)
Other comprehensive income for the period (net)		**6 123**	**(4 257)**
Total comprehensive income for the period	2.5	**(4 149)**	**(2 820)**
Assigned to:			
Shareholders of the parent company	2.5	(4 163)	(2 876)
Non-controlling interests shareholders	2.5	14	56

2.3 Consolidated balance sheet

as at 31 March 2011, as at 31 December 2010 and as at 31 March 2010.

ASSETS	Note	31.3.2011	31.12.2010	31.3.2010
Fixed assets		**870 297**	**863 203**	**916 215**
Tangible fixed assets		539 752	540 072	550 782
Goodwill		112 137	111 836	111 487
Intangible fixed assets		194 499	186 869	220 805
Financial assets available for sale		-	-	9 455
Other financial assets		3 564	4 756	522
Deferred tax assets		20 345	19 670	23 164
Current assets		**419 997**	**417 898**	**385 814**
Inventories		132 965	127 106	115 948
Trade receivables and other receivables		219 938	216 287	232 654
Income tax receivables		12 676	9 242	5 553
Cash and cash equivalents		44 325	55 263	14 385
Other financial assets		93	-	1 500
Assets (group of assets) held for sale	5.14	10 000	10 000	15 774
TOTAL ASSETS		**1 290 294**	**1 281 101**	**1 302 029**
LIABILITIES AND EQUITY				
Equity assigned to the shareholders of the parent company		**467 434**	**471 597**	**523 996**
Share capital	2.5	26 173	26 173	26 173
Other capital	2.5	488 060	482 870	498 476
Retained earnings	2.5	(46 799)	(37 446)	(653)
Equity assigned to the non-controlling interests shareholders	2.5	**35 763**	**41 188**	**42 938**
Total equity		**503 197**	**512 785**	**566 934**
Long-term liabilities		**213 005**	**258 192**	**297 283**
Bank credits and loans		104 833	149 283	179 066
Financial leasing liabilities		27 909	29 279	33 635
Provisions	5.7	214	215	157
Other liabilities		17 240	17 408	20 571
Deferred tax reserve		62 809	62 007	63 854
Short-term liabilities		**574 092**	**510 124**	**437 812**
Bank credits and loans		212 109	161 997	144 714
Financial leasing liabilities		11 331	13 707	16 871
Trade liabilities and other liabilities		318 416	303 245	247 217
Income tax liabilities		129	703	144
Other financial liabilities		-	33	-
Provisions	5.7	32 107	30 439	28 866
Liabilities (group of liabilities) related to assets held for sale		-	-	-
Total liabilities		**787 097**	**768 316**	**735 095**
TOTAL LIABILITIES AND EQUITY		**1 290 294**	**1 281 101**	**1 302 029**

2.4 Consolidated cash flow statement

for the three months period ended 31 March 2011 and the three months period ended 31 March 2010.

	Note	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Cash flow on operating activity			
Gross profit		(10 360)	2 098
Adjustments for the following items:			
Depreciation	5.3	18 394	19 640
Net interest and dividends	5.4,5.5	3 766	3 928
Net foreign exchange differences	5.4,5.5	630	(1 717)
(Profit)/loss on investment activity		(2)	(710)
Change in the balance of receivables		(2 553)	34 954
Change in the balance of inventories		(5 859)	(8 108)
Change in the balance of liabilities		11 949	(58 910)
Change in the balance of provisions		1 667	(2 784)
Paid income tax		(3 724)	(10 437)
Impairment of fixed assets		-	-
Other		265	-
Other currency differences from translation		(5 814)	3 677
Net cash flow on operating activity		**8 359**	**(18 369)**
Cash flow on investing activity			
Sale of intangible assets and fixed assets		96	1 192
Purchase of intangible assets and fixed assets	5.12,5.13	(6 313)	(6 709)
Sale of financial assets (BOMI S.A.)		-	4 447
Interest received		514	16
Other		(20)	-
Net cash flow on investing activity		**(5 723)**	**(1 054)**
Cash flow on financial activity			
Repayment of financial leasing liabilities		(4 050)	(8 060)
Proceeds from loans and bank credits received		55 714	113 826
Repayment of loans and bank credits		(55 566)	(118 436)
Dividends paid to the shareholders of the parent company	5.8	-	-
Dividends paid to the non-controlling interests shareholders	5.8	(5 439)	-
Interest paid	5.5	(4 233)	(4 025)
Other		-	-
Net cash flow on financing activity		**(13 574)**	**(16 695)**
Total net cash flow		(10 938)	(36 118)
Cash at the beginning of the period		**55 263**	**50 503**
Cash at the end of the period		**44 325**	**14 385**
Cash with limited ability to use		-	-

2.5 Consolidated statement of changes in equity

for the three months period ended 31 March 2011, for the twelve months period ended 31 December 2010 and the three months period ended 31 March 2010.

	Note	Assigned to the shareholders of the parent company					Assigned to the non-controlling interests shareholders	Total equity
			Other capital					
		Share capital	Total other capital	including: Currency differences from translation of foreign subsidiaries	Retained earnings	Total		
As at 1.1.2010		**26 173**	**502 951**	**23 408**	**(2 914)**	**526 210**	**42 882**	**569 092**
Capital relating to subscription warrant allocation program		-	662	-	-	662	-	662
Total comprehensive income for the period	2.2	**-**	**(5 137)**	**(6 457)**	**2 261**	**(2 876)**	**56**	**(2 820)**
Profit distribution		-	-	-	-	-	-	-
As at 31.3.2010		**26 173**	**498 476**	**16 951**	**(653)**	**523 996**	**42 938**	**566 934**
As at 1.1.2010		**26 173**	**502 951**	**23 408**	**(2 914)**	**526 210**	**42 882**	**569 092**
Capital relating to subscription warrant allocation program		-	(82)	-	-	(82)	-	(82)
Total comprehensive income for the period		**-**	**1 361**	**1 361**	**(30 532)**	**(29 171)**	**3 086**	**(26 085)**
Dividends payment		-	(23 510)	-	(1 616)	(25 126)	(4 780)	(29 906)
Profit distribution		-	2 150	-	(2 384)	(234)	-	(234)
As at 31.12.2010		**26 173**	**482 870**	**24 769**	**(37 446)**	**471 597**	**41 188**	**512 785**
As at 1.1.2011		**26 173**	**482 870**	**24 769**	**(37 446)**	**471 597**	**41 188**	**512 785**
Capital relating to subscription warrant allocation program		-	-	-	-	-	-	-
Total comprehensive income for the period	2.2	**-**	**5 190**	**5 190**	**(9 353)**	**(4 163)**	**14**	**(4 149)**
Dividends payment	5.8	-	-	-	-	-	(5 439)	(5 439)
Profit distribution		-	-	-	-	-	-	-
As at 31.3.2011		**26 173**	**488 060**	**29 959**	**(46 799)**	**467 434**	**35 763**	**503 197**

3 General information

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

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

Registered office: ul. Jana Olbrachta 94, 01-102 Warszaw

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

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

The Company has been formed for an unspecified time.

The Group's consolidated financial statements cover the 3-month period ended 31 March 2011, and contain comparatives for the 3-month period ended 31 March 2010.

The Group's structure and changes therein in the reporting period

As at 31 March 2011 the Group comprised the following entities:

	Company Name	Headquarters	Range of activity	Consolidation method	% part in share capital	% part in voting rights
1.	KOFOLA S.A.	Poland, Warszawa	holding	acquisition accounting		
2.	Kofola Holding a.s.	Czech Republic, Ostrava	holding	acquisition accounting	100,00%	100,00%
3.	Hoop Polska Sp. z o.o.	Poland, Warszawa	production of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
4.	Kofola a.s.	Czech Republic, Krnov	production and distribution of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
5.	Kofola a.s.	Slovakia, Rajecká Lesná	production and distribution of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
6.	Kofola Sp. z o.o.	Poland, Kutno	rent of production assets	acquisition accounting	100,00%	100,00%
7.	Santa-Trans s.r.o.	Czech Republic, Krnov	road cargo transport	acquisition accounting	100,00%	100,00%
8.	Santa-Trans.SK s.r.o.	Slovakia, Rajec	road cargo transport	acquisition accounting	100,00%	100,00%
9.	OOO Megapack	Russia, Widnoje	production of non-alcoholic and low-alcoholic beverages	acquisition accounting	50,00%	50,00%
10.	OOO Trading House Megapack	Russia, Widnoje	sale and distribution of non-alcoholic and low-alcoholic beverages	acquisition accounting	50,00%	50,00%
11.	Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.	Poland, Koszalin	wholesale of alcoholic and non-alcoholic beverages	acquisition accounting	100,00%	100,00%
12.	Transport Spedycja Handel Sulich Sp. z o.o.	Poland, Bielsk Podlaski	road cargo transport, spedition	equity accounting	50,00%	50,00%
13.	Kofola Zrt.	Hungary, Budapest	in liquidation	acquisition accounting	100,00%	100,00%

The holding company – **KOFOLA S.A.** ("the Company", "the Issuer") with its registered office in Warsaw, 01-102, ul. Jana Olbrachta 94, formed as a result of the 30 May 2008 merger of HOOP S.A and Kofola SPV Sp. z o.o. Effective with the merger's registration, the name HOOP S.A. was changed to Kofola - HOOP S.A and since 23 December to KOFOLA S.A. At this time the Company's functions consist primarily of management and control of all of the entities belonging to the KOFOLA S.A. Group.

The subsidiary **Hoop Polska Sp. z o.o**. with its registered office in Warsaw, 01-102, ul. Jana Olbrachta 94, 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 Holding a.s.** is the company that manages the Group and at the same time the holding company of the Kofola Holding a.s. Group, with its registered office in Ostrava, Nad Porubkou 2278/31A, 708 00 Ostrawa - Poruba, CZECH REPUBLIC, of which KOFOLA S.A. holds 100%.

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

- Kofola Holding a.s. – the holding company – registered in the Czech Republic, performing management and control of the other entities comprising the KOFOLA S.A. Group,
- Kofola a.s. (CZ) – a company registered in the Czech Republic, with main activities consisting of the production and distribution of beverages on the territory of the Czech Republic,
- Kofola a.s. (SK) – a company registered in Slovakia, with main activities consisting of the production and distribution of beverages on the territory of Slovakia,
- Kofola Sp. z o.o. – a company registered in Poland, with main activities consisting of renting out the production line in Kutno to the company Hoop Polska Sp. z o.o., which conducts its production there,
- Santa-Trans s.r.o. (CZ) – a company registered in the Czech Republic, with main activities consisting of road cargo transport provided mainly to Kofola a.s. (Czech Republic),
- Santa-Trans.SK s.r.o. (SL) – a company registered in Slovakia, with main activities consisting of road cargo transport provided mainly Kofola a.s. (Slovakia),
- Kofola Zrt. (HU) – a company registered in Hungary, which does not conduct business operations. Currently in liquidation.

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

The subsidiary **Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.** with its registered office in Koszalin, 75-209, ul. BoWiD 9e, of which KOFOLA S.A. holds 100% and has 100% of votes at Shareholders Meeting. The activities of PCD HOOP Sp. z o.o. consist of the wholesale of beverages. The terms of the agreement are currently being realized (Note 5.18).

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

Bobmark International Sp. z o.o. with its registered office in Warsaw, of which KOFOLA S.A. held 100%. The activities of Bobmark International Sp. z o.o. consisted of the wholesale of beverages. In accordance with a conditional agreement of 8 July 2010, the shares of Bobmark were sold at the moment of the registration of a share capital increase, whereas control over the company was lost already at the signing of the conditional agreement and appointment of a new management. Due to the above the data of Bobmark International Sp. z o.o. have been included only in the comparatives.

KLIMO s.r.o. – a company registered in the Czech Republic. In 2007 it distributed beverages on the Czech market. No operating activities since the beginning of 2008. The company's liquidation process was completed in January 2011. Due to the above the company's data have been included only in the comparatives.

MANAGEMENT BOARD

As at 31 March 2011 the Management Board ("MB") of the holding company KOFOLA S.A. comprised:

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

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

SUPERVISORY BOARD

As at 31 March 2011 the Supervisory Board comprised:

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

On 26 January 2011 Mr. Ireneusz Stolarski, member of the Company's Supervisory Board who was also the Chairman of the Supervisory Board, resigned from the position of member of the Supervisory Board effective 26 January 2011.

Mr. René Sommer was appointed to the Supervisory Board of KOFOLA S.A. on 4 March 2011, and will serve in the position of Chairman of the Supervisory Board.

No changes were made in the composition of the Supervisory Board before the publication of the present report.

AUDIT COMMITTEE

As at 31 March 2011 the Audit Committee comprised:

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

On 4 April 2011 the Supervisory Board appointed Mr. René Sommer to the position of Member of the Audit Committee, after dismissing Mr. Martin Dokoupil from the Committee.

4 Information about the methods used to prepare the condensed interim consolidated financial statements of the KOFOLA S.A. Group

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

The present unaudited condensed consolidated financial statements ("consolidated financial statements") have been prepared in accordance with the laws binding in the Republic of Poland and with International Financial Reporting Standards ("IFRS"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, and therefore comply with Article 4 of the E.U. Directive on the application of international accounting standards. The consolidated financial statements have been prepared on a going concern basis and in accordance with the historical cost method, with the exception of assets and financial liabilities stated at amortized cost, financial assets stated at fair value, and the assets, liabilities and contingent liabilities of the acquiree, which were stated at fair value as at the date of the merger of the Kofola Group and Hoop Group, as required by IFRS 3. As at the date of approval of these financial statements we were aware of no circumstances indicating a threat to the going concern of the Group or a significant entity comprising the Group.

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

The present unaudited financial statements are to be read along with the audited annual consolidated financial statements of the Kofola S.A. Group prepared in accordance with International Financial Reporting Standards (IFRS), containing notes ("the consolidated financial statements prepared in accordance with IFRS") for the year ended 31 December 2010.

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

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

<u>New standards, changes in accounting standards and interpretations binding as at 1 January 2011</u>

The following standards, changes in binding standards and interpretations (adopted or in the process of being adopted by the European Union) are binding as at 1 January 2011:

- Changes to IAS 32 "Financial Instruments: Presentation",
- Changes to IAS 24 "Related Party Disclosures",
- IFRIC 19 "Extinguishing Financial Liabilities with Equity",
- Changes to IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements",
- Improvements to International Financial Reporting Standards – a set of changes to International Financial Reporting Standards, the majority of the changes apply to annual periods beginning on or after 1 January 2011.

The adoption of the above standards and interpretations did not result in significant changes in the Group's accounting policies, or presentation of data in the financial statements.

<u>Standards and interpretations that have been published, but no yet adopted</u>

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

- IFRS 9 "Financial Instruments" applies to annual periods beginning on or after 1 January 2013. The standard has not been approved by the European Union,
- Changes to IFRS 7 "Financial Instruments - Disclosures", apply to annual periods beginning on or after 1 July 2011. The changes have not been approved by the European Union.

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

4.2 Functional currency and presentation currency

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

4.3 Translation of amounts expressed in foreign currencies

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

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

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

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

The following rates were used in the balance sheet valuation:

Currency rates at the end of period	31.3.2011	31.12.2010	31.3.2010
PLN/USD	2,8229	2,9641	2,8720
PLN/EUR	4,0119	3,9603	3,8622
PLN/RUB	0,0994	0,0970	0,0973
PLN/CZK	0,1634	0,1580	0,1517

Average currency rates, calculated as arithmetical mean of currencies on last day of each month in period	1.1.2011 - 31.3.2011	1.1.2010 - 31.12.2010	1.1.2010 - 31.3.2010
PLN/USD	2,8613	3,0402	2,9018
PLN/EUR	3,9742	4,0044	3,9669
PLN/RUB	0,0985	0,0998	0,0968
PLN/CZK	0,1628	0,1585	0,1532

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

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

4.4 Consolidation methods

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

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

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

4.5 Accounting methods and changes in presentation

No changes have been made in the accounting methods in the presented period compared to the methods used in the Kofola Group's Consolidated Report for the year 2010, published on 18 March 2011. Presented in this Report is detailed information on the methods used to value assets and liabilities, measure the financial result and prepare the financial statements and comparatives.

The accounting methods based on which the present financial statements have been prepared have not changed compared to the methods used in the consolidated financial statements for the three months period ended 31 March 2010, with the exception of the following presentation changes:

Consolidated profit and loss account

	1.1.2010 - 31.3.2010		
	published financial statements	comparatives	change
Cost of products and services sold	(126 682)	(125 167)	1 515
Administrative costs	(16 600)	(18 115)	(1 515)

The adjustment increasing general administrative costs was caused by the fact that a portion of the costs previously listed under the costs of goods sold and services is now presented under general administrative costs in the amount of 1 515 thousand PLN.

Consolidated cash flow statement

In the consolidated financial statements for the comparative period a presentation adjustment was made in the amount of 9 254 thousand PLN between the "Foreign exchange gains/losses" and "Foreign exchange differences on currency translation of foreign entities" operating cash flow items.

Consolidated segments

As part of geographical segments, to increase clarity, the item "Eliminations (consolidation adjustment)" was added, which eliminates transactions between the different geographical segments.

The item "Other (export)" in geographical segments shows export to countries other than those in which the Group currently operates. In the consolidated report for the period of three months ended 31 March 2010 the item "Other" shows sales on the Hungarian market, and export to other countries was included as part of the country, from which the export was realized.

4.6 Correction of error

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

4.7 Professional judgment

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

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

As at 31 March 2011 the Management's professional judgment relates to provisions for claims and court cases, as well as to contingent liabilities. It is also used in assessing the risk associated with the repayment of overdue receivables – the Group verifies its provisions for doubtful debts as at each balance sheet date, taking into account the potential risk of significant delays in their repayment.

4.8 Uncertainty of estimates

Since some of the information contained in the financial statements cannot be measured precisely, to prepare the financial statements the Group's Management must perform estimates. The Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason the estimates performed as at 31 March 2011 may be changed in the future. The main estimates pertain to the following matters:

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

4.9 Approval of financial statements

The Board of Directors approved the present consolidated financial statements for publication on 13 May 2011.

5 Notes to the condensed consolidated financial statements of the condensed KOFOLA S.A. Group

5.1 Operating segments

An operating segment is a component of an entity:

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

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

C) for which separate financial information is available.

Change in the presentation of information about operating segments

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

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

The "Other" segment includes beverage (goods for resale) sales made by distribution companies, sales of own energy drink R20 (product) and ice coffee Nescafe Xpress (good for resale), as well as transport activities performed for entities from outside the Group.

In January 2011 the Group discontinued the sale of Nescafe Xpress ice coffee.

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

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

As part of presenting its segments, the Group identified one client, who generates more than 10% of the segment's revenues. In the first quarter of 2011 the Group's revenues from this client amounted to 43 945 thousand PLN and related to carbonated beverages, non-carbonated beverages, mineral waters and syrups.

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

Reporting segment results for the three months period ended 31 March 2011 and for the three months period ended 31 March 2010:

Operating segments

1.1.2011 - 31.3.2011	**Carbonated beverages**	**Non-Carbonated beverages**	**Mineral waters**	**Syrups**	**Low alcohol drinks**	**Other**	**Total**
Revenue	114 601	23 765	41 013	34 264	55 264	7 995	276 902
Operating expenses	(110 114)	(25 027)	(48 257)	(32 544)	(55 862)	(9 960)	(281 764)
Operating result of the segment	**4 487**	**(1 262)**	**(7 244)**	**1 720**	**(598)**	**(1 965)**	**(4 862)**
Result on financial activity							(5 498)
Loss before tax							(10 360)
Income tax							88
Net loss							**(10 272)**

1.1.2010 - 31.3.2010	**Carbonated beverages**	**Non-Carbonated beverages**	**Mineral waters**	**Syrups**	**Low alcohol drinks**	**Other**	**Total**
Revenue	109 567	28 436	38 492	31 356	14 851	9 993	232 695
Operating expenses	(101 608)	(33 032)	(38 726)	(27 431)	(16 037)	(10 799)	(227 633)
Operating result of the segment	**7 959**	**(4 596)**	**(234)**	**3 925**	**(1 186)**	**(806)**	**5 062**
Result on financial activity							(2 964)
Profit before tax							2 098
Income tax							(661)
Net profit							**1 437**

5.2 Geographical segments

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

- Poland
- Czech Republic
- Russia
- Slovakia

Presented below are the data for the above geographical segments.

1.1.2011 - 31.3.2011	Poland	Czech Republic	Russia	Slovakia	Other (export)	Eliminations (consolidation adjustments)	Total
Revenue	106 976	80 435	62 818	47 160	890	(21 377)	276 902
Sales to external customers	104 181	71 298	62 818	37 715	890	-	276 902
Inter-segment sales	2 795	9 137	-	9 445	-	(21 377)	-
Operating expenses	(104 293)	(81 970)	(65 408)	(50 445)	(921)	21 273	(281 764)
Related to third party sales	(101 565)	(72 870)	(65 408)	(41 000)	(921)	-	(281 764)
Related to inter-segment sales	(2 728)	(9 100)	-	(9 445)	-	21 273	-
Operating result of the segment	**2 683**	**(1 535)**	**(2 590)**	**(3 285)**	**(31)**	**(104)**	**(4 862)**
Result on financial activity	8 338	(3 943)	458	(619)	-	(9 732)	(5 498)
within segment	(3 819)	(1 518)	458	(619)	-	-	(5 498)
between segments	12 157	(2 425)	-	-	-	(9 732)	-
Profit /(loss) before tax	11 021	(5 478)	(2 132)	(3 904)	(31)	(9 836)	(10 360)
Income tax	(1 353)	399	293	749	-	-	88
Net profit /(loss)	**9 668**	**(5 079)**	**(1 839)**	**(3 155)**	**(31)**	**(9 836)**	**(10 272)**
Assets and liabilities							
Segment assets	775 577	431 602	120 712	210 779	5	(248 382)	1 290 294
Total assets	**775 577**	**431 602**	**120 712**	**210 779**	**5**	**(240 544)**	**1 290 294**
Segment liabilities	399 922	456 199	49 186	144 960	3	(263 173)	787 097
Equity							503 197
Total liabilities and equity							**1 290 294**
Other information concerning segment							
Investment expenditure :							
Tangibles and intangibles	3 531	1 877	472	433	-	-	6 313
Depreciation and amortization	5 816	6 231	2 537	3 810	-	-	18 394

1.1.2010 - 31.3.2010	Poland	Czech Republic	Russia	Slovakia	Other (export)	Eliminations (consolidation adjustments)	Total
Revenue	97 458	81 802	22 840	50 264	1 424	(21 093)	232 695
Sales to external customers	94 756	73 504	22 840	40 171	1 424	-	232 695
Inter-segment sales	2 702	8 298	-	10 093	-	(21 093)	-
Operating expenses	(95 957)	(77 465)	(24 664)	(48 853)	(1 456)	20 762	(227 633)
Related to third party sales	(93 297)	(69 297)	(24 664)	(38 919)	(1 456)	-	(227 633)
Related to inter-segment sales	(2 660)	(8 168)	-	(9 934)	-	20 762	-
Operating result of the segment	**1 501**	**4 337**	**(1 824)**	**1 411**	**(32)**	**(331)**	**5 062**
Result on financial activity	(1 921)	(3 334)	(32)	(598)	-	2 921	(2 964)
within segment	(1 050)	(1 284)	(32)	(598)	-	-	(2 964)
between segments	(871)	(2 050)	-	-	-	2 921	-
Profit /(loss) before tax	(478)	1 036	(1 856)	813	(32)	2 590	2 098
Income tax	503	(627)	(295)	(242)	-	-	(661)
Net profit /(loss)	**83**	**376**	**(2 151)**	**571**	**(32)**	**2 590**	**1 437**
Assets and liabilities							
Segment assets	754 969	414 286	89 519	207 612	2 894	(167 251)	1 302 029
Total assets	**754 969**	**414 286**	**89 519**	**207 612**	**2 894**	**(167 251)**	**1 302 029**
Segment liabilities	389 262	417 479	34 502	154 095	764	(261 007)	735 095
Equity							566 934
Total liabilities and equity							**1 302 029**
Other information concerning segment							
Investment expenditure :							
Tangibles and intangibles	1 321	2 960	1 635	793	-	-	6 709
Depreciation and amortization	5 650	7 648	2 565	3 777	-	-	19 640

Products

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

KOFOLA GROUP BRANDS IN 2011

CARBONATED BEVERAGES	Kofola, RC Cola, Citrocola, Hoop Cola, Top Topic, Vinea, Orangina, Chito, Citronela, Fruti, Mr. Max
NATURAL SPRING WATERS	Rajec, Arctic
NON-CARBONATED BEVERAGES	Jupí Fruit Drink, Top Topic
100% FRUIT JUICES AND NECTARS	Snipp
SYRUPS AND CONCENTRATES	Jupí, Paola
CHILDRENS' DRINKS	Jupík, Jupík Aqua
ICE TEA	Pickwick Just Tea
ENERGY DRINKS	R20, Semtex, Erektus
LOW ALCOHOL BEVERAGES (Russia)	Hooper`s Hooch, Dieviatka

In 2011 the Group's beverage assortment was broadened to include new Rajec flavored waters ("Sedmikráska", "Bříza"), cherry flavored Kofola drink and new format of Jupí syrups in sachets. In addition, starting in April 2011, following the acquisition of the company Pinelli spol. s r.o. the Group added the Semtex and Erektus energy drinks to its product portfolio.

In addition, the KOFOLA S.A. Group makes waters, carbonated and non-carbonated beverages and syrups at the commission of other firms, mainly store chains. These firms offer products to consumers under their own brand using the distribution capabilities of their own stores.

The company Megapack, which operates on the Russian market, sells drink bottling services on commission. This relates to both low alcohol beverages and non-alcoholic beverages

Seasonal and cyclical nature of the operations of the KOFOLA S.A. Group

Seasonality

Seasonality, associated with periodic deviations in demand and supply, is of certain significance in the shaping of the KOFOLA Group's general sales trends. Beverage sales peak in the 2nd and 3rd quarter of the year. This is caused by increased drink consumption in the spring and summer months. In the years ended 31 December 2010 and 2009, approximately 19% (21% in 2009) of revenue from the sale of finished products and services was earned in the 1st quarter, with 27% (29% in 2009), 30% (27% in 2009) and 24% (24% in 2009) of total annual consolidated revenues earned in the 2nd, 3rd and 4th quarters. The Management is expecting similar seasonality in the year 2011.

Cyclical nature

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

5.3 Expenses by type

	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Depreciation of fixed assets and intangible assets	18 394	19 640
Employee benefits costs	44 179	42 673
Consumption of materials and energy	161 703	112 559
Services	45 632	38 650
Taxes and fees	2 113	3 321
Property and life insurance	707	829
Other costs, including:	6 132	6 848
- change in revaluation write-off of inventory	(262)	(232)
- change in revaluation write-off of receivables	990	746
- other operating costs	5 404	6 334
Total expenses by type	**278 860**	**224 520**
Change in the balance of products, production in progress, prepayments and accruals	175	(6 857)
Reconciliation of expenses by type to expenses by function	**279 035**	**217 663**
Costs of sales, marketing and distribution	74 291	74 381
Administrative costs	18 182	18 115
Cost of products sold	186 561	125 167
Total costs of product sold, merchandise and materials, sales costs and overhead costs	**279 035**	**217 663**

Costs of employee benefits

	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Cost of salary	34 381	34 022
Social security and other benefits costs	9 798	8 652
Reserves costs for pension, jubilee award and other employee benefit	-	219
Total costs of employee benefits	**44 179**	**42 673**

5.4 Financial income

	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Financial interest income from:		
- bank deposits	442	28
- credits and loans granted	86	87
- interest on receivables	152	13
Net financial income from realized FX differences	214	1 749
Other financial income	1	742
Total financial income	**895**	**2 619**

5.5 Financial expense

	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Financial interest expense from:		
- credits and financial leases	4 446	4 137
Net financial losses from realized FX differences	844	32
Bank costs and charges	1 000	1 133
Other financial expense	22	281
Total financial expense	**6 312**	**5 583**

5.6 Share in result received from subsidiaries and associates

The item includes the result of TSH Sulich Sp. z o.o. corresponding in the current period to KOFOLA S.A. Owing to the fact that KOFOLA S.A. holds 50 % of the company's share capital, TSH Sulich Sp. z o.o. is not consolidated by acquisition accounting.

5.7 Changes in reserves and provisions

	Receivables	Inventories	Tangible assets	Intangible assets	Financial assets	Provisions
As at 1.1.2011	**19 564**	**8 995**	**24 514**	**34 120**	**800**	**30 654**
Currency differences from translation	3 704	18	(19)	-	-	4 183
Increase due to creation	1 617	246	-	-	-	9 801
Decrease due to release and use	(628)	(509)	-	(196)	-	(12 317)
As at 31.3.2011	**24 257**	**8 750**	**24 495**	**33 924**	**800**	**32 321**

5.8 Dividends paid and declared

	1.1.2011 - 31.3.2011	**1.1.2010 - 31.3.2010**
Dividends declared in the given period	-	-
Dividends on common shares:	-	-
paid out in the given period	-	-
Dividends declared	**-**	**-**

In the reporting period KOFOLA S.A. recorded as financial revenue a dividend received from the subsidiary OOO Megapack in the gross amount of 5 439 thousand PLN. The above revenues have been eliminated from the Group's financial revenue as part of consolidation adjustments.

5.9 Income tax

Main income tax elements for the three months period ended 31 March 2011 and for the three months period ended 31 March 2010:

	1.1.2011 - 31.3.2011	**1.1.2010 - 31.3.2010**
Profit and loss		
Current income tax	**(39)**	**955**
Current Income tax charge	(79)	880
Adjustments of current income tax from previous years	40	75
Deferred income tax	**(49)**	**(294)**
Related with arising and reversing of temporary differences	(741)	(95)
Related with tax losses	692	(199)
Income tax charge recorded in consolidated profit and loss	**(88)**	**661**
Statements of changes in equity		
Current income tax	-	-
Tax effect of changes in share capital	-	-
Deferred income tax	**-**	**(310)**
Tax from Fair value gains on available-for-sale financial assets	-	(310)
Tax from Cash flow hedges	-	-
Tax benefit / tax burdens shown in equity	**-**	**(310)**

5.10 Discontinued operations

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

5.11 Earnings per share

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

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

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

	1.1.2011 - 31.3.2011	**1.1.2010 - 31.3.2010**
Net profit/(loss) assigned to the shareholders of the parent company	(9 353)	2 261

	1.1.2011 - 31.3.2011	**1.1.2010 - 31.3.2010**
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:		
Subscribtion warrants	6 099	150 712
Adjusted weighted average number of common shares used to calculate diluted earnings per share	**26 178 701**	**26 323 314**

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

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

	1.1.2011 - 31.3.2011	**1.1.2010 - 31.3.2010**
Net profit/(loss) assigned to the shareholders of the parent company	(9 353)	2 261
Weighted average number of issued common shares	26 172 602	26 172 602
Regular earnings per share (PLN/share)	**(0,3574)**	**0,0864**

	1.1.2011 - 31.3.2011	**1.1.2010 - 31.3.2010**
Net profit/(loss) assigned to the shareholders of the parent company, used to calculate diluted earnings per share	(9 353)	2 261
Adjusted weighted average number of common shares used to calculate diluted earnings per share	26 178 701	26 323 314
Diluted earnings per share (PLN/share)	**(0,3573)**	**0,0859**

5.12 Tangible fixed assets

In the reporting period of 3 months ended 31 March 2011 the companies of the KOFOLA S.A. Group incurred 5 268 thousand PLN in expenses to increase the value of tangible fixed assets. The investment projects realized in this period pertain primarily to HOOP S.A.

5.13 Intangible fixed assets

Goodwill consists of the goodwill resulting from the merger of the Kofola Group with the Hoop Group (including the goodwill of Megapack). The value of the goodwill has changed from the comparative period due solely to the inclusion of the foreign exchange differences on the currency translation of the goodwill.

The value of trademarks includes, among others, the value of such trademarks as: Kofola, Vinea, Hoop, Paola, Arctic, R20, and Hooper`s Hooch.

In the 3 month period ended 31 March 2011 the companies of the KOFOLA S.A. Group incurred 1 045 thousand PLN in expenses to increase the value of intangible fixed assets.

5.14 Assets (group of assets) held for sale

Assets (groups of assets) held for sale include the available for immediate sale fixed assets of the subsidiary Hoop Polska Sp. z o.o. with a balance sheet value of 10 000 thousand PLN (the plant in Tychy along with office building).

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

5.15 Credits and loans

As at 31 March 2011 the Group's total credit and loan debt amounts to 316 942 thousand PLN after increasing by 5 662 thousand PLN compared to the end of the year 2010.

Credit terms

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

In the first quarter of 2011 the company Kofola a.s (Czech Republic) breached the terms of credit agreements, in particular by failing the fulfill the liquidity ratio defined as short-term assets/short-term liabilities.

In the case of Kofola a.s (Czech Republic) prior to the publication no confirming document was obtained from the bank, which is why its liability in the amount of 2 053 thousand PLN, which in accordance with the credit agreement is a long-term item, is presented in the present report, in accordance with IAS 1, as a short-term liability.

5.16 Contingent assets and liabilities

	Contingent assets	Contingent liabilities
As at 1.1.2011	**-**	**250**
Increase (+)	-	-
Decrease (-)	-	(250)
As at 31.3.2011	**-**	**-**

5.17 Information on transactions with related parties

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

Revenues from the sale to related companies	**1.1.2011 - 31.3.2011**	
	revenues on the sale of products and services	revenues on the sale of merchandise and materials
- to affiliates (TSH Sulich)	11	-
- to other related companies (KSM Investment)	-	-
Total revenues from the sale to related companies	**11**	**-**

Purchases from related companies	**1.1.2011 - 31.3.2011**	
	purchase of services	purchase of merchandise and materials
- from affiliates (TSH Sulich)	1 409	3
- from other related companies (KSM Investment)	-	-
Total purchases from related companies	**1 409**	**3**

Receivables from related companies	31.3.2011	31.12.2010	31.3.2010
- from affiliates (TSH Sulich)	22	10	3
- from other related companies (KSM Investment)	3 500	3 488	3 433
Total receivables from related companies	**3 522**	**3 498**	**3 436**

Liabilities towards related companies	31.3.2011	31.12.2010	31.3.2010
- towards affiliates (TSH Sulich)	365	173	1 074
- towards other related companies (KSM Investment)	5 202	5 030	4 830
Total liabilities towards related companies	**5 567**	**5 203**	**5 904**

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

5.18 Significant court cases

Fructo-Maj Sp. z o.o.

KOFOLA S.A. holds debts of Fructo-May Sp. z o.o., a company in a state of bankruptcy. As at 31 March 2011 the total value of these receivables is 11 246 thousand PLN, the balance sheet value of this item after revaluation is 4 020 thousand PLN. The debts are secured with mortgages on all of the significant properties of Fructo-Maj Sp. z o.o., as well as a registered pledge on its movables.

At this time the assets of Fructo-Maj Sp. z o.o. are being sold by the bankruptcy estate receiver. According to the Management, based on the current legal status and types of collateral, there is no need to write down 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. is currently in the process of realizing the provisions of an arrangement, which has no effect on its going concern.

Except for the matters described above, the companies of the KOFOLA S.A. Group are not involved in any other cases (disputes), which could have a material effect on Group's financial position.

5.19 Headcount

The average headcount in the company was as follows:

	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Management Board of the parent company	5	5
Management Boards of the Group entities	23	23
Sales, marketing and logistic departments	1 131	1 229
Production department	788	877
Administration	297	278
Other	195	191
Total	**2 439**	**2 603**

5.20 Subsequent events

On 4 April 2011 the Supervisory Board appointed Mr. René Sommer to the position of Member of the Audit Committee, after dismissing Mr. Martin Dokoupil from the Committee.

On 22 April 2011 Kofola a.s (Czech Republic), a subsidiary of KOFOLA S.A., acquired 100% of the shares of the Czech company Pinelli spol. s r.o., the producer of the Semtex and Erektus energy drinks.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

13.5.2011	**Janis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
13.5.2011	**Bartosz Marczuk**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
13.5.2011	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
13.5.2011	**René Musila**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
13.5.2011	**Tomáš Jendřejek**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

13.5.2011	**Katarzyna Balcerowicz**	**Chief Accountant**	....
date	*name and surname*	*position*	*signature*

Document signed on the Polish original.

6 Condensed interim separate financial statements KOFOLA S.A.

6.1 Separate income statement

for the three months period ended 31 March 2011 and the three months period ended 31 March 2010.

	Note	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Continuing operations			
Revenue from the sale of finished products and services		-	-
Revenue from the sale of goods and materials		-	-
Revenue		-	-
Cost of products and services sold		-	-
Cost of goods and materials sold		-	-
Total cost of sales		-	-
Gross profit		**-**	**-**
Selling, marketing and distribution costs	9.2	-	(25)
Administrative costs	9.2	(557)	(574)
Other operating income		542	22
Other operating expenses		(116)	(3)
Operating result		**(131)**	**(580)**
Financial income	9.3	12 154	2 739
Financial expense	9.4	(312)	(3 267)
Profit before tax		**11 711**	**(1 108)**
Income tax		(2 225)	277
Net profit on continued activity		**9 486**	**(831)**
Discontinued activity			
Net profit on discontinued activity		-	-
Net profit for the financial year		**9 486**	**(831)**
Earnings per share (in PLN)			
- basic earnings per share		0,3624	(0,0318)
- basic earnings per share from continuing operations		0,3624	(0,0318)
- diluted earnings per share		0,3624	(0,0316)
- diluted earnings per share from continuing operations		0,3624	(0,0316)

6.2 Separate statement of comprehensive income

for the three months period ended 31 March 2011 and the three months period ended 31 March 2010.

	Note	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Profit for the period		**9 486**	**(831)**
Other comprehensive income (gross)			
Fair value gains on available-for-sale financial assets		-	1 640
Income tax relating to components of Other comprehensive income		-	(312)
Other comprehensive income for the period (net)		**-**	**1 328**
Total comprehensive income for the period	6.5	**9 486**	**497**

6.3 Separate balance sheet

as at 31 March 2011, as at 31 December 2010 and as at 31 March 2010.

	Note	31.3.2011	31.12.2010	31.3.2010
ASSETS				
Fixed assets		**1 002 508**	**996 773**	**1 001 742**
Tangible fixed assets		372	372	401
Goodwill		13 767	13 767	13 767
Intangible fixed assets		-	10	101
Investment in subsidiaries and associates	9.7	854 137	854 137	854 881
Financial assets available for sale		-	-	9 455
Loans provided to related parties	9.7	134 232	127 736	120 603
Other financial assets		-	-	-
Deferred tax assets		-	751	2 534
Current assets		**17 087**	**15 549**	**19 254**
Inventories			-	
Trade receivables and other receivables		5 014	6 740	14 589
Income tax receivables		560	-	-
Cash and cash equivalents		11 513	8 809	4 665
TOTAL ASSETS		**1 019 595**	**1 012 322**	**1 020 996**
LIABILITIES AND EQUITY				
Equity		**913 139**	**903 653**	**904 834**
Share capital		26 173	26 173	26 173
Other capital		852 189	852 189	877 771
Retained earnings		34 777	25 291	890
Long-term liabilities		**77 786**	**76 243**	**73 523**
Provisions		-	-	-
Other liabilities		16 123	16 054	13 334
Deferred tax reserve		61 663	60 189	60 189
Short-term liabilities		**28 670**	**32 426**	**42 639**
Bank credits and loans		-	-	5 006
Trade liabilities and other liabilities		13 185	16 277	17 347
Income tax liabilities		-	122	
Provisions		15 485	16 027	20 286
Total Liabilities		**106 456**	**108 669**	**116 162**
TOTAL LIABILITIES AND EQUITY		**1 019 595**	**1 012 322**	**1 020 996**

6.4 Separate cash flow statement

for the three months period ended 31 March 2011 and the three months period ended 31 March 2010.

	Note	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Cash flow on operating activity			
Gross profit (loss)		11 711	(1 108)
Adjustments for the following items:			
Depreciation	9.2	10	32
Net interest and dividends	9.3,9.4	(7 342)	(1 651)
(Profit)/loss on investment activity		(4 374)	2 179
Change in the balance of receivables		2 335	730
Change in the balance of liabilities		(3 335)	297
Change in the balance of provisions		(542)	-
Paid income tax		(682)	-
Net cash flow on operating activity		**(2 219)**	**479**
Cash flow on investing activity			
Purchase of intangible assets and fixed assets		-	-
Sale of financial assets (BOMI S.A.)		-	4 447
Purchase of financial assets		-	-
Dividends received		4 923	-
Proceeds from repaid loans		-	-
Loans granted		-	-
Net cash flow on investing activity		**4 923**	**4 447**
Cash flow on financial activity			
Proceeds from loans and bank credits received		-	-
Repayment of loans and bank credits		-	(300)
Dividends paid to the shareholders of the parent company		-	-
Interest paid	9.6	-	(106)
Net cash flow on financing activity		**-**	**(406)**
Total net cash flow		2 704	4 520
Cash at the beginning of the period		**8 809**	**145**
Cash at the end of the period		**11 513**	**4665**
Cash with limited ability to use		-	-

6.5 Separate statement of changes in equity

for the three months period ended 31 March 2011, for the twelve months period ended 31 December 2010 and the three months period ended 31 March 2010.

	Note	Share capital	Other capital	Retained earnings	Total equity
As at 1.1.2010		**26 173**	**875 781**	**1 721**	**903 675**
Capital relating to subscription warrant allocation program		-	662	-	662
Total comprehensive income for the period	6.2	**-**	**1 328**	**(831)**	**497**
Profit distribution		-	-	-	-
As at 31.3.2010		**26 173**	**877 771**	**890**	**904 834**
As at 1.1.2010		**26 173**	**875 781**	**1 721**	**903 675**
Capital relating to subscription warrant allocation program		-	(82)	-	(82)
Total comprehensive income for the period		**-**	**-**	**25 186**	**25 186**
Dividends payment		-	(23 510)	(1 616)	(25 126)
Profit distribution		-	-	-	-
As at 31.12.2010		**26 173**	**852 189**	**25 291**	**903 653**
As at 1.1.2011		**26 173**	**852 189**	**25 291**	**903 653**
Capital relating to subscription warrant allocation program		-	-	-	-
Total comprehensive income for the period	6.2	**-**	**-**	**9 486**	**9 486**
Dividends payment		-	-	-	-
Profit distribution		-	-	-	-
As at 31.3.2011		**26 173**	**852 189**	**34 777**	**913 139**

7 General information

Information about the company:

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

Until 30 May 2008 KOFOLA SPV Sp. z o.o., from 31 May 2008 to 23 December 2008 KOFOLA-HOOP S.A., the Company has been using its current name since 24 December 2008.

Registered office: ul. Jana Olbrachta 94, 01-102 Warszaw

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

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

Until 31 March 2009 the Company had the status of a protected labor entity granted based on decision No. D/01803 issued by the State Representative for Persons with Disabilities on 1 December 1997.

The Company has been formed for an unspecified time.

The Company's standalone financial statements cover the three months period ended 31 March 2011, and contain comparatives for the three months period ended 31 March 2010.

The Group's structure and changes therein in the reporting period

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

As at 31 March 2011 the Group comprised the following entities:

	Company Name	Headquarters	Range of activity	Consolidation method	% part in share capital	% part in voting rights
1.	KOFOLA S.A.	Poland, Warszawa	holding	acquisition accounting		
2.	Kofola Holding a.s.	Czech Republic, Ostrava	holding	acquisition accounting	100,00%	100,00%
3.	Hoop Polska Sp. z o.o.	Poland, Warszawa	production of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
4.	Kofola a.s.	Czech Republic, Krnov	production and distribution of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
5.	Kofola a.s.	Slovakia, Rajecká Lesná	production and distribution of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
6.	Kofola Sp. z o.o.	Poland, Kutno	rent of production assets	acquisition accounting	100,00%	100,00%
7.	Santa-Trans s.r.o.	Czech Republic, Krnov	road cargo transport	acquisition accounting	100,00%	100,00%
8.	Santa-Trans.SK s.r.o.	Slovakia, Rajec	road cargo transport	acquisition accounting	100,00%	100,00%
9.	OOO Megapack	Russia, Widnoje	production of non-alcoholic and low-alcoholic beverages	acquisition accounting	50,00%	50,00%
10.	OOO Trading House Megapack	Russia, Widnoje	sale and distribution of non-alcoholic and low-alcoholic beverages	acquisition accounting	50,00%	50,00%
11.	Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.	Poland, Koszalin	wholesale of alcoholic and non-alcoholic beverages	acquisition accounting	100,00%	100,00%
12.	Transport Spedycja Handel Sulich Sp. z o.o.	Poland, Bielsk Podlaski	road cargo transport, spedition	equity accounting	50,00%	50,00%
13.	Kofola Zrt.	Hungary, Budapest	in liquidation	acquisition accounting	100,00%	100,00%

8 Information about the methods used to prepare the condensed interim separate financial statements of the KOFOLA S.A.

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

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

The present condensed separate financial statements are to be read along with the audited annual separate financial statements of Kofola S.A. prepared in accordance with International Financial Reporting Standards (IFRS), containing notes ("the separate financial statements prepared in accordance with IFRS") for the year ended 31 December 2010.

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

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

8.2 Statement of compliance

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

8.3 Functional currency and presentation currency

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

8.4 Translation of amounts expressed in foreign currencies

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

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

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

The following rates were used in the balance sheet valuation:

Currency rates at the end of period	31.3.2011	31.12.2010	31.3.2010
PLN/USD	2,8229	2,9641	2,8720
PLN/EUR	4,0119	3,9603	3,8622
PLN/RUB	0,0994	0,0970	0,0973
PLN/CZK	0,1634	0,1580	0,1517
Average currency rates, calculated as arithmetical mean of currencies on last day of each month in period	**1.1.2011 - 31.3.2011**	**1.1.2010 - 31.12.2010**	**1.1.2010 - 31.3.2010**
PLN/USD	2,8613	3,0402	2,9018
PLN/EUR	3,9742	4,0044	3,9669
PLN/RUB	0,0985	0,0998	0,0968
PLN/CZK	0,1628	0,1585	0,1532

8.5 Accounting methods and changes in presentation

The accounting methods based on which the financial statements contained in this report have been prepared have not changed compared to the methods used in the separate financial statements for the year 2010.

8.6 Correction of error

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

8.7 Approval of financial statements

The Board of Directors approved the present separate financial statements for publication on 13 May 2011.

9 Notes to the condensed separate financial statements of the KOFOLA S.A.

9.1 Operating segments

An operating segment is a component of an entity:

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

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

C) for which separate financial information is available.

The Company has performed an analysis aimed at identifying potential business segments.

The Company's activities are uniform when it comes to the type of products and services and significant clients, and therefore no operating segments have been separated.

9.2 Expenses by type

	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Depreciation of fixed assets and intangible assets	10	32
Employee benefits costs	142	63
Consumption of materials and energy	2	20
Services	388	446
Taxes and fees	8	12
Property and life insurance	-	1
Other costs	7	25
Total expenses by type	**557**	**599**
Change in the balance of products, production in progress, prepayments and accruals	-	-
Reconciliation of expenses by type to expenses by function	**557**	**599**
Costs of sales, marketing and distribution	-	25
Administrative costs	557	574
Reconciliation of expenses by type to expenses by function	**557**	**599**

Costs of employee benefits

	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Cost of salary	123	62
Social security and other benefits costs	19	1
Total costs of employee benefits	**142**	**63**

9.3 Financial income

	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Financial interest income from:		
- bank deposits	92	-
- credits and loans granted	2 122	1 997
Dividends received	5 439	-
Net financial income from realized FX differences	4 501	-
Profit on disposal of shares BOMI S.A.	-	742
Total financial income	**12 154**	**2 739**

9.4 Financial expense

	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Financial interest expense from:		
- credits and financial leases	311	346
Net financial losses from realized FX differences	-	2 920
Bank charges	1	1
Total financial expense	**312**	**3 267**

9.5 Changes in reserves and provisions

	Receivables	Inventories	Financial assets	Provisions
As at 1.1.2011	**9 971**	**-**	**800**	**16 027**
Increase due to creation	157	-	-	-
Decrease due to release and use	(42)	-	-	(542)
As at 31.12.2010	**10 086**	**-**	**800**	**15 485**

9.6 Dividends paid and declared

	1.1.2011 - 31.3.2011	1.1.2010 - 31.3.2010
Dividends declared in the given period	-	-
Dividends on common shares:		
paid out in the given period	-	-
Dividends paid and declared	**-**	**-**

In the reporting period KOFOLA S.A. recorded as financial revenue a dividend received from the subsidiary OOO Megapack in the gross amount of 5 439 thousand PLN.

9.7 Information on transactions with related parties

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

Revenues from the sale to related companies	1.1.2011 - 31.3.2011
	revenues
- to consolidated subsidiaries	-
- to affiliates	-
- to non-consolidated subsidiaries	-
Total revenues from the sale to related companies	**-**

Purchases from related companies	1.1.2011 - 31.3.2011
	purchase of services, merchandise and materials
- from consolidated subsidiaries	221
- from affiliates	-
- from non-consolidated subsidiaries	-
Total purchases from related companies	**221**

Receivables from related companies	31.3.2011	31.12.2010	31.3.2010
- from consolidated subsidiaries	250	373	4 369
- from affiliates	-	-	-
- from non-consolidated subsidiaries	-	-	-
Total receivables from related companies	**250**	**373**	**4 369**

Liabilities towards related companies	31.3.2011	31.12.2010	31.3.2010
- towards consolidated subsidiaries	29 074	31 896	29 242
- towards affiliates	-	-	-
- towards non-consolidated subsidiaries	-	-	-
Total liabilities towards related companies	**29 074**	**31 896**	**29 242**

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

There have been transactions with members of the Management and Supervisory Boards.

Loans granted to related parties

	31.3.2011	31.12.2010	31.3.2010
Long-term loan , including:			
Principal	106 516	102 996	98 890
Interest	27 716	24 740	21 713
Total	**134 232**	**127 736**	**120 603**

This item includes the loan granted to Kofola Holding in the amount of 651 875 thousand CZK. The contractual repayment due date is October 2036.

Investment in subsidiaries and associates

	Company Name	Headquarters	Range of activity	Consolidation method	% part in nominal capital	% part in voting rights	Net book value		
							31.3.2011	31.12.2010	31.3.2010
1.	Kofola Holding a.s.	Republika Czeska, Ostrava	holding	acquisition accounting	100,00%	100,00%	438 668	438 668	439 412
2.	Hoop Polska Sp. z o.o.	Polska, Warszawa	production of non-alcoholic beverages	acquisition accounting	100,00%	100,00%	359 570	359 570	359 570
3.	OOO Megapack	Rosja, Widnoje	production, sale and distribution of non-alcoholic and low-alcoholic beverages	acquisition accounting	50,00%	50,00%	55 899	55 899	55 899
4.	Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.	Polska, Koszalin	wholesale of alcoholic and non-alcoholic beverages	acquisition accounting	100,00%	100,00%	-	-	
5.	Transport Spedycja Handel Sulich Sp. z o.o.	Polska, Bielsk Podlaski	road cargo transport, spedition	equity accounting	50,00%	50,00%	-	-	
	TOTAL						**854 137**	**854 137**	**854 881**

9.8 Contingent assets and liabilities

	Contingent assets	Contingent liabilities
As at 1.1.2011	**-**	**175 440**
Increase	-	-
Decrease	-	(10 435)
As at 31.3.2011	**-**	**165 005**

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.

9.9 Significant court cases

Fructo-Maj Sp. z o.o.

KOFOLA S.A. holds debts of Fructo-May Sp. z o.o., a company in a state of bankruptcy. As at 31 March 2011 the total value of these receivables is 11 246 thousand PLN, the balance sheet value of this item after revaluation is 4 020 thousand PLN. The debts are secured with mortgages on all of the significant properties of Fructo-Maj Sp. z o.o., as well as a registered pledge on its movables.

At this time the assets of Fructo-Maj Sp. z o.o. are being sold by the bankruptcy estate receiver. According to the Management, based on the current legal status and types of collateral, there is no need to write down 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. is currently in the process of realizing the provisions of an arrangement, which has no effect on its going concern.

Except for the matters described above, the companies of the KOFOLA S.A. Group are not involved in any other cases (disputes), which could have a material effect on Group’s financial position.

9.10 Subsequent events

On 4 April 2011 the Supervisory Board appointed Mr. René Sommer to the position of Member of the Audit Committee, after dismissing Mr. Martin Dokoupil from the Committee.

On 22 April 2011 Kofola a.s (Czech Republic), a subsidiary of KOFOLA S.A., acquired 100% of the shares of the Czech company Pinelli spol. s r.o., the producer of the Semtex and Erektus energy drinks.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

13.5.2011	**Janis Samaras**	**Chairman of the Board of Directors**	....
Date	*name and surname*	*position*	*signature*
13.5.2011	**Bartosz Marczuk**	**Member of the Board of Directors**	....
Date	*name and surname*	*position*	*signature*
13.5.2011	**Martin Mateáš**	**Member of the Board of Directors**	....
Date	*name and surname*	*position*	*signature*
13.5.2011	**René Musila**	**Member of the Board of Directors**	....
Date	*name and surname*	*position*	*signature*
13.5.2011	**Tomáš Jendřejek**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

13.5.2011	**Katarzyna Balcerowicz**	**Chief Accountant**	....
date	*name and surname*	*position*	*signature*

Document signed on the Polish original.