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CONSOLIDATED ANNUAL REPORT

KOFOLA S.A. GROUP

2009

WARSAW 17 MARCH 2010

TABLE OF CONTENTS

1 Consolidated financial statements KOFOLA S.A. Group

1.1 Consolidated income statement

for the year ended 31 December 2009 and for the year ended 31 December 2008.

	Note	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Continuing operations			
Revenue from the sale of finished products and services	4.1,4.2	1 431 691	1 033 135
Revenue from the sale of goods and materials	4.1,4.2	100 294	80 981
Revenue		1 531 985	1 114 116
Cost of products and services sold	4.3	(876 942)	(622 550)
Cost of goods and materials sold	4.3	(89 120)	(70 725)
Total cost of sales		(966 062)	(693 275)
Gross profit		**565 923**	**420 841**
Selling, marketing and distribution costs	4.3	(352 868)	(297 788)
Administrative costs	4.3	(88 898)	(60 065)
Other operating income	4.4	12 929	7 886
Other operating expenses	4.5	(18 201)	(13 195)
Operating result		**118 885**	**57 680**
Financial income	4.6	7 671	2 846
Financial expense	4.7	(36 978)	(42 972)
Share in profit received from subsidiaries and associates		-	-
Profit before tax		**89 578**	**17 554**
Income tax	4.10	(16 957)	(6 089)
Net profit on continued activity		**72 621**	**11 465**
Discontinued activity			
Net profit on discontinued activity		-	-
Net profit for the financial year		**72 621**	**11 465**
Assigned to:			
Shareholders of the parent company		62 272	8 922
Non-controlling interests shareholders		10 349	2 543
Earnings per share (in PLN)			
- basic earnings per share	4.12	2,379	0,429
- basic earnings per share from continuing operations	4.12	2,379	0,429
- diluted earnings per share	4.12	2,377	0,429
- diluted earnings per share from continuing operations	4.12	2,377	0,429

1.2 Consolidated Statement of comprehensive income

for the year ended 31 December 2009 and for the year ended 31 December 2008.

	Note	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Net profit for the financial year		**72 621**	**11 465**
Other comprehensive income (gross):			
Currency differences from translation of foreign subsidiaries	1.5	(8 124)	29 587
Fair value gains on available-for-sale financial assets	4.16	-	(11 141)
Financial assets available for sale – transfer of valuation to income statement due to recognition of permanent impairment	4.7	11 141	-
Cash flow hedges		-	-
Other		(165)	-
Income tax relating to components of other comprehensive income	4.10	(2 117)	2 117
Other comprehensive income for the period (net)		**735**	**20 563**
Total comprehensive income for the period		**73 356**	**32 028**
Assigned to:			
Shareholders of the parent company		64 933	25 762
Non-controlling interests shareholders		8 424	6 266

1.3 Consolidated balance sheet

as at 31 December 2009 and as at 31 December 2008.

ASSETS	Note	31.12.2009	31.12.2008
Fixed assets		**946 812**	**981 793**
Tangible fixed assets	4.13	574 576	613 376
Goodwill	4.15	111 693	111 760
Intangible fixed assets	4.14	223 536	221 726
Investment in subsidiaries and associates		-	-
Financial assets available for sale	4.16	11 522	9 664
Other financial assets		2 085	2 045
Deferred tax assets	4.10	23 400	23 222
Current assets		**444 997**	**461 032**
Inventories	4.19	107 840	117 877
Trade receivables and other receivables	4.20	266 408	295 480
Income tax receivables		2 339	6 062
Cash and cash equivalents	4.21	50 503	41 613
Other financial assets		1 500	-
Assets (group of assets) held for sale	4.17	16 407	-
TOTAL ASSETS		**1 391 809**	**1 442 825**
LIABILITIES AND EQUITY			
Equity assigned to the shareholders of the parent company		**526 210**	**477 602**
Share capital	1.5, 4.22	26 173	26 172
Other capital	1.5, 4.22	502 951	491 049
Retained earnings	1.5, 4.22	(2 914)	(39 619)
Equity assigned to the non-controlling interests shareholders	1.5, 4.22	**42 882**	**45 211**
Total equity		**569 092**	**522 813**
Long-term liabilities		**200 179**	**268 356**
Bank credits and loans	4.25	76 152	127 915
Financial leasing liabilities	4.29	37 601	47 060
Provisions	4.23	165	312
Other liabilities	4.26	21 956	30 846
Deferred tax reserve	4.10	64 305	62 223
Short-term liabilities		**622 538**	**651 656**
Bank credits and loans	4.25	261 486	291 902
Financial leasing liabilities	4.29	20 466	30 327
Trade liabilities and other liabilities	4.26	306 237	285 210
Income tax liabilities		2 707	2 617
Other financial liabilities		-	228
Provisions	4.23	31 642	41 372
Liabilities (group of liabilities) related to assets held for sale	4.12	-	-
Total Liabilities		**822 717**	**920 012**
TOTAL LIABILITIES AND EQUITY		**1 391 809**	**1 442 825**

1.4 Consolidated cash flow statement

for the year ended 31 December 2009 and for the year ended 31 December 2008.

	Note	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Cash flow on operating activity			
Gross profit (loss)		89 578	17 554
Adjustments for the following items:			
Depreciation	4.3	88 819	82 698
Net interest and dividends	4.6,4.7	20 529	24 435
Net foreign exchange differences		1 302	17 409
(Profit)/loss on investment activity	4.4,4.5	17 209	8 417
Change in the balance of receivables	4.20	35 482	59 018
Change in the balance of inventories	4.19	10 037	25 363
Change in the balance of liabilities		8 149	(105 597)
Change in the balance of provisions	4.23	(9 877)	2 809
Paid income tax		(12 739)	(15 573)
Other		1 261	-
Currency differences from translation of foreign subsidiaries	1.5	(8 123)	29 587
Net cash flow on operating activity		**241 627**	**146 120**
Cash flow on investing activity			
Sale of intangible assets and fixed assets		5 037	3 695
Purchase of intangible assets and fixed assets	4.13,4.14	(82 804)	(117 356)
Sale of financial assets (subsidiary of Kofola Group - Maxpol Sp. z o.o.)		1 713	-
Cash from merger with Hoop Group		-	8 273
Dividends and interest received		-	167
Other		735	1 524
Net cash flow on investing activity		**(75 319)**	**(103 697)**
Cash flow on financial activity			
Repayment of financial leasing liabilities		(29 742)	(23 494)
Proceeds from loans and bank credits received		98 302	196 334
Repayment of loans and bank credits		(177 828)	(150 930)
Dividends paid to the shareholders of the parent company	4.9	(16 750)	(5 317)
Dividends paid to the minority shareholders	4.9	(10 752)	-
Interest paid	4.7	(20 648)	(24 244)
Other		-	-
Net cash flow on financing activity		**(157 418)**	**(7 651)**
Total net cash flow		8 890	34 772
Cash at the beginning of the period		**41 613**	**6 841**
Cash at the end of the period		**50 503**	**41 613**
Cash with limited ability to use		-	-

1.5 Statement of changes in equity

for the year ended 31 December 2009 and for the year ended 31 December 2008.

	Note	Assigned to the shareholders of the parent company					Assigned to the non-controlling interests shareholders	Total equity
			Other capital					
		Share capital	Total other capital	including: Currency differences from translation of foreign subsidiaries	Retained earnings	Total		
As at 1.1.2008		**25 442**	**100 342**	**3 742**	**(40 424)**	**85 360**	**-**	**85 360**
Reclassification	3.6	-	6 694	-	(6 694)	-	-	-
As at 1.1.2008 after restatement		**25 442**	**107 036**	**3 742**	**(47 118)**	**85 360**	**-**	**85 360**
Total comprehensive income for the period	1.2	**-**	**16 840**	**25 864**	**8 922**	**25 762**	**6 266**	**32 028**
Dividends payment		-	-	-	-	-	-	-
Merger with HOOP Group	4.15	730	365 750	-	-	366 480	38 945	405 425
Other (profit distribution)			1 423		(1 423)			
As at 31.12.2008		**26 172**	**491 049**	**29 606**	**(39 619)**	**477 602**	**45 211**	**522 813**
As at 1.1.2009		**26 172**	**491 049**	**29 606**	**(39 619)**	**477 602**	**45 211**	**522 813**
Increase of share capital	4.22	1	-	-	-	1	-	1
Capital relating to subscription warrant allocation program	4.24	-	424	-	-	424	-	424
Total comprehensive income for the period	1.2	**-**	**2 661**	**(6 198)**	**62 272**	**64 933**	**8 423**	**73 356**
Dividends payment	4.9	-	-	-	(16 750)	(16 750)	(10 752)	(27 502)
Other (profit distribution)		-	8 817	-	(8 817)	-	-	-
As at 31.12.2009		**26 173**	**502 951**	**23 408**	**(2 914)**	**526 210**	**42 882**	**569 092**

2 General information

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

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

Until 30 May 2008 KOFOLA SPV Sp. z o.o., from 31 May 2008 to 23 December 2008 KOFOLA-HOOP S.A

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

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

Registration organ: the Regional Court for 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 composition of the Group changed in the presented period compared to 31 December 2008 – Kofola S.A. disposed of its shares of the subsidiary Maxpol Sp. z o.o.

The Group's consolidated financial statements cover the year ended 31 December 2009 and include comparatives for the year ended 31 December 2008.

The presented financial statements are the first annual consolidated financial statements of the KOFOLA S.A. Group that take into account the final settlement of the merger of the Kofola SPV Sp. z o.o. Group with the HOOP S.A. Group in the form of a reverse acquisition (note 4.15). The results of the final settlement of the merger were first presented in the 2009 half-year report.

The merger of the companies HOOP S.A. (the holding company of the HOOP Group) and Kofola SPV Sp. z o.o. (the holding company of the Kofola SPV Group) was registered on 30 May 2008. As a result of this transaction the shareholders of Kofola SPV Sp. z o. o. – the formal acquiree – obtained control over the Hoop S.A. Group. In such cases, in accordance with the provisions of paragraph 21 of IFRS 3 "Business Combinations" and Appendix B to IFRS 3, a reverse acquisition takes place. This means that from an economic standpoint the acquirer is Kofola SPV Sp. z o.o. As the acquisition of the Hoop S.A. Group was settled using the reverse acquisition method, continued in the financial statements of the Issuer's group are the financial statements of the entity that was the acquiree from a legal standpoint, which was Kofola SPV Sp. z o.o., i.e. the acquirer from an economic standpoint. Therefore the following comparatives presented in the present financial statements:

- the profit and loss account and the statement of comprehensive income for the year ended 31 December 2008
- the balance sheet as at 31 December 2008
- the cash flow statement for the year ended 31 December 2008
- the statement of changes in shareholders' equity for the year ended 31 December 2008

reflect the financial transactions of the Kofola SPV Sp. z o.o. Group performed in the period from 1 January 2008 to 30 May 2008 and the financial transactions of the merged KOFOLA S.A. Group in the period from 31 May to 31 December 2008, as well as the financial position of the merged KOFOLA S.A. Group as at 31 December 2008.

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

As at 31 December 2009 the Group comprised the following entities:

	Company name	Headquarters	Range of activity	Consolidation method	% part in share capital	% part in voting rights
1.	KOFOLA S.A.	Poland, Warszawa	holding	acquisition accounting		
2.	Hoop Polska Sp. z o.o.	Poland, Warszawa	production of mineral water and non-alcoholic beverages	acquisition accounting	100,00%	100,00%
3.	Kofola Holding a.s.	Czech Republic, Ostrava	holding	acquisition accounting	100,00%	100,00%
4.	Klimo s.r.o.	Czech Republic, Krnov	in liquidation	acquisition accounting	100,00%	100,00%
5.	Kofola Zrt.	Hungary, Budapest	in liquidation	acquisition accounting	100,00%	100,00%
6.	Kofola a.s.	Slovakia, Rajecká Lesná	production and distribution of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
7.	Kofola Sp. z o.o.	Poland, Kutno	production and distribution of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
8.	Santa-Trans s.r.o.	Czech Republic, Krnov	road cargo transport	acquisition accounting	100,00%	100,00%
9.	Santa-Trans.SK s.r.o.	Slovakia, Rajec	road cargo transport	acquisition accounting	100,00%	100,00%
10.	Kofola a.s.	Czech Republic, Krnov	production and distribution of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
11.	Megapack	Russia, Widnoje	production of mineral water and non-alcoholic beverages	acquisition accounting	50,00%	50,00%
12.	Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.	Poland, Koszalin	wholesale of alcoholic and non-alcoholic beverages	acquisition accounting	75,00%	75,00%
13.	Bobmark international Sp. z o.o.	Poland, Warszawa	wholesale of alcoholic and non-alcoholic beverages	acquisition accounting	100,00%	100,00%
14.	Transport Spedycja Handel Sulich Sp. z o.o.	Poland, Bielsk Podlaski	road cargo transport	equity accounting	50,00%	50,00%

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

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

The subsidiary **Kofola Holding a.s.** The company Kofola Holding A.S. is a direct subsidiary, which is the holding company of the 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%.

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 Zrt. (HU) – a company registered in Hungary, which is in liquidation.
- Kofola a.s. (SL) – 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 plant 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.
- Santa-Trans.SK s.r.o. (SL) – a company registered in Slovakia, with main activities consisting of road cargo transport.
- KLIMO s.r.o. – a company registered in the Czech Republic. In 2007 it distributed beverages on the Czech market. No operating activities since the beginning of 2008.

The 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 is the provision of services consisting of bottling beverages, production of own beverages, including under the HOOP and Arctic trademarks, as well as their distribution on the territory of the Russian Federation. The KOFOLA S.A. Group is able to control the financial and operating policies of the Megapack Group, and as such it consolidates its financial statements using acquisition accounting. In accordance with the binding Statute, the Managing Director of Megapack is selected by the Shareholders Meeting, with KOFOLA S.A. having the deciding vote in this matter. The Managing Director 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 75% and has 75% of votes at Shareholders Meeting. The activities of PCD HOOP Sp. z o.o. consist of the wholesale of beverages.

The subsidiary **Bobmark International Sp. z o.o.** with its registered office in Warsaw, of which KOFOLA S.A. holds 100%. The activities of Bobmark International Sp. z o.o. consist of the wholesale of beverages.

The co-subsidiary **Transport – Spedycja – Handel - Sulich Sp. z o. o.** with its registered office in Bielsk Podlaski. The company's activities consist of road transport of cargo.

Registered on 31 March 2009 was the merger of the subsidiaries PPWM Woda Grodziska Sp. z o.o. and PAOLA S.A. with the holding company KOFOLA S.A.

On 8 December 2009 KOFOLA S.A disposed of its shares of the subsidiary Maxpol Sp. z o.o. The activities of Maxpol Sp. z o.o., of which KOFOLA S.A. held 100 %, consisted of the wholesale of beverages.

Included in the present financial statements are the results of Maxpol Sp. z o.o. for the period until 30 November 2009, owing to the fact that in the period from 30 November 2009 to 8 December 2009 no events took place that could have had a significant effect on the financial position of the company being sold. The activities of Maxpol Sp. z o.o., of which KOFOLA S.A. held 100 %, consisted of the wholesale of beverages.

THE COMPANY'S MANAGEMENT BOARD

As at 31 December 2009 the Company's Management Board comprised:

- Mr. Jannis Samaras – President of the Management Board,
- Ms. Simona Nováková – 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.

THE COMPANY'S SUPERVISORY BOARD

As at 31 December 2009 the Company's Supervisory Board comprised:

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

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

3.1 Basis for the preparation of the consolidated financial statements

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

The main accounting methods are presented in point 3.6. They have been applied continuously in all of the years covered by the consolidated financial statements (unless stated otherwise).

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

3.2 Statement of compliance

The present consolidated 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").

3.3 Functional currency and presentation currency

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

3.4 Translation of amounts expressed in foreign currencies

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

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

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

The following rates were used in the balance sheet valuation:

Currency rates at the end of period	**31.12.2009**	**31.12.2008**
PLN/USD	2,8503	2,9618
PLN/EUR	4,1082	4,1724
PLN/RUB	0,0950	0,1008
PLN/CZK	0,1554	0,1566

Average currency rates, calculated as arithmetical mean of currencies on last day of each month in period	**31.12.2009**	**31.12.2008**
PLN/USD	3,1236	2,4115
PLN/EUR	4,3406	3,5321
PLN/RUB	0,0982	0,0961
PLN/CZK	0,1639	0,1411

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

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

3.5 Consolidation methods

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

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

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

3.6 Accounting methods and changes in presentation

The accounting methods based on which the present financial statements have been prepared have not changed compared to the methods used in the consolidated financial statements for the year 2008, with the exception of the following presentation changes and the effect of the final settlement of the merger of the KOFOLA and HOOP Groups:

Consolidated profit and loss account

	31.12.2008		
	published financial statements	comparatives	change
Revenue	1 141 076	1 114 116	(26 960)
Cost of products and services sold	631 081	622 550	(8 531)
Selling, marketing and distribution costs	316 580	297 788	(18 792)
Administrative costs	58 493	60 065	1 572

The sales revenue reducing adjustment relates to bonuses and rebates granted to customers (in the form of cost invoices). The bonuses and rebates granted to customers in the form of cost invoices for marketing services, irrespective of the transaction's legal content, are currently listed in accordance with the economic substance of the transaction as a reduction in sales revenue, whilst in previous years they had been charged to sales costs. In addition, in the comparative period an adjustment of 30 080 thousand PLN was made to sales revenue, resulting in a correct presentation of sales revenue and revenue from the sale of goods for resale and raw materials.

In addition, in the current period the Group made a change in the presentation of foreign exchange differences relating to purchase and sales transactions. Foreign exchange differences relating to payments for sales made, as well as to the valuation of trade receivables, adjust (foreign exchange gains increase, foreign exchange losses decrease) sales revenue. This presentation of foreign exchange differences complies with the requirement of IAS 18 (IAS 18, point 9), which states that revenue is stated at the fair value of the payment received. Based on IAS 2 point 11, foreign exchange differences arising at the realization and valuation of trade payables adjust (loss – increase/gain – decrease) the cost of goods sold. Due to difficulties in obtaining adjustment data, the Group was unable to include this presentation change in the comparative period.

Consolidated balance sheet

To standardize the presentation of equity items, at the start of the reporting period the Group reclassified as reserve capital a portion of the result designated for the coverage of losses, previously presented (in accordance with local regulations applicable to some of the Group companies) under retained earnings. (see 1.5)

In the financial statements for the comparative period, the value of provisions for unused annual leave is presented under Provisions, whilst in previous years they had been recognized partly under Trade payables and partly under Other liabilities.

Consolidated cash flow statement

In its consolidated financial statements for the current and comparative period the Group listed separately under operating activities its foreign exchange gains/losses, as well as the foreign exchange differences on the valuation of foreign entities.

Effective 1 January 2009, further to changes in International Financial Reporting Standards (IFRS), the Group has made changes in its accounting methods with regard to:

– the presentation of a statement of comprehensive income, as required by IAS 1 – Presentation of financial statements,

– the presentation of information on operating segments in accordance with the new IFRS 8 – Operating segments (note 4.15),

– capitalizing the costs of borrowed financing that may be assigned to an acquisition, construction or production of a fixed asset, as a portion of the acquisition price or cost of production, in accordance with the amended IAS 23- Borrowing costs.

Other changes in the presentation of comparatives are the result of the final settlement of the merger of the KOFOLA Group and HOOP Group, presented in note 4.15, whose total effect on the gross result for the year 2008 compared to published data amounted to approximately 1 209 thousand PLN.

3.6.1 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 recognized 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 recognized 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.

<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. The Group assumes the following economic useful lives for the following categories of fixed assets:

Buildings and constructions	20 - 40 years
Plant and equipment	2 - 12 years
Vehicles	4 – 6 years
KEGs	10 years
Other	2 – 5 years

3.6.2 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 recognized as costs as they are incurred.

3.6.3 Leases and perpetual usufruct of land

Finance lease agreements that basically transfer to the Group all of the risks and benefits of owning the subject of the lease, are recognized in the balance sheet at the commencement of the lease at the lower of the following two values: the fair value of the fixed asset constituting the subject of the lease or the present value of minimum lease payments. Lease payments are allocated between financial costs and the lease liability so as to achieve a constant rate of interest on the outstanding balance. Financial costs are charged directly to the income statement.

Fixed assets used under finance leases are depreciated using the shorter of the two periods: the asset's estimated useful life or the lease term.

Lease agreements under which the lessor retains basically all of the risks and benefits of owning the subject of the lease are classified as operating leases. Operating lease payments are recognized as costs in the income statement on a straight-line basis over the term of the lease.

3.6.4 Goodwill

Goodwill on the acquisition of a company is initially recognized 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 amortized.

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 recognized. 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.

3.6.5 Intangible fixed assets

Intangible fixed assets acquired in a separate transaction are initially stated at acquisition price or cost of production. The acquisition price of intangible assets acquired in a business combination is equal to their fair value as at the date of the combination. After their initial recognition, intangible assets are stated at their acquisition price or cost of production less accumulated amortization and impairment write downs. Expenses incurred for intangible assets produced by the entity, except for capitalized costs of development, are not capitalized and are recognized in the costs of the period in which they were incurred.

The Group determines whether the economic useful life of an intangible asset is definite or indefinite. Definite-lived intangible assets are amortized over their estimated useful life and tested for impairment whenever an impairment trigger indicates that the asset may be impaired. The period and method of amortizing definite-lived intangible assets are verified at least at the end of each financial year effective from the next financial year. Changes in the estimated useful lives or the anticipated manner of consuming the economic benefits from a given asset are recognized by changing the amortization period or method, and treated as a change in estimated values. Amortization write downs of definite-lived intangible assets are recognized in the income statement under the category that corresponds to the function of the given intangible asset.

Indefinite-lived intangible assets, and intangible assets that are not being used, are tested for impairment annually, either each asset separately or at the level of the cash generating unit. Other intangible fixed assets are checked each year for indications of impairment. Their useful lives are also verified annually, and if necessary – adjusted effective from the beginning of the financial year.

The Group assumes the following economic useful lives for the below listed categories of intangible fixed assets:

Computer software and licenses	2 - 6 years

3.6.6 Recoverable amount

The Group evaluates its assets for impairment as at each balance sheet date. If there are indications of impairment, the Group 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.

3.6.7 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, subject to the below stipulation.

Short-term term trade receivables are stated at amortized 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, subject to the below stipulation.

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

The Group'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 amortized cost.

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

Financial assets

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

The Group 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.

Financial assets stated at fair value through profit or loss

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

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

Embedded derivative instruments are separated from the contracts and treated as derivative instruments if all of the following conditions are met:

- the economic nature and risk of the embedded instrument are not strictly tied into the economic nature and risk of the contract in which the given instrument is embedded,
- a standalone instrument with realization terms identical to the embedded instrument would meet the definition of derivative instrument,
- a hybrid instrument is not stated at fair value, and changes in its fair value are not charged to the net profit/loss (i.e. a derivative instrument that is embedded in a financial asset or financial liability stated at fair value through profit or loss, is not divided out).

Embedded derivative instruments are presented in the same manner as standalone derivative instruments.

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

Loans and receivables

Loans and receivables are financial assets not included in derivative instruments with specified or specifiable payments, not listed on the active market. Depending on their maturity date, they are included in fixed assets (assets due in more than 1 year from the reporting day) or current assets (assets due within 1 year from the reporting day). Loans and receivables are stated as at the balance sheet date at amortized 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 Group 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 amortized 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 for a short time. In addition this category also includes equity investments that are not covered by the consolidation requirement.

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 recognized in equity.

Financial liabilities

Financial liabilities are initially recognized 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 Group becomes a party to the agreement (contract), out of which the financial liability arises.

Financial liabilities stated at fair value through profit or loss

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

The Company's financial liabilities stated at fair value through profit or loss include primarily derivative instruments (in cases when the Group's companies do not apply hedge accounting) with a negative fair value. Liabilities classified as financial liabilities stated at fair value are stated at fair value as at each reporting date, and all gains or losses are charged to financial revenue and costs. Derivative instruments are stated at fair value as at each balance sheet date as well as at the end of each reporting period based on valuations performed by the banks realizing the transactions. The fair value of debt instruments consists of future cash flows discounted at the current market interest rate applicable to similar instruments.

Financial liabilities stated at amortized cost

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

Derivative financial instruments and hedge accounting

Derivative instruments or in limited cases another component of financial assets or a financial liability that have been designated as hedging instruments are meant to hedge the fair value of assets or liabilities or future cash flows so that a change in their fair values offsets, fully or partially, the fair value of the hedged item or of the future cash flows attributable to the hedged item.

The given derivative instruments may be considered hedges and recognized in accordance with hedge accounting methods after meeting at least the following conditions specified in IAS 39:

- At the inception of the hedge the entity has documentation that includes at least the following: the risk management objective and strategy, identification of the hedging instrument and of the assets or liabilities or planned transactions being hedged by the instrument, the nature of the risk associated with the hedged item or planned transaction, the term of the hedge, a description of the method that will be used to assess the effectiveness of the changes in the fair value or cash flows of the hedged instrument attributable to the hedged risk.

- The hedge is highly effective in offsetting changes in the fair value or cash flows. The effectiveness of the hedge is measured by comparing changes in the value of the hedging instrument or the cash flows arising out of the instrument, with changes in the value of the hedged item or the cash flows arising out of the item. The hedge is considered highly effective if throughout the term of the hedge nearly the entire amount of changes in the fair value of the hedged item or in the cash flows associated with the hedged item is offset with changes in the fair value or cash flows of the hedging instrument, and the actually achieved level of effectiveness fits within the range of 80% to 125%.
- The effectiveness of a hedge may be reliably assessed by measuring the fair value of the hedged item or the cash flows associated with the hedged item, and the fair value of the hedging instrument. The effectiveness of the hedge is assessed retrospectively (so-called ex-post tests) to show whether a given hedging relationship was highly effective in the audited financial periods, and prospectively (so-called ex-ante tests) to show whether a given hedging relationship is still expected to be highly effective.
- In cases of hedging cash flows relating to a future transaction, it must be highly probable.

The use of cash flow hedges makes it possible to spread the effect of the valuation of hedging instruments and realization of the hedged item on the financial result by carrying the effective portion of the hedge to the Revaluation reserve. This makes it possible to limit the variability of the financial result on the valuation of derivative financial instruments and enables the achievement of an offsetting effect in the income statement in a single reporting period. Thus the economic and accounting effect of the hedge is reflected in the same period.

The portion of the gains and losses arising out of changes in the fair value of a cash flow hedge, which corresponds to the effectiveness of a given instrument in hedging an item, is recognized under a separate equity item (Revaluation reserve). The ineffective portion is charged to the income statement (financial costs/revenue).

In cases of hedging a probable future transaction, if it was found unrealizable, then the accumulated effective result on hedge transactions recognized in the Revaluation reserve should be moved to financial revenue or costs.

The company should cease to recognize instruments as hedges if a derivative instrument expires, is sold or realized, or if the Company withdraws the given instrument's designation as a hedge. In such cases, the accumulated profits/losses associated with the hedging instrument, previously carried to a separate equity item, remain in equity until the transaction is realized.

The derivative instruments the Group uses to secure against currency risk are primarily forward contracts and put and call options. Such derivative financial instruments are originally stated at fair value as at the date of the contract's conclusion, and subsequently restated each time to fair value. Derivative instruments are recognized as assets when their value is positive, and as liabilities – when their value is negative. Gains and losses resulting from changes in the fair value of derivative instruments, which do not comply with hedge accounting principles, as well as the ineffective potion of an effective hedge transaction, are charged directly to the net financial result for the year.

3.6.8 Inventories

Inventory is stated at the lower of the two values: the acquisition price/cost of production, and the net realizable value. Finished products are stated at the planned cost of production adjusted by fluctuations in standard prices or the average weighted price. The planned cost of production does not differ significantly from the actual cost of production, which does not exceed the net realizable price.

Inventory is stated at net amount (less revaluation write downs). Inventory write downs are performed in connection with impairment, to bring the value of inventory to the net realizable values. Inventory write downs are recognized in the income statement under the "cost of goods sold" item whereas reversals of inventory write downs are recorded as a decrease of the cost of goods sold. The value of a write down decreases the balance sheet value of the written down inventory.

3.6.9 Trade receivables and other receivables

Trade and other financial receivables are stated as at the balance sheet date at amortized 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 recognized 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 recognized at amortized 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 analyzing 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 360 days as at the balance sheet date.

3.6.10 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.

3.6.11 Fixed assets held for sale

Fixed assets (or groups for disposal) are classified as held for resale if their balance sheet value will be recovered through sales transactions rather than through continued use, on the condition that they are available for immediate sale in the current condition, subject to the terms customarily applied in the sale of such assets (or groups for disposal), and their sale is very likely.

Immediately before an asset (or group of assets) is classified as held for resale, the asset is valued, i.e. its balance sheet value is determined in accordance with the applicable standards. Tangible and intangible assets are subject to depreciation/amortization up to the date of their classification, and if there are indications of impairment, the asset is also tested for impairment and written down, in accordance with IAS 35 "Impairment of assets".

Fixed assets (or groups for disposal) whose value was determined as above are subject to being reclassified to assets held for resale. At their reclassification the assets are stated at the lower of the following two values: the balance sheet value or the fair value less cost to sell. The difference on valuation to fair value is recognized in other operating costs. At a later valuation, any reversal of fair value is recognized in other operating revenue.

If an entity no longer meets the criteria for classifying an asset as held for resale, the asset is recognized under the balance sheet item from which it had been previously reclassified and stated at the lower of the following two amounts:

- the balance sheet value from the day preceding the asset's classification as held for resale, adjusted by depreciation or revaluation, which would have been recognized had the asset not been reclassified as held for resale, or
- at the recoverable amount from the day on which the decision to not sell the asset was made.

3.6.12 Equity

Equity is recognized 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 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 recognized as liabilities in the period, in which they were passed.

Dividends received by the holding company for a period after acquiring control are subject to elimination from the financial revenue of the holding company and inclusion in the equity of the entity paying the dividend. This inclusion is made after the entity's equity is divided into capital attributable to the Group and minority capital. The elimination of dividend increases the accumulated profits attributable to the Group.

Non-contolling interests

Non-controlling interest is calculated as a percentage of the equity held by the minority shareholders as at the balance sheet date. This value is consistent with the value of the minority shareholders' capital calculated by adding to the value of the minority shareholders' capital as at the end of the previous period (which at the same time constitutes the opening balance) any changes made in the value of minority shareholders' capital in the reporting period. These changes may in particular be due to:

- changes in the percentage of shares held by minority shareholders – such as purchase, sale, increase or decrease of share capital,
- changes in the value of equity not related to changes in the percentage of shares held – such as increase or decrease without changing the share percentages, contributions to capital made by minority shareholders, the result for the year, capital on revaluation if it took place in the current year, payment of bonuses from prior year's profits.

In cases when the losses attributable to minority interests in a consolidated subsidiary exceed the minority interests in the equity of that subsidiary, then the excess and any further losses attributable to the minority interests are charged to the controlling interests, except for situations when the minority shareholders are required to and able to make an additional investment in order to cover the losses. If at a later time the subsidiary earns a profit, the profit is attributed to the controlling interests until the losses attributed to the minority interests, previously covered by the controlling shareholder, are covered.

3.6.13 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 amortized cost by applying the effective interest rate method.

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

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

3.6.14 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 amortized 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.

3.6.15 Provisions

Provisions are created when the Group 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 Group expects that the costs covered by the provision will be refunded, for example based on an insurance policy, then the refund is recognized 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 recognized as financial costs.

3.6.16 Employee benefits

Jubilee bonuses and retirement compensation

In accordance with remuneration regulations binding some of the Group's companies, their employees are entitled to retirement compensation benefits.

The companies do not separate assets that could be used in the future to pay retirement compensation liabilities. The companies create provisions for future retirement compensation liabilities in order to allocate costs to the periods, to which they relate.

The value of the companies' future retirement compensation benefits is calculated by an actuary using the accumulated future benefits method subject to the forecasted rise in the remuneration constituting the basis for the calculation of future benefits, assumed discount rate; the assumed likelihood of reaching a sufficiently long term of employment (the likelihood of becoming eligible for a jubilee bonus), on the condition of remaining employed by the current employer, the likelihood that the employee will reach retirement age (the likelihood of becoming eligible for a one-off retirement payment), on the condition of remaining employed by the current employer, the likelihood of disability prior to reaching retirement age (the likelihood of becoming eligible for a one-off disability payment), on the condition of remaining employed by the current employer.

The provision is revalued once a year – at the end of each financial year. Up or down adjustments are charged to operating costs (employee benefits) based on a wage distribution list.

The use of such provisions decreases the provision (it is not allowed to charge benefit payments to current operating costs and to make year-end provision adjustments). The release of the above provision adjusts (decreases) the costs of employee benefits.

Termination benefits

In the event of employment termination, the employees of the Group's companies 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 recognized 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 of KOFOLA S.A. approved the Incentive Program Regulations. As part of the Incentive Program, its participants (management staff) will be eligible to take up A, B, C and D series subscription warrants, providing that they meet the criteria specified in the Regulations. The realization of the warrants is tied to employment, and their fair value is recognized as a cost of employee benefits with a corresponding rise in the appropriate capital reserve while eligibility is acquired.

Share-based payments

The costs of allocating warrants to the Group's management staff are charged to the income statement. An appropriate item is also recognized under equity. The Group applies the Black-Scholes option valuation model, and the resulting value is recognized in the income statement while the eligibility is acquired.

3.6.17 Revenue

Revenue is recognized 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 recognized less value added tax (VAT), excise tax and rebates (discounts, bonuses).

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 recognized at discounted value, the value of the discount is recognized 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 realization and balance sheet valuation of trade receivables are listed under revenue.

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

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

3.6.17.1 Sale of goods and products

Revenue is recognized 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.

3.6.17.2 Provision of services

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

3.6.17.3 Interest

Interest revenue is recognized gradually as it accrues.

3.6.17.4 Dividends

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

3.6.17.5 Government subsidies

The Group recognizes 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 recognized.

If the subsidy relates to an asset component, then its fair value is recognized 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 recognized as revenue, matching the costs the subsidy is meant to compensate.

3.6.18 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 accounting value of assets and liabilities and the amounts used for tax purposes.

A provision for deferred income tax is recognized 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, and
- 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 recognized 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 recognized 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 realize 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 realized 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.

The Group recognizes a deferred income tax asset from a tax credit associated with operations in a special economic zone. Tax credits are available providing that all of the criteria relating to minimum capital expenditures are met. Basically, tax credits are recognized when the fulfillment of these criteria is highly probable, and in particular at the moment when the expense is incurred and the likelihood of using the credit in the future is very high.

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

3.6.19 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 period. Diluted net profit per share is calculated by dividing the net profit by the diluted weighted average number of shares.

3.7 New standards and interpretations

Certain new accounting standards and IFRIC interpretations were published by the International Accounting Standards Board since the publication of the most recent annual consolidated financial statements; they are mandatory for reporting periods beginning on or after 1 January 2010. Presented below is the Group's assessment of the effects of these new standards:

(i) Changes to IFRS 2009

On 16 April 2009 the International Accounting Standards Board published "Amendments to IFRS", which update 12 standards. The update pertains to scope, presentation, recognition and valuation, as well as includes adjustments to terminology and editorial corrections. The majority of the changes will apply to annual reporting periods beginning on or after 1 January 2010, but some of the changes will apply from or after 1 July 2009. The Group is currently analyzing the effect of these changes on the consolidated financial statements.

(ii) Changes to IFRS 2 Share-based Payment

The changes were published on 18 June 2009. They explain the principles of recognizing share based payments in the standalone financial statements of an entity that receives goods or services and is not required to settle payments in the form of shares. These changes will apply to annual reporting periods beginning on or after 1 January 2010. The changes will have no effect on the Group's consolidated financial statements.

(iii) Changes to IFRS 1 First-time Adoption of IFRS

The changes were published on 23 July 2009. The changes will apply to annual reporting periods beginning on or after 1 January 2010. The changes will have no effect on the Group's consolidated financial statements.

(iv) Change to IAS 32 Financial Instruments Presentation

The change was published on 8 October 2009. It explains the classification of instruments that give their holders the right to acquire an entity's capital instruments at a fixed price, when the price is set in a currency other than the entity's functional currency. The change will apply to annual reporting periods beginning on or after 1 February 2010. The change will have no effect on the Group's consolidated financial statements.

(v) Amended IAS 24 Related Party Disclosures

The changed standard was published on 4 November 2009. It simplifies the definition of related party, explains its intended meaning, eliminates vagueness in the definition, and introduces a partial exemption for disclosures for entities owned by the State Treasury. The standard will apply to annual periods beginning on or after 1 January 2011. The Group is currently analyzing the effect of the changed standard on its consolidated financial statements.

(vi) IFRS 9 Financial Instruments

The standard was published on 12 November 2009 and replaces IAS 39 Financial Instruments: Recognition and Valuation. The standard specifies how entities should classify and value financial assets, including certain hybrid instruments. In accordance with the standard, all financial assets should be: classified based on the entity's business model and the resulting nature of financial asset cash flows, recognized at fair value plus, in the case of financial assets not stated at fair value through profit or loss, transaction costs, stated at amortized cost or at fair value. The above requirements improve and simplify the approach to classification and valuation of financial assets compared to the requirements of IAS 39. The requirements introduce a standardized approach to the classification of financial assets and replace the several financial assets categories present in IAS 39, where each one had its one classification criteria. The new requirements also provide a single method for testing for impairment, replacing the various methods presented in IAS 39, which had to do with the different classification criteria. The standard will apply to annual periods beginning on or after 1 January 2013. The Group is currently analyzing the effect of the standard on its consolidated financial statements.

(vii) Change to IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The change was published on 26 November 2009. It removes an unintended consequence arising out of the treatment of prepaid contributions in cases when there is a minimum funding requirement. The change applies only in cases when:

- the entity is subject to a minimum funding requirement, and
- it makes a prepayment to meet this requirement.

The change permits such an entity to treat the benefit arising out of the prepayment as an asset. The change will apply to annual periods beginning on or after 1 January 2011. The Group is currently analyzing the effect of the change on its consolidated financial statements.

(viii) IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The interpretation was published on 26 November 2009. The interpretation explains how to account for a situation when an entity, after renegotiating the terms of a financial liability, issues equity instruments to fully or partially settle the financial liability. The interpretation does not apply to accounting for such a transaction by the creditor. The interpretation will apply to annual periods beginning on or after 1 July 2010. The Group is currently analyzing the effect of the interpretation on its consolidated financial statements.

3.8 Correction of error

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

3.9 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 2009 the Management's professional judgment relates to provisions for claims and court cases, as well as to contingent liabilities. It is also used in assessing the risk associated with the repayment of overdue receivables – the Group verifies its provisions for doubtful debts as at each balance sheet date, taking into account the potential risk of significant delays in their repayment.

3.10 Uncertainty of estimates

Since some of the information contained in the financial statements cannot be measured precisely, to prepare the financial statements the Group's Management must perform estimates. The Management verifies the estimates based on changes in the factors taken into account at their calculation, new information or past experiences. For this reason the estimates performed as at 31 December 2009 may be changed in the future. The main estimates pertain to the following matters:

Estimates	**Type of information disclosed**
Impairment of cash generating units and individual tangible and intangible fixed asset components	Main assumptions used to determine the recoverable amount: indications of impairment, models, discount rates, growth rate.
Provisions for doubtful debts and obsolete inventory	Main assumptions used to determine the recoverable amount.
Income tax	Assumptions used to recognize deferred income tax assets.
Employee benefits	Discount rates, inflation, wage increases, anticipated average length of employment.
Provisions	Provisions for the costs of severance pay and restructuring: discount rates and other assumptions. The assumptions used to value provisions for retirement benefits are presented in Note 4.24.
Economic useful lives of tangible and intangible fixed assets	The economic useful life and depreciation method are verified at least as at each balance sheet date.

3.11 Approval of financial statements

The Board of Directors approved the present consolidated financial statements for publication on 17 March 2010.

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

4.1 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.

Change in the presentation of information about operating segments

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

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

The "Other" segment includes beverage sales made by distribution companies, sales of the R20 and Nescafe Xpress energy drinks, as well as transport activities performed for entities from outside the Group.

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

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

In analyzing the presented segment data it is necessary to consider the fact that in accordance with IFRS, in the merger of HOOP S.A. and Kofola SPV Sp. z o.o. it was Kofola SPV Sp. z o.o. that was the acquirer. This means that the profit and loss account items for the various segments for the year 2008 reflect the business operations of the Kofola SPV Sp. z o.o. Group (Kofola Holding a.s.) performed until 30 May 2008, as well as the business operations of the merged KOFOLA S.A. Group in the period from 31 May to 31 December 2008. In view of the above, the data for the years 2009 and 2008 are not comparable.

Reporting segment results for the years 2009 and 2008:

Operating segments

1.1.2009 - 31.12.2009	Carbonated beverages	Non-Carbonated beverages	Mineral waters	Syrups	Low alcohol drinks	Other	Total
Revenue	590 397	186 444	203 156	133 964	303 436	114 588	1 531 985
Sales to external customers	590 397	186 444	203 156	133 964	303 436	114 588	1 531 985
Operating expenses	(505 198)	(185 136)	(196 363)	(119 155)	(289 099)	(118 149)	(1 413 100)
Operating result	**85 199**	**1 308**	**6 793**	**14 809**	**14 337**	**(3 561)**	**118 885**
Financial income							7 671
Financial expense							(36 978)
Profit before tax							89 578
Income tax							(16 957)
Net profit							**72 621**

1.1.2008 - 31.12.2008	Carbonated beverages	Non-Carbonated beverages	Mineral waters	Syrups	Low alcohol drinks	Other	Total
Revenue	459 199	187 820	142 915	98 300	132 939	92 943	1 114 116
Sales to external customers	459 199	187 820	142 915	98 300	132 939	92 943	1 114 116
Operating expenses	(413 425)	(185 820)	(138 943)	(91 046)	(130 752)	(96 450)	(1 056 436)
Operating result	**45 774**	**2 001**	**3 972**	**7 254**	**2 187**	**(3 507)**	**57 680**
Financial income							2 846
Financial expense							(42 972)
Profit before tax							17 554
Income tax							(6 089)
Net profit							**11 465**

4.2 Geographical segments

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

- Poland
- Czech Republic
- Russia
- Slovakia
- Hungary

Presented below are the data for the above geographical segments.

1.1.2009 - 31.12.2009	Poland	Czech Republic	Russia	Slovakia	Hungary	Total
Revenue	548 302	390 199	367 468	226 016	-	1 531 985
Sales to external customers	548 302	390 199	367 468	226 016	-	1 531 985
Operating expenses	(555 043)	(331 503)	(341 965)	(184 019)	(570)	(1 413 100)
Operating result	**(6 741)**	**58 696**	**25 503**	**41 997**	**(570)**	**118 885**
Financial income	7 463	82	121	5	-	7 671
Financial expense	(21 164)	(11 612)	-	(4 093)	(109)	(36 978)
Profit before tax	(20 442)	47 166	25 624	37 909	(679)	89 578
Income tax	(2 450)	(1 368)	(5 695)	(7 444)	-	(16 957)
Net profit	**(22 892)**	**45 798**	**19 929**	**30 465**	**(679)**	**72 621**
Assets and liabilities						
Segment assets	602 436	399 786	171 885	216 901	801	1 391 809
Total assets	**602 436**	**399 786**	**171 885**	**216 901**	**801**	**1 391 809**
Segment liabilities	283 963	277 478	98 617	162 581	78	822 717
Equity						569 092
Total liabilities and equity						**1 391 809**
Other information concerning segment						
Investment expenditure : tangibles and intangibles	5 673	29 910	1 223	45 998	-	82 804
Depreciation and amortization	32 975	33 268	7 205	15 366	5	88 819

1.1.2008 - 31.12.2008	Poland	Czech Republic	Russia	Slovakia	Hungary	Total
Revenue	345 991	406 543	183 074	174 086	4 422	1 114 116
Sales to external customers	345 991	406 543	183 074	174 086	4 422	1 114 116
Operating expenses	(345 707)	(374 960)	(177 143)	(149 553)	(9 074)	(1 056 436)
Operating result	**284**	**31 584**	**5 931**	**24 533**	**(4 652)**	**57 680**
Financial income	1 412	1 348	71	14	1	2 846
Financial expense	(26 972)	(10 850)	(32)	(4 476)	(641)	(42 972)
Profit before tax	(25 276)	22 081	5 970	20 071	(5 292)	17 554
Income tax	-	(1 169)	(886)	(4 034)	-	(6 089)
Net profit	**(25 276)**	**20 912**	**5 084**	**16 037**	**(5 292)**	**11 465**
Assets and liabilities						
Segment assets	721 124	405 005	120 510	193 716	2 470	1 442 825
Total assets	**721 124**	**405 005**	**120 510**	**193 716**	**2 470**	**1 442 825**
Segment liabilities	293 405	436 886	37 645	151 797	279	920 012
Equity						522 813
Total liabilities and equity						**1 442 825**
Other information concerning segment						
Investment expenditure : tangibles and intangibles	6 848	56 533	778	53 197	-	117 356
Depreciation and amortization	24 714	38 395	6 574	12 973	42	82 698

Products

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

KOFOLA GROUP BRANDS

CARBONATED BEVERAGES	Kofola, RC Cola, Citrocola, Hoop Cola, Top Topic, Vinea, Chito, Citronela, Fruti, Mr. Max
NATURAL SPRING WATERS	Rajec, Arctic
NON-CARBONATED BEVERAGES	Jupí Fruit Drink, Top Topic, Paola
100% FRUIT JUICES AND NECTARS	Snipp
SYRUPS AND CONCENTRATES	Jupí, Paola
CHILDRENS' DRINKS	Jupík, Jupík Aqua, Jupík Shake, Capri-Sonne
FROZEN COFFEE	Nescafé Xpress
ENERGY DRINKS	R20
LOW ALCOHOL BEVERAGES (Russia)	Hooch, Dieviatka, Tiamo Tanto

In 2010 the Group's assortment of beverages was broadened to include the Pickwick Just Tea frozen tea, new Rajec flavored waters, new flavors of drinks from the Top Topic family, as well as the citrus beverage Orangina (product of Orangina Schweppes International).

In addition, the KOFOLA S.A. Group makes beverages and syrups at the commission of external companies, mainly shopping chains. These companies offer these products to their customers under their own brand, using their own stores to distribute them.

In addition, the company Megapack, which operates on the Russian market, sells drink bottling services, relating to both low alcohol beverages and non-alcoholic beverages.

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

Seasonality, associated with periodic deviations in demand and supply, is of certain significance in the shaping of the KOFOLA Group's general sales trends. Beverage sales peak in the 2nd and 3rd quarter of the year. This is caused by increased drink consumption in the spring and summer months. In the years ended 31 December 2009 and 2008, approximately 21% of revenue from the sale of finished products and services was earned in the 1st quarter, with 28% (29% in 2008), 27% and 24% (23% in 2008) of total annual revenues earned in the 2nd, 3rd and 4th quarters, respectively – including the revenues of the HOOP S.A. Group until the merger in 2008.

4.3 Expenses by type

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Depreciation of fixed assets and intangible assets	88 819	82 698
Employee benefits costs	175 674	135 202
Consumption of materials and energy	777 439	537 081
Services	236 764	183 950
Taxes and fees	9 780	6 241
Property and life insurence	2 918	2 138
Costs of development work	-	-
Other costs, including:	23 787	28 080
- change in revaluation write-off of inventory	(1 898)	3 034
- change in revaluation write-off of receivables	(1 279)	5 107
- other operating costs	26 964	19 939
Total expenses by type	**1 315 181**	**975 390**
Change in the balance of products, production in progress, prepayments and accruals	8 967	3 390
Cost of manufacturing products for the entity's proprietary needs	(5 440)	1 622
Reconciliation of expenses by type to expenses by function	**1 318 708**	**980 402**
Costs of sales, marketing and distribution	352 868	297 788
Administrative costs	88 898	60 065
Cost of products sold	876 942	622 550
Total costs of product sold, merchandise and materials, sales costs and overhead costs	**1 318 708**	**980 402**

Costs of employee benefits

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Cost of salary	141 618	104 195
Social security and other benefits costs	33 837	30 997
Reserves costs for pension, jubilee award and other employee benefit	219	10
Total costs of employee benefits	**175 674**	**135 202**

4.4 Other operating income

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Revenue from the sale of non-financial assets	1 341	467
Dissolved revaluation write-off of tangible fixed assets	1 000	-
Settlement of stocktaking of cash and cash equivalents and tangible fixed assets	-	(77)
Revenue from liquidation of tangible and intangible assets	-	173
Profit from the resale of services, reinvoiced payments	637	250
Received subsidies	673	533
Write-off liabilities	388	2 254
Received penalties and damages	2 118	275
Expired liabilities	341	-
Tax return	271	1 399
Released provisions	2 335	-
Dissolved revaluation write-off of other receivables	953	-
Other	2 871	2 612
Total other operating income	**12 929**	**7 886**

4.5 Other operating expenses

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Net loss from the sale of non-financial assets	1 890	4 069
Revaluation write-off of tangible and intangible fixed assets	6 400	1 258
Loss from liquidation of tangible and intangible assets	2 652	74
Provided donations	1 454	284
Paid penalties and damages	2 124	-
Created provisions	2 335	-
Other	1 347	7 510
Total other operating expenses	**18 201**	**13 195**

The revaluation write down of tangible fixed assets in the amount of 6 200 thousand PLN relates to the revaluation of the Tetrapack production line at the subsidiary Kofola Sp.z o.o.

4.6 Financial income

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Financial interest income from:		
- bank deposits	235	336
- credits and loans granted	142	-
- interest on receivables	2 366	2 370
Net financial income from realized FX differences	425	-
Other financial income	4 503	140
Total financial income	**7 671**	**2 846**

Financial income for the current period includes the profit on the sale of shares of Maxpol in the amount of 4 449 thousand PLN.

4.7 Financial expense

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Financial interest expense from:		
- credits and financial leases	21 109	24 771
Revaluation of financial assets	9 283	-
Net financial losses from realized FX differences	3 747	17 196
Other financial expense	2 839	1 005
Total financial expense	**36 978**	**42 972**

The Revaluation of financial assets item includes a reduction in the value of the financial asset relating to shares of BOMI in the amount of 9 283 thousand PLN following the recognition of permanent impairment.

4.8 Changes in reserves and provisions

	Receivables	Inventories	Tangible assets	Intangible assets	Financial assets	Provisions
As at 1.1.2009	**23 378**	**9 721**	**22 188**	**500**	**800**	**41 684**
Currency differences from translation	(309)	1	-	-	-	(241)
Increase due to creation	29 764	2 682	6 230	196	9 283	9 549
Decrease due to release and use	(31 043)	(4 580)	(2 241)	(500)	-	(19 186)
As at 31.12.2009	**21 790**	**7 825**	**26 177**	**196**	**10 083**	**31 807**

The change in revaluation write down of tangible fixed assets at the beginning of the reporting period compared to the data published as at 31 December 2008 is a result of the fact that impairment write downs were made on the fixed assets of the subsidiary HOOP Polska Sp. z o.o. at the time of the final settlement of the merger of the Kofola SPV Sp. z o.o. Group and HOOP S.A.

4.9 Dividends paid and declared

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Dividends declared in the given period	16 750	-
Dividends on common shares:		
paid out in the given period	16 750	5 317
Dividends paid and declared	**16 750**	**5 137**

Payment of dividend for the year 2008

In its Resolution No. 28 the Ordinary General Meeting of KOFOLA S.A. of 30 June 2009 selected to pay out a dividend from the profit generated in the period from 1 January 2008 to 31 December 2008.

In its Resolution No. 28 the Ordinary General Meeting of KOFOLA S.A. of 30 June 2009 selected to distribute the net profit generated by the Company in the period from 1 January 2008 to 31 December 2008, amounting to 16 988 thousand PLN, in the following manner:

- the amount 16 750 thousand PLN was designated for the payment of a dividend at 0,64 PLN per share,
- the amount of 237 thousand PLN was designated to the reserve capital.

The dividend date was set for 30 September 2009, the dividend was paid out in accordance with the resolution, on 30 October 2009. The shares of all series (A, B, C, D, E, F, and G) participated in the dividend.

In the reporting period KOFOLA S.A. received a dividend from its subsidiary Megapack in the net amount of 9 676 thousand PLN.

In the reporting period Kofola Holding a.s. received a dividend from its subsidiary Kofola a.s. (Slovakia) in the amount of 26 866 thousand PLN, and 8 195 thousand PLN from the subsidiary Kofola a.s. (Czech Republic).

The above revenues have been excluded from the Group's financial revenue as part of consolidation adjustments.

4.10 Income tax

Main tax elements for the year ended 31 December 2009 and 31 December 2008 are:

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Profit and loss		
Current income tax	**17 171**	**15 778**
Current Income tax charge	17 168	15 778
Adjustments of current income tax from previous years	3	-
Deferred income tax	**(214)**	**(9 689)**
Related with arising and reversing of temporary differences	(214)	(9 689)
Income tax charge recorded in consolidated profit and loss	**16 957**	**6 089**
Statements of changes in equity		
Current income tax	-	-
Tax effect of changes in share capital	-	-
Deferred income tax	**2 117**	**(2 117)**
Tax from Fair value gains on available-for-sale financial assets	2 117	(2 117)
Tax benefit / tax burdens shown in equity	**2 117**	**(2 117)**

Reconciliation of the income tax calculated from gross profit at statutory tax rate with income tax calculated at effective tax rate for year ended 31 December 2009 and 31 December 2008, presents as follows:

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Profit/Loss before tax from continuing activity	89 578	17 554
Profit/Loss before tax from discontinued activity	-	-
Profit/Loss before income tax	**89 578**	**17 554**
Tax expense at the theoretical domestic tax rates in Poland	(17 020)	(3 335)
Tax effect of:		
Non-deductible expenses	(5 175)	(3 909)
Non-capitalized tax losses of Group companies	(1 261)	(4 354)
Investment incentives	7 326	6 411
Non-taxable income	2 234	868
Current tax adjustments relating to prior periods	(167)	(155)
Expired tax losses	(1 509)	-
Tax effect on tax losses	139	69
Effect of different tax rates of subsidiaries operating in other jurisdictions	(380)	(701)
Other	(1 144)	(983)
Income tax presented in profit and loss	**(16 957)**	**(6 089)**
Effective tax rate (%)	**18,93%**	**34,69%**

Deferred income tax

Deferred income tax arises out of the following items:

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX RESERVES	Deferred income tax assets	Deferred income tax reserves	31.12.2009 Net amount
Tangible and intangible fixed assets	2 695	16 043	(13 348)
Inventories	1 705	-	1 705
Receivables	1 486	-	1 486
Liabilities and provisions	2 978	-	2 978
Contribution in kind	-	60 189	(60 189)
Tax losses	11 927	-	11 927
Other (including investment incentives)	14 535	-	14 535
Deferred income tax assets/deferred tax reserves	**35 327**	**76 232**	**(40 905)**
Presentation corrections	(11 927)	(11 927)	-
Deferred income tax assets/deferred tax reserves recorded in balance	**23 400**	**64 305**	**(40 905)**

DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX RESERVES	Deferred income tax assets	Deferred income tax reserves	31.12.2008 Net amount
Tangible and intangible fixed assets	837	6 972	(6 135)
Inventories	3 148	-	3 148
Receivables	3 009	-	3 009
Liabilities and provisions	9 770	-	9 770
Contribution in kind	-	60 189	(60 189)
Tax losses	4 938	-	4 938
Other (including investment incentives)	6 458	-	6 458
Deferred income tax assets/deferred tax reserves	**28 160**	**67 161**	**(39 001)**
Presentation corrections	(4 938)	(4 938)	-
Deferred income tax assets/deferred tax reserves recorded in balance	**23 222**	**62 223**	**(39 001)**

The amounts and expiration dates of the tax losses recognized to calculate deferred income tax assets:*

Expiration year	**Losses** (in ths. PLN)
2010	-
2011	-
2012	5 501
2013	20 487
2014	36 787
TOTAL	**62 775**

* pertains only to KOFOLA S.A. and Hoop Polska Sp. z o.o.

4.11 Discontinued operations

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

4.12 Earnings per share

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

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

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

	1.1.2009 - 31.12.2009	**1.1.2008 - 31.12.2008**
Net profit assigned to the shareholders of the parent company	62 272	8 922

	1.1.2009 - 31.12.2009	**1.1.2008 - 31.12.2008**
Weighted average number of issued common shares used to calculate the regular earnings per share ratio	26 172 435	20 774 000
Impact of dilution:		
Subscribtion warrants	24 462	-
Adjusted weighted average number of common shares used to calculate diluted earnings per share	26 196 897	20 774 000

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:

	1.1.2009 - 31.12.2009	**1.1.2008 - 31.12.2008**
Net profit assigned to the shareholders of the parent company	62 272	8 922
Weighted average number of issued common shares	26 172 435	20 774 000
Regular earnings per share (PLN/share)	2,379	0,429

	1.1.2009 - 31.12.2009	**1.1.2008 - 31.12.2008**
Net profit assigned to the shareholders of the parent company, used to calculate diluted earnings per share	62 272	8 922
Adjusted weighted average number of common shares used to calculate diluted earnings per share	26 196 897	20 774 000
Diluted earnings per share (PLN/share)	2,377	0,429

4.13 Tangible fixed assets

31.12.2009

TABLE OF CHANGES IN TANGIBLE FIXED ASSETS	Land	Buildings and constructions	Plant and equipment	Vehicles	Other fixed assets	Fixed assets under construction	TOTAL
a) gross book value at the beginning of the period	**13 583**	**264 980**	**410 662**	**85 842**	**70 824**	**14 969**	**860 860**
b) increases	**1 046**	**52 590**	**16 887**	**10 700**	**12 886**	**2 251**	**96 359**
- purchase of fixed assets	339	12	952	598	584	81 792	**84 277**
- transfer from investment	707	52 578	13 047	908	12 302	(79 541)	**-**
- tangible fixed assets acquired pursuant to a financial lease agreement	-	-	2 888	9 164	-	-	**12 052**
- other increases	-	-	-	31	-	-	**31**
c) decreases	**(1 745)**	**(6 465)**	**(20 388)**	**(15 560)**	**(2 989)**	**(228)**	**(47 375)**
- sale	(1 745)	(6 451)	(11 185)	(11 184)	(1 348)	(18)	**(31 932)**
- liquidation	-	(14)	(9 203)	(4 392)	(1 641)	(184)	**(15 434)**
- other decreases	-	-	-	16	-	(26)	**(10)**
FX diff. from translation	**(24)**	**(2 042)**	**11 533**	**102**	**14 746**	**(1 549)**	**22 766**
d) gross book value at the end of the period	**12 860**	**309 062**	**418 694**	**81 085**	**95 467**	**15 443**	**932 611**
e) accumulated depreciation at the beginning of the period	**(299)**	**(7 288)**	**(141 247)**	**(32 092)**	**(44 370)**	**-**	**(225 296)**
f) depreciation charge for the period	**(307)**	**(7 860)**	**(38 103)**	**(4 738)**	**(7 960)**	**-**	**(58 968)**
- annual depreciation charge	(307)	(8 890)	(52 166)	(15 157)	(9 436)	-	**(85 956)**
- sale	-	934	8 151	6 839	525	-	**16 449**
- liquidation	-	2	8 174	3 555	1 080	-	**12 811**
- reclassification to other categories	-	-	-	-	-	-	**-**
- other (decreases)	-	-	(10)	25	-	-	**15**
- other (increases)	-	94	(2 253)	-	(129)	-	**(2 288)**
FX diff. from translation	**-**	**(7 446)**	**(15 786)**	**(1 808)**	**(6 146)**	**-**	**(31 186)**
g) accumulated depreciation at the end of the period	**(606)**	**(22 594)**	**(195 136)**	**(38 638)**	**(58 476)**	**-**	**(315 450)**
h) impairment charges at the beginning of the period	**-**	**(21 368)**	**(808)**	**-**	**(12)**	**-**	**(22 188)**
increase	**-**	**-**	**(6 204)**	**-**	**(27)**	**-**	**(6 230)**
- establishment of impairment charges	-	-	(6 204)	-	(27)	-	**(6 230)**
decreases	**-**	**2 121**	**81**	**23**	**16**	**-**	**2 241**
- sale	-	1 121	81	23	-	-	**1 225**
- liquidation	-	-	-	-	16	-	**16**
- dissolution	-	1 000	-	-	-	-	**1 000**
i) impairment charges at the end of the period	**-**	**(19 247)**	**(6 931)**	**23**	**(23)**	**-**	**(26 177)**
j) net book value at the beginning of the period	**13 284**	**236 324**	**268 607**	**53 750**	**26 442**	**14 969**	**613 376**
k) net book value at the end of the period	**12 254**	**267 221**	**216 627**	**42 470**	**36 968**	**15 443**	**590 983**
including:							
Tangible fixed assets							**574 576**
Assets (group of assets) held for sale							**16 407**

In the audited period a revaluation write down was made on the Tetrapack production line at the subsidiary Kofola Sp. z o.o. in the amount of 6 200 thousand PLN.
The balance sheet value of restricted tangible fixed assets (mortgage, lien) is 333 354 thousand PLN.

31.12.2008

TABLE OF CHANGES IN TANGIBLE FIXED ASSETS	Land	Buildings and constructions	Plant and equipment	Vehicles	Other fixed assets	Fixed assets under construction	TOTAL
a) gross book value at the beginning of the period	**5 102**	**82 616**	**207 344**	**65 768**	**48 311**	**16 622**	**425 763**
b) increases	**7 761**	**170 117**	**186 221**	**16 606**	**21 056**	**(3 101)**	**398 660**
- purchase of fixed assets	816	-	-	1 702	1 607	82 343	**86 468**
- transfer from investment	550	34 714	51 209	74	10 219	(96 766)	**-**
- merger with HOOP Group	6 370	134 360	118 060	11 756	8 401	11 205	**290 152**
- transfer of liquidation costs to the value at the beginning of the period	-	-	-	-	-	15	**15**
- investment in tangible fixed assets under construction	-	-	-	-	-	7	**7**
- tangible fixed assets acquired pursuant to a financial lease agreement	-	-	16 952	-	-	-	**16 952**
- other increases	25	1 043	-	3 074	829	95	**5 066**
c) decreases	**(211)**	**(2 046)**	**(6 619)**	**(4 483)**	**(1 246)**	**(1 586)**	**(16 191)**
- sale	(211)	(2 046)	(1 396)	(3 259)	(934)	-	**(7 846)**
- liquidation	-	-	(935)	(652)	(240)	(1 376)	**(3 203)**
- other decreases	-	-	(4 288)	(572)	(72)	(210)	**(5 142)**
FX diff. from translation	**931**	**14 293**	**23 716**	**7 951**	**2 703**	**3 034**	**52 628**
d) gross book value at the end of the period	**13 583**	**264 980**	**410 662**	**85 842**	**70 824**	**14 969**	**860 860**
e) accumulated depreciation at the beginning of the period	**-**	**(4 305)**	**(90 248)**	**(22 383)**	**(33 494)**	**-**	**(150 430)**
f) depreciation charge for the period	**(299)**	**(2 983)**	**(51 695)**	**(9 739)**	**(10 876)**	**-**	**(75 592)**
- annual depreciation charge	(299)	(5 008)	(52 501)	(11 999)	(11 548)	-	**(81 355)**
- sale	-	2 046	1 155	978	(68)	-	**4 111**
- liquidation	-	-	850	740	155	-	**1 745**
- donation	-	-	-	-	585	-	**585**
- other (decreases)	-	-	181	548	-	-	**729**
- a transfer to the group of assets available for sale - decrease	-	-	(798)	-	-	-	**(798)**
- other (increases)	-	(21)	(582)	(6)	-	-	**(609)**
FX diff. from translation	**-**	**-**	**696**	**30**	**-**	**-**	**726**
g) accumulated depreciation at the end of the period	**(299)**	**(7 288)**	**(141 247)**	**(32 092)**	**(44 370)**	**-**	**(225 296)**
h) impairment charges at the beginning of the period	**-**	**-**	**-**	**-**	**(8)**	**-**	**(8)**
increase	**-**	**(21 368)**	**(808)**	**-**	**(16)**	**-**	**(22 192)**
- establishment of impairment charges	-	(21 368)	(808)	-	(16)	-	**(22 192)**
decreases	**-**	**-**	**-**	**-**	**12**	**-**	**12**
- sale	-	-	-	-	12	-	**12**
i) impairment charges at the end of the period	**-**	**(21 368)**	**(808)**	**-**	**(12)**	**-**	**(22 188)**
j) net book value at the beginning of the period	**5 102**	**78 311**	**117 096**	**43 385**	**14 809**	**16 622**	**275 325**
k) net book value at the end of the period	**13 284**	**236 324**	**268 607**	**53 750**	**26 442**	**14 969**	**613 376**

4.14 Intangible fixed assets

31.12.2009

TABLE OF CHANGES IN INTANGIBLE FIXED ASSETS	Goodwill	Patents, licenses	Computer software	Trademarks	Other fixed intangible assets	TOTAL
a) gross book value at the beginning of the period	**111 760**	**3 735**	**9 783**	**210 889**	**1 561**	**337 728**
b) increases	**-**	**250**	**4 646**	**12**	**2 043**	**6 950**
- purchase of intangible assets	-	250	427	12	6 262	**6 950**
- transfer from development work	-	-	4 219	-	(4 219)	**-**
c) decrease	**-**	**(154)**	**(165)**	**(470)**	**-**	**(789)**
- sale	-	(113)	(165)	-	-	**(278)**
- liquidation	-	(41)	-	(470)	-	**(511)**
FX diff. from translation	**(67)**	**-**	**(32)**	**(1 987)**	**(56)**	**(2 142)**
d) gross book value at the end of the period	**111 693**	**3 831**	**14 232**	**208 443**	**3 548**	**341 748**
e) accumulated depreciation at the beginning of the period	**-**	**(670)**	**(3 072)**	**-**	**-**	**(3 742)**
f) depreciation charge for the period	**-**	**(1 089)**	**(1 559)**	**-**	**-**	**(2 648)**
- annual depreciation charge	-	(1 214)	(1 648)	-	-	**(2 862)**
- sale	-	113	89	-	-	**202**
- liquidation	-	12	-	-	-	**12**
FX diff. from translation	**-**	**391**	**(324)**	**-**	**-**	**67**
g) accumulated depreciation at the end of the period	**-**	**(1 367)**	**(4 955)**	**-**	**-**	**(6 323)**
h) impairment charges at the beginning of the period	**-**	**-**	**-**	**(470)**	**(30)**	**(500)**
- increase	**-**	**-**	**-**	**-**	**(196)**	**(196)**
- impairment write down	-	-	-	-	(196)	**(196)**
- decrease	**-**	**29**	**-**	**470**	**1**	**500**
- use of impairment	-	29	-	470	1	**500**
i) impairment charges at the end of the period	**-**	**29**	**-**	**-**	**(225)**	**(196)**
j) net book value at the beginning of the period	**111 760**	**3 065**	**6 711**	**210 419**	**1 531**	**333 486**
k) net book value at the end of the period	**111 693**	**2 493**	**9 276**	**208 443**	**3 324**	**335 229**
including:						
Goodwill						**111 693**
Intangible fixed assets						**223 536**

In the reporting period the companies of the KOFOLA S.A. Group incurred 6 950 thousand PLN in expenses for increasing the value of intangible fixed assets.

The investment projects realized during this period consist primarily of the purchase of a SAP computer system by the company Kofola Holding a.s

As at 31 December 2009 the holding company's Management conducted impairment tests of indefinite-lived trademarks. The Management recognized no impairment of the individual trademarks.

In the annual impairment test performed by the Group the calculation of fair value for indefinite-lived trademarks less cost to sell was based on discounted free cash flows and used estimated cash flow projections based on financial plans adopted by the Management for the period until 2014. Cost to sell was set at 2% of the fair value of the cash generating units. The individual trademarks are treated as individual cash generating units.

Main assumptions used in financial plans and cash flow projections:

Average revenue growth from indefinite-lived trademarks in the years 2010-2014	13,0%
Infinite growth rate	2,5%
Discount rate	7,1-10,0%

The Group believes that the main assumptions used in impairment tests of cash generating units as at 31 December 2009 are rational and based on the Group's experience and on market forecasts. The Group's forecasts of future financial results are based on series of assumptions, where those relating to macroeconomic factors, such as foreign exchange rates, prices of raw materials, interest rates, are beyond the Group's control. Changes in these assumptions may affect the Group's financial position, including the results of fixed asset impairment tests, and in consequence, may change the Company's financial position and financial result.

The value of the Goodwill item consists of the goodwill generated on the merger with the Hoop Group, as well as the goodwill relating to the company KLIMO s.r.o. The change in the value of goodwill compared to the previous year is solely the result of taking into account the foreign exchange differences on the translation of the goodwill of KLIMO s.r.o.

The value of trademarks consists of the values of such trademarks as: Kofola, Vinea, Arctic, Hoop, R20, Paola and Hoopers Hooch.

The balance sheet value of restricted intangible fixed assets (lien) is 54 342 thousand PLN.

31.12.2008

TABLE OF CHANGES IN INTANGIBLE FIXED ASSETS	Goodwill	Patents, licenses	Computer software	Trademarks	Other fixed intangible assets	**TOTAL**
a) gross book value at the beginning of the period	**7 498**	**1 539**	**3 921**	**28 513**	**1 073**	**42 544**
b) increases	**103 049**	**2 163**	**5 724**	**170 031**	**(416)**	**280 551**
- purchase of intangible assets	-	1 580	2 908	28 615	86	**33 189**
- merger with HOOP Group	103 049	583	702	141 416	1 612	**247 362**
- transfer from development work	-	-	2 114	-	(2 114)	**-**
c) decrease	**-**	**-**	**-**	**-**	**-**	**-**
- reclassification to different groups	-	-	-	-	-	**-**
FX diff. from translation	**1 213**	**33**	**138**	**12 345**	**904**	**14 633**
d) gross book value at the end of the period	**111 760**	**3 735**	**9 783**	**210 889**	**1 561**	**337 728**
e) accumulated depreciation at the beginning of the period	**-**	**-**	**(2 399)**	**-**	**-**	**(2 399)**
f) depreciation charge for the period	**-**	**(670)**	**(673)**	**-**	**-**	**(1 343)**
- annual depreciation charge	-	(670)	(673)	-	-	**(1 343)**
g) accumulated depreciation at the end of the period	**-**	**(670)**	**(3 072)**	**-**	**-**	**(3 742)**
h) impairment charges at the beginning of the period	**-**	**-**	**-**	**-**	**-**	**-**
- increase	**-**	**-**	**-**	**(470)**	**(30)**	**(500)**
- impairment write down	-	-	-	(470)	(30)	**(500)**
- decrease	**-**	**-**	**-**	**-**	**-**	**-**
i) impairment charges at the end of the period	**-**	**-**	**-**	**(470)**	**(30)**	**(500)**
j) net book value at the beginning of the period	**7 498**	**1 539**	**1 522**	**28 513**	**1 073**	**40 145**
k) net book value at the end of the period	**111 760**	**3 065**	**6 711**	**210 419**	**1 531**	**333 486**
including:						
Goodwill						**111 760**
Intangible fixed assets						**221 726**

4.15 Business combination

On 30 May 2008 the Hoop S.A. Group merged with the Kofola SPV Sp. z o.o. Group. The merged entity adopted the name Kofola-Hoop S.A., presently KOFOLA S.A. As a result of the merger, the share capital of KOFOLA S.A. was raised by 13 083 342 PLN to 26 171 918 PLN, through the issue of 13 083 342 ordinary F series shares with a nominal value of
1 PLN per share.

From a legal standpoint the acquirer was the entity that issued equity instruments – HOOP S.A. However, in accordance with International Financial Reporting Standards (IFRS 3) the primary criteria for deciding which of the entities is the acquirer is its ability to direct the other entity's financial and operating policies. As a result of the above-described business combination, the existing shareholders of Kofola SPV Sp. z o.o. hold the majority of votes in the combined entity's governing organs and have the actual ability to direct its financial and operating policies. This means that the transaction constituted a reverse acquisition, as in accordance with IFRS 3, the acquirer is the entity that from a legal standpoint was the acquiree, i.e. Kofola SPV Sp. z o.o.

The merger of the HOOP S.A. Group with the Kofola SPV Sp. z o.o. Group was accounted for using acquisition accounting.

On 30 May 2008 the individual assets and liabilities of the Kofola SPV Sp. z o.o. (legal acquiree) were added, at book values, to the corresponding assets, liabilities and contingent liabilities of the HOOP S.A. Group (legal acquirer) at their fair values determined as at the day of the business combination.

The settlement of the transaction presented in previously published financial statements was temporary in nature due to the still ongoing process of the fair value valuation of tangible fixed and trademarks belonging to the HOOP S.A. Group.

The financial statements for the 1st half of 2009 contained the final settlement of the merger and calculation of the goodwill, constituting the excess of the cost of the merger over the fair value of the identifiable assets, liabilities and contingent liabilities. For the purposes of the final settlement, the cost of the merger was determined in accordance with IFRS 3 based on the total fair value of all of the issued capital instruments of the pre-merger legal holding company (share listing of HOOP S.A.), whilst the temporary cost of the merger had been determined based on the value of the HOOP S.A. Group adopted in the merger plan.

The below table compares the values of the main assets and liabilities of the HOOP S.A. Group as at the date of the merger determined on a temporary basis with the fair values determined for the purposes of the final calculation:

	Book value	**Fair value**
Tangible fixed assets	275 500	268 359
Intangible fixed assets (mainly trade marks)	178 597	142 369
Long term financial assets	2 000	20 805
Deferred tax assets	16 446	15 809
Inventories	72 968	71 228
Other assets	216 009	216 009
Total assets	**761 520**	**734 579**
Provisions	54 262	83 431
Trade liabilities and other liabilities	345 058	345 458
Total reserves and liabilities	**399 320**	**428 889**
Net assets	362 200	305 690
- including assigned to the shareholders of the parent company	**327 773**	**266 383**
Acquisition costs	534 421	366 480
Additional acquisition costs	-	2 950
Total Acquisition costs	**534 421**	**369 430**
Goodwill on acquisition	**206 648**	**103 047**

The goodwill presented in these financial statements is by 103 601 thousand PLN lower than that presented as a result of the temporary settlement due to a change in the cost of the merger based on the share listings of HOOP S.A., and due to the inclusion of the results of the final fair value valuations of the assets, liabilities and contingent liabilities of the acquired HOOP S.A. Group.

Goodwill is allocated to cash generating units. For the goodwill created on the merger with the HOOP S.A. Group, the cash generating units are: the companies from the HOOP S.A. Group (prior to the merger) and the subsidiary Megapack. The Management has made a decision to allocate the goodwill to the companies from the HOOP S.A. Group (prior to the merger) using an internally adopted allocation key.

The recoverable amount of the cash generating units is determined using the gross discounted cash flows method, based on five-year forecasts prepared for both units. The forecasts are based on the management's plans, prepared to the best of their knowledge and long-term plans. No indications of an impairment of goodwill were noted as at the balance sheet date.

The final settlement of the merger changed the comparatives in these financial statements compared to those published previously. The below table shows the effect of the final settlement on previously published comparatives:

	31.12.2008	
	published financial statements	presented as comparatives
Net assets allocated to the shareholders of the holding company	661 269	477 602
Net profit/loss allocated to the shareholders of the holding company	9 417	8 922

In accordance with IFRS 3, accumulated profits and other equity items recognized in the presented financial statements constitute the accumulated profits and other equity items of the entity that is the subsidiary from a legal standpoint, i.e. the Kofola SPV Sp. z o.o. Group, from immediately prior to the merger. The structure of the merged entity (number and type of issued instruments) reflects the structure of the entity that is the holding company from a legal standpoint. This means that the share capital following the merger amounted to 26 172 thousand PLN and reflected the structure of the entity that is the holding company from a legal standpoint, i.e. KOFOLA S.A., including shares issued for the purposes of the merger.

Had the merger occurred at the beginning of the year 2008, the net profit allocated to the shareholders of the holding company for the year 2008 would have amounted to an estimated 18 703 thousand PLN, and sales revenue to an estimated 1 456 476 thousand PLN.

The presented financial statements constitute a continuation of the financial statements of the entity that is the subsidiary from a legal standpoint – the comparatives presented in these financial statements for the period from the beginning of the year to the date of the merger relate only to the entity that is the acquirer from an economic standpoint, i.e. the Kofola SPV Sp. z o.o. Group. Historical financial data of the acquired HOOP S.A. Group are available at www.hoop.com.pl.

Registered on 31 March 2009 was the merger of KOFOLA S.A. with the following subsidiaries subject to consolidation: Przedsiębiorstwo Produkcji Wód Mineralnych "Woda Grodziska" Sp. z o. o. and PAOLA S.A. The merger had no significant effect on the Group's financial statements. It was performed by transferring the entire assets of PPWM Woda Grodziska and PAOLA S.A. to KOFOLA S.A in exchange for newly issued KOFOLA S.A. shares. As a result of the merger, PPWM Woda Grodziska and Paola ceased to exist. The share capital of KOFOLA S.A was raised by 684 PLN to the amount of 26 173 thousand PLN.

The goodwill disclosed in the assets of the consolidated balance sheet also includes the goodwill created at the acquisition of the company Klimo s.r.o. in the amount of 8 644 thousand PLN.

4.16 Shares and interests in subsidiaries and financial assets available for sale

Financial assets available for sale

	31.12.2009	31.12.2008
Shares of the company BOMI	11 522	9 664

The shares of BOMI are traded on the Warsaw Stock Exchange. In accordance to IFRS 7, the shares are included in Level 1, determined based on the degree of the observerbility of the source data used to determine the fair value. The shares of BOMI are valued based on stock exchange quotes.

4.17 Assets (group of assets) held for sale

Assets (groups of assets) held for sale include the fixed assets in the amount of 16 407 thousand PLN of the subsidiary Hoop Polska Sp. z o.o. with a balance sheet value of 15 428 thousand PLN (fixed assets from a plant in Tychy and fixed assets located in Iwiny), as well as the Tetrapack production line belonging to the subsidiary Kofola Sp. z o.o. with a book value of 979 thousand PLN.

In accordance with IFRS 5 the entity classifies a fixed asset (or groups of fixed assets) as held for sale, if its balance sheet value will be recovered primarily through a sale transaction rather than through continued use. The above listed fixed assets with a value of 16 407 thousand PLN as at the balance sheet date were available for immediate sale.

In the reporting period the Group disposed of the assets and liabilities of the subsidiary Maxpol Sp. z o.o. (presented in the half-year financial statements as Assets held for sale and liabilities directly related to assets classified as held for sale), and the resulting profit from the transaction, amounting to 4 449 thousand PLN, was disclosed under financial revenue (Note 4.6).

4.18 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.

Company Social Benefits Fund (ZFŚS)	**31.12.2009**	**31.12.2008**
Loans granted to employees	200	175
Cash	580	116
Fund's liabilities	(778)	(395)
Other receivables	(2)	104
Balance after compensation	**-**	**-**
Charges to the fund during the reporting period	1 059	269
ZFRON		
Cash	-	11 186
Fund's liabilities ZFRON	-	(11 881)
Other receivables	-	695
Balance after compensation	**-**	**-**

4.19 Inventories

	31.12.2009	**31.12.2008**
Materials	80 316	78 298
Goods	7 688	6 028
Production in progress (valued at manufactoring cost)	73	1 317
Finished products	27 587	41 955
Gross inventory	**115 665**	**127 598**
Inventory provision (-)	**(7 825)**	**(9 721)**
Net inventory	**107 840**	**117 877**
Value of restricted inventory (lien)	55 692	60 270

Information on created, released or used inventory write downs is presented in point 4.8 of the notes to the consolidated financial statements.

4.20 Trade receivables and other receivables

	31.12.2009	**31.12.2008**
Receivables from other parties	**288 198**	**318 858**
trade receivables	244 807	275 855
loans granted	46	164
debts of Fructo-Maj	15 155	18 876
receivables from the state budget other than current income tax	9 286	8 311
prepayments for inventories	2 311	35
prepayments for tangible assets	560	548
prepayments for intangible assets	5 850	1 711
other non-financial receivables	4 117	8 189
prepayments:	6 068	5 169
- cost of subscription, magazines	5	16
- ZFŚS (company's Social Fund)	-	23
- cost of IT services	3	2
- cost of insurance	126	401
- payment resulting from other lease contracts	-	356
- services	5 923	3 974
- licence fees	-	24
- other annual licence fees	10	373
Gross reveivables	**288 198**	**318 858**
Revaluation charges for receivables	**(21 790)**	**(23 378)**
of which for debts of Fructo-Maj (see note 4.30)	(7 687)	(6 341)
Total net receivables	**266 408**	**295 480**

As at the balance sheet date the value of restricted receivables is 76 605 thousand PLN.

The terms of transactions with related parties are presented in point 4.31 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 amortized 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 Group's policy relating to managing such risks, are described in point 4.32 of the notes to the financial statements.

Information on created, released or used provisions for the impairment of receivables is presented in point 4.8 of the notes to the financial statements. Information on liens established on receivables to secure credits and loans is presented in point 4.32 of the notes to the financial statements.

4.21 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:

	31.12.2009	31.12.2008
Cash in bank and in hand	24 159	19 910
Short-term deposits	26 315	21 688
Other cash paid or due within three months from the date received, issued - REPO transation, cheques, bills and other cash assets	29	15
Total cash and cash equivalents	**50 503**	**41 613**

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

Currency structure of cash and cash equivalents:

	31.12.2009	31.12.2008
in PLN	822	3 553
in EUR	3 142	590
in CZK	3 761	5 301
in USD	968	812
in RUB	41 810	29 546
other (SKK)	-	1 811
Total cash and cash equivalents	**50 503**	**41 613**

4.22 Share capital and Other capital

4.22.1 Share capital

Registered on 31 March 2009 was the merger of KOFOLA S.A. with the following subsidiaries subject to consolidation: Przedsiębiorstwo Produkcji Wód Mineralnych "Woda Grodziska" Sp. z o. o. and PAOLA S.A. It was performed by transferring the entire assets of PPWM Woda Grodziska and PAOLA S.A. to KOFOLA S.A in exchange for newly issued KOFOLA S.A. shares. The share capital of KOFOLA S.A was raised by 684 PLN to the amount of 26 172 602 PLN.

In the course of the year 2008 the share capital was raised by 13 083 thousand PLN by issuing new ordinary shares with a value of 1 PLN per share. This issue of shares was related to the merger with HOOP S.A.

31.12.2009

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	Number of shares	% in share capital	% in voting power
KSM Investment S.A	13 395 373	51,18%	51,18%
CED Group S.a r.l.	11 283 153	43,11%	43,11%
Others	1 494 076	5,71%	5,71%
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.

4.22.2 Other capital

	Supplementary Capital	Currency differences from translation of foreign subsidiaries	Fair value gains on available-for-sale financial assets	Capital on allocation of subscription warrants	Other	**Total**
As at 1.1.2008	**96 600**	**3 742**	**-**	**-**	**-**	**100 342**
Reclasification	6 694	-	-	-	-	**6 694**
As at 1.1.2008 restarted	**103 294**	**3 742**	**-**	**-**	**-**	**107 036**
Merger with HOOP Group	365 750	-	-	-	-	**365 750**
Currency differences from translation of foreign subsidiaries	-	25 864	-	-	-	**25 864**
Fair value gains on available-for-sale financial assets	-	-	(11 141)	-	-	**(11 141)**
Income tax relating to components of Other comprehensive income	-	-	2 117	-	-	**2 117**
Profit distribution	1 423	-	-	-	-	**1 423**
Other	-	-	-	-	-	**-**
As at 31.12.2008	**470 467**	**29 606**	**(9 024)**	**-**	**-**	**491 049**
As at 1.1.2009	**470 467**	**29 606**	**(9 024)**	**-**	**-**	**491 049**
Currency differences from translation of foreign subsidiaries	-	(6 198)	-	-	-	**(6 198)**
Financial assets available for sale – transfer of valuation to income statement due to recognition of permanent impairment	-	-	11 141	-	-	**11 141**
Cost of subscription warrant allocation program	-	-	-	424	-	**424**
Income tax relating to components of Other comprehensive income	-	-	(2 117)	-	-	**(2 117)**
Profit distribution	8 817	-	-	-	-	**8 817**
Other	-	-	-	-	(165)	**(165)**
As at 31.12.2009	**479 284**	**23 408**	**-**	**424**	**(165)**	**502 951**

Nature and purpose of other capital

Supplementary capital

Supplementary (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 fees paid 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 merger with the Hoop Group described in point 4.15.

Reserve on the revaluation of financial assets available for sale

This item includes revaluations of financial assets available for sale to fair value. This capital is not distributed.

Reserve on foreign exchange difference on revaluation of subsidiaries

The balance of the reserve on foreign exchange differences is adjusted by the foreign exchange differences arising out of the revaluation of the financial statements of foreign subsidiaries. This capital is not distributed.

4.22.3 Retained earnings

Retained earnings	**31.12.2009**	**31.12.2008**
Retained earnings	(65 186)	(48 541)
Net profit for the financial year	62 272	8 922
Total retained earnings	**(2 914)**	**(39 619)**

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

4.22.4 Non-controlling interests

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
At the beginning of the period	**45 211**	**-**
Dividends paid by related parties	(10 752)	-
Non-controlling interest' participation in financial results of related parties	10 349	2 543
Merger with HOOP Group	-	38 945
Currency differences from translation of foreign subsidiaries	(1 926)	3 723
At the end of the period	**42 882**	**45 211**

4.23 Provisions

4.23.1 Changes in provisions

	Benefits after the period of employment	Provisions for litigation, fines, court cases, demages	Provision for personal expenses (bonuses, untaken holiday)	Other provisions	Total
As at 1.1.2009	**493**	**2 069**	**5 426**	**33 696**	**41 684**
Currency differences from translation	-	11	(227)	(24)	**(241)**
Transfer from prepayments as at 1.1.2009 (presentation change)	-	-	2 898	-	**2 898**
Creation	63	44	5 780	764	**6 651**
Utilization	-	(492)	(846)	(12 204)	**(13 542)**
Dissolution	(53)	-	(4 256)	(1 335)	**(5 644)**
As at 31.12.2009	**503**	**1 632**	**8 775**	**20 896**	**31 807**

Provisions time framework	**31.12.2009**	**31.12.2008**
Long-term	165	312
Short-term	31 642	41 372
Total provisions	**31 807**	**41 684**

4.23.2 Other provisions

Under Other provisions the Group presents a provision for losses associated with investments in related parties in Poland in the amount of 15 982 thousand PLN, as well as a provision for damages associated with KOFOLA S.A.'s failure to meet its contractual obligations.

4.24 Employee benefits

4.24.1 Employee share program

In 2009 the Group introduced an employee share program. On 18 December 2009 the General Shareholders Meeting passed a resolution establishing an Incentive Program. Under the Incentive Program (hereinafter the program), the participants (members of management staff) will be eligible to take up A, B, C and D series subscription warrants, providing that they meet the criteria specified in the Regulations. The warrants will give the right to take up H series shares of the company Kofola S.A. in accordance with the principles specified in the Regulations. The entire program relates to the financial results for the years 2009 - 2012. The fulfillment of all of the criteria (of a financial nature) to allocate the warrants to eligible persons, in particular the criteria of accumulated parameter growth with regard to EPS and EBITDA, will be assessed based on management reports prepared by the Company and approved by the Supervisory Board in a Qualified Resolution. One warrant will give the right to take up one H series share at the issue price of 43,20 PLN. Persons eligible in the portion of the program starting in 2009 will obtain the right to the allocation of no more than 163 579 and no fewer than 81.790 A series warrants. Persons eligible in the portion of the program starting in 2010 will obtain the right to the allocation of no more than 272 631 and no fewer than 136 316 B series warrants, as well as A series warrants. Persons eligible in the portion of the program starting in 2011 will obtain the right to the allocation of no more than 327 158 and no fewer than 163 579 C series warrants, as well as A or B series warrants. Persons eligible in the portion of the program starting in 2011 will obtain the right to the allocation of no more than 327 158 and no fewer than 163 579 D series warrants, as well as A, B or C series warrants, as long as they meet the criteria. An eligible person may take up shares in the realization of the warrant no sooner than after 12 months and no later than within 3 years of the date on which warrants were allocated to eligible persons, no later however than by 31 December 2016.

Changes in the number of existing warrants and the corresponding average realization price:

	31.12.2009	
	Average fair value of warrants	Allocated warrants
At the beginning of the period	-	-
Granted	12,70	26 844
Exercised	-	-
At the end of the period	**12,70**	**26 844**

The total value of the warrants has been estimated at 9 204 thousand PLN using the Black-Scholes model reflecting the payment of dividends in accordance with the Group's policy in this area, and it will be recognized in the Group's costs in the period starting with the 4th quarter of the year 2009 and ending at the end of 2012. In 2009, we showed a cost of 447 thousand PLN under operating costs. The estimated cost that will be shown in the operating costs of 2010 is 2 766 thousand PLN, in 2011 it is 2 622 thousand PLN, in 2012 it is 1 984 thousand PLN, in 2013 it is 1 085 thousand PLN, and in 2014 it is 300 thousand PLN. The realization of the warrants is tied to employment.

Warrants may be realized at agreed prices after meeting the conditions that allow for the realization of rights, as listed below:

Series	**Expected number of warrants**	**Warrant realization price**	**Period for gaining eligibility for financial results**
A	26 844	*43,20*	2009
B	159 081	*43,20*	2009-2010
C	190 897	*43,20*	2009-2011
D	190 897	*43,20*	2009-2012
	567 719		

4.24.2 Retirement benefits and other benefits after the period of employment

The Group's companies pay retirement compensation benefits to their retiring employees as specified by the Labor Code. For this reason, the companies create provisions for the current value of their retirement compensation liabilities based on calculations performed by a professional actuarial firm. The value of such provisions and the changes made therein in the reporting period are presented below:

	31.12.2009	**31.12.2008**
At the beginning of the period	**493**	**-**
Merger with HOOP Group	-	417
Provisions established	63	91
Cost of benefits paid	-	-
Dissolution	(53)	(43)
Change of capital group compositon	-	28
At the end of the period	**503**	**493**

Main assumptions made by the actuary as at the balance sheet date and used in the years ended 31 December 2009 and 31 December 2008 to calculate the value of the liabilities:

	31.12.2009	**31.12.2008**
Discount rate (%)	6,20%	5,50%
Anticipated inflation rate (%)	2,50%	2,50%
Employee turnover ratio	determined individually by the Group's companies	determined individually by the Group's companies
Anticipated wage growth rate (%)	determined individually by the Group's companies (2,5%)	determined individually by the Group's companies (2,5-4%)

4.25 Credits and loans

As at 31 December 2009 the Group's total credit and loan debt amounts to 337 638 thousand PLN after decreasing by 82 179 thousand PLN compared to the end of the year 2008. The changes were caused primarily by the taking out of a new credit by Kofola a.s. (Slovakia) in the amount of 27 068 thousand PLN, the repayment of a revolving credit in the amount of 50 528 thousand PLN by Kofola Sp. z o.o, and the repayment of credit accounts by Kofola a.s. (Czech Republic) in the amount of 32 441 thousand PLN.

Credit terms

Based on credit agreements, the companies of the Group are required to meet specified financial ratios. In the Management's opinion, temporary difficulties in meeting these ratios do no constitute a threat to maintaining liquidity. Credit agreements ended in the current reporting period have been extended. The Management is also negotiating with the lending banks a plan for reaching the ratios specified in the credit agreements. In accordance with the requirements of IAS 1, a breach of credit terms that may potentially limit unconditional access to credits in the nearest year may lead to the need to classify such liabilities as short-term. The total value of credits reclassified from long-term liabilities to short-term liabilities due to failure to meet credit terms amounted to 15 236 thousand PLN as at 31 December 2009.

As at the balance sheet date the Group had the following credits, loans and open credit lines:

Financing entity	Credit currency	Credit/ limit amount	Credit value on balance sheet day		Interests terms	Maturity date	Collaterals
			in currency	in PLN			
ČSOB a.s.	CZK	10 000	9 939	1 545	1M PRIBOR + margin	10/2010	promissory note
Komerční banka a.s.	CZK	30 000	29 323	4 557	1M PRIBOR + margin	10/2010	promissory note
ČSOB a.s.	CZK	40 000	26 087	4 054	1M PRIBOR + margin	6/2012	receivables, inventory, promissory note
ČSOB a.s.	CZK	22 000	3 280	510	1M PRIBOR + margin	7/2010	receivables, inventory, promissory note
ČSOB a.s.	CZK	29 200	27 873	4 331	1M PRIBOR + margin	6/2013	receivables, inventory, promissory note
Česká spořitelna a.s.	CZK	77 000	19 836	3 083	3M PRIBOR + margin	8/2010	receivables, promissory note, real estate
Česká spořitelna a.s.	CZK	12 000	5 848	909	3M PRIBOR + margin	6/2014	receivables, promissory note, real estate
Česká spořitelna a.s.	CZK	13 000	5 454	848	3M PRIBOR + margin	12/2013	receivables, promissory note, real estate
Komerční banka a.s.	CZK	160 000	140 000	21 756	3M PRIBOR + margin	12/2016	promissory note, real estate
Komerční banka a.s.	CZK	20 000	9 992	1 553	1M PRIBOR + margin	12/2011	promissory note, real estate
Komerční banka a.s.	CZK	38 000	15 698	2 439	1M PRIBOR + margin	7/2011	promissory note, real estate
Komerční banka a.s.	CZK	29 000	9 680	1 504	1M PRIBOR + margin	12/2010	promissory note, real estate
SG Equipment Finance s.r.o.	CZK	5 879	2 339	364	3M PRIBOR	6/2011	promissory note
SBR a.s.	CZK	120 000	48 586	7 550	3M PRIBOR + margin	12/2015	receivables, promissory note
ČSOB a.s.	CZK	190 000	168 000	26 107	1M PRIBOR + margin	7/2010	receivables, inventory, promissory note
ČSOB a.s.	CZK	10 000	-	-	1M PRIBOR + margin	7/2010	receivables, inventory, promissory note
Komerční banka a.s.	CZK	200 000	200 000	31 080	1M PRIBOR + margin	10/2010	promissory note, real estate
Komerční banka a.s.	CZK	40 000	3 237	503	1M PRIBOR + margin	10/2010	promissory note, real estate
Česká spořitelna a.s.	CZK	100 000	-	-	3M PRIBOR + margin	1/2010	receivables, promissory note
Česká spořitelna a.s.	CZK	40 000	39 817	6 188	3M PRIBOR + margin	1/2010	receivables, promissory note
Komerční banka a.s.	CZK	20 000	20 000	3 108	1MPRIBOR + margin	10/2010	"in blanco" promissory note
UNICREDIT BANK	EUR	5 500	2 643	10 859	1M EURIBOR + margin	2/2010	receivables, real estate, current assets (subject of credit), Kofola a.s., Krnov debt accession
VÚB BANKA	EUR	3 800	3 075	12 633	1M EURIBOR + margin	2/2010	"in blanco" promissory note Kofola a.s., receivables
UNICREDIT BANK	EUR	460	60	246	1M EURIBOR + margin	6/2010	receivables, real estate, current assets (subject of credit), Kofola a.s., Krnov debt accession
UNICREDIT BANK	EUR	1 470	420	1 726	1M EURIBOR + margin	3/2011	receivables, real estate, current assets (subject of credit), Kofola a.s., Krnov debt accession

Financing entity	Credit currency	Credit/ limit amount	Credit value on balance sheet day		Interests terms	Maturity date	Collaterals
			in currency	in PLN			
UNICREDIT BANK	EUR	652	264	1 084	1M EURIBOR + margin	6/2012	receivables, real estate, current assets (subject of credit), Kofola a.s., Krnov debt accession
UNICREDIT BANK	EUR	8 298	6 742	27 698	1M EURIBOR + margin	6/2012	receivables, real estate, current assets (subject of credit), Kofola a.s., Krnov debt accession
UNICREDIT BANK	EUR	4 715	872	3 583	1M EURIBOR + margin	6/2012	receivables, real estate, current assets (subject of credit), Kofola a.s., Krnov debt accession
ČSOB a.s.	EUR	535	134	550	1M EURIBOR + margin	3/2011	receivables, assets – real estate, current assets, inventory, guarantor Kofola Holding a.s.
ČSOB a.s.	EUR	214	61	249	1M EURIBOR + margin	5/2011	receivables, assets – real estate, current assets, inventory, guarantor Kofola Holding a.s.
ČSOB a.s.	EUR	54	10	42	1M EURIBOR + margin	6/2011	receivables, assets – real estate, current assets, inventory, guarantor Kofola Holding a.s.
ČSOB a.s.	EUR	174	61	250	1M EURIBOR + margin	9/2011	receivables, assets – real estate, current assets, inventory, guarantor Kofola Holding a.s.
ČSOB a.s.	EUR	620	432	1 776	1M EURIBOR + margin	3/2014	receivables, assets – real estate, current assets, inventory, guarantor Kofola Holding a.s.
VÚB BANKA	EUR	3 600	2 427	9 969	1M EURIBOR + margin	3/2014	agreement establishing a right to current assets, promissory note; "in blanco" promissory note Kofola a.s.
VÚB BANKA	EUR	540	267	1 098	1M EURIBOR + margin	6/2012	agreement establishing a right to current assets, promissory note; "in blanco" promissory note Kofola a.s.
VÚB BANKA	EUR	898	259	1 065	1M EURIBOR + margin	6/2011	agreement establishing a right to current assets, promissory note; "in blanco" promissory note Kofola a.s.
VÚB BANKA	EUR	807	493	2 027	1M EURIBOR + margin	4/2013	agreement establishing a right to current assets, promissory note; "in blanco" promissory note Kofola a.s.
VÚB BANKA	EUR	996	527	2 166	1M EURIBOR + margin	3/2014	agreement establishing a right to current assets, promissory note; "in blanco" promissory note Kofola a.s.
VÚB BANKA	EUR	9 960	5 623	23 101	1M EURIBOR + margin	2/2015	agreement establishing a right to fixed assets; "in blanco" promissory note Kofola a.s., guarantor Kofola Holding a.s.
KREDYT BANK	PLN	5 306	5 306	5 306	60% amount of statutory interest	8/2010	contractual capped joint mortgage and registered pledge on assets of Fructo-Maj, in blanco promissory note, assignment of insurance policies, power of attorney to current account of Fructo-Maj at BGŻ S.A.
BANK HANDLOWY	PLN	3 050	3 050	3 050	3M WIBOR + margin	1/2011	capped mortgage, assignment of debts, civil code warranty by Kofola S.A.
BANK HANDLOWY	PLN	10 700	9 435	9 435	T/N WIBOR + margin	3/2010	capped mortgage on real estate, assignment of debts, lien on inventory with assignment of insurance policy, civil code warranty by KOFOLA S.A.
BANK HANDLOWY	PLN	13 000	13 000	13 000	1M WIBOR + margin	12/2011	capped mortgage on real estate with assignment of insurance policy, assignment of debts, lien on inventory with assignment of insurance policy, civil code warranty by KOFOLA S.A.
BGŻ	PLN	5 000	4 837	4 837	1M WIBOR + margin	3/2010	registered pledge on production lines with assignment of insurance policy, in blanco promissory note with endorsement, power of attorney to account at Bank BGŻ, civil code warranty by KOFOLA S.A.
PEKAO S.A.	PLN	10 000	10 000	10 000	1M WIBOR + margin	3/2010	power of attorney to bank accounts, capped mortgage on real estate with assignment of insurance policies on the fixed assets covered by the mortgage, registered pledge on rights to the Arctic trade mark, assignment of receivables/factoring income
PEKAO S.A.	PLN	10 000	9 609	9 609	1M WIBOR + margin	3/2010	power of attorney to bank accounts, capped mortgage on real estate with assignment of insurance policies on the fixed assets covered by the mortgage, registered pledge on rights to the Arctic trade mark, assignment of receivables/factoring income

Financing entity	Credit currency	Credit/ limit amount	Credit value on balance sheet day		Interests terms	Maturity date	Collaterals
			in currency	in PLN			
KREDYT BANK	PLN	40 000	30 978	30 978	O/N WIBOR + margin	9/2010	debtor's promissory note, joint capped mortgage up to 44 million PLN on real estate in Grazes Wielkopolski with assignment of insurance policy, transfer of trade receivables from business with vendors where average net turnover amounts to at least 6 million PLN per month
BANK ZACHODNI WBK S.A.	EUR	5 624	5 624	23 104	1M EURIBOR + margin	3/2010	mortgage on real property in Kutno. Guarantee by Kofola S.A. Power of attorney to bank accounts at BZ WBK
ING Commercial Finanse	PLN			5 549			factoring
Loan Dohler	EUR	105	105	435	EURIBOR + margin	12/2009	
Loan Dohler	EUR	48	48	197	EURIBOR + margin	12/2010	
LUKAS BANK S.A.	PLN	28	28	28	margin	2/2011	lien in favor of the bank and assignment of policy
Total credits and loans				**337 638**	**ths. PLN**		

4.26 Trade liabilities and other liabilities

Other long-term liabilities	31.12.2009	31.12.2008
other liabilities	21 956	30 846
Total other long-term liabilities	**21 956**	**30 846**

Other long-term liabilities consist primarily of liabilities relating to purchases of fixed assets with deferred payment terms.

	31.12.2009	31.12.2008
Trade liabilities and other liabilities	**306 237**	**285 210**
Deliveries and services liabilities	177 704	183 148
Liabilities towards employees	9 444	11 887
Budget commitments other than the current income tax	36 829	25 092
Advances received	35 149	39 775
Special funds (paragraph 20 additional inf)	272	1 406
Accruals	46 839	23 902
Total trade liabilities and other liabilities	**306 237**	**285 210**

Trade payables are not interest bearing and are usually paid within 30-90 days.

Other payables are not interest bearing and payable on average within 1 month.

Accruals relate to performed but not yet invoiced supplies of materials and services.

4.27 Government subsidies

As a Protected Labor Company, in the year 2009 the holding company received 122 thousand PLN worth of subsidies for disabled employee wages. The Company has reduced the cost of services sold by the value of this subsidy.

4.28 Contingent assets and liabilities

4.28.1 Liabilities concerning operational leasing - Group as a lesee

As at 31 December 2009, the future minimum payments arising out of non-revocable operating lease agreements are as follows:

	31.12.2009	31.12.2008
In one year period	4 974	5 949
In period from one to five years	10 720	14 479
Over five years	-	-
	15 694	**20 428**

4.28.2 Other contingent assets and liabilities

	Contingent assets	Contingent liabilities
As at 1.1.2009	**-**	**1 145**
Increase (+)	-	-
Decrease (-)	-	(517)
As at 31.12.2009	**-**	**628**

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**
		in currency	**in ths. PLN.**	
Hoop Polska Sp. z o.o.	Cargill	628 T PLN	628	till termination of the contract
Total Sureties for Loans or Guarantees Issued			**628**	**ths. PLN.**

4.29 Finanse lease

The Kofola S.A. Group uses tangible fixed assets (mainly vehicles and various types of machines and equipment) based on finance lease agreements.

As at 31 December 2009 the balance sheet value of leased tangible assets was 77 129 thousand PLN.

Future minimum lease payments on these agreements and present value of minimum net lease payments:

	31.12.2009	31.12.2008
Nominal value of minimum lease payment		
In one year period	23 168	32 027
From one to five year	40 455	49 870
Over five year	-	2 485
Total finance lease liabilities - total minimum lease payments	**63 623**	**84 382**
Finance costs of finance lease	5 555	6 995
Present Value of minimum lease payments		
In one year period	20 466	30 327
From one to five year	37 601	44 704
Over five year	-	2 356
Total present value of minimum lease payments	**58 067**	**77 387**

4.30 Court litigations

KOFOLA S.A. is a party in the bankruptcy proceeding of the entity Fructo-Maj. On 6 August 2007, HOOP S.A (currently doing business as KOFOLA S.A.) concluded an engagement letter with Fructo-Maj Sp. z o.o., in which it expressed its interest in investing in Fructo-Maj for the purposes of its financial restructuring and enabling the payment of debts. As part of realizing this agreement HOOP S.A. acquired Fructo-Maj's debts, among others concluded a debt assignment agreement with Kredyt Bank S.A., based on which Kredyt Bank S.A transferred onto HOOP S.A. all the debt from a credit agreement, which as at 31 December 2009 amounted to 5 306 thousand PLN and is presented in the financial statements of KOFOLA S.A. as short-term credit payables due by 31 August 2010, and as receivables from the company Fructo-Maj. As at 31 December 2009 the total value of the receivables from Fructo-Maj relating to the acquired debt is 15 155 thousand PLN, the balance sheet value of this item, after revaluation, is 7 468 thousand PLN. The receivables are secured with mortgages on all of the significant real properties of Fructo-Maj, and with a registered pledge on the entity's movables.

Fructo-Maj was declared bankrupt in a decision issued on 27 September 2007, and then based on a decision issued on 24 June 2008 the type of proceedings was changed from an arrangement to a liquidation proceeding relating to the assts of Fructo-Maj Sp. z o.o. KOFOLA S.A has its representative in the Committee of Creditors of Fructo-Maj Sp. z o.o. The assets of Fructo-May are currently being sold. The Board believes that given the current state of affairs and type of collateral, no revaluation is needed with regard to the assets associated with Fructo-Maj.

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

4.31 Information on transactions with related parties

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

Revenues from the sale to related companies	1.1.2009 - 31.12.2009	
	revenues on the sale of products and services	revenues on the sale of merchandise and materials
- to affiliates	18	27
- to other related companies (KSM Investment)	-	-
Total revenues from the sale to related companies	**18**	**27**

Purchases from related companies	1.1.2009 - 31.12.2009	
	purchase of services	purchase of merchandise and materials
- from affiliates	19 430	-
- from other related companies (KSM Investment)	-	-
Total purchases from related companies	**19 430**	**-**

Receivables from related companies	31.12.2009	31.12.2008
- from affiliates	3	-
- from other related companies (KSM Investment)	3 507	-
Total receivables from related companies	**3 510**	**-**

Liabilities towards related companies	31.12.2009	31.12.2008
- towards affiliates	957	2
- towards other related companies (KSM Investment)	4 948	4 986
Total liabilities towards related companies	**5 905**	**4 988**

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

The loan that was granted in 2008 in the amount of 110 thousand PLN to Dariusz Wojdyga, former member of the Management Board of Kofola S.A., was repaid in the audited period. Other then the above loan, there have been no transactions with members of the Management Board.

Participation of management staff in employee share program

The Group's companies have introduced employee share program – see Note 4.24.

Remuneration of the Group's senior management staff

Presented below is the structure of the remuneration paid out to members of the Management Board of the holding company and to members of the Management Boards of the subsidiary companies:

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Short-term employee benefits (salaries, wages and other remuneration components)	8 184	11 251
Employee benefits in the form of own shares	-	-
Total value of benefits for the key staff of the Group	**8 184**	**11 251**

Remuneration paid out to members of the Management and Supervisory Board of the holding company and to members of the Management and Supervisory Boards of the subsidiary companies:

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Management Board	8 184	11 251
Supervisory Board	241	915
Total	**8 425**	**12 166**

Remuneration paid out to members of the Management and Supervisory Board of the holding company for the period from 1 January 2009 to 31 December 2009:

- Total remuneration of Management Board members: 2 491 thousand PLN.
- Total remuneration of Supervisory Board members: 241 thousand PLN.

4.32 Objectives and methods of financial risk management

The Group's primary financial instruments consist of bank credits, 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 Group 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 above.

The Group's activities are exposed to several types of financial risk: market risk (including foreign exchange risk, pricing risk and cash flow risk relating to changes in interest rates), credit risk and liquidity risk. In addition, the Group monitors the market prices risk relating to all of its financial instruments. Risk is managed by the Company's Management, which recognizes and assesses the above financial risks. The general risk management process is focused on the unpredictability of financial markets, and the Group tries to minimize any potential adverse effects on its financial results. The Group uses derivative financial instruments to hedge against certain types of risk, providing that the hedging instruments are considered to be cost effective. As at 31 December 2009 Group had no options or forward contracts, in either dollars or euros. The Management verifies and agrees risk management methods with regard to every type of risk. A short description of these methods is presented below.

4.32.1 Interest rate risk

The Group has credit payables with variable interest rates, which gives rise to a risk of an increase in those rates compared to the rates applied at contract conclusion. In addition, the Group places its free funds on variable interest rate deposits, which will bring the profits down if the interest rates fall. The Group 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.

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

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

For the year ended December 31, 2009

31.12.2009							
Fixed interest	**<1year**	**1–2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
Liabilities concerning financial lease and tenancy agreement with possibility of optional purchase	8 945	6 070	21	-	-	-	15 036
Total	**8 945**	**6 070**	**21**	**-**	**-**	**-**	**15 036**

Variable interest rate	<1year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Cash assets (-)	(50 503)	-	-	-	-	-	(50 503)
Current account credits	66 669	-	-	-	-	-	66 669
Bank loans	188 639	16 262	18 546	15 136	11 852	14 356	264 792
Liabilities concerning financial lease and tenancy agreement with possibility of optional purchase	11 520	30 748	694	46	23	-	43 031
Other (factoring)	6 178	-	-	-	-	-	6 178
Total	**222 503**	**47 010**	**19 240**	**15 182**	**11 875**	**14 356**	**330 166**

For the year ended December 31, 2008

31.12.2008							
Fixed interest	**<1year**	**1–2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**>5 years**	**Total**
Liabilities concerning financial lease and tenancy agreement with possibility of optional purchase	13 367	12 008	1 051	-	-	-	26 426
Total	**13 367**	**12 008**	**1 051**	**-**	**-**	**-**	**26 426**

Variable interest rate	<1year	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Cash assets (-)	(41 613)	-	-	-	-	-	(41 613)
Current account credits	124 320	-	-	-	-	-	124 320
Bank loans	165 432	69 797	22 468	9 543	7 928	18 179	293 347
Liabilities concerning financial lease and tenancy agreement with possibility of optional purchase	16 960	13 771	6 523	6 113	5 238	2 356	50 961
Loan granted	2 150	-	-	-	-	-	2 150
Total	**267 249**	**83 568**	**28 991**	**15 656**	**13 166**	**20 535**	**429 165**

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 Group'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.

4.32.2 Currency risk

The Group is exposed to the risk of changes in foreign exchange rates due to a significant amount of sales of finished products in Polish zlotys and the fact that the majority of the costs are incurred foreign currencies. In addition, the Group has credits, loans and deposits in foreign currencies. The currency risk relates primarily to the USD and EUR exchange rates. The Group's exposure associated with other currencies is immaterial.

The effect of currency risk on the Group'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 Group 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 euro and Czech crone to the Polish zloty, on the fair value or future cash flows of a given financial instrument.

As at December 31, 2009	**PLN**	**CZK**	**RUB**	**USD**	**EUR**	**Other**	**Total**
Cash and cash equivalents	821	3 761	41 810	968	3 143	-	**50 503**
Trade receivables and other receivables	46 639	92 991	71 426	39	54 727	586	**266 408**
Total	**47 460**	**96 752**	**113 236**	**1 007**	**57 870**	**587**	**316 911**
Bank credits and loans	92 270	121 987	-	-	123 381	-	**337 638**
Financial leasing liabilities	181	17 911	-	-	39 975	-	**58 067**
Trade liabilities and other liabilities	55 862	90 601	89 259	1 910	68 297	309	**306 237**
Other liabilities	-	21 956	-	-	-	-	**21 956**
Total	**148 313**	**252 455**	**89 259**	**1 910**	**231 653**	**309**	**723 899**
Exposure to currency risk	**(100 853)**	**(155 703)**	**23 976**	**(902)**	**(173 784)**	**278**	**(406 988)**

4.32.3 Other pricing risk

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

4.32.4 Market risk sensitivity analysis

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

1% change in PLN interest rate (interest rate increase or decrease),

1% change in EUR interest rate (interest rate increase or decrease),

10% change in the PLN/EUR exchange rate (interest rate 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 pb w PLN + 100 pb w EUR	- 100 pb w PLN - 100 pb w EUR	+ 10%	- 10%	+ 10%	- 10%
Financial assets available for sale	11 522	-	-	-	-	-	-
Other financial assets	3 585	15	(15)	-	-	-	-
Trade receivables and other receivables	266 408	-	-	(579)	579	(21 398)	21 398
Cash and cash equivalents	50 503	505	(505)	(229)	229	(4 739)	4 739
Influence on financial assets after tax		**520**	**(520)**	**(808)**	**808**	**(26 137)**	**26 137**
Financial liabilities	-	-	-	-	-	-	-
Trade liabilities and other liabilities	306 237	-	-	2 440	(2 440)	22 597	(22 597)
Other liabilities	21 956	-	-	-	-	2 196	(2 196)
Credits and loans	337 638	(3 376)	3 376	2 326	(2 326)	22 211	(22 211)
Financial lease liabilities	58 067	(581)	581	2 846	(2 846)	2 942	(2 942)
Influence on financial liabilities after tax		**(3 957)**	**3 957**	**7 612**	**(7 612)**	**49 946**	**(49 946)**
Increase/(decrease) in total		**(3 437)**	**3 437**	**6 805**	**(6 805)**	**23 808**	**(23 808)**

4.32.5 Credit risk

The Group is exposed to credit risk, defined as a risk that its debtors will not meet their obligations and thus cause the Group to incur losses. With regard to the Group'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 Group's exposure to this risk is equal to the balance sheet value of these instruments.

As at 31 December 2009 the Group's maximum exposure to credit risk amounts to 266 408 thousand PLN (295 480 thousand PLN as at 31 December 2008), and has been estimated as the balance sheet value of trade and other receivables.

Presented below is the ageing structure of receivables:

31.12.2009			**Overdue receivables**				
Aging of financial receivables	Value of receivables	Non-overdue receivables	<30 days	31-90 days	91-180 days	181-360 days	>360 days
Trade receivables (net)	223 017	142 609	33 283	14 483	14 686	10 928	7 028
Other receivables (net)	43 391	21 316	541	39	2 352	11 333	7 810
TOTAL	**266 408**	**163 925**	**33 824**	**14 522**	**17 038**	**22 261**	**14 838**

31.12.2008			**Overdue receivables**				
Aging of financial receivables	Value of receivables	Non-overdue receivables	<30 days	31-90 days	91-180 days	181-360 days	>360 days
Trade receivables (net)	265 616	154 809	45 906	29 633	19 714	10 619	4 935
Other receivables (net)	29 864	5 621	7 305	1 243	507	5 340	9 848
TOTAL	**295 480**	**160 430**	**53 211**	**30 876**	**20 221**	**15 959**	**14 783**

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, derivative instruments and other investments is considered to be immaterial, as the Group has concluded transactions with instructions with a sound financial position.

The Group undertakes activities aimed at limiting credit risk, consisting of: checking the creditworthiness of its customers, setting credit limits and monitoring the customers' financial position.

4.32.6 Liquidity risks

The Group 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 Group 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 Group's objective to maintain a balance between financing continuity and flexibility, by using various financing sources, such as credits, loans and finance lease agreements. The Group 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, the available credit lines 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 Group's maximum exposure to liquidity risk.

Ageing of financial liabilities:

31.12.2009		**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	**224 544**	109 292	65 364	33 041	16 847
Bank credits and loans	**337 638**	15 072	63 660	182 754	76 152
Financial lease liablities	**58 067**	1 935	3 805	14 726	37 601
Other liabilities	**103 648**	41 362	32 157	7 723	22 407
Total	**723 898**	**167 661**	**164 986**	**238 244**	**153 008**

Liabilites due more than 360 days	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	**Total**
Trade liabilities	16 752	50	40	5	-	**16 847**
Bank credits and loans	16 263	18 546	15 136	11 852	14 355	**76 152**
Financial lease liablities	13 920	16 054	5 203	2 424	-	**37 601**
Other liabilities	9 838	4 988	2 633	-	4 948	**22 407**
Total	**56 773**	**39 639**	**23 011**	**14 281**	**19 303**	**153 008**

31.12.2008		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	**207 050**	92 450	56 346	58 254	-
Bank credits and loans	**419 817**	35 108	67 115	189 679	127 915
Financial lease liablities	**77 387**	2 740	5 004	22 583	47 060
Other liabilities	**109 006**	11 988	19 160	47 012	30 846
Total	**813 260**	**142 286**	**147 625**	**317 528**	**205 821**

Liabilites due more than 360 days	1–2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Trade liabilities	-	-	-	-	-	**-**
Bank credits and loans	69 796	22 468	9 544	7 928	18 179	**127 915**
Financial lease liablities	25 779	7 574	6 113	5 238	2 356	**47 060**
Other liabilities	16 965	13 881	-	-	-	**30 846**
Total	**112 540**	**43 923**	**15 657**	**13 166**	**20 535**	**205 821**

Security established by the Group companies– balance sheet values	31.12.2009	31.12.2008
- Tangible fixed assets	333 354	279 047
- Intangible assets (brands)	54 342	54 879
- Inventory	55 692	60 270
- Receivables	76 605	97 757
Total	**519 993**	**491 954**

4.33 Equity management

The Group manages equity in order to maintain its ability to continue as a going concern while realizing investment plans to be able to generate a return for its shareholders and benefit other interest holders.

In accordance with market practice, the Group monitors its equity based on, among others, the EBITDA/capital employed ratio, and the net debt/EBITDA ratio.

The capital employed is calculated as the sum of the assets less short-term liabilities. The net debt/EBITDA ratio is calculated as a ratio of credits, loans and other sources of financing less cash and cash equivalents to EBITDA. Credits, loans and financing sources constitute the total value of liabilities arising out of credits, loans and leases, whilst EBITDA is operating profit plus depreciation.

	31.12.2009	**31.12.2008**
Sales	1 531 985	1 114 116
Capital employed	769 272	791 169
Net debt	345 202	455 591
Operating profit	118 885	57 680
Plus: Depreciation and amortisation	88 819	82 698
EBITDA	**207 704**	**140 378**
EBITDA/Sales (%)	**13,56%**	**12,60%**
EBITDA/ Capital employed (%)	**27,00%**	**17,74%**
Net debt /EBITDA	**1,7**	**2,7 ***

*Including EBITDA of the Hoop Group for the period from 1 to 5/2008.

4.34 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 31.12.2009	Loans and receivables valued at amortised costs	Financial Assets valued at fair value through the profit and loss	Derivatives used for hedging	Available for sale valued at fair value	Total
Financial assets available for sale	-	-	-	11 522	11 522
Derivative financial instruments	-	-	-	-	-
Other financial assets	2 085	-	-	-	2 085
Trade receivables and other receivables	266 408	-	-	-	266 408
Cash and cash equivalents	50 503	-	-	-	50 503
Total	**318 996**	**-**	**-**	**11 522**	**330 518**

Liabilities as per balance sheet

As at 31.12.2009	Liabilities at fair value through the profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Bank credits and loans	-	-	337 638	337 638
Financial leasing liabilities	-	-	58 067	58 067
Derivative financial instruments	-	-	-	-
Trade liabilities and other liabilities	-	-	328 193	328 193
Total	**-**	**-**	**723 898**	**723 898**

4.35 The reasons for the differences between the changes of certain balance sheet items and changes resulting from a cash flow

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Change due for supplies and services, and other accounts receivable	29 072	(158 512)
Change in receivables of the Group	-	217 530
Change in advances for fixed assets and intangible assets	6 410	-
Change in the balance of receivables	**35 482**	**59 018**

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Balance change of liabilities for supplies and services and other liabilities	11 296	151 499
Change in liabilities of the Group	-	(257 096)
Change in investment liabilities	(3 817)	-
Change in the balance of liabilities	**7 479**	**(105 597)**

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Net book value of disposed tangible assets, intangible assets	5 037	3 695
Sale of intangible assets and fixed assets	**5 037**	**3 695**

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Increase the book value of tangible assets, intangible assets	(68 369)	(117 356)
Change in assets available for sale	(16 407)	-
Change in advances for fixed assets and intangible assets	(6 410)	-
Change in investment liabilities	8 382	-
Purchase of intangible assets and fixed assets	**(82 804)**	**(117 356)**

4.36 Headcount

The average headcount in the company was as follows:

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Management Board of the parent company	5	4
Management Boards of the Group entities	20	16
Administration	288	408
Sales department	809	706
Production division	1 256	1 283
Other	525	1 019
Total	**2 903**	**3 436**

4.37 Subsequent events

On 2 March 2010 the subsidiary Hoop Polska Sp. z o.o. signed an annex to the Credit Agreement of 28 December 2001 with Bank Handlowy w Warszawie SA, extending the repayment date of the credit of 10 700 thousand PLN to 6 April 2010.

The 5 000 thousand PLN advance account, granted by Bank BGŻ w Warszawie SA, was repaid by Hoop Polska Sp. z o.o. on 5 March 2010 – as specified in the relevant agreement.

In addition, Hoop Polska is in the process of refinancing all of its existing credits by a newly formed Consortium that is expected to start on 31 March 2010.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

17.03.2010	**Jannis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
17.03.2010	**Simona Nováková**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
17.03.2010	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
17.03.2010	**René Musila**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
17.03.2010	**Tomáš Jendřejek**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

17.03.2010	**Katarzyna Balcerowicz**	**Chief Accountant**	....
date	*name and surname*	*position*	*signature*

Document signed on the Polish original.

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

5.1 Letter from the Chairman of the Management Board

Ladies and Gentlemen, Dear Shareholders,

While presenting to you the annual report of the Kofola S.A. Group for the year 2009, I want to take this opportunity to provide a short assessment of our activities in the past year, and outline our plans for the year 2010.

The markets on which we operate have changed dramatically as a result of the global economic crisis. The Polish non-alcoholic beverages market has slowed its impressive growth. The Czech and Slovak markets have recorded a seven percent decline, whilst the Russian market has plummeted by as much as 12%. At the end of the year a drop was still visible on all of our markets, with no signs of recovery. We expect that this negative trend will last at least through the end of the 1st half of 2010, mainly due to a rise in unemployment and a drop in consumer confidence. Another factor with an adverse effect on our results was the fluctuations in foreign exchange rates, in particular the drastic fall in the value of the Polish zloty at the beginning of 2009. The drop in the local currency exchange rates led to pressure to increase the price of raw materials, as well as the costs of credits and leases expressed in foreign currencies. Our financial results were positively affected by a drop in prime interest rates of central banks, and by increased price competition between suppliers of raw materials.

It was in these difficult market conditions that we finalized the integration of Hoop with the Group. The inclusion of the Polish company in the Group enabled us to achieve concrete savings by centralizing purchases and optimizing production assets as part of the Group, centralizing administration and implementing Group sales and marketing standards.

Despite adverse market conditions the year 2009 was a success. The more negative the macroeconomic environment, the more determined we are to achieve our objectives.

Our consolidated revenue in 2009 exceeded 1,5 billion PLN, consolidated EBITDA amounted to 207 million PLN, which gives an EBITDA profitability of 13,6%, and the consolidated net profit attributable to the holding company's shareholders amounted to 62,2 million PLN (a net profitability of 4,1%). Taking into account the entire 12 months, the consolidated revenue of the Group grew by 5% year to year, the consolidated EBITDA by 21%, and the consolidated net profit by 191%.

Despite a slight drop in sales on the Polish, Czech and Slovak markets, we are still a non-alcoholic beverages leader on these markets: we are 2nd in Slovakia, 3rd in the Czech Republic, and 6th in Poland.

We used the slow down to realize projects that rationalized production processes and concentrated production in Poland. After the end of the 2009 "season" we closed the smallest and least effective production plant in Tychy.

We have performed analyses of the effectiveness of our products on all of our markets, in particular in Poland, and have rejected unprofitable and low-margin products and brands. This product portfolio "slim-down" meant we had to discontinue more than 70 items, and as a result were able to focus on the main products and brands, but also to reduce logistics and production costs. This also helped us lower the engagement of working capital.

Working capital was an area into which we put a lot of effort in 2009. As a result we were able to reduce working capital by 60 million PLN year to year. Along with a reduction in investments, this allowed us to lower our net debt by 110,4 million PLN.

Investment spending, although the lowest in several years, exceeded 82 million PLN. The most important investment project realized in 2009 was the construction of a warehouse and production hall at the Rajecka Lesna plant in Slovakia. The cost of the project exceeded 10 million EUR.

Another significant investment project, also in Slovakia, was the startup of direct distribution. This exceptional and very effective method of distribution will in the coming years allow us to reach completely new clients, increase sales and sale related investments, as well as give us a significant competitive edge.

Other important projects realized in 2009 include the implementation of the SAP R/3 system at Hoop Polska. We now have a uniform system in Poland, the Czech Republic and Slovakia, which will allow us to efficiently integrate all processes, which in turn will lead to considerable administrative cost reductions.

Another project that should be mentioned is the introduction of the Jupik children's drink (under the local name of Jumper) to the Russian market, and the related investments in production technologies at our Moscow plant.

Last year we were also able to improve the quality of our personnel policy.

An important step in this area is the "Key Personnel" project. As part of the project 45 managers were selected from the Group and a special growth and incentive program developed for their benefit. An important component of the program is the share option program approved by the General Meeting of Kofola S.A. at the end of 2009.

All of the above activities helped us achieve the Kofola Group's historically highest results. The consolidated net profit for the year 2009 attributable to the holding company's shareholders amounted to 62,2 million PLN, or 2,38 PLN per share. Due to improvements in the management of working capital and reductions in the investment program, the Group's net debt amounted to only 1,7 times the value of EBITDA.

In 2009 we paid out to our shareholders a dividend from the profit for the year 2008 in the amount of 16,75 million PLN. In the coming years we plan to continue our dividend policy consisting of paying out a portion of the generated profits to the shareholders.

We expect that for the majority of FMCG firms 2010 will be the peak of the current crisis, which will have a negative effect on consumer moods and consumption, and thereby increase price competition.

Our response to the anticipated market situation is to increase work efficiency and spending for the development of new products, and to expand distribution and marketing support for our brands.

We intend to consistently continue to rationalize production and distribution processes, as shown in the example of the relocation of the distribution center in Prague and the continued optimization of our distribution network in Poland.

On the other hand we want to continue to invest in modernizing production capacity at such perspective locations as Grodzisk (PL), Kutno (PL) or Mnichovo Hradište (CZ).

Our primarily commercial projects planned for 2010 include the following on the Czech and Slovak markets: the 50th anniversary of the Kofola brand, the introduction of new products in the non-carbonated fruit juices sector, the introduction of a series of frozen teas along with the Pickwick brand, the introduction of new flavored active oxygen waters under the Rajec brand, and in Poland the continuation of activities on the three main brands: Hoop Cola, Paola and Jupik.

We will continue to develop direct distribution in Slovakia and the Van Selling project in the Czech Republic.

Having standardized our IT platform we now have a central system for securing our services as part of purchases, the IT department, new product development. In 2010 we plan to centralize the management of our vehicle fleet, real estate and media, and of selected financial and human resources functions.

On the Russian market we want to increase the cost effectiveness of production. We will focus on expanding distribution in Moscow and its surrounding area, and on starting distribution in new cities with populations of more than 1 million.

We are aware of the fact that people are the driving force of every company. For this reason we will continue to invest in our employees. In particular we will develop their key skills, encourage innovation and unconventional approach, and most of all increase the effectiveness of work, where significant reserves can still be found.

The consumer and his needs are the basis of our strategy. Last year we spent significant amounts on market studies that gave us a better understanding of the client's needs and new product development. We will continue these activities in 2010.

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

Today such brands include Kofola, Vinea, Jupi, or Jupik, with the brands of Paola, Hoop Cola, Rajec and others striving to reach this position. These strong brands are a solid value for our shareholders, and in a deep crisis – a guarantee of fixed income.

Finally I would like to thank all of our employees, who contributed to our excellent financial result, our business partners without whom we would not be where we are, our Shareholders for their confidence, and our Supervisory Board for their immense contribution to the realization of our strategic goals.

Jannis Samaras

President of the Management Board

KOFOLA S.A.

5.2 Description of the KOFOLA S.A. Group

The KOFOLA GROUP is one of the leading producers of non-alcoholic beverages in Central Europe. The Group operates in the Czech Republic, Slovakia, in Poland and in Russia. At its seven production plants, of which two are located in the Czech Republic, one in Slovakia, three in Poland and one in Russia, it employed in the year 2009 an average of 2900 people.

OUR MISSION AND OUR GOAL

Our mission is to passionately and enthusiastically create new brand name products that offer to our clients functional and emotional values which allow our products to become an important part of their lives. The vision of the Kofola S.A. Group is to by the end of 2012 become the second strongest player on the non-alcoholic beverages market in Central Europe (the Czech Republic, Poland, Slovakia), and to form the bases to obtain a similar position in Russia and in other countries of the region.

By 2013 we want to be one of the three largest players in each of these categories.

HISTORY

1993 The family of the Greek emigrant Kostas Samaras acquires a carbonated water plant from the state-owned company **Nealko Ołomuniec** in Krnov and starts production of carbonated beverages under the name of **SP Vrachos s. r. o.**

At the same time the company **HOOP** is formed in Poland (at the time not associated with the Kofola Group).

1996 The operations of **SP Vrachos** are moved to the newly formed subsidiary **SANTA – NÁPOJE KRNOV**. This year is considered to be the official formation of the company **Kofola** that we know today.

1997 Hoop starts cooperation with the largest producer of non-alcoholic beverages in England – Britvic International Ltd.

1998 Entry on the Slovak market through the formation of the subsidiary **SANTA NÁPOJE SLOVENSKO** spol. s r. o.

1999 Introduction of the Jupí brand.

2000 The Company for the first time becomes associated with the beverage **Kofola** by concluding a license agreement for the bottling of this beverage with an Opava pharmaceutical company, IVAX, the then owner of the brand.

2001 Acquisition of the registered trade mark of the traditional grape juice containing beverage **Top Topic,** and its reintroduction to the Czech and Slovak markets. Introduction of a new children's fruit drink under the name of **Jupík**. Construction of a production plant in Rajecka Lesna starts in Slovakia.

2002 A year of expansion and strategic investments – formation in Slovakia of **Santa Trans**, a subsidiary that provides transport, acquisition of the registered trademark and original recipe for the traditional drink **Kofola** from the company Ivax for 215 million Czech crones. In November the company's trade name in the Czech Republic and its subsidiaries in Slovakia was changed to **Kofola a.s.**

HOOP in Poland acquires a majority stake in the mineral water and beverages producer Przedsiębiorswo Produkcji Wód Mineralnych Woda Grodziska.

2003 A new subsidiary is formed in Poland under the name of **Kofola Sp. z o.o.**

In the Czech Republic **Kofola a.s.** obtains a system quality certificate in accordance with ČSN EN ISO 9001:2000.

Polish **HOOP** acquires 50% of shares of **Megapack** in Russia and debuts on the Warsaw Stock Exchange.

2004 First innovations to the **Kofola** drink after 40 years of its existence – introduction of the **Kofola Citrus** brand.

Expansion to the Hungarian market and formation of the subsidiary **Kofola Rt.**

The Czech and Slovak markets are joined by the Polish market following the construction of a new production plant in Kutno.

Entry into the packaged waters segment with the **Rajec** mineral water.

2005 Formal opening of a new production plant in Poland – the largest Czech investment in Poland. The portfolio of products on the Czech and Slovak markets is enlarged through the reintroduction **Chito Tonic.** Kofola becomes the exclusive producer and distributor of the **Capri-Sonne** drink.

2006 In November the holding is separated out as a separate legal entity called **Kofola Holding, a.s.** Acquisition of **Klimo, s.r.o.,** a Czech beverage company. A series of natural, 100% fruit juices and fruit drinks **Jupí** is introduced to the market.

HOOP takes over PAOLA S.A.

2007 Introduction of a new product - **Rajec Bylinka** – natural spring water enriched with herbal extracts.

Kofola is ranked 8th among the 100 most prestigious Czech companies.

The shareholders of **Kofola Holding, a.s.** and the Polish beverage company **Hoop S.A.** conclude a preliminary agreement on the merger of the two companies.

2008 Merger of the Kofola Group with the Hoop Group.

Acquisition by **Kofola – Hoop S.A.** of a financial investor – the Enterprise Investors fund with 42,45 % of shares. After this transaction the majority stake of Kofola remains in the hands of the existing owners.

Acquisition of the traditional **Vinea** brand by **Kofola a.s.** in Slovakia.

Introduction of a *Sugarless* version of the **Kofola** drink.

2009 **Kofola – Hoop S.A.** changes its name to **Kofola S.A.**

Expansion of production and warehouse space in Slovakia's Rajecka Lesna – investment project worth 10 million euro.

2010 The **Kofola** brand celebrates its 50th anniversary.



COMPANIES OF THE KOFOLA GROUP

Companies, plants and representative office:

- **Kofola Holding a.s., Kofola S.A.** – Ostrava (CZ), Warszawa (PL)
- **Kofola a.s.** – Krnov, Mnichovo Hradiště, Praha (CZ)
- **Kofola a.s.** – Rajecká Lesná, Senec, Malý Šariš, Zvolen (SL)
- **Hoop Polska Sp. z o.o.** – Kutno, Bielsk Podlaski, Grodzisk Wielkopolski, Warszawa (PL)
- **OOO Megapack** – Moscow (RU)

Distribution companies:

- **PCD Hoop Sp. z o. o.** (PL)
- **Bobmark Int. Sp. z o. o.** (PL)
- **OOO Trading House Megapack** (RU)

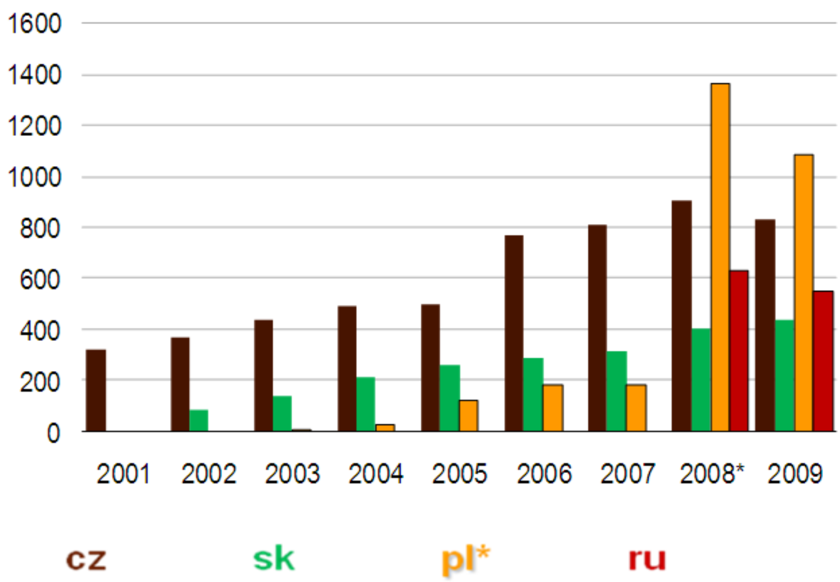
Transport companies:

- **Santa-Trans s. r. o.** (CZ)
- **Santa-Trans.SK s. r. o.** (SL)
- **Transport Spedycja Handel Sulich Sp. z o. o.** (PL)

OUR PEOPLE ARE OUR STRENGHT

On average the **KOFOLA Group** employs nearly 2 900 people.

All of our employees have the opportunity to work in a modern and dynamic environment.



***2008** Merger of the Kofola Group with the Hoop Group.

We understand that in today’s knowledge-based economy to maintain a competitive edge it is necessary to continually invest in our people, to allow them to raise their qualifications. We believe that by skillfully managing the potential of our employees we can directly impact our financial results.

For this reason we continue to improve working conditions, give our employees the opportunity to raise their qualifications through internal and external training. All of our employees are covered by an incentive program that conditions the amount of their bonus on the realization of their individual goals and on the financial results achieved by the companies at which they are employed.

Our employees are covered by an annual evaluation system enabling a verification of their achievements and helping them identify the areas of further development.

The management staff of the Kofola Group companies was strengthened in 2009.

Since April 2009 the Management Board of Kofola a.s. in the Czech Republic is headed by Mr. Jaroslav Bartak. On 18 November 2009 Mr. Krzysztof Grudziński became the Chairman of the Management Board of Hoop Polska Sp. z o.o. Mr. Bartosz Marczuk became the new Finance Director of the Kofola Group on 2 November 2009.

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

As at 31 December 2009 the Group comprised the following entities:

	Company Name	Headquarters / Registered Offices	Range of activity	Consolidation method	% part in nominal capital	% part in voting rights
1.	KOFOLA S.A.	Poland, Warszawa	holding	acquisition accounting		
2.	Hoop Polska Sp. z o.o.	Poland, Warszawa	production of mineral water and non-alcoholic beverages	acquisition accounting	100,00%	100,00%
3.	Kofola Holding a.s.	Czech Republic, Ostrava	holding	acquisition accounting	100,00%	100,00%
4.	Klimo s.r.o.	Czech Republic, Krnov	in liquidation	acquisition accounting	100,00%	100,00%
5.	Kofola Zrt.	Hungary, Budapest	in liquidation	acquisition accounting	100,00%	100,00%
6.	Kofola a.s.	Slovakia, Rajecká Lesná	production and distribution of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
7.	Kofola Sp.z o.o.	Poland, Kutno	renting out the production plant	acquisition accounting	100,00%	100,00%
8.	Santa-Trans s.r.o.	Czech Republic, Krnov	road cargo transport	acquisition accounting	100,00%	100,00%
9.	Santa-Trans.SK s.r.o.	Slovakia, Rajec	road cargo transport	acquisition accounting	100,00%	100,00%
10.	Kofola a.s.	Czech Republic, Krnov	production and distribution of non-alcoholic beverages	acquisition accounting	100,00%	100,00%
11.	Megapack	Russia, Widnoje	production of mineral water and non-alcoholic beverages	acquisition accounting	50,00%	50,00%
12.	Pomorskie Centrum Dystrybucji HOOP Sp. z o.o.	Poland, Koszalin	wholesale of alcoholic and non-alcoholic beverages	acquisition accounting	75,00%	75,00%
13.	Bobmark international Sp. z o.o.	Poland, Warszawa	wholesale of alcoholic and non-alcoholic beverages	acquisition accounting	100,00%	100,00%
14.	Transport Spedycja Handel Sulich Sp. z o.o.	Poland, Bielsk Podlaski	road cargo transport	equity accounting	50,00%	50,00%

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

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

The subsidiary **Kofola Holding a.s.** The company Kofola Holding A.S. is a direct subsidiary, which is 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 Zrt. (HU) – a company registered in Hungary, which is in liquidation.
- Kofola a.s. (SL) – 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 plant 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.
- Santa-Trans.SK s.r.o. (SL) – a company registered in Slovakia, with main activities consisting of road cargo transport.
- KLIMO s.r.o. – a company registered in the Czech Republic. In 2007 it distributed beverages on the Czech market. No operating activities since the beginning of 2008.

The 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 is the provision of services consisting of bottling beverages, production of own beverages, including under the HOOP and Arctic trademark, as well as their distribution on the territory of the Russian Federation. The KOFOLA S.A. Group is able to control the financial and operating policies of the Megapack Group, and as such it consolidates its financial statements using acquisition accounting. In accordance with the binding Statute, the Director General of Megapack is selected by the Shareholders Meeting, with KOFOLA S.A. having the deciding vote in this matter. The Director General is Megapack's one-man executive and representative body.

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 75% and has 75% of votes at Shareholders Meeting. The activities of PCD HOOP Sp. z o.o. consist of the wholesale of beverages.

The subsidiary **Bobmark International Sp. z o.o.** with its registered office in Warsaw, of which KOFOLA S.A. holds 100%. The activities of Bobmark International Sp. z o.o. consist of the wholesale of beverages.

The co-subsidiary **Transport – Spedycja – Handel - Sulich Sp. z o. o.** with its registered office in Bielsk Podlaski. The company's activities consist of road transport of cargo.

Registered on 31 March 2009 was the merger of the subsidiaries PPWM Woda Grodziska Sp. z o.o. and PAOLA S.A. with the holding company KOFOLA S.A.

On 8 December 2009 KOFOLA S.A disposed of its shares of the subsidiary Maxpol Sp. z o.o. The activities of Maxpol Sp. z o.o., of which KOFOLA S.A. held 100 %, consisted of the wholesale of beverages.

Included in the present financial statements are the results of Maxpol Sp. z o.o. for the period until 30 November 2009, owing to the fact that in the period from 30 November 2009 to 8 December 2009 no events took place that could have had a significant effect on the financial position of the company being sold.

5.4 Most significant events at the KOFOLA S.A. Group in the period from 1 January 2009 to the preparation of the present financial statements

Effective **5 January 2009** the Company's shareholder – KSM Investment S.A. with its registered office in Luxembourg, acting on the basis of § 17 of the Company's Statute, appointed Mr. Ireneusz Stolarski, Mr. Martin Dokoupil and Mr. Raimondo Eggink as Members of the Supervisory Board, with Mr. Ireneusz Stolarski being appointed Chairman of the Company's Supervisory Board.

On **14 January 2009** the Supervisory Board of KOFOLA S.A. passed Resolution No. 2 in which it appointed an Audit Committee comprising all of the Members of the Supervisory Board (including one independent member of the Supervisory Board), as well as a Remuneration Committee. Thus the Group realizes the principle specified in point 7 of the Good Practices of the Companies Listed on the Stock Exchange, i.e. the need for the operation of an Audit Committee as part of the Supervisory Board.

Since **19 January 2009**, following a change in the Company's name from KOFOLA- HOOP S.A. to KOFOLA S.A., the Company's shares are listed under the abbreviated name "KOFOLA" and the symbol "KFL"..

On **31 March 2009** the Regional Court for the capital city of Warsaw, XII Business Division of the National Court Register, registered the merger of KOFOLA S.A. with its registered office in Warsaw, with the companies Przedsiębiorstwo Produkcji Wód Mineralnych "Woda Grodziska" Sp. z o. o. with its registered office in Grodzisk Wielkopolski and PAOLA S.A. with its registered office in Bielany Wrocławskie, and registered an increase in the Company's share capital. The merger was performed based on article 492 § 1 point 1) of the Code of Commercial Partnerships and Companies, and based on conforming resolutions passed by the General Meeting of KOFOLA, the General Meeting of Paola and the Shareholders Meeting of PPWM Woda Grodziska.

The merger was performed by transferring all of the assets of PPWM Woda Grodziska and PAOLA to KOFOLA S.A. in exchange for newly issued shares of KOFOLA S.A., which were granted to the existing shareholders of PPWM Woda Grodziska other than KOFOLA S.A. As a result of the merger, PPWM Woda Grodziska and PAOLA ceased to exist. As a result of the merger of KOFOLA S.A. with the companies PPWM Woda Grodziska and PAOLA, the share capital of KOFOLA S.A. was raised from 26 171 918 PLN by 684 PLN to the amount of 26 172 602 PLN, by issuing 684 new ordinary bearer's G series shares with a nominal value of 1 (one) zloty per share. As a result of the above merger, the share capital of KOFOLA S.A. amounts to 26 172 602 PLN and consists of 26 172 602 PLN shares entitling to 26 172 602 votes at General Shareholders Meeting.

As a result of the merger, KOFOLA S.A. – in accordance with article 494 §1 of the Code of Commercial Partnerships and Companies – entered into all of the rights and responsibilities of PAOLA and PPWM Woda Grodziska. In accordance with article 494 §4 of the Code of Commercial Partnerships and Companies, effective with the merger date the shareholders of PPWM Woda Grodziska other than KOFOLA s.a. became the shareholders of KOFOLA S.A.. PAOLA and PPWM Woda Grodziska were subsidiaries of KOFOLA S.A. All of the above listed entities jointly held 100% of the shares of HOOP POLSKA sp. z o.o. with its registered office in Warsaw, which produces and distributes beverages, juices and mineral water on the territory of Poland, whereas the companies PPWM Woda Grodziska and PAOLA conducted no business operations (PPWM Woda Grodziska and PAOLA managed shares in Hoop Polska Sp. z o.o., whereas KOFOLA S.A. manages the KOFOLA S.A. Group).

On **30 June 2009** the Ordinary General Meeting of the Shareholders of KOFOLA S.A passed Resolution No. 28 on the distribution of profit for the year 2008. Acting on the basis of article 395 § 2 point 2) of the Code of Commercial Partnerships and Companies and § 16 par. 1 point b) of the Company's Statute, the Ordinary General Meeting selected to distribute the Company's net profit for the period from 1 January 2008 to 31 December 2008, amounting to 16 988 thousand PLN, in the following manner:

a) the amount 16 750 thousand PLN was designated for the payment of a dividend at 0,64 PLN per share,

b) the amount of 237 thousand PLN was designated to the reserve capital.

The shares of all series (A, B, C, D, E, F, and G) participated in the dividend. The dividend date was set for 30 September 2009, and the dividend payment date for 30 October 2009.

On **30 June 2009** the Ordinary General Meeting of the Shareholders of KOFOLA S.A. appointed Mr. Anthony Brown to the Company's Supervisory Board.

On **5 August 2009** as part of the Group's planned strategy, a production optimization process was implemented at Hoop Polska Sp. z o.o. as a consequence of the merger of Kofola and Hoop. The Group's Management decides to implement the plan for the optimization and concentration of production in order to increase effectiveness. The process enable the realization of the Group's strategic goals and in the long-term – reaching the position of one of the leaders on the Central-Eastern European market, with regard to not only profitability and effectiveness, but also to innovation. As part of the reorganization, the Group's Management decided to concentrate production and relocate a production line from Tychy to Kutno, and close the plant in Tychy – one of the eight plants belonging to the KOFOLA S.A. Group. As a result of closing the plant Hoop Polska dismissed 162 people. Those employees were offered relocation and outplacement opportunities. The closing of the Tychy plant will allow the Group to reduce expenses, which were thus far incurred separately for two plants. This will reduce the engagement of capital in fixed assets. The changes will improve the Group's financial results for the year 2010.

On **16 July 2009** contingent agreements were signed for the sale of shares of Maxpol Sp. z o.o. by KOFOLA S.A. to Lobo Sp. z o.o. and to Mirex Sp. z o.o. KOFOLA S.A. undertook that within 14 days of the conclusion of the agreement it will acquire from Hoop Polska Sp. z o.o. the debts owed by Hoop Polska from Maxpol Sp. z o.o. in the amount of 15 834 thousand PLN, and next KOFOLA S.A. within no more than 21 days of the conclusion of the agreement will pass a resolution amending the articles of association and raising the share capital of Maxpol by 1 302 thousand PLN. The sale of the shares of Maxpol to Lobo Sp. z o.o. and to Mirex Sp. z o.o. will only be performed once the conditions specified in the agreements are fulfilled, i.e. after the increase in the share capital of Maxpol Sp. z o.o. is registered and after consent is given by the Office of Competition and Consumer Protection (UOIKK) for the acquisition of Maxpol's shares by Logo Sp. z o.o. and Mirex Sp. z o.o. (which occurred on 8 December 2009).

On **17 July 2009** KOFOLA S.A. concluded with Hoop Polska Sp. z o.o. an agreement for the assignment of payable and undisputed debts from Maxpol Sp. z o.o. in the amount of 15 834 thousand PLN. The Extraordinary Shareholders Meeting of Maxpol increased the company's share capital from 3 699 thousand PLN to 5 001 thousand PLN and decided that the newly created shares in the increased share capital would be taken up in their entirety by KOFOLA S.A. and covered with a cash contribution in the amount of 15 879 thousand PLN, whilst the excess over the nominal value of the shares in the amount of 14 577 thousand PLN will be transferred to the Company's reserve capital.

On **31 August 2009** the regional court having jurisdiction over Maxpol sp. z o. o. registered the above referenced increase in the share capital of Maxpol Sp. z o.o.

On **30 October 2009** a dividend was paid out for the year 2008 in the amount of 16 750 thousand PLN in accordance with Resolution No. 28 passed by the Ordinary General Meeting of KOFOLA S.A. The shares of all series (A, B, C, D, E, F, and G) participated in the dividend.

On **2 November 2009** Mr. Bartosz Marczuk became the Kofola Group's new Finance Director.

On **8 December 2009** the Office of Competition and Consumer Protection (UOIKK) consented to the sales by KOFOLA S.A. of its shares of the subsidiary Maxpol Sp. z o.o.

On **18 December 2009** the General Shareholders Meeting approved the Incentive Program Regulations. As part of the Incentive Program, its participants (management staff) will be eligible to take up A, B, C and D series subscription warrants, providing that they meet the criteria specified in the Regulations.

WE ARE PROUD OF OUR ACHIEVEMENTS

2009 awards:

Czech TOP 100 (Kofola)

FMCG market hit in Poland (Jupik Aqua)

Favorite TV commercial (Rajec)

Best TV commercial (Kofola)

Golden Clip for Hug Day (Hoop Cola)

Golden Drums for Hug Day (Hoop Cola)

Magellan Awards - Top 50 Communication Campaigns of 2009 for Hug Day (Hoop Cola)

Magellan Bronze Award for Hug Day (Hoop Cola)

ISO 9002 certificate awarded in 2009 to a Polish production plant in Grodzisk Wielkopolski. Production plants in the Czech Republic and Slovakia awarded the well-known food standards of BRC (British Retailer Consortium) and IFS (International Food Standard).

5.5 The Group's responsibility to the community and to the environment

Practically from the start of its operations Kofola has strived to be a socially responsible company. We believe that being responsible is an answer to the needs of all of the Group's stakeholders, and in particular when it comes to building business values while maintaining our values.

This is why in our operations we pay special attention to supporting a healthy lifestyle (responsible consumption), having a frugal approach to natural resources, protecting the environment, tradition, being a good neighbor, and having employees who are ambassadors of our values.

Responsible consumption

Responsible consumption means taking an active part in various organizations, such as Food Chambers, where our employees hold leading position and develop various initiatives relating to healthy living, as well as educate consumers with regard to proper consumption of beverages. We voluntarily marked our products with the GDA nutrition facts labels. In addition, in the Czech Republic we started an internet course of healthy living under the "Live healthy and have fun" (Hravě žij zdravě – http://www.hravezijzdrave.cz/) slogan. To ensure that our products are as healthy as possible, we develop them in cooperation with leading nutrition specialists.

Environmental protection

With regard to environmental protection we focus on investments in modern technologies and production lines that increase efficiency and thus minimize the use of energy and water. We invest in our water intakes to make sure that it is of the highest quality and protected against any contamination. Our goal is to maintain what is best, what comes straight from nature, and provide all of our consumers with a unique natural spring water experience.

In 2009 we spent 3,5 million PLN to start a new sewage treatment plant at our Mnichovo-Hradiste plant.

We also limit contamination caused by fumes generated by our vehicles. We currently have one of the most advanced vehicle fleets, which meets Europe's strictest norms.

Tradition

By buying local brands and building positive emotions and experiences around them we make it possible to maintain cultural heritage on the markets on which we operate.

Employees

We train all of our drivers in first aid and organize courses on what to do in the event of a car accident. Our trucks are marked with special stickers with telephone numbers that other drivers can call of our driver is driving incorrectly.

We have also started the "responsible driver" program that aims to get our drivers used to being responsible on the road.

Good neighbor

One of the most important aspects for our company is to be a "good neighbor". This is why we develop a whole series of projects that support the regions in which we operate, from the construction of play grounds, through the development of communications infrastructure or support of local non-government organizations.

5.6 Description of operating results and financial position

When analyzing the consolidated results of the KOFOLA S.A. Group presented in these financial statements one must remember the fact that in accordance with International Financial Reporting Standards in the merger of HOOP S.A. and Kofola SPV Sp. z o.o. the acquirer was Kofola SPV Sp. z o.o. This means that the consolidated data for the comparative period, i.e. for the period from before the merger, includes only the data of the Group that was the acquirer from an accounting standpoint.

In view of this, when analyzing the financial results it is important to remember the non-comparability of the financial data for the years 2009 and 2008.

The below description and analysis of our financial position and results should be reviewed along with the audited consolidated financial statements and with other financial information presented in other sections of the present annual report.

Operating results

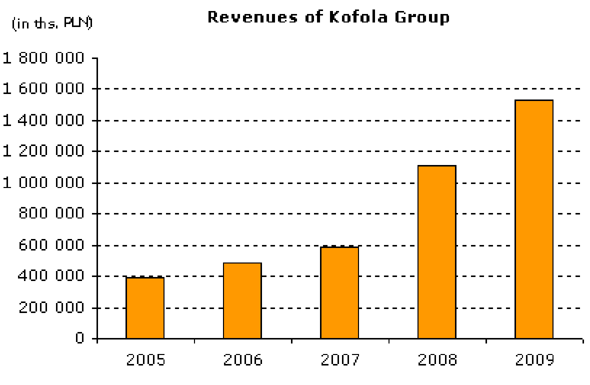
The 12 month period ended 31 December 2009 compared to the 12 month period ended 31 December 2008

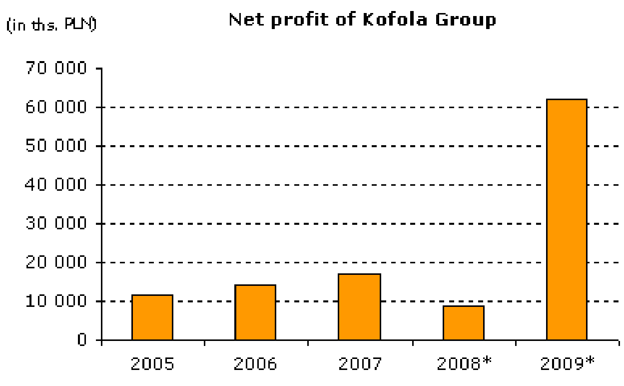
Selected financial highlights	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008	Change 2009/2008 (%)
Revenue	1 531 985	1 114 116	38%
Cost of sales	(966 062)	(693 275)	39%
Gross profit	565 923	420 841	34%
Selling, marketing and distribution costs	(352 868)	(297 788)	18%
Administrative costs	(88 898)	(60 065)	48%
Operating result	118 885	57 680	106%
EBITDA	207 704	140 378	48%
Financial expense, net	(29 307)	(40 126)	-27%
Income tax	(16 957)	(6 089)	178%
Net profit for the period	72 621	11 465	533%

	1.1.2009 - 31.12.2009	1.1.2008 - 31.12.2008
Earnings per share	2,38	0,43
Net profitability	4,1%	0,8%
EBIT %	7,8%	5,2%
EBITDA %	13,6%	12,6%

Calculation principles:

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





* Assigned to the shareholders of the parent company

Net sales revenue

The consolidated net sales revenues of the KOFOLA Group for the 12 month period ended 31 December 2009 amounted to 1 531 985 thousand PLN, which constitutes a rise of 38% compared to the same period of the previous year. Revenue from the sale of finished products amounted to 1 431 691 thousand PLN, which constitutes 93% of total revenues. The rise in the Group's revenues in the 12 month period ended 31 December 2009 compared to the 12 month period ended 31 December 2008 was caused primarily by the inclusion in the revenues of the KOFOLA S.A. Group of the full revenues of the Hoop Group (included in the comparative period were the revenues of the Hoop Group for the period from 31 May 2008 to 31 December 2008), as well as an increase in the revenues of the Kofola Holding a.s. Group by approximately 2%, from 611 077 thousand PLN to 623 426 thousand PLN in the discussed periods (excluding intra-group transactions).

After including in the comparatives the effect of the Hoop Group and for the period from before the merger, i.e. the period from 1 January 2008 to 30 May 2008, in the 12 month period ended 31 December 2009 compared to the 12 month period ended 31 December 2008 our net sales revenues increased from 1456 476 thousand PLN to 1 531 985 thousand PLN, i.e. by 75 509 thousand PLN, or 5%.

The activities of the KOFOLA S.A. Group concentrate on 5 market segments: carbonated beverages, non-carbonated beverages, mineral water, syrups and low-alcohol drinks. Together these segments account for around 93% of the Group's sales revenues. The revenue structure has not changed considerably compared to the same period of last year. The largest among the revenues of 12 month period ended 31 December 2009 was the sale of carbonated beverages, as was the case in the comparative period (39% and 41% of revenues in the 12 month period ended 31 December 2009 and 31 December 2008).

Net revenues of the Group's most significant entities

Net revenues from the sales of products, services, goods and materials*	**1.1.2009 - 31.12.2009**	**1.1.2008 - 31.12.2008**	**% Change**
Hoop Polska Sp. z o.o. **	484 937	501 857	-3%
Kofola a.s., (CZ)	411 522	414 871	-1%
Kofola a.s., (SL)	263 277	216 126	22%
Megapack Group **	367 468	295 507	24%

* *Standalone data without consolidation adjustments*

** *Data for the period from 1.1.2008 to 30.5.2008 not included in the consolidated data for the comparative period for reasons described above (reverse acquisition)*

The revenues realized in the 12 month period ended 31 December 2009 by the company HOOP Polska were by 3% lower than in the comparative period. This decrease was caused by distribution difficulties, a decline in the rotation of goods and the company's withdrawal from the sale of less perspective brands. Currently the company is focusing on rebuilding its market share and increasing sales.

The revenues of Kofola a.s. (CZ) realized for the 12 month period ended 31 December 2009 were by 1% lower than in the comparative period (a drop of 15% in the local currency). In 2009 Kofola a.s. (SL) increased its sales revenue by 22 % compared to the year 2008 (a drop of 4% in the local currency). The decreases were caused by a market drop.

In 2009 the Megapack Group increased the value of its sales revenue by 24% compared to the year 2008. The sale of products has not changed considerably compared to the previous year, which in the face of difficult market conditions is satisfactory. The main factor that increased the revenues was an increased volume of co-packing sales.

Costs of goods sold

In the 12 month period ended 31 December 2009 the Kofola Group's consolidated costs of goods sold increased by 272 787 thousand PLN, or 39%, to 966 062 thousand PLN from 693 275 thousand PLN in the same period of 2008. The increase in the Group's cost of goods sold was caused primarily by the inclusion in the Group's costs for the 12 month period ended 31 December 2009 of the costs of goods sold of the Hoop Group, amounting to 719 745 thousand PLN (included in the comparative period were only the costs of the Hoop Group for the period from 31 May 2008 to 31 December 2008). After including in the comparatives the effect of the Hoop Group and for the period from before the merger, i.e. the period from 1 January 2008 to 30 May 2008, in year 2009 our costs of goods sold went up by 46 441 thousand PLN, or 5%, to 966 062 thousand PLN.

As a percentage, in the 12 month period ended 31 December 2009 our costs of goods sold increased to 63,1% of net sales revenues, compared to 62,2% in the same period of 2008. After including in the comparatives the effect of the Hoop Group and for the period from before the merger, i.e. the period from 1 January 2008 to 30 May 2008, in the year 2008 our costs of goods sold amounted to 63,1% of net sales revenues, which means that they have not changed from year to year.

Selling, marketing and distribution costs

In the 12 month period ended 31 December 2009 the Group's consolidated selling, marketing and distribution costs increased by 55 080 thousand PLN, or 18%, to 352 868 thousand PLN from 297 788 thousand PLN in the same period of the year 2008. The increase in the selling, marketing and distribution costs of the KOFOLA S.A. Group for the period was caused primarily by the inclusion in the costs of the KOFOLA S.A. Group for the 12 month period ended 31 December 2009 of the sales costs of the Hoop Group in the amount of 154 533 thousand PLN (included in the comparative period were only the costs of the Hoop Group for the period from 31 May 2008 to 31 December 2008).

After including in the comparatives the effect of the Hoop Group and for the period from before the merger, i.e. the period from 1 January 2008 to 30 May 2008, in the year 2009 our sales costs decreased by approx. 18 779 thousand PLN, or 5%, to 352 868 thousand PLN. As a percentage, in the 12 month period ended 31 December 2009 our sales costs decreased to 23,0% of net sales revenues, compared to 26,7% in the same period of 2008. After including in the comparatives the effect of the Hoop Group and for the period from before the merger, i.e. the period from 1 January 2008 to 30 May 2008, in 2008 our sales costs amounted to around 25,5% of net sales revenues. This constitutes a drop of sales costs by 2,5% (calculated as a percentage of sales).

As part of sales costs, the greatest portion (approx. 40%) has to do with transport costs, the rest are marketing and sales costs.

Administrative costs

In the 12 month period ended 31 December 2009 the Group's consolidated general administrative costs went up by 28 833 thousand PLN, or 48%, to 88 898 thousand PLN from 60 065 thousand PLN in the same period of the year 2008. The increase in the general administrative costs of the KOFOLA S.A. Group for the period was caused primarily by the inclusion in the costs of the KOFOLA S.A. Group for the 12 month period ended 31 December 2009 of the general administrative costs of the Hoop Group in the amount of 42 481 thousand PLN (included in the comparative period were only the costs of the Hoop Group for the period from 31 May 2008 to 31 December 2008), as well as by a rise in the general administrative costs of the Kofola Holding a.s. Group.

After including in the comparatives the effect of the Hoop Group and for the period from before the merger, i.e. the period from 1 January 2008 to 30 May 2008, in the year 2009 our general administrative costs increased by approximately 3 559 thousand PLN, or 5%, to 88 898 thousand PLN. As a percentage, in the 12 month period ended 31 December 2009 our general administrative costs increased to 5,8% of net sales revenues, compared to 5,4% in the same period of 2008. After including in the comparatives the effect of the Hoop Group and for the period from before the merger, i.e. the period from 1 January 2008 to 30 May 2008, in 2008 our general administrative costs amounted to around 5,9% of net sales revenues. This constitutes an actual percentage drop in general administrative costs by 0,1%.

Operating profit

In the 12 month period ended 31 December 2009 the Group's operating profit increased by 61 205 thousand PLN, or 106%, to 118 885 thousand PLN from 57 680 thousand PLN in the same period of the year 2008. This rise was caused primarily by higher revenues in the carbonated beverages segment in Slovakia, by the implementation of cost management processes at all of the Group's companies, the savings arising out of centralizing the purchasing of the main production materials, and the restructuring of the companies Kofola Zrt. (Hungary) and Kofola Sp. z o.o. The Group's operating results were also positively affected by a reduction in investment spending, and therefore in depreciation, and by obtaining better prices on main production materials. In addition, in 2009 the Group analyzed its depreciation rates in order to standardize them. A detailed verification was performed of the anticipated useful lives of the main asset groups. As a result of these changes, in 2009 depreciation was by 14 206 thousand PLN lower than the depreciation that would have arisen out of the previously applied, non-standardized depreciation rates.

Our profit margin on operating activities in the 12 month period ended 31 December 2009 increased to 7,8 % from 5,2% in the same period of 2008, mainly in the carbonated beverages segment.

EBITDA

EBITDA is calculated as the operating profit plus depreciation for a given period, and in the 12 month period ended 31 December 2009 it had increased by 67 326 thousand PLN, or by 48 % to 207 704 thousand PLN from 140 378 thousand PLN in the same period of 2008. The rise in the EBITDA of the KOFOLA Group in this period was caused primarily by the inclusion in the EBITDA of the KOFOLA S.A. Group for the 12 month period ended 31 December 2009 of the EBITDA of the Hoop Group in the amount of 62 610 thousand PLN (included in the comparative period was only the EBITDA of the Hoop Group for the period from 31 May 2008 to 31 December 2008), as well as by a rise in the EBITDA of the Kofola Holding a.s. Group.

After including in the comparatives the effect of the Hoop Group for the period from before the merger, i.e. the period from 1 January 2008 to 30 May 2008 (excluding a one-off negative effect of the merger settlement), in the year 2009 the EBITDA of the KOFOLA Group increased by approx. 36 766 thousand PLN, or 21,5 %, to 207 704 thousand PLN.

The EBITDA margin increased to 13,6% compared to 12,6% in the same period of 2008.

Net financial expenses

In the 12 month period ended 31 December 2009 we recorded net financial expenses in the amount of 29 307 thousand PLN compared to 40 126 thousand PLN in the same period of 2008. The drop in the financial expenses of the KOFOLA S.A. Group in this period was caused primarily by a decrease in the financial expenses of the Kofola Holding a.s. Group by 11 531 thousand PLN from 28 679 thousand PLN in 2008 to 17 148 thousand PLN in 2009 (excluding intra-group transactions). The decrease in the Group's financial expenses was caused primarily by a decline in foreign exchange losses.

Income tax

In the 12 month period ended 31 December 2009 we recorded income tax in the amount of 16 957 thousand PLN compared to 6 089 thousand PLN in the same period of the year 2008. In the years 2008 and 2009 Kofola a.s. (Czech Republic) listed deferred income tax assets to take advantage of an investment credit making it possible to lower the amount of income tax in exchange for a specified amount of investment expenditures. The higher effective tax rate for 2008 is caused by the non-capitalized tax losses of certain Group companies, as well as by higher non-tax deductible costs.

Net profit for the year

The Group's consolidated net profit for the 12 month period ended 31 December 2009 amounted to 72 621 thousand PLN, of which 62 272 thousand PLN corresponds to the holding company's shareholders, compared to last year's profit of 11 465 thousand PLN, of which 8 922 thousand PLN corresponded to the holding company's shareholders. This increase was caused primarily by a rise in operating profit and a drop in financial expenses in the year 2009. The net result for 2009 reflects 7,5 million PLN in depreciation arising out of a revaluation of fixed assets performed in November 2007 for the purposes of contributing the assets of the then Hoop S.A. to the newly created Hoop Polska Sp. z o.o. The effect of this revaluation on the net result for the year 2008 amounted to 6,4 million PLN.

After including in the comparatives the effect of the Hoop Group for the period from before the merger, i.e. the period from 1 January 2008 to 30 May 2008 (excluding a one-off negative effect of the merger settlement), in the year 2009 the net profit of the KOFOLA Group increased by approx. 47 707 thousand PLN, or 191 %, to 72 621 thousand PLN.

The rise in profit for the year 2009 compared to the profit for the year 2008 pertains primarily to the Kofola Holding a.s. Group, especially the profit generated by Kofola a.s. (Slovakia), which was able to greatly improve its profitability. The result for the reporting period was also helped by the standardization of depreciation rates within the Group, as well as the implementation of cost management processes at all of the Group's companies, and the restructuring of the companies Kofola Zrt. (Hungary) and Kofola Sp. z o.o.

Despite the 2009 economic crisis, the Group was able to maintain its high market position, and even increase its sales revenue compared to the year 2008 (after taking into account the turnover of the HOOP Group to the date of the merger). The results for the reporting period were affected by the successful activities undertaken by the management to improve the Group's financial position. In the 12 month period ended 31 December 2009 the Group's investment spending was by approximately 28% lower than in the same period of the year 2008.

BALANCE SHEET

Selected financial highlights	**31.12.2009**	**31.12.2008**	**Change 2009/2008 (%)**
Total assets	**1 391 809**	**1 442 825**	**-3,5%**
Fixed assets, out of which:	946 812	981 793	-3,6%
Tangible fixed assets	*574 576*	*613 376*	-6,3%
Intangible fixed assets	*223 536*	*221 726*	0,8%
Goodwill	*111 693*	*111 760*	-0,1%
Financial assets available for sale	*11 522*	*9 664*	19,2%
Current assets, out of which:	444 998	461 032	-3,5%
Inventories	*107 840*	*117 877*	-8,5%
Trade receivables and other receivables	*266 408*	*295 480*	-9,8%
Cash and cash equivalents	*50 503*	*41 613*	21,4%
Equity assigned to the shareholders of the parent company	526 210	477 602	10,2%
Non-controlling capital	42 882	45 211	-5,2%
Total equity	**569 092**	**522 813**	**8,9%**
Long-term liabilities	200 179	268 356	-25,4%
Short-term liabilities	622 538	651 656	-4,4%

	31.12.2009	31.12.2008
Current ratio	0,71	0,71
Quick ratio	0,54	0,53
Total debt ratio	59%	64%
Net debt	345 202	455 591
Net debt /EBITDA	1,7	2,7*

Calculation principles:

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

**reflecting EBITDA Hoop Group also for the before merger perido,it means 1-5/2008*

Assets

At the end of December 2009 the Group's fixed assets equaled 946 812 thousand PLN. Compared to 31 December 2008 the value of fixed assets decreased by 34 981 thousand PLN (3,6%). The biggest decrease was recorded in tangible and intangible fixed assets, whose value went down by 36 990 thousand PLN, or 4,4 %, compared to December 2008. The decrease in the value of tangible fixed assets was caused by lower investment spending incurred by the Group's companies compared to the value of depreciation, and the recognition of fixed assets held for sale in the amount of 16 407 thousand PLN. In addition, the Group performed impairment write downs on some plant and equipment in the amount of 6 396 thousand PLN. Fixed assets account for 68% of total assets (at the end of 2008: 68 %).

Goodwill was created as a result of the merger of the HOOP S.A. Group with the Kofola SPV Sp. z o.o. Group and includes the goodwill of the Megapack Group. Intangible assets consist primarily of trademarks.

Financial assets available for resale, totaling 11 552 thousand PLN, consist of shares of the company BOMI.

As at 31 December 2009 the Group's current assets amounted to 444 998 thousand PLN. They consisted primarily of: trade and other receivables – 60% of current assets, and inventory – 24%. Compared to the end of December 2008, the value of current assets decreased by 16 034 thousand PLN (where the greatest drop was recorded in trade receivables – by 29 072 thousand PLN, and in inventory – by 10 037 thousand PLN). The ratio of current assets to sales revenue fell from 9% in 2008 (including the data of Hoop Group and for the period from before the merger, i.e. from 1 January 2008 to 30 May 2008) to 4,5% in 2009. The decrease in the Group's current assets despite a rise in sales revenue was possible due to the successful implementation of a working capital management program.

Liabilities

As at 31 December 2009 the Group's liabilities (long- and short-term together) amounted to 822 717 thousand PLN, which constitutes a decrease by 97 067 thousand PLN (or 10,6%) compared to the end of December 2008. The decrease in liabilities was caused primarily by a drop in the value of credits and loans (by 82 180 thousand PLN, or 20%) caused by the partial repayment of credits and lower use of credit lines.

The debt ratio (short- and long-term liabilities to total assets) amounted to 59% as at 31 December 2009 (64% at the end of December 2008). The Group's consolidated net debt calculated as total long- and short-term liabilities relating to credits, loans and other debt instruments less cash and cash equivalents amounted to 345 201 thousand PLN as at 31 December 2009 after decreasing by 110 390 thousand PLN compared to the end of December 2008. This decrease was caused by lower use of credit lines due to a decrease in the need to finance working capital and the repayment of some credits.

The current ratio, calculated as the ratio of total current assets to total short-term liabilities amounted to 0,71 as at 31 December 2009 (0,71 at the end of 2008), whilst the quick ratio equaled 0,54 (0,53 at the end of 2008).

In the current period we recorded a significant decrease in the value of working capital compared to the previous year, with comparable sales revenues. As at 31 December 2009 the Group reduced the value of clear debt interest, i.e. credit, loan and lease payables less cash and cash equivalents, by nearly 124 million PLN compared to 31 December 2008. A drop in these liabilities (by nearly 110 million PLN) arising out of accounting data compared to the 124 million PLN decrease is the result of foreign exchange differences created as part of consolidation after translating the balance sheets of foreign companies from their local currencies into Polish zlotys.

5.7 Assessment of risk factors and threats to the KOFOLA S.A. Group

The risks and threats to the KOFOLA Group have to do primarily with the specific nature of the industry – the most significant include:

- seasonality of sales,
- consumption of mineral water and beverages conditional on weather,
- sensitivity to changes in prices of materials used in the production of beverages,
- currency risk, in particular with regard to the EUR to PLN and CZK exchange rates,
- risk of losing large clients,
- decrease in goodwill and impairment of brands.

In the opinion of the Group's Management, the above factors should not threaten the Group's operations and development in the long-term because:

- the Group has sufficient equity and credit funds to handle increases in the need for working capital in high season,
- in justified cases the Group protects itself against unfavorable changes in the price of raw materials by signing agreements with its suppliers that guarantee the purchase of selected materials throughout the entire season at a price no higher than the agreed maximum price. In addition, the merger related increase in the scale of the Group's operations puts in the position to negotiate better prices with the suppliers, which decreases the risk of unfavorable changes in the prices of raw materials,
- the Group neutralizes a significant portion of currency risk on importing materials for the production of beverages and on the fact that lease agreements are denominated in EUR by increasing export income settled primarily in EUR and by using derivative financial instruments (forward contracts or put and call options) in order to protect against currency risk. In addition, the currency risk should decline following Slovakia's accession to the euro zone in January 2009,
- the Group implements a special approach to large clients, tries to conclude contracts for longer periods of time, expands its portfolio of products offered to its largest clients by innovative products,
- the Group performs annual impairment tests with regard to its brands and goodwill, estimating the recoverable value of the cash generating center based on fair value less costs to sell. If any of the key assumptions that are used in impairment tests changes negatively, this may have an adverse effect on our financial results.

5.8 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 recognizing 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 Warsaw ("the Company") hereby makes public its declaration on the Company's application of corporate governance principles in the year 2009.

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

5.8.2 The corporate governance principles that the Company did not apply

In 2009 the Company applied all of the principles referred to in the Good Practices of the Companies Listed on the Warsaw Stock Exchange, with the exception of a few principles, of which it informed in its current reports in accordance with § 29 par. 3 of the Stock Exchange's Regulations. The most common reason for not applying a given principle was the continuation of reorganization and extensive organizational changes at the KOFOLA Group.

In its current report No. 3/2009 dated 7 January 2009 the Company informed that it does not apply the principle referred to in point 6 section 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. The breach of the above principle had to do with the continuation of the above described changes at the KOFOLA Group.

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

In its current report No. 6/2009 dated 15 January 2009 the Company informed that it has ceased to not apply the principle referred to in point 7 section III of the Good Practices of the Companies Listed on the Warsaw Stock Exchange, i.e. the principle relating to the need for the operation of an Audit Committee as part of the Supervisory Board, because in its Resolution No. 2 of 14 January 2009 the Supervisory Board of KOFOLA S.A. appointed an Audit Committee comprising all of the Members of the Supervisory Board (including one independent member of the Supervisory Board), as well as a Remuneration Committee. It is important to point out that prior to the changes the Company had had an Audit Committee, and that its absence was temporary and had to do with a change in the method used to appoint and dismiss Supervisory Board members.

In its current report No. 24/2009 dated 30 June 2009 the Company informed that it did not apply the principle referred to in point 6 section IV of the Good Practices, which states that the dividend day and the dividend payment day should be set so that the time between them is as short as possible, in no case longer than 15 working days. The Company's failure to apply the above principle was caused by the fact that the dividend day was set for 30 September 2009, whilst the dividend payment day was set for 30 October 2009.

5.8.3 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 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 analyzes 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 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 Board Member for Financial Matters jointly analyze 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 Board Member for Financial Matters.

Half-year and year-end reports are verified by an independent auditor, currently BDO Sp. z o.o. The results of half-year reviews and year-end audits are presented by the auditor at summary meetings and to the Audit Committee. After their review or audit, the financial statements and periodic reports are sent to the Company's Supervisory Board. Before the Management Board approves the periodic reports for publication, an Audit Committee meeting is held at which the Member of the Board for Financial Matters presents the significant aspects of the quarterly/half-year/year-end 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 selected 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. In 2009 KOFOLA S.A. kept its books of account using the MFG-PRO system (from 2010 using the SAP R/3 system, same as the other key companies of the Group). The system is password protected against unauthorized access. The process of preparing the financial statements involves a specified team of Finance Department employees, and no other persons, except for members of the management boards, have access to the standalone financial reports. The Company's books of account, accounting evidence, documentation and financial statements are stored in accordance with the provisions of the Accounting Act.

5.8.4 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

According to the Company's information as at the date of the preparation of the present report for the year 2009, i.e. 17 March 2010, the following hold at least 5% of the total number of votes at General Shareholders Meeting of KOFOLA S.A.:

KSM Investment S.A.

13 395 373 shares or 51,18% of share capital of KOFOLA S.A.

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

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

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

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

As at 31 December 2009 the share capital amounted to 26 172 602 PLN and consisted of 26 172 602 shares entitling to 26 172 602 votes.

5.8.5 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 as described in point 5.7.8 below.

5.8.6 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.

5.8.7 All restrictions on the transfer of the ownership of securities

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

5.8.8 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 dismissed by the General Meeting, with the stipulation that:

- as long as the company KSM Investment SA with its registered office in Luxembourg ("KSM") continues to be the Company's shareholder holding at least 35% of the Company's share capital, KSM will appoint and dismiss 3 (three) members of the Supervisory Board, including the Chairman – KSM dismisses and appoints members of the Supervisory Board in the form of a written declaration directed to the Company and to the interested party, and is effective on the date on which such a declaration is submitted to the interested party.
- as long as CED GROUP S. à r.l., limited liability company ("CED") continues to be the Company's shareholder holding at least 15% of the Company's share capital, CED will appoint and dismiss 2 (two) members of the Supervisory Board, including the Vice-Chairman – CED dismisses and appoints members of the Supervisory Board in the form of a written declaration directed to the Company and to the interested party, and is effective on the date on which such a declaration is submitted to the interested party.

THE PRINCIPLES OF APPOINTING MANAGEMENT BOARD MEMBERS

1. The Management Board comprises from 5 to 8 members appointed and dismissed by the Supervisory Board. Members of the Company's Management Board may hold the following positions:
   a) President 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 other provisions of the Company's Statute, a resolution to appoint or dismiss all or individual members of the Management Board, including the President, is passed by an ordinary majority of votes.

3. In the event of a dismissal of a member or members of the Management Board, as a result of which fewer than 5 members are left on the Board, the Supervisory Board is required to appoint at least one new member of the Management Board at the same meeting.

4. If the term of a member of the Management Board expires as a result of circumstances other than dismissal of a member (members) of the Board, as a result of which fewer than 5 members are left on the Board, the Supervisory Board is required to appoint at least one new member of the Management Board at the next meeting.

5. A Management Board member who has resigned is required to inform of this in writing the Supervisory Board and the other members of the Management Board.

6. Management Board members are appointed for a term of 5 years. Management Board members may be appointed to another term. Management Board members are appointed for a joint term.

7. The mandates of Management Board members expire in accordance with Article 369 § 4 of the Code of Commercial Partnerships and Companies. If a supplementary or extending appointment is made in the course of a Management Board term, the mandate of the newly appointed member expires together with the mandates of the other members of the Company's Management Board.

THE POWERS OF THE SUPERVISORY BOARD

The Supervisory Board oversees the Company's activities in all areas of its operations. The Supervisory Board's powers include, among others:

a) performing an evaluation of the Company's financial statements and the Directors' Report on the Company's activities with regard to their consistency with the books of account and documents, as well as with the actual state of affairs, and of the Management's proposals as to the distribution of profits and coverage of losses, as well as submitting annual written reports to the General Meeting on the results of this evaluation,

b) performing an evaluation of the Group's financial statements and the Directors' Report on the Group's activities, as well as submitting annual written reports to the General Meeting on the results of this evaluation,

c) verifying the realization of budgets,

d) granting consent to pay to the Shareholders advances towards anticipated dividends,

e) granting consent to establish limited or general powers of attorney,

f) providing opinions on matters that are to be the subject of discussion at General Shareholders Meetings,

g) the matters listed below.

As long as CED is the Company's shareholder holding at least 15% of the Company's share capital, the following matters will require a Supervisory Board resolution passed by an 80% majority of votes:

a) approval of the consolidated economic and financial plan ("budget") of the Company's group, prepared by the Company's Management, changes to the budget adopted by the Company;

b) approval of long-term Company activity plans prepared by the Management;

c) consent to take up, acquire or dispose of shares of other entities, as well as to join a commercial company or partnership, by the Company or any company from its group, with a value in excess of EUR 8.000.000,00 or its equivalent, that was not planned in the budget;

d) consent to raise the share capital, sell an enterprise or its organized part, split, merge or transform any company from the Company's group, with a value in excess of 15% of the Company's assets listed in the financial statements for the most recent financial year, that was not planned in the budget;

e) consent to conclude an unbudgeted agreement by the Company or any company from its group, which provides for a liability of the Company or any company from its group in excess of:

- EUR 30.000.000,00 or its equivalent – with regard to activities undertaken as part of ordinary operations;
- EUR 3.000.000,00 or its equivalent – with regard to activities undertaken outside of ordinary operations;

f) consent to conclude by the Company or any company from its group (acting as the lender) an unbudgeted loan agreement (or other similar agreement relating to financial debt) with a value in excess of EUR 2.000.000,00 or its equivalent, with the exception of a payment deferral ("trade credit") as part of ordinary operations;

g) consent to grant by the Company or any company from its group any unbudgeted guarantees (or other forms of accepting responsibility for the liabilities of third parties) with a value in excess of EUR 2.000.000,00 or its equivalent;

h) consent to an unbudgeted acquisition or disposal of real estate, perpetual usufruct or interest in a real property (or right of perpetual usufruct) with a value in excess of EUR 5.000.000,00 or its equivalent by the Company or any company from its group;

i) consent to an unbudgeted disposal of any intellectual property rights of the Company or any company of its group, with an actual market value in excess of EUR 1.000.000,00 or its equivalent;

j) consent to an unbudgeted disposal by the Company or any company from its group of any assets with a value in excess of 15% of the Company's net assets (or 15% of the net assets of a given company from the Company's group), listed in the financial statements for the most recent financial year;

k) consent to the liquidation of any company from the Company's group, whose assets exceed in value 15% of the Company's assets listed in the financial statements for the most recent financial year;

l) agree the principles and terms for remunerating members of the Company's Management Board and members of the management boards and supervisory boards of the companies from the group, if the total annual remuneration (including all bonuses, awards, severance pay and other similar benefits) of a given person was to exceed the following limits:

- in the case of members of the Company's Management Board – PLN 700.000,00;
- in the case of members of the management boards of the companies from the group, other than the Company – PLN 700.000,00;
- in the case of members of the supervisory boards of the companies from the group, other than the Company – PLN 100.000,00;

m) suspend, for valid reasons, an individual member or all members of the Management Board, and delegate members of the Supervisory Board to temporarily perform the duties of the suspended members of the Management Board, in accordance with the principles and terms arising out the Code of Commercial Partnerships and Companies;

n) approve the Company's Management Board regulations and all changes to these regulations;

o) pass the Company's Supervisory Board regulations and all changes to these regulations;

p) select an auditor to audit the financial statements of the Company and of the companies from the group;

q) consent to the conclusion by the Company or any company from its group of an agreement relating to a transaction with a party related to (i) the Company or (ii) any company from the Company's group or (iii) a shareholder or member of the Supervisory Board or Management Board of the Company or any company from its group;

r) from the day on which Mr. Jannis Samaras ceases to be President of the Company's Management Board: appoint another person to the position of President of the Management Board and dismiss this person;

s) appoint and dismiss the Finance Director – Member of the Company's Management Board;

t) appoint members of the Company's Management Board other than President and Finance Director;

u) consent to appoint National General Directors (i.e. members of the Company's key management, but not members of the Company's Management Board, appointed one each for every country where the Company conducts operations either independently or through its subsidiaries), or establish with him/her a contractual relationship by the Company or companies from its group;

v) from the day of the fourth consecutive dismissal after 26 November 2008 of: (i) a member of the Company's Management Board other than President or Finance Director or (ii) National General Director: consent to dismiss a member of the Management Board other than President or Finance Director;

w) from the day of the fourth consecutive dismissal after 26 November 2008 of: (i) a member of the Company's Management Board other than President or Finance Director or (ii) National General Director: consent to dismiss National General Directors or to dissolve their contractual relationship with the Company or with companies from the its group;

x) pass resolutions further to the adoption, change, performance or completion of the Incentive Program for members of the Company's governing and management staff, passed by the General Meeting in 2009, and identify the persons eligible to take part in the Incentive Program.

THE POWERS OF THE MANAGEMENT BOARD

Representation of the Company and the Board's responsibilities

1. The Management Board represents the Company outside and makes decisions on all matters that in accordance with the Company's Statute and absolutely binding legal regulations have not been reserved for the Company's other organs.
2. The Company is bound by two members of the Management Board acting jointly.
3. The Management Board is required to present to the Supervisory Board the Company's budget for the next financial year no later than 2 months prior to the start of that next financial year.
4. Should the Supervisory Board not approve the economic and financial plan (budget), the Company's Management will conduct operations based on the most recent approved annual economic and financial plan.
5. The Management Board is required to prepare and submit to the Company's Supervisory Board monthly reports on the realization of the consolidated economic and financial plan (budget) within 20 days of the end of each month.

Passing resolutions

1. The Management Board makes decisions in the form of resolutions at meetings called as needed. The resolutions are passed by an ordinary majority of votes, and if the number of votes is equal the President of the Management Board has the deciding vote.
2. The following matters require a resolution of the Management Board:
   a) acceptance of the budget,
   b) consent to take up, acquire or dispose of shares of other entities, as well as to join a commercial company or partnership, by the Company or any company from its group,
   c) consent to raise the share capital, sell an enterprise or its organized part, split, merge or transform any company from the Company's group,
   d) consent to an acquisition or disposal of real estate, perpetual usufruct or interest in a real property by the Company or any company from its group,
   e) consent to take out a liability or dispose by the Company or any company from its group of their assets as part of activities other than those associated with the current operations of the Company or any company from its group, that was not planned in the budget of the Company or the company from its group, with a value based on one or several connected acts in law – in excess of PLN 1.000.000,- (in words: one million Polish zlotys),
   f) consent to the liquidation of any company from the Company's group,
   g) agree the principles and terms of remunerating the management and supervisory boards of the companies from the Company's group,
   h) consent to change the articles of association (statute) and approve the supervisory board and management board regulations at the companies from the Company's Group,
   i) consent for the Company or any company from its group to guarantee or establish collateral on the assets of the Company or any company from its group to secure the liabilities of entities other than subsidiaries from the Company's group.
3. The Management Board passes the Management Board's regulations that are subject to approval by the Supervisory Board.
4. Subject to other provisions of the Company's Statute, the Management Board consents to the acquisition or sale of real estate, perpetual usufruct or interest in real estate by the Company or any company from its group (excluding the application of Article 393 point 4) of the Code of Commercial Partnerships and Companies).

Acquisition of own shares by the company

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

5.8.9 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 Code of Commercial Partnerships and Companies, 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 Code of Commercial Partnership and Companies.

5.8.10 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

CALLING GENERAL MEETINGS

1. An Ordinary Shareholders Meeting is called by the Management Board each year, no later than 6 (in words: six) months after the end of the financial year.
2. Extraordinary Shareholders Meetings are called by the Management Board on its own initiative, at the request of the Supervisory Board or at the request of the Shareholders representing no less than 1/10 (in words: one tenth) of the Company's share capital. A shareholders meeting should be called within 2 (in words: 2) weeks of the submission of such a request, with the date of the meeting set for: (i) in the case of a Shareholders Meeting called at the request of Shareholders, subject to Article 400 § 1 sentence 2 of the Code of Commercial Partnerships and Companies, the date indicated in the request, and if this date is met by significant hindrances, at the closest possible time, enabling the General Meeting to resolve the matters submitted for discussion, as well as (ii) in other cases within 6 (in words: six) weeks of the submission of such a request.
3. If the Board fails to call a General Meeting within the specified time, the right to call the meeting shall be transferred to the requesting party.
4. A request to call a General Meeting should specify the matters submitted for discussion and contain a substantiation.
5. General Meetings are called for days considered in Poland to be working days.
6. A cancellation or postponement of a General Meeting that was called at the request of Shareholders is only possible with the consent of the requesting party. In other cases, a General Meeting may be cancelled if holding the meeting is met by extraordinary hindrances (force majeure) or is obviously irrelevant.
7. Notifications and meetings from General Meetings are prepared in Polish. The meetings are also held in Polish.

THE PASSING OF RESOLUTIONS BY THE GENERAL MEETING

a) Subject to the provisions of Article 404 of the Code of Commercial Partnerships and Companies, the General Meeting may pass resolutions only on matters provided for in the Code of Commercial Partnerships and Companies and the Company's Statute, and covered by the agenda of a given Meeting.

b) A resolution to abandon the consideration of a matter covered by the agenda may only be passed in the presence of valid reasons. A request in such a matter should be substantiated in great detail.

c) 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 President 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.

d) A General Meeting is valid and may pass valid resolutions if it is attended by the Shareholders who hold at least 50% (in words: fifty percent) of the Company's share capital. In the absence of a quorum at the first date of the General Meeting, the Management Board will immediately call another General Meeting with its date set for no sooner than after 4 weeks from the first General Meeting, with the same agenda, indicating that it is a second date and therefore the General Meeting will be valid irrespective of how much capital is represented.

e) Subject to absolutely binding provisions of the Code of Commercial Partnerships and Companies and otherwise stating provisions of the Company's Statute, resolutions are passed by an ordinary majority of votes. As long as CED GROUP S. à r.l., a limited liability company operating under the laws of the Grand Duchy of Luxembourg ("CED") is the Company's shareholder with at least 15% of its share capital, a 70% majority of 'in favor' votes will be required to pass resolutions on the following matters:
   - the payment of a dividend to the shareholders at an amount that exceeds 75% (in words: seventy five percent) of the net profit generated by the Company in the previous financial year;
   - the appointment and dismissal of an independent Supervisory Board member;
   - the dismissal or suspension of members of the Company's Management Board.

f) The General Meeting passes the General Meeting regulations, specifying the methods for holding meetings and passing resolutions. In the case of changes to the regulations, the changes go into force no sooner than from the next General Meeting.

THE POWERS OF THE GENERAL MEETING

The General Meeting has the authority to handle in particular the following matters:

a) review and approve the Directors' Report on the activities of the Company and the Group, and the financial statements of the Company and the Group for the previous financial year,

b) pass resolutions on distributing the Company's profit, either by paying it out in the form of a dividend, or excluding a portion or all of the profit from the payment of a dividend and retaining at the Company for its needs, as well as pass resolutions on the coverage of losses,

c) grant discharge to members of the Company's governing organs for the duties they have performed,

d) sell or lease out the Company's enterprise or its organized part and establish limited property rights on them,

e) transform the legal status of the Company as well as merge the Company with another company or legal entity,

f) all decisions relating to claims to repair damages done at the formation of the Company or while it exercised supervision or management,

g) change the Company's statute, raise or lower its share capital,

h) issue convertible or senior notes,

i) acquire treasury shares,

j) subject to other provisions of the Company's Statute, appoint and dismiss members of the Supervisory Board, including the Chairman of the Supervisory Board,

k) dissolve the Company,

l) agree the terms and conditions (including payment dates) for remunerating Supervisory Board members,

m) pass the General Meeting regulations,

n) set the day that is used to determine the shareholders that are entitled to a dividend for a given financial year, i.e. set the dividend day, subject to the provisions of Article 348 § 2 of the Code of Commercial Partnerships and Companies, and set the dividend payment day,

o) the matters presented by the Management or Supervisory Board for resolution by the General Meeting,

p) other matters that based on absolutely binding legal regulations and the provisions of the present Company Statute are to be resolved by the General Meeting.

Binding at the Company are the General Meeting Regulations adopted based on Resolution No. 10 passed by the Extraordinary General Shareholders Meeting of KOFOLA S.A. of 16 September 2008 ("the Regulations").

As at the date of the present declaration work is ongoing on adapting the provisions of the Regulations and the Company's Statute to the amended provisions of the Code of Commercial Partnerships and Companies.

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

a) 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 President 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 Regulations, 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.

b) binding the General Meeting with an agenda

1. Subject to the provisions of Article 404 of the Code of Commercial Partnerships and Companies, the General Meeting may pass resolutions only on matters covered by the agenda of a given Meeting.

2. At the request of a shareholder, the Management Board or the Supervisory Board the General Meeting may pass a resolution to abandon the consideration of a matter on the agenda, or to change the order of the matters on the agenda.

3. A resolution to abandon the consideration of a matter covered by the agenda may only be passed in the presence of valid reasons. A request in such a matter should be substantiated in great detail.

4. A request to call an Extraordinary General Meeting, as well as formal requests may be passed without being placed on the agenda.

c) Voting

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

2. Voting is secret when:

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 Code of Commercial Partnerships, a secret vote 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.

d) Voting in elections

1. Voting in elections is performed separately for each of the submitted candidates, in the order submitted by the Management Board.

2. If candidacies are submitted to the Company's organs, the position for which the person is to be appointed should be indicated: President of the Management Board, Member of the Management Board, Chairman of the Supervisory Board, Member of the Supervisory Board.

3. Prior to the vote the proposed candidate should consent to the submission of his/her candidacy (orally at the General Meeting – which should be confirmed with a relevant entry in the minutes or with a written declaration).

4. If submitted as a candidate to the Company's organs is a person that is part of a Committee, and that person consents to the submission of his/her candidacy, he/she is dismissed from the Committee and a new person is elected in his/her place.

5. Considered to be elected are the candidates that have consecutively received the highest number of 'in favor' votes as part of the number of available seats, no fewer however than 50% of the votes represented at the General Meeting.

6. If candidates receive the same number of votes, or if not all of the seats are filled due to the fact that an insufficient number of candidates received the majority of votes referred to in point 5 of the present paragraph, the Chairman orders a supplementary vote where the candidate with the highest number of 'in favor' votes is considered to be elected.

e) Other provisions

A shareholder has not right to vote personally or by proxy or as a representative of another person on a resolution relating to:

a) his/her responsibility to the Company for any reason, including granting a discharge;

b) releasing him/her from a liability to the Company;

c) disputes between him/her and the Company.

5.8.11 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

CHANGES IN THE COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD

In the period from 1 January 2009 to 31 December 2009 the Company's Management Board comprised:

a) Mr. Jannis Samaras – President of the Management Board,

b) Ms. Simona Nováková – Member of the Management Board,

c) Mr. Martin Mateáš – Member of the Management Board,

d) Mr. Tomáš Jendřejek – Member of the Management Board,

e) Mr. René Musila – Member of the Management Board.

As at the date of the present declaration the above composition of the Management Board remained unchanged.

PRINCIPLES OF OPERATION OF THE COMPANY'S MANAGEMENT BOARD

The Management Board operates based on binding legal regulations, the provisions of the Company's Statute. The operations of the Management Board are described in point H of the present declaration.

CHANGES IN THE COMPOSITION OF THE COMPANY'S SUPERVISORY BOARD

All of the members of the Company's Supervisory Board were dismissed effective 11 December 2008, with new members being appointed in accordance with the new provisions of the Company's Statute in the form of shareholder declarations, as follows:

- effective 23 December 2008 the shareholder CED GROUP S. à r.l. appointed:
  a) Mr. Jacek Woźniak – Vice-Chairman,
  b) Mr. Dariusz Prończuk.
- effective 5 January 2009 the shareholder KSM Investment SA appointed:
  a) Mr. Ireneusz Stolarski – Chairman,
  b) Mr. Raimondo Eggink,
  c) Mr. Martin Dokoupil.

Effective 30 June 2009, based on a resolution passed by the General Meeting, Mr. Anthony Brown was appointed to the position of member of the Supervisory Board, as a result of which as at 30 June 2009 the Company's Supervisory Board comprised (until 31 December 2009):

a) Mr. Ireneusz Stolarski – Chairman,

b) Mr. Jacek Woźniak – Vice-Chairman,

c) Mr. Dariusz Prończuk,

d) Mr. Raimondo Eggink,

e) Mr. Martin Dokoupil,

f) Mr. Anthony Brown.

As at the date of the present declaration the above composition of the Supervisory Board remained unchanged.

As at the date of the preparation of the present declaration the Supervisory Board has an Audit Committee and a Remuneration Committee, which operate based on the Good Practices of the Companies Listed on the Warsaw Stock Exchange and the provisions of the Company's Supervisory Board Regulations.

The Audit Committee comprises:

a) Mr. Raimondo Eggink – Chairman,

b) Mr. Jacek Woźniak,

c) Mr. Dariusz Prończuk,

d) Mr. Ireneusz Stolarski,

e) Mr. Martin Dokoupil,

f) Mr. Anthony Brown.

The Remuneration Committee comprises:

a) Mr. Jacek Woźniak – Chairman,

b) Mr. Raimondo Eggink,

c) Mr. Martin Dokoupil.

PRINCIPLES OF OPERATION OF THE COMPANY'S SUPERVISORY BOARD

The Supervisory Board operates based on binding legal regulations, the provisions of the Company's Statute and the provisions of the Supervisory Board Regulations. The operations of the Supervisory Board are partially described in point K of the present declaration.

MEETINGS OF THE SUPERVISORY BOARD

1. The Supervisory Board passes the regulations 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, 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 Code of Commercial Partnerships and Companies, 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 Code of Commercial Partnerships and Companies, 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 K 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 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.

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

KOFOLA S.A. is a party in the bankruptcy proceeding of the entity Fructo-Maj. On 6 August 2007, HOOP S.A (currently doing business as KOFOLA S.A.) concluded an engagement letter with Fructo-Maj Sp. z o.o., in which it expressed its interest in investing in Fructo-Maj for the purposes of its financial restructuring and enabling the payment of debts. As part of realizing this agreement HOOP S.A. acquired Fructo-Maj's debts, among others concluded a debt assignment agreement with Kredyt Bank S.A., based on which Kredyt Bank S.A transferred onto HOOP S.A. all the debt from a credit agreement, which as at 31 December 2009 amounted to 5 306 thousand PLN and is presented in the financial statements of KOFOLA S.A. as short-term credit payables due by 31 August 2010, and as receivables from the company Fructo-Maj. As at 31 December 2009 the total value of the receivables from Fructo-Maj relating to the acquired debt is 15 155 thousand PLN, the balance sheet value of this item, after revaluation, is 7 468 thousand PLN. The receivables are secured with mortgages on all of the significant real properties of Fructo-Maj, and with a registered pledge on the entity's movables.

Fructo-Maj was declared bankrupt in a decision issued on 27 September 2007, and then based on a decision issued on 24 June 2008 the type of proceedings was changed from an arrangement to a liquidation proceeding relating to the assts of Fructo-Maj Sp. z o.o. KOFOLA S.A has its representative in the Committee of Creditors of Fructo-Maj Sp. z o.o. The assets of Fructo-May are currently being sold. The Board believes that given the current state of affairs and type of collateral, no revaluation is needed with regard to the assets associated with Fructo-Maj.

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

5.10 Basic product information

Market position of the KOFOLA S.A. Group

According to AC Nielsen, as at 31 December 2009 the companies of the KOFOLA S.A. Group rank third on the non-alcoholic beverages market in the *Czech Republic* (of which second when it comes to colas, first in syrups, first on the market of children's drinks and second for non-carbonated beverages in PET packaging), rank second on the *Slovak* non-alcoholic beverages market (second in colas, first in mineral water, third in syrups, first in children's drinks and second in non-carbonated beverages in PET packaging), and sixth on the *Polish* market (of which third in colas, eighth in mineral water, second in syrups, fifth in children's drinks, fifth in energy drinks and forth in non-carbonated drinks, where the Group is second when it comes to non-carbonated beverages in PET packaging).

In *Russia* the company Megapack is visible primarily on the local Moscow market.

Products

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

KOFOLA GROUP BRANDS

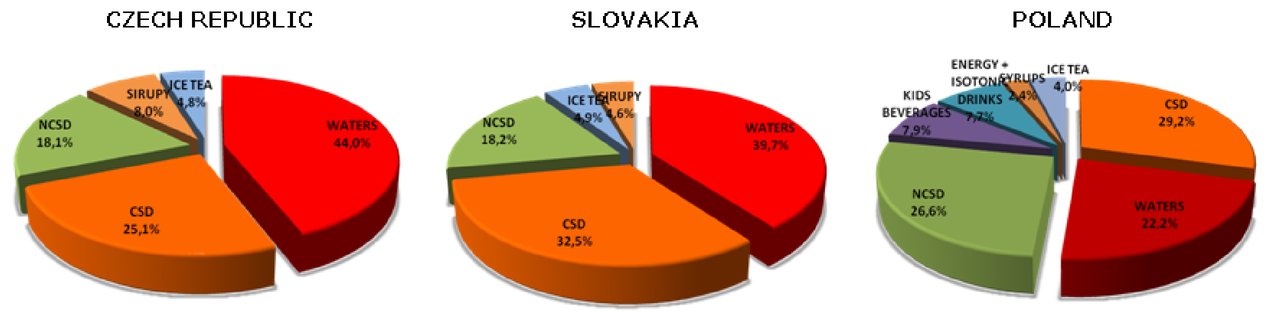
CARBONATED BEVERAGES	Kofola, RC Cola, Citrocola, Hoop Cola, Top Topic, Vinea, Chito, Citronela, Fruti, Mr. Max
NATURAL SPRING WATERS	Rajec, Arctic
NON-CARBONATED BEVERAGES	Jupí Fruit Drink, Top Topic, Paola
100% FRUIT JUICES AND NECTARS	Snipp
SYRUPS AND CONCENTRATES	Jupí, Paola
CHILDRENS' DRINKS	Jupík, Jupík Aqua, Jupík Shake, Capri-Sonne
FROZEN COFFEE	Nescafé Xpress
ENERGY DRINKS	R20
LOW ALCOHOL BEVERAGES (Russia)	Hooch, Dieviatka, Tiamo Tanto

In 2010 the Group's assortment of beverages was broadened to include the Pickwick Just Tea frozen tea, new Rajec flavored waters, new flavors of drinks from the Top Topic family, as well as the citrus beverage Orangina (product of Orangina Schweppes International). In addition, the KOFOLA S.A. Group makes beverages and syrups at the commission of external companies, mainly shopping chains. These companies offer these products to their customers under their own brand, using their own stores to distribute them.

In addition, the company Megapack, which operates on the Russian market, sells drink bottling services, relating to both low alcohol beverages and non-alcoholic beverages.

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

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



Source: AC Nielsen - in value

The "Other" segment includes beverage sales made by distribution companies, sales of the R20 and Nescafe Xpress energy drinks, as well as transport activities performed for entities from outside the Group.

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

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

In analyzing the presented segment data it is necessary to consider the fact that in accordance with IFRS, in the merger of HOOP S.A. and Kofola SPV Sp. z o.o. it was Kofola SPV Sp. z o.o. that was the acquirer. This means that the profit and loss account items for the various segments for the first half of 2008 reflect the business operations of the Kofola SPV Sp. z o.o. Group (Kofola Holding a.s.) performed until 30 May 2008, as well as the business operations of the merged KOFOLA S.A. Group in the period from 31 May to 30 June 2008. In view of the above, the data for the years 2009 and 2008 are not comparable.

Reporting segment results for the years 2009 and 2008:

Operating segments

1.1.2009 - 31.12.2009	Carbonated beverages	Non-Carbonated beverages	Mineral waters	Syrups	Low alcohol drinks	Other	Total
Revenue	590 397	186 444	203 156	133 964	303 436	114 588	1 531 985
Sales to external customers	590 397	186 444	203 156	133 964	303 436	114 588	1 531 985
Operating expenses	(505 198)	(185 137)	(196 363)	(119 155)	(289 099)	(118 149)	(1 413 100)
Operating result	**85 199**	**1 308**	**6 793**	**14 809**	**14 337**	**(3 561)**	**118 885**
Financial income							7 671
Financial expense							(36 978)
Profit before tax							89 578
Income tax							(16 957)
Net profit							**72 621**

1.1.2008 - 31.12.2008	Carbonated beverages	Non-Carbonated beverages	Mineral waters	Syrups	Low alcohol drinks	Other	Total
Revenue	459 199	187 820	142 915	98 300	132 939	92 943	1 114 116
Sales to external customers	459 199	187 820	142 915	98 300	132 939	92 943	1 114 116
Operating expenses	(413 425)	(185 820)	(138 943)	(91 046)	(130 752)	(96 451)	(1 056 436)
Operating result	**45 774**	**2 001**	**3 972**	**7 254**	**2 187**	**(3 507)**	**57 680**
Financial income							2 846
Financial expense							(42 972)
Profit before tax							17 554
Income tax							(6 089)
Net profit							**11 465**

5.11 Geographical segments

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

- Poland
- Czech Republic
- Russia
- Slovakia
- Hungary

Presented below are the data for the above geographical segments.

1.1.2009 - 31.12.2009	Poland	Czech Republic	Russia	Slovakia	Hungary	Total
Revenue	548 302	390 199	367 468	226 016	-	1 531 985
Sales to external customers	548 302	390 199	367 468	226 016	-	1 531 985
Operating expenses	(555 043)	(331 503)	(341 965)	(184 019)	(570)	(1 413 100)
Operating result	**(6 741)**	**58 696**	**25 503**	**41 997**	**(570)**	**118 885**
Financial income	7 463	82	121	5	-	7 671
Financial expense	(21 164)	(11 612)	-	(4 093)	(109)	(36 978)
Profit before tax	(20 442)	47 166	25 624	37 909	(679)	89 578
Income tax	(2 450)	(1 368)	(5 695)	(7 444)	-	(16 957)
Net profit	**(22 892)**	**45 798**	**19 929**	**30 465**	**(679)**	**72 621**
Assets and liabilities						
Segment assets	602 436	399 786	171 885	216 901	801	1 391 809
Total assets	**602 436**	**399 786**	**171 885**	**216 901**	**801**	**1 391 809**
Segment liabilities	283 963	277 478	98 617	162 581	78	822 717
Equity						569 092
Total liabilities and equity						**1 391 809**
Other information concerning segment						
Investment expenditure : tangibles and intangibles	5 673	29 910	1 223	45 998	-	82 804
Depreciation and amortization	32 975	33 268	7 205	15 366	5	88 819

1.1.2008 - 31.12.2008	Poland	Czech Republic	Russia	Slovakia	Hungary	Total
Revenue	345 991	406 543	183 074	174 086	4 422	1 114 116
Sales to external customers	345 991	406 543	183 074	174 086	4 422	1 114 116
Operating expenses	(345 707)	(374 960)	(177 143)	(149 553)	(9 074)	(1 056 436)
Operating result	**284**	**31 584**	**5 931**	**24 533**	**(4 652)**	**57 680**
Financial income	1 412	1 348	71	14	1	2 846
Financial expense	(26 972)	(10 850)	(32)	(4 476)	(641)	(42 972)
Profit before tax	(25 276)	22 081	5 970	20 071	(5 292)	17 554
Income tax	-	(1 169)	(886)	(4 034)	-	(6 089)
Net profit	**(25 276)**	**20 912**	**5 084**	**16 037**	**(5 292)**	**11 465**
Assets and liabilities						
Segment assets	721 124	405 005	120 510	193 716	2 470	1 442 825
Total assets	**721 124**	**405 005**	**120 510**	**193 716**	**2 470**	**1 442 825**
Segment liabilities	293 405	436 886	37 645	151 797	279	920 012
Equity						522 813
Total liabilities and equity						**1 442 825**
Other information concerning segment						
Investment expenditure : tangibles and intangibles	6 848	56 533	778	53 197	-	117 356
Depreciation and amortization	24 714	38 395	6 574	12 973	42	82 698

5.12 Information about significant contracts

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

5.13 Information about relationships with other group entities

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

A description of the transactions concluded between related parties is presented in Note 4.31 to the financial statements. The Group's main domestic and foreign investment projects are presented in Note 5.2 to the financial statements.

5.14 Information about credits and loans

Information on credits and loans is presented in Note 4.25 to the financial statements.

5.15 Information on loans grated

In June 2009 Kofola S.A. granted a loan to its subsidiary Kofola Holding a.s. in the amount of 55 876 thousand CZK. The loan was granted on market terms and was repaid as at the balance sheet date.

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

Entity providing uarantees/Sureties	Entity receiving guarantees/Sureties	Credit value on balance sheet day which were subject to guarantee/sureties		The period for providing guarantees/ sureties	The entity for which liabilities guarantees/ sureties were provided	Kind of relationship between the entity providing guarantees/suretie s and one on behalf of which it was provided
		in currency	in ths. PLN.			
Kofola a.s., CR / Kofola Holding	UNICREDIT BANK	11 001 T EUR	45 243	6/2012	Kofola a.s. (SK)	subsidiary
Kofola Holding	ČSOB a.s.	698 T EUR	2 871	3/2014	Kofola a.s. (SK)	subsidiary
Kofola Holding	VÚB BANKA	5 623 T EUR	23 125	2/2015	Kofola a.s. (SK)	subsidiary
Kofola S.A.	Bank Handlowy	27 285 T PLN	27 285	6/2012	Hoop Polska Sp. z o.o.	subsidiary
Kofola S.A.	PeKaO S.A.	19 609 T PLN	19 609	3/2013	Hoop Polska Sp. z o.o.	subsidiary
Kofola S.A.	Bank BGŻ	4 837 T PLN	4 837	3/2019	Hoop Polska Sp. z o.o.	subsidiary
Kofola S.A.	Deutsche Leasing	19 122 T PLN	19 122	2/2014	Hoop Polska Sp. z o.o.	subsidiary
Kofola S.A.	ING Commercial Finance	5 549 T PLN	5 549	till termination of the contract	Hoop Polska Sp. z o.o.	subsidiary
Kofola S.A.	Bank Zachodni WBK S.A.	5 624 T EUR	23 104	3/2013	Hoop Polska Sp. z o.o.	subsidiary
Hoop Polska Sp. z o.o.	Cargill	628 T PLN	628	till termination of the contract		
Total Sureties for Loans or Guarantees Issued			**171 374**	**ths. PLN.**		

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

5.17 Information on issuing securities

As a result of the merger of KOFOLA S.A. with the subsidiaries PPWM Woda Grodziska and Paola, the share capital of KOFOLA S.A. was raised from 26 171 918 PLN by 684 PLN to the amount of 26 172 602 PLN through the issue of 684 ordinary bearer's G series shares with a nominal value of 1 PLN per share ("G series shares"). As a result of the merger, the share capital of KOFOLA S.A. amounts to 26 172 602 PLN and consists of 26 172 602 PLN shares entitling to 26 172 602 votes at General Shareholders Meeting.

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

The Group published no financial result forecasts for the year 2009.

5.19 Assessment of the Group's management of its financial resources and its ability to meet its financial obligations

The Group's financial position is good. In 2009 the companies belonging to the Group did not have significant difficulties in meeting their current financial obligations. The debt rate has decreased from 64 % at the end of December 2008 to 59 % as at 31 December 2009. The Group's consolidated net debt calculated as total long- and short-term liabilities relating to credits, loans and other debt instruments less cash and cash equivalents amounted to 345 201 thousand PLN as at 31 December 2009 after decreasing by 110 390 thousand PLN compared to the end of December 2008. This decrease was caused by lower use of credit lines due to a decrease in the need to finance working capital and the repayment of some credits.

We were also successful in the financing of the expanded investment program realized by the companies belonging to the Kofola Holding AS group. The Management foresees no problems with the Group's ability to meet its financial obligations in the future period. Due to the significance placed by the Management on managing the Group's financial resources and assuring appropriate liquidity of all of its companies, it is undertaking activities focused on further optimizing the financing structure and fully utilizing the existing resources.

They include:

a) the Management's efforts to convert a portion of the short-term credits to long-term credits

b) increasing the available operating credit limits in excess of the current needs as a result of the implemented working capital management project that allows for an immediate reaction in the event of unforeseen adverse factors

c) emphasis on increasing the turnover of current assets

d) ongoing monitoring of the Group's liquidity.

5.20 The Group's investment plans and their feasibility

The investment tasks that were planned and realized in 2009 pertained primarily to the companies belonging to the Kofola Holding a.s. group. The most important was the construction of a warehouse and production hall at the Rajecka Leśna plant (Slovakia) with a value of around 47 million PLN. For 2010 the Group has planned investment projects amounting to approximately 56 million PLN. The investment projects planned for 2010 are lower than in 2009 by around 26 million PLN as a result of the Group's efforts to more effectively utilize existing fixed assets.

Based on previous investment processes and taking into account the Group's financial position it is fair to assume that there are no threats to the feasibility of the planned investments.

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

In the reporting period the Group's result was greatly affected by a decrease in foreign exchange losses in the amount of 13 874 thousand PLN following the strengthening of the PLN/EUR exchange rate and a reduction in exposure to currency risk (repayment of certain credits in EUR). A large portion of the foreign exchange losses relates to unrealized foreign exchange differences arising primarily from the 31 December 2009 valuation of loans, credits and lease payables denominated in EUR. As at 31 December 2009 the Group's companies had no options or forward contracts in either dollars or euros.

The Group's results were also positively affected by a decrease in investment spending, and the resulting reduction in depreciation charges, as well as the fact that it was able to get better prices on the main production materials due to the scale effect arising out of centralizing purchasing, and the favorable EUR to PLN and CZK exchange rates. In addition, in 2009 the Management Board analyzed the Group's depreciation rates in order to better standardize them. A detailed verification was also performed of the anticipated useful lives of the main asset groups. As a result of these two changes, the depreciation charges recognized in 2009 are by 14 206 thousand PLN lower compared to the depreciation charges that would have been recognized had the previous depreciation rates and useful lives been used.

As part of impairment testing, the Group identified machines and production equipment showing indications of impairment risk. As at 31 December 2009 the Group recognized 6 400 thousand PLN in tangible fixed asset impairments.

5.22 External and internal factors material to the Group's growth

The Kofola Group's competitive position has to do with market factors, such as costs, quality, their direct sources, marketing activities, market position. In the Management's opinion, the Group's financial position, its production potential and market position pose no threats to its continued growth. There are, however, several factors, especially external that will, either directly or indirectly, affect the Group's financial results in the coming quarters.

The main factors determining the Group's financial results:

- the volume of sales
- market prices in main segments
- the cost of raw materials – sugar, moulds and is glucose, flavorings and concentrates, as well as packaging
- changes in foreign exchange rates

- interest rates
- the macroeconomic situation
- cost discipline and ongoing analysis of profitability, maintaining administrative costs at a fixed level while increasing the scale of production to further lower the total unit costs of producing goods.

In the upcoming quarters the Group's results will be greatly affected by the exchange rates of PLN and CZK to EUR, changes in the prices of materials, as well as changes in consumption. The Group's sales revenues are expressed primarily in Polish zlotys, Czech crowns and euros (in Slovakia), whilst a large portion of its purchases is made in EUR or USD (Russia). A rise in the value of the EURO and USD with respect to the local currencies translates into higher prices of raw materials, and thus a drop in margins. In addition, a high EUR increases the prices of the majority of the materials used in the production of beverages, including such basic components as sugar and moulds used in the production of PET bottles. The Group's currency risk management policy is to cover known risks in a cost effective manner. Based on an assessment of the currency risk, the Group acquires derivative financial instruments in order to properly manage this risk. In order to protect against it, the Group uses foreign currency options and forward contracts.

From a macroeconomic standpoint it maybe projected that the economic downturn and uncertainty may result in a drop in the sale of premium products and a rise in the sale of less expensive products.

The Group continues to work on its strategy published on 26 September 2009. The strategy focuses on increasing the company's value. This goal will be realized by expanding the existing portfolio of non-alcoholic beverage brands, as well as possibly through acquisitions on markets where the Group operates.

In 2009 the Group completed the integration of its structure after the formal merger of 2008. Corporate governance principles have been implemented regulating the matters of company management. The Group completed the implementation of the SAP R/3 computer system in the Czech Republic, Slovakia and Poland. Starting from 2008 the Group's Czech plants began to implement World Class Production in order to increase its production efficiency. In 2009 the project was started in Slovakia, with Poland planned for 2010.

The Group's strategy for the years 2010-2015 is to be prepared in the first half of 2010.

5.23 Changes in the Group's basic management methods

Emphasis has been placed on the introduction of Corporate Governance, which specifies the responsibilities between the holding company and the subsidiary companies.

5.24 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 should they resign or be dismissed.

5.25 Remuneration of Management and Supervisory Board members

The following remuneration has been paid out to members of the Management and Supervisory Boards of KOFOLA S.A.:

Management Board	2009
Jannis Samaras	658
Simona Nováková	468
Martin Mateáš	477
Tomáš Jendřejek	444
René Musila	444
Total	**2 491**

Supervisory Board	2009
Jacek Woźniak	-
Dariusz Prończuk	-
Martin Dokoupil	82
Raimondo Eggink	82
Anthony Brown	-
Ireneusz Stolarski	77
Total	**241**

The Management Board's remuneration was paid out by the subsidiary Kofola Holding a.s.

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

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.

5.27 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.

5.28 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 standalone and consolidated financial statements for the year 2009. The agreement was concluded for a year, extendable for subsequent years.

The total fee arising out of the agreement with BDO Sp. z o.o. due for the audit of the standalone financial statements of KOFOLA S.A. (formerly HOOP S.A.) for the year 2009 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 2009 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 2009, is 76 thousand PLN and relates to the review of the standalone and consolidated financial statements as at 30 June 2009. Additional work also included translation of the financial statements.

On 1 September 2006 HOOP S.A (currently 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 reviews and audits of the standalone and consolidated financial statements for the years 2006 – 2008. The agreement was concluded for a period of 3 years.

The total fee arising out of the agreement with BDO Sp. z o.o. due for the audit of the standalone financial statements of KOFOLA S.A (formerly HOOP S.A) for the year 2008 was 20 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 2008 was 80 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 2008 is 145 thousand PLN and relates to the reviews of the interim standalone and consolidated financial statements as at 30 June 2008, merger advisory and reporting advisory services. Additional work also included a check of the recognition of a contribution in kind in the books of account of Kofola SPV and a review of the financial statements of Kofola SPV for the year 2007 prepared in accordance with IFRS.

5.29 Subsequent events that could have a significant effect on the Group's future financial results

On 2 March 2010 the subsidiary Hoop Polska Sp. z o.o. signed an annex to the Credit Agreement of 28 December 2001 with Bank Handlowy w Warszawie SA extending the repayment of the 10 700 thousand PLN credit until 6 April 2010.

On 5 March 2010, by the specified due date, Hoop Polska Sp. z o.o. repaid the overdraft account granted by Bank BGŻ w Warszawie SA in the amount of 5 000 thousand PLN.

In addition, Hoop Polska is in the process of refinancing all of its existing credits by a bank consortium that is currently being formed. It is expected that the credits granted by the consortium will be started by 31 March 2010.

SIGNATURES OF THE COMPANY'S REPRESENTATIVES:

17.03.2010	**Jannis Samaras**	**Chairman of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
17.03.2010	**Simona Nováková**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
17.03.2010	**Martin Mateáš**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
17.03.2010	**René Musila**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*
17.03.2010	**Tomáš Jendřejek**	**Member of the Board of Directors**	....
date	*name and surname*	*position*	*signature*

SIGNATURE OF PERSON RESPONSIBLE FOR BOOKKEEPING:

17.03.2010	**Katarzyna Balcerowicz**	**Chief Accountant**	....
date	*name and surname*	*position*	*signature*

Document signed on the Polish original.