

## CURRENT REPORT

### KOFOLA-HOOP S.A.

July 7th 2008

Current Report No. 23/2008

### **Assessment of the Company by the Supervisory Board**

The Management Board of KOFOLA – HOOP S.A. hereby releases *The Supervisory Board's Assessment of the Company's Standing in 2007, The Annual Report on the Activity of the Supervisory Board and Evaluation of Its Work and The Supervisory Board's Assessment of the Company's Financial Statements.*

In accordance with the rule laid down in Section II.1.6 of the *Code of Best Practice for WSE Listed Companies*, the Supervisory Board of KOFOLA – HOOP S.A. prepared an assessment of the Company's standing, an evaluation of the Supervisory Board's work, an assessment of the Company's financial statements as well as a report on the Supervisory Board's activity in 2007.

### **The Supervisory Board's Assessment of the Company's Standing in 2007**

In compliance with the *Code of Best Practice for WSE Listed Companies*, attached as an Appendix to Resolution No. 12/1170/2007 of the WSE Supervisory Board, dated July 4th 2007, on July 3rd 2008 the Supervisory Board of KOFOLA-HOOP S.A. assessed the Company's standing in 2007.

2007 was a milestone year for the Company as it saw the commencement of the merger process aimed at combining HOOP S.A. with KOFOLA SPV Sp. z o.o., the process which was continued throughout the year. In November, under Resolution No. 16/2007 of November 27th 2007 adopted by the Management Board of HOOP S.A. and under Resolution of November 23rd 2007 adopted by the Management Board of Kofola SPV Sp. z o.o., a plan of merger was announced. According to the plan of merger, Kofola's shareholders received – by virtue of Resolution No. 3 adopted by the General Shareholders Meeting of HOOP S.A. on March 31st 2008 – 13,083,342 newly issued Series F shares in HOOP S.A., against a contribution in kind in the form of 100% of the shares in Kofola SPV Sp. z o.o. The shares delivered to Kofola's shareholders represented 49.99% of the Company's share capital following the merger. The merger gave rise to a group of producers of non-alcoholic beverages with an annual turnover of over PLN 1.4bn, whose business presence spans five countries of Central and Eastern Europe.

Independently from the implementation of the merger, the Company's General Shareholders Meeting adopted Resolution No. 1 of November 13th 2007 giving approval for the transfer of Hoop S.A.'s business as an in-kind contribution to Hoop Polska Sp. z o.o. In exchange for the contribution, the Company acquired 641,780 new shares in Hoop Polska Sp. z o.o. As a result, the operating activity of Hoop S.A. was transferred to Hoop Polska Sp. z o.o. By

implementing the General Shareholders Meeting's resolution, the Management Board of Hoop S.A. integrated all the production, trading and marketing activities conducted by the Hoop Group companies in the territory of Poland within a single entity, while Hoop S.A. (renamed Kofola-Hoop S.A. upon consummation of the merger with Kofola SPV Sp. z o.o.) took over the management of the entire Hoop Group.

The Company recorded a considerable improvement in the financial ratios serving as a measure of operating performance. With a 14% increase in sales, the Company posted a net profit of over PLN 18m. The strong results were achieved despite the need to incur additional expenditure in connection with the merger process.

Given further organisational changes contemplated by the Company with a view to streamlining its cost base, taking full advantage of the potential of the combined entity and capturing the merger synergies, the Supervisory Board assesses the Company's standing in 2007 as good.

### **The Annual Report on the Activity of the Supervisory Board in 2007 and Evaluation of its Work**

At its meeting held on July 3rd 2008, the Supervisory Board reviewed its activity in the period January 1st – December 31st 2007.

In the period under review, the Supervisory Board was composed of:

Mr Andrzej Jesionek	- Chairman
Ms Beata Martynowska	- Member
Mr Raimondo Eggink	- Member
Mr Tomasz Krysztofiak	- Member
Mr Marek Rocki	- Member.

In the reporting period, the Supervisory Board's meetings were held on the following days:

- January 8th,
- January 19th (resumed, after an adjournment, on January 25th),
- March 27th,
- May 28th,
- July 23rd,
- October 30th,
- December 5th.

In total, the Supervisory Board adopted 22 resolutions, eight of which were adopted by casting votes in writing: Resolution No. 1/2007 on adoption of the consolidated text of HOOP S.A.'s Articles of Association, Resolution No. 5/2007 expressing an opinion on draft resolutions of the Extraordinary General Shareholders Meeting convened for April 27th 2007, Resolution No. 6/2007 on drawing up of the consolidated text of HOOP S.A.'s Articles of Association, Resolution No. 10/2007 concerning the Report on the Activity of the Supervisory Board in 2006, Resolution No. 11/2007 concerning the Supervisory Board's Assessment of the Company's standing in 2006, Resolution No. 12/2007 concerning compliance with *Best Practices in Public Companies 2005*, Resolution No. 13/2007 on adoption of the Supervisory Board's Report on the Results of the Assessment of the Directors' Report on the Company's Operations in 2006 and the Company's Financial Statements for 2006 and Resolution No. 14/2007 on approval of the sale by the Company of registered shares in Rabat Pomorze S.A.

The Supervisory Board is allowed to adopt resolutions by casting votes in writing on the basis of Par. 20.5 of the Company's Articles of Association.

The other resolutions were adopted at meetings of the Supervisory Board held at the Company's registered offices. At its meetings the Supervisory Board dealt mainly with issues arising in connection with the Company day-to-day operations:

By virtue of Resolution No. 2/2007, the Company's budget for 2007 was approved. Under Resolution No. 3/2007, Mr Andrzej Jesionek was authorised to represent the Company for the purpose of reaching an arrangement to terminate the sales and licence agreements of February 11th 2005 between the Company and Mr Dariusz Wojdyga, President of its Management Board. By virtue of Resolution No. 4/2007, the Supervisory Board approved the conversion of registered shares held by Messrs Dariusz Wojdyga and Marek Jutkiewicz to bearer shares, with a view to their subsequent dematerialisation and introduction to public trading.

By virtue of Resolution No. 7/2007, the Supervisory Board confirmed that the Directors' Report on the Company's Operations in 2006 and the Company's financial statements for 2006 were consistent with the accounting books, the evidence and the actual state of affairs, and moved the Annual General Shareholders Meetings for their approval.

By virtue of Resolution No. 8/2007, the Supervisory Board approved the Management Board's proposal regarding distribution of the Company's profit earned in 2006, i.e. the allocation of PLN 8,000 thousand for dividend payment and the allocation of PLN 4,707 to statutory reserve funds.

Under Resolution No. 15/2007, the Supervisory Board approved the Directors' Report on the Hoop Group's Operations in 2006 and the Group's consolidated financial statements for 2006. By virtue of Resolution No. 22/2007, the Supervisory Board gave its approval for the Company to issue a blank promissory note and to make a declaration on submission to enforcement with respect to its liabilities under a cooperation agreement with Kredyt Bank S.A.

Apart from the supervision over the Company's day-to-day operations, the Supervisory Board's work concentrated to a large extent on issues related to the Company's merger with KOFOLA SPV Sp. z o.o. and acquisitions of other companies.

Under Resolution No. 17/2007, the Supervisory Board granted approval for the acquisition from Trinity Shelf Companies Sp. z o.o. of 100% of the shares in Inesco Investment Sp. z o.o., later, by virtue of the General Shareholders Meeting's Resolution No. 2 of October 31st 2007, renamed HOOP Polska Sp. z o.o.

Under Resolution No. 20/2007, the Supervisory Board gave its approval for the Company to acquire the new shares issued as part of the increase of the share capital of HOOP Polska Sp. z o.o. Under Resolution No. 21/2007, the Supervisory Board gave its approval for the acquisition of new shares in Fructo-Maj Sp. z o.o. of Granice, representing 80% of its share capital.

In the opinion of the Supervisory Board, the supervision it exercised over the Company's operations in 2007 was effective and its cooperation with the Management Board was unobjectionable. *Best Practice for Supervisory Boards* was complied with in its entirety, except with respect to Rule No. 28 – due a low number of members, the Supervisory Board decided not to set up an audit committee or a remuneration committee. The tasks of these committees were performed by the Supervisory Board as a whole.

### **The Supervisory Board's Assessment of the Company's Financial Statements**

On July 3rd 2008, having read the Directors' Report on the Company's Operations in 2007, the Company's financial statements for 2007 and the Auditor's Report on the audit of the 2007 financial statements, the Supervisory Board adopted a resolution to confirm that the

aforementioned documents were consistent with the accounting books, the evidence and the actual state of affairs.

Legal basis : other regulations.