

Dear Ladies and Gentlemen,

The past calendar year was decisive in the Company's history, as the Company was saved before inevitable liquidation. When I took the office of President of the Management Board at the end of July 2008 the position of the Company was dramatic. The Company neither possessed a package of concluded agreements, nor production process was conducted, nor had cash in hand, the Company's deficit amounted to a sum of PLN 6 million, and any and all trade and budgetary liabilities were past due. The Company had none financial reserves.

During four months we were able to stabilize the Company's position and commence process of deep reconstruction. In effectively conducted transformation process we were able to conclude agreements with main creditors and decrease deficit by the half. We create new products and construct portfolio of new customers. Pursuant to the assumptions of the restructuring plan we have also gained the financial investor. We have reformed principles of functioning of the entire, starting from terms of conclusion of trade agreements, circulation of documents, policy and principles of manufacture, flow of information in the Company, and finishing at human resources policy. We have built managers team whose belief in the sense of our undertaking is same as mine. We have reformed the entire organization. At present, it is not a manufacture plant of other age, but it is high-tech Company.

The high level of loss recorded by ZL Orzeł in the 2008 year is a result of necessary, drastic reconstruction which was to be conducted to continue the Company's existence. Additionally, considering conservative approach and safe valuation of the assets we have established provisions for overdue debts, provided goods revaluation write-offs and incurred costs of compensations for dismissed employees (in sum of 200 persons). And what is of significant importance, decreasing the salary budget we have not affected decrease of capacity.

Owing to cooperation with the MDDP entity integration of booking systems has been completed, and the Company's account books present the highest level.

I am thankful to all shareholders for trust displayed in such difficult and risk undertaking.

Rafał Czupryński

President of the Management Board
Z.L. "Orzeł" S.A.