

## CURRENT REPORT

### KOFOLA S.A.

June 29th 2009

Current Report no 21/2009

The subject: **SUPERVISORY BOARD'S ASSESSMENT OF THE COMPANY'S SITUATION**

Legal basis: Other regulations

The Management Board of KOFOLA S.A. publicises the assessment of the Company's situation in 2008, the annual report on activity of the Supervisory Board, the assessment of work of the Supervisory Board and the assessment of the financial statements.

Pursuant to the Rule specified in Chapter II point 1 sub-point 6 of the Good Practices of the Companies Listed on the Stock Exchange, the Supervisory Board of KOFOLA S.A. has assessed the Company's situation, the work of the Supervisory Board, the financial statements and drew up the report on its activity in 2008.

### **THE SUPERVISORY BOARD'S ASSESSMENT OF THE SITUATION OF KOFOLA S.A. IN 2008**

According to the Good Practices of Companies listed on the Warsaw Stock Exchange, the Supervisory Board of Kofola S.A. has assessed the situation of the Company in 2008.

The year 2008 was a continuation of one of the most important periods in the Company's activity. In 2008, the management boards of HOOP S.A. and KOFOLA SPV Sp. z o.o. were carrying out further works aimed the merger of companies. As a result of these actions on March 31st 2008, the Extraordinary General Meeting of Shareholders of Hoop S.A. and meeting of shareholders of KOFOLA SPV Sp. z o.o. adopted the resolutions on merger HOOP S.A. with KOFOLA SPV Sp. z o.o., and on May 30<sup>th</sup> 2008, the District Court for Warsaw city, XII Commercial Department registered merger of both Companies, with the result that shareholders of KOFOLA SPV Sp. z o.o. received 49.99% of share capital of the Company after the merger. Taking into account the shares of Hoop S.A. holding before the merger by the shareholders KOFOLA SPV Sp. z o.o., the shareholders of KOFOLA SPV Sp. z o.o. – formally the acquired company - gained the control over the Capital Group of Hoop S.A.

As a result of the successful termination of the process of merger of Companies, in the shareholding of HOOP S.A. followed far-reaching changes in ownership. The continuation of these changes was the acquisition by CED GROUP S.A.R.L. in November of

2008, through a public call to enroll on the sale of shares, published jointly by CED GROUP S.A.R.L. and KSM Investment S.A. and two individuals, a large (more than 40%) package of shares of HOOP S.A. from the existing shareholders of the Company i.e. Mr Marek Jutkiewicz and Mr Dariusz Wojdyga and other shareholders of the Company.

As a result of merger it was created group of manufacturers of nonalcoholic beverages and juices with annual turnover of over 1,4 billion PLN acting in the 5 countries of Central and Eastern Europe.

The consequence of the merger of HOOP S.A. and KOFOLA SPV Sp. z o.o. was the commencement of the process of significant organizational changes in the Company and the commencement of the process of consolidation of HOOP S.A. and KOFOLA SPV Sp. z o.o. as holding companies, and the activity of the subsidiaries of the Company arising from the merger. The process of consolidation of the two groups, which was continued until the end of 2008 and shall be continued in 2009 aims maximal use of the effects of synergies and optimization of the effectiveness of the Company and the achievement of the dynamic growth in the long term. The result of the organizational changes in 2008 was, inter alia, change in the composition of the Management Board and Supervisory Board, and changes of the part of positions related to the management of the Company, relevant for the implementation of the strategy of the Company. The Company also changed its name in 2008 to Kofola S.A.

The Company in 2008, despite a significant slowdown in growth of consumer spending in 2008 has achieved good financial results.

Taking into account the financial results achieved and taking into account the plans for further organizational changes in the Company, whose main objective is to optimize the costs and the best use of the effects of a merger HOOP S.A. with KOFOLA SPV Sp. z o.o., the Supervisory Board of the Company well assesses the situation of the Company in 2008.

Assessing the situation of the Company in 2008, the Supervisory Board also states that the process of the merger through the reverse takeover of the Company by Kofola SPV Sp. z o.o. has been successfully completed. In the opinion of the Supervisory Board the Company has a significant potential to improve its efficiency. The Supervisory Board simultaneously considers that systematically increasing the scale of operations of the Company and these mentioned organizational changes justify a review of internal control and risk management system in the Company.

## **SUPERVISORY BOARD'S ASSESSMENT OF THE FINANCIAL STATEMENTS**

Moreover, the Supervisory Board of KOFOLA S.A., after review of the report of the Management Board on operations of the Company in 2008 and the Company's financial

statements for the year 2008, and the opinion of the auditor on audit of the financial statements for the year 2008, adopted a resolution on the establishment of compliance of the aforementioned financial statements and reports with the books, documents and actual state and submits the motion to the Ordinary General Meeting of Shareholders for their adoption.

**REPORT ON ACTIVITY  
OF SUPERVISORY BOARD OF KOFOLA S.A.  
during the period January 1st 2008- December 31st 2008**

**WITH THE ASSESSMENT OF WORK OF THE SUPERVISORY BOARD**

The Supervisory Board summarised its activity during the period from January 1<sup>st</sup> 2008 to December 31<sup>st</sup> 2008.

During this period the Supervisory Board consisted of:

- Mr Andrzej Jesionek - from January 1st 2008 to May 30th 2008 as the Chairman of the Supervisory Board,
- Mrs Beata Martynowska - from January 1st 2008 to May 30th 2008 as the Member of the Supervisory Board,
- Mr Raimondo Eggink - from January 1st 2008 to December 11<sup>th</sup> as the Member of the Supervisory Board,
- Mr Tomasz Krysztofiak - from January 1st 2008 to May 30th 2008 as the Member of the Supervisory Board,
- Mr Marek Rocki - from January 1st 2008 to November 26th 2008 as the Member of the Supervisory Board,
- Mr Marek Jutkiewicz - from May 30th 2008 to November 10th 2008 as the Chairman of the Supervisory Board,
- Mr Robert Ogór - from May 30th 2008 to November 26th 2008 as the Member of the Supervisory Board,
- Mr Jacek Zbikowski - from May 30th 2008 to November 14th 2008 as the Member of the Supervisory Board,
- Mr Martin Dokoupil - from May 30th 2008 to December 11<sup>th</sup> 2008 as the Member of the Supervisory Board,
- Mr Kostas Samaras - from May 30th 2008 to November 26th 2008 as the Member of the Supervisory Board,
- Mr Ajit Virk - from May 30th 2008 to December 11th 2008 as the Member of the Supervisory Board,
- Mr Jacek Woźniak - from November 26th 2008 to December 11th 2008 as the

	Member of the Supervisory Board,
Mr Ivan Jakubek	- from November 26th 2008 to December 11th 2008 as the Member of the Supervisory Board,
Mr Dariusz Prończuk	- from November 26th 2008 to December 11th 2008 as the Member of the Supervisory Board,
Mr Ireneusz Stolarski	- from November 26th 2008 to December 11th 2008 as the Chairman of the Supervisory Board.

During the reporting period, the Supervisory Board meetings were held on:

- March 4th, ( resumed after the break on March 13th)
- April 3rd,
- July 3rd,
- October 7th,

The Supervisory Board adopted a total of 20 resolutions, of which 6 (six) resolutions were adopted through voting in writing. The written vote was taken on the resolutions no: 12/2008 – on the termination of an employment contract and amendment of non-competition agreement concluded with Member of the Management Board- Dariusz Wojdyga, 13/2008- on the approval for the disposal of 404 registered shares of the company Rabat Pomorze S.A. and taking up 929.200 ordinary bearer shares of Przedsiębiorstwo Produkcyjno-Handlowe BOMI S.A., 14/2008- on the opinion concerned the issues being the subject of resolutions of Extraordinary General Meeting of Shareholders convened on September 16 th 2008, 15/2008- on the financial statements of KOFOLA SPV Sp. z o.o for financial year 2007, 16/2008- on the assessment of the consolidated financial statements of the capital group of KOFOLA-HOOP for the financial year 2007, 20/2008- on the opinion concerned the issues being the subject of the resolutions of the Extraordinary General Meeting of Shareholders convened on November 26<sup>th</sup> 2008.

Adopting the resolutions by the Supervisory Board in writing is in accordance with provisions of § 18 paragraph 6 of the Articles of association of the Company.

Other resolutions were adopted at meetings of the Supervisory Board, which took place in the registered office of the Company, and on October 7<sup>th</sup> 2008 in Ostrava- the registered office of Kofola A.S. (according to § 18 paragraph 4 of the Articles of association of the Company).

The Supervisory Board on the meetings mainly dealt with the current affairs of the Company:

In resolution no 1/2008 the Supervisory Board gave the consent for guarantee by the Company, the obligations arised from the credit contracts, in which HOOP Polska Sp. z o.o.

shall enter into place of HOOP S.A. in relation to the transfer of enterprise of HOOP S.A. to the company HOOP Polska Sp. z o.o.

In resolution no 2/2008 the Supervisory Board expressed its opinion concerned the issues being the subject of the Extraordinary General Meeting of Shareholders convened on March 31st 2008.

In resolution no 3/2008 the Supervisory Board gave the consent for pursuit of competitive activity, by the member of the Management Board- Mr Janis Samaras, connected with the performance of the function of member of the management board in competitive companies towards HOOP S.A.

In resolution no 4/2008 the Supervisory Board adopted its Regulations.

In resolution no 5/2008 the Supervisory Board has assessed the report of the Management Board of the Company's activity and the Company's financial statements for the year 2007.

In resolution no 6/2008 the Supervisory Board provided an opinion on the issues being the subject of resolutions of the Extraordinary General Meeting of Shareholders convened on July 23<sup>rd</sup> 2008.

In resolution no 7/2008 the Supervisory Board provided an opinion on the motion of the Management Board concerned the appropriation of profit recorded by the Company in the financial year 2007.

In resolution no 8/2008 the Supervisory Board has presented its assessment of the situation of the Company in 2007.

In resolution no 9/2008 the Supervisory Board adopted a report on its activity in 2007.

In resolution no 10/2008 the Supervisory Board appointed committees of: audit and remuneration.

In resolution no 11/2008 the Supervisory Board has appointed two its members to the conclusion, on behalf of Company, employment contract with a member of the Management Board.

In resolution no 17/2008 the Supervisory Board agreed to lease the production plant of Kofola Sp. z o.o. in Kutno.

In resolution no 18/2008 the Supervisory Board established the uniform text of the Articles of association of the Company.

In resolution no 19/2008 the Supervisory Board agreed to amend the Articles of incorporation of HOOP Polska Sp. z o.o.

The Supervisory Board states, that in 2008 exercised effective supervision over an activity of the Company and its cooperation with the Management Board was proper. The “Good Practices of Supervisory Boards” have been observed. The Committee of audit and the committee of remuneration have been appointed. The committee of audit consisted of: Marek Jutkiewicz, Raimondo Eggink, Robert Ogór, Marek Rocki. The Committee of remuneration consisted of: Marek Jutkiewicz, Ajit Virk, Martin Dokoupil, Raimondo Eggink. The meetings of the committee of audit were held on August 14th, October 31st, November 13th.

Assessing the situation of the Company in 2008, the Supervisory Board states, that the process of the merger through so-called the reverse takeover of the Company by the KOFOLA SPV Sp. z o.o. has been successfully completed. The registration of the merger was made by court on May 30<sup>th</sup> 2008. The far-reaching organizational and ownership changes that occurred in 2008, have made the Company a leading player in the central-european market of beverages with strong financial background. In the opinion of the Supervisory Board, the Company has a significant potential of improvement of its efficiency and achievement of sustainable growth in the long term and, in particular, is well prepared to face the consequences of ongoing (except Poland) recession.

The Supervisory Board simultaneously considers that the increased scale of operations of the Company and aforementioned organizational changes justify a review of internal control system and risk management system to ensure that these systems are adequate. Making such a review will be commissioned to the auditor of the Company.