

FINANCIAL SUPERVISION AUTHORITY

Current report No 28/2009

Date of preparation: 3rd June, 2009

Abbreviated name of the Issuer:

ELZAB

Subject:

assessment of the situation of ELZAB S.A and ELZAB Capital Group By Supervisory Board

Legal foundation:

Other

The text of the report:

ELZAB SA Management Board in Zabrze announces the resolution of Supervisory Board referring the **assessment of the situation of ELZAB S.A and ELZAB Capital Group** in 2008.

“ RESOLUTION No 82/VI/ 2009

of the Supervisory Board of ELZAB S.A. Computer Works dated 03.06.2009

re.: **assessment of the situation of ELZAB S.A and ELZAB Capital Group**

for the financial year covering the period from 1st January, 2008 to 31st January, 2008.

The Supervisory Board, acting pursuant to art.382 of Commercial Companies Code and according to the provisions of the Company Statute, carried out the assessment of the situation of the Company and ELZAB Capital Group for 2008 and submits the Brief Assessment of the situation with the General Meeting as provided in section 1 of Part III of Best Practices listed at Warsaw Stock Exchange:

BRIEF ASSESSMENT OF ELZAB S.A. AND ELZAB CAPITAL GROUP SITUATION FOR THE FINANCIAL YEAR 2008

In 2008, like in the preceding years, ELZAB produced and sold various models of cash registers and fiscal printers, electronic scales, price controllers, non-fiscal printers and label printers, cash modems and multiplexers.

All the models of registers obtained new decisions of Ministry of Finance in 2007, admitting the registers to trade for the following three years.

In addition the development of manufacture and sales of pharmacy versions of ELZAB Mera and ELZAB Mera F fiscal printers launched on the market still in the 4th quarter of 2007 occurred in 2008. As a result of development work carried out in 2008, ELZAB Prima K, calculation scales was introduced in manufacture and sales. The sales of ELZAB Gamma cash drawers to Cash Bases, England and demanding domestic customers were also developed in the same period.

In 2008 the Company continued the diversification of business in order to make the revenues of ELZAB S.A. independent of Minister's of Finance decrees on the obligation to have cash registers by some taxpayer groups and in order to gain the leader's position on the market of retail support equipment in Poland and growth of sales on the overseas markets, mainly on the Hungarian market where 3 models of registers were launched in 2008, i.e.: Micra Eco, Micra Eco Prof and Micra Eco Max.

In addition the offer of ELZAB S.A. was increased by new electronic products for guitar players, sold under the brand name G LAB Gitar Laboratory in Poland and on the overseas markets.

The permanent quality improvement, appropriate service repairs and maintenance of permanent availability of the equipment as well as sales supported by advertising and promotion campaign enabled ELZAB S.A. to maintain its existing high market share.

The saving measures were continued in 2008, as a result (despite the growth of some items and slight decrease of net return on sales), 2008 was another period of reinforced profitability for ELZAB S.A.

In consequence of consistent credit policy towards the customers for ELZAB S.A. products, the Company generated regular cash surpluses, timely reimbursed its investment credit and paid its other liabilities.

In 2008 further measures were taken in order to improve the efficiency of the subsidiaries. However, despite the actions, in case of MEDESA Sp. z o.o. and MICRA METRIPOND KFT the projections assumed were not fully accomplished and the companies generated losses in 2008. It should be mentioned here that, due to the commenced process of significant expansion of ELZAB Capital Group, the Management Board of ELZAB S.A., with the approval of the Supervisory Board, decided on a very prudent approach to the valuation of the companies, in consequence further revaluation write off was made on the shares in the companies, its total amount was PLN 10 392 thousand and the goodwill of the companies was written off from consolidation in the total amount PLN 6 471 thousand.

The write off was charged on the financial costs, which caused that ELZAB S.A. generated loss in 2008.

The Management Boards of ELZAB S.A. and MEDESA Sp. z o.o. decided on merger in January, 2009, in order to increase competitiveness on the scales market, extend their offer by new products and obtain cost savings in ELZAB Capital Group. In March, 2009, the CEO of MICRA METRIPOND KFT was changed. The Management Board of ELZAB S.A. counts on the improvement of the results of the latter Company and growth of export of ELZAB S.A. products to the Hungarian market.

In January, 2008 the Supervisory Board approved of new ELZAB S.A. strategy for the years 2008-2010, the text whereof was published on the 23rd January, 2008, as a current report of ELZAB S.A. In February, 2008 ELZAB S.A. acquired 100% shares in ORHMET Sp. z o.o., a manufacturer of specialized fiscal printers admitted to work in combination with automatic filling stations.

As a result of the new strategy, the process of merger between ELZAB S.A. and two companies was started: EXORIGO Sp. z o.o. and UPOS Sp. z o.o.

The main target of the merger was the combination of competence and experience of three entities and expansion of the customer market. Additionally, the capital integration was to obtain the synergy effect related to the common manufacturing and development activity.

At the first stage of the merger, commenced in the second half of 2008, EXORIGO Sp. z o.o. and UPOS Sp. z o.o. took over the shares in ELZAB held by BBI Capital NF I- a significant shareholder in ELZAB S.A. .

At the second stage, the share capital of ELZAB S.A. was planned through issue of shares that were to be taken over by shareholders of EXORIGO Sp. z o.o. and UPOS Sp. z o.o. .

However, the merger procedure was stopped as it did not obtain sufficient acceptance of the shareholders present at ELZAB EGM on 19th February, 2009 who rejected the relevant resolution thereon.

In 2008 ELZAB S.A. performed the buyout of its own shares for redemption until 31st July, 2008, as a result the Company acquired 405 662 own shares for the total amount PLN 1 996 thousand.

In the opinion of the Supervisory Board, the situation of ELZAB is good and there is no uncertainty as for the going concern of ELZAB S.A. and ELZAB Capital Group. The Supervisory Board also assessed that the functioning system of internal control and risk management system allow for the correct and reliable account keeping and reporting reflecting the actual situation of ELZAB S.A. and ELZAB Capital Group. The regular monitoring of the results and data analysis allow for preventing threats and effectively restrict the possible risk.

In the Supervisory Board's opinion ELZAB is managed professionally and ELZAB S.A. as the parent company, positively influences the development and market position of ELZAB Capital Group.

The Supervisory Board positively assesses the work of the Management Board and its measures supported by the Supervisory Board, tending to reinforce the position of ELZAB S.A. on the market and, in consequence, the development and reinforcement of the entire ELZAB Capital Group.

The resolution was passed unanimously by the votes of all the Supervisory Board members.

Secretary of the Supervisory Board

Jerzy Ciesielski

Chairman of the Supervisory Board

Dawid Sukacz”

Legal foundation: Corporate Governance

ZAKŁADY URZĄDZEŃ KOMPUTEROWYCH ELZAB S.A.		

ELZAB	(full name of the Issuer)	Computer science and technology (inf)
(brief issuer's name)		(sector acc. the Warsaw Stock Exchange classification)
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SIGNATURES OF PERSONS REPRESENTING THE COMPANY

Date	Full name	Position / Function	Signature
03.06.2009	Jerzy Biernat	Vice President of the Board, General Director	
03.06.2009	Jerzy Malok	Member of Management Board, Commerce Vice- President	