

**REPORT ON ACTIVITY  
OF THE SUPERVISORY BOARD OF KOFOLA S.A.  
in the period from January 1, 2010 to December 31, 2010**

The Supervisory Board acting under art. 382 §3 of the Commercial Companies Code and also under the Good Practices of the Companies Listed on the Stock Exchange (Part III, point 1, sub-point 1- 2) summarised its activity during the period January 1, 2010 to December 31, 2010.

During this period the Supervisory Board consisted of:

1. Mr. Ireneusz Stolarski as the Chairman of the Supervisory Board,
2. Mr. Jacek Woźniak as the Vice- Chairman of the Supervisory Board,
3. Mr. Anthony Brown as the Member of the Supervisory Board,
4. Mr. Martin Dokoupil as the Member of the Supervisory Board,
5. Mr. Raimondo Eggink as the Member of the Supervisory Board,
6. Mr. Dariusz Prończuk as the Member of the Supervisory Board.

After the end of the reporting period, on January 26, 2011, Mr. Ireneusz Stolarski resigned from the function of a member of the Supervisory Board. Then, on March 4, 2011, a shareholder of the Company - KSM Investment S.A., with the registered office in Luxembourg, acting pursuant to § 17 paragraph 1 point a) of the Articles of association of the Company, appointed Mr. René Sommer – the member of the Supervisory Board of the Company, who shall perform the function of the Chairman of the Supervisory Board of the Company.

During the reporting period, the Supervisory Board meetings were held in the registered office of the Company or subsidiary company on the following date: on April 7, May 31 and October 8, 2010.

The members of the Supervisory Board have also cooperated on a current basis and have supervised the activity of the Company in the scope of selected in the Supervisory Board the audit committee (whose members were all members of the Supervisory Board) and the remuneration committee (whose members were Mr. Jacek Woźniak, Mr. Martin Dokoupil and Mr. Raimondo Eggink). The current cooperation between the Supervisory Board members also took place in connection with adopting a series of resolutions and decisions in writing, which is consistent with the provisions of § 18 par. 6 of the Articles of association of the Company. The audit committee meetings were held on the date March 17, May 12, May 31, August 30 and November 8, 2010.

In the scope of issues being the subject of the analysis and supervision of the Supervisory Board in 2010, entered a number of issues related to the current activity of the Company in the scope arised from the Articles of association of the Company and from the general rules of the applicable law, as well as issues related to the continuation of organizational changes in the capital group aimed at full integration and use of the effects of a merger Hoop S.A. with Kofola SPV Sp. z o.o.

The Supervisory Board in the past year has attached special attention to the review of the Company's financial results, accounting rules and financial reporting used by the Company, the principles of cooperation with the external auditor and the continuation of the

restructuring of the entire group for which Kofola S.A. is a holding company. The Supervisory Board in 2010 also continue actions aimed at establishing and creating in the Company effective system of the internal control and risk management, including implementing a new computer system designed to improve a lot of internal processes.

The Supervisory Board has adopted a total of 23 of resolutions, including 12 resolutions adopted in writing. The list of resolutions adopted by the Supervisory Board in 2010, is an Appendix no. 1 to this report.

On the basis of the analysis of financial data and on the financial statements of Kofola S.A. for the period of 12 calendar months of 2010, presented to the Supervisory Board by the Management Board of the Company and prepared in accordance with the International Financial Reporting Standards, the Supervisory Board of Kofola S.A. stated that the financial results in 2010 were not satisfactory. A number of factors had influence on this state of affairs, among which it should be enumerated general weakness in demand for the Company's products, partly related to weather and regulatory changes in Russia, and continuation of the organizational changes in the capital group after the merger. Consequently, all operating and geographic segments showed worse results than those achieved in 2009. The Company has also made a significant revaluation from the loss of a value of certain trade marks in the subsidiary company Hoop Polska Sp. z o. o.

Finally, the Company recorded a consolidated net loss attributable to shareholders of the dominant entity in the amount of PLN 30,532 million. The specificity of functioning of the dominant entity as the holding company, reaching revenue from interest and dividends, resulted that the Company recorded a net profit of PLN 25,186 million.

In the context of the difficult conditions of the operation of the Company in 2011, this time due to the significant increase in raw material prices, the Supervisory Board approved the request of the Management Board concerning the distribution of profit, which provides the creation of the reserve capital allocated to the dividend (fund dividend) and the transfer the Company's profit for the year 2010 for this fund.

The Supervisory Board also recognises that the principles of the cooperation of the Management Board with the Supervisory Board are good and that the Supervisory Board on a current basis receives the information and data to exercise effective supervision over the activity of Kofola S.A. However, the Supervisory Board recognizes the necessity to further improving the organization of the capital group, particularly through the development of the internal audit.

Based on these settlements, conclusions, and overall association of the activity in 2010, the Supervisory Board states that in 2010 exercised effective supervision over the activity of the Company and its cooperation with the Management Board settled properly. The activity of the Supervisory Board was generally consistent with the principles of "Good Practices of the companies listed on the Warsaw Stock Exchange". The audit committee and the remuneration committee appointed in the scope of the Supervisory Board properly exercised their functions.

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Mr. Ireneusz Stolarski

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Mr. Raimondo Eggink

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Mr. Jacek Woźniak

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Mr. Dariusz Prończuk

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Mr. Martin Dokoupil

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Mr. Anthony Brown

**Appendix no.1 to the report on activity of the Supervisory Board of Kofola S.A. with the registered office in Warsaw during the period January 1, 2010- December 31, 2010- The list of resolutions adopted by the Supervisory Board in 2010**

- Resolution No.1/2010 on the appointment of the auditor to review and audit of the financial statements of the Company and of the Capital Group of KOFOLA S.A. for the financial year 2010;
- Resolution No.2/2010 approving the conclusion the credit agreement amounting to 120 million zlotys between the subsidiary company HOOP Polska Sp. z o. o. and a bank consortium;
- Resolution No.3/2010 approving the issue of a letter of recommendation "letter of comfort" being a guarantee for the subsidiary company KOFOLA A.S.;
- Resolution No.4/2010 - the resolution has not been adopted;
- Resolution No.5/2010 approving the issue of a letter of recommendation "letter of comfort" being a guarantee for the subsidiary company KOFOLA HOLDING A.S.;
- Resolution No.6/2010 approving the conclusion the credit agreements in the total amount of 114 million zlotys between the subsidiary company HOOP Polska Sp. z o. o. and a bank consortium and reversing the Resolution No. 2 /2010;
- Resolution No.7/2010 establishing the uniform text of the Articles of association of the Company;
- Resolution No. 8/2010 on the appointment of Mr. Bartosz Marczuk to perform a function of a member of the Management Board of the Company;
- Resolution No. 9/2010 approving the loan for the subsidiary company HOOP Polska Sp. z o. o. by the KOFOLA S.A.;
- Resolution No.10/2010 adopting an evaluation of the report of the Management Board on the Company's activity in 2009 and the assessment of the financial statements of the Company for the year 2009;
- Resolution No.11/2010 adopting an evaluation of the report of the Management Board on the activity of the capital group KOFOLA S.A. in 2009 and the assessment of the consolidated financial statements of the capital group of KOFOLA for the year 2009;
- Resolution No.12/2010 on the opinion of the motion of the Management Board on the profit distribution recorded by the Company in the financial year 2009;
- Resolution No.13/2010 on the opinion of the issues being the subject of the resolutions of the Ordinary General Meeting convened on June 30, 2010;

- Resolution No. 14/2010 on the revision of the list of persons entitled to participate in the motivation program;
- Resolution No. 15/2010 on the grant of warrants “A” series;
- Resolution No.16/2010 on approving the consolidated economic-financial plan of the capital group of the Company;
- Resolution No.17/2010 on the report of the activity of the Supervisory Board in 2009 and the assessment of this activity with the assessment of the situation of the Company in 2009;
- Resolution No. 18/2010 on the agreement to prolong the term of payment of the loan granted by the KOFOLA Holding A.S. to KSM INVESTMENT S.A;
- Resolution No. 19/2010 on granting consent to the transaction with the subsidiary company HOOP Polska Sp. z o.o., to make an additional payment and sale of shares in the subsidiary company BOBMARK International Sp. z o.o., to provide guarantees for the fulfilment of the obligations of other entities;
- Resolution No. 20/2010 on the authorisation of the Management Board to send information and offers concerned taking up of warrants ;
- Resolution No. 21/2010 on granting consent to the transaction with the subsidiary company HOOP Polska Sp. z o.o., to capital increase and to sale of shares in the subsidiary company BOBMARK International Sp. z o.o., to provide guarantees for the fulfilment of the obligations of other entities;
- Resolution No. 22/2010 on approving the investment in the manufacturing plant of KOFOLA A.S. in Mnichovo Hradiště - Czech Republic;
- Resolution No. 23/2010 establishing the uniform text of the Articles of association of the Company;
- Resolution No. 24/2010 on granting approval for an increase of the share capital in the subsidiary company PCD Hoop Sp. z o. o. and for a transaction with the subsidiary company HOOP Polska Sp. z o.o.