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Separate annual report

kofola s.a.

for the year 2011

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

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

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

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

The holding company – **KOFOLA S.A.** ("the Company", "the Issuer") with its registered office until 24 October 2011 in Warsaw, 01-102, ul. Jana Olbrachta 94, currently the Company's registered office is in Kutno, 99-300, ul. Wschodnia 5. The Company was created as a result of the 30 May 2008 merger of HOOP S.A and Kofola SPV Sp. z o.o. Effective with the merger's registration, the name HOOP S.A. was changed to KOFOLA - HOOP S.A. and since 24 December 2008 to KOFOLA S.A. At this time the Company's functions consist primarily of management and ownership of all of the entities belonging to the KOFOLA S.A. Group.

The subsidiary **Hoop Polska Sp. z o.o**. with its registered office until 31 January 2012 in Warsaw, 01-102, ul. Jana Olbrachta 94. Currently the Company's registered office is in Kutno, 99-300, ul. Wschodnia 5, of which KOFOLA S.A. holds 100%. The company's main area of activities is the production and sale of non-alcoholic beverages.

The subsidiary **Kofola Holding a.s.** is the company that manages the Group and at the same time the holding company of the Kofola Holding a.s. Group, with its registered office in Ostrava, Nad Porubkou 2278/31A, 708 00 Ostrawa - Poruba, Czech Republic, of which KOFOLA S.A. holds 100%.

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

- Kofola Holding a.s. – the holding company – registered in the Czech Republic, performing management and control of the other entities comprising the KOFOLA S.A. Group,
- Kofola a.s. (CZ) – a company registered in the Czech Republic, with main activities consisting of the production and distribution of beverages on the territory of the Czech Republic,
- Kofola a.s. (SK) – a company registered in Slovakia, with main activities consisting of the production and distribution of beverages on the territory of Slovakia,
- Kofola Sp. z o.o. – a company registered in Poland, with main activities consisting of renting out the production line in Kutno to the company Hoop Polska Sp. z o.o., which conducts its production there,
- Santa-Trans s.r.o. (CZ) – a company registered in the Czech Republic, with main activities consisting of road cargo transport provided mainly to Kofola a.s. (Czech Republic),
- Santa-Trans.SK s.r.o. (SL) – a company registered in Slovakia, with main activities consisting of road cargo transport provided mainly Kofola a.s. (Slovakia),
- Pinelli spol. s.r.o. (CZ) – a company registered in the Czech Republic, of which Kofola a.s. (CZ) holds 100%. Until the end of June 2011, the activities of Pinelli spol. s.r.o. consisted of the production and sale of beverages. In July and August 2011, the activities were transferred to Kofola a.s. (CZ) and production to the plant in Krnov. Presently, Pinelli spol s.r.o. owns the trademarks Semtex, Erektus and ice tea Green Tea. Due to the fact that, from the day of takeover as at 22 April 2011 until 30 April 2011, no operations that could have a material impact on the Group's financial situation were noted. This report includes results of Pinelli spol. s.r.o, for the period commencing 1 May 2011.
- Kofola Zrt. (HU) – a company registered in Hungary, is not active from 2010 and currently is in liquidation.

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

The subsidiary **Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.** with its registered office in Koszalin, 75-209, ul. Bowid 9e, of which KOFOLA S.A. holds 100% and has 100% of votes at Shareholders Meeting. The activities of PCD HOOP Sp. z o.o. consist of the wholesale of beverages. Since April 2011, the company successively sells its assets significantly reducing operational activities with the intention of the future liquidation. For purposes of these consolidated financial statements, the value of net assets held by the Company was reviewed for possible impairment.

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

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 as at 18 October 2010, whereas control over the company was lost already at the signing of the conditional agreement and appointment of a new management set up by the new owner. Therefore, the results of Bobmark International Sp. z o.o. are presented only in comparable data for the six months of 2010.

KLIMO s.r.o. – a company registered in the Czech Republic. Until the end of 2007, the company was distributing beverages in the territory of the Czech Republic. From the beginning of 2008, the company ceased its operations. The liquidation process ended in January 2011. Accordingly, the results of KLIMO s.r.o. are presented only in comparable data.

1.2 The Management and Supervisory Board of KOFOLA S.A.

MANAGEMENT BOARD

As at 31 December 2011 the Management Board of the holding company KOFOLA S.A. comprised:

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

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

SUPERVISORY BOARD

As at 31 December 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 holding company’s Supervisory Board prior to the publication of the present financial statements.

AUDIT COMMITTEE

As at 31 December 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 has appointed Mr. René Sommer to the Audit Commitee of KOFOLA S.A., and dismissed Mr. Martin Dokoupil.

No changes were made in the composition of the holding company’s Audit Committee prior to the publication of the present financial statements.

1.3 Most significant events at 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 terms of the annexes, changes were made in the values of the financial ratios required by the creditors as well as the financial terms of rendered loans.

On 20 February 2012, Management of Hoop Polska Sp. z o.o. and Management of KOFOLA S.A. as guarantor accepted terms in annexes to the credit agreements with Bank Consortium, according to which the financial ratios required by creditors and financial terms are to be changed.

Changes to the Supervisory Board and the Audit Committee

On 26 January 2011, Mr. Ireneusz Stolarski, a member of the Company's Supervisory Board who was also the Chairman of the Supervisory Board, resigned from the position as a 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 March, the 2011 Supervisory Board has appointed Mr. René Sommer to the Audit Commitee of KOFOLA S.A., and dismissed Mr. Martin Dokoupil.

Payment of a dividend and creation of a dividend fund

The Ordinary General Meeting of KOFOLA S.A. passed resolution number 17 on 29 June 2011. This resolution was about creating a capital fund from accumulated profits in the amount of PLN 20 583 thousand designed for dividends (dividend fund). In this resolution, KOFOLA S.A. decided on the 2010 profit distribution in the amount of PLN 25 186 thousand: PLN 8 959 thousand will be transferred to increase the dividend fund and the amount of PLN 16 227 thousand will be used for dividend payments. The shares of all series (A,B,C,D,E,F,G) have the dividend value of PLN 0,62. The dividend date was set for 29 September 2011. Per the above resolution, the dividend was paid out on 6 December 2011.

Change in registered office of KOFOLA S.A.

According to resolution number 17 from 29 June 2011, the Ordinary General Meeting decided to move the registered office of the Company to Kutno and at the same time to change the Company's Statute accordingly. The resolution was effective from 25 September 2011, but the official transfer of the KOFOLA S.A. office was on 25 October 2011, thus as at the day when the Company has received information from KRS about registered change in KOFOLA S.A. Statute.

Change in registered office of Hoop Polska Sp. z o.o.

According to resolution number 1 from 23 November 2011, the Extraordinary Shareholders Meeting of HOOP Polska Sp. z o.o. decided to change the articles of association changing the registered office from Warsaw to Kutno. Official transfer of the office was on 31 January 2012 upon registration of changed articles of association with the Registry Court.

Issue of bonds by KOFOLA S.A.

According to resolution number 13/XI/2011 of KOFOLA S.A. Supervisory Board from 10 November 2011 regarding approval of Bond Issuance Program realisation and KOFOLA S.A. Management resolution number 4/XI/2011 from 21 November 2011 regarding issuance of bonds from serie A^1 and serie A^2. KOFOLA S.A. as at 21 December 2011 issued 3 075 A^1 bonds and 29 075 A^2 bonds.

In accordance with the Terms of the Bond Issuance:

- bonds are bearer bonds,
- bonds are not secured,
- the nominal value of bonds is PLN 1 000 each,
- the issue price of bonds is equal to their nominal value,
- maturity of bonds from series A^1 is 24 months from the date of the resolution of the allocation and settlement,
- maturity of bonds from series A^2 is 36 months from the date of the resolution of the allocation and settlement,
- interest on the bonds shall be determined by the sum of the index and margin WIBOR 6M separately for each series,
- interest will be paid every six months where the first interest period begins on the date of issue,
- bond purchase proposal was addressed to no more than 99 recipients in the manner specified in Article 9, item 3 of the Act on Bonds,
- bonds do not have the form of a document,
- bonds authorise only to cash benefits,
- bonds will be subject for appliance by the Issuer for their admission to trading in an alternative trading system on the Catalyst market, that is organised by the Stock Exchange in Warsaw or BondSpot S.A.,
- after two interest periods, the Issuer has granted the option to call bonds with the assumption that one-time buy-back will be at least 15% of the issued series under the Bond Issuance Program.

According to Resolution number 13/XI/2011 of KOFOLA S.A. SupervisoryBoard from 10 November 2011 regarding approval of Bond Issuance Program realisation changed by Supervisory Board resolution number 1/2012 from 20 February 2012 and the KOFOLA S.A. Management resolution number 1/II/2012 from 1 February 2012 regarding issuance of bonds from series A^3 , KOFOLA S.A. as at 20 February 2012 issued 16 850 bonds from series A^3 at the issue price and with nominal value of PLN 1 000 each with maturity of 34 months.

Loan provided by KOFOLA S.A. to the subsidiary

On 22 February 2012, KOFOLA S.A. provided a subordinated loan to the subsidiary Hoop Polska Sp. z o.o. in the amount of PLN 11 000 thousand, with maturity on 31 December 2014. The purpose of the loan was to improve the financial ratios required for the Hoop Polska Sp. z o.o. in the credit agreement with Bank Consortium.

Capital increase in subsidiary - an agreement on the transfer and an agreement on the obligation repayment

According to Resolution number 1 from the 28 February 2012 Extraordinary Shareholders Meeting of the Pomorskie Centrum Dystrybucji HOOP Sp. z o.o. increased the company's share capital by PLN 1 000 thousand by the creation of 2 000 new shares with a nominal value of PLN 500 each, which were acquired by KOFOLA S.A. with the issue value of PLN 5 500 for each share, thus the total issuance amount was PLN 11 000 thousand.

On 5 March 2012, a tripartite agreement on the transfer was concluded, under which the obligations of PCD Hoop Sp. z o.o. to the Hoop Polska Sp. z o.o have been repaid to the amount of PLN 11 000 thousand and under which KOFOLA S.A. has given cash contribution to cover the newly created shares in increased capital of PCD Hoop Sp. z o.o. in the amount of PLN 11 000 thousand and undertook to pay the amount of the transfer to Hoop Polska Sp. z o.o. no later than 28 February 2017, in accordance with the timetable included in the agreement from 7 March 2012 regarding the obligation repayment.

The above-described steps leading to the restructuring of the PCD Hoop Sp. z o.o. constitute execution of commitments adopted by KOFOLA S.A. in the course of the arrangement of the company PCD Hoop Sp. z o.o. arising from the decision of 22 November 2010 by the Regional Court in Koszalin, VII Business Division for Bankruptcy and Recovery Cases , ref. Act VII GUp 13/10 for approval of the arrangements of the PCD Hoop Sp. z o.o.

1.4 Description of operating results and financial position

Operating results

The 12 month period ended 31 December 2011 compared to the 12 month period ended 31 December 2010

Selected financial highlights	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010	Change 2011/2010	Change 2011/2010 (%)
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Gross profit	-	-	-	-
Selling, marketing and distribution costs	-	(86)	86	(100,0%)
Administrative costs	(3 737)	(2 202)	(1 535)	69,7%
Other operating income / expenses net	1 056	724	332	45,8%
Operating result	(2 681)	(1 564)	(1 117)	71,4%
EBITDA	(2 671)	(1 441)	(1 230)	85,4%
Financial income / expenses net	30 040	29 247	793	2,7%
Income tax	(4 745)	(2 497)	(2 248)	90,0%
Net profit for the period	22 614	25 186	(2 572)	(10,2%)

The activities of Kofola S.A. consist primarily of the management and ownership of all of the companies belonging to the KOFOLA S.A. Group. For this reason, the items of the Company's income statement and balance sheet reflect the fact that the Company achieves no income from operating activities, and that dividends and revenue from interest from loans rendered to Companies of the KOFOLA S.A. Group and foreign exchange differences on the loans rendered in foreign currencies are the main source of its revenue.

Administrative costs

In the 12 month period ended 31 December 2011 general administrative costs increased by 1 535 thousand PLN (or 69,7 %) to 3 737 thousand PLN from 2 202 thousand PLN in the same period of the year 2010, due to increased costs of external services, mainly due to costs in handling the financial reporting conducted by Kofola Holding a.s. to the parent company.

Financial income

Interest income	6 301 tys. PLN
Dividends received	14 807 tys. PLN
Currency differences	10 287 tys. PLN

Interest and foreign exchange differences income consists primarily of a long-term loan granted in the Czech crone to Kofola Holding a.s. In the reporting period KOFOLA S.A. received dividends from its subsidiaries Kofola Holding a.s. in the amount of 9 368 thousand PLN and OOO Megapack in the amount of 5 439 thousand PLN.

Financial expenses

Financial expenses include interest charges on payables from the purchase of debts as well as bank charges.

Net profit for the period

The net profit for the 12 month period ended 31 December 2011 amounted to 22 614 thousand PLN, compared to the profit in the amount of 25 186 thousand PLN earned in the same period of the year 2010. This decrease was caused mainly by a higher (at a similar level of gross profit) tax burden due to lower non-taxable revenues and higher deferred tax.

BALANCE SHEET

Selected financial highlights	31.12.2011	31.12.2010	Change 2011/2010	Change 2011/2010 (%)
Total assets	**1 040 214**	**1 012 322**	**27 892**	**2,8%**
Fixed assets, out of which:	**1 005 494**	**996 773**	**8 721**	**0,9%**
Investment in subsidiaries and associates	*854 137*	*854 137*	-	-
Loans provided to related parties	*137 218*	*127 736*	*9 482*	*7,4%*
Financial assets available for sale	-	-	-	-
Goodwill	*13 767*	*13 767*	-	-
Current assets, out of which:	**34 720**	**15 549**	**19 171**	**123,3%**
Trade receivables and other receivables	*1 833*	*6 740*	*(4 907)*	*(72,8%)*
Cash and cash equivalents	*32 887*	*8 809*	*24 078*	*273,3%*
Total equity and liabilities	**1 040 214**	**1 012 322**	**27 892**	**2,8%**
Total equity	*910 040*	*903 653*	*6 387*	*0,7%*
Long-term liabilities	*112 408*	*76 243*	*36 165*	*47,4%*
Short-term liabilities	*17 766*	*32 426*	*(14 660)*	*(45,2%)*

Assets

At the end of December 2011 the Company's fixed assets equaled 1 005 494 thousand PLN. Compared to 31 December 2010 the value of fixed assets increased by PLN 8 721 thousand due to the increase in the value of the loan provided to the subsidiary due to accrued interest and exchange differences arising from the conversion of the loan balance at the end of 2011 at the higher CZK / PLN rate.

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

As at 31 December 2011 the Company's current assets amounted to 34 720 thousand PLN and most of the balance consisted of Cash from issued bonds.

Liabilities

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

The Company's total debt has increased by 21 505 thousand PLN, mainly due to PLN 31 808 thousand increase in long-term financial payables from the issuance of series A^1 and A^2 bonds and in relation to the repayment of short-term liabilities.

1.5 Assessment of risk factors and threats to KOFOLA S.A.

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

1.6 Report on the application of corporate governance by KOFOLA S.A.

In accordance with the requirements of § 91 par. 5 point 4 of the Minister's of Finance Decree of 19 February 2009 on the current and periodic information submitted by the issuers of securities and the conditions for recognising as equally valid the information required by the regulations of a state that is not a member state, as well as § 29 par. 5 of the Warsaw Stock Exchange Regulations, the Management Board of KOFOLA S.A. with its registered office in Kutno ("the Company") hereby makes public its declaration on the Company's application of corporate governance principles in the year 2011.

1.6.1 Corporate governance principles the Issuer is subject to, and the location where the principles may be examined by the public

Based on § 29 par. 2 of the Regulations of the Warsaw Stock Exchange („Stock Exchange", „WSE"), KOFOLA S.A. should apply the principles of corporate governance that the Stock Exchange Board may pass with regard to listed companies whose shares are admitted to trading on the stock exchange. Effective 4 July 2007, in its Resolution No. 12/1170/2007 the Stock Exchange Board adopted corporate governance principles in the form of "Good Practices of the Companies Listed on the Warsaw Stock Exchange" ("Good practices", "corporate governance principles"), which were amended by the Resolution No. 17/1249/2010 dated 19 May 2010. The corporate governance principles are available to the public on the Stock Exchange's website at: http://corp-gov.gpw.pl/.

1.6.2 The corporate governance principles that the Issuer did not apply

In 2011 the Issuer applied all of the principles referred to in the Good Practices of the Companies Listed on the WSE, with the exception of a one principle of which it informed, in accordance with § 29 par. 3 of the Stock Exchange's Regulations, in its current report (published in the EBI system).

On 29 of June 2011, in the current report (published in the EBI system), the Issuer informed that it was not applied the principle referred to in point 6 of Part IV of the Good Practices i.e. the principle which says that the day of the dividend and the dividend payment date shall be so set that the period between them was as short as possible and in any event not longer than 15 working days. Failure to aforementioned principle resulted from the fact that in Resolution No. 17 dated 29 June 2011 adopted by the Ordinary General Meeting of Shareholders, of which the Company informed in the current report No. 9/2011 dated 29 June 2011, the day of the dividend was set for 29 September 2011, while the dividend payment date was established on 6 December 2011.

At the same time the Company still did not apply the principle referred to in point 6 of Part III of the Good Practices, i.e. the principle relating to meeting the criteria of independence by at least two members of the Supervisory Board of which the Company informed in current report No. 3/2009 dated 7 January 2009.

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

1.6.3 Description of the main internal control and risk management features applied at the issuer's company in the preparation of financial statements and consolidated financial statements

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

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

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

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

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

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

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

The Shareholders of KOFOLA S.A. – state according to Company's knowledge on 31 December 2011:

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

- 13 395 373 shares or 51,18% of share capital of KOFOLA S.A.
- 13 395 373 votes or 51,18% of total votes at General Meeting of KOFOLA S.A.

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

- 11 283 153 shares or 43,11% of share capital of KOFOLA S.A.
- 11 283 153 votes or 43,11% of total votes at General Meeting of KOFOLA S.A.

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

1.6.5 Holders of all types of securities that give special controlling rights, along with a description of those rights

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

1.6.6 All restrictions on voting rights, such as a restriction on the voting rights of holders of a specified part or number of votes, time restrictions on voting rights or provisions according to which, in cooperation with the company, the equity rights related to securities are separated from the ownership of the securities

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

1.6.7 All restrictions on the transfer of the ownership of securities

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

1.6.8 Description of the principles used to appoint and dismiss management staff and their powers, in particular the right to make decisions on the issue or purchase of shares

THE PRINCIPLES OF APPOINTING SUPERVISORY BOARD MEMBERS

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

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

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

THE PRINCIPLES OF APPOINTING MANAGEMENT BOARD MEMBERS

1. The Management Board comprises from 5 to 8 members appointed and removed by the Supervisory Board. Members of the Company's Management Board may hold the following positions:

   Chairman of the Management Board,

   b) Finance Director – Member of the Management Board,

   c) Operating Directors - Member of the Management Board,

   d) Sales Director - Member of the Management Board,

   e) Marketing Director - Member of the Management Board,

   f) Human Resources and Services Director - Member of the Management Board,

   g) Development Director - Member of the Management Board,

   h) Managing Director - Member of the Management Board.

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

THE POWERS OF THE SUPERVISORY BOARD

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

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

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

c) supervising the performance of budgets,

d) approving the payment of interim dividend,

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

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

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

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

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

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

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

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

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

- 30 000 000 EUR or an equivalent of that amount – with respect to activities conducted as part of the ordinary course of business,
- 3 000 000 EUR or an equivalent of that amount – with respect to activities conducted outside the ordinary course of business,

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

- trade credit granted in the ordinary course of business,
- loans granted on the market principles between subsidiary companies of the Company's Group.

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

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

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

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

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

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

- for members of the Company's Management Board – 175 000 EUR or an equivalent of that amount,
- for members of the management boards of companies of the Company's Group, other than the Company – 175 000 EUR or an equivalent of that amount,
- for members of the supervisory boards of companies of the Company's Group, other than the Company – 25 000 EUR or an equivalent of that amount,

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

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

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

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

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

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

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

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

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

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

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

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

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

THE POWERS OF MANAGEMENT BOARD

Repesentation of the Company and the Management Board‘s responsibilities

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

Passing resolutions

1. The Management Board shall adopt its decisions in the form of resolutions passed at meetings, which shall be convened as the need arises. Resolutions shall be passed by a simple majority of votes. In the event of a voting tie, the Chairman of the Management Board shall have the casting vote.
2. The following matters shall require the adoption of a resolution by the Management Board:

   a) adopting the budget,

   b) approving subscription, acquisition or disposal of shares in other entities and approving joining a company under commercial law or a civil-law partnership by the Company or any company of its Group,

   c) approving a share capital increase, sale of a business or an organised part of a business, a demerger, merger or transformation of the Company or any company of its Group,

d) approving acquisition or disposal by the Company or any company of its Group of real property, a perpetual usufruct right or an interest in real property,

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

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

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

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

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

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

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

Acquisition of own shares by the Company

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

1.6.9 Description of methods used to change the statute of the issuer’s company

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

1.6.10 The manner of operation of the general meeting and its basic powers as well as a description of shareholder rights and their performance, in particular the principles arising out of the general meeting regulations, if such regulations have been passed, as long as the relevant information does not arise directly out of legal regulations

CONVENING OF THE GENERAL MEETINGS

1. An Annual General Shareholders Meeting shall be convened annually by the Management Board, not later than within six (6) months of the end of the Company’s financial year.

2. A General Shareholders Meeting shall be convened by the Management Board. The Supervisory Board may convene an Annual General Shareholders Meeting if it is not convened by the Management Board within the period specified in this chapter or in the Statute, and the Extraordinary General Shareholders Meeting, if it considers its convocation as advisable.

3. The shareholders representing at least half of the share capital or at least half of the total votes on the General Shareholders Meeting may convene an Extraordinary General Shareholders Meeting. The shareholders shall appoint the Chairman of this General Shareholders Meeting.

4. A shareholder or shareholders representing at least one twentieth of the share capital may request the convening of the Extraordinary General Meeting and placing certain issues in the agenda of this Meeting. The request to convene an Extraordinary General Meeting must be submitted to the Management Board in writing or in electronic form. If, within two weeks from the date of the request submitted to the Management Board, an Extraordinary General Meeting shall not be convened, the registry court may authorise the shareholders applying with this request to convene an Extraordinary General Meeting. The court shall appoint the chairman of this Meeting.

5. A motion for convening the General Shareholders Meeting shall specify the issues to be included in the agenda. The motion shall require a justification.

6. The General Shareholders Meeting shall be convened for a day that is a business day in Poland.

7. The General Shareholders Meeting convened on the motion of the Shareholders may only be cancelled or its date changed upon the approval by the parties submitting the motion. In all other cases, the General Shareholders Meeting may be cancelled if there occur any extraordinary obstacles to its holding (*force majeure*) or when holding the Meeting would be obviously purposeless.

8. Any notices pertaining to the General Shareholders Meetings and minutes thereof shall be prepared in the Polish language. Similarly, the Meetings shall be conducted in the Polish language.

PASSING RESOLUTIONS BY THE GENERAL MEETING

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

THE POWERS OF THE GENERAL MEETING

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

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

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

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

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

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

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

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

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

i) acquiring Company's own shares,

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

k) dissolving the Company,

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

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

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

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

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

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

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

Right to Participate in the General Meeting of Shareholders

1. The right to participate in the General Shareholders Meeting have only those who are shareholders of the Company for sixteen days before the date of the General Shareholders Meeting (the record date for the participation in the General Meeting).
   a) The bearer shares in a form of the document confer the right to participate in General Meeting if the documents of shares are submitted in the company not later than on the record date for participation in the general meeting and shall not be received before the end of this date. Instead of shares, it may be submitted the certificate issued as the proof of deposit of shares at the notary, in the bank or in the investment firm which have a seat or branch in the European Union or in a state which is the party of the agreement on the European Economic Area, as indicated in the notice of the convention of the General Meeting.
   b) The dematerialized bearer shares confer the right to participate in the General Meeting provided that the notification to the operator of the securities account the participation in the General Meeting shall be submitted by the holder of the dematerialized shares under Art. 406 (3) § 2 of the Commercial Companies Code.
2. The persons entitled to participate in the General Shareholders Meeting pursuant to point 1 of this paragraph are hereinafter referred to as the "Eligible Participants".
3. The members of the Company's Management Board and Supervisory Board, as well as other persons invited by the body which has convened the General Shareholders Meeting, shall be obliged to participate, with the right to speak, in the General Shareholders Meeting.
4. The Shareholder who is natural persons may participate in the General Shareholders Meeting and exercise its voting right personally or through a proxy, unless such voting right has been limited or waived under the applicable laws or the provisions of the Company's Statute adopted on the basis of such laws.
5. A Shareholder which is a legal person or an entity with no legal personality, but with the legal capacity, may participate in the General Shareholders Meeting and exercise its voting right through a person authorised to make declarations of will on behalf of such Shareholder or through a proxy.
6. The Power of attorney to participate in the General Meeting and to execution of voting right must be granted in writing or in electronic form. Granting power of attorney in electronic form shall not require a provision of it with a secure electronic signature verified by a valid qualified certificate. The Management Board decides of the manner of notification of the fact of granting the power of attorney in the notice of the convention of the General Meeting.
7. If the proxy at the General Meeting is a board member, member of the supervisory board, liquidator, an employee of the Company or member of bodies or employee of the company or subsidiary cooperative of the Company, the power of attorney may authorize to represent on the only one General Meeting. The proxy has an obligation to disclose to the shareholder the circumstances indicating the existence or the possibility of existence of a conflict of interests. Granting further power of attorney is impossible. In aforementioned case, the Proxy votes in accordance with instructions granted by the shareholder.

Opening of a General Meeting and election of its Chairman

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

3. The General Meeting Chairman is elected from among the General Meeting's eligible participants.
4. Each Eligible participant has the right to submit one candidate.
5. The General Meeting Chairman directs the meeting in accordance with the agreed agenda, binding legal regulations and the provisions of the present Rules of Procedure, ensuring that the meeting is conducted and voting held in an efficient and proper manner.
6. The Chairman cannot resign from this position without valid reasons.
7. The powers and responsibilities of the General Meeting Chairman include in particular:
   a) preparing an attendance list, signing the list, displaying the list during the General Meeting and attaching it to the minutes,
   b) giving the floor,
   c) overseeing voting and ensuring that it is conducted correctly,
   d) signing documents containing vote results,
   e) concluding the completion of the meeting's agenda,
   f) resolving procedural matters;
   g) overseeing the work of support personnel present at the General Meeting.
8. The Chairman shall make decisions on admitting journalists to the General Meeting of Shareholders and on granting permission to make sound or visual recordings of the General Meeting of Shareholders. If any of Shareholders present at the Meeting should object to the decision of the Chairman, the issue shall be voted upon by the General Meeting of Shareholders.

Binding the General Meeting with the agenda

1. Subject to the provisions of Art. 404 of the Commercial Companies Code, the General Shareholders Meeting may adopt resolutions only on matters included in the agenda of the Meeting.
2. On the motion from an Eligible Participant, the Management Board or the Supervisory Board, the General Shareholders Meeting may adopt a resolution not to consider an issue included in the agenda or to change the order of issues included in the agenda.
3. A resolution not to consider an issue included in the agenda of the meeting shall be adopted only for significant reasons. The relevant motion shall require detailed grounds.
4. A shareholder or shareholders representing at least one-twentieth of the share capital may request the inclusion of certain issues in the agenda of the next General Meeting. The request shall be submitted to the Management Board no later than twenty one days before the scheduled date of the Meeting. The request shall include a justification or a draft of resolution concerning the proposed agenda item. The request may be submitted in electronic form. The Management Board shall announce immediately, but not later than eighteen days before the scheduled date of the General Meeting, the changes in the agenda, introduced at the request of shareholders. The announcement shall be made in a manner appropriate to convene a general meeting.
5. A shareholder or shareholders representing at least one twentieth of the share capital before the date of the General Meeting may submit to the Company in writing or by electronic means of communication, draft of resolutions concerning the issues placed in the agenda of general meeting or the issues which shall be placed in the agenda. The Company shall promptly announce the drafts of resolutions on its website.

Voting

1. Subject to the provisions of par. 2 and 3, voting is open.
2. The ballot shall be in the following cases:
   a) the vote relates to elections and motions to dismiss members of the Company's organs or liquidators,
   b) the vote relates to motions to hold members of the Company's organs or liquidators liable,
   c) the vote relates to personal matters.
3. Subject to the provisions of Article 416 § 3 of the Commercial Companies Code, a ballot is ordered at the request of even one of the present or represented Shareholders.
4. The General Meeting may pass a resolution to waive the secrecy of the vote on matters relating to the election of a Committee appointed by the General Meeting.
5. The provisions of par. 2 and 3 do not apply in cases when the General Meeting is attended by only one Shareholder.

1.6.11 The composition and changes made in the most recent financial year, as well as a description of the operation of the issuer's management, supervisory or administrative organs and their committees

THE RULES OF OPERATION OF THE MANAGEMENT BOARD OF THE COMPANY

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

CHANGES IN THE COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD

THE COMPOSITION OF THE MANAGEMENT BOARD OF KOFOLA S.A. on 31 DECEMBER 2011:

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

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

CHANGES IN THE COMPOSITION OF THE COMPANY'S SUPERVISORY BOARD

THE COMPOSITION OF THE SUPERVISORY BOARD OF KOFOLA S.A. on 31 DECEMBER 2011:

- 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, a member of the Company's Supervisory Board who was also the Chairman of the Supervisory Board, resigned from the position as a member of the Supervisory Board effective from 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 the day of preparation of this statement, the aforementioned composition of the Management Board remains unchanged.

THE AUDIT COMMITTEE COMPRISES:

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

On 4 March, the 2011 Supervisory Board has appointed Mr. René Sommer to the Audit Commitee of KOFOLA S.A., and dismissed Mr. Martin Dokoupil.

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

THE REMUNERATION COMMITTEE COMPRISES:

- Mr. Jacek Woźniak –Chairman,
- Mr. Raimondo Eggink,
- Mr. Martin Dokoupil.

THE RULES OF OPERATION OF THE SUPERVISORY BOARD OF THE COMPANY

The Supervisory Board operates in accordance with applicable provisions of law, provisions of the Company's Statute and provisions of the Rules of Procedures of the Supervisory Board.

MEETINGS OF THE SUPERVISORY BOARD

1. The Supervisory Board passes the rules of procedures for the functioning of the Supervisory Board.

2. For a Supervisory Board meeting to be effective, all of the members of the Supervisory Board must be properly invited, and the meeting must be attended by at least half of the Supervisory Board members, including the Chairman or Vice-Chairman. With the consent of all of its members, the Supervisory Board may meet without a formal call.
3. A Supervisory Board meeting is called by: (i) the Chairman of the Supervisory Board or (ii) the Vice-Chairman of the Supervisory Board, on his own initiative or at the request of the Company's Management Board or at least two members of the Company's Supervisory Board. A meeting should be called within 2 (in words: two) weeks of the submission of such a request by the entitled person, with the date of the meeting set for within 4 (in words: four) weeks of the submission of such a request. A Supervisory Board meeting is called by registered mail, e-mail or fax sent at least 2 (in words: two) weeks prior to the meeting date.
4. The Supervisory Board is required to hold a meeting at least once a quarter. Supervisory Board meetings are held at the Company's registered office or – with the consent of all members – at another location.
5. Subject to Article 388 § 2 and 4 of the Commercial Companies Code, Supervisory Board members may take part in the passing of resolutions by casting their vote in writing through another member of the Supervisory Board.
6. Subject to Article 388 § 4 of the Commercial Companies Code, the Supervisory Board may pass resolutions in writing or by using methods of direct communication. A resolution is valid if all of the Supervisory Board members have been notified of the text of the draft resolution.
7. Subject to the other provisions of the Company's Statute (see point H of the present declaration), the Supervisory Board passes resolutions by an ordinary majority of votes cast by Supervisory Board members present at the meeting, and if the number of votes is equal the Chairman of the Supervisory Board has the deciding vote.
8. The Supervisory Board may appoint permanent or ad hoc committees, operating as the Supervisory Board's collegial consulting and opinion forming organs. Two permanent committees are formed as part of the Supervisory Board: the Audit Committee and the Remuneration Committee. The Supervisory Board appoints members of the Audit Committee and the Supervisory Committee from among members of the Supervisory Board.
9. The work of a Committee is directed by the Committee chairman, who is selected at its first meeting, in a resolution passed by its members, from among members of the Committee. The chairman also supervises the preparation of the agenda, organization of document distribution and preparation of Committee meeting minutes.
10. Committee meetings are called in accordance with the same principles that apply to the calling of Supervisory Board meetings.
11. Committee resolutions are passed by an ordinary majority of votes. In votes where an equal number of votes is cast 'in favor' and 'against', the Committee chairman casts the deciding vote.

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

1. The Remuneration Committee is appointed by the Supervisory Board from among its members, and comprises several members. The number of members, including independent members, is determined by the Supervisory Board in the form of a resolution.
2. The Remuneration Committee is the Supervisory Board's opinion forming and consulting organ on the following matters:
   a) determining the terms and conditions for remunerating members of the Company's Management Board and members of the management and supervisory boards of the companies from the Company's group,
   b) granting bonuses or other variable remuneration components to members of the Management Board,
   c) remuneration of the Company's Management Board members agreed in the contracts signed with the Company,
   d) the Company's remuneration policies, including in particular the performance of periodic reviews of the system used to remunerate members of the Management Board and management staff working directly under the supervision of members of the Management Board, and submitting to the Supervisory Board proposed changes in those policies in the context of the Company's strategic goals,
   e) incentive plans for higher level managers,
   f) assessing the human resources management system at the Company and at the companies from its Group.

1.7 The Company's shareholding structure – information about the shareholders who hold at least 5% of shares/votes at GSM

According to the Company's information as at the date of the preparation of the present report as at 31 December 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 votes, or 51,18% of total votes at General Meeting of KOFOLA S.A.

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

11 283 153 shares, or 43,11% of share capital of KOFOLA S.A.

11 283 153 votes, or 43,11% of total votes at General Meeting of KOFOLA S.A.

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

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

Fructo-Maj Sp. z o.o.

KOFOLA S.A. has receivables in the bankrupt company Fructo-Maj Sp. z o.o. As at 31 December 2011, the total value of the receivables was PLN 8 880 thousand. The balance sheet value of this item, after revaluation, is PLN 1 464 thousand. The receivables are secured with mortgages on all of the significant real properties of Fructo-Maj Sp. z o.o., and with a registered pledge on the entity's movables.

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

Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.

The subsidiary Pomorskie Centrum Dystrybucji Hoop Sp. z o.o. is currently in the process of significantly reducing operational activities and selling its assets (according to concluded arrangement).

According to Resolution number 1 from the 28 February 2012, Extraordinary Shareholders Meeting of the Pomorskie Centrum Dystrybucji HOOP Sp. z o.o. increased the company's share capital by PLN 1 000 thousand through the creation of 2 000 new shares with a nominal value of PLN 500 each, which were acquired by KOFOLA S.A. at the issue value of PLN 5 500 for each share, thus the total issuance amount of PLN 11 000 thousand.

On 5 March 2012, a tripartite agreement on the transfer was concluded, under which the obligations of PCD Hoop Sp. z o.o. to Hoop Polska Sp. z o.o have been repaid to the amount of PLN 11 000 thousand and under which KOFOLA S.A. has given cash contribution to cover the newly created shares in the increased capital of PCD Hoop Sp. z o.o. in the amount of PLN 11 000 thousand and undertook to pay the amount of the transfer to Hoop Polska Sp. z o.o. no later than 28 February 2017, in accordance with the timetable included in the agreement from 7 March 2012 regarding the obligation repayment.

The above-described steps leading to the restructuring of PCD Hoop Sp. z o.o. constitute execution of commitments adopted by KOFOLA S.A. in the course of the arrangement of the company PCD Hoop Sp. z o.o. arising from the decision of 22 November 2010 by the Regional Court in Koszalin, VII Business Division for Bankruptcy and Recovery Cases , ref. Act VII GUp 13/10 for approval of the arrangements of PCD Hoop Sp. z o.o.

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

1.9 Information about significant contracts

In the reported period, no significant contract was concluded.

1.10 Information about relationships with other group entities

On 28 February 2011, annexes were signed to the credit agreements between the subsidiary Hoop Polska Sp. z o.o. and Bank Consortium (Bank Zachodni WBK Spółka Akcyjna, Bank Polska Kasa Opieki Spółka Akcyjna, Kredyt Bank Spółka Akcyjna), where KOFOLA S.A. played the role of guarantor (see Note 1.12 on guarantees granted). In accordance with the terms of the annexes, changes were made in the values of the financial ratios required by the creditors, as well as to the margins.

1.11 Information about credits and loans

Information on credits and loans is presented in Note 5.22 to the financial statements.

1.12 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
		in currency	in ths. PLN			
Kofola S.A.	Bank Zachodni WBK S.A.	34 200 T PLN	34 200	12/2015	Hoop Polska Sp z o.o.	Subsidiary
Kofola S.A.	Bank Zachodni WBK S.A.	16 642 T PLN	16 642	12/2015	Hoo Polska Sp z o.o.	Subsidiary
Kofola S.A.	Kredyt Bank S.A.	14 332 T PLN	14 332	12/2015	Hoo Polska Sp z o.o.	Subsidiary
Kofola S.A.	Bank Pekao S.A.	9 176 T PLN	9 176	12/2015	Hoo Polska Sp z o.o.	Subsidiary
Kofola S.A.	Deutsche Leasing	2 452 T EUR	10 830	2/2014	Hoop Polska Sp z o.o.	Subsidiary
Kofola S.A.	ING Commercial Finance	3 151 T PLN	3 151	till termination of the contract	Hoop Polska Sp. z o.o.	Subsidiary
Kofola S.A.	Komercni banka a.s., Praha	120 925 TCZK	20 690	12/2016	Kofola a.s., ČR	subsidiary
Kofola S.A.	Komercni banka a.s., Praha	192 804 T CZK	32 989	12/2012	Kofola a.s., ČR	subsidiary
Kofola S.A.	Komercni banka a.s., Praha	29 666 T CZK	5 076	3/2012	Kofola Holding a.s.	
Total sureties for loans or guarantees issued			**147 086**	**ths. PLN**		

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

As at 31 December 2011, KOFOLA S.A. did not create any provisions regarding the provided guarantees.

1.13 Information on issuing securities

According to resolution number 13/XI/2011 of KOFOLA S.A. Supervisory Board from 10 November 2011 regarding the approval of Bond Issuance Program realisation and KOFOLA S.A. Management resolution number 4/XI/2011 from 21 November 2011 regarding issuance of bonds from series A^1 and series A^2 KOFOLA S.A. as at 21 December 2011 issued 3 075 A^1 bonds and 29 075 A^2 bonds.

In accordance with the Terms of the Bond Issuance:

- bonds are bearer bonds,
- bonds are not secured,
- the nominal value of bonds is PLN 1 000 each,
- the issue price of bonds is equal to their nominal value,

- maturity of bonds from series A^1 is 24 months from the date of the resolution of the allocation and settlement,
- maturity of bonds from series A^2 is 36 months from the date of the resolution of the allocation and settlement,
- interest on the bonds shall be determined separately by the sum of the index and margin WIBOR 6M for each series,
- interest will be paid every six months where the first interest period begins on the date of issue,
- bond purchase proposal was addressed to no more than 99 recipients in the manner specified in Article 9, item 3 of the Act on Bonds,
- bonds do not have the form of a document,
- bonds authorise only to cash benefits,
- bonds will be subject for appliance by the Issuer for their admission to being traded in an alternative trading system on the Catalyst market, that is orgnised by the Stock Exchange in Warsaw or BondSpot S.A.,
- after two interest periods, the Issuer has granted an option call bonds with the assumption that one-time buy-back will be at least 15% of the issued series under the Bond Issuance Program.

Issued bonds are valued using the amortised cost method until maturity and are presented in this report as a long-term liabilities in the amount of PLN 31 808 thousand as well as current liabilities in the amount of PLN 82 thousand (interest).

According to Resolution number 13/XI/2011 of the KOFOLA S.A. SupervisoryBoard from 10 November 2011 regarding the approval of Bond Issuance Program realisation changed by Supervisory Board resolution number 1/2012 from 20 February 2012 and KOFOLA S.A. Management resolution number 1/II/2012 from 1 February 2012 regarding issuance of bonds from series A^3 , KOFOLA S.A. as at 20 February 2012 issued 16 850 bonds from series A^3 at the issue price and with a nominal value of PLN 1 000 each and with maturity of 34 months.

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

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

1.15 The factors and unusual events that had an effect on the Company's result

In the reporting period the results of KOFOLA S.A. were greatly affected by interest income in the amount of 6 298 thousand PLN, dividends received in the amount of 14 807 thousand PLN, foreign exchange gains in the amount of 10 287 thousand PLN relating mainly to a long-term loan granted to the company Kofola Holding a.s. in CZK and the income tax burden. In the coming periods the Company's results will be affected by the PLN to CZK exchange rates and by the results of subsidiaries that will determine the amount of possible dividend. The future growth of the Company, which conducts no operating activities, is linked directly to the growth and results of the entire Group.

1.16 Changes in the Company's basic management methods

During 2011, no changes in the Company's management methods were made.

1.17 Agreements concluded between the issuer and the management staff

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

1.18 Remuneration of Management and Supervisory Board members

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

Management Board	2011
Janis Samaras	694
Bartosz Marczuk	621
Martin Mateáš	752
Tomáš Jendřejek	566
René Musila	521
Total*	**3 154**

Supervisory Board	2011
René Sommer **	-
Jacek Woźniak	-
Dariusz Prończuk	-
Martin Dokoupil	18
Raimondo Eggink	72
Anthony Brown	-
Ireneusz Stolarski	18
Total	**108**

* out of the entire remuneration paid to members of the Management Board, 3 089 thousand PLN was paid by the subsidiary Kofola Holding a.s.

** remuneration paid in 2011 regarding employment in Kofola Holding a.s. amounted to PLN 563 thousand.

1.19 Information about agreements that may change the proportion of shares held by the existing shareholders in the future

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

1.20 Information about the employee shares control system

The terms and conditions of the Incentive Program, its eligible participants, the maximum limit of subscription warrants corresponding to participant categories, as well as the criteria that must be met to receive an allotment of subscription warrants have been set by the Supervisory Board in the Incentive Program Regulations. The costs that will be incurred by KOFOLA S.A. in connection with the introduction of the Incentive Plan are based on the Group's forecast results.

1.21 Information about the entity authorized to audit the financial statements

On 2 July 2009 KOFOLA S.A. concluded an agreement with BDO Numerica International Auditors & Consultants Sp. z o.o. (currently BDO Sp. z o.o.) – an entity authorized to audit financial statements, for the performance of a review and audit of the separate and consolidated financial statements for the year 2009. The agreement was concluded for a year, extendable for another two years.

The total fee arising out of the above agreement with BDO Sp. z o.o., binding also in 2011, due for the audit of the separate financial statements of KOFOLA S.A. for the year 2011 is 21 thousand PLN.

The total fee arising out of the agreement with BDO Sp. z o.o. due for the audit of the consolidated financial statements of the KOFOLA Group for the year 2011 is 84 thousand PLN.

The total value of the fees due to BDO Sp. z o.o. arising out of the agreement, for other titles relating to the year 2011, is 63 thousand PLN and relates to the review of the separate and consolidated financial statements as at 31 December 2011. Additional work also included translation of the financial statements.

1.22 Subsequent events that could have a significant effect on the financial results of KOFOLA S.A.

Issue of bonds from series ^{A3} by KOFOLA S.A.

According to Resolution number 13/XI/2011 of the KOFOLA S.A. SupervisoryBoard from 10 November 2011 regarding approval of Bond Issuance Program realisation changed by Supervisory Board resolution number 1/2012 from 20 February 2012 and KOFOLA S.A. Management resolution number 1/II/2012 from 1 February 2012 regarding issuance of bonds from series A^3 , KOFOLA S.A. as at 20 February 2012 issued 16 850 bonds from series A^3.

In accordance with the Terms of Bonds Issuance:

- bonds are bearer bonds,
- bonds are not secured,
- the nominal value of bonds is zł 1 000 each,
- the issue price of bonds is equal to their nominal value,
- maturity of bonds from series A^3 is 34 months from the date of the resolution of the allocation and settlement,
- interest on the bonds shall be determined separately by the sum of the index and margin WIBOR 6M for each series,
- interest will be paid every six months where the first interest period begins on the date of issue,
- bond purchase proposal was addressed to no more than 99 recipients in the manner specified in Article 9, item 3 of the Act on Bonds,
- bonds do not have the form of a document,
- bonds authorise only to cash benefits,
- bonds will be subject for appliance by the Issuer for their admission to trading in alternative trading system on the Catalyst marget, that is orgnized by the Stock Exchange in Warsaw or BondSpot S.A.,
- after two interest periods the Issuer has granted option call bonds with the assumption that one-time buy-back will be at least 15% of the issued series under the Bond Issuance Program.

Loan provided by KOFOLA S.A. to the subsidiary

On 22 February 2012, KOFOLA S.A. provided a subordinated loan to the subsidiary Hoop Polska Sp. z o.o. in the amount of PLN 11 000 thousand with a maturity on 31 December 2014. The purpose of the loan was to improve the financial ratios required for Hoop Polska Sp. z o.o. in the credit agreement with Bank Consortium.

Capital increase in subsidiary - an agreement on the transfer and an agreement on the obligation repayment

According to Resolution number 1 from the 28 February 2012, the Extraordinary Shareholders Meeting of the Pomorskie Centrum Dystrybucji HOOP Sp. z o.o. increased the company's share capital by PLN 1 000 thousand through the creation of 2 000 new shares with a nominal value of PLN 500 each, which were acquired by KOFOLA S.A. the issue value of PLN 5 500 for each share, thus the total issuance amount of PLN 11 000 thousand.

On 5 March 2012, a tripartite agreement on the transfer was concluded, under which the obligations of PCD Hoop Sp. z o.o. to Hoop Polska Sp. z o.o have been repaid to the amount of PLN 11 000 thousand and under which KOFOLA S.A. has given cash contribution to cover the newly created shares in increased capital of PCD Hoop Sp. z o.o. in the amount of PLN 11 000 thousand and undertook to pay the amount of transfer to Hoop Polska Sp. z o.o. no later than 28 February 2017, in accordance with the timetable included in the agreement from 7 March 2012 regarding the obligation repayment.

The above-described steps leading to the restructuring of PCD Hoop Sp. z o.o. constitute the execution of commitments adopted by KOFOLA S.A. in the course of the arrangement of the company PCD Hoop Sp. z o.o. arising from the decision of 22 November 2010 by the Regional Court in Koszalin, VII Business Division for Bankruptcy and Recovery Cases , ref. Act VII GUp 13/10 for approval of the arrangements of PCD Hoop Sp. z o.o.

1.23 Statement of the Management Board of KOFOLA S.A.

According to § 91 clause 1, item 6 of the Decree of the Council of Ministers from 19 February 2009 on current and periodic information published by the issuers of securities and conditions for recognising as equivalent information required by law of a non-member state, the Management Board of KOFOLA S.A. declares that the entity authorised to audit the financial statements, which audited the financial statements for the year 2011, was selected in accordance with the legal regulations and that this entity and the auditors performing the audit of the report, met the conditions for an independent opinion on the audited annual financial statements in accordance with applicable regulations and professional standards.

According to § 91 paragraph 1.5 of the Council of Ministers of 19 February 2009 on current and periodic information published by the issuers of securities and conditions for recognising as equivalent information required by the legal regulations of a non-member state, the Management Board of KOFOLA S.A. declares that according to its best knowledge, the annual financial statements for 2011 and comparative figures have been prepared in accordance with applicable accounting principles and give a true and fair view about KOFOLA S.A.'s financial position and its financial performance, and that the issuer's activity report presents a true view of the development and achievements as well as position of KOFOLA S.A., including a description of the main risks and threats.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

15.03.2012	**Janis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*position*	*Signature*
15.03.2012	**Bartosz Marczuk**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*Signature*
15.03.2012	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*Signature*
15.03.2012	**René Musila**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*Signature*
15.03.2012	**Tomáš Jendřejek**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*Signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

15.03.2012	**Katarzyna Balcerowicz**	**Chief Accountant**	....
date	*name and surname*	*position*	*Signature*

Document signed on the Polish original.

2 Separate financial statements of KOFOLA S.A.

2.1 Separate income statement

for the year ended 31 December 2011 and for the year ended 31 December 2010.

	Note	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
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	5.2	-	(86)
Administrative costs	5.2	(3 737)	(2 202)
Other operating income		1 115	1 068
Other operating expenses		(59)	(344)
Operating result		**(2 681)**	**(1 564)**
Financial income	5.3	31 395	30 750
Financial expense	5.4	(1 355)	(1 503)
Profit before tax		**27 359**	**27 683**
Income tax	5.7	(4 745)	(2 497)
Net profit on continued activity		**22 614**	**25 186**
Discontinued activity			
Net profit on discontinued activity		-	-
Net profit for the financial year		**22 614**	**25 186**
Earnings per share (in PLN)			
- basic earnings per share	5.9	0,8640	0,9623
- basic earnings per share from continuing operations		0,8640	0,9623
- diluted earnings per share	5.9	0,8640	0,9621
- diluted earnings per share from continuing operations		0,8640	0,9621

2.2 Separate statement of comprehensive income

for the year ended 31 December 2011 and for the year ended 31 December 2010.

	Note	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Profit for the period		**22 614**	**25 186**
Other comprehensive income (gross)			
Financial assets available for sale (valuation)		-	-
Income tax relating to components of Other comprehensive income		-	-
Other comprehensive income for the period (net)		**-**	**-**
Total comprehensive income for the period	2.5	**22 614**	**25 186**

2.3 Separate balance sheet

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

	Note	31.12.2011	31.12.2010
ASSETS			
Fixed assets (long-term)		**1 005 494**	**996 773**
Tangible fixed assets	5.10	372	372
Goodwill	5.12	13 767	13 767
Intangible fixed assets	5.12	-	10
Investment in subsidiaries and associates	5.14	854 137	854 137
Financial assets available for sale	5.14	-	-
Loans provided to related parties	5.14	137 218	127 736
Other financial assets		-	-
Deferred tax assets	5.7	-	751
Current assets (short-term)		**34 720**	**15 549**
Inventories		-	-
Trade receivables and other receivables	5.17	1 833	6 740
Income tax receivables		-	-
Cash and cash equivalents	5.18	32 887	8 809
TOTAL ASSETS		**1 040 214**	**1 012 322**
LIABILITIES AND EQUITY			
Equity		**910 040**	**903 653**
Share capital	5.19	26 173	26 173
Other capital	5.19	861 253	852 189
Retained earnings	5.19	22 614	25 291
Long-term liabilities		**112 408**	**76 243**
Issued bonds	5.22	31 808	-
Provisions	5.20	-	-
Other liabilities	5.23	17 336	16 054
Deferred tax reserve	5.7	63 264	60 189
Short-term liabilities		**17 766**	**32 426**
Bank credits and loans		-	-
Issued bonds	5.22	82	-
Trade liabilities and other liabilities	5.23	2 380	16 277
Income tax liabilities		359	122
Other financial liabilities		-	**-**
Provisions	5.20	14 945	16 027
Total Liabilities		**130 174**	**108 669**
TOTAL LIABILITIES AND EQUITY		**1 040 214**	**1 012 322**

2.4 Separate cash flow statement

for the year ended 31 December 2011 and for the year ended 31 December 2010.

	Note	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Cash flow on operating activity			
Gross profit (loss)		27 359	27 683
Adjustments for the following items:			
Depreciation	5.2	10	123
Net interest and dividends	5.3,5.4	(19 753)	(24 718)
(FX gains)/FX losses		(10 287)	(2 310)
(Profit)/loss on investment activity	5.3		(2 084)
Change in the balance of receivables	5.29	4 611	5 932
Change in the balance of liabilities	5.29	(11 984)	1 045
Change in the balance of provisions	5.20	(1 082)	(4 259)
Paid income tax		(682)	(558)
Net cash flow on operating activity		**(11 808)**	**854**
Cash flow on investing activity		-	
Sale of financial assets (BOMI S.A)			17 693
Purchase of financial assets			(3 844)
Dividends received	5.6	14 807	17 460
Proceeds from repaid loans		7 393	4 437
Net cash flow on investing activity		**22 200**	**35 746**
Cash flow on financial activity			
Proceeds from bonds issue	5.22	31 808	-
Repayment of loans and bank credits	5.22	-	(2 554)
Dividends paid to the shareholders of the parent company	5.6	(16 227)	(25 126)
Interest paid		(1 895)	(256)
Net cash flow on financing activity		**13 686**	**(27 936)**
Total net cash flow		24 078	8 664
Cash at the beginning of the period		**8 809**	**145**
Cash at the end of the period		**32 887**	**8 809**
Cash with limited ability to use		-	-

2.5 Separate statement of changes in equity

for the year ended 31 December 2011 and for the year ended 31 December 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		-	(82)	-	(82)
Total comprehensive income for the period	2.2	**-**	**-**	**25 186**	**25 186**
Dividends payment	5.6	-	(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	2.2	**-**	**-**	**22 614**	**22 614**
Dividends payment	5.6	-	-	(16 227)	(16 227)
Profit distribution		-	9 064	(9 064)	-
As at 31.12.2011		**26 173**	**861 253**	**22 614**	**910 040**

In Other capital – capital fund (dividend fund) is presented in the amount of PLN 29 541 thousand designed for future dividend payments. This fund was created according to resolution number 17 (Note 1.5) taken by Annual General Meeting of KOFOLA S.A. from 29 June 2011, from reserve capital created from accumulated profits in the amount of PLN 20 478 thousand and from retained earnings in the amount of PLN 105 thousand, and partially from the results for the year 2010 in the amount of PLN 8 959 thousand.

3 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 Warszaw

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

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

The Company has been formed for an unspecified time.

The Company's separate financial statements cover the year ended 31 December 2011 and include comparatives for the year ended 31 December 2010.

Change in registered office of KOFOLA S.A.

According to resolution number 18 from 29 June 2011, the Annual General Shareholders Meeting decided to move the registered office of the Company to Kutno and, at the same time, to change the Company's Statute accordingly. The resolution was effective from 25 September 2011, but the official transfer of the KOFOLA S.A. office was on 25 October 2011, thus as at the day when the Company received information from KRS about the registered change in KOFOLA S.A. Statute.

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

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

As at 31 December 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, Kutno	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, Warszaw	production of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
4.	Kofola a.s.	Czech Republic, Krnov	production and distribution of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
5.	Kofola a.s.	Slovakia, Rajecká Lesná	production and distribution of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
6.	Kofola Sp. z o.o.	Poland, Kutno	rent of production assets	acquisition accounting	100,00%	100,00%
7.	Santa-Trans s.r.o.	Czech Republic, Krnov	road cargo transport	acquisition accounting	100,00%	100,00%
8.	Santa-Trans.SK s.r.o.	Slovakia, Rajec	road cargo transport	acquisition accounting	100,00%	100,00%
9.	OOO Megapack	Russia, Widnoje	production of non-alcoholic and low-alcoholic beverages	acquisition accounting	50,00%	50,00%
10.	OOO Trading House Megapack	Russia, Widnoje	sale and distribution of non-alcoholic and low-alcoholic beverages	acquisition accounting	50,00%	50,00%
11.	Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.	Poland, Koszalin	wholesale of alcoholic and non-alcoholic beverages, activity extinguished	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	trademark licencing	acquisition accounting	100,00%	100,00%
14.	Kofola Zrt.	Hungary, Budapest	in liquidation	acquisition accounting	100,00%	100,00%

As at 31 December 2011, the Group consisted of the following entities:

The holding company – **KOFOLA S.A.** ("the Company", "the Issuer") with its registered office until 24 October 2011 in Warsaw, 01-102, ul. Jana Olbrachta 94, currently the Company's registered office is in Kutno, 99-300, ul. Wschodnia 5. The Company was formed as a result of the 30 May 2008 merger of HOOP S.A and Kofola SPV Sp. z o.o. Effective with the merger's registration, the name HOOP S.A. was changed to KOFOLA - HOOP S.A. and, since 24 December 2008, to KOFOLA S.A. At this time, the Company's functions consist primarily of management and ownership of all of the entities belonging to KOFOLA S.A. Group.

The subsidiary **Hoop Polska Sp. z o.o**. with its registered office until 31 January 2012 in Warsaw, 01-102, ul. Jana Olbrachta 94, currently the Company's registered office is in Kutno, 99-300, ul. Wschodnia 5, of which KOFOLA S.A. holds 100%. The company's main area of activities are 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 Kofola Holding a.s. Group, with its registered office in Ostrava, Nad Porubkou 2278/31A, 708 00 Ostrava - Poruba, Czech Republic, of which KOFOLA S.A. holds 100%.

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 the main activities consisting of the production and distribution of beverages in the territory of the Czech Republic,
- Kofola a.s. (SK) – a company registered in Slovakia, with the main activities consisting of the production and distribution of beverages in the territory of Slovakia,
- Kofola Sp. z o.o. – a company registered in Poland, with the 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 the main activities consisting of road cargo transport provided mainly to Kofola a.s. (Czech Republic),
- Santa-Trans.SK s.r.o. (SL) – a company registered in Slovakia, with the main activities consisting of road cargo transport provided mainly Kofola a.s. (Slovakia),
- Pinelli spol. s.r.o. (CZ) – a company registered in the Czech Republic, of which Kofola a.s. (CZ) holds 100%. Until the end of June 2011 the activities of Pinelli spol. s.r.o. consisted of the production and sale of beverages. In July and August 2011 activities were transferred to Kofola a.s. (CZ) and the production to the plant in Krnov. Presently Pinelli spol s.r.o. owns the trademarks Semtex, Erektus and ice tea Green Tea. Due to the fact that, from the day of takeover as at 22 April 2011 until 30 April 2011, no operations that could have a material impact on the Group's financial situation were noted. This report includes the results of Pinelli spol. s.r.o, for the period commencing 1 May 2011.
- Kofola Zrt. (HU) – a company registered in Hungary, is not active from 2010 and is 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, KOFOLA S.A. holds 50%. The activities of 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 in the territory of the Russian Federation. KOFOLA S.A. Group is able to control the financial and operating policies of Megapack Group, and as such it consolidates its financial results using acquisition accounting. In accordance with the binding Statute, the Director General of Megapack is selected by the Shareholders Meeting, with KOFOLA S.A. having the deciding vote in this matter. The Director General is Megapack's one-man executive and representative organ.

The subsidiary **Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.** with its registered office in Koszalin, 75-209, ul. Bowid 9e, KOFOLA S.A. holds 100% and has 100% of votes at Shareholders Meeting. The activities of PCD HOOP Sp. z o.o. consist of the wholesale of beverages. Since April 2011, the company successively sells its assets significantly reducing operational activities with the intention of future liquidation. For the purposes of these consolidated financial statements, the value of net assets held by the Company was reviewed for possible impairment.

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

Bobmark International Sp. z o.o. with its registered office in Warsaw, 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 as at 18 October 2010, whereas control over the company was already lost at the signing of the conditional agreement and appointment of a new management set up by the new owner. Therefore, the results of Bobmark International Sp. z o.o. are only presented in comparable data for the six months of 2010.

KLIMO s.r.o. – a company registered in the Czech Republic. Until the end of 2007 company was distributing beverages on the territory of the Czech Republic. From the beginning of 2008, the company ceased its operations. The liquidation process ended in January 2011. Accordingly, the results of KLIMO s.r.o. are only presented in comparable data.

MANAGEMENT BOARD

As at 31 December 2011, the Management Board of the holding company KOFOLA S.A. consisted of:

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

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

SUPERVISORY BOARD

As at 31 December 2011 the Supervisory Board consisted of:

- 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, a member of the Company's Supervisory Board who was also the Chairman of the Supervisory Board, resigned from the position as a 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 holding company's Supervisory Board prior to the publication of the present financial statements.

AUDIT COMMITTEE

As at 31 December 2011, the Audit Committee consisted of:

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

On 4 March 2011, the Supervisory Board has appointed Mr. René Sommer to the Audit Commitee of KOFOLA S.A., and dismissed Mr. Martin Dokoupil.

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

4 Information about the methods used to prepare the separate financial statements of the KOFOLA S.A.

4.1 Basis for the preparation of the separate financial statements

The present financial statements have been prepared in accordance with the laws binding in the Republic of Poland and with International Financial Reporting Standards ("IFRS"), as well as the interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") adopted by the European Union, and therefore comply with Article 4 of the E.U. Directive on the application of international accounting standards. The separate financial statements have been prepared on a going concern basis and in accordance with the historical cost method, with the exception of assets and financial liabilities stated at amortised cost, financial assets stated at fair value, 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 separate financial statement includes a separate balance sheet, income statement, statement of comprehensive income, statement of changes in equity, separate cash-flow statement and selected explanatory notes.

The main accounting methods are presented in point 4.5. They have been applied continuously in all of the years covered by the consolidated financial statements (unless stated otherwise).

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

4.2 Statement of compliance

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

4.3 Functional currency and presentation currency

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

4.4 Translation of amounts expressed in foreign 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 recognised under financial revenue (costs).

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

The following rates were used in the balance sheet valuation:

Currency rates at the end of period	31.12.2011	31.12.2010
PLN/USD	3,4174	2,9641
PLN/EUR	4,4168	3,9603
PLN/RUB	0,1061	0,0970
PLN/CZK	0,1711	0,1580

Average currency rates, calculated as arithmetical mean of currencies on last day of each month in period	31.12.2011	31.12.2010
PLN/USD	2,9679	3,0402
PLN/EUR	4,1401	4,0044
PLN/RUB	0,1008	0,0998
PLN/CZK	0,1682	0,1585

4.5 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.

4.5.1 Tangible fixed assets

Tangible fixed assets are stated at acquisition cost less accumulated depreciation and impairment write downs, if any, with the exception of items stated at fair value constituting the assets of the entity that was the acquiree from an accounting standpoint – the company HOOP S.A. as at 31 May 2008. The opening value of fixed assets consists of their acquisition price plus all costs directly associated with the asset's acquisition and adaptation for use. The costs also include the cost of replacing parts of machines and equipment as they are incurred, if the recognition criteria are met. Costs incurred after the asset is given over for use, such as maintenance and repairs, are charged to the income statement as they are incurred.

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

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

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

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

<u>Depreciation</u>

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

4.5.2 Borrowing costs

Borrowing costs are capitalized as part of the cost of producing fixed assets. Borrowing costs consist of interest and foreign exchange differences to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are recognised as costs as they are incurred.

4.5.3 Goodwill

Goodwill on the acquisition of a company is initially recognised at the acquisition price constituting the excess of the costs of the acquisition over the acquirer's share in the acquiree's identifiable assets, liabilities and contingent liabilities. After its initial recognition, goodwill is stated at the acquisition price less all accumulated impairment write downs. Impairment tests are performed once a year. Goodwill is not amortised.

As at the date of the acquisition, goodwill is allocated to each of the cash generating units that may benefit from the synergy of the business combination. Goodwill impairment is measured by estimating the recoverable amount of the cash generating unit to which the given goodwill pertains. If the recoverable amount of the cash generating unit is lower than the balance sheet value, a goodwill write down is recognised. If the goodwill is part of a cash generating unit and a sale is made of a portion of the operations within that unit, then when determining the profits or losses from the sale of such operations the goodwill associated with the sale of operations is included in its balance sheet value. In such circumstances, the sold goodwill is determined based on the relative value of the sold operations and the value of the retained portion of the cash generating unit.

4.5.4 Recoverable amount

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

4.5.5 Financial instruments

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

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

1. shares of other entities,
2. stocks of other entities,
3. loan receivables,
4. derivative instruments (options, forward contracts, futures, swap contracts, embedded derivative instruments),
5. other financial assets.

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

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

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

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

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

- financial assets stated at fair value through profit or loss,
- loans and receivables,
- financial assets held to maturity,
- financial assets available for sale.

Financial liabilities are divided into:

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

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

The Company's shares and interests in consolidated subsidiary companies are recognised (in accordance with IAS 27) at acquisition price adjusted by any impairment arising out of impairment tests.

Financial assets

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

The Company checks at each balance sheet date for indications of an impairment of a financial asset (or group of financial assets). In the case of instruments classified as available for sale, the presence of impairment is determined by taking into account, among others, a significant or long-lasting drop in the security's fair value below cost.

Loans and receivables

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

Financial assets held to maturity

Financial assets held to maturity are investments with specified or specifiable payments and a specified maturity date, which the Company intends and can hold to maturity. This category includes only listed debt instruments, as long as they have not been previously classified as financial assets stated at fair value through profit or loss, or as financial assets available for sale. Financial assets held to maturity are stated as at each balance sheet date at amortised cost by applying the effective interest rate.

Financial assets available for sale

Financial assets available for sale are financial instruments, other than derivative instruments, designated as "available for sale" or not included in any other category. Financial assets available for sale consist primarily of debt instruments acquired to invest excess funds, as long as the instruments have not been classified as financial assets stated at fair value through profit or loss due to the intention to hold them at the Company for a short time.

Financial assets available for sale are included in fixed assets, as long as there is no intention to dispose of them within 1 year of the balance sheet date, or in current assets – if such intention exists. Financial assets available for sale are stated as at each reporting date at fair value, and gains and losses (except for impairment losses) are recognised in equity.

Financial liabilities

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

4.5.6 Trade receivables and other receivables

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

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

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

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

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

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

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

4.5.7 Cash and cash equivalents

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

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

4.5.8 Equity

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

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

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

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

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

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

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

4.5.9 Interest bearing bank credits, loans and debt securities

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

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

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

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

4.5.10 Trade liabilities and other liabilities

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

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

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

4.5.11 Provisions

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

4.5.12 Employee benefits

Jubilee bonuses and retirement compensation

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

Termination benefits

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

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

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

Other employee benefits

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

Incentive programs based on allocation of subscription warrants

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

4.5.13 Revenue

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

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

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

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

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

4.5.13.1 Sale of goods and products

Revenue is recognised when the significant risks and benefits of the ownership of goods and products have been transferred to the buyer, and when the amount of revenue may be measured reliably.

4.5.13.2 Provision of services

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

4.5.13.3 Interest

Interest income is recognised gradually as it accrues.

4.5.13.4 Dividends

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

4.5.13.5 Government subsidies

The Company recognises government subsidies once there is reasonable assurance that the subsidy will be granted and that all of the related required criteria will be complied with. Both of the above conditions must be met for a government subsidy to be recognised.

If the subsidy relates to an asset component, then its fair value is recognised under deferred income, and then gradually, through equal annual charges, charged to the income statement throughout the estimated period of use of the asset associated with the subsidy.

If the subsidy relates to a cost item, then it is recognised as revenue, matching the costs the subsidy is meant to compensate.

4.5.14 Income tax

For the purposes of financial reporting a provision is created for income tax using the balance sheet method with regard to all temporary differences as at the balance sheet date between the tax value of assets and liabilities and the their accounting value listed in the financial statements.

A provision for deferred income tax is recognised on all positive temporary differences:

- except for situations when the provision for deferred income tax arises as a result of the initial recognition of goodwill or the initial recognition of an asset or liability component in a transaction that is not a business combination and has no effect on either the gross financial result or the taxable income or loss,
- in the case of positive temporary differences arising out of investments in subsidiaries or associates and interests in joint ventures – except for situations when the dates on which temporary differences are reversed are controlled by the investor and when it is likely that they will not reverse in the foreseeable future,
- deferred income tax assets are recognised on all negative temporary differences, as well as unused tax assets and unused tax losses that have rolled forward to future years, up to the amount that it is likely that future taxable income will be available that will make it possible to utilize the above mentioned differences, assets and losses,
- except for situations when the deferred income tax assets on negative temporary differences arise as a result of the initial recognition of goodwill or the initial recognition of an asset or liability component in a transaction that is not a business combination and has no effect on either the gross financial result or the taxable income or loss, and
- in the case of negative temporary differences arising out of investments in subsidiaries or associates and interests in joint ventures, the deferred income tax assets component is recognised in the balance sheet only at an amount that the above temporary differences are likely to be reversed in the foreseeable future and taxable income will be available that will make it possible to deduct the negative temporary differences.

The balance sheet value of deferred income tax assets is verified as at each balance sheet date and is subject to a relevant reduction to an extent that it is no longer likely that sufficient income will be available to partially or totally realise the deferred income tax asset.

Deferred income tax assets and provisions for deferred income tax are stated using the tax rates that are expected to apply when the asset will be realised or provision released, based on the tax rates (and tax regulations) binding as at the balance sheet date, or tax rates and regulations that are certain to apply in the future.

Income tax relating to items recognised directly in equity is recognised in equity, and not in the income statement.

4.5.15 Earnings per share

The net profit per share is calculated for each reporting period by dividing the net profit for the period by the weighted average number of shares in the given reporting period. Diluted net profit per share is calculated by dividing the net profit by the diluted weighted average number of shares.

4.6 New standards and interpretations

New standards, changes in accounting standards and interpretations binding as at 1 January 2011

The following standards, changes in 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 Instruments",
- Changes to IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"
- 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 financial statements.

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

The Management has not opted for early complete 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 or later. 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 or later. The standard has not been approved by the European Union,
- Changes to IAS 27 "Consolidated and Separate Financial Statements" apply to annual periods beginning on or after 1 January 2013 or later. The changes have not been approved by the European Union,
- Changes to IAS 28 "Investments in Associates" apply to annual periods beginning on or after 1 January 2013 or later. 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 or later. 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 or later. 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 or later. 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 January 2012 or later. 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 or later. The changes have not been approved by the European Union.

The Management is currently analysing the consequences and effect of the above new standards and interpretations.

4.7 Correction of error

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

4.8 Professional judgment

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

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

As at 31 December 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 Company verifies its provisions for doubtful debts as at each balance sheet date, taking into account the potential risk of significant delays in their repayment.

4.9 Uncertainty of estimates

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

Estimates	Type of information	Note
Impairment of cash generating units and individual tangible and intangible fixed asset components, goodwill, financial assets and loans	Main assumptions used to determine the recoverable amount: indications of impairment, models, discount rates, growth rate.	Note 5.12, Note 5.14
Provisions for doubtful debts	Main assumptions used to determine the recoverable amount.	Note 5.17
Income tax	Assumptions used to recognise deferred tax assets	Note 5.7
Provisions	Reliable estimate of the liability based on past events based on assumptions adopted with regard to the values of significant parameters.	Note 5.20
Economic useful lives of tangible and intangible fixed assets	The economic useful life and depreciation method are verified at least as at the end of each financial year.	Note 5.10, Note 5.12

4.10 Approval of financial statements

The Board of Directors approved the present separate financial statements for publication on 15 March 2012.

5 Notes to the separate financial statements of the KOFOLA S.A.

5.1 Information about 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.

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

5.2 Expenses by type

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Depreciation of fixed assets and intangible assets	10	123
Employee benefits costs	247	390
Consumption of materials and energy	11	8
Services	2 934	1 526
Taxes and fees	48	59
Property and life insurence	54	51
Other costs	433	131
Total expenses by type	**3 737**	**2 288**
Change in the balance of products, production in progress, prepayments and accruals	-	-
Reconciliation of expenses by type to expenses by function	**3 737**	**3 737**
Administrative costs	-	86
Cost of products sold	3 737	2 202
Reconciliation of expenses by type to expenses by function	**3 737**	**2 288**

Depreciation of fixed assets recognised fully in general administrative costs.

Costs of employee benefits

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Cost of salary	219	385
Social security and other benefits costs	28	5
Total costs of employee benefits	**247**	**390**

5.3 Financial income

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Financial interest income from:		
- bank deposits	260	385
- credits and loans granted	6 041	8 268
Dividends received	14 807	17 460
Net financial income from realised FX differences	10 287	2 310
Profit on disposal of shares BOMI S.A.	-	2 327
Total financial income	**31 395**	**30 750**

Dividends (gross) received in 2011 are dividends from subsidiaries: OOO Megapack in the amount of PLN 5 439 thousand and Kofola Holding a.s. in the amount of PLN 9 368 thousand. FX gains relate to the loan granted to Kofola Holding a.s. denominated in CZK.

5.4 Financial expense

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Financial interest expense from:		
- credits and financial leases	1 346	1 395
Bank charges	9	108
Total financial expense	**1 355**	**1 503**

5.5 Changes in reserves and provisions

	Receivables	Financial assets	Provisions
As at 1.1.2011	**9 971**	**800**	**16 027**
Increase due to creation	269	-	-
Decrease due to release and use	-		(1 082)
As at 31.12.2011	**10 240**	**800**	**14 945**

Increase in provisions to receivables relates mainly to the receivable from Fructo-Maj Sp. z o.o.

5.6 Dividends paid and declared

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Dividends declared in the given period	16 227	25 126
Dividends on common shares:		
paid out in the given period	16 227	25 126
Dividends declared	**16 227**	**25 126**

In its Resolution No. 17 the Ordinary General Meeting of KOFOLA S.A. of 29 June 2011 designated part of the net profit generated by KOFOLA S.A. in the period from 1 January 2010 to 31 December 2010, amounting to 16 227 thousand PLN for the payment of a dividend.

The shares of all series (A,B,C,D,E,F,G) participated in the dividend (yield 0.62 PLN/share). The dividend date was set for 29 September 2011. As per the above resolution, the dividend was paid out on 6 December 2011.

In the reporting period KOFOLA S.A. received a dividend from its subsidiaries: Kofola Holding a.s. in the amount of PLN 9 368 thousand and from OOO Megapack in the amount of PLN 5 439 thousand net.

5.7 Income tax

Main income tax elements for the period of 12 months ended 31 December 2011 and for the period of 12 months ended 31 December 2010:

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Profit and loss		
Current income tax	**919**	**677**
Current Income tax charge	919	677
Adjustments of current income tax from previous years	-	-
Deferred income tax	**3 826**	**1 820**
Related with arising and reversing of temporary differences	5 139	1 820
Related with tax losses	(1 313)	-
Income tax charge recorded in consolidated profit and loss	**4 745**	**2 497**
Statements of changes in equity		
Current income tax	-	-
Tax effect of changes in share capital	-	-
Deferred income tax	**-**	**-**
Tax from Fair value gains on available-for-sale financial assets	-	-
Tax benefit / tax burdens shown in equity	**-**	**-**

Presented below is a reconciliation of the income tax on the gross financial result prior to taxation at the statutory tax rate with income tax calculated using the effective tax rate, calculated as at 31 December 2011 and 31 December 2010:

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Profit before tax from continuing activity	27 359	27 683
Profit before tax from discontinued activity	-	-
Profit before income tax	**27 359**	**27 683**
Tax expense at the theoretical domestic tax rates in Poland	(5 198)	(5 260)
Tax effect of:		
Non-taxable income - dividends from subsidiary	1 780	2 409
Adjustments of deferred income tax from previous years	(765)	-
Other	(562)	354
Income tax presented in profit and loss	**(4 745)**	**(2 497)**
Effective tax rate (%)	**17,34%**	**9,02%**

Deferred income tax

Deferred income tax arises out of the following items:

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX RESERVES	31.12.2011		
	Deferred income tax assets	Deferred income tax reserves	Net amount
Receivables (including accrued interest)	1 725	6 265	(4 540)
Liabilities and provisions	2 409	-	2 409
Contribution in kind	-	60 189	(60 189)
Tax losses	-	-	-
Other	-	944	(944)
Deferred income tax assets/deferred tax reserves	**4 134**	**67 398**	**(63 264)**
Presentation corrections	(4 134)	(4 134)	-
Deferred income tax assets/deferred tax reserves recorded in balance	**-**	**63 264**	**(63 264)**

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX RESERVES	31.12.2010		
	Deferred income tax assets	Deferred income tax reserves	Net amount
Receivables (including accrued interest)	1 615	4 693	(3 078)
Liabilities and provisions	2 529	-	2 529
Contribution in kind	-	60 189	(60 189)
Tax losses	1 313	-	1 313
Other	-	13	(13)
Deferred income tax assets/deferred tax reserves	**5 457**	**64 895**	**(59 438)**
Presentation corrections	(4 706)	(4 706)	-
Deferred income tax assets/deferred tax reserves recorded in balance	**751**	**60 189**	**(59 438)**

5.8 Discontinued operations

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

5.9 Earnings per share

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

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

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

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Net profit	22 614	25 186

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Weighted average number of issued common shares used to calculate the regular earnings per share ratio	26 172 602	26 172 602
Impact of dilution:		
Subscribtion warrants	-	6 099
Adjusted weighted average number of common shares used to calculate diluted earnings per share	26 172 602	26 178 701

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

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

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Net profit	22 614	25 186
Weighted average number of issued common shares	26 172 602	26 172 602
Regular earnings per share (PLN/share)	0,8640	0,9623

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Net profit assigned to the shareholders, used to calculate diluted earnings per share	22 614	25 186
Adjusted weighted average number of common shares used to calculate diluted earnings per share	26 172 602	26 178 701
Diluted earnings per share (PLN/share)	0,8640	0,9621

5.10 Tangible fixed assets

31.12.2011

TABLE OF CHANGES IN TANGIBLE FIXED ASSETS	Land	Buildings and constructions	Vehicles	Other fixed assets	TOTAL
a) gross book value at the beginning of the period	**372**	**3**	**-**	**29**	**404**
b) increases	**-**	**-**	**-**	**-**	**-**
- purchase of fixed assets	-	-	-	-	**-**
- other increases	-	-	-	-	**-**
c) decreases	**-**	**-**	**-**	**-**	**-**
- sale	-	-	-	-	**-**
- liquidation	-	-	-	-	**-**
d) gross book value at the end of the period	**372**	**3**	**-**	**29**	**404**
e) accumulated depreciation at the beginning of the period	**-**	**(3)**	**-**	**(29)**	**(32)**
f) depreciation charge for the period					
- annual depreciation charge	-	-	-	-	**-**
- sale	-	-	-	-	**-**
- liquidation	-	-	-	-	**-**
g) accumulated depreciation at the end of the period	**-**	**(3)**	**-**	**(29)**	**(32)**
h) impairment charges at the beginning of the period	**-**	**-**	**-**	**-**	**-**
i) impairment charges at the end of the period	**-**	**-**	**-**	**-**	**-**
j) net book value at the beginning of the period	**372**	**-**	**-**	**-**	**372**
k) net book value at the end of the period	**372**	**-**	**-**	**-**	**372**

31.12.2010

TABLE OF CHANGES IN TANGIBLE FIXED ASSETS	Land	Buildings and constructions	Vehicles	Other fixed assets	TOTAL
a) gross book value at the beginning of the period	**372**	**3**	**31**	**29**	**435**
b) increases	**-**	**-**	**-**	**-**	**-**
- purchase of fixed assets	-	-	-	-	**-**
- other increases	-	-	-	-	**-**
c) decreases	**-**	**-**	**(31)**	**-**	**(31)**
- sale	-	-	(31)	-	**(31)**
- liquidation	-	-	-	-	**-**
d) gross book value at the end of the period	**372**	**3**	**-**	**29**	**404**
e) accumulated depreciation at the beginning of the period	**-**	**(3)**	**(3)**	**(27)**	**(33)**
f) depreciation charge for the period	**-**	**-**	**3**	**(2)**	**1**
- annual depreciation charge	-	-	-	(2)	**(2)**
- sale	-	-	-	-	**-**
- liquidation	-	-	3	-	**3**
g) accumulated depreciation at the end of the period	**-**	**(3)**	**-**	**(29)**	**(32)**
h) impairment charges at the beginning of the period	**-**	**-**	**-**	**-**	**-**
i) impairment charges at the end of the period	**-**	**-**	**-**	**-**	**-**
j) net book value at the beginning of the period	**372**	**-**	**28**	**2**	**402**
k) net book value at the end of the period	**372**	**-**	**-**	**-**	**372**

5.11 Investment properties

As at 31 December 2011 the Company had no investment properties.

5.12 Intangible fixed assets

31.12.2011

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

According to IAS 36, the Management of KOFOLA S.A. analysed identified variations within the Group for each company for cash-flow purposes during the previous two years, thus identifying the reasons for these variations. The main reasons for variations in the last two years were primarily unexpected increases in commodity prices on an unprecedented scale, the economic downturn and higher-than-expected decline in real household incomes and high unemployment, behavior of competitors, large fluctuations in exchange rates and changes in the management team in 2009 and 2010. During preparation of financial forecasts for the years 2012-2017, the Management of KOFOLA S.A. upheld the conclusions of this analysis and significantly revised down previous assumptions about potential future revenue, raw material price fluctuations, the formation of exchange rates and other assumptions underlying the preparation of forecasts. Also, the discount rate factor, shown in the table above, used to discount future cash flows was increased.

The annual impairment test performed by the Issuer calculation of fair value less cost to sell for goodwill with indefinite useful lives and fair value of shares in subsidiaries was based on discounted free cash flows and used the estimated cash-flow projections based on financial plans adopted by the management of Hoop Polska Sp. z o.o. and by the Management for the period until 2016. Costs of sales were adopted as 2% of the fair value of cash generating unit.

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

Company's value	31.12.2011	31.12.2010
Marginal rate of growth	2,5%	2,5%
Exchange rate PLN/EUR during the forecast period	4,30 (2012) 4,15 (2013-2017)	4,00
Discount rate (after tax) *	9,3-9,5%	8,3-8,9%

* *Value of discount rate depends on risk in the country where cash generating unit is located*

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

<u>Effect of a hypothetical failure of the Hoop Polska Sp. z o.o. cash-flow projections</u>

Hypothetical decline of non-discounted cash flows by 10% compared to the estimated value by Hoop Polska Sp. z o.o. would result in the need to recognise impairment losses of goodwill in the amount of PLN 13.8 million and a loss of share value in the subsidiary Hoop Polska Sp. z o.o. amounting to PLN 13.8 million on 31 December 2011.

The impact of hypothetical changes in the discount rate

A hypothetical increase in the after-tax discount rate used to discount future cash flows by 1% (i.e. 100 basis points) compared to the estimated value would result in the need to recognise an impairment loss of goodwill in the amount of PLN 13.8 million and loss of share value in the subsidiary Hoop Polska Sp. z o.o. amounting to PLN 31.2 million on 31 December 2011.

31.12.2010

TABLE OF CHANGES IN INTANGIBLE FIXED ASSETS	Goodwill	Computer software	TOTAL
a) gross book value at the beginning of the period	**13 767**	**242**	**14 009**
b) increases	**-**	**-**	**-**
- purchase of intangible assets	-	-	**-**
c) decrease	**-**	**-**	**-**
d) gross book value at the end of the period	**13 767**	**242**	**14 009**
e) accumulated depreciation at the beginning of the period	**-**	**(111)**	**(111)**
f) depreciation charge for the period	**-**	**(121)**	**(121)**
- annual depreciation charge	-	(121)	**(121)**
g) accumulated depreciation at the end of the period	**-**	**(232)**	**(232)**
h) impairment charges at the beginning of the period	**-**	**-**	**-**
i) impairment charges at the end of the period	**-**	**-**	**-**
j) net book value at the beginning of the period	**13 767**	**131**	**13 898**
k) net book value at the end of the period	**13 767**	**10**	**13 777**

5.13 Business combination

No business combinations took place in the reporting period.

5.14 Shares in subsidiaries and financial assets available for sale

Shares in consolidated entities:

	Company Name	Headquarters / Registered Offices	Range of activity	Consolidation method	% part in nominal capital	% part in voting rights	Net book value	
							31.12.2011	31.12.2010
1.	Kofola Holding a.s.	Czech Republic, Ostrava	holding	acquisition accounting	100,00%	100,00%	438 668	438 668
2.	Hoop Polska Sp. z o.o.	Poland, Warszaw	production of non-alcoholic beverages	acquisition accounting	100,00%	100,00%	359 570	359 570
3.	Megapack	Russia Widnoje	Production, sale and distribution of non-alcoholic and low-alcoholic beverages	acquisition accounting	50,00%	50,00%	55 899	55 899
4.	Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.	Poland, Koszalin	wholesale of alcoholic and non-alcoholic beverages	acquisition accounting	100,00%	100,00%	-	-
5.	Transport Spedycja Handel Sulich Sp. z o.o.	Poland, Bielsk Podlaski	road cargo transport, spedition	equity accounting	50,00%	50,00%	-	-
	TOTAL						**854 137**	**854 137**

As at the balance sheet date no liens or other restrictions have been established on the Company's shares of its subsidiaries. No impairment has been determined with regard to any of the above items. The hypothetical impact of changes in the assumptions made in the financial plans and cash-flow projections for Hoop Polska Sp. z o.o. on the fair value of the shares in Hoop Polska Sp. z o.o. was presented in Note 5.12.

Loans provided to subsidiaries

	31.12.2011	31.12.2010
Long term loan:		
Principal	104 231	102 996
Interest	32 987	24 740
Total	**137 218**	**127 736**

This item includes the loan granted to Kofola Holding, the contractual repayment due date is October 2036. The change in the principal amount is a result of payments made in 2011 in the amount of PLN 7 393 thousand and of an increase in the CZK/PLN exchange rate in the end of 2011 compared to exchange rates at the end of 2010, which are used to recalculate receivables from the loan.

5.15 Assets of the Company Social Benefit Fund and its liabilities

The Company Social Benefits Fund Act of 4 March 1994 with subsequent amendments, states that company social benefits funds are to be formed by employers with more than 20 full time employees. The Group established such a fund and makes periodic contributions at the basic contribution amount. The purpose of the fund is to subsidize the Company's social activities, loans granted to its employees and other social costs.

The Act of 27 August 1997 on the occupational and social rehabilitation and employment of disabled persons states that company funds for the rehabilitation of the disabled are to be formed by employers who constitute protected labor entities. The purpose of the fund is to assist the disabled in their medical and social rehabilitation.

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

Company Social Benefits Fund (ZFŚS)	31.12.2011	31.12.2010
Loans granted to employees	-	-
Cash	54	54
Fund's liabilities	(58)	(58)
Other receivables	4	4
Balance after compensation	**-**	**-**
Charges to the fund during the reporting period	-	-

5.16 Inventories

KOFOLA S.A. had no inventory as at either 31 December 2011 or 31 December 2010.

5.17 Trade receivables and other receivables

	31.12.2011	31.12.2010
Receivables from related parties	**327**	**373**
trade receivables	327	373
loans granted	-	-
other financial receivables	-	-
Receivables from other parties	**11 746**	**16 338**
trade receivables	2 230	2 295
debts of Fructo-Maj (see Note 5.25.3)	8 880	11 586
other financial receivables	634	2 256
receivables from the state budget other than current income tax	2	194
other prepayments	-	7
Gross reveivables	**12 073**	**16 711**
Revaluation charges for receivables	**(10 240)**	**(9 971)**
of which for debts of Fructo-Maj (see note 5.25.3)	(7 416)	(7 226)
Total net receivables	**1 833**	**6 740**

The terms of transactions with related parties are presented in point 5.26 of the notes to the financial statements.

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

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

The risks associated with trade and other receivables, as well as the Company's policy relating to managing such risks, are described in point 5.27 of the notes to the financial statements.

5.18 Cash and cash equivalents

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

	31.12.2011	31.12.2010
Cash in bank and in hand	7 787	309
Short-term deposits	25 100	8 500
Total cash and cash equivalents	**32 887**	**8 809**

Free funds are held at bank and invested in the form of term and overnight deposits, primarily with variable interest rates.

Cash at bank carries variable interest rates, which depend on the interest rate applicable to one-day bank deposits.

Currency structure of cash and cash equivalents:

	31.12.2011	31.12.2010
in PLN	32 826	8 661
in EUR	60	147
in USD	-	-
in RUB	1	1
Total cash and cash equivalents	**32 887**	**8 809**

5.19 Share capital and Other capital

31.12.2011

SHARE CAPITAL

Series	Type of share	Type of preferred shares	Type of rights restiction to shares	Number of shares	Par value of one share	Way of covering the capital (cash/contibution in kind)	Date registered	Right to dividend (from the date)
A	ordinary	N/A	N/A	447 680	448	cash	03.10.1997	
B	ordinary	N/A	N/A	100 000	100	cash	22.01.1998/ 07.02.2007	03.10.1997
C	ordinary	N/A	N/A	71 080	71	cash	05.03.1998	22.01.1998
C	ordinary	N/A	N/A	11 776	12	cash	05.03.1998/ 07.02.2007	05.03.1998
D	ordinary	N/A	N/A	9 458 040	9 458	cash	21.01.2003	01.01.2003
E	ordinary	N/A	N/A	3 000 000	3 000	cash	01.09.2003	01.01.2003
F	ordinary	N/A	N/A	13 083 342	13 083	contribution in kind	30.05.2008	30.05.2008
G	ordinary	N/A	N/A	684	1	merger	31.3.2009	01.01.2009
Total				**26 172 602**	**26 173**			

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%
René Musila	687 709	2,63%	2,63%
Tomáš Jendřejek	687 660	2,63%	2,63%
Other	118 707	0,45%	0,45%
Total	**26 172 602**	**100,00%**	**100,00%**

Nominal value of shares

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

Shareholder rights

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

5.19.1 Other capital

	Supplementary Capital	Capital on allocation of subscription warrants	Total
As at 1.1.2010	**875 357**	**424**	**875 781**
Cost of subscription warrant allocation program	-	(82)	**(82)**
Dividends payment	(23 510)	-	**(23 510)**
As at 31.12.2010	**851 847**	**342**	**852 189**
As at 1.1.2011	**851 847**	**342**	**852 189**
Cost of subscription warrant allocation program	-	-	**-**
Dividends payment	9 064	-	**9 064**
As at 31.12.2011	**860 911**	**342**	**861 253**

Nature and purpose of other capital

Supplementary capital

Reserve capital is created based on statutory requirements (in accordance with binding legal regulations) or voluntarily (in accordance with the entity's by-laws) using funds from the distribution of profits, share premium and contributions made by the shareholders. It is used to cover losses, refund capital contributions, redeem shares. The main source of the reserve capital presented in these financial statements is the settlement of the 2008 merger with HOOP S.A.

In the Supplementary capital – the capital fund (dividend fund) is presented in the amount of PLN 29 541 thousand designed for future dividend payments (Notes 1.3 and 2.5).

5.19.2 Retained earnings

Retained earnings	**31.12.2011**	**31.12.2010**
Retained earnings	-	105
Net profit for the financial year	22 614	25 186
Total retained earnings	**22 614**	**25 291**

Current profits, up to the amount specified in legal regulations, should be used to increase the reserve capital.

5.20 Provisions

5.20.1 Changes in provisions

	Provisions for litigation, fines, court cases, demages	Provision for personal expenses (bonuses, untaken holiday)	Other provisions	Total
As at 1.1.2011	**-**	**18**	**16 009**	**16 027**
Creation	-	-	-	**-**
Utilization	-	(6)	-	**(6)**
Dissolution	-	-	(1 076)	**(1 076)**
As at 31.12.2011	**-**	**12**	**14 933**	**14 945**

Provisions time framework	**31.12.2011**	**31.12.2010**
Long-term	-	-
Short-term	14 945	16 027
Total provisions	**14 945**	**16 027**

5.20.2 Other provisions

Under other provisions the Company presents a provision for anticipated losses associated with investments in related parties in the amount of 11 706 thousand PLN, as well as a provision for damages associated with KOFOLA S.A.'s failure to meet its contractual obligations, the value of was reduced by PLN 1 076 thousand as a result of verification of the estimates in the current period.

5.21 Employee benefits

5.21.1 Employee share program

In 2009 the Company introduced an employee share program. On 18 December 2009 the General Shareholders Meeting passed a resolution establishing an Incentive Program. Under the Incentive Program, the participants (members of management staff of the Company and the Group's subsidiaries) were to become eligible to take up A, B, C and D series subscription warrants, providing that they met the criteria specified in the Regulations. Persons eligible in the portion of the program starting in 2009 obtained the right to the allocation of no fewer than 81 790 and no more than 163 579 A series warrants. As the financial conditions required by the Regulations were not met, the present financial statements include only the fair value of the A series warrants estimated based on the Black-Scholes model, subject to the payment of dividends in accordance with the Company's policies.

On 18 August 2010 KOFOLA S.A. issued 26 843 inscribed A-series subscription warrants, entitling members of the Company's and subsidiaries' management staff (eligible based on Resolution No. 15/2010 passed by the Supervisory Board on 31 May 2010) to take up a total of 26 843 ordinary H-series bearer's shares at an issue price of 43,20 PLN per share; in accordance with Resolution No. 4/2009 of the Company's Extraordinary Shareholders Meeting, the right to the shares may be realised by submitting a letter of intention to take up shares no sooner than after 12 months, and no later than within 3 years of the warrant issue date.

5.21.2 Retirement benefits

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

5.22 Credits and loans and issued bonds

As at 31 December 2011 and 2010 KOFOLA S.A. had not debt arising out of credits or loans.

As at 31 December 2011, KOFOLA S.A. has obligations from issued bonds in the total amount of PLN 31 890 thousand.

According to resolution number 13/XI/2011 of KOFOLA S.A.'s Supervisory Board from 10 November 2011 regarding approval of Bond Issuance Program realisation and KOFOLA S.A.'s Management resolution number 4/XI/2011 from 21 November 2011 regarding issuance of bonds from series A^1 and series A^2 , KOFOLA S.A. as at 21 December 2011 issued 3 075 A^1bonds and 29 075 A^2bonds.

In accordance with the Terms of Bonds Issuance:

- bonds are bearer bonds,
- bonds are not secured,
- the nominal value of bonds is zł 1 000 each,
- the issue price of bonds is equal to their nominal value,
- maturity of bonds from series A^1 is 24 months from the date of the resolution of the allocation and settlement,
- maturity of bonds from series A^2 is 36 months from the date of the resolution of the allocation and settlement,
- interest on the bonds shall be determined separately by the sum of the index and margin WIBOR 6M for each series,
- interest will be paid every six months where the first interest period begins on the date of issue,
- bond purchase proposal was addressed to no more than 99 recipients in the manner specified in Article 9, item 3 of the Act on Bonds,
- bonds do not have the form of a document,
- bonds authorise only to cash benefits,
- bonds will be subject for appliance by the Issuer for their admission to trading in an alternative trading system on the Catalyst market, that is orgnised by the Stock Exchange in Warsaw or BondSpot S.A.,
- after two interest periods, the Issuer has granted option call bonds with the assumption that one-time buy-back will be at least 15% of the issued series under the Bond Issuance Program.

Issued bonds are valued using the amortised cost method until maturity.

In accordance with the Terms of Bond Issuance, KOFOLA S.A. is obliged to fulfill certain non-financial indicators (i.e. covenants) for the consolidated data. On 31 December 2011, the levels of all required indicators have been achieved.

5.23 Trade liabilities and other liabilities

As at 31 December 2011and December 2010 the Company had not long-term trade liabilities. Listed as a long-term item in other liabilities in the amount of PLN 17 336 thousand are the interest-bearing liabilities to Hoop Polska Sp. z o.o. associated with the acquisition from Hoop Polska Sp. z o.o. of the debts of Maxpol Sp. z o.o. and Bobmark International Sp. z o.o.

The Company has the following short-term liabilities:

	31.12.2011	31.12.2010
Trade liabilities and other liabilities to related parties	**1 941**	**15 842**
Trade liabilities	1 647	782
Other financial liabilities	294	15 060
Trade liabilities and other liabilities to other parties	**439**	**435**
Trade liabilities	427	384
Liabilities towards employees	12	34
Budget commitments other than the current income tax	-	17
Total trade liabilities and other liabilities (short-term)	**2 380**	**16 277**

The terms of transactions with related parties are presented in point 5.26 of the notes to the financial statements. Trade liabilities are not interest bearing and are usually paid within 30-90 days. Other liabilities are not interest bearing, and payable on average within 1 month.

5.24 Government subsidies

The Company received no government subsidies in either the reporting or the previous period.

5.25 Contingent assets and liabilities

5.25.1 Liabilities concerning operational leasing - Group as a lesee

KOFOLA S.A. has lease agreements, but due to the fact that the subjects of these contracts are used by another entity within the Group, obligations resulting from these contracts amounting to PLN 3 768 thousand as at 31 December 2011 and leased items are not recognised in the KOFOLA S.A. balance sheet.

5.25.2 Other contingent assets and liabilities

	Contingent assets	Contingent liabilities
As at 1.1.2011	**-**	**175 440**
Increase (+)	-	-
Decrease (-)	-	(28 354)
As at 31.12.2011	**-**	**147 086**

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

5.25.3 *Court litigations*

Fructo-Maj Sp. z o.o.

KOFOLA S.A. has receivables in the bankrupt company Fructo-Maj Sp. z o.o. As at 31 December 2011, the total value of the receivables is PLN 8 880 thousand, the balance sheet value of this item, after revaluation, is PLN 1 464 thousand. The receivables are secured with mortgages on all of the significant real properties of Fructo-Maj Sp. z o.o., and with a registered pledge on the entity's movables.

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

Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.

The subsidiary Pomorskie Centrum Dystrybucji Hoop Sp. z o.o. is currently in the process of significantly reducing operational activities and selling its assets (according to concluded arrangement).

According to Resolution number 1 from 28 February 2012, the Extraordinary Shareholders Meeting of the Pomorskie Centrum Dystrybucji HOOP Sp. z o.o. increased the company's share capital by PLN 1 000 thousand through the creation of 2 000 new shares with a nominal value of PLN 500 each, which were acquired by KOFOLA S.A. at the issue value of PLN 5 500 for each share, thus the total issuance amount of PLN 11 000 thousand.

On 5 March 2012, a tripartite agreement on the transfer was concluded, under which the obligations of PCD Hoop Sp. z o.o. to Hoop Polska Sp. z o.o have been repaid to the amount of PLN 11 000 thousand and under which KOFOLA S.A. has given cash contribution to cover the newly created shares in increased capital of PCD Hoop Sp. z o.o. in the amount of PLN 11 000 thousand and undertook to pay the amount of transfer to Hoop Polska Sp. z o.o. no later than 28 February 2017, in accordance with the timetable included in the agreement from 7 March 2012 regarding the obligation repayment.

The above-described steps leading to the restructuring of PCD Hoop Sp. z o.o. constitute execution of commitments adopted by KOFOLA S.A. in the course of the arrangement of the company PCD Hoop Sp. z o.o. arising from the decision of 22 November 2010 by the Regional Court in Koszalin, VII Business Division for Bankruptcy and Recovery Cases , ref. Act VII GUp 13/10 for approval of the arrangements of PCD Hoop Sp. z o.o.

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

5.26 Information on transactions with related parties

The company realises revenues from re-invoicing fees arising from the lease agreements to a related party. Revenues from this account in the amount of PLN 2 685 thousand are presented in this report, on balance, with corresponding costs in the amount of PLN 2 685 thousand.

Revenue of KOFOLA S.A. arising from interest from loans granted to related parties for the year 2011 amounted to PLN 6 041 thousand.

The value of services purchased by KOFOLA S.A. in 2011 from related parties amounted to PLN 2 214 thousand and concerned primarily rental costs, maintenance costs for financial reporting and accounting and legal services.

Interest expense on debt purchased from related parties for 2011 amounted to PLN 1 261 thousand.

Receivables from related companies	31.12.2011	31.12.2010
- from consolidated subsidiaries	327	373
- from affiliates	-	-
- from non-consolidated subsidiaries	-	-
Total receivables from related companies	**327**	**373**

Liabilities towards related companies	31.12.2011	31.12.2010
- towards consolidated subsidiaries	19 277	31 896
- towards affiliates	-	-
- towards non-consolidated subsidiaries	-	-
Total liabilities towards related companies	**19 277**	**31 896**

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

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

Remuneration of the senior management staff

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Short-term employee benefits (salaries, wages and other remuneration components)	65	43
Total value of benefits for the key staff	**65**	**43**

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

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Management Board	65	43
Supervisory Board	108	216
Total	**173**	**259**

Participation of senior management staff in employee share program

The Company has employee share programs – see Note 5.21.

5.27 Objectives and methods of financial risk management

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

In addition, the Company has other financial instruments, such as trade receivables and payables that arise as part of its operations. The accounting methods relating to those instruments have been described in the section relating to the valuation of assets and liabilities.

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

The Company's activities are exposed to several types of financial risk: market risk (including foreign exchange risk, pricing risk and cash flow risk relating to changes in interest rates), credit risk, liquidity risk and the risk of impairment of financial assets in the event of a deterioration in the financial results of the Group's subsidiaries. In addition, the Company monitors the market prices risk relating to all of its financial instruments. Risk is managed by the Company's Management, which recognises and assesses the above financial risks. The Management verifies and agrees risk management methods with regard to every type of risk. A short description of these methods is presented below.

5.27.1 Interest rate risk

The Company has interest-bearing finance payables relating to issued bonds for which interest are accrued based on variable interest rates, and thus there is risk of a rise in such rates compared to the rates applied at moment of issuance. In addition, the Company places its free funds on variable interest rate deposits, which will bring the profits down if the interest rates fall. The Company also uses fixed interest rate instruments, with regard to which interest rate movements have no effect on interest costs or interest receivable. Trade and other receivables and payables are not interest bearing and have due dates of up to a year, with the exception of other fixed interest rate liabilities (short- and long-term) to the subsidiary Hoop Polska Sp. z o.o. for the purchase of debts of the companies Maxpol Sp. z o.o. and Bobmark International Sp. z o.o. In addition, in 2008 the Company granted a loan to the subsidiary Kofola Holding a.s., the balance of which is CZK 609 180 thousand as at 31 December 2011. The loan has a fixed interest rate.

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

The below tables show the ageing and balance sheet value of the Company's financial instruments exposed to interest rate risk.

Year ended 31 December 2011

31.12.2011

Fixed interest	**<1year**	**1–2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
Loans provided to related parties	-	-	-	-	-	(137 218)	(137 218)
Other liabilities	294	-	12 589	4 747	-	-	17 630
Total	**294**	**-**	**12 589**	**4 747**	**-**	**(137 218)**	**(119 588)**

Variable interest rate	**<1year**	**1–2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
Cash assets (-)	(32 887)	-	-	-	-	-	(32 887)
Bank loans	-	-	-	-	-	-	-
Bonds issued	82	3 042	28 766	-	-	-	31 890
Total	**(32 805)**	**3 042**	**28 766**	**-**	**-**	**-**	**(997)**

Year ended 31 December 2010

31.12.2010

Fixed interest	**<1year**	**1–2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
Loans provided to related parties	-	-	-	-	-	(127 736)	(127 736)
Other liabilities	3 567			11 807	4 247	-	19 621
Total	**3 567**	**-**	**-**	**11 807**	**4 247**	**(127 736)**	**(108 115)**

Variable interest rate	**<1year**	**1–2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
Cash assets (-)	(8 809)	-	-	-	-	-	(8 809)
Bank loans	-	-	-	-	-	-	-
Total	**(8 809)**	**-**	**-**	**-**	**-**	**-**	**(8 809)**

The other liabilities listed in the above tables consist only of interest bearing items.

The interest rates applicable to financial instruments with variable interest rates are updated in periods of less than a year. The interest rates applicable to financial instruments with fixed interest rates are fixed until the instruments achieve maturity. The Company's other financial instruments that have not been included in the below tables are not interest bearing and as such are not subject to interest rate risk.

5.27.2 Currency risk

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

As at 31.12.2011	PLN	CZK	RUB	USD	EUR	Total
Loans provided to related parties	-	137 218	-	-	-	**137 218**
Cash and cash equivalents	32 826	-	1	-	60	**32 887**
Trade receivables and other receivables *	1 811	3	17	-	-	**1 831**
Total	**34 637**	**137 221**	**18**	**-**	**60**	**171 936**
Bank credits and loans	31 890	-	-	-	-	**31 890**
Trade liabilities and other liabilities*	860	1 508	-	-	-	**2 368**
Other long-term liabilities	-	17 336	-	-	-	**17 336**
Total	**32 750**	**18 844**	**-**	**-**	**-**	**51 594**
Exposure to currency risk	**1 887**	**118 377**	**18**	**-**	**60**	**120 342**

** Includes only financial receivables and liabilities according to IFRS7*

The effect of currency risk on the Company's position is presented in the below note (sensitivity analysis). The sensitivity analysis is based on a reasonable change in the assumed foreign exchange rate while the other assumptions remain unchanged. In practice this is not very likely, and changes in certain assumptions may be correlated, e.g. a change in interest rate and in the foreign exchange rate. The Company manages currency risk as a whole. The sensitivity analysis prepared by the Management for currency risk illustrates the effect of changes in the exchange rate of the the Czech crone and EUR to the Polish zloty, on the fair value or future cash flows of a given financial instrument.

5.27.3 Other pricing risk

The Company is exposed to pricing risk associated with financial instruments, because it has shares in Polish and foreign entities.

5.27.4 Market risk sensitivity analysis

The Company has estimated the potential changes in market risk as follows:

100 pb change in PLN interest rate (interest rate increase or decrease),

100 pb change in EUR interest rate (interest rate increase or decrease),

10% change in the PLN/EUR or PLN/CZK exchange rate (PLN increase or decrease).

The Company's sensitivity analysis does not take into account the effect of taxation.

The effect of potential changes on the Company's financial result and equity:

Item in the financial statement	value in thousands of PLN	Interest rate risk		Currency risk			
		influence on financial results		influence on financial results		influence on equity	
		+ 100 bp in PLN / + 100 bp in EUR/CZK	- 100 bp in PLN / - 100 bp in EUR/CZK	Appreciation of PLN by 10%	Depreciation of PLN by 10%	Appreciation of PLN by 10%	Depreciation of PLN by 10%
Investment in subsidiaries and associates	854 137	-	-	-	-	-	-
Loans provided to related parties	137 218	-	-	(13 722)	13 722	-	-
Cash and cash equivalents	32 887	329	(329)	(6)	6	-	-
Trade receivables and other receivables*	1 831			-	-	-	-
Influence on financial assets after tax		**329**	**(329)**	**(13 728)**	**13 728**	**-**	**-**
Trade liabilities and other liabilities*	2 368	-	-	151	(151)	-	-
Other long-term liabilities	17 336	-	-	1 734	(1 734)	-	-
Credits and loans	31 890	(319)	319	-	-	-	-
Influence on financial liabilities after tax		**(319)**	**319**	**151**	**(151)**	**-**	**-**
Increase/(decrease) in total		**10**	**(10)**	**(13 577)**	**13 577**	**-**	**-**

** Includes only financial receivables and liabilities according to IFRS7*

5.27.5 Credit risk

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

As at 31 December 2011 the Company's maximum exposure to credit risk amounts to PLN 1 831 thousand, and has been estimated as the balance sheet value of trade and other receivables.

Presented below is the ageing structure of receivables.

31.12.2011			Overdue receivables				
Ageing of financial receivables (net)	Value of receivables	Non-overdue receivables	<30 days	31-90 days	91-180 days	181-360 days	>360 days
Trade receivables	327	15	293	19	-	-	-
Other receivables	1 504	38	-	-	-	-	1 466
TOTAL*	**1 831**	**53**	**293**	**19**	**-**	**-**	**1 466**

31.12.2010			Overdue receivables				
Ageing of financial receivables (net)	Value of receivables	Non-overdue receivables	<30 days	31-90 days	91-180 days	181-360 days	>360 days
Trade receivables	374	51	52	8	16	246	1
Other receivables	6 165	1 657	-	-	-	-	4 508
TOTAL	**6 539**	**1 708**	**52**	**8**	**16**	**246**	**4 509**

** Includes only financial receivables according to IFRS7*

In addition, the Company has a long-term receivable from a loan granted to Kofola Holding a.s. in the amount of 801 973 thousand CZK with maturity as at October 2036.

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

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

With the exception of the above loan granted to Kofola Holding a.s., there is no significant concentration of credit risk at the Company.

5.27.6 Liquidity risks

The Company is exposed to liquidity risk, defined as a risk of losing the ability to pay its obligations as they become due. The risk arises from a potential restriction in access to financial markets, which may result in an inability to obtain new financing or refinancing of debts.

The Company monitors the risk of insufficient funds using a periodic liquidity management system. It takes into account the maturity dates of investments and financial assets and the forecasted cash flows from operating activity.

It is the Company's objective to maintain a balance between financing continuity and flexibility, by using various financing sources. The Company tries to control its financial liabilities so that in each given period the amount of liabilities due within the next 12 months does not pose a threat for the Company's ability to meet its financial obligations. The Company's Management believes that the value of cash and cash equivalents as the balance sheet date and the Company's financial position are such that the risk of losing liquidity may be assessed as low.

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

31.12.2011		**Liabilities due in the period**			
Aged structure of liabilities	**Total liabilities**	up to 30 days	from 31 to 90 days	from 91 to 360 days	above 360 (see note below)
Trade liabilities*	**2 074**	794	-	1 280	-
Bank credits and loans	**-**	-	-	-	-
Bonds issued	**31 890**	-	-	82	31 808
Other liabilities	**17 630**	294	-	-	17 336
Total	**51 594**	**1 088**	**-**	**1 362**	**49 144**

Liabilites due more than 360 days	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	**Total**
Bonds issued	3 042	28 766	-	-	-	**31 808**
Other liabilities	-	12 589	4 747	-	-	**17 366**
Total	**3 042**	**41 355**	**4 747**	**-**	**-**	**49 144**

** Includes only financial liabilities according to IFRS7*

31.12.2010		**Liabilities due in the period**			
Aged structure of liabilities	**Total liabilities**	up to 30 days	from 31 to 90 days	from 91 to 360 days	above 360 (see note below)
Trade liabilities*	**1 166**	1 045	121	-	-
Bank credits and loans	**-**	-	-	-	-
Other liabilities	**31 114**	-	-	15 060	16 054
Total	**32 280**	**1 045**	**121**	**15 060**	**16 054**

Liabilites due more than 360 days	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	**Total**
Other liabilities	-	-	11 807	4 247	-	**16 054**
Total	**-**	**-**	**11 807**	**4 247**	**-**	**16 054**

** Includes only financial liabilities according to IFRS7*

5.28 Financial instruments by category

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

Assets as per balance sheet

As at 31.12.2011	Loans and receivables valued at amortised costs	Financial Assets valued at fair value through the profit and loss	Available for sale valued at fair value	Total
Loans provided to related parties	137 218	-	-	137 218
Trade receivables and other receivables*	1 831	-	-	1 831
Cash and cash equivalents	32 887	-	-	32 887
Total	**171 936**	**-**	**-**	**171 936**

** Includes only financial receivables according to IFRS7*

Liabilities as per balance sheet

As at 31.12.2011	Liabilities at fair value through the profit and loss	Other financial liabilities at amortised cost	Total
Trade liabilities and other liabilities*	-	2 368	2 368
Other long -term liabilities	-	17 336	17 336
Total	**-**	**19 704**	**19 704**

** Includes only financial liabilities according to IFRS7*

5.29 The reasons for the differences between the changes of certain balance sheet items and changes presented in cash flow

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Change in trade receivables and other receivables	(4 575)	2 373
Repayment of loans	(7 393)	4 214
Accrued and unpaid interest	6 080	-
Other (including FX differences)	10 499	(655)
Change in the balance of receivables	**4 611**	**5 932**

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Change in trade liabilities and other liabilities	(12 615)	2 184
Interest paid (accrued in the previous periods)	631	-
Accrued and unpaid interest	-	(1 139)
Change in the balance of liabilities	**(11 984)**	**1 045**

5.30 Headcount

The average headcount in the company was as follows:

	1.1.2011 - 31.12.2011	1.1.2010 - 31.12.2010
Management Board	1	1
Administration	1	1
Total	**2**	**2**

5.31 Subsequent events

Change in registered office of subsidiary

As at 31 January 2012, the registered office of subsidiary HOOP Polska Sp. z o.o. was changed from Warsaw to Kutno.

Issue of bonds from series ^{A3} by KOFOLA S.A.

According to Resolution number 13/XI/2011 of KOFOLA S.A.'s SupervisoryBoard from 10 November 2011 regarding approval of Bond Issuance Program realisation changed by Supervisory Board resolution number 1/2012 from 20 February 2012 and KOFOLA S.A. Management resolution number 1/II/2012 from 1 February 2012 regarding issuance of bonds from series A^3 , KOFOLA S.A. as at 20 February 2012 issued 16 850 bonds from series A^3.

In accordance with the Terms of Bonds Issuance:

- bonds are bearer bonds,
- bonds are not secured,
- the nominal value of bonds is zł 1 000 each,
- the issue price of bonds is equal to their nominal value,
- maturity of bonds from series A^3 is 34 months from the date of the resolution of the allocation and settlement,
- interest on the bonds shall be determined separately by the sum of the index and margin WIBOR 6M for each series,
- interest will be paid every six months where the first interest period begins on the date of issue,
- bond purchase proposal was addressed to no more than 99 recipients in the manner specified in Article 9, item 3 of the Act on Bonds,
- bonds do not have the form of a document,
- bonds authorise only to cash benefits,
- bonds will be subject for appliance by the Issuer for their admission to trading in an alternative trading system on the Catalyst market, that is orgnised by the Stock Exchange in Warsaw or BondSpot S.A.,
- after two interest periods the Issuer has granted option call bonds with the assumption that one-time buy-back will be at least 15% of the issued series under the Bond Issuance Program.

Loan provided by KOFOLA S.A. to the subsidiary

On 22 February 2012, KOFOLA S.A. provided a subordinated loan to the subsidiary Hoop Polska Sp. z o.o. in the amount of PLN 11 000 thousand with maturity on 31 December 2014. The purpose of the loan was to improve the financial ratios required for Hoop Polska Sp. z o.o. in the credit agreement with Bank Consortium.

Capital increase in subsidiary - an agreement on the transfer and an agreement on the obligation repayment

According to Resolution number 1 from 28 February 2012, the Extraordinary Shareholders Meeting of Pomorskie Centrum Dystrybucji HOOP Sp. z o.o. increased the company's share capital by PLN 1 000 thousand through the creation of 2 000 new shares with a nominal value of PLN 500 each, which were acquired by KOFOLA S.A. by the issue value of PLN 5 500 for each share, thus the total issuance amount of 11 000 thousand PLN.

On 5 March 2012, a tripartite agreement on the transfer was concluded, under which the obligations of PCD Hoop Sp. z o.o. to the Hoop Polska Sp. z o.o have been repaid to the amount of PLN 11 000 thousand and under which KOFOLA S.A. has given cash contribution to cover the newly created shares in the increased capital of PCD Hoop Sp. z o.o. in the amount of PLN 11 000 thousand and undertook to pay the amount of transfer to Hoop Polska Sp. z o.o. no later than 28 February 2017, in accordance with the timetable included in the agreement from 7 March 2012 regarding the obligation repayment.

The above-described steps leading to the restructuring of PCD Hoop Sp. z o.o. constitute execution of commitments adopted by KOFOLA S.A. in the course of the arrangement of the company PCD Hoop Sp. z o.o. arising from the decision of 22 November 2010 by the Regional Court in Koszalin, VII Business Division for Bankruptcy and Recovery Cases , ref. Act VII GUp 13/10 for approval of the arrangements of the PCD Hoop Sp. z o.o.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

15.03.2012	**Janis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*Position*	*signature*
15.03.2012	**Bartosz Marczuk**	**Member of the Board of Directors**	....
date	*name and surname*	*Position*	*signature*
15.03.2012	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*Position*	*signature*
15.03.2012	**René Musila**	**Member of the Board of Directors**	....
date	*name and surname*	*Position*	*signature*
15.03.2012	**Tomáš Jendřejek**	**Member of the Board of Directors**	....
date	*name and surname*	*Position*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

15.03.2012	**Katarzyna Balcerowicz**	**Chief Accountant**	....
date	*name and surname*	*Position*	*signature*

Document signed on the Polish original.