

CURRENT REPORT

KOFOLA S.A.

February 25th 2009

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Subject: THE POSITION OF THE MANAGEMENT BOARD CONCERNING THE PLANNED MERGER WITH THE COMPANIES: PRZEDSIĘBIORSTWO PRODUKCJI WÓD MINERALNYCH WODA GRODZISKA SP. Z O.O. AND PAOLA S.A. WITH JUSTIFICATION

Legal basis: Art. 56.1.2 of the Act on Public Offering – current and periodic information

According to the §19 point 3 of the regulation of the Minister of Finance dated 19 of October 2005 concerning the current and periodical informations submitted by issuers of securities, the Management Board of KOFOLA S.A. publicises its position concerning the planned merger with companies: Przedsiębiorstwo Produkcji Wód Mineralnych Woda Grodziska spółka z ograniczoną odpowiedzialnością with the site in Grodzisk Wielkopolski and Paola Spółka Akcyjna with the site in Bielany Wrocławskie and the justification of the position mentioned above.

The Management Board of Company KOFOLA Spółka Akcyjna with the site in Warsaw („Company”, „KOFOLA”) recommends for the Shareholders of Company the merger of Company with the companies: Przedsiębiorstwo Produkcji Wód Mineralnych Woda Grodziska spółka z ograniczoną odpowiedzialnością with the site in Grodzisk Wielkopolski („PPWM Woda Grodziska”) and Paola Spółka Akcyjna with the site in Bielany Wrocławskie („Paola”) and voting on the Extraordinary General Shareholders Meeting convened on 4 of March 2009 for the adopting the resolution on merger the Company with companies: PPWM Woda Grodziska and Paola and in a case of the consent for alteration of the Articles of association of KOFOLA.

The justification of the position of the Management Board of KOFOLA concerning the planned merger:

1. The companies participated in merger:

1.1. The Acquiring Company

KOFOLA Spółka Akcyjna with the site in Warsaw, 01-102 Warszawa, ul. Jana Olbrachta 94, which registration files are conducted by District Court for Warsaw, XII Commercial Department of the National Court Register under number 0000134518, NIP: 527-00-08-818, REGON: 012771739, the share capital amounts 26.171.918 (twenty six million one hundred seventy one thousand nine hundred eighteen) zlotys, paid-up and divided on 26.171.918 of bearer shares at the nominal value 1 (one) zloty of each share. KOFOLA is the public company, listed on the Warsaw Stock Exchange in Warsaw S.A. (“WSE”).

KOFOLA is the holding company which has the shares in the entities acting on the area of production, trade and distribution of carbonated and non- carbonated beverages, and also mineral water on the area of Poland, Czech Republic, Hungary, Slovakia and Russian Federation.

1.2. Companies being acquired

The Company being acquired 1: Przedsiębiorstwo Produkcji Wód Mineralnych „WODA GRODZISKA” spółka z ograniczoną odpowiedzialnością with the site in Grodzisk Wielkopolski, 62-065 Grodzisk Wielkopolski, ul. Mikołajczyka 8, which registration files are conducted by the District Court Poznań- Nowe Miasto and Wilda in Poznań, VIII Commercial Department of the National Court Register under no 0000039026, NIP: 788-00-086-34, REGON: 006220487, the share capital amounts 1.858.500 zlotys and is divided on 37.170 of shares at the

nominal value of 50 (fifty) zlotys of each share. KOFOLA is majority shareholder in PPWM Woda Grodziska and has approximately 99,98 % of share in share capital of PPWM Woda Grodziska.

The Company being acquired 2: Paola Spółka Akcyjna with the site in Bielany Wrocławskie, 55-040 Kobierzyce, ul. Wrocławska 52, which the registration files are conducted by District Court for Wrocław – Fabryczna in Wrocław, VI Commercial Department of the National Court Register, under no 0000223136, NIP: 895-001-00-98, REGON: 930643206, the share capital amounts 500.000 zlotys, paid-up and divided on 500.000 of shares at the nominal value of 1 (one) of each share. KOFOLA has 100% of share in share capital of Paola.

At present both PPWM Woda Grodziska and Paola do not conduct already production activity (in scope of the first stage of the reorganisation of the capital group of KOFOLA, whole enterprises of such companies were transferred to Hoop Polska sp. z o.o.- the company in which was concentrated the whole production activity of capital group of KOFOLA in Poland).

2. The manner of merger

The merger of KOFOLA, PPWM Woda Grodziska and Paola shall be realized under art. 492 § 1 point 1 of Commercial Companies Code, i.e. through the transfer of the assets of PPWM Woda Grodziska and Paola to KOFOLA in exchange of the shares of new issue of KOFOLA, which shall be granted for the shareholders of PPWM Woda Grodziska other than KOFOLA. As a result of merger PPWM and Paola cease exist.

As a result of merger KOFOLA with companies: PPWM Woda Grodziska and Paola, the share capital of KOFOLA shall be increased from the amount of 26.171.918 (twenty six million one hundred seventy one thousand nine hundred eighteen) zlotys, by amount 684 (six hundred eighty four) zlotys, to amount 26.172.602 (twenty six million one hundred seventy two thousand six hundred two) zlotys, through the issue 684 (six hundred eighty four) ordinary bearer shares Series G, at the nominal value 1 (one) zloty each share (“Shares Series G”).

KOFOLA shall undertake the activities aimed the introduction of Shares Series G, which shall receive the shareholders PPWM Woda Grodziska – other than KOFOLA, to the trading on regulated market. According to the provisions of the Act on public offer and the conditions of the introduction of financial instruments to the organised system of trading and of the public companies (Journal of Laws dated 2005, No 184, position 1539 with further alterations).

3. The legal basis of the merger

The merger shall be effected through the acquisition by KOFOLA the companies PPWM Woda Grodziska and Paola on the basis on art. 492§1 point 1 of Commercial Companies Code, i.e. through the transfer of whole assets PPWM Woda Grodziska and Paola on KOFOLA with the simultaneous increase of share capital of KOFOLA, through the new issue of Shares Series G which KOFOLA shall issue to Shareholders of PPWM Woda Grodziska other than KOFOLA. Pursuant to art. 506§1 of Commercial Companies Code and art. 506§2 of Commercial Companies Code, the basis of the merger shall constitute unanimous resolutions of General Shareholders Meeting of KOFOLA, General Shareholders Meeting of Paola and Shareholders’ Meeting of PPWM Woda Grodziska, included the consent of Shareholders of KOFOLA, the Shareholders of Paola and Shareholders of PPWM Woda Grodziska for the Plan of Merger and the content of amendments of Articles of association of KOFOLA arising from the merger of companies.

As a result of merger of companies, KOFOLA- pursuant to art. 494§ 1 of Commercial Companies Code- shall enter on the date of merger into the rights and obligations of Paola and PPWM Woda Grodziska. Pursuant to the art. 494§4 of Commercial Companies Code, on the date of merger the Shareholders of PPWM Woda Grodziska other than KOFOLA shall be the Shareholders of KOFOLA.

The Merger of companies shall be effected on the day of the entry of merger (the increase of share capital of KOFOLA) by the Register Court with jurisdiction over the seat of the KOFOLA. The entry –pursuant to the content of art. 493§2 of Commercial Companies Code-entails the deletion of Paola and PPWM Woda Grodziska from the National Court Register.

4. The economic justification of merger

The merger of company KOFOLA with companies: PPWM Woda Grodziska and Paola is the next stage in reorganisation of the capital group of KOFOLA aimed the organisational, administrative and legal order of capital group of KOFOLA and which shall lead to the limitation of costs of general management.

At present both PPWM Woda Grodziska and Paola do not conduct the production activity (in the scope of the first stage of reorganisation, whole enterprises of such companies was transferred to the Hoop Polska sp. z o.o.- the company in which was concentrated whole production activity of capital group of KOFOLA in Poland). Due to this fact, there is no economic justification for the further separate functioning of such companies.

The merger shall cause the decrease of costs of general management by:

- (i) the decrease of the unit administrative costs by the full use of the possessed resources,
- (ii) the simplification of the organisational structure,
- (iii) the reduction of costs of functioning of capital group,
- (iv) the decrease of costs connected with the consolidation of the financial statements.

5. The relation of exchange

5.1. The description of the planned relation of exchange

Due to the art. 516§6 of Commercial Companies Code it was not described the parity of exchange the shares of Paola for shares of KOFOLA.

Due to the fact that merger companies belongs to the one capital group, the parity of the exchange of shares PPWM Woda Grodziska for shares KOFOLA was described on the basis of accounting method (the value of assets net). On the basis on the valuations of companies, it was established that in exchange for 38 of shares in PPWM Woda Grodziska the Shareholders of PPWM Woda Grodziska other than KOFOLA shall receive 684 of Shares Series G.

5.2. Additional payment

In relation to the assumed parity of exchange and the structure of merger, for the Shareholders of PPWM Woda Grodziska shall not be granted the additional payments in cash, mentioned in art. 492§2 of Commercial Companies Code.

In relation to the assumed parity of exchange and the structure of merger, it is not stipulated filing by the Shareholders of PPWM Woda Grodziska the additional payments in cash, mentioned in art. 492§3 of Commercial Companies Code.

5.3. The opinion of the court expert

Acting on the basis on art. 500§1 in conjunction with art. 502§2 of Commercial Companies Code, the management boards of the merging companies jointly submitted for the appointment of the auditor by the District Court appropriate to the site of the acquiring company, for the audit of the Plan of Merger in the scope of the correctness and reliability. The auditor, appointed by the Court, prepared in writing the opinion in which he confirmed that:

- (i) the evaluation of the assets (assets and liabilities) of merging companies is correct and made in historic values,
- (ii) the accounting value of the companies being acquired and the acquiring company are the proper basis of the settlement of the value of the shares KOFOLA and the share of PPWM Woda Grodziska,
- (iii) the plan of merger is correct and reliable.

6. The special difficulties connected with the evaluation of merging companies.

At the settlement of the value of the merging companies and the parity of exchange it was not confirmed any particular difficulties.

7. Additional informations.

The Shares of Series G issued by KOFOLA in relation with the merger shall be entitled to the share in the profit of KOFOLA beginning of the payments from profits for the year 2009, i.e. since the 1 of January 2009.

As a result of merger no particular preference rights shall be awarded to the shareholder of PPWM Woda Grodziska and Paola.

In relation to the merger no particular preference benefits shall be awarded for the members of the bodies of KOFOLA, PPWM Woda Grodziska and Paola.

KOFOLA does not stipulate also award the additional benefits for other persons participating in merger.

8. Summary and recommendations

In the opinion of Management Board the merger is economically justifiable, the evaluations of the companies were prepared in a correct manner, the parity of the exchange of shares considers the interests of Shareholders of KOFOLA and Shareholders of PPWM Woda Grodziska, and the process of merger is conducted according to the binding provisions of the Commercial Companies Code and provisions of the articles of association of KOFOLA and of Paola and of PPWM Woda Grodziska.

In relation to aforementioned, the Management Board of KOFOLA recommends to General Shareholders Meeting adoption of resolution on merger of KOFOLA with companies: PPWM Woda Grodziska and Paola.