

POLISH FINANCIAL SUPERVISION AUTHORITY
Consolidated Quarterly Report QSr 1/2010

(According to § 82 item 2 and § 83 item 1 of the Finance Ministry Decree as of 19th February 2009
– Journal of Law No.33, item 259)

(For issuers of securities who are dealing with manufacturing, building, trading and servicing activity)
For the 1st quarter 2010 comprising the period from 2010-01-01 to 2010-03-31

That includes consolidated financial statement in accordance to IAS/IFRS

In currency: PLN

And abridged financial statement in accordance to IAS/IFRS

In currency: PLN

Date 2010-05-12
(date of delivery)

Zakłady Urządzeń Komputerowych ELZAB S.A.		
(full name of an issuer)		
ZUK ELZAB S.A.	computering and telecommunication	
(short name of an issuer)	(sector according to qualification of GPW Warsaw)	
41-813	ZABRZE	
(postal code)	(town)	
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Street	number	
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SELECTED ELZAB GROUP FINANCIAL DATA	PLN thousand		EUR thousand	
	1 quarter 2010	1 quarter 2009	1 quarter 2010	1 quarter 2009
Net revenues on sales of products, goods and supplies	14 732	16 096	3 714	4 058
Profit (loss) on operating activity	1 287	1 853	324	467
Gross profit (loss)	1 229	1 505	310	379
Net profit (loss) falling per parent company shareholders	972	1 221	245	308
Net cash flows on operating activity	1 322	963	342	249
Net cash flows on investments	-680	-274	-176	-71
Net cash flows on financial activity	-353	191	-91	49
Total net cash flows	289	880	75	228
Annualized profit/loss per one ordinary share (PLN / EUR)	0,26	-0,04	0,06	-0,01

SELECTED ELZAB GROUP FINANCIAL DATA	PLN thousand		EUR thousand	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Total assets	59 470	58 305	15 398	15 096
Long-term liabilities and provisions	6 741	6 697	1 745	1 734
Short-term liabilities and provisions	10 648	10 466	2 757	2 710
Equity	42 081	41 142	10 896	10 652
Share capital	22 143	22 143	5 733	5 733
Number of shares	16 137 050	16 137 050	16 137 050	16 137 050
Book value per share (PLN / EUR)	2,61	2,55	0,68	0,66

SELECTED ELZAB FINANCIAL DATA	PLN thousand		EUR thousand	
	1 quarter 2010	1 quarter 2009	1 quarter 2010	1 quarter 2009
Net revenues on sales of products, goods and supplies	13 700	13 962	3 454	3 520
Profit (loss) on operating activity	1 228	1 854	310	467
Gross profit (loss)	1 208	1 761	305	444
Net profit (loss)	929	1 453	234	366
Net cash flows on operating activity	1 376	1 518	356	393
Net cash flows on investments	-621	-273	-161	-71
Net cash flows on financial activity	-323	-466	-84	-121
Total net cash flows	432	779	112	202
Annualized profit/loss per one ordinary share (PLN / EUR)	0,25	-0,22	0,06	-0,05

SELECTED ELZAB FINANCIAL DATA	PLN thousand		EUR thousand	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Total assets	61 129	59 758	15 828	15 473
Long-term liabilities and provisions	5 979	5 964	1 548	1 544
Short-term liabilities and provisions	8 811	8 394	2 281	2 173
Equity	46 339	45 400	11 998	11 755
Share capital	22 143	22 143	5 733	5 733
Number of shares	16 137 050	16 137 050	16 137 050	16 137 050
Book value per share (PLN / EUR)	2,87	2,81	0,74	0,73

The report includes:

1. Consolidated financial statement
2. ELZAB SA financial statement
3. Additional information to the report

SIGNATURES OF PERSONS REPRESENTING THE COMPANY

Date	Full name	Position / Function	Signature
12.05.2010	Jerzy Biernat	Deputy Chairman of the Management Board - CEO	
12.05.2010	Jerzy Malok	Member of Management Board, Commerce Vice-President	

CONSOLIDATED FINANCIAL SITUATION STATEMENT**CONSOLIDATED BALANCE SHEET (PLN thousand)**

ASSETS	As of 31.03.2010	As of 31.12.2009	As of 31.03.2009
A. Fixed assets (long-term)	19 696	19 696	18 469
1. Tangible fixed assets	12 051	12 234	10 513
2. Goodwill	2 423	2 423	4 312
3. Intangibles	3 142	2 984	2 351
4. Long-term financial assets	405	405	405
5. Deferred income tax assets	851	826	770
6. Long-term receivables and prepayments	824	824	118
B. Current assets (short-term)	32 502	31 337	32 313
1. Inventories	12 239	12 011	12 473
2. Short-term receivables and prepayments	13 800	13 102	13 146
3. Tax receivables	157	207	149
4. Cash and cash equivalents	6 306	6 017	6 545
C. Long-term assets classified as intended for sale	7 272	7 272	7 272
Total assets	59 470	58 305	58 054

LIABILITIES	As of 31.03.2010	As of 31.12.2009	As of 31.03.2009
A. Equity capital	42 081	41 142	39 131
1. Initial capital	22 143	22 143	22 143
2. Surplus on shares sale above their nominal value	11 211	11 211	11 211
3. Own shares	-2 250	-2 250	-1 996
4. Other supplementary capital - own shares	254	254	0
5. Supplementary capital	5 289	5 289	8 546
6. Exchange rate differences from recalculation of associates	-602	-554	-509
7. Profit accumulated, including:	5 950	4 967	-356
7.1. Accumulated profit/loss from prior years	4 978	596	-1 577
7.2. Net profit/loss of current financial year	972	4 371	1 221
8. Minority shares	86	82	92
B. Long-term liabilities	6 741	6 697	6 763
1. Provisions	2 393	2 393	2 373
2. Deferred income tax provisions	388	379	200
3. Long-term bank credits and loans	3 204	3 220	3 985
4. Other long-term liabilities (leasing)	560	516	0
5. Long-term liabilities and accruals	196	189	205
C. Short-term liabilities	10 648	10 466	12 160
1. Provisions	1 829	1 762	1 443
2. Short-term bank loans	746	819	997
3. Short-term part of long-term bank loans and credits	1 435	1 659	1 505
4. Other short-term financial receivables (leasing)	94	115	0
5. Short-term liabilities and accruals	6 544	6 111	8 215
6. Tax liabilities			
Total liabilities	59 470	58 305	58 054

CONTINGENT LIABILITIES AND OFF-BALANCE POSITIONS	As of 31.03.2010	As of 31.12.2009	As of 31.03.2009
1. Contingent liabilities	717	717	27
1.1. In favour of other entities (at the title of)	717	717	27
- promisory note securement of operating leasing agreement	717	717	27
2. Off-balance liabilities	272	289	0
2.1. In favour of other entities (at the title of)	272	289	0
- operating lease agreement (net capital part)	272	289	
Contingent liabilities and off-balance positions total:	989	1 006	27

CONSOLIDATED TOTAL INCOME STATEMENT**CONSOLIDATED PROFIT AND LOSS ACCOUNT (PLN thousand)**

CALCULATION VARIANT	I quarter / 2010 from 2010-01-01 to 2010-03-31	I quarter / 2009 from 2009-01-01 to 2009-03-31
A. Net revenues on sale products, goods and materials	14 732	16 096
B. Costs of sold products, goods and materials	9 275	10 077
C. Gross profit/loss on sale (A-B)	5 457	6 019
D. Costs of sale	1 198	920
E. Overhead costs	3 212	3 357
F. Net profit/loss on sale (C-D-E)	1 047	1 742
G. Other operating revenues	389	217
H. Other operating costs	149	106
I. Zysk/strata z działalności operacyjnej (F+G-H)	1 287	1 853
J. Przychody finansowe	265	144
K. Odpis ujemnej wartości firmy		
L. Koszty finansowe	323	492
M. Odpis wartości firmy		
N. Gross profit/loss (I+J+K-L-M)	1 229	1 505
O. Income tax	253	318
P. Net profit/loss on operating activity (N-O)	976	1 187
R. Profit/loss on ceased activity	0	0
S. Net profit/loss (P+R)	976	1 187
Falling on:		
Shareholders of the parent company	972	1 221
Minority shares	4	-34
T. Other total income	-38	-29
Release of provisions at the title of tax and balance sheet depreciation difference as a result of fixed assets valuation	10	4
Exchange rate differences from recalculation of associates	-48	-33
U. Total income (S+T)	938	1 158
Annualized net profit	4 122	-602
Annualized earnings per share:		
- number of shares	16 137 050	16 137 050
- profit (loss) per one share on continued activity	0,26	-0,04
- profit (loss) per one share on ceased activity	0,00	0,00

CONSOLIDATED CASH FLOW

INDIRECT METHOD	I quarter / 2010 from 2010-01-01 to 2010-03-31	I quarter / 2009 from 2009-01-01 to 2009-03-31
Cash flow from operating activity		
Net profit/loss	972	1 221
Adjustments by:	370	-258
Participation in net profits/losses of associates and joint ventures accounted with equity method		
Minority interest	4	-34
Amortization of tangible and intangible assets	617	628
Goodwill loss		
Profits/losses on exchange rate differences	14	190
Costs and revenues on interest	116	112
Revenues on dividends		
Profit/loss on investment activity	-2	
Change in provisions position	67	163
Change in inventory position	-282	-776
Change in receivables and prepayments position	-713	-874
Change in liabilities and accruals position	463	233
Income tax covered by the profit and loss account	253	318
Paid / returned income tax	-203	-222
Other adjustments	36	4
Net cash flow from operating activity	1 342	963
Cash flow from investment activity		
Income from sale of tangible and intangible assets	21	
Net income from sale of associates and subsidiaries		
Income from sale of financial assets	17	17
Income from interest		
Income from dividends		
Repayment of granted loans		
Expenses for acquisition of tangible and intangible assets	718	291
Net expenses for acquisition of subsidiaries and associates		
Expenses for acquisition of short-term financial assets		
Loans granted		
Other		
Net cash flow from investment activity	-680	-274
Cash flow from financial activity		
Income from loans and credits	841	1 308
Net income from issue of shares, bonds, bills of exchange		
Other		5
Repayment of loans and credits	1 030	834
Payment of liabilities resulting from agreements on financial leasing	27	
Dividends paid to the Company's shareholders		
Dividends paid to the minority shareholders		
Acquisition of own shares		
Interest paid	116	112
Other	21	176
Net cash flow from financial activity	-353	191
Increase/ decrease in position of cash and cash equivalents	309	880
Cash and cash equivalents at the beginning of the period	6 017	5 665
Profit/loss due to exchange rate differences concerning cash and cash equivalents valuation	-20	0
Cash and cash equivalents at the end of the period	6 326	6 545
including:		
Funds purposed for repayment of factoring loan/credit: Advance payment	19	291
- cash of Company's Social Benefits Fund (ZFŚS)	128	181
Amount of unused overdraft in the bank account	6 000	6 000

Cash and cash equivalents indicated in cash flow do not correspond with balance sheet values by exchange rate differences from balance valuation

Exchange rate differences from balance sheet cash valuation total: I quarter 2010: PLN 20 thousand, I quarter 2009: - PLN 0

Non-monetary transactions indicated in cash flow, that would be excluded from financial and investment activity, did not occur.

Net cash flows related to discontinued activity did not occur.

LIST OF CHANGES IN THE EQUITY CAPITAL OF ELZAB GROUP (in thousand PLN)

	Initial capital	Surplus on shares sale above their nominal value	Own shares	Other supplementary capital - own shares	Supplementary capital created from profits	Reserve capital from fixed assets revaluation	Exchange rate differences from calculation of subsidiaries	Profit / loss from prior years and from current year	Profit / loss from prior years	Net profit / loss of current financial year	Total	Capitals of minority shareholders	Total Group Capital
Position (balance sheet) as of 01.01.2010	22 143	11 211	-2 250	254	4 904	385	-554	4 967	4 967		41 060	82	41 142
Change of accountancy principles											0		0
Position (balance sheet) as of 01.01.2010 after adjustments (after conversion)	22 143	11 211	-2 250	254	4 904	385	-554	4 967	4 967	0	41 060	82	41 142
Total income	0	0	0	0	0	0	-48	982	10	972	934	4	938
Income tax - Provisions release due to differences in balance sheet and tax amortization as a result of fixed assets valuation								10	10		10		10
Exchange rate differences from calculation of subsidiaries							-48	0			-48		-48
Profit / loss for the financial year								972		972	972	4	976
Other changes in equity capital	0	0	0	0	0	0	0	1	1	0	1	0	1
Buy-back of own shares, creation of reserve fund											0		0
Roundings								1	1		1		1
Position (balance sheet) as of 31.03.2010	22 143	11 211	-2 250	254	4 904	385	-602	5 950	4 978	972	41 995	86	42 081

	Initial capital	Surplus on shares sale above their nominal value	Own shares	Other supplementary capital - own shares	Supplementary capital created from profits	Reserve capital from fixed assets revaluation	Exchange rate differences from calculation of subsidiaries	Profit / loss from prior years and from current year	Profit / loss from prior years	Net profit / loss of current financial year	Total	Capitals of minority shareholders	Total Group Capital
Position (balance sheet) as of 01.01.2009	22 143	11 211	-1 996		8 161	385	-476	-1 581	-1 581		37 847	126	37 973
Change of accountancy principles											0		0
Position (balance sheet) as of 01.01.2009 after adjustments (after conversion)	22 143	11 211	-1 996		8 161	385	-476	-1 581	-1 581	0	37 847	126	37 973
Total income	0	0	0		-3 004	0	-78	6 973	2 602	4 371	3 891	-45	3 846
Fixed assets revaluation								403	403		403		403
Prior year financial result clearance					-3 004			3 004	3 004		0		0
Income tax - Provisions release due to differences in balance sheet and tax amortization as a result of fixed assets valuation								23	23		23		23
Exchange rate differences from calculation of subsidiaries							-78	0			-78		-78
Write-off of MEDESA Sp. z o.o. capitals as of the day of merger								-828	-828		-828		-828
Profit / loss for the financial year								4 371		4 371	4 371	-45	4 326
Other changes in equity capital	0	0	-254	254	-253	0	0	-425	-425	0	-678	1	-677
MICRA METRIPOND KFT fixed assets valuation actualization capital adjustment								-424	-424		-424		-424
Buy-back of own shares, creation of reserve fund			-254	254	-254			0			-254		-254
Roundings					1			-1	-1		0	1	1
Position (balance sheet) as of 31.12.2009	22 143	11 211	-2 250	254	4 904	385	-554	4 967	596	4 371	41 060	82	41 142

	Initial capital	Surplus on shares sale above their nominal value	Own shares	Other supplementary capital - own shares	Supplementary capital created from profits	Reserve capital from fixed assets revaluation	Exchange rate differences from calculation of subsidiaries	Profit / loss from prior years and from current year	Profit / loss from prior years	Net profit / loss of current financial year	Total	Capitals of minority shareholders	Total Group Capital
Position (balance sheet) as of 01.01.2009	22 143	11 211	-1 996	0	8 161	385	-476	-1 581	-1 581		37 847	126	37 973
Exchange rate differences from calculation of subsidiaries							-33	0			-33		-33
Income tax - Provisions release due to differences in balance sheet and tax amortization as a result of fixed assets valuation								4	4		4		4
Profit / loss for the financial period								1 221		1 221	1 221	-34	1 187
Total income for the period	0	0	0	0	0	0	-33	1 225	4	1 221	1 192	-34	1 158
Position (balance sheet) as of 31.03.2009	22 143	11 211	-1 996	0	8 161	385	-509	-356	-1 577	1 221	39 039	92	39 131

FINANCIAL SITUATION STATEMENT**BALANCE SHEET (PLN thousand)**

ASSETS	As of 31.03.2010	As of 31.12.2009	As of 31.03.2009
A. Fixed assets (long-term)	18 446	18 373	16 701
1. Tangible fixed assets	9 747	9 835	8 345
2. Intangibles	3 125	2 964	2 323
3. Long-term financial assets	4 003	4 003	5 194
4. Deferred income tax assets	747	747	721
5. Long-term receivables and prepayments	824	824	118
B. Current assets (short-term)	35 411	34 113	33 332
1. Inventories	10 869	10 624	9 981
2. Short-term receivables and prepayments	18 384	17 713	17 176
3. Tax receivables	157	207	149
4. Cash and cash equivalents	6 001	5 569	6 026
C. Long-term assets classified as intended for sale	7 272	7 272	7 272
Total assets	61 129	59 758	57 305

LIABILITIES	As of 31.03.2010	As of 31.12.2009	As of 31.03.2009
A. Equity capital	46 339	45 400	42 142
1. Initial capital	22 143	22 143	22 143
2. Surplus on shares sale above their nominal value	11 211	11 211	11 211
3. Own shares	-2 250	-2 250	-1 996
4. Other supplementary capital - own shares	254	254	0
5. Supplementary capital	5 289	5 289	8 546
6. Profit accumulated, including:	9 692	8 753	2 238
6.1. Accumulated profit/loss from prior years	8 763	4 211	785
6.2. Net profit/loss of current financial year	929	4 542	1 453
B. Long-term liabilities	5 979	5 964	5 892
1. Provisions	2 366	2 366	2 350
2. Deferred income tax provisions	257	242	122
3. Long-term bank credits and loans	2 865	2 865	3 420
4. Other long-term liabilities (leasing)	470	470	0
5. Long-term liabilities and accruals	21	21	0
C. Short-term liabilities	8 811	8 394	9 271
1. Provisions	1 761	1 713	1 314
2. Short-term bank loans	746	819	997
3. Short-term part of long-term bank loans and credits	416	555	416
4. Other short-term financial receivables (leasing)	81	106	0
5. Short-term liabilities and accruals	5 807	5 201	6 544
6. Tax liabilities			0
Total liabilities	61 129	59 758	57 305

CONTINGENT LIABILITIES AND OFF-BALANCE POSITIONS	As of 31.03.2010	As of 31.12.2009	As of 31.03.2009
1. Contingent liabilities	717	717	27
1.1. In favour of other entities (at the title of)	717	717	27
- promisory note securement of operating leasing agreement	717	717	27
2. Off-balance liabilities	272	289	0
2.1. In favour of other entities (at the title of)	272	289	0
- operating lease agreement (net capital part)	272	289	0
Contingent liabilities and off-balance positions total:	989	1 006	27

TOTAL INCOME STATEMENT**PROFIT AND LOSS ACCOUNT (PLN thousand)**

CALCULATION VARIANT	I quarter / 2010 from 2010-01-01 to 2010-03-31	I quarter / 2009 from 2009-01-01 to 2009-03-31
A. Net revenues on sale products, goods and materials	13 700	13 962
B. Costs of sold products, goods and materials	8 778	8 700
C. Gross profit/loss on sale (A-B)	4 922	5 262
D. Costs of sale	893	614
E. Overhead costs	2 919	2 886
F. Net profit/loss on sale (C-D-E)	1 110	1 762
G. Other operating revenues	254	181
H. Other operating costs	136	89
I. Profit (loss) on operating activity (F+G-H)	1 228	1 854
J. Financial revenues	151	127
K. Financial expenses	171	220
L. Gross profit/loss (I+J-K)	1 208	1 761
M. Income tax	279	308
N. Net profit/loss on operating activity (L-M)	929	1 453
O. Profit/loss on ceased activity		
P. Net profit/loss (N+O)	929	1 453
R. Other total incomes	10	4
Income tax - reserve settlement due to difference in balance sheet and tax depreciation	10	4
S. Total income (P+R)	939	1 457
Net profit (loss) annualled	4 018	-3 478
Annualled earnings per share:		
- number of shares	16 137 050	16 137 050
- profit (loss) per one share on continued activity	0,25	-0,22
- profit (loss) per one share on discontinued activity	0,00	0,00

CASH FLOW

INDIRECT METHOD	I quarter / 2010 from 2010-01-01 to 2010-03-31	I quarter / 2009 from 2009-01-01 to 2009-03-31
Cash flow from operating activity		
Net profit/loss	929	1 453
Adjustments by:	467	65
Amortization of tangible assets	296	236
Amortization of intangible assets	269	330
Goodwill loss		
Profits/losses on exchange rate differences	20	0
Costs and revenues on interest	86	85
Revenues on dividends		
Profit/loss on investment activity		
Change in provisions position	38	123
Change in inventories position	-245	-1 018
Change in receivables and prepayments position	-689	-641
Change in liabilities and accruals position	606	860
Income tax covered by the profit and loss account	279	308
Paid / returned income tax	-203	-222
Other adjustments	10	4
Net cash flow from operating activity	1 396	1 518
Cash flow from investment activity		
Income from sale of tangible and intangible assets	19	
Net income from sale of associates and subsidiaries		
Income from sale of financial assets	17	17
Income from interest		
Income from dividends		
Repayment of granted loans and credits		
Expenses for acquisition of tangible and intangible assets	657	290
Net expenses for acquisition of subsidiaries and associates		
Expenses for acquisition of short-term financial assets		
Loans and credits granted		
Other		
Net cash flow from investment activity	-621	-273
Cash flow from financial activity		
Income from loans and credits	790	852
Net income from issue of shares, bonds, bills of exchange		
Repayment of loans and credits	1 002	1 232
Payment of liabilities resulting from agreements on financial leasing	25	
Dividends paid to the Company's shareholders		
Dividends paid to the minority shareholders		
Acquisition of own shares		
Interest paid	86	86
Other		
Net cash flow from financial activity	-323	-466
Increase/ decrease in position of cash and cash equivalents	452	779
Cash and cash equivalents at the beginning of the period	5 569	5 247
Profit/loss due to exchange rate differences concerning cash and cash equivalents valuation	-20	0
Cash and cash equivalents at the end of the period	6 021	6 026
including:		
Funds purposed for repayment of factoring loan/credit:		
Advance payment	19	291
- cash of Company's Social Benefits Fund (ZFŚS)	128	181
Amount of unused overdraft in the bank account	6 000	6 000

Cash and cash equivalents indicated in cash flow do not correspond with balance sheet values by exchange rate differences from balance valuation

Exchange rate differences from balance sheet cash valuation total: I quarter 2010: PLN 20 thousand, I quarter 2009: - PLN 0 thousand

Non-monetary transactions indicated in cash flow, that would be excluded from financial and investment activity, did not occur. Net cash flows related to discontinued activity did not occur.

LIST OF CHANGES IN THE EQUITY CAPITAL OF ELZAB (PLN THOUSAND)

	Initial capital	Surplus on shares sale above their nominal value	Own shares	Other supplementary capital - own shares	Supplementary capital created from profits	Reserve capital from fixed assets revaluation	Profit / loss from prior years and from current year	Profit / loss from prior years	Net profit /loss of current financial year	Total
Position (balance sheet) as of 01.01.2010	22 143	11 211	-2 250	254	4 904	385	8 753	8 753		45 400
Change of accountancy principles										0
Position (balance sheet) as of 01.01.2010 after adjustments (after conversion)	22 143	11 211	-2 250	254	4 904	385	8 753	8 753	0	45 400
Total income	0	0	0	0	0	0	939	10	929	939
Income tax - Provisions release due to differences in balance sheet and tax amortization							10	10		10
Profit / loss for the financial year							929		929	929
Other changes in equity capital	0	0	0	0	0	0	0			0
Buy-back of own shares, creation of reserve fund							0			0
Roundings										0
Position (balance sheet) as of 31.03.2010	22 143	11 211	-2 250	254	4 904	385	9 692	8 763	929	46 339

	Initial capital	Surplus on shares sale above their nominal value	Own shares	Other supplementary capital - own shares	Supplementary capital created from profits	Reserve capital from fixed assets revaluation	Profit / loss from prior years and from current year	Profit / loss from prior years	Net profit /loss of current financial year	Total
Position (balance sheet) as of 01.01.2009	22 143	11 211	-1 996	0	8 161	385	781	781		40 685
Change of accountancy principles										0
Position (balance sheet) as of 01.01.2009 after adjustments (after conversion)	22 143	11 211	-1 996	0	8 161	385	781	781	0	40 685
Total income	0	0	0	0	-3 004	0	7 972	3 430	4 542	4 968
Fixed assets revaluation							403	403		403
Prior year financial result clearance					-3 004		3 004	3 004		0
Income tax - Provisions release due to differences in balance sheet and tax amortization							23	23		23
Profit / loss for the financial year							4 542		4 542	4 542
Other changes in equity capital	0	0	-254	254	-253	0	0			-253
Buy-back of own shares, creation of reserve fund			-254	254	-254		0			-254
Roundings					1					1
Position (balance sheet) as of 31.12.2009	22 143	11 211	-2 250	254	4 904	385	8 753	4 211	4 542	45 400

	Initial capital	Surplus on shares sale above their nominal value	Own shares	Other supplementary capital - own shares	Supplementary capital created from profits	Reserve capital from fixed assets revaluation	Profit / loss from prior years and from current year	Profit / loss from prior years	Net profit /loss of current financial year	Total
Position (balance sheet) as of 01.01.2009	22 143	11 211	-1 996	0	8 161	385	781	781		40 685
Profit / loss for the financial period							1 453		1 453	1 453
Other total income - release of provision for amortization differences in fixed assets valuation							4	4		4
Total income for the period	0	0	0	0	0	0	1 457	4	1 453	1 457
Position (balance sheet) as of 31.03.2009	22 143	11 211	-1 996	0	8 161	385	2 238	785	1 453	42 142

ELZAB S.A. Computer Works

Additional Information to ELZAB Group Abridged
Consolidated Financial Statement

for the first quarter 2010



ELZAB Group
Additional Information to the Abridged Consolidated financial statement according to IAS/IFRS
First quarter of 2010 (PLN thousand)

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I. Basic Information

1. ELZAB S.A. Basic Information

ELZAB S.A. Computer Works
ul. Kruczkowskiego 39
41-813 Zabrze
Tel. +48 32 272 20 21
Fax. +48 32 272 25 83
www.elzab.com.pl

Auditor: Kancelaria Porad Finansowo-Księgowych dr Piotr Rojek Sp. z o.o.

PAC: 2620Z (PKD 2007) – manufacture of computers and peripherals

PAC: 3002Z (PKD 2004) – manufacture of computers and other information processing equipment

REGON [Business Statistical No]: 270036336

NIP [Tax Identification No]: 648-000-02-55

GIOS [Central Environment Protection Inspectorate]: E0000414WZ

KRS 95317: Court of First Instance in Gliwice, 10th Business Department

Share capital: PLN 22 142 962,40

Paid in capital: PLN 22 142 962,40

The Company has been listed at Warsaw Stock Exchange since 13.05.1998.

Listing market: basic

Sector: Information / Computer Technology

Listing system: continuous

Segment: 5 PLUS

The Company joined the Liquidity Support Program

2. ELZAB S.A. Management Board and Supervisory Board members

Members of the Management Board:

Eugeniusz Pajęczek – Chairman (until 30.04.2010)

Jerzy Biernat – Deputy Chairman CEO

Jerzy Malok – Member, Deputy Chairman for Commerce

Members of the Supervisory Board:

Paweł Damian Dudziuk – Chairman of the Supervisory Board

Dawid Marek Sukacz – Deputy Chairman of the Supervisory Board

Jerzy Ciesielski – Secretary of the Supervisory Board

Marcin Dobrzański – Member of the Supervisory Board

Jarosław Kopański – Member of the Supervisory Board

Andrzej Dudziuk – Member of the Supervisory Board

Jarek Astramowicz – Member of the Supervisory Board

3. ELZAB Group Composition

In the first quarter of 2010 – ELZAB Group consisted of the following entities included in the consolidation:

1. ELZAB S.A. – the parent company,
2. GENEZA SYSTEM S.A. – subsidiary, fully consolidated, ELZAB S.A. share– 76 % in the Company Capital and the GM,
3. MICRA METRIPOND KFT – subsidiary, fully consolidated, ELZAB S.A. share– 92,18 % in the Company Capital and the GM.

In the first quarter of 2010 no change in ELZAB Group structure occurred. In the comparable period of the 1st quarter of 2009, MEDESA Sp. z o.o. was included in consolidation - ELZAB S.A. share in the Company capital and at the GM was 100 %. On 31.07.2009 the merger between ELZAB S.A. and MEDESA Sp. z o.o. was registered.

ELZAB SOFT Sp. z o.o. is excluded from consolidation, ELZAB S.A. share – 55 % in the Company capital and at the GM and ORHMET Sp. z o.o. – 100 % in the Company capital and at the GM. In the light of one of the qualitative characteristics of financial statement made according to IAS/IFRS, i.e. significance, omitting the information does not affect investors' decisions made in virtue of the consolidated financial statement.

Basic items of ELZAB SOFT Sp. z o.o. balance-sheet and profit and loss account (PLN thousand):

• Balance-sheet sum as of 31.03.2010	254
• Sales revenues in the first quarter of 2010	218
• Profit/loss in the first quarter of 2010	17

Basic items of OHRMET Sp. z o.o. balance-sheet and profit and loss account (PLN thousand):

• Balance-sheet sum as of 31.03.2010	611
• Sales revenues in the first quarter of 2010	249
• Profit/loss in the first quarter of 2010	56

The subsidiary GENEZA SYSTEM S.A. holds shares in:

- ELZAB SOFT Sp. z o.o. - 25%.

II. Accounting Principles

The subject of the publication is the abridged consolidated report for the first quarter of 2010 including abridged quarterly statement of ELZAB S.A.

The consolidated financial statement and ELZAB S.A. financial statement were made with the assumption of the going concern in the foreseeable future. As of the day of making the financial statements, no circumstances are known to us to indicate any danger to ELZAB Group or ELZAB S.A. going concern.

The functional and reporting currency of the domestic companies is Polish Zloty (PLN). The functional currency of MICRA METRIPOND KFT with registered office in Hungary is Hungarian Forint (HUF).

The figures included in the financial statement are presented in PLN thousand. Sometimes the figures may be stated with higher accuracy.

The consolidated quarterly report of ELZAB Group for the reporting period from 01.01.2010 to 31.03.2010 includes:

- The financial standing report as of 31.03.2010, 31.12.2009 and 31.03.2009.
- The report of total income for the period from 01.01.2010 to 31.03.2010 and for the comparable period from 01.01.2009 to 31.03.2009,
- The cash-flow account for the period from 01.01.2010 to 31.03.2010 and for the comparable period from 01.01.2009 to 31.03.2009,
- The report on changes in equity for the period from 01.01.2010 to 31.03.2010, 01.01.2009 to 31.12.2009 and for the period from 01.01.2009 to 31.03.2009,
- The additional information in the scope defined in art. 87 section 3 and 4 of Minister's of Finance Decree of 19th February, 2009 and other additional information in the scope defined in art. 87 section 7, 9, 10 of Minister's of Finance Decree dated 19th February, 2009.

The consolidated financial statement for the first quarter of 2010 and for the comparable period of the first quarter of 2009 were made considering the principles of IAS/IFRS including the standards and interpretations accepted by the Council of International Accounting Standards and Permanent Committee for Interpretation.

The accounting principles applied were published on 27.04.2010 in the consolidated annual report 2009.

In both periods the identical accounting principles were applied and the data presented are comparable.

MICRA METRIPOND KFT, due to the regulations applicable in Hungary, still keeps its accounts and makes financial statements, according to Hungarian accounting standards and converts them to the IAS/IFRS for consolidation purposes.

III. Information on audit of the abridged financial statement

The abridged financial statement presented for the first quarter of 2010 was not audited by entity authorized to audit financial statements.

ELZAB Group
Additional Information to the Abridged Consolidated financial statement according to IAS/IFRS
First quarter of 2010 (PLN thousand)

IV. Selected financial data of ELZAB Group and ELZAB S.A.

ELZAB GROUP SELECTED FINANCIAL DATA	PLN thousand		EUR thousand	
	1st quarter 2010	1st quarter 2009	1st quarter 2010	1st quarter 2009
Net revenues on sales of products, goods and supplies	14 732	16 096	3 714	4 058
Profit (loss) on operations	1 287	1 853	324	467
Gross profit (loss)	1 229	1 505	310	379
Net profit (loss) falling on shareholders in the parent company	972	1 221	245	308
Net cash flows on operations	1 322	963	342	249
Net cash flows on investments	-680	-274	-176	-71
Net cash flows on financial activity	-353	191	-91	49
Total net cash flows	289	880	75	228
Annualized profit (loss) per one ordinary share (PLN / EUR)	0,26	-0,04	0,06	-0,01
ELZAB GROUP SELECTED FINANCIAL DATA	PLN thousand		EUR thousand	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Total assets	59 470	58 305	15 398	15 096
Long-term liabilities and reserves	6 741	6 697	1 745	1 734
Short-term liabilities and reserves	10 648	10 466	2 757	2 710
Equity	42 081	41 142	10 896	10 652
Share capital	22 143	22 143	5 733	5 733
Number of shares	16 137 050	16 137 050	16 137 050	16 137 050
Book value per share (PLN / EUR)	2,61	2,55	0,68	0,66

ELZAB SELECTED FINANCIAL DATA	PLN thousand		EUR thousand	
	1st quarter 2010	1st quarter 2009	1st quarter 2010	1st quarter 2009
Net revenues on sales of products, goods and supplies	13 700	13 962	3 454	3 520
Profit (loss) on operations	1 228	1 854	310	467
Gross profit (loss)	1 208	1 761	305	444
Net profit (loss)	929	1 453	234	366
Net cash flows on operations	1 376	1 518	356	393
Net cash flows on investments	-621	-273	-161	-71
Net cash flows on financial activity	-323	-466	-84	-121
Total net cash flows	432	779	112	202
Annualized profit (loss) per one ordinary share (PLN / EUR)	0,25	-0,22	0,06	-0,05
ELZAB SELECTED FINANCIAL DATA	PLN thousand		EUR thousand	
	31.03.2010	31.12.2009	31.03.2010	31.12.2009
Total assets	61 129	59 758	15 828	15 473
Long-term liabilities and reserves	5 979	5 964	1 548	1 544
Short-term liabilities and reserves	8 811	8 394	2 281	2 173
Equity	46 339	45 400	11 998	11 755
Share capital	22 143	22 143	5 733	5 733
Number of shares	16 137 050	16 137 050	16 137 050	16 137 050
Book value per share (PLN / EUR)	2,87	2,81	0,74	0,73

The following EURO rates have been assumed to convert the selected financial data:

- *to convert the asset and liability items as of 31.03.2010 and as of 31.12.2009 and cash flows for the first quarter of 2010 and the first quarter of 2009, the average EURO rate announced by NBP for 31.03.2010 was 3,8622*
- *to convert the profit and loss account items for the first quarter of 2010 and for the first quarter of 2009 the arithmetic average of the average EURO rates announced by NBP for the last day of each month from January to March, 2010 was 3,9669.*

V. ELZAB Group Consolidated financial statement

1. Significant achievements of ELZAB Group and events affecting the profit/loss – Revenues – Costs – Profit/Loss

ELZAB S.A. – the Parent Company is a manufacturer and supplier of retail support equipment and systems. It is a company specializing at design, manufacture and distribution of a wide range of cash registers and systems, peripherals and accessories to register and manage sales, such as: electronic scales, price controllers, non-fiscal printers, label printers, cash drawers, cash modems and multiplexers. The offer of ELZAB S.A. also includes music products under the brand name GLAB. Furthermore, since August, 2009 the offer of ELZAB S.A. has included the products of the taken over company - MEDESA Sp. z o.o., such as: commercial calculating and labeling scales, weighing bridges and service repairs in the scope of the equipment sold.

In the first quarter of 2010 ELZAB S.A. made ca. 60 % of the turnover through direct sales, branches in Warsaw and Wrocław and the trading offices in Żary and Suchy Las.

Ca. 40% of the sales were performed through the two-stage distribution network based on distributors. The highest, ca. 22%, turnover was performed by GENEZA SYSTEM S.A.

In the first quarter of 2010 the revenues on sales of ELZAB S.A. products, services, goods and supplies amounted to PLN 13 700 thousand and were by 1,9 % lower than those of the first quarter of 2009, amounting to PLN 13 962 thousand.

The revenues on sales of products were on comparable level to that gained in the first quarter of 2009.

Due to the fact that no new group of taxpayers has been included in the obligation to use fiscal equipment in 2010, the achievement of sales revenues comparable to the first quarter of 2009 is satisfactory, because the level of sales in the first quarter of 2009 was also affected by the execution of Minister's of Finance Decree on including some taxpayer groups in the obligation to register their sales since the 4th quarter of 2008.

The revenues on sales of services decreased by 2,8%, of which the sales of post-guarantee repair services dropped by 3,4 %.

The revenues on sales of goods and supplies increased by 7,4%, mainly caused by decrease of sale to cooperating entities.

The sales of selected products, compared to the first quarter of 2009 were on varying level.

Compared to the first quarter of 2009, the sales of system cash registers, fiscal printers, scales to be built in cash-booths, system scales have grown.

The sales of ELZAB Mini and ELZAB Jota were on a slightly lower level than those of the first quarter of 2009.

The number of ELZAB Eco cash registers sold has grown by over 4% as compared to the first quarter of 2009.

The sales of system cash registers of the ELZAB Delta family have grown by 4,3% as compared to the first quarter of 2009. ELZAB S.A. still is the leader of system cash register sales on the Polish market. A new cash register, ELZAB Delta Max was launched on the market during the last week of the first quarter of 2010. The product was well received by the market, due to the price offered, functionality and good quality.

The sales of specialist cash registers have grown by 8,5% as compared to the first quarter of 2009.

The export of cash registers to the Hungarian market has grown significantly, both in terms of value and quantity.

In the first quarter of 2010, compared to the corresponding quarter of the previous year, 3,6% growth of the number of fiscal printers sold was recorded.

A rapid growth of sales, by 21,6%, was noted in the CAT17 scales group and system scales from Epelsa, Spain, their sales have doubled.

The growth results from including of the above scales to ELZAB S.A. offer upon its merger with MEDESA Sp. z o.o.

The CAT17 scales are more and more commonly used in Polish franchising networks. The sales of simple and calculating scales Prima and Prima K have grown as well. The value of sales of both models has grown by 5,4% and 17,8% respectively, as compared to the first quarter of 2009.

The sales of ELZAB Alfa and price controllers, however, have significantly dropped as compared to the first quarter of 2009.

In the first quarter of 2010 the Company achieved gross return on sales of 35,9%, i.e. by 1,8 percentage point below the corresponding period of the previous year. The comments on the gross sales are included in the further part of this report..

GENEZA SYSTEM S.A.

The basic source of the Company revenues are revenues on sales of ELZAB S.A. products on the domestic market, mainly fiscal equipment.

In spite of the promoting campaigns carried out, the value of sales revenues achieved in the first quarter of 2010 in the amount PLN 2 709 thousand was by 6,5% lower than the revenues achieved in the comparable period of the previous year.

Although the revenues on sales were lower, the Company achieved a gross return on sales of 11,4%, i.e. on a comparable level to that of the first quarter of the previous year.

MICRA METRIPOND KFT

In the first quarter of 2010, the Company performed the manufacture and sales of electronic, calculating, labeling scales and weighing bridges and provided service repairs in the scope of the products sold. MICRA METRIPOND KFT also is a distributor of ELZAB S.A. products, including cash registers MICRA ECO Plus, MICRA ECO Prof, MICRA ECO Max.

The revenues on sales made in the first quarter of 2010 amounted to PLN 1 336 thousand and were by 24% higher, compared to the first quarter of last year. In the first quarter of 2010, like in the previous quarters, the economic situation in Hungary affected the level of revenues gained. Starting from the second quarter of 2009, restructuring has been carried out at the Company concerning mainly the sales reorganization and cost restructuring.

The growth of revenues on sales and effects gained on the cost restructuring that the gross return on sales achieved by the Company was 26,7% i.e. on the level by 11,2 percentage point higher than that of the first quarter 2009.

ELZAB CAPITAL GROUP

The value of revenues on sales performed by ELZAB Capital Group in the first quarter of 2010 in the amount PLN 14 732 thousand was by 8,5% lower than the revenues gained in the comparable quarter of 2009.

The value of consolidated revenues also considers the elimination of turnover in the scope of sales and purchases inside the Group amounting to PLN 3 013 thousand, in the corresponding period of last year, the elimination of turnover inside the ELZAB Group amounted to PLN 2 683 thousand.

Considering the cost incurred for the production sold, the value of supplies and goods sold, the revaluation of inventories in the amount PLN 1 thousand and unrealized margin on inventories in the amount PLN 125 thousand, ELZAB Group gained consolidated gross profit on sales in the amount 5 457 thousand in the first quarter of 2010, reaching the return on sales of 37%, i.e. on a level comparable to that of the first quarter of 2009.

The gross margin gained in the first quarter of 2010 was mainly affected by the following factors:

- lower value of revenues on sales and a different structure of sales,
- gaining a better margin on sales of products taken over from MEDESA Sp. z o.o. by ELZAB S.A.,
- the costs of promotion campaigns carried out in order to maintain the quantitative levels of the equipment sold gained so far,
- drop of foreign currency exchange rates affecting the costs of consumption of supplies and purchase price of goods abroad and in Poland (denominated in foreign currencies),
- the growth of some cost items at ELZAB S.A., which made the production and service cost growth by 3,6% with the sales of products and services by 1,1% lower,
- the growth of gross margin at MICRA METRIPOND KFT as a result of the growth of value of sales and change of the sales structure,
- the amount of unrealized margin on inventories of ELZAB S.A. products stored at the warehouses of the companies under consolidation. As of the end of the first quarter of 2010, compared to the level of the end of 2009, the growth of stock of ELZAB S.A. products at the consolidated entities has grown, which caused the deterioration of ELZAB Group gross profit/loss on sales by PLN 125 thousand in the first quarter of 2010. As of the end of the first quarter of 2009, compared to the level of the end of 2008, a drop of ELZAB S.A. stock of products at consolidated entities occurred, which caused improvement of the gross profit/loss on ELZAB Group sales in the first quarter of 2009 by PLN 113 thousand.

Upon including the distribution, marketing, promotion and advertising costs and overheads of the companies, the Capital Group achieved net profit on sales amounting to PLN 1 047 thousand.

The return on sales index was 7,1 % and was lower than that gained in the first quarter of 2009 i.e. 10,8%.

The costs of sales and overheads incurred by ELZAB Group amounted to PLN 4 410 thousand and were higher than those incurred in the first quarter of 2009 by 3,1%.

The costs of sales have grown in the first quarter of 2010, mainly at ELZAB S.A. This is related to the change of the Company marketing strategy directed to the integration of the distribution network with ELZAB S.A. The Company also participated in NAMM SHOW 2010 USA - music equipment fair, promoting the GLAB brand name and in MusikMesse 2010 in Germany, which resulted in the growth of sales of the products.

The costs of sales include the effect of revaluation write offs on receivables and their release in the amount PLN 9 thousand, which affected the profit/loss improvement. Last year the said

amount was PLN 97 thousand and affected the improvement of the net profit on sales even more.

The overheads incurred by ELZAB Group were reduced by 4,3%. This is mainly due to the fact that in the first quarter of 2009 MEDESA Sp. z o.o. was included in consolidation. Due to the merger of ELZAB S.A. and MEDESA Sp. z o.o. part of the costs necessary for the proper functioning of the business areas of the Company taken over by ELZAB S.A. is incurred by the latter, however, the scale thereof is lower. This also concerns the costs of sales and production costs.

ELZAB Group gained profit of PLN 240 thousand on other operations in the period presented. Other operating revenues include the main revenues on rental of property, being slightly below those gained in the first quarter of 2009, receivables of MEDESA Sp. z o.o. paid by its debtor and revenue due to the case won at the Court Supreme for reimbursement of adjudged costs of remuneration at MICRA METRIPOND KFT (the said costs charged the Company profit/loss of 2008).

The higher level of other operating costs also refers to the execution costs and judicial fees as well as provisions created for employee benefits. At ELZAB S.A. a provision in the amount PLN 32 thousand was created for interest on the disputable liability of 2003, concerning the costs of license for using the trademark of former subsidiary UNIMEX Sp. z o.o. The provision including the one created in 2009 is 262 thousand.

In the first quarter of 2009 the result on other operations was also positive and amounted to PLN 111 thousand.

Upon considering the profit/loss on other operations, ELZAB Capital Group gained consolidated profit on operating activity in the amount PLN 1 287 thousand and the return index on this level was 8,7% as compared to the one achieved in the first quarter of 2009, i.e. 11,5 %.

In the first quarter of 2010 the balance of revenues and financial costs in the amount PLN 58 thousand was negative. In the financial revenues the interest calculated to the customers, the release of revaluation write-off on interest and revenues on deposits were considered. The financial costs included interest and commissions on credits, revaluation write-offs on interest on receivables and the value of receivables sold. The financial activity also includes the surplus of exchange rate losses over gains, occurring as a result of foreign currency transactions and balance-sheet valuation of asset and liability items expressed in foreign currencies. The surplus of exchange rate losses over gains amounted to PLN 20 thousand.

In the first quarter of 2009, the balance of financial revenues and costs was also negative and amounted to PLN 348 thousand. The principal part of the financial costs was the surplus of exchange rate losses over gains, reflecting the deteriorating situation on the financial markets since the fourth quarter of 2008.

Considering the negative balance on financial activity the gross profit/loss for the first quarter of 2010 was PLN 1 229 thousand. The gross return index was on the level of 8,3% as compared to the one of the first quarter 2009 being 9,3 %.

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Considering the charges due to income tax in the current and deferred part and the result falling for the minority shareholders in the amount PLN 4 thousand, in the first quarter of 2010, ELZAB Capital Group gained consolidated net profit amounting to PLN 972 thousand and the net return index was 6,6%. In the corresponding quarter of 2009 the consolidated net profit was 1 221 thousand and the net return index was 7,6 %.

2. Basic financial indexes

ELZAB GROUP basic financial indexes		1.01 - 31.03.2010	1.01 - 31.03.2009
1	Gross return on sales index %	37,04	37,39
2	Net return on sales index %	6,60	7,59
3	ROE %	2,34	3,17
4	Total ROA %	1,65	2,14
5	Current liquidity index	3,68	2,98
6	High liquidity index	2,11	1,77
7	Total debt index	29,34	32,47

ELZAB S.A. basic financial indexes		1.01-31.03.2010	1.01-31.03.2009
1	Gross return on sales index %	35,93	37,69
2	Net return on sales index %	6,78	10,41
3	ROE %	2,03	3,51
4	ROA %	1,54	2,58
5	Current liquidity index	5,10	4,21
6	High liquidity index	3,31	2,90
7	Total debt index	24,42	26,36

1 gross profit on sales / net revenues on sales %

2 net profit . net revenues on sales %

3 net profit / equity %*

4 net profit / total assets %*

5 current assets* / short-term liabilities*

6 current assets – inventories – deferred costs* / short-term liabilities*

7 liabilities and provisions for liabilities* / total assets*

* (level as of the beginning of period + level as of the end of period)/2

3. Business segments

ELZAB Group gains revenues on sales on one industrial segment of electronic equipment including fiscal and non-fiscal equipment. Revenues gained on other sales, i.e. sales of supplies complement the major offer of the Group. The services provided in the scope of warranty, post-warranty repairs, training and installation are closely related to the Group's trading offer.

The product range offered for sale is characterized with a similar production process, distribution and service provision methods used, and it is directed to a specific group of customers. In this situation there is no need to divide the balance-sheet values in the scope of assets and liabilities, because they participate in the generation of the financial result in one segment of the electronic sector.

For the managerial purposes the reporting of the gross margin gained on particular product ranges or product range groups takes place in each entity of ELZAB Capital Group.

The revenues on sale presented in the consolidated profit and loss account for the first quarter of 2010 consider the exclusion of the mutual turnover inside ELZAB Capital Group and represent revenues on sales to the external customers outside the Group. The production and sales costs also represent the costs of sales to the external customers.

The specification below presents the percentage share of the product range offered in the total value of revenues gained on sales, in the particular companies and the Capital Group and the level of gross margin on sales gained in the first quarter of 2010 in the product range groups separated as one segment of the electronic market. In the value of the consolidated revenues,

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ca. 66 % were the sales of own production of the electronic equipment and the sales of services, mainly repairs.

Company name	Own production of electronic equipment and services including repairs	Goods (electronic equipment) and supplies and accessories	Total revenues on sales
ELZAB S.A.	88,9%	11,1%	100,0%
- revenues	12 182	1 518	13 700
GENEZA SYSTEM S.A.	0,1%	99,9%	100,0%
- revenues	3	2 706	2 709
MICRA METRIPOND KFT	20,7%	79,3%	100,0%
- revenues	276	1 060	1 336
ELZAB GROUP TOTAL	70,2%	29,8%	100,0%
- revenues	12 461	5 284	17 745
Consolidation adjustments – turnover inside the Group	2 702	311	3 013
Consolidated value of revenues to external customers	66,2%	33,8%	100,0%
- revenues	9 759	4 973	14 732
Gross margin on sales gained in the first quarter of 2010	4 605	852	5 457

ELZAB S.A., like in the previous periods, supplied its product to the market through a combined distribution system. The Company gained 60% of revenues on sales through direct sales to dealers and through the branches in Warsaw and Wrocław, as well as the trading offices in Żary and Suchy Las near Poznań. The other part of sales were performed by the Company basing on a two-stage network of regional distributors and authorized dealers. The share of sales to the export markets in the first quarter of 2010 represented 6,2% of the total value of sales made. The sales to the export markets were mainly performed on the Hungarian and English markets. The sales the GLAB products are directed to the global markets, including without limitation Germany, Japan, France, USA and other countries all over the world.

GENEZA SYSTEM S.A. with registered office in Tarnowskie Góry is the main distributor of ELZAB S.A. and performs sales on the domestic market only.

MICRA METRIPOND KFT made almost 100% sales on the Hungarian market in the first quarter of 2010.

The consolidated value of revenues gained by ELZAB Capital Group in the comparable periods of 2010 and 2009 r., by territorial structure, is presented in the table below:

<i>PLN thousand</i>	1st quarter 2010	% share	1st quarter 2009	% share
sales performed in Poland	12 936	87,81%	14 540	90,33%
sales performed on export markets	1 796	12,19%	1 556	9,67%
total	14 732	100,00%	16 096	100,00%

4. The seasonal or cyclic nature of ELZAB S.A. business

The seasonal nature of sales on the domestic market:

- It mainly refers to the primary market and is most of all related to the Minister's of Finance Decrees coming into force and imposing the obligation to install fiscal equipment on new taxpayer groups.
- It does not apply to the secondary market where decisions on the purchase of fiscal equipment are made when the fiscal module is full up.

The seasonal nature of sale mainly is the result of demand on the domestic market, because the share of sales to export markets is scarce.

The result of the seasonal nature of is also the seasonal nature of production.

5. Significant information on changes of estimate values

The following changes in the significant revaluation write-offs, provisions and accruals took place at ELZAB S.A. and subsidiaries in the first quarter of 2010 (PLN thousand):

1. The level of revaluation write-offs on receivables and interest on delayed payments in the first quarter of 2010 decreased by PLN 197 thousand and as of the end of the first quarter of 2010 amounted to PLN 2 234 thousand. The revaluation write-offs and their release in the amount PLN 8 thousand reduced the costs of sales.
2. In the first quarter of 2010, the total effect of product inventory revaluation, goods and supplies and release of revaluation write-offs on inventories reduced the cost of the production sold and the value of goods and supplies sold – by PLN 1 thousand.
3. Other changes of provisions and accruals (PLN thousand):

	As of 31.12.2009	As of 31.03.2010	Change
Provision for employee benefits (retirement severances, jubilee bonuses)	2 994	3 084	90
Provision for equivalents for unused holidays	479	479	0
Provision for payments for rationalization	138	0	-138
Provision for the Management Board bonus, assignment contracts	102	214	112
Provision for promoting-advertising campaigns	168	40	-128
Provision for the warranty fund	44	142	98
Provision for liability due to license fee	230	262	32
Other provisions (including without limitation audits of financial statements)	57	41	-16
Total provisions and accruals	4 212	4 262	50

The provisions created were classified within the costs of sales, overheads and other operating costs.

The level of provisions for the deferred income tax compared to the level of 31.12.2009 increased by PLN 9 thousand and as of the end of the first quarter of 2010 amounted to PLN 388 thousand. The main amount is represented by the provision for the differences between the balance-sheet and fiscal value of assets at ELZAB S.A. and MICRA METRIPOND KFT.

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4. The level of assets due to deferred income tax as of 31.03.2010 amounts to PLN 851 thousand and, compared to that of the previous year quarter end, represents the following changes under the specific items (PLN thousand):

Assets due to deferred income tax	As of 31.12.2009	As of 31.03.2010	Change
- jubilee bonuses, retirement-pension severances	569	586	17
- unused holidays	91	91	0
- costs accounted for	63	52	-11
- margin suspended on inventories	72	96	24
- promoting-advertising fund	32	7	-25
- warranty fund		19	19
- rounding up	-1		1
Gross assets due to deferred income tax	826	851	25

The assets are presented in the balance-sheet under the item of long-term accruals and deferrals.

6. Significant transactions with associated entities and data necessary for preparing the consolidated financial statement

Information necessary for preparing the consolidated financial statement

a) Mutual receivables and liabilities:

As of 31.03.2010 the clearances between ELZAB S.A. and the associated entities were as follows (PLN thousand):

- Trade receivables:

GENEZA SYSTEM S.A.	6 376
MICRA METRIPOND KFT	783
- MICRA METRIPOND KFT was charged interest on overdue liabilities amounting to PLN 8 thousand. MICRA METRIPOND KFT paid PLN 33 thousand interest on overdue liabilities.

b) Turnover inside the Capital Group

ELZAB sales to

GENEZA SYSTEM S.A.	2 621
MICRA METRIPOND KFT	388

- c) The product inventories of ELZAB S.A. in the subsidiary warehouses as of 31.03.2010 amount to PLN 1 038 thousand. Due to the growth of their value in 2009, the unrealized margin on inventories affected the deterioration of ELZAB Group net profit/loss in the first quarter of 2010 by PLN 101 thousand, the opposite situation occurred in the 1st quarter of 2009 due to the reduction of ELZAB S.A. products at the warehouses of subsidiaries, compared to the end of 2008, the beneficial effect of it on ELZAB Group profit/loss amounted to PLN 92 thousand.

- d) Exclusion of the shares held in consolidated entities together with the equities of the Companies consolidated falling on such shares.

Information on other transactions with associated entities

No significant transactions with associated entities occurred in the first quarter of 2010.

7. Information on non-market transactions between ELZAB Group entities

No transactions concluded under other than market conditions occurred between ELZAB S.A. and the associated entities in the reporting period.

8. Description of untypical factors and events with significant effect on the financial results achieved

No untypical events occurred in the first quarter of 2010 that would have a significant effect on the financial results achieved.

9. Goodwill on consolidation

As of 31.03.2010, the goodwill on consolidation of particular subsidiaries is as follows:

GENEZA SYSTEM S.A. – company consolidated since January, 2003.

Goodwill on consolidation was created upon acquisition of shares	PLN 5 607 thousand
Goodwill as of 31.03.2010	PLN 1 080 thousand

MICRA METRIPOND KFT – company consolidated since February, 2004.

Goodwill on consolidation was created upon acquisition of shares	PLN 4 210 thousand
Goodwill as of 31.03.2009	PLN 1 343 thousand

The total value of consolidated companies as of 31.03.2010 amounts to PLN 2 423 thousand.

10. Information on loans, warranties and guarantees granted by ELZAB S.A. or other subsidiaries

In the first quarter of 2010 neither ELZAB S.A. nor subsidiaries granted any credits or loans, or warranties.

In the first quarter of 2010, UPOS SYSTEM Sp. z o.o. repaid ELZAB S.A. PLN 193 thousand of the loan granted under agreement of 3rd November, 2008 with annexes. The loan repayment was made under the provisions of the agreement.

11. Credits, loans and lease liabilities

Liabilities due to credits, loans and lease	31.03.2010	31.12.2009
Long-term liabilities	3 764	3 736
Long-term bank-credits	3 204	3 220
Other long-term financial liabilities (lease)	560	516
Short-term liabilities	2 275	2 593
Short-term bank credits	746	819
Short-term part of long-term bank credits and loans	1 435	1 659
Other short-term financial liabilities (lease)	94	115
Total	6 039	6 329

The bank credits include:

- credit incurred by ELZAB S.A. – for the purchase of property in Suchy Las – the amount remaining to be paid is PLN 3 281 thousand, as of 31st March, 2010,
- the „Zaliczka” [Advance Payment] credit of ELZAB S.A. – for funding receivables – the value of liability therefore as of the end of March, 2010 is PLN 746 thousand,
- cash credit incurred by MICRA METRIPOND KFT – for funding current business – the amount remaining to be repaid is PLN 348 thousand,
- credits for purchase of cars incurred by MICRA METRIPOND KFT – the amount remaining to be repaid as of the end of March, 2010 is PLN 76 thousand.

Financial lease liabilities:

- at MICRA METRIPOND KFT – to fund purchase of cars – the value of liability is PLN 103 thousand,
- at ELZAB S.A. – for funding machine tools – the liability value amounts to PLN 551 thousand.

Under „Short-term part of long-term bank credits and loans” the liability due to the loan incurred by MICRA METRIPOND KFT from Campesa S.A. amounting to PLN 934 thousand is also accounted for. The loan is overdue and is not repaid, because it was not included in the list of receivables of Campesa S.A. in bankruptcy.

12. Contingent and off-balance liabilities

The amount of contingent liabilities:

- As of 31.03.2010 – promissory note collateral on operating lease agreements concluded with ING Lease (Polska) Sp. z o.o. in Warsaw to fund the purchase of CNC and universal milling machine. The total value of lease objects is PLN 717 thousand.
- As of 31.12.2009 – promissory note collaterals of operating lease agreements concluded with ING Lease (Polska) Sp. z o.o. in Warsaw to fund the purchase of CNC and universal milling machine. The total value of lease objects is PLN 717 thousand.

The amount of off-balance liabilities (net capital part):

- As of 31.03.2010 it amounted to PLN 272 thousand and results from the operating lease agreements for purchase of motor-cars,
- As of 31.12.2009 it amounted to PLN 289 thousand and results from the operating lease agreements for purchase of motor-cars.

13. Events after the balance-sheet date

After the date of making the quarterly financial statement, no events occurred that could significantly affect the issuer’s profit/loss.

On 27th April, 2009 the Court of Second Instance in Gliwice, 10th Business Department, adjudged the amount of PLN 236 thousand to UNIMEX Sp. z o.o., representing receivable due to license fee and litigation costs plus statutory interest.

The Court of Appeal in Katowice, 5th Civil Department, overruled the Company’s appeal by judgment of 22nd April, 2010.

ELZAB S.A. as of 31.03.2010 has a provision for liability due to the fact in the amount PLN 262 thousand. The total liability amount plus statutory interest was PLN 403 thousand and was paid on 11.05.2010.

VI. ELZAB S.A. equities

1. The shareholding structure and changes of Shareholders

The structure of shareholders holding directly or indirectly, through subsidiaries of at least 5% of the total number of votes at the General Meeting **as of the date of publication of the quarterly report for the first quarter, 2010**, to the best of the knowledge of the Company is as follows:

First name and surname (Company name)	Number of ordinary shares	Number of preference shares	Total number of shares	Total number of votes	% votes at the GM	Share in the share capital in %
Relpol 2 Sp. z o.o.*	4 524 628		4 524 628	4 524 628	25,55	28,04
POLSIN Private Limited	1 680 500	356 070	2 036 570	3 460 850	19,54	12,62
Jarek Astramowicz	1 261 672	16 950	1 278 622	1 346 422	7,60	7,92
Exorigo Sp. z o.o.*	1 200 000		1 200 000	1 200 000	6,78	7,44
Agencja Rozwoju Przemysłu S.A.	1 121 571		1 121 571	1 121 571	6,33	6,95
ELZAB SA – own shares, of which	510 272		510 272	510 272	X	3,16
<i>ELZAB SA – own shares acquired for redemption</i>	<i>405 662</i>		<i>405 662</i>	<i>405 662</i>	<i>X</i>	<i>2,51</i>
<i>ELZAB SA – own shares acquired for resale or other purpose related to the Company strategy performance</i>	<i>104 610</i>		<i>104 610</i>	<i>104 610</i>	<i>X</i>	<i>0,65</i>
Other shareholders	5 445 867	19 520	5 465 387	5 543 467	31,31	33,87
TOTAL	15 744 510	392 540	16 137 050	17 707 210	100,00	100,00

*Exorigo Sp. z o.o. as the parent company (holder of 58,13% shares) in relation to Relpol 2 Sp. z o.o. indirectly controls 4.524.628 shares in Elzab S.A. The other 41,87% Relpol 2 Sp. z o.o. shares are held by UPOS System Sp. z o.o. with registered office in Knurów. The parent company of Exorigo sp. z o.o. is Jonitaco Holdings Limited located in Nicosia (Cyprus), however, according to the information provided by the latter, directly it holds no shares in ELZAB S.A. Therefore, the total direct and indirect (through EXORIGO Sp. z o.o.) share of Jonitaco Holdings Limited is 35,48 % in ELZAB S.A. share capital, which corresponds to 32,33 % votes at the GM.

Total:

Share capital	PLN 22 142 962,40
Number of shares	16 137 050
Number of votes	17 707 210
Number of shares on public market	16 137 050
Number of shares on stock exchange	15 744 510

EXORIGO Sp. z o.o., UPOS System Sp. z o.o., Relpol 2 Sp. z o.o., POLSIN PRIVATE Ltd., and Mr. Jarek Astramowicz have their representatives in the Supervisory Board of ELZAB S.A.

On 16.03.2010 the Management Board of ELZAB S.A. received information from the announcement of Ministry of State Treasury on 9.12.2009 -11.03.2010, through Warsaw Stock Exchange sold 406 680 ordinary bearer shares in „Elzab” S.A. with registered office in Zabrze for the price PLN 1 019 971,20 – the average price rounded up to 0,01 zloty was PLN 2,51 per share. The State Treasury holds no shares in ELZAB S.A. anymore and thus, the

privatization process has been completed. ELZAB S.A. has no precise information on the course of ELZAB S.A. shares by the State Treasury.

2. ELZAB S.A. shares held by the Management Board and the Supervisory Board members

The number of shares held by ELZAB S.A. Management Board, to the knowledge held by the Company, as of the report submission date is as follows:

Jerzy Biernat	Deputy Chairman, CEO	42 590
Jerzy Malok	Member	33 150
Elżbieta Załóg	Proxy	3 090
Total direct share		78 830

The number of shares held directly and indirectly by the Management Board members and the Proxy, since the moment of publishing the report for the 4th quarter of 2009, to the best of the knowledge held by the Company, has been reduced by 5 724 628. This is due to the resignation of Mr. Eugeniusz Pajaczek from the position of the Management Board Chairman.

The number of shares held by ELZAB S.A. Supervisory Board, to the best of the knowledge held by the Company, as of this report submission date, is as follows:

Paweł Damian Dudziuk 5 724 628 shares, of which:

a) no direct shares in ELZAB S.A.,

b) indirectly, through Exorigo Sp. z o.o. with registered office in Warsaw, a subsidiary of Jonitaco Holdings Limited (a company in which Mr. Paweł Damian Dudziuk indirectly holds over 50% shares):

- 1 200 000 ordinary shares;

- 4 524 628 ordinary shares through Relpol 2 sp. z o.o. with registered office in Poznań, a subsidiary of Exorigo sp. z o.o.

Jerzy Ciesielski	1 800 shares
Jarek Astramowicz	1 278 622 shares (of which: 16 950 preference shares)
Total direct share	1 280 422 shares

Since the moment of publishing the report for the 4th quarter of 2009, the number of shares held directly by the Supervisory Board members has not changed.

3. Buyout of the Company's own shares

ELZAB S.A. carried out the following transactions within the buyout of its own shares:

a) In 2008 the Company bought 405 662 own shares for redemption. By date of publication of the quarterly report for the first quarter of 2010, no decision on redemption of the shares has been made.

b) In 2009 the Company bought 104 610 own shares for resale or other purpose related to the Company strategy performance. By date of publishing the quarterly report for the first quarter of 2010, no decision on designation of the shares has been made.

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ELZAB SA – OWN SHARES	No of ordinary shares	No of preference shares	Total No of shares	Total No of votes	% votes at the GM	Share in share capital in %	Average purchase price (PLN)	Value of shares purchased (PLN thousand)
ELZAB SA – own shares, of which:	510 272		510 272	510 272	2,88	3,16	4,40	2 250
<i>ELZAB SA – own shares acquired for redemption</i>	405 662		405 662	405 662	2,29	2,51	4,91	1 996
<i>ELZAB SA – own shares acquired for resale or other purpose related to the Company strategy performance</i>	104 610		104 610	104 610	0,59	0,65	2,41	254

The shares purchased are accounted for the ELZAB S.A. and ELZAB Group equities with the negative sign.

4. Dividend payment

The Management Board of ELZAB S.A. suggests to designate the profit generated in 2009, amounting to PLN 4 542 thousand to increase the reserve capital.

5. Information on the issue, buyout and repayment of non-share and capital securities

In the period presented the Company did not issue or buy out or repay any debenture or capital securities.

VII. The Management Board point of view on the performance of the forecasts published

The Management Board of ELZAB S.A. did not publish any forecast for 2010 on ELZAB Group or ELZAB S.A. the parent Company financial results.

VIII. Ongoing proceedings in court, authority competent for arbitration or public administration authority

No proceedings are going on in court or public administration authority concerning the issuer's or subsidiaries' liabilities or receivables, the total value whereof being 10% of the Company equities, that would significantly affect the financial situation of the Company.

IX. Other significant information for the evaluation of the HR, property, financial situation, profit/loss and their changes and information significant for the evaluation of the possibility to fulfill the obligation by ELZAB S.A. and ELZAB Group

In the first quarter of 2010, in addition to the events described in this report, no other events occurred that could significantly affect the HR, property, financial situation, the Company profit/loss and the possibility of the fulfillment of obligations.

X. Description of factors that would affect the profits/losses in view of at least another quarter

The following factors would affect the results achieved in the next periods:

The macroeconomic factors, beyond the Company's control:

- a) The economic situation of Poland and the actual influence of the global financial crisis on Polish economy and the condition of commerce and services; which would affect the activity ELZAB Group customers,
- b) The development and effects of consolidation of retail networks being the customers of ELZAB brand equipment,
- c) The economic and financial situation of the European Union countries and in the world has a significant effect on the currency prices and in consequence on the level of costs incurred by ELZAB Group,
- d) The economic situation in Hungary,
- e) The fact that 2010 is another year when no group of taxpayers earlier exempt from the use of cash registers was included in this obligation. As announced by the Ministry of Finance, two large groups of taxpayers – physicians and lawyers – are to be included in the group registering their sales by means of cash registers from 2011. The positive decision in this scope shall influence the revenues of the Company and ELZAB Group.

The market factors that depend on the Company:

- a) The development and consolidation of retail networks being the significant customers for ELZAB brand equipment,
- b) The psychological and actual effects of overcoming the crisis and their effect on the condition of commerce and services.
- c) The effects of sales of new fiscal equipment with electronic copy and the effect of including them in the offer, on the secondary market,
- d) The influence of the reinforced ELZAB brand name on the behavior of the secondary market,
- e) The effects of sales of newly developed equipment, together with a partner from a EU state for the market of that country,
- f) Competition of other entities,
- g) Development of cooperation with EXORIGO Sp. o.o. and UPOS SYSTEM Sp. z o.o.,
- h) Implementation of an integrated system supporting SAP enterprise management.

XI. Financial risk and capital risk management

The business conducted by the Company and the Group is exposed to various types of financial risk.

The risk management is to minimize the potential negative effects of the risk on the profit/loss.

The financial risk factors the business of ELZAB S.A. and the subsidiaries are exposed to include:

- Credit risk,
- Liquidity risk,
- Market risk including: price risk, risk of interest rate and exchange rate variation.

Capital risk management

The purpose of capital risk management is the protection of ELZAB S.A. and ELZAB Group capability of the going concern so that the return for the shareholders performance and maintenance of the optimum capital structure in order to reduce its cost are possible.

The detailed information on financial risk and capital risk management has been presented in ELZAB S.A. and ELZAB Group Annual Report.