EVALUATION BY THE SUPERVISORY BOARD OF MAKARONY POLSKIE S.A.

REGARDING THE SITUATION OF THE COMPANY IN THE FISCAL YEAR 2008

This report fulfils the obligations of the Supervisory Board resulting from §5 of the Bylaws of Makarony Polskie S.A. Supervisory Board, and the rule III.1.1 of the Code of Best Practice for WSE Listed Companies in force from 1 January 2008.

Pursuant to art. 382 §1 of the Commercial Companies Code and §19 (a) of the Company's Statute, the Supervisory Board in 2008 executed ongoing supervision of the Company's operations in all scopes of its activity, and examined and evaluated quarterly reports of the Management Board on the implementation of the Company's financial plan.

The Supervisory Board evaluated positively the performance of Makarony Polskie S.A. and the Management Board in charge of the Company in 2008. In the Supervisory Board's opinion the period featured systematic work on strengthening the market position of Makarony Polskie S.A.

After 2007, which was a year of intensive development and changes for the Company - Makarony Polskie S.A. made a debut on the Warsaw Stock Exchange and built the Capital Group, the period of 2008 was used for re-organisation and rearranging the Groups structure. Other changes included centralization of sales, marketing, logistics and administration. In May 2008 the structure of Makarony Polskie S.A. incorporated the company Abak Sp. z o.o. The process of restructuring was difficult and costly, however its primary assumptions were fully implemented, and Makarony Polskie Group has been clearly strengthened. For the end of 2008 the administrative costs were approximately 200 thousand PLN lower than in the end of 2007.

Apart from the structural changes in 2008 the Company continued to expand the production potential within the scope of pasta production. Endeavours were undertaken to considerably increase automation and reduce costs of the manufacturing processes. Innovation investments conducted in the Plants in Rzeszów and Częstochowa of value over 25 million PLN allowed for expanding production capacity by over 40% which gives the Company the top position in Poland with regard to manufacturing capacity and assortment of products. The expected return of investment will be considerably increased by the obtained investment grants amounting to 11,4 million PLN. Reaching the full capacity in the second quarter of 2009 will allow for decreasing unit production costs and improving effectiveness.

In 2008 the Company continued activities initiated in 2007 aiming at increasing effectiveness of sales structures and expanding distribution of products sold under their own brand names. Currently

products of the Group's Companies are sold in all significant chain stores and in the best retail outlets of traditional trade. In 2008, pasta and prepared dishes bearing the Group's brand names provided for 35% of income compared to 19% in 2007. The expansion of distribution was connected with additional, often one-time financial expenses, which had impact on the overall result of 2008.

The year 2008 also involved a great deal of external events which hindered the investment processes as well as the Company's re-organisation. The most severe, particularly for pasta production, resulted from the world crisis in the market of raw materials from the end of 2007 and early 2008 - the rapid, systematic increase in the prices of flour decreased the profit margin on pasta sales. The Company secured a part of raw material purchases with permanent contracts for purchases of flour, however, due to the fact that the purchasing cost of flour constitutes the main cost of pasta manufacture (ca. 65% of the total manufacturing cost for soft flour products, and about 80% for semolina-based pastas) it allowed for only partial reduction of the negative impact of the increase in prices of the material on the financial results. Strengthening of Polish currency, on the other hand, decreased rate of return on export, which forced the Group to resign from many contracts, which have not been renewed until today.

The above external conditions, as well as the internal factors such as the investment projects under construction and the resulting limitation of production, one-time costs of restructuring and expansion of distribution caused the negative financial result for the first time in the Group's history. Similarly, incomes increased only by a little less than 6%, while in previous years they exceeded 30% annually.

It should be emphasised, however, that Makarony Polskie Group has finished a costly process of restructuring, and its basic assumptions have been fully implemented, therefore in the following years positive effects of those activities should be expected in the form of high dynamics of income from sales and record financial results.

Zenon Daniłowski
Chairman of the Supervisory Board