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kofola
drinks. life. emotion.

quarterly report

kofola s.a. group

III quarter 2011

TABLE OF CONTENTS

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

1.1 Description of the KOFOLA S.A. Group

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

OUR MISSION AND OUR GOAL

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

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.

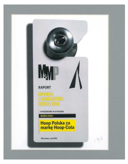
Three ***"Louskáček"*** awards were given to the Rajec brand – for the Frozen artwork project (Images – "frost on glass"), receiving silver in the Outdoor category, silver in the Media category and bronze for the Parking project in the Media category.

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.

The staff of the oldest marketing monthly – Media i Marketing Polska – have given an honorable mention to the Hoop Cola brand in the ***„Brand of the Year"*** category.



The advertising campaign of **Rajec** was awarded third place in the second edition of the Prague International Advertising Festival **(PIAF)**.

At this year's **ADC*E Awards** European competition the **Rajec** brand was awarded gold in the Film&Radio category.

In the national **Public Relations** competition sponsored by **APRA** and **PR Klub**, Kofola a.s. (CZ) was awarded second place in the internal communications category for the **KOFOLA 1960 project**.

The Hoop Cola brand was awarded first place in the Poland-wide contest of the "Życie Handlowe" ("Trade Life") magazine entitled "**FMCG Hits 2011**" in the category of "Carbonated Beverages".

As part of a campaign supporting hospitalized children, we were able to collect 500 ths. CZK in the Czech Republic and 30 ths. EUR in Slovakia. The funds went to the account of the "**Bábky v nemocnici**" ("puppets in hospital") foundation.

COMPANIES OF THE KOFOLA GROUP

Holding companies:

- **Kofola S.A.** – Warsaw (PL)
- **Kofola Holding a.s.** – Ostrava (CZ)

Production and trading companies:

- **Kofola a.s.** – Krnov, Mnichovo Hradiště, Prague (CZ)
- **Kofola a.s.** – Rajecká Lesná, Senec, Malý Šariš, Zvolen (SK)
- **Hoop Polska Sp. z o.o.** – Warsaw, Kutno, Bielsk Podlaski, Grodzisk Wielkopolski (PL)
- **OOO Megapack** – Moscow, Widnoje, Moscow Region (RU)
- **Kofola Sp. z o.o.** – Kutno (PL)
- **Pinelli spol. s r.o.** – Krnov (CZ)

Distribution companies:

- **PCD Hoop Sp. z o. o.** – Koszalin (PL)
- **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 30 September 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, Warsawa	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, Warsawa	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 non-alcoholic and low-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.	Pinelli spol. s r.o.	Czech Republic, Krnov	production of energetic beverages	acquisition accounting	100,00%	100,00%
14.	Kofola Zrt.	Hungary, Budapest	in liquidation	acquisition accounting	100,00%	100,00%

The holding company – **KOFOLA S.A.** ("the Company", "the Issuer"), until 24 October 2011 had its registered office in Warsaw, 01-102, ul. Jana Olbrachta 94, currently the Company's registered office is located in Kutno, 99-300, ul. Wschodnia 5. The Company was formed as a result of the 30 May 2008 merger of HOOP S.A and Kofola SPV Sp. z o.o. Effective with the merger's registration, the name HOOP S.A. was changed to KOFOLA - HOOP S.A. On 24 December 2008 the Company's name was changed 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. (SK) – a company registered in Slovakia, with main activities consisting of road cargo transport provided mainly Kofola a.s. (Slovakia),
- Pinelli spol. s r.o. (CZ) – a company registered in the Czech Republic, of which Kofola a.s. (CZ) holds 100%. The company's main area of activities is the production of the Semtex and Erektus energy drinks. Owing to the fact that from the acquisition of control on 22 April 2011 to 30 April 2011 no significant operations had been recorded with an effect on the Group's financial position, the present financial statements include

the results of Pinelli spol. s r.o. for the period beginning 1 May 2011,

- 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. Since April 2011 the company has been selling its assets, thereby significantly limiting its operating activities with an intention of a future liquidation. For the purposes of these financial statements the net value of the company's assets was tested for impairment.

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

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(18 October 2010), 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 KOFOA S.A. Group for the period of the first nine months of the year 2011. It should be reviewed along with the consolidated financial statements and with other financial information presented in the present report

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, adjusted by the value of one-off events, mainly non-monetary in nature, translated using the same foreign exchange rates.

Due to differences in the exchange rates of the Czech crown, the Euro and the Russian ruble to the Polish zloty between the 2011 reporting period and the same period of 2010, to obtain better comparability of data, the financial statements of the Czech, Slovak and Russian companies for the comparable period of 2010 have been translated into the Polish zloty using the exchange rates from the 2011 reporting period. 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 chapter of the present report.

Selected financial highlights	Reported 1.1.2010 - 30.9.2010	Translated * 1.1.2010 - 30.9.2010
Revenue	937 018	955 802
Cost of sales	(556 302)	(564 032)
Gross profit	**380 716**	**391 770**
Selling, marketing and distribution costs	(276 441)	(284 091)
Administrative costs	(57 154)	(58 982)
Other operating income / (expenses) net	(1 013)	(1 021)
Operating result (EBIT)	**46 108**	**47 676**
Net financial expenses	(10 724)	(10 422)
Income tax	(9 146)	(9 346)
Net profit for the period	**26 238**	**27 908**

* for better comparability of data, the results reported in 2010 translated using the exchange rates from the nine months of 2011

In the Management's opinion, the consolidated financial statements adjusted by one-off events provide better comparability of the KOFOLA Group's financial results for the period of nine months of 2011 with the same period of 2010; however, from a formal standpoint reported are the consolidated financial statements that are presented in the second portion of the present report.

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.

In the first nine months of 2011 the Group's operating result, EBITDA and net profit were affected by one-off costs, mainly non-monetary in nature, totaling 3 189 ths. PLN. After adjustment by the effect of these items, the Group's operating profit amounted to 52 040 ths. PLN, EBITDA to 109 068 ths. PLN and the adjusted net profit amounted to 27 548 ths. PLN. Details presented in the following table:

Selected financial highlights for the period 1.1.2011 - 30.9.2011	**Consolidated financial statements in accordance with IFRS**	**One-off adjustements**	**Adjusted consolidated financial statements for management purposes**
Revenue	996 993	-	996 993
Cost of sales	(644 913)	442	(644 471)
Gross profit	**352 080**	**442**	**352 522**
Selling, marketing and distribution costs	(252 456)	1 613	(250 843)
Administrative costs	(53 947)	442	(53 505)
Other operating income / (expenses) net	3 174	692	3 866
Operating result (EBIT)	**48 851**	**3 189**	**52 040**
EBITDA	**105 879**	**3 189**	**109 068**
Net financial expenses	(16 166)	-	(16 166)
Income tax	(7 830)	(496)	(8 326)
Net profit for the period	**24 855**	**2 693**	**27 548**

The need to exclude one-off cost items from the result is warranted by the following:

In July, August and September 2011 the Management of the companies Kofola a.s. (CZ) and Kofola a.s. (SK), passed resolutions to restructure the sales and production departments in order to increase their operating efficiency. In connection with this an estimate was performed of the costs associated with employment reductions, for which a provision was formed in the amount of 2 497 ths. PLN, of which 1 613 ths. PLN pertains to the restructuring of the sales department, 442 ths. PLN to the restructuring of the production departments, and an additional 442 ths. PLN pertains to the restructuring of the administration department.

In addition the Group performed a revaluation of selected fixed assets in the amount of 692 ths. PLN.

In our opinion these are one-off items that should be excluded from operating costs for the purpose of any future analyses.

Further in this report we will discuss results after the elimination of the above-mentioned one-off items and with comparatives translated using the same exchange rates as in the current reporting period.

Summary of operating results in the period of nine months ended 3O September 2011

When assessing the financial results of the KOFOLA S.A. for the nine months ended 30 September 2011 it is important to consider the 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 and high energy costs had a negative effect on free income, reducing the contents of the shopping cart, increasing the need to look for promotions and intensifying the promotional activities of our competitors and shopping chains in all the markets on which we operate.
- The shifting of sales from traditional channels to food discounts (a trend that is visible especially in Poland).
- A very wet and cold July, resulting in clearly lower sales that the beverage producers tried to compensate by offering brand name products at discount stores at very attractive prices.
- Record high prices of PET bottle moulds in the first half of 2011 caused by a delay in the completion by PKN Orlen of a PX/PTA production plant, which resulted in short-term shortages in Central Europe of a raw material used to manufacture the moulds.
- Growing financing costs arising out of inter-bank rates and the raising of margins by banks when revolving credits are renewed.
- Increases in the rates of the Euro and the Czech crown to the Polish zloty in the second half of the third quarter, translating into higher prices of raw materials denominated in Euro, as well as remeasurement of balance sheet items.
- The dragging of the administrative process to renew the five-year license for the production of alcoholic beverages for OOO Megapack.

Described below are the changes that took place in the main items of the consolidated financial statements:

- **Sales** are up by 41 191 ths. PLN, or 4,3% compared to the nine months ended 30 September 2010.
- **Gross sales profitability** is down from 41,0% to 35,4%, due mainly to an increase in the purchase prices of basic raw materials, as well as pricing pressure in cola drinks and water.
- Due to an increase in the price of raw materials and despite a rise in sales revenue, the **gross sales profit** is down by 39 248 ths. PLN (or 10,0%).

- Total savings achieved on the optimization of the sales and distribution services, as well as the optimization of general administrative costs at the Group turned out higher than the recorded drop in gross sales profit; as a result, the **adjusted operating profit (EBIT)** is up by 4 365 ths. PLN, i.e. 9,2%.
- **Adjusted EBITDA** (operating profit plus depreciation) is up slightly from 108 775 ths. PLN to 109 068 ths. PLN, i.e. by 293 ths. PLN, or 0,3%.
- The **EBITDA margin** is down from 11,4% in the nine months ended 30 September 2010 to 10,9% in the same period of 2011.
- **The adjusted net profit** has remained practically unchanged compared to the same period of last year (27 908 ths. PLN in the nine months ended 30 September 2010 compared to 27 548 ths. PLN in the same period of 2011).
- **Net debt** is down from 326 678 ths. PLN at the end of December 2010 (translated using the Polish zloty exchange rate from the 2011 reporting period) to 311 076 ths. PLN as at 30 September 2011, i.e. by 15 602 ths. PLN, or 4,8%. The Group's net debt counted as a multiple of the 12-month adjusted EBITDA amounted to 2,6 times at the end of September 2011, the same as at the end of December 2010, and 1,9 times at the end of September 2010.
- **Net working capital** is up from 43 484 ths. PLN as at 31 December 2010 (translated using the Polish zloty exchange rate from the 2011 reporting period)) to 47 518 ths. PLN as at 30 September 2011 due to a higher purchase of sugar in stock in August and September at prices from the 2010 beat harvest.
- The **net operating cash flows** generated in the period of nine months ended 30 September 2011 were down by 46 974 ths. PLN , or 33,3% compared to the cash flows for the same period of 2010.

Poland

- Despite the 3,0% drop recorded in the nine months ended 30 September 2011 (compared to the same period of 2010) on the entire non-alcoholic beverages market in Poland, Hoop Polska Sp. z o.o. generated an increase in sales by 5,7%, or 19 702 ths. PLN. This increase was achieved primarily in the carbonated beverages segment (Hoop Cola) and in syrups, especially in the modern channel.
- The rise in sales was achieved due to a much better efficiency of a reduced sales department under a new management, and consistent focus on key brands and clients.
- In the year 2011 a new product was introduced – sugar free Hoop Cola, as well as new Paola syrup flavors: orange, lemon and peach.

Czech Republic

- In the nine months ended 30 September 2011 the Czech non-alcoholic beverages market increased by 1,3% in the traditional and modern channels and by 3,8% in the restaurant channel (compared to the same period of 2010). On this growing market Kofola a.s. (Czech Republic) recorded a decline in sales revenue by 5,4% in the local currency. This drop related mainly to the non-carbonated beverages segment. The share of the KOFOLA S.A. Group in the non-alcoholic beverages market has remained stable in all the segments and channels.
- The Jupi syrups continue to be the market leader in the Czech Republic with a nearly 34,7% share due to their high quality and the introduction of 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, Kofola in a can, Kofola with herbs, Vinea carbonated drinks in 1,5 liter bottles in the retail segment, Jupik Smoothie, Aloe Vera and Jupi syrups in sachets. In addition, starting in April 2011, following the acquisition of the company Pinelli spol. s r.o. we began the sale of the Semtex and Erektus energy drinks, as well as of Green Tea ice tea.

Slovakia

- In the nine months ended 30 September 2011 a rise of 7,2% was recorded on the Slovak non-alcoholic beverages market in the traditional and modern channels and a drop of 5,6% in the restaurant channel (compared to the same period of 2010). On the growing Slovak market we recorded an increase in the traditional and modern channels by 3,5% compared to the previous year in the local currency. This rise was most visible in the water and carbonated beverages category. In the nine-month period ended 30 September 2011 the revenues of Kofola a.s. (Slovakia) in the most profitable restaurant segment increased by 9,4% from the same period of 2010 during a drop in the market, thereby allowing the company to strengthen its market share in this channel.
- The KOFOLA Group's Rajec brand products have strengthened their position of market leader in the bottled water category, due mainly to flavored waters (Daisy and Birch). Also the grape flavored Vinea drink can boast a strong position on the local carbonated beverages market. As in the Czech Republic, we have begun the distribution of cherry flavored Kofola and of the energy drinks of the newly acquired company Pinelli spol. s r.o.

Russia

- Compared to the nine-month period ended 30 September 2010, in the analyzed period a rise occurred in sales revenue in Russia – by 34,68% in the local currency, which in Polish zloty gives an increase of 50 616 ths. PLN. This is caused by two factors: firstly the low base from the nine months ended 30 September 2010 – when the clients of Megapack sold their stock acquired in the fourth quarter of 2009 at the old, lower excise tax rate. The second factor was the acquisition of a high number of orders for service production (so called co-packing) for both low-alcohol and non-alcoholic beverages in the first half of 2011. This was possible after some of the entities operating on the Russian market lost their licenses for the production of alcohol.

CONSOLIDATED INCOME STATEMENT

The nine month period ended 30 September 2011 compared to the nine month period ended 30 September 2010

Selected financial highlights	1.1.2011 - 30.9.2011	1.1.2010 - 30.9.2010*	Change 2011/2010	Change 2011/2010 (%)
Revenue	996 993	955 802	41 191	4,3%
Adjusted cost of sales	(644 471)	(564 032)	(80 439)	14,3%
Adjusted gross profit	**352 522**	**391 770**	**(39 248)**	**(10,0%)**
Adjusted selling, marketing and distribution costs	(250 843)	(284 091)	33 248	(11,7%)
Adjusted administrative costs	(53 505)	(58 982)	5 477	(9,3%)
Adjusted other operating income/(expense)	3 866	(1 021)	4 887	(478,6%)
Adjusted operating result (EBIT)	**52 040**	**47 676**	**4 364**	**9,2%**
Adjusted EBITDA	**109 068**	**108 775**	**293**	**0,3%**
Net financial expense	(16 166)	(10 422)	(5 744)	55,1%
Adjusted income tax	(8 326)	(9 346)	1 020	(10,9%)
Adjusted net profit for the period	**27 548**	**27 908**	**(360)**	**(1,3%)**
- assigned to the shareholders of the parent company	27 099	26 400	699	2,6%

	1.1.2011 - 30.9.2011	1.1.2010 - 30.9.2010*
Adjusted gross profit margin %	35,4%	41,0%
Profitability EBITDA (adjusted) %	10,9%	11,4%
Profitability EBIT (adjusted) %	5,2%	5,0%
Net profitability (adjusted)	2,7%	2,8%
Adjusted earnings per share	1,0354	1,0087

** results translated using the exchange rates from the nine-month period ended 30 September 2011*

Calculation principles:

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

Presented below are the changes that took place in the main items of the consolidated financial statements.

Net revenue

The consolidated net sales revenues of the KOFOLA Group for the nine month period ended 30 September 2011 amounted to 996 993 ths. PLN, which constitutes a rise of 41 191 ths. PLN (or 4,3%) compared to the same period of the previous year. Revenue from the sale of finished products and services amounted to 983 035 ths. PLN, which constitutes 98,6% of total revenues. The rise in the Group's revenues in the analyzed period of 2011 compared to the nine month period ended 30 September 2010 was caused primarily by: higher (by 50 616 ths. PLN) revenue of the Megapack Group, higher revenues of the company Hoop Polska Sp. z o.o. (increase by 21 200 ths. PLN excluding intra-group transactions). At the same time, the Group's revenue was affected by the discontinuation of the consolidation of the company Bobmark International Sp. z o.o., which was sold in the second half of 2010. In the analyzed period of 2010 the revenues of this company, after excluding intra-group transactions, amounted to 8 101 ths. PLN.

In addition, consolidated revenues were also significantly affected by the drop in the sales of Kofola a.s. in the Czech Republic (down by 18 685 ths. PLN after excluding intra-group transactions).

The activities of the KOFOLA S.A. Group concentrate on the production of beverages in five market segments: carbonated beverages, non-carbonated beverages, mineral water, syrups and low-alcohol drinks. Together these segments account for around 97,9% 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 revenue in the low-alcohol segment in Russia (10,1% of the Group's revenue in the period of nine months ended 30 September 2010 compared to 14,2% of the Group's revenue in the same period of 2011). The largest among the revenues of the nine month period ended 30 September 2011 was the sale of carbonated beverages, as was the case in the comparative period (45,5% and 46,5% of revenues, respectively).

Net revenues of the Group's most significant entities

Net revenues from the sales of products, services, goods and materials ***	**1.1.2011 - 30.9.2011**	**1.1.2010 - 30.9.2010***	**Change**	**% change**
Hoop Polska Sp. z o.o.	364 803	345 101	19 702	5,7%
Kofola a.s. (CZ)	292 296	309 071	(16 775)	(5,4%)
Kofola a.s. (SK)	190 152	190 546	(394)	(0,2%)
Megapack Group (RU)**	196 965	146 349	50 616	34,6%

* *Data translated using exchange rates from the nine-month period ended 30 September 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 revenue realized in the nine-month period ended 30 September 2011 by HOOP Polska Sp. z o.o. was by 5,7% 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 revenue of Kofola a.s. (CZ) realized in the nine-month period ended 30 September 2011 was by 5,4% lower than in the comparative period in the local currency. This drop was caused by a decrease in revenue, especially in the non-carbonated beverages segment, as well as strong price competition in the cola segment, which resulted in an effective sales price that was lower than planned.

The revenue of Kofola a.s. (SK) realized in the nine-month period ended 30 September 2011 and expressed in the local currency remained unchanged. The 3,5% rise in the sale of finished products to third parties was offset by a drop in the sale of goods for resale and raw materials, as well as lower revenues from the sale to Group companies.

In the nine-month period ended 30 September 2011 the Megapack Group increased its sales revenue in the local currency by 34,6% 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 firms outside the Group, as well as a low base from the period of nine months ended 30 September 2010, when Megapack's clients were selling out their stock purchased back in the fourth quarter of 2009 at low excise tax rates.

Adjusted costs of sale

In the nine-month period ended 30 September 2011 the KOFOLA Group's consolidated costs of sale increased by 80 438 ths. PLN, i.e. by 14,3%, to 644 470 ths. PLN from 564 032 ths. PLN in the same period of 2010. This means that costs of sale grew more quickly than sales revenue, which increased by 4,3% in the same period. In percentages, the nine-month period ended 30 September 2011 consolidated costs of sale increased to 64,6% of net sales revenue, compared to 59,0% in the same period of the year 2010. Such a significant rise in costs of sale was caused primarily by the record high prices of raw materials (mainly PET bottle moulds, sugar and isoglucose), the high share of low margin revenues from co-packing in Russia, as well as pricing competition in colas and waters.

Adjusted selling, marketing and distribution costs

In the nine-month period ended 30 September 2011 the Group' was able to decrease its consolidated sales costs by 33 248 ths. PLN, i.e. by 11,7% to 250 843 ths. PLN from 284 091 ths. PLN in the same period of 2010.

In percentages, in the nine-month period ended 30 September 2011 our sales costs decreased to 25,2% of net sales revenue, compared to 29,7% in the same period of 2010. This means a drop in the share of sales costs by nearly 4,5 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 16,5%, and in the Czech Republic – by 6,7%.

Adjusted administrative costs

In the nine-month period ended 30 September 2011 the consolidated administrative costs amounted to 53 505 ths. PLN, which constitutes a drop from 58 982 ths. PLN in the same period of 2010. The ratio of consolidated administrative costs to sales is down from 6,2% to 5,4% in the analyzed periods.

The lowering of administrative costs is the result of the actions undertaken by the Management of KOFOLA S.A. aimed at increasing the cost discipline in the entire Group, optimizing employment and focusing only on the most important projects and activities.

Adjusted operating result

Adjusted operating profit (EBIT) is up by 4 365 ths. PLN, or 9,2% from 47 676 ths. PLN in the nine-month period ended 30 September 2010 to 52 041 ths. PLN in the reporting period. The operating profit margin (EBIT margin) in the nine-month period ended 30 September 2011 amounted to 5,2% compared to 5,0% in the same period of 2010.

The rise in operating profit was the result of the savings implemented in all of the areas of the Group's operations.

Adjusted EBITDA

Adjusted EBITDA (operating profit plus depreciation) increased from 108 775 ths. PLN in the nine-month period ended 30 September 2010 to 109 068 ths. PLN, i.e. by 293 ths. PLN (or 0,3%) in the same period of 2011.

The increase in the EBITDA of the KOFOLA Group in this period was caused primarily by the higher EBITDA at Hoop Polska Sp. z o.o. in Poland, which offset the decreases recorded by Kofola a.s. in the Czech Republic and Kofola a.s. in the Slovak Republic.

The EBITDA margin is down from 11,4% in the nine-month period ended 30 September 2010 to 10,9% in the same period of 2011. The main reason for the decline in the EBITDA margin was the high share of low-margin revenue from co-packing services in Russia, high pricing competition in colas and waters, and high prices of raw materials, which translated into a decline in gross sales margins.

Net financial expense

In the nine-month period ended 30 September 2011 the Group incurred net financial costs of 16 166 ths. PLN compared to 10 422 ths. PLN in the same period of 2010. The rise in net financial costs in the period was caused primarily by the 4 930 ths. PLN increase in foreign exchange losses mostly unrealized at the end of September 2011, as well as a rise in the costs of interest, costs and bank fees by 1 673 ths. PLN increase in foreign exchange losses mostly unrealized a caused by an increase in the cost of money on the inter-bank market and the raising of margins by banks at the renewal of short-term credits.

Summary of operating results in the period of III. quarter 2011

Presented below is a description of the financial position and results of the KOFOA S.A. Group in the third quarter of the year 2011. It should be reviewed along with the consolidated financial statements and with other financial information presented in the present report.

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, adjusted by the value of one-off events, mainly non-monetary in nature, translated using the same foreign exchange rates.

Due to differences in the exchange rates of the Czech crown, the Euro and the Russian ruble to the Polish zloty between the 2011 reporting period and the same period of 2010, to obtain better comparability of data, the financial statements of the Czech, Slovak and Russian companies for the comparable period of 2010 have been translated into the Polish zloty using the exchange rates from the 2011 reporting period. 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 chapter of the present report.

Selected financial highlights	Reported 1.7.2010 - 30.9.2010	Translated * 1.7.2010 - 30.9.2010
Revenue	372 358	391 142
Cost of sales	(232 350)	(240 080)
Gross profit	**140 008**	**151 062**
Selling, marketing and distribution costs	(95 594)	(103 244)
Administrative costs	(18 374)	(20 203)
Other operating income / (expenses) net	(289)	(296)
Operating result (EBIT)	**25 751**	**27 319**
Net financial expenses	(4 014)	(3 712)
Income tax	(5 342)	(5 542)
Net profit for the period	**16 395**	**18 065**

* for better comparability of data, the results reported in 2010 translated using the exchange rates from the nine months of 2011

In the Management's opinion, the consolidated financial statements adjusted by one-off events provide better comparability of the KOFOLA Group's financial results for the period of nine months of 2011 with the same period of 2010; however, from a formal standpoint reported are the consolidated financial statements that are presented in the second portion of the present report.

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.

In the third quarter of 2011 the Group's operating result, EBITDA and net profit were affected by one-off costs, mainly non-monetary in nature, totaling 3 189 ths. PLN. After adjustment by the effect of these items, the Group's operating profit amounted to 27 212 ths. PLN, EBITDA to 47 173 ths. PLN and the adjusted net profit amounted to 16 774 ths. PLN. Details presented in the following table:

Selected financial highlights for the period 1.7.2011 - 30.9.2011	Consolidated financial statements in accordance with IFRS	One-off adjustements	Adjusted consolidated financial statements for management purposes
Revenue	304 770	-	304 770
Cost of sales	(184 474)	442	(184 032)
Gross profit	**120 296**	**442**	**120 738**
Selling, marketing and distribution costs	(79 322)	1 613	(77 709)
Administrative costs	(17 088)	442	(16 646)
Other operating income / (expenses) net	137	692	829
Operating result (EBIT)	**24 023**	**3 189**	**27 212**
EBITDA	**43 984**	**3 189**	**47 173**
Net financial expenses	(6 051)	-	(6 051)
Income tax	(3 891)	(496)	(4 387)
Net profit for the period	**14 081**	**2 693**	**16 774**

The three month period ended 30 September 2011 compared to the three month period ended 30 September 2010

Selected financial highlights	1.7.2011 - 30.9.2011	1.7.2010 - 30.9.2010*	Change 2011/2010	Change 2011/2010 (%)
Revenue	304 770	391 142	(86 372)	(22,1%)
Adjusted cost of sales	(184 032)	(240 080)	56 048	(23,3%)
Adjusted gross profit	**120 738**	**151 062**	**(30 324)**	**(20,1%)**
Adjusted selling, marketing and distribution costs	(77 709)	(103 244)	25 535	(24,7%)
Adjusted administrative costs	(16 646)	(20 203)	3 557	(17,6%)
Adjusted other operating income/(expense)	829	(296)	1 125	(380,1%)
Adjusted operating result (EBIT)	**27 212**	**27 319**	**(107)**	**(0,4%)**
Adjusted EBITDA	**47 173**	**47 871**	**(698)**	**(1,5%)**
Net financial expense	(6 051)	(3 712)	(2 339)	63,0%
Adjusted income tax	(4 387)	(5 542)	1 155	(20,8%)
Adjusted net profit for the period	**16 774**	**18 065**	**(1 291)**	**(7,1%)**
- assigned to the shareholders of the parent company	18 606	16 364	2 242	13,7%

	1.7.2011 - 30.9.2011	1.7.2010 - 30.9.2010*
Adjusted gross profit margin %	39,6%	38,6%
Profitability EBITDA (adjusted) %	15,5%	12,2%
Profitability EBIT (adjusted) %	8,9%	7,0%
Net profitability (adjusted)	6,1%	4,2%
Adjusted earnings per share	0,7109	0,6252

** Data translated using the exchange rates from the nine-month period ended 30 September 2011*

Calculation principles:

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

The results for the third quarter of 2011 were affected by several factors, both external and internal, including in particular:

- an exceptionally wet and cool July and first half of August compared to the third quarter of 2010,

- very high prices of raw materials (PET bottle moulds, sugar, isoglucose and fruit concentrates),

- gradual success in raising the prices of our products (we were able to raise them for almost all of our clients),

- clear success in reducing fixed costs at the Group.

In the third quarter of 2011 the Group's consolidated sales revenue amounted to 304 770 ths. PLN and was by 86 372 ths. PLN lower than in the same quarter of 2010, when it had amounted to 391 142 ths. PLN (a decrease by 22,1%).

The decrease in sales revenue in the third quarter was the result of lower sales at OOO Megapack (decrease in revenue by 52 884 ths. PLN due mainly to low sales of low-alcohol beverage bottling services as part of so-called co-packing), Kofola a.s. Czech Republic (decrease in revenue by 27 967 ths. PLN) and Hoop Polska (decrease in revenue by 6 321 ths. PLN).

The third quarter drop in revenue from commissioned bottling of low-alcohol beverages was a consequence of the dragging out of the administrative process to renew the five-year license for the production of alcoholic beverages. During the application to obtain the license OOO Megapack underwent a series of audits and inspections and until it had renewed the license it could not produce low-alcohol beverages.

Due to lower sales revenues and the pace and scale of the increases in the prices of raw materials, we recorded a drop in gross sales profit by 30 324 ths. PLN compared to the third quarter of 2010 (i.e. by 20,1%).

Due, however, to our consistent raising of prices and better control over promotions and segment costs in all of the sales channels, we were able to improve the gross sales margin, which in third quarter of 2011 alone amounted to 39,6% compared to 35,4% in the second quarter of 2011 and was by 1,0 percentage point higher than the gross margin achieved in the third quarter of 2010 when it had amounted to compared to 30,6% in the first quarter of this 38,6%.

The Group's companies tried to offset the inability to transfer the entire rise in the costs of raw materials onto the end clients with a much increased cost discipline and reductions in fixed costs, as well as with increasing the effectives of sales and logistics processes. As a result, in the third quarter of 2011 we were able to lower sales costs by 25 535 ths. PLN (from 103 244 ths. PLN in the third quarter of 2010 to 77 709 ths. PLN in the same quarter of 2011), i.e. by 24,7%, and general administrative costs by 3 557 ths. PLN (from 20 203 ths. PLN in the third quarter of 2010 to 16 646 ths. PLN in the third quarter of 2011), i.e. by 17,6%.

These actions helped the Group maintain its operating profit and EBITDA at values similar to those for the third quarter of 2010, when its operating profit had amounted to 27 319 ths. PLN compared to 27 212 ths. PLN in the third quarter of 2011, and EBITDA had amounted to 47 871 ths. PLN in the third quarter of 2010 compared to 47 173 ths. PLN in the third quarter of 2011.

In the third quarter of 2011 the operating profit margin amounted to 8,9% compared to 7,0% in the same quarter of 2010, and the EBITDA margin grew from 12,2% to 15,5% in the analyzed quarters.

Due to a rise in the analyzed quarters in net financial costs by 2 339 ths. PLN, the net profit for the third quarter of 2011 dropped to 16 774 ths. PLN from 18 065 ths. PLN in the third quarter of 2010, whereas the net profit attributable to majority shareholders increased from 16 364 ths. PLN to 18 606 ths. PLN, i.e. by 2 242 ths. from quarter to quarter. The net profit margin attributable to majority shareholders amounted to 6,1% in the third quarter of 2011 compared to 4,2% in the third quarter of 2010.

The adjusted net profit was positively affected by better tax cost management, which resulted in a decline in the effective tax rate from 17,9% in the third quarter of 2010 to 13,2% in the third quarter of 2011.

CONSOLIDATED BALANCE SHEET

Selected financial highlights	**30.9.2011**	**31.12.2010***	**30.9.2010***	**Change from 12.2010 (%)**	**Change from 9.2010 (%)**
Total assets	**1 326 264**	**1 358 045**	**1 479 512**	**(2,3%)**	**(10,4%)**
Fixed assets, out of which:	936 829	917 340	965 155	2,1%	(2,9%)
Tangible fixed assets	*569 491*	*580 018*	*581 825*	*(1,8%)*	*(2,1%)*
Intangible fixed assets	*220 733*	*197 597*	*231 443*	*11,7%*	*(4,6%)*
Goodwill	*120 820*	*113 011*	*113 011*	*6,9%*	*6,9%*
Financial assets available for sale	*22 225*	*21 960*	*32 598*	*1,2%*	*(31,8%)*
Current assets, out of which:	389 435	440 705	514 357	(11,6%)	(24,3%)
Inventories	*150 917*	*136 584*	*151 911*	*10,5%*	*(0,7%)*
Trade receivables and other receivables	*204 436*	*226 343*	*275 085*	*(9,7%)*	*(25,7%)*
Cash and cash equivalents	*19 957*	*57 442*	*61 092*	*(65,3%)*	*(67,3%)*
Total equity and liabilities	**1 326 264**	**1 358 045**	**1 479 512**	**(2,3%)**	**(10,4%)**
Equity assigned to the shareholders of the parent company	509 087	483 617	541 997	5,3%	(6,1%)
Non-controlling capital	37 927	41 188	39 922	(7,9%)	(5,0%)
Total equity	547 014	524 805	581 919	4,2%	(6,0%)
Long-term liabilities	222 924	284 279	227 958	(21,6%)	(2,2%)
Short-term liabilities	556 327	548 961	669 635	1,3%	(16,9%)

	30.9.2011	**31.12.2010***	**30.9.2010***
Current ratio	0,70	0,81	0,77
Quick ratio	0,43	0,56	0,54
Total debt ratio	58,76%	61,36%	60,67%
Net debt	311 076	326 678	273 467
Net debt /EBITDA**	2,6	2,6	1,9

** translated at the exchange rates as at 30 September 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 September 2011 the Group's fixed assets equaled 936 829 ths. PLN. Compared to 31 December 2010 the value of fixed assets increased by 19 489 ths. PLN (2,3%) due to an increase in intangibles by 23 137 ths. PLN, or 11,7% (mainly due to the purchase along with the company Pinelli of the Semtex and Erektus trademarks as well as of computer software). At the same time, due to depreciation charges, the net value of tangible fixed assets went down by 10 527 ths. PLN. At the end of September 2011 fixed assets account for 70,6% of total assets and has grown compared to the end of December 2010, when it had amounted to 67,5%.

Thus far goodwill has comprised three items: the goodwill resulting from the merger of the HOOP S.A. Group with the Kofola SPV Sp. z o.o. Group, the goodwill of the Megapack Group and the value of the production operations of Klimo taken over in 2006 by Kofola a.s. Czech Republic. The rise in the value of goodwill compared to December 2010 has to do with the acquisition of the company Pinelli by Kofola a.s. (Czech Republic). The settlement of the transaction is presented in note 5.18 of the present report.

Intangible assets consist primarily of trademarks acquired by the Group, as well as, to a lesser extent, the acquired software licenses.

As at 30 September 2011 the Group's current assets amounted to 389 435 ths. PLN. At the end of September 2011 they consisted primarily of: trade and other receivables – 52,5% of current assets, and inventory – 38,8%. Compared to the end of December 2010, the value of current assets has decreased by 51 269 ths. PLN (where the greatest decrease was recorded in cash and cash equivalents – by 37 485 ths. PLN, and in trade receivables - by 21 907 ths. PLN). Due to the cyclical nature of the business it is more reliable to compare the balances of current assets with their balance as at the end of September 2010. In such a comparison, the value of receivables decreased by 70 649 ths. PLN, i.e. 25,7% (with a 24,2% decrease in revenue in the compared periods), and inventory went down by 994 ths. PLN, i.e. by 0,7%.

The value of net working capital calculated as the sum of inventory, trade receivables less short-term trade payables and other payables as at 30 September 2011 was 47 518 ths. PLN compared to 43 484 ths. PLN as at 31 December 2010 and 32 687 ths. PLN as at 30 September 2010. The rise in net working capital compared to 10 September 2010 is primarily the result of a drop in the value of short-term trade payables and other payables, which as at 30 September 2011 amounted to 307 834 ths. PLN and were by 86 475 ths. PLN lower than the 394 309 ths. PLN as at 30 September 2010, as well as the relatively high balance of inventory arising out of cheaper sugar purchases from the 2010 harvest.

The ratio of working capital to annualized sales revenue amounts to 3,7% as at 30 September 2011, compared to 3,5% at the end of December 2010 and 2,5% as at 30 September 2010.

Liabilities

As at 30 September 2011 the Group's liabilities (long- and short-term together) amounted to 779 251 ths. PLN, which constitutes a drop by 53 989 ths. PLN compared to the end of December 2010. The decrease pertains mainly to long-term credits and loans and is the result of their timely repayment.

As at 30 September 2011 the debt rate (short- and long-term liabilities to total assets) amounted to 58,8% and has gone down compared to the end of December 2010 when it had amounted to 61,4%.

The Group's consolidated 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 311 076 ths. PLN as at 30 September 2011 after decreasing by 15 602 ths. PLN from the end of December 2010 (decrease by 4,8%).

Net debt based on annualized adjusted EBITDA has remained unchanged and amounted to 2,6 times at the end of December 2010, as well as at the end of September 2011.

CONSOLIDATED CASH FLOW

In the period of nine months ended 30 September 2011 the value of net consolidated cash flows was (35 306) ths. PLN and was by 42 804 ths. PLN lower compared to the net consolidated cash flows in the same period of 2010, when it had amounted to 7 498 ths. PLN. The decline is due to the 46 974 ths. PLN decrease in operating cash flows, 1 946 ths. PLN decrease in financing cash flows, accompanied by 46 265 ths. PLN increase in investment cash flows. As financing cash flows were by 50 435 ths. PLN lower, they could only partially offset the drop in net cash flows.

The value of consolidated operating cash flows generated in the period of nine months ended 30 September 2011 was 94 246 ths. PLN compared to 141 220 ths. PLN in the same period of 2010. The decrease was caused primarily by a greater decrease in liabilities in the analyzed period of 2011, as well as a smaller decrease in receivables in the nine-month period ended 30 September 2011 compared to the same period of 2010.

In the period of nine months ended 30 September 2011 the value of consolidated investment cash flows was (62 725) ths. PLN compared to (16 460) ths. PLN in the same period of 2010. The expenses are higher in the current period compared to the same period of the previous year due to the acquisition of Pinelli spol. s r.o. in April 2011, investments in a hot bottling line in Mnichovo Hradiště at Kofola a.s. (Czech Republic), a new filling machine and a water treatment station at the plant in Kutno (Hoop Polska Sp. z o.o.). In addition, in the comparative period the Group sold the shares of the company BOMI, from which it had received an income in the amount of 13 844 ths. PLN, which had improved the value of net investment cash flows.

The value of consolidated financing cash flows was negative in both the period of nine months ended 30 September 2011 and the same period of 2010, amounting to (66 827) ths. PLN and (117 262) ths. PLN, respectively. Expenses were lowered as a result of lower credit and lease payments. The reduction in expenses was possible even as a dividend was paid out to non-controlling shareholders in the amount of 5 439 ths. PLN.

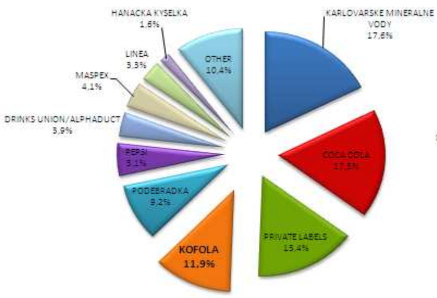
1.3 Operating segments

Market position of the KOFOLA S.A. Group

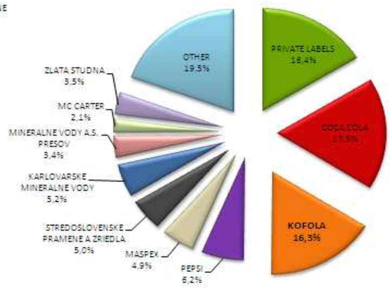
According to AC Nielsen, as at 30 September 2011 the companies of the KOFOLA S.A. Group rank third on the non-alcoholic beverages market in the Czech Republic (of which first when it comes to syrups, second in colas, second in children's drinks, second in non-carbonated beverages in PET packaging and fifth 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 fifth in non-carbonated beverages in PET packaging), and seventh on the Polish market (of which: second in syrups, third in colas, third in children's beverages and sixth on the non-carbonated beverages market (all types of 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.

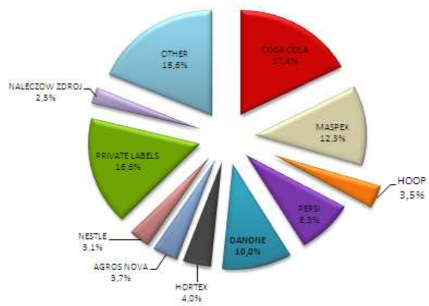
CZECH REPUBLIC



SLOVAKIA



POLAND



Products

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

KOFOLA S.A. GROUP BRANDS IN 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, Aloe vera
100% FRUIT JUICES AND NECTARS	Snipp
SYRUPS AND CONCENTRATES	Jupí, Paola
CHILDRENS' DRINKS	Jupík, Jupík Aqua, Jumper, Jupik Smoothie
ICE TEA	Pickwick Just Tea, Green Tea
ENERGY DRINKS	R20, Semtex, Erektus
LOW ALCOHOL BEVERAGES (Russia)	Hooper`s Hooch, Dieviatka

Since the beginning of 2011 the Group's beverage assortment has been broadened to include new Rajec flavored waters ("Daisy", "Birch"), cherry flavored Kofola drink, sugar-free Hoop Cola 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 and Green Tea ice tea to its product portfolio. The Group's newest products are the Aloe Vera drink and Jupik Smoothie manufactured using hot bottling technology.

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 drinks Semtex, Erektus and R20 (product), ice coffee Nescafe Xpress (good for resale) and ice tea Green Tea (product), 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 nine months of 2011 the Group's revenues from this client amounted to 188 141 ths. 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.

Total revenues and costs of all of the separate segments include one-off items and are consistent with the data presented in the profit and loss accounts for the reporting and comparative periods. Presented below are the results of the reporting segments for the nine-month period ended 30 September 2011 and the nine-month period ended 30 September 2010:

Operating gegments

1.1.2011 - 30.9.2011	**Carbonated beverages**	**Non-Carbonated beverages**	**Mineral waters**	**Syrups**	**Low alcohol drinks**	**Other**	**Total**
Revenue	453 179	98 155	177 806	105 167	141 654	21 032	996 993
Operating expenses	(414 415)	(98 351)	(183 669)	(91 641)	(139 641)	(20 425)	(948 142)
Operating result of the segment (EBIT)	**38 764**	**(196)**	**(5 863)**	**13 526**	**2 013**	**607**	**48 851**
Result on financial activity							(16 166)
Profit before tax							32 685
Income tax							(7 830)
Net profit							**24 855**

1.1.2010 - 30.9.2010	**Carbonated beverages**	**Non-Carbonated beverages**	**Mineral waters**	**Syrups**	**Low alcohol drinks**	**Other**	**Total**
Revenue	435 511	114 592	160 803	100 044	94 288	31 780	937 018
Operating expenses	(388 028)	(127 870)	(162 991)	(86 753)	(93 363)	(31 905)	(890 910)
Operating result of the segment (EBIT)	**47 483**	**(13 278)**	**(2 188)**	**13 291**	**925**	**(125)**	**46 108**
Result on financial activity							(10 724)
Profit before tax							35 384
Income tax							(9 146)
Net profit							**26 238**

1.4 Geographical segments

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

- Poland
- Czech Republic
- Russia
- Slovakia

Presented below are the data for the above geographical segments.

1.1.2011 - 30.9.2011	Poland	Czech Republic	Russia	Slovakia	Other (export)	Eliminations (consolidation adjustments)	Total
Revenue	390 439	302 129	196 965	195 568	1 938	(90 046)	996 993
Sales to external customers	371 085	267 453	196 965	159 552	1 938	-	996 993
Inter-segment sales	19 354	34 676	-	36 016	-	(90 046)	-
Operating expenses	(382 811)	(273 621)	(196 062)	(181 878)	(1 845)	88 075	(948 142)
Related to third party sales	(364 438)	(239 936)	(196 062)	(145 861)	(1 845)	-	(948 142)
Related to inter-segment sales	(18 373)	(33 685)	-	(36 017)	-	88 075	-
Operating result of the segment (EBIT)	**7 628**	**28 508**	**903**	**13 690**	**93**	**(1 971)**	**48 851**
Result on financial activity	29 193	(2 204)	1 004	(1 775)	1	(42 385)	(16 166)
within segment	(9 580)	(5 816)	1 004	(1 775)	1	-	(16 166)
between segments	38 773	3 612	-	-	-	(42 385)	-
Profit /(loss) before tax	36 821	26 304	1 907	11 915	94	(44 356)	32 685
Income tax	(2 991)	(1 523)	(1 007)	(2 309)	-	-	(7 830)
Net profit /(loss)	**33 830**	**24 781**	**900**	**9 606**	**94**	**(44 356)**	**24 855**
Assets and liabilities							
Segment assets	757 507	545 828	110 873	215 034	233	(303 210)	1 326 265
Total assets	**757 507**	**545 828**	**110 873**	**215 034**	**233**	**(303 210)**	**1 326 265**
Segment liabilities	380 096	520 592	35 023	148 595	19	(305 074)	779 251
Equity							547 014
Total liabilities and equity							**1 326 265**
Other information concerning segment							
Investment expenditure :							
Tangibles and intangibles	18 150	31 346	4 623	2 576	-	-	56 695
Depreciation and amortization	18 379	19 604	7 457	11 588	-	-	57 028

1.1.2010 - 30.9.2010	Poland	Czech Republic	Russia	Slovakia	Other (export)	Eliminations (consolidation adjustments)	Total
Revenue	373 229	303 495	148 827	191 456	2 757	(82 745)	937 018
Sales to external customers	358 565	269 569	148 827	157 301	2 757	-	937 018
Inter-segment sales	14 664	33 926	-	34 155	-	(82 745)	-
Operating expenses	(374 332)	(270 851)	(143 518)	(176 592)	(2 409)	76 791	(890 910)
Related to third party sales	(359 807)	(242 440)	(143 518)	(142 737)	(2 409)	-	(890 910)
Related to inter-segment sales	(14 525)	(28 411)	-	(33 855)	-	76 791	-
Operating result of the segment (EBIT)	**(1 103)**	**32 643**	**5 309**	**14 864**	**348**	**(5 954)**	**46 108**
Result on financial activity	24 842	(2 054)	542	(1 665)	-	(32 389)	(10 724)
within segment	(4 922)	(4 679)	542	(1 665)	-	-	(10 724)
between segments	29 764	2 625	-	-	-	(32 389)	-
Profit /(loss) before tax	23 739	30 589	5 851	13 199	348	(38 343)	35 384
Income tax	(1 995)	(3 670)	(1 259)	(3 121)		899	(9 146)
Net profit /(loss)	**21 744**	**26 919**	**4 592**	**10 078**	**348**	**(37 444)**	**26 238**
Assets and liabilities							
Segment assets	816 608	470 792	139 220	229 330	714	(276 786)	1 379 878
Total assets	**816 608**	**470 792**	**139 220**	**229 330**	**714**	**(276 786)**	**1 379 878**
Segment liabilities	405 259	478 795	62 274	158 015	542	(295 651)	809 234
Equity							570 644
Total liabilities and equity							**1 379 878**
Other information concerning segment							
Investment expenditure :							
Tangibles and intangibles	7 500	9 281	483	15 415	-	-	32 679
Depreciation and amortization	19 153	23 070	5 971	11 638	-	-	59 832

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 and ice tea Green Tea.

Resolution to pay out a dividend and to form a dividend fund

In its Resolution No. 17 the Ordinary General Meeting of KOFOLA S.A. of 29 June 2011 decided to form from the Company's accumulated profits from previous years a capital reserve in the amount of 20 583 ths. PLN designated for the payment of dividends (dividend fund). In its resolution the Ordinary Shareholders Meeting designated 8 959 ths. PLN of the Company's profit for the year 2010, amounting to 25 186 ths. PLN, to increase the dividend fund, and 16 227 ths. PLN for the payment of a dividend. The dividend will amount to 0,62 PLN per share, and the shares of all series A, B, C, D, E, F and G will participate. The dividend date has been set at 29 September 2011, and the dividend payment date at 6 December 2011.

Change in the registered office of KOFOLA S.A.

In its Resolution No. 18 the Ordinary General Meeting of KOFOLA S.A. of 29 June 2011 decided to amend the Company's statute indicating the city of Kutno as the registered office of KOFOLA S.A. The resolution will become effective 25 September 2011. Formally the registered office of KOFOLA S.A. will not be moved until the change in the Statute is entered in the National Court Register.

Restructuring at subsidiary companies

On 27 July 2011 the Management of Kofola a.s. (CZ), an indirect subsidiary of KOFOLA S.A., passed a resolution to restructure its sales department in order to raise the department's operating efficiency.

On 10 August 2011 the Management of Kofola a.s. (SK), an indirect subsidiary of KOFOLA S.A. passed a resolution to restructure its sales department in order to raise the department's operating efficiency.

On 16 August 2011 the Management of Kofola a.s. (CZ), an indirect subsidiary of KOFOLA S.A. passed a resolution to restructure its production department in order to raise the department's operating efficiency.

On 2 September 2011 the Management of Kofola a.s. (SK), an indirect subsidiary of KOFOLA S.A. passed a resolution to restructure its sales department in order to raise the department's operating efficiency.

On 13 September 2011 the Management of Kofola a.s. (SK), an indirect subsidiary of KOFOLA S.A. passed a resolution to restructure its sales, administration and production departments in order to raise their operating efficiency.

The employment reduction costs arising out of these resolutions have been estimated and a relevant provision totaling 2 497 ths. PLN has been formed, as described in point 1.2.

Changes in organizational structure

Effective 1 September 2011 changes have been made in the organizational structures of the companies in the Czech and Slovak Republics, consisting of the creation of a joint management team. The main purpose of the change is to manage Kofola Holding a.s., as well as the Czech and Slovak Kofola's as a whole. This will enable us to focus on key areas of our operations, provide for a more dynamic management, facilitate simpler and more effective communication and speed up the improve all of the process, which in turn will raise the efficiency of our operations.

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. 7 November 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 30 September 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 approval of the report for the nine months ended 30 September 2011, no changes occurred in the ownership of KOFOLA S.A. shares or options (subscriptions warrants) by management and supervisory staff compared to the date of submission of the report for the 1st half of 2011 (i.e. 31 August 2011).

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 30 September 2011 the total value of these receivables is 9 667 ths. PLN, the balance sheet value of this item after revaluation is 2 441 ths. 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 and ice tea Green Tea.

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	6 642 T EUR	29 299	6/2012	Kofola a.s., SR	subsidiary
Kofola Holding	VÚB BANKA	6 978 T EUR	30 782	12/2017	Kofola a.s., SR	subsidiary
Kofola Holding	ČSOB a.s.	259 T EUR	1 143	3/2014	Kofola a.s., SR	subsidiary
Kofola Holding	Raiffeisen-Leasing	36 654 T CZK	6 565	10/2015	Kofola a.s., ČR	subsidiary
Kofola S.A.	Bank Zachodni WBK S.A.	49 155 T PLN	49 155	12/2015	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	Kredyt Bank S.A.	5 578 T PLN	5 578	12/2015	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	Bank Pekao S.A.	5 457 T PLN	5 457	12/2015	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	Deutsche Leasing	2 671 T EUR	11 784	2/2014	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	ING Commercial Finance	2 872 T PLN	2 872	till termination of the contract	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	Komerční banka a.s., Prague	128 206 T CZK	22 962	12/2016	Kofola a.s., ČR	subsidiary
Kofola S.A.	Komerční banka a.s., Prague	205 873 T CZK	36 872	1/2012	Kofola a.s., ČR	subsidiary
Kofola S.A.	Komerční banka a.s., Prague	28 156 T CZK	5 043	1/2012	Kofola Holding a.s.	subsidiary
Total sureties for loans or guarantees issued			**207 511**	**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 reaction to the growing prices of raw materials in the first quarter of 2011 our companies began to raise the sales prices of our products.

In addition, further to the ongoing restructuring of the sales and production departments of the companies Kofola a.s. (CZ) and Kofola a.s. (SK), resulting in a change in employment at these companies, in the reporting period the Group recognized 2 497 ths. PLN in one-off costs associated with the restructuring.

The Group's result for the reporting period was also highly affected by the weakening of the exchange rate of the Polish zloty to CZK and EUR adopted for the purposes of the valuation of foreign entities (the average PLN to CZK exchange rate weakened by 9% and of PLN to EUR by 10% in the period of nine months ended 30 September 2011 compared to the previous year, and by 12% and 10% compared to the PLN to CZK and PLN to EUR exchange rates at the end of December 2010). Due to such significant changes in exchange rates in the first three quarters of 2011 the Group reported net foreign exchange losses that were by 4 930 ths. PLN higher than in the same period of the previous year.

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, production 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 periods.

In the coming periods 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 pricing policies of competitors, in particular those in the carbonated beverages segment (especially colas), mineral waters and syrups,
- the changes that are taking place in retail, consisting of a rise in significance of food discounts at the expense of the traditional channel, with a slower growth of hypermarket chains, and the ability to quickly adapt the Kofola Group's operating model to the changing market,
- the ability to keep the largest clients while maintaining reasonable sales terms that will allow the companies to improve their results and generate positive cash flows,
- the growing aversion of banks to take on risks, caused by the current market conditions associated with the crisis in the Euro Zone and the problems faced by such countries as Greece, Italy, Spain or Portugal, and the problems of their foreign parent companies, as well as the effect of this aversion on the banks' readiness to continue to finance the activities of Kofola Group companies. Potential difficulties in obtaining financing (extending existing short-term revolving credits) could hinder the operations of the individual companies and turn the Management's attention away from continuing to optimize the Group's activities and towards obtaining financing,
- 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 the ability to protect 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 year 2012 from 10% to 14%,
- increase in excise tax on low alcohol beverages in Russia,
- interest rates,
- impairment of goodwill or brand value.

1.18 Subsequent events

On 25 October 2011 the Company received a notification from the National Court Register about the registration of a change in the Company's Statute. On that day the registered office of KOFOLA S.A. was formally moved Warsaw to Kutno.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

7.11.2011	**Janis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
7.11.2011	**Bartosz Marczuk**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
7.11.2011	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
7.11.2011	**René Musila**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
7.11.2011	**Tomáš Jendřejek**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

7.11.2011	**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 9-month and 3-month period ended 30 September 2011 and for the 9-month and 3-month period ended 30 September 2010

	Note	1.1.2011 - 30.9.2011	1.7.2011 - 30.9.2011	1.1.2010 - 30.9.2010	1.7.2010 - 30.9.2010
Continuing operations					
Revenue from the sale of finished products and services	5.1,5.2	983 036	303 430	917 139	365 539
Revenue from the sale of goods and materials	5.1,5.2	13 957	1 340	19 879	6 819
Revenue		996 993	304 770	937 018	372 358
Cost of products and services sold	5.3	(632 432)	(183 765)	(538 721)	(225 625)
Cost of goods and materials sold	5.3	(12 481)	(709)	(17 581)	(6 725)
Total cost of sales		(644 913)	(184 474)	(556 302)	(232 350)
Gross profit		**352 080**	**120 296**	**380 716**	**140 008**
Selling, marketing and distribution costs	5.3	(252 456)	(79 322)	(276 441)	(95 594)
Administrative costs	5.3	(53 947)	(17 088)	(57 154)	(18 374)
Other operating income		7 396	1 950	2 037	324
Other operating expenses		(4 222)	(1 813)	(3 050)	(613)
Operating result		**48 851**	**24 023**	**46 108**	**25 751**
Financial income	5.4	5 057	3 525	4 710	1 282
Financial expense	5.5	(21 126)	(9 588)	(15 434)	(5 296)
Share in result received from subsidiaries and associates	5.6	(97)	12	-	-
Profit / (Loss) before tax		**32 685**	**17 972**	**35 384**	**21 737**
Income tax	5.9	(7 830)	(3 891)	(9 146)	(5 342)
Net profit / (loss) on continued activity		**24 855**	**14 081**	**26 238**	**16 395**
Discontinued activity					
Net profit on discontinued activity		-	-	-	-
Net profit / (loss) for the financial year		**24 855**	**14 081**	**26 238**	**16 395**
Assigned to:					
Shareholders of the parent company		24 406	15 913	24 694	14 658
Non-controlling interests shareholders		449	(1 832)	1 544	1 737
Earnings per share (in PLN)					
- basic earnings per share	5.11	0,9325	0,6080	0,9435	0,5600
- basic earnings per share from continuing operations	5.11	0,9325	0,6080	0,9435	0,5600
- diluted earnings per share	5.11	0,9323	0,6078	0,9399	0,5579
- diluted earnings per share from continuing operations	5.11	0,9323	0,6078	0,9399	0,5579

2.2 Consolidated statement of comprehensive income

for the 9-month and 3-month period ended 30 September 2011 and for the 9-month and 3-month period ended 30 September 2010

	Note	1.1.2011 - 30.9.2011	1.7.2011 - 30.9.2011	1.1.2010 - 30.9.2010	1.7.2010 - 30.9.2010
Net profit / (loss) for the financial year		**24 855**	**14 081**	**26 238**	**16 395**
Other comprehensive income (gross):					
Currency differences from translation of foreign subsidiaries		31 101	25 183	4 023	(14 270)
Cash flow hedges		-	-	80	58
Income tax relating to components of other comprehensive income	5.9	-	-	(15)	(10)
Other comprehensive income for the period (net)		**31 101**	**25 183**	**4 088**	**(14 222)**
Total comprehensive income for the period	2.5	**55 956**	**39 264**	**30 326**	**2 173**
Assigned to:					
Akcjonariuszom jednostki dominującej	2.5	53 778	40 058	28 506	5 380
Non-controlling interests shareholders	2.5	2 178	(794)	1 820	(3 207)

2.3 Consolidated balance sheet

as at 30 September 2011, as at 31 December 2010 and as at 30 September 2010.

ASSETS	Note	30.9.2011	31.12.2010	30.9.2010
Fixed assets		**936 829**	**863 203**	**918 785**
Tangible fixed assets	5.12	569 491	540 072	547 953
Goodwill	5.13	120 820	111 836	112 065
Intangible fixed assets		220 733	186 869	221 821
Financial assets available for sale		-	-	-
Other financial assets		3 560	4 756	6 278
Deferred tax assets		22 225	19 670	30 668
Current assets		**389 436**	**405 311**	**461 093**
Inventories		150 917	127 106	142 352
Trade receivables and other receivables		204 436	203 700	234 991
Income tax receivables		4 126	9 242	5 176
Cash and cash equivalents		19 957	55 263	58 001
Other financial assets		-	-	69
Assets (group of assets) held for sale	5.14	10 000	10 000	20 504
TOTAL ASSETS		**1 326 265**	**1 268 514**	**1 379 878**
LIABILITIES AND EQUITY				
Equity assigned to the shareholders of the parent company		**509 087**	**471 597**	**530 722**
Share capital	2.5	26 173	26 173	26 173
Other capital	2.5	522 117	482 870	486 769
Retained earnings	2.5	(39 203)	(37 446)	17 780
Equity assigned to the non-controlling interests shareholders	2.5	**37 927**	**41 188**	**39 922**
Total equity		**547 014**	**512 785**	**570 644**
Long-term liabilities		**222 924**	**256 145**	**203 043**
Bank credits and loans		110 622	149 283	81 920
Financial leasing liabilities		18 019	27 232	30 861
Provisions	5.7	70	215	125
Other liabilities		22 087	17 408	16 193
Deferred tax reserve		72 126	62 007	73 944
Short-term liabilities		**556 327**	**499 584**	**606 191**
Bank credits and loans		190 209	161 997	182 525
Financial leasing liabilities		9 720	12 947	13 015
Trade liabilities and other liabilities		307 834	290 658	349 425
Income tax liabilities		1 863	703	112
Other financial liabilities	5.8	16 227	33	25 126
Provisions	5.7	28 010	30 439	31 912
Liabilities (group of liabilities) related to assets held for sale		2 464	2 807	4 076
Total liabilities		**779 251**	**755 729**	**809 234**
TOTAL LIABILITIES AND EQUITY		**1 326 265**	**1 268 514**	**1 379 878**

2.4 Consolidated cash flow statement

for the 9-month and 3-month period ended 30 September 2011 and for the 9-month and 3-month period ended 30 September 2010

	Note	1.1.2011 - 30.9.2011	1.7.2011 - 30.9.2011	1.1.2010 - 30.9.2010	1.7.2010 - 30.9.2010
Cash flow on operating activity					
Gross profit		32 685	17 972	35 384	21 737
Adjustments for the following items:					
Depreciation	5.3	57 028	19 961	59 832	19 465
Net interest and dividends	5.4,5.5	12 972	4 585	12 448	3 968
Net foreign exchange differences	5.4,5.5	4 238	3 864	(692)	(646)
(Profit)/loss on investment activity		751	170	(2 138)	(519)
Change in the balance of receivables		(2 822)	52 335	26 487	33 534
Change in the balance of inventories		(21 741)	11 322	(35 696)	(7 754)
Change in the balance of liabilities		9 925	(102 162)	71 859	8 445
Change in the balance of provisions		(2 574)	(1 107)	(805)	-
Paid income tax		2 089	3 266	(11 494)	-
Impairment of fixed assets		-	-	-	-
Other		49	(751)	997	83
Other currency differences from translation		1 646	(850)	(14 962)	(503)
Net cash flow on operating activity		**94 246**	**8 605**	**141 220**	**77 810**
Cash flow on investing activity					
Sale of intangible assets and fixed assets		1 931	-	1 467	410
Purchase of intangible assets and fixed assets	5.12,5.13	(56 695)	(34 817)	(32 679)	(10 203)
Acquisition of subsidiaries (including cash acquired)		(9 757)	-	-	-
Sale of financial assets (BOMI S.A.)		-	-	13 844	-
Interest received		1 796	365	908	295
Other		-	-	-	-
Net cash flow on investing activity		**(62 725)**	**(34 452)**	**(16 460)**	**(9 498)**
Cash flow on financial activity					
Repayment of financial leasing liabilities		(9 807)	(2 037)	(18 943)	(9 035)
Proceeds from loans and bank credits received		38 484	20 961	97 919	4 272
Repayment of loans and bank credits		(75 297)	(12 480)	(178 304)	(33 721)
Dividends paid to the shareholders of the parent company	5.8	-	-	-	-
Dividends paid to the non-controlling interests shareholders	5.8	(5 439)	-	(5 040)	(5 040)
Interest paid	5.5	(14 768)	(5 101)	(12 894)	(3 622)
Other		-	-	-	-
Net cash flow on financing activity		**(66 827)**	**1 343**	**(117 262)**	**(47 146)**
Total net cash flow		(35 306)	(24 504)	7 498	21 166
Cash at the beginning of the period		**55 263**	**44 461**	**50 503**	**36 835**
Cash at the end of the period		**19 957**	**19 957**	**58 001**	**58 001**
Cash with limited ability to use		-	-	-	-

2.5 Consolidated statement of changes in equity

for the 9-month and 3-month period ended 30 September 2011, for the 12-month period ended 31 December 2010 and for the 9-month period ended 30 September 2010

		Assigned to the shareholders of the parent company					Assigned to the non-controlling interests shareholders	Total equity
			Other capital					
	Note	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		-	1 366	-	-	1 366		1 366
Total comprehensive income for the period	2.2	**-**	**3 812**	**3 747**	**24 694**	**28 506**	**1 820**	**30 326**
Dividends payment	5.8	-	(23 510)	-	(1 616)	(25 126)	(4 780)	(29 906)
Profit distribution		-	2 150	-	(2 384)	(234)	-	(234)
As at 30.9.2010		**26 173**	**486 769**	**27 155**	**17 780**	**530 722**	**39 922**	**570 644**
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	**-**	**29 372**	**29 372**	**24 406**	**53 778**	**2 178**	**55 956**
Dividends payment	5.8	-	-	-	(16 227)	(16 227)	(5 439)	(21 666)
Profit distribution		-	9 875	-	(9 936)	(61)	-	(61)
As at 30.9.2011		**26 173**	**522 117**	**54 141**	**(39 203)**	**509 087**	**37 927**	**547 014**
As at 1.7.2011		**26 173**	**497 972**	**29 968**	**(55 078)**	**469 067**	**38 721**	**507 788**
Capital relating to subscription warrant allocation program		-	-	-	-	-	-	-
Total comprehensive income for the period	2.2	**-**	**24 145**	**24 173**	**15 913**	**40 058**	**(794)**	**39 264**
Dividends payment	5.8	-	-	-	-	-	-	-
Profit distribution		-	-	-	(38)	(38)	-	(38)
As at 30.9.2011		**26 173**	**522 117**	**54 141**	**(39 203)**	**509 087**	**37 927**	**547 014**

3 General information

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

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

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

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 9-month period and 3-month period ended 30 September 2011, and contain comparatives for the 9-month period and 3-month period ended 30 September 2010.

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

As at 30 September 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, Warsawa	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, Warsawa	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 non-alcoholic and low-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.	Pinelli spol. s r.o.	Czech Republic, Krnov	production of energetic beverages	acquisition accounting	100,00%	100,00%
14.	Kofola Zrt.	Hungary, Budapest	in liquidation	acquisition accounting	100,00%	100,00%

The holding company – **KOFOLA S.A.** ("the Company", "the Issuer"), until 24 October 2011 had its registered office in Warsaw, 01-102, ul. Jana Olbrachta 94, currently the Company's registered office is located in Kutno, 99-300, ul. Wschodnia 5. The Company was formed as a result of the 30 May 2008 merger of HOOP S.A and Kofola SPV Sp. z o.o. Effective with the merger's registration, the name HOOP S.A. was changed to KOFOLA - HOOP S.A. On 24 December 2008 the Company's name was changed 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. (SK) – a company registered in Slovakia, with main activities consisting of road cargo transport provided mainly Kofola a.s. (Slovakia),
- Pinelli spol. s r.o. (CZ) – a company registered in the Czech Republic, of which Kofola a.s. (CZ) holds 100%. The company's main area of activities is the production of the Semtex and Erektus energy drinks. Owing to the fact that from the acquisition of control on 22 April 2011 to 30 April 2011 no significant operations had been recorded with an effect on the Group's financial position, the present financial statements include the results of Pinelli spol. s r.o. for the period beginning 1 May 2011,
- 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. Since April 2011 the company has been selling its assets, thereby significantly limiting its operating activities with an intention of a future liquidation. For the purposes of these financial statements the net value of the company's assets was tested for impairment.

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

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(18 October 2010), 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 30 September 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 30 September 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 30 September 2011 the Audit Committee comprised:

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

No changes were made in the composition of the Audit Committee before the publication of the present report.

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 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 condensed consolidated 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.
- IFRS 10 "Consolidated Financial Statements" applies to annual periods beginning on or after 1 January 2013. The standard has not been approved by the European Union.
- Changes to IAS 27 "Separate Financial Statements" apply to annual periods beginning on or after 1 January 2013. The changes have not been approved by the European Union.
- Changes to IAS 28 "Investments in Associates and Joint Ventures" apply to annual periods beginning on or after 1 January 2013. The changes have not been approved by the European Union.
- IFRS 11 "Joint Arrangements" applies to annual periods beginning on or after 1 January 2013. The standard has not been approved by the European Union.
- IFRS 12 "Disclosure of Interests in Other Entities" applies to annual periods beginning on or after 1 January 2013. The standard has not been approved by the European Union.

- IFRS 13 "Fair Value Measurement" applies to annual periods beginning on or after 1 January 2013. The standard has not been approved by the European Union.
- Changes to IAS 1 "Presentation of Financial Statements" apply to annual periods beginning on or after 1 July 2012. The changes have not been approved by the European Union.
- Changes to IAS 19 "Employee Benefits" apply to annual periods beginning on or after 1 January 2013. 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	**30.9.2011**	**31.12.2010**	**30.9.2010**
PLN/USD	3,2574	2,9641	2,9250
PLN/EUR	4,4112	3,9603	3,9870
PLN/RUB	0,1015	0,0970	0,0956
PLN/CZK	0,1791	0,1580	0,1621

Average currency rates, calculated as arithmetical mean of currencies on last day of each month in period	**1.1.2011 - 30.9.2011**	**1.1.2010 - 31.12.2010**	**1.1.2010 - 30.9.2010**
PLN/USD	2,8523	3,0402	3,0556
PLN/EUR	4,0413	4,0044	4,0027
PLN/RUB	0,0991	0,0998	0,1008
PLN/CZK	0,1660	0,1585	0,1576

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 30 September 2010, with the exception of the following presentation changes:

Consolidated profit and loss account

	1.1.2010 - 30.9.2010		
	published financial statements	comparatives	change
Cost of products and services sold	(540 762)	(538 721)	2 041
Administrative costs	(55 113)	(57 154)	(2 041)

The adjustment increasing administrative costs was caused by the fact that a portion of the costs of employee wages previously listed under the costs of goods and services sold is now presented under administrative costs in the amount of 2 041 ths. PLN.

Consolidated balance sheet

In the comparative periods the sales revenue reducing bonuses for clients had been recognized as liabilities, whilst now they are presented as a receivables reducing item.

	31.12.2010		
	published financial statements	comparatives	change
Trade receivables and other receivables	216 287	203 700	12 587
Trade liabilities and other liabilities	303 245	290 658	12 587

	30.9.2010		
	published financial statements	comparatives	change
Trade receivables and other receivables	251 337	234 991	16 346
Trade liabilities and other liabilities	365 771	349 425	16 346

In comparative periods short- and long-term payables arising out of a lease agreement relating to assets held for sale had been listed under lease liabilities, whilst now they are being presented as a separate short-term liabilities item as liabilities directly associated with the assets (groups of assets) classified as held for sale.

	31.12.2010		
	published financial statements	comparatives	change
Financial leasing liabilities - Long-term	29 279	27 232	2 047
Financial leasing liabilities - Short-term	13 707	12 947	760
Liabilities (group of liabilities) related to assets held for sale	-	2 807	2 807

	30.9.2010		
	published financial statements	comparatives	change
Financial leasing liabilities - Long-term	33 088	30 861	2 227
Financial leasing liabilities - Short-term	13 808	13 015	793
Liabilities (group of liabilities) related to assets held for sale	-	3 020	3 020

Consolidated cash flow statement

In the financial statements for the comparative period an adjustment was made between the "Change in receivables" and "Change in liabilities" operating cash flows items, arising out of a difference in the recognition of the client bonuses as described in the above point relating to the balance sheet.

Consolidated segment

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 six months ended 30 September 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.

The data relating to operating segments for the period of six months ended 30 September 2010, in the "Carbonated beverages" and "Non-carbonated beverages" items reflect a change in the classification of products in Russia. As part of this reclassification, the revenue disclosed under „Non-carbonated beverages" in the amount of 11 354 ths. PLN, as well as the corresponding operating costs in the amount of 7 772 ths. PLN are presented in these financial statements under the "Carbonated beverages" item.

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 aspects.

As at 30 September 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 30 September 2011 may be changed in the future. The main estimates pertain to the following matters:

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

4.9 Approval of financial statements

The Board of Directors approved the present consolidated financial statements for publication on 7 November 2011.

5 Notes to the condensed consolidated financial statements of the 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 drinks Semtex, Erektus and R20 (product), ice coffee Nescafe Xpress (good for resale) and ice tea Green Tea (product), 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 nine-month period ended 30 September 2011 the Group's revenues from this client amounted to 188 141 ths. 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 nine months period ended 30 September 2011 and for the nine months period ended 30 September 2010:

Operating gegments

1.1.2011 - 30.9.2011	Carbonated beverages	Non-Carbonated beverages	Mineral waters	Syrups	Low alcohol drinks	Other	Total
Revenue	453 179	98 155	177 806	105 167	141 654	21 032	996 993
Operating expenses	(414 415)	(98 351)	(183 669)	(91 641)	(139 641)	(20 425)	(948 142)
Operating result of the segment (EBIT)	**38 764**	**(196)**	**(5 863)**	**13 526**	**2 013**	**607**	**48 851**
Result on financial activity							(16 166)
Profit before tax							32 685
Income tax							(7 830)
Net profit							**24 855**

1.1.2010 - 30.9.2010	Carbonated beverages	Non-Carbonated beverages	Mineral waters	Syrups	Low alcohol drinks	Other	Total
Revenue	435 511	114 592	160 803	100 044	94 288	31 780	937 018
Operating expenses	(388 028)	(127 870)	(162 991)	(86 753)	(93 363)	(31 905)	(890 910)
Operating result of the segment (EBIT)	**47 483**	**(13 278)**	**(2 188)**	**13 291**	**925**	**(125)**	**46 108**
Result on financial activity							(10 724)
Profit before tax							35 384
Income tax							(9 146)
Net profit							**26 238**

5.2 Geographical segments

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

- Poland
- Czech Republic
- Russia
- Slovakia

Presented below are the data for the above geographical segments.

1.1.2011 - 30.9.2011	Poland	Czech Republic	Russia	Slovakia	Other (export)	Eliminations (consolidation adjustments)	Total
Revenue	390 439	302 129	196 965	195 568	1 938	(90 046)	996 993
Sales to external customers	371 085	267 453	196 965	159 552	1 938	-	996 993
Inter-segment sales	19 354	34 676	-	36 016	-	(90 046)	-
Operating expenses	(382 811)	(273 621)	(196 062)	(181 878)	(1 845)	88 075	(948 142)
Related to third party sales	(364 438)	(239 936)	(196 062)	(145 861)	(1 845)	-	(948 142)
Related to inter-segment sales	(18 373)	(33 685)	-	(36 017)	-	88 075	-
Operating result of the segment (EBIT)	**7 628**	**28 508**	**903**	**13 690**	**93**	**(1 971)**	**48 851**
Result on financial activity	29 193	(2 204)	1 004	(1 775)	1	(42 385)	(16 166)
within segment	(9 580)	(5 816)	1 004	(1 775)	1	-	(16 166)
between segments	38 773	3 612	-	-	-	(42 385)	-
Profit /(loss) before tax	36 821	26 304	1 907	11 915	94	(44 356)	32 685
Income tax	(2 991)	(1 523)	(1 007)	(2 309)	-	-	(7 830)
Net profit /(loss)	**33 830**	**24 781**	**900**	**9 606**	**94**	**(44 356)**	**24 855**
Assets and liabilities							
Segment assets	757 507	545 828	110 873	215 034	233	(303 210)	1 326 265
Total assets	**757 507**	**545 828**	**110 873**	**215 034**	**233**	**(303 210)**	**1 326 265**
Segment liabilities	380 096	520 592	35 023	148 595	19	(305 074)	779 251
Equity							547 014
Total liabilities and equity							**1 326 265**
Other information concerning segment							
Investment expenditure :							
Tangibles and intangibles	18 150	31 346	4 623	2 576	-	-	56 695
Depreciation and amortization	18 379	19 604	7 457	11 588	-	-	57 028

1.1.2010 - 30.9.2010	Poland	Czech Republic	Russia	Slovakia	Other (export)	Eliminations (consolidation adjustments)	Total
Revenue	373 229	303 495	148 827	191 456	2 757	(82 745)	937 018
Sales to external customers	358 565	269 569	148 827	157 301	2 757	-	937 018
Inter-segment sales	14 664	33 926	-	34 155	-	(82 745)	-
Operating expenses	(374 332)	(270 851)	(143 518)	(176 592)	(2 409)	76 791	(890 910)
Related to third party sales	(359 807)	(242 440)	(143 518)	(142 737)	(2 409)	-	(890 910)
Related to inter-segment sales	(14 525)	(28 411)	-	(33 855)	-	76 791	-
Operating result of the segment (EBIT)	**(1 103)**	**32 643**	**5 309**	**14 864**	**348**	**(5 954)**	**46 108**
Result on financial activity	24 842	(2 054)	542	(1 665)	-	(32 389)	(10 724)
within segment	(4 922)	(4 679)	542	(1 665)	-	-	(10 724)
between segments	29 764	2 625	-	-	-	(32 389)	-
Profit /(loss) before tax	23 739	30 589	5 851	13 199	348	(38 343)	35 384
Income tax	(1 995)	(3 670)	(1 259)	(3 121)		899	(9 146)
Net profit /(loss)	**21 744**	**26 919**	**4 592**	**10 078**	**348**	**(37 444)**	**26 238**
Assets and liabilities							
Segment assets	816 608	470 792	139 220	229 330	714	(276 786)	1 379 878
Total assets	**816 608**	**470 792**	**139 220**	**229 330**	**714**	**(276 786)**	**1 379 878**
Segment liabilities	405 259	478 795	62 274	158 015	542	(295 651)	809 234
Equity							570 644
Total liabilities and equity							**1 379 878**
Other information concerning segment							
Investment expenditure :							
Tangibles and intangibles	7 500	9 281	483	15 415	-	-	32 679
Depreciation and amortization	19 153	23 070	5 971	11 638	-	-	59 832

Products

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

KOFOLA S.A. GROUP BRANDS IN 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, Aloe vera
100% FRUIT JUICES AND NECTARS	Snipp
SYRUPS AND CONCENTRATES	Jupí, Paola
CHILDRENS' DRINKS	Jupík, Jupík Aqua, Jumper, Jupik Smoothie
ICE TEA	Pickwick Just Tea, Green Tea
ENERGY DRINKS	R20, Semtex, Erektus
LOW ALCOHOL BEVERAGES (Russia)	Hooper`s Hooch, Dieviatka

Since the beginning of 2011 the Group's beverage assortment has been broadened to include new Rajec flavored waters ("Daisy", "Birch"), cherry flavored Kofola drink, sugar-free Hoop Cola 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 and Green Tea ice tea to its product portfolio. The Group's newest products are the Aloe Vera drink and Jupik Smoothie manufactured using hot bottling technology.

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 S.A. 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% (28% 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 - 30.9.2011	1.1.2010 - 30.9.2010
Depreciation of fixed assets and intangible assets	57 028	59 832
Employee benefits costs	132 506	128 168
Consumption of materials and energy	561 230	498 390
Services	171 026	181 925
Taxes and fees	6 328	8 349
Property and life insurance	2 207	1 829
Other costs, including:	16 360	22 258
- change in revaluation write-off of inventory	(518)	639
- change in revaluation write-off of receivables	1 614	3 738
- other operating costs	15 264	17 881
Total expenses by type	**946 685**	**900 751**
Change in the balance of products, production in progress, prepayments and accruals	(7 850)	(28 435)
Reconciliation of expenses by type to expenses by function	**938 835**	**872 316**
Sales, marketing and distribution costs	252 456	276 441
Administrative costs	53 947	57 154
Cost of products sold	632 432	538 721
Total costs of product sold, selling, marketing and distribution costs and administrative costs	**938 835**	**872 316**

Costs of employee benefits

	1.1.2011 - 30.9.2011	1.1.2010 - 30.9.2010
Cost of salary	103 908	103 232
Social security and other benefits costs	28 598	24 936
Reserves costs for pension, jubilee award and other employee benefit	-	-
Total costs of employee benefits	**132 506**	**128 168**

5.4 Financial income

	1.1.2011 - 30.9.2011	1.1.2010 - 30.9.2010
Financial interest income from:		
- bank deposits	1 582	908
- credits and loans granted	210	20
- interest on receivables	4	230
Net financial income from realized FX differences	249	1 167
Profit on disposal of shares and other securities	-	2 328
Other financial income	3 012	57
Total financial income	**5 057**	**4 710**

5.5 Financial expense

	1.1.2011 - 30.9.2011	1.1.2010 - 30.9.2010
Financial interest expense from:		
- credits and financial leases	14 768	13 606
Net financial losses from realized FX differences	4 487	475
Bank costs and charges	1 865	1 353
Other financial expense	6	-
Total financial expense	**21 126**	**15 434**

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	4 184	67	(18)	-	-	1 382
Increase due to creation	5 078	1 179	862	5	-	15 458
Decrease due to release and use	(3 464)	(1 697)	(1 645)	(2)	-	(19 414)
As at 30.9.2011	**25 362**	**8 544**	**23 713**	**34 123**	**800**	**28 080**

	Receivables	Inventories	Tangible assets	Intangible assets	Financial assets	Provisions
As at 1.7.2011	**25 605**	**8 344**	**23 771**	**34 125**	**800**	**29 187**
Currency differences from translation	602	50	2	-	-	1 123
Increase due to creation	610	385	-	-	-	2 512
Decrease due to release and use	(1 455)	(235)	(60)	(2)	-	(4 742)
As at 30.9.2011	**25 362**	**8 544**	**23 713**	**34 123**	**800**	**28 080**

5.8 Dividends paid and declared

	1.1.2011 - 30.9.2011	**1.1.2010 - 30.9.2010**
Dividends declared in the given period	16 227	25 126
Dividends on common shares:	-	-
paid out in the given period	-	-
Dividends declared	**16 227**	**25 126**

In its Resolution No. 17 the Ordinary General Meeting of KOFOLA S.A. of 29 June 2011 designated a portion of the net profit generated by KOFOLA S.A in the year 2010, amounting to 16 227 ths. PLN, for the payment of a dividend.

The shares of all series (A, B, C, D, E, F, G) will participate in the dividend amounting to 0,62 PLN per share. The dividend date has been set at 29 September 2011, and the dividend payment date at 6 December 2011. The value of the declared dividend, amounting to 16 227 ths. PLN, is presented in short-term liabilities as "Other financial liabilities".

In the reporting period KOFOLA S.A. recorded as financial revenue a dividend received from the subsidiaries OOO Megapack in the gross amount of 5 439 ths. PLN and Kofola Holding a.s. in the gross amount of 9 369 ths. 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 nine months period ended 30 September 2011 and for the nine months period ended 30 September 2010:

	1.1.2011 - 30.9.2011	**1.1.2010 - 30.9.2010**
Profit and loss		
Current income tax	**3 953**	**5 890**
Current Income tax charge	4 389	5 817
Adjustments of current income tax from previous years	(436)	70
Deferred income tax	**3 877**	**3 256**
Related with arising and reversing of temporary differences	3 879	3 256
Related with tax losses	(2)	-
Income tax charge recorded in consolidated profit and loss	**7 830**	**9 146**
Statements of changes in equity		
Current income tax	-	-
Tax effect of changes in share capital	-	-
Deferred income tax	**-**	**15**
Tax from Fair value gains on available-for-sale financial assets	-	-
Tax from Cash flow hedges	-	15
Tax benefit / tax burdens shown in equity	**-**	**15**

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 - 30.9.2011	1.7.2011 - 30.9.2011	1.1.2010 - 30.9.2010	1.7.2010 - 30.9.2010
Net profit assigned to the shareholders of the parent company	24 406	15 913	24 694	14 658

	1.1.2011 - 30.9.2011	1.7.2011 - 30.9.2011	1.1.2010 - 30.9.2010	1.7.2010 - 30.9.2010
Weighted average number of issued common shares used to calculate the regular earnings per share ratio	26 172 602	26 172 602	26 172 602	26 172 602
Impact of dilution:				
Subscription warrants	6 099	6 099	101 500	101 500
Adjusted weighted average number of common shares used to calculate diluted earnings per share	**26 178 701**	**26 178 701**	**26 274 102**	**26 274 102**

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 - 30.9.2011	1.7.2011 - 30.9.2011	1.1.2010 - 30.9.2010	1.7.2010 - 30.9.2010
Net profit assigned to the shareholders of the parent company	24 406	15 913	24 694	14 658
Weighted average number of issued common shares	26 172 602	26 172 602	26 172 602	26 172 602
Regular earnings per share (PLN/share)	**0,9325**	**0,6080**	**0,9435**	**0,5601**

	1.1.2011 - 30.9.2011	1.7.2011 - 30.9.2011	1.1.2010 - 30.9.2010	1.7.2010 - 30.9.2010
Net profit assigned to the shareholders of the parent company, used to calculate diluted earnings per share	24 406	15 913	24 694	14 658
Adjusted weighted average number of common shares used to calculate diluted earnings per share	26 178 701	26 178 701	26 274 102	26 274 102
Diluted earnings per share (PLN/share)	**0,9323**	**0,6078**	**0,9399**	**0,5579**

5.12 Tangible fixed assets

In the reporting period of nine months ended 30 September 2011 the companies of the KOFOLA S.A. Group incurred 55 732 ths. PLN in expenses to increase the value of tangible fixed assets. The investment projects realized in this period pertain primarily to Kofola a.s. (Czech Republic) (beverage bottling line using the so-called hot filling technology) and Hoop Polska Sp. z o.o. (replacement of filling machine on the production line).

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 goodwill relating to the company Pinelli acquired in April 2011, as well as the value of the production portion of Klimo acquired in 2006 by Kofola a.s. (Czech Republic). The change in the value of the goodwill compared to the comparative period is the result of the inclusion in the reporting period of the goodwill resulting from the acquisition of Pinelli, as well as from the inclusion of foreign exchange differences on the translation of the goodwill.

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

In the nine month period ended 30 September 2011 the companies of the KOFOLA S.A. Group incurred 963 ths. PLN in expenses to increase the value of intangible fixed assets. The investment projects realized in this period consist primarily of computer software at Kofola Holding a.s.

5.14 Assets (group of assets) held for sale

Assets (groups of assets) held for sale include the available for immediate sale fixed assets of the subsidiary Hoop Polska Sp. z o.o. with a balance sheet value of 10 000 ths. 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 30 September 2011 the Group's total credit and loan debt amounts to 300 831 ths. PLN after decreasing by 10 449 ths. PLN compared to the end of the year 2010.

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.

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 nine-month period of 2011 a breach of the terms of the credit agreements occurred at Kofola a.s (Czech Republic), in particular with regard to the liquidity ratio (defined as short-term assets to short-term liabilities). A confirming document was obtained from the bank after the balance sheet date, which is why its liability in the amount of 1 007 ths. 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 30.9.2011	**-**	**-**

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 - 30.9.2011**	
	revenues on the sale of products and services	revenues on the sale of merchandise and materials
- to affiliates (TSH Sulich)	29	1
- to other related companies (KSM Investment)	-	-
Total revenues from the sale to related companies	**29**	**1**

Purchases from related companies	**1.1.2011 - 30.9.2011**	
	purchase of services	purchase of merchandise and materials
- from affiliates (TSH Sulich)	6 059	3
- from other related companies (KSM Investment)	-	-
Total purchases from related companies	**6 059**	**3**

Receivables from related companies	**30.9.2011**	**31.12.2010**	**30.9.2010**
- from affiliates (TSH Sulich)	40	10	10
- from other related companies (KSM Investment)	4 616	3 488	4 098
Total receivables from related companies	**4 656**	**3 498**	**4 108**

Liabilities towards related companies	**30.9.2011**	**31.12.2010**	**30.9.2010**
- towards affiliates (TSH Sulich)	303	173	899
- towards other related companies (KSM Investment)	5 702	5 030	5 161
Total liabilities towards related companies	**6 005**	**5 203**	**6 060**

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

5.18 Acquisition of subsidiary

On 22 April 2011 Kofola a.s. (Czech Republic) acquired 100 % of the shares of Pinelli Spol s r.o., producer of the Semtex and Erektus energy drinks and of the Green Tea ice tea.

The present consolidated financial statements contain a settlement of the transaction (using the acquisition method) and calculation of the goodwill constituting the excess of acquisition cost over the fair value of the identifiable assets, liabilities and contingent liabilities. For the purposes of the final settlement the acquisition price was determined in accordance with IFRS 3 based on the price contained in the share acquisition agreement, subject to the time value of money. Owing to the fact that from the acquisition of control on 22 April 2011 to 30 April 2011 no significant operations had been recorded with an effect on the valuation of the acquired company, its goodwill was determined using data as at 30 April 2011.

Presented in the table below is a comparison of the values of the main assets and liabilities as presented in the books of account of Pinelli as at the acquisition of control with the fair values determined for the purpose of the settlement of the acquisition:

	Net book value	Fair value
Tangible fixed assets	1 157	1 874
Intangible fixed assets	4 893	16 799
Inventories	1 846	2 034
Receivables	6 651	6 651
Cash and cash equivalents	3 132	3 132
Total assets	**17 679**	**30 490**
Liabilities and provisions	**3 443**	**6 885**
Net assets	**14 236**	**23 605**
Purchase price		**28 608**
Goodwill		**5 003**

Had the acquisition taken place at the start of 2011, the consolidated net profit attributable to the holding company's shareholders for the period of nine months ended 30 September 2011 would have been higher by 481 ths. PLN, and sales revenue for the period would have been higher by 4 436 ths. PLN.

5.19 Significant court cases

Fructo-Maj Sp. z o.o.

KOFOLA S.A. holds debts of Fructo-May Sp. z o.o., a company in a state of bankruptcy. As at 30 September 2011 the total value of these receivables is 9 667 ths. PLN, the balance sheet value of this item after revaluation is 2 441 ths. 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.

5.20 Headcount

The average headcount in the company was as follows:

	1.1.2011 - 30.9.2011	1.1.2010 - 30.9.2010
Management Board of the parent company	5	5
Management Boards of the Group entities	20	18
Sales, marketing and logistic departments	1 107	1 197
Production department	949	995
Administration	276	285
Other	73	87
Total	**2 430**	**2 586**

5.21 Subsequent events

On 25 October 2011 the Company received a notification from the National Court Register about the registration of a change in the Company's Statute. On that day the registered office of KOFOLA S.A. was formally moved Warsaw to Kutno.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

7.11.2011	**Janis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
7.11.2011	**Bartosz Marczuk**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
7.11.2011	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
7.11.2011	**René Musila**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
7.11.2011	**Tomáš Jendřejek**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

7.11.2011	**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 9-month and 3-month period ended 30 September 2011 and for the 9-month and 3-month period ended 30 September 2010

	Note	1.1.2011 - 30.9.2011	1.7.2011 - 30.9.2011	1.1.2010 - 30.9.2010	1.7.2010 - 30.9.2010
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	-	-	(127)	(59)
Administrative costs	9.2	(1 588)	(501)	(1 410)	(456)
Other operating income		1 644	502	1 134	18
Other operating expenses		(119)	76	(189)	(189)
Operating result		**(63)**	**77**	**(592)**	**(686)**
Financial income	9.3	37 563	13 288	31 942	8 157
Financial expense	9.4	(959)	(330)	(1 068)	(388)
Profit before tax		**36 541**	**13 035**	**30 282**	**7 083**
Income tax		(5 163)	(2 496)	(3 344)	(1 749)
Net profit on continued activity		**31 378**	**10 539**	**26 938**	**5 334**
Discontinued activity					
Net profit on discontinued activity		-	-	-	-
Net profit for the financial year		**31 378**	**10 539**	**26 938**	**5 334**
Earnings per share (in PLN)					
- basic earnings per share		1,1989	0,4027	1,0292	0,2037
- basic earnings per share from continuing operations		1,1989	0,4027	1,0292	0,2037
- diluted earnings per share		1,1986	0,4026	1,0253	0,2030
- diluted earnings per share from continuing operations		1,1986	0,4026	1,0253	0,2030

6.2 Separate statement of comprehensive income

for the 9-month and 3-month period ended 30 September 2011 and for the 9-month and 3-month period ended 30 September 2010

	Note	1.1.2011 - 30.9.2011	1.7.2011 - 30.9.2011	1.1.2010 - 30.9.2010	1.7.2010 - 30.9.2010
Profit for the period		**31 378**	**10 539**	**26 938**	**5 334**
Other comprehensive income (gross)					
Fair value gains on available-for-sale financial assets		-	-	-	-
Income tax relating to components of Other comprehensive income		-	-	-	-
Other comprehensive income for the period (net)		**-**	**-**	**-**	**-**
Total comprehensive income for the period	6.5	**31 378**	**10 539**	**26 938**	**5 334**

6.3 Separate balance sheet

as at 30 September 2011, as at 31 December 2010 and as at 30 September 2010

	Note	30.9.2011	31.12.2010	30.9.2010
ASSETS				
Fixed assets		**1 020 075**	**996 773**	**1 002 889**
Tangible fixed assets		372	372	400
Goodwill		13 767	13 767	13 767
Intangible fixed assets		-	10	40
Investment in subsidiaries and associates	9.7	854 137	854 137	855 584
Financial assets available for sale		-	-	-
Loans provided to related parties	9.7	151 799	127 736	133 098
Other financial assets		-	-	-
Deferred tax assets		-	751	-
Current assets		**12 375**	**15 549**	**46 867**
Inventories		-	-	-
Trade receivables and other receivables		3 687	6 740	33 699
Income tax receivables		560	-	-
Cash and cash equivalents		8 128	8 809	13 168
TOTAL ASSETS		**1 032 450**	**1 012 322**	**1 049 756**
LIABILITIES AND EQUITY				
Equity		**918 804**	**903 653**	**906 853**
Share capital		26 173	26 173	26 173
Other capital		861 253	852 189	853 637
Retained earnings		31 378	25 291	27 043
Long-term liabilities		**82 427**	**76 243**	**72 689**
Provisions		-	-	-
Other liabilities		17 826	16 054	11 806
Deferred tax reserve		64 601	60 189	60 883
Short-term liabilities		**31 219**	**32 426**	**70 214**
Bank credits and loans		-	-	1 324
Trade liabilities and other liabilities		585	16 277	23 478
Income tax liabilities		-	122	-
Other financial liabilities		16 227	-	25 126
Provisions		14 407	16 027	20 286
Total Liabilities		**113 646**	**108 669**	**142 903**
TOTAL LIABILITIES AND EQUITY		**1 032 450**	**1 012 322**	**1 049 756**

6.4 Separate cash flow statement

for the 9-month and 3-month period ended 30 September 2011 and for the 9-month and 3-month period ended 30 September 2010

	Note	1.1.2011 - 30.9.2011	1.7.2011 - 30.9.2011	1.1.2010 - 30.9.2010	1.7.2010 - 30.9.2010
Cash flow on operating activity					
Gross profit (loss)		36 541	13 035	30 282	7 083
Adjustments for the following items:					
Depreciation	9.2	10	-	93	31
Net interest and dividends	9.3,9.4	(20 466)	(1 916)	(22 654)	(6 583)
Net foreign exchange differences		(16 139)	(11 038)	(5 711)	(1 070)
(Profit)/loss on investment activity		-	-	(2 325)	-
Change in the balance of receivables		3 154	219	(695)	(5 463)
Change in the balance of liabilities		(13 082)	(1 836)	4 496	8 210
Change in the balance of provisions		(1 620)	(537)	-	-
Paid income tax		(682)	-	(81)	(81)
Net cash flow on operating activity		**(12 284)**	**(2 074)**	**3 405**	**2 127**
Cash flow on investing activity					
Purchase of intangible assets and fixed assets		-	-	-	-
Sale of financial assets (BOMI S.A.)		-	-	13 844	-
Purchase of financial assets		-	-	-	-
Dividends received		13 397	-	-	-
Net cash flow on investing activity		**13 397**	**-**	**13 844**	**-**
Cash flow on financial activity					
Proceeds from loans and bank credits received		-	-	-	-
Repayment of loans and bank credits		-	-	(3 979)	(2 218)
Dividends paid to the shareholders of the parent company		-	-	-	-
Interest paid		(1 794)	(597)	(247)	(61)
Net cash flow on financing activity		**(1 794)**	**(597)**	**(4 226)**	**(2 279)**
Total net cash flow		(681)	(2 671)	13 023	(153)
Cash at the beginning of the period		**8 809**	**10 799**	**145**	**13 321**
Cash at the end of the period		**8 128**	**8 128**	**13 168**	**13 168**
Cash with limited ability to use		-	-	-	-

6.5 Separate statement of changes in equity

for the 9-month and 3-month period ended 30 September 2011, for the 12-month period ended 31 December 2010 and for the 9-month period ended 30 September 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		-	1 366	-	1 366
Total comprehensive income for the period	6.2	**-**	**-**	**26 938**	**26 938**
Dividends payment		-	(23 510)	(1 616)	(25 126)
Profit distribution		-	-	-	-
As at 30.9.2010		**26 173**	**853 637**	**27 043**	**906 853**
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	**-**	**-**	**31 378**	**31 378**
Dividends payment		-	-	(16 227)	(16 227)
Profit distribution		-	9 064	(9 064)	-
As at 30.9.2011		**26 173**	**861 253**	**31 378**	**918 804**
As at 1.7.2011		**26 173**	**861 253**	**20 839**	**908 265**
Capital relating to subscription warrant allocation program		-	-	-	-
Total comprehensive income for the period	6.2	**-**	**-**	**10 539**	**10 539**
Dividends payment		-	-	-	-
Profit distribution		-	-	-	-
As at 30.9.2011		**26 173**	**861 253**	**31 378**	**918 804**

The Other capital item includes a capital reserve (dividend fund) in the amount of 29 541 ths. PLN, designated for the payment of a dividend. The fund was formed (in accordance with Resolution No. 17 (note 1.5) passed by the Ordinary General Meeting of KOFOLA S.A. of 29 June 2011) from the reserve capital created from 20 478 ths. PLN in retained earnings and 105 ths. PLN in undistributed profits from previous years, as well as 8 959 ths. PLN out of the result for the year 2010.

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: currently ul.Wschodnia 5, 99-300 Kutno, until 24 October 2011 ul. Jana Olbrachta 94, 01-102 Warsawa.

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 separate financial statements cover the 9-month and 3-month period ended 30 September 2011 and contain comparatives for the 9-month and 3-month period ended 30 September 2010.

Change in the registered office of KOFOLA S.A.

In its Resolution No. 18 the Ordinary General Meeting of KOFOLA S.A. of 29 June 2011 decided to amend the Company's statute indicating the city of Kutno as the registered office of KOFOLA S.A. The resolution will become effective 25 September 2011. Formally the registered office of KOFOLA S.A. will not be moved until the change in the Statute is entered in the National Court Register.

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 30 September 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, Warsawa	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, Warsawa	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 non-alcoholic and low-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.	Pinelli spol. s r.o.	Czech Republic, Krnov	production of energetic beverages	acquisition accounting	100,00%	100,00%
14.	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 present condensed interim separate financial statements ("the separate financial statements") have been prepared in accordance with the requirements of IAS 34 "Interim Reporting", as well as the Minister's of Finance Decree of 19 February 2009 on the current and periodic information submitted by the issuers of securities and on the conditions for recognizing as equally valid the information required by the regulations of a state that is not a member state (Journal of Laws No. 33, item 259) ("the Decree"), and present the Company's financial position as at 30 September 2011, 31 December 2010 and 30 September 2010, the results of its operations for the period of 9 months and 3 months ended 30 September 2011 and 30 September 2010, as well as cash flows for the period of 9 months and 3 months ended 30 September 2011 and 30 September 2010.

The condensed separate financial statements are presented in Polish zlotys ("PLN"), and all values, unless stated otherwise, are listed in ths.s 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	**30.9.2011**	**31.12.2010**	**30.9.2010**
PLN/USD	3,2574	2,9641	2,9250
PLN/EUR	4,4112	3,9603	3,9870
PLN/RUB	0,1015	0,0970	0,0956
PLN/CZK	0,1791	0,1580	0,1621
Average currency rates, calculated as arithmetical mean of currencies on last day of each month in period	**1.1.2011 - 30.9.2011**	**1.1.2010 - 31.12.2010**	**1.1.2010 - 30.9.2010**
PLN/USD	2,8523	3,0402	3,0556
PLN/EUR	4,0413	4,0044	4,0027
PLN/RUB	0,0991	0,0998	0,1008
PLN/CZK	0,1660	0,1585	0,1576

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 7 November 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 - 30.9.2011	1.1.2010 - 30.9.2010
Depreciation of fixed assets and intangible assets	10	93
Employee benefits costs	212	229
Consumption of materials and energy	7	14
Services	1 170	1 054
Taxes and fees	42	36
Property and life insurance	1	1
Other costs	146	110
Total expenses by type	**1 588**	**1 537**
Change in the balance of products, production in progress, prepayments and accruals	-	-
Reconciliation of expenses by type to expenses by function	**1 588**	**1 537**
Sales, marketing and distribution costs	-	127
Administrative costs	1 588	1 410
Total selling, marketing and distribution costs and administrative costs	**1 588**	**1 537**

Costs of employee benefits

	1.1.2011 - 30.9.2011	1.1.2010 - 30.9.2010
Cost of salary	187	229
Social security and other benefits costs	25	-
Total costs of employee benefits	**212**	**229**

9.3 Financial income

	1.1.2011 - 30.9.2011	1.1.2010 - 30.9.2010
Financial interest income from:		
- bank deposits	123	279
- credits and loans granted	6 492	6 164
Dividends received	14 807	17 460
Net financial income from realized FX differences	16 139	5 711
Profit on disposal of shares BOMI S.A.	-	2 328
Other financial income	2	-
Total financial income	**37 563**	**31 942**

9.4 Financial expense

	1.1.2011 - 30.9.2011	1.1.2010 - 30.9.2010
Financial interest expense from:		
- credits and financial leases	956	971
Net financial losses from realized FX differences	-	-
Bank charges	3	97
Total financial expense	**959**	**1 068**

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	146	-	-	-
Decrease due to release and use	(85)	-	-	(1 620)
As at 30.9.2011	**10 032**	**-**	**800**	**14 407**

	Receivables	Inventories	Financial assets	Provisions
As at 1.7.2011	**10 030**	**-**	**800**	**14 944**
Increase due to creation	2	-	-	-
Decrease due to release and use	-	-	-	(537)
As at 30.9.2011	**10 032**	**-**	**800**	**14 407**

9.6 Dividends paid and declared

	1.1.2011 - 30.9.2011	1.1.2010 - 30.9.2010
Dividends declared in the given period	16 227	25 126
Dividends on common shares:		
paid out in the given period	-	-
Dividends paid and declared	**16 227**	**25 126**

In its Resolution No. 17 the Ordinary General Meeting of KOFOLA S.A. of 29 June 2011 designated a portion of the net profit generated by KOFOLA S.A in the year 2010, amounting to 16 227 ths. PLN, for the payment of a dividend.

The shares of all series (A, B, C, D, E, F, G) will participate in the dividend amounting to 0,62 PLN per share. The dividend date has been set at 29 September 2011, and the dividend payment date at 6 December 2011. The value of the declared dividend, amounting to 16 227 ths. PLN, is presented in short-term liabilities as "Other financial liabilities".

In the reporting period KOFOLA S.A. recorded as financial revenue a dividend received from the subsidiaries OOO Megapack in the gross amount of 5 439 ths. PLN and Kofola Holding a.s. in the gross amount of 9 369 ths. 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 - 30.9.2011**
	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 - 30.9.2011
	purchase of services, merchandise and materials
- from consolidated subsidiaries	672
- from affiliates	-
- from non-consolidated subsidiaries	-
Total purchases from related companies	**672**

Receivables from related companies	30.9.2011	31.12.2010	30.9.2010
- from consolidated subsidiaries	1 207	373	18 014
- from affiliates	-	-	-
- from non-consolidated subsidiaries	-	-	-
Total receivables from related companies	**1 207**	**373**	**18 014**

Liabilities towards related companies	30.9.2011	31.12.2010	30.9.2010
- towards consolidated subsidiaries	18 220	31 896	35 075
- towards affiliates	-	-	-
- towards non-consolidated subsidiaries	-	-	-
Total liabilities towards related companies	**18 220**	**31 896**	**35 075**

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

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

Loans granted to related parties

	30.9.2011	31.12.2010	30.9.2010
Long-term loan , including:			
Principal	116 751	102 996	105 699
Interest	35 048	24 740	27 670
Total	**151 799**	**127 736**	**133 339**

This item includes the loan (in CZK) granted to Kofola Holding a.s. and due in October 2036. The rise in the value of the principal is the result of a change in the PLN/CZK exchange rate at the end of the reporting periods, which exchange rates are used to translate the amounts. As at 30 September 2010 the value of the loan also includes the interest on a short-term loan in the amount of 241 ths. PLN.

Investment in subsidiaries and associates

	Company Name	Headquarters	Range of activity	Consolidation method	% part in nominal capital	% part in voting rights	Net book value		
							30.9.2011	31.12.2010	30.9.2010
1.	Kofola Holding a.s.	Czech Republic, Ostrava	holding	acquisition accounting	100,00%	100,00%	438 668	438 668	439 874
2.	Hoop Polska Sp. z o.o.	Poland, Warsaw	production of non-alcoholic beverages	acquisition accounting	100,00%	100,00%	359 570	359 570	359 811
3.	OOO Megapack	Russia, Widnoje	production, sale and distribution of non-alcoholic and low-alcoholic beverages	acquisition accounting	50,00%	50,00%	55 899	55 899	55 899
4.	Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.	Poland 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**	**855 584**

9.8 Contingent assets and liabilities

	Contingent assets	Contingent liabilities
As at 1.1.2011	**-**	**175 440**
Increase	-	-
Decrease	-	(35 718)
As at 30.9.2011	**-**	**139 722**

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

Entity providing guarantees/ Sureties	Entity receiving guarantees/Sureties	Credit value on balance sheet day which were subject to guarantee/sureties		The period for providing guarantees/ sureties	The entity for which liabilities guarantees/ sureties were provided	Kind of relationship between the entity providing guarantees/ sureties and one on behalf of which it was provided
		in currency	in ths. PLN			
Kofola S.A.	Bank Zachodni WBK S.A.	49 155 T PLN	49 155	12/2015	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	Kredyt Bank S.A.	5 578 T PLN	5 578	12/2015	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	Bank Pekao S.A.	5 457 T PLN	5 457	12/2015	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	Deutsche Leasing	2 671 T EUR	11 783	2/1014	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	ING Commercial Finance	2 872 T PLN	2 872	till termination of the contract	Hoop Polska Sp z o.o.	subsidiary
Kofola S.A.	Komerční banka a.s., Prague	128 206 T CZK	22 962	12/2016	Kofola a.s., ČR	subsidiary
Kofola S.A.	Komerční banka a.s., Prague	205 873 T CZK	36 872	1/2012	Kofola a.s., ČR	subsidiary
Kofola S.A.	Komerční banka a.s., Prague	28 156 T CZK	5 043	1/2012	Kofola Holding a.s.	subsidiary
Total Sureties and Guarantees Issued			**139 722**	**ths. PLN**		

9.9 Significant court cases

Fructo-Maj Sp. z o.o.

KOFOLA S.A. holds debts of Fructo-May Sp. z o.o., a company in a state of bankruptcy. As at 30 September 2011 the total value of these receivables is 9 667 ths. PLN, the balance sheet value of this item after revaluation is 2 441 ths. 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 25 October 2011 the Company received a notification from the National Court Register about the registration of a change in the Company's Statute. On that day the registered office of KOFOLA S.A. was formally moved Warsaw to Kutno.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

7.11.2011	**Janis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
7.11.2011	**Bartosz Marczuk**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
7.11.2011	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
7.11.2011	**René Musila**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
7.11.2011	**Tomáš Jendřejek**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

7.11.2011	**Katarzyna Balcerowicz**	**Chief Accountant**	....
date	*name and surname*	*position*	*signature*

Document signed on the Polish original.