

FINANCIAL SUPERVISION AUTHORITY

Current report No 4/2009

Date of preparation: 5th February, 2009

Abbreviated name of the Issuer:

ELZAB

Subject:

Projects of resolutions for Extraordinary Shareholders Meeting on 19.02.2009 and its justification

Legal foundation:

Art. 56 par. 1 point 1 of the Law on the offer – current and periodic information

The text of the report:

ELZAB SA Management Board in Zabrze announces:

1. Content of projects of resolutions which are the subject of Extraordinary Shareholders Meeting in 19th February, 2009 and its justification
2. ELZAB Management Board Report made in virtue of art. 311 in relation to art. 431 § 7 of Commercial Companies Code in relation to the share capital increase and taking over new issue shares in exchange for contributions in kind
3. ELZAB Management Board Opinion justifying deprivation of the rights issue and including the issue price for E series shares.
4. Supervisory Board opinion on justification for ELZAB share capital increase through private subscription and exclusion of the rights issue for the existing shareholders in relation to the new share issue

Legal foundation: art. 39 par 1 point 3 of Minister's of Finance Decree on current and periodic information.

ZAKŁADY URZĄDZEŃ KOMPUTEROWYCH ELZAB S.A.		

ELZAB	(full name of the Issuer)	Computer science and technology (inf)
(brief issuer's name)	Zabrze	(sector acc. the Warsaw Stock Exchange classification)
41-813		
(post code)	(place)	
ul. Kruczkowskiego		39
(street)		(number)
(032) 272 2021	2722583	
(phone)	(fax)	
zalog@elzab.com.pl		www.elzab.com.pl
(e-mail)		(website)
6480000255		27003636
(tax identification No)		(Business statistical No)

SIGNATURES OF PERSONS REPRESENTING THE COMPANY

Date	Full name	Position / Function	Signature
05.02.2009	Jerzy Malok	Member of Management Board, Commerce Vice-President	
05.02.2009	Elżbieta Załóg	Proxy	

Resolution No [*]
of Extraordinary General Meeting of
Company under the name: Zakłady Urządzeń Komputerowych
ELZAB Joint Stock Company with registered office in Zabrze
of 19th February, 2009**

Re.:

- 1) increase of share capital through the issue of new shares as public offer within private subscription,*
- 2) total exclusion of the rights issue eligible to the existing shareholders,*
- 3) amendments to the Statute related to the share capital increase,*
- 4) uniform text of the Statute,*
- 5) authorization of the Company Management Board to conclude an agreement of registration of new shares with National Depository for Securities, Joint Stock Company,*
- 6) authorization of the Company Management Board to take measures aimed at admission of the shares to trade on the regulated market.*

The Extraordinary General Meeting of the Company under the name Zakłady Urządzeń Komputerowych ELZAB Spółka Akcyjna [ELZAB Computer Works, Joint Stock Company] with registered office in Zabrze (**The Company**) decides to adopt the following resolution:

I. Share capital increase

§ 1.

[The amount by which the Company share capital is increased]

The Company share capital is hereby increased by no more than PLN 67.812.578,40 (in words: sixty seven million eight hundred twelve thousand five hundred seventy eight 40/100 zlotys).

§ 2.

[Determination of new issue of shares]

The share capital increase will be carried out through the issue of no more than 49.862.190 E series ordinary bearer shares of nominal value PLN 1,36 (in words: one 36/100 zlotys) each.

§ 3.

[Determination of shareholders and contributions in kind]

1. The E series shares will be offered through a public offer in the meaning of the Law of 29th July, 2005 on public offers and terms of introducing financial instruments to organized system of trade and public companies (Dz.U. of 23rd September, 2005) to the shareholders in ExOrigo Sp. z o.o. and UPOS System Sp. z o.o.
2. The E series shares will be covered by contribution in kind in the form of: (i) 3.191 shares in the share capital of ExOrigo Limited Liability Company with registered office in Warsaw, valued as PLN 86.856.717,00 (where one share in the said company

- was valued as PLN 27.219) and (ii) 1.281 shares in share capital of UPOS Limited Liability Company with registered office in Knurów, valued as PLN 62.729.853,00 (where one share in the said company was valued as PLN 48.969).
3. **44.538.781** E series shares will be acquired by Jonitaco Holdings Limited in exchange for a contribution in kind in the form of 2.750 shares in the share capital of company ExOrigo Limited Liability Company with registered office in Warsaw, valued as PLN 74.853.015,28 (where one share in the said company was valued as PLN 27.219) and 1.200 shares in the share capital of UPOS Limited Liability Company with registered office in Knurów, valued as PLN 58.763.328,34 (where one share in the said company was valued as PLN 48.969).
 4. **3.145.867** E series shares will be acquired by BBI Capital National Investment Fund, Joint Stock Company in exchange for a contribution in kind in the form of 201 shares in the share capital of company ExOrigo Limited Liability Company with registered office in Warsaw, valued as PLN 5.471.074,93 (where one share in the said company was valued as PLN 27.219) and 81 shares in the share capital of UPOS Limited Liability Company with registered office in Knurów, valued as PLN 3.966.524,66 (where one share in the said company was valued as PLN 48.969).
 5. **1.360.964** E series shares will be acquired by Delagom Investments Limited in exchange for a contribution in kind in the form of 150 shares in the share capital of company ExOrigo Limited Liability Company with registered office in Warsaw, valued as PLN 4.082.891,74 (where one share in the said company was valued as PLN 27.219).
 6. **816.578** E series shares will be acquired by Beline Investments Limited in exchange for a contribution in kind in the form of 90 shares in the share capital of company ExOrigo Limited Liability Company with registered office in Warsaw, valued as PLN 2.449.735,05 (where one share in the said company was valued as PLN 27.219).
 7. The issue price of E series shares will be PLN 3 per share.
 8. Considering the fact that the Company has applied for admission of the E series shares to trade on the regulated market, the shares are subject to dematerialization, as provided in the regulations on trading in financial instruments, pursuant to art. 336 § 3 of Commercial Companies Code, the E series shares are not subject to the restrictions indicated in art. 336 § 1 and § 2 of Commercial Companies Code and are issued as bearer shares.

§ 4.

[Date from which the new shares participate in dividend]

The E series shares participate in dividend from 1st January, 2008.

§ 5.

[Disentitlement to the rights issue]

1. The acquisition of the new E series shares will take place through private subscription, as provided in art. 431 § 2 section 1 of Commercial Companies Code.
2. Upon examination of the written opinion of the Company Management Board, justifying the reasons for disentitlement to the rights issue and including the issue price of the E series shares, the Company General Meeting, acting in the interest of the Company, hereby totally disentitles the shareholders of the Company to the rights issue on the E series shares.

§ 6.

[Date of the Company's concluding the agreement on taking over shares pursuant to art. 431 § 2 section 1]

The agreement on taking over the E series shares pursuant to art. 431 § 2 section 1 of Commercial Companies Code should be concluded no later than 2 months from passing this resolution.

II. Amendment to the Company Statute

§ 7.

[New text of art. 8 par. 1 of the Company Statute]

Due to the Company share capital increase made in virtue of this resolution, § 8 of the Company Statute is hereby amended in such a way that now it reads as follows:

„1. The Company share capital amounts to PLN 89.955.540,80 (in words: eighty nine million nine hundred fifty five thousand five hundred forty 80/100 zlotys).

2. The share capital is divided into 65.999.240 (in words: sixty five million nine hundred ninety nine thousand two hundred forty) shares of nominal value PLN 1,36 (in words: one 36/100 zlotys) each, of which:

1) 11.015.460 (eleven million fifteen thousand four hundred sixty) A and C series ordinary bearer shares;

2) 392.540 (three hundred ninety two thousand five hundred forty) B series prescribed privileged shares and 1.107.460 (one million one hundred seven thousand four hundred sixty) ordinary bearer shares;

3) 3.621.590 (three million six hundred twenty one thousand five hundred ninety) D series ordinary bearer shares;

4) 49.862.190 (in words: forty nine million eight hundred sixty two thousand one hundred ninety) E series ordinary bearer shares.

3. The B series shares are privileged in voting in such a way that each such share entitles to 5 (five) votes at the General Meeting.

4. The share capital may be increased through the issue of new shares or through increase of the nominal value of the existing shares. The capital increase may also take place through transfer of part of the reserve capital or capital reserve onto the share capital or through the issue of shares instead of dividend payable to the shareholders.”

§ 8.

[Authorization to agree upon a uniform text of the Statute and introduce changes of editorial nature]

The Company Supervisory Board is hereby authorized to settle a uniform text of the Company Statute.

III. Dematerialization of E series shares and introducing them to trade on regulated market

§ 9.

[Consent to conclude agreement on dematerialization of E series shares]

1. The E series shares, in relation to the Company application for admitting them to trade on regulated market are subject to dematerialization, pursuant to the regulations on trade of financial instruments.

2. The General Meeting hereby authorizes the Management Board to conclude, on behalf of the Company, an agreement on registration of E series shares with National Depository for Securities, Joint Stock Company.

§ 10.

[Regulated market]

The Company Management Board is hereby authorized to introduce E series shares to trade on the regulated market – Warsaw Stock Exchange Joint Stock Company. The above authorization includes power to take all the measures necessary to introduce the above mentioned shares to trade on the regulated market, which includes submission of relevant applications.

§ 11.

[Forcefulness and effectiveness of the resolution]

The resolution comes into force and effect on the day of being passed, in the part concerning amendments to the Company Statute – with effect from the day of registration of the amendments with National Court Register.

Resolution No [*]
of Extraordinary General Meeting of
Company under the name: Zakłady Urządzeń Komputerowych
ELZAB Joint Stock Company with registered office in Zabrze
of 19th February, 2009**

Re.:

1) Amendment to the Company Statute.

The Extraordinary General Meeting of the Company under the name Zakłady Urządzeń Komputerowych ELZAB Spółka Akcyjna [ELZAB Computer Works, Joint Stock Company] with registered office in Zabrze (**The Company**) decides to adopt the following resolution:

§ 1.

In § 14 par. 5 has been added, reading as follows:

„Each member of the Management may conduct matters not exceeding the scope of the Company ordinary procedures, without prior Management Board resolution. However, if at least one of the other Management Board members objects to conducting it prior thereto or if the matter exceeds the scope of the Company ordinary procedures, a prior resolution of the Management Board shall be required. The Bye-Laws of the Management Board determine the scope of the matters not exceeding the Company ordinary procedures.”

§ 2.

The Supervisory Board is hereby authorized to settle the uniform text of the Company Statute.

§ 3.

The resolution comes into force on the day of being passed with effect from the date of registration of the amendments with National Court Register.

Resolution No [*]
of Extraordinary Shareholders Meeting of
Company under the name: Zakłady Urządzeń Komputerowych
ELZAB Joint Stock Company with registered office in Zabrze
of 19th February, 2009**

Re.:

1) establishing the number of Supervisory Board members.

Extraordinary Shareholders Meeting of Company under the name Zakłady Urządzeń Komputerowych ELZAB Joint Stock Company with registered office in Zabrze (the Company) hereby decides to adopt the following resolution:

§ 1.

The number of Supervisory Board members is hereby established as [●] (in words: [●]) persons.

§ 2.

The resolution shall come into force and effect on the day of being passed.

Resolution No [*]
of Extraordinary General Meeting of
Company under the name: Zakłady Urządzeń Komputerowych
ELZAB Joint Stock Company with registered office in Zabrze
of 19th February, 2009**

Re.:

1) changes in the membership of the Supervisory Board.

The Extraordinary General Meeting of the Company under the name Zakłady Urządzeń Komputerowych ELZAB Spółka Akcyjna [ELZAB Computer Works, Joint Stock Company] with registered office in Zabrze (**The Company**) decides to adopt the following resolution:

§ 1.

Mr./Ms. _____ is hereby appointed a member of the Company Supervisory Board on [●][●] 2009.

§ 2.

The resolution was passed by ballot.

§ 3.

The resolution comes into force and effect on the day of being passed.

Resolution No [*]
of Extraordinary General Meeting of
Company under the name: Zakłady Urządzeń Komputerowych
ELZAB Joint Stock Company with registered office in Zabrze
of 19th February, 2009**

Re.:

2) changes in the membership of the Supervisory Board.

The Extraordinary General Meeting of the Company under the name Zakłady Urządzeń Komputerowych ELZAB Spółka Akcyjna [ELZAB Computer Works, Joint Stock Company] with registered office in Zabrze (**The Company**) decides to adopt the following resolution:

§ 1.

Mr./Ms. _____ is hereby dismissed from the function of a member of the Company Supervisory Board on [●][●] 2009.

§ 2.

The resolution was passed by ballot.

§ 3.

The resolution comes into force and effect on the day of being passed.

Resolution No [*]
of Extraordinary General Meeting of
Company under the name: Zakłady Urządzeń Komputerowych
ELZAB Joint Stock Company with registered office in Zabrze
of 19th February, 2009**

Re.:

1) Giving consent to sell real property.

The Extraordinary General Meeting of the Company under the name Zakłady Urządzeń Komputerowych ELZAB Spółka Akcyjna [ELZAB Computer Works, Joint Stock Company] with registered office in Zabrze (**The Company**) decides to adopt the following resolution:

§ 1.

Expresses the consent to sell the following real estates located in Zabrze, Kruczkowskiego Street 39:

- 1) Plot No 1873/248 covering the area of 82 m²,
- 2) Plot No 1864/260 covering the area of 220 m²,
- 3) Plot No 1865/260 covering the area of 117 m²,

Land Register No KW GL 1Z/00010341/8, kept with the Court of First Instance in Gliwice, VIII Land Register Department, for the price _____.

§ 2.

The resolution comes into force and effect on the day of being passed.

**JUSTIFICATIONS FOR
THE RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING
Of 9th February, 2009.**

The resolution on capital increase – ELZAB S.A. and entities with similar business profile - Exorigo sp. z o.o. with registered office in Warsaw and UPOS System sp. z o.o. with registered office in Knurów, took successful measures in order to create a strong capital group, operating on domestic and overseas markets of comprehensive computer solutions for retail networks.

The inclusion of the above companies in the ELZAB Group will enable the expansion of its business scope, obtainment of a strong position on the market of solutions for retail, both for large retail networks and smaller trading organizations and improvement of financial results. The Group created in such a way shall have unique competence and know-how, managing skills and commercial relationships to ensure that the ELZAB Group achieves its business targets.

In order to make the creation of the Group specified above possible, it is necessary to establish close capital links between the three companies mentioned above. This will be possible through contribution in kind in ELZAB S.A. of 100% shares in Exorigo Sp. z o.o. and UPOS System Sp. z o.o., in exchange for new issue shares in ELZAB, which is correlated with ELZAB's capital increase and introduction of relevant amendments to the Company Statute.

Resolution on changes to the Supervisory Board – due to the significant changes in the Company shareholding structure, the planned changes to the Supervisory Board are to reflect the present state of the Company shareholding.

Resolution on the consent to sell real property – due to the Company's planned sale of 3 plots of total area 425 m², located in Zabrze, ul. Kruczkowskiego 39, pursuant to the provisions of Commercial Companies Code, it is necessary to obtain the consent of the Company General Meeting for such transaction.

Resolution on amendment to the Statute – the planned change of the Statute is the result of the intention to improve the Management Board work organization and uniformization of the provisions of the Statute and the Bye-laws of the Management Board in this aspect.

**„ELZAB” S.A. COMPUTER WORKS
WITH REGISTERED OFFICE
IN ZABRZE
MANAGEMENT BOARD REPORT**

Made in virtue of art. 311 in relation to art. 431 § 7 of Commercial Companies Code, in relation to the share capital increase and taking over new issue shares in exchange for contributions in kind

19th December, 2008

The Contents:

- I. Entities participating in share capital increase of ZUK Elzab S.A. and taking over new issue share in exchange for contributions in kind. 3
- II. Legal foundations for the report and share issue..... 3
- III. Object of Contributions in Kind..... 4
- IV. Entities making Contributions in Kind..... 4
- V. Valuation of Contributions in Kind..... 5
- VI. The nominal value of new E series issue shares 5
- VII. Fixing the value of contribution, exchange parity and issue price of the E series shares in the Private Offer 6
- VIII. The Economic Implications of taking over contributions in kind by ELZAB..... 6

I. Entities participating in share capital increase of ZUK Elzab S.A. and taking over new issue share in exchange for contributions in kind.

This Management Board report on the valuation of contributions in kind (hereinafter referred to as "The Report") concerns the share capital increase of "ELZAB" S.A. Computer Works with registered office in Zabrze, entered in the register of entrepreneurs kept by the Court of First Instance in Gliwice, X Business Department KRS, under No 0000095317, share capital PLN 22.142.962,40, through contributions in kind in the form of shares in the following companies:

- a) Exorigo Sp. z o.o. with registered office in Warsaw („Exorigo”), entered in the register of entrepreneurs kept by Court of First Instance for the Capital City of Warsaw, XII Business Department of National Court Register under No KRS 0000053959, share capital PLN 1.595.500, divided into 3.191 shares of nominal value PLN 500 each.
- b) UPOS System Sp. z o.o. with registered office in Knurów („Upos”), entered in the register of entrepreneurs kept by the Court of First Instance in Gliwice, X Business Department of National Court Register under No KRS 0000032542, registered share capital PLN 694.000, divided into 1.200 shares of nominal value PLN 500.00 each (188 shares were redeemed out of clean profit). On 12th December, 2008, the Extraordinary General Meeting of UPOS adopted resolution No 1 on increase of the Company share capital by PLN 40.500 (upon increase the share capital will amount to PLN 734.500) through creation of 81 new shares of nominal value PLN 500,00 each. The resolution was adopted with exclusion of the rights issue for the existing shareholders. The new shares will be taken over by BBI Capital National Investment Fund S.A. only. The share capital increase has not been registered yet.

Considering the purpose of making this report all the calculations and parities included therein were established with the assumption that the share capital of UPOS will be registered, as stated above.

II. Legal foundations for the report and share issue

This Report has been prepared by the Management Board of "ELZAB" S.A. Computer Works (ELZAB) pursuant to art. 311, in relation to art. 431 § 7 of Commercial Companies Code (ksh), due to the planned motion with the Company General Meeting to adopt a resolution on ELZAB's share capital increase from PLN 22.142.962,40 (in words: twenty two million one hundred forty two thousand nine hundred sixty two 40/100 zlotys), to the amount not exceeding PLN 89.955.540,80 (in words: eighty nine million nine hundred fifty five thousand five hundred forty 80/100 zlotys), i.e. by amount not exceeding PLN 67.812.578,40 (in words: sixty seven million eight hundred twelve thousand five hundred seventy eight 40/100 zlotys), through the issue of no more than 49.862.190 (in words: forty nine million eight hundred sixty two thousand one hundred ninety) new E series shares. Pursuant to the planned motion with the Company General Meeting, no more than 49.862.190 (in words: forty nine million eight hundred sixty two thousand one hundred ninety) new E series shares will be offered in virtue of art. 431 § 2 section 1 ksh, through private subscription ("Private Offer"), excluding the rights issue to the existing shareholders in ELZAB, as indicated in Part IV below to the shareholders in Exorigo and Upos, in exchange for contributions in kind in the form of 3.191 (in words: three thousand one hundred ninety one) shares in Exorigo and 1.281 (in words: one

thousand two hundred eighty one) shares in Upos (cf. section I b) in the proportions defined in Part VII below.

III. Object of Contributions in Kind

1. The present share capital of ELZAB is PLN 22.142.962,40 (in words: twenty two million one hundred forty two thousand nine hundred sixty two 40/100 zlotys) and is divided into 16.137.050 shares (in words: sixteen million one hundred thirty seven thousand fifty) shares, of which:
 - 11.015.460 (in words: eleven million fifteen thousand four hundred sixty A and C series ordinary bearer shares,
 - 392.540 (in words: three hundred ninety two thousand five hundred forty) B series prescribed privileged shares and 1.107.460 (in words: one million one hundred seven thousand four hundred sixty) B series ordinary bearer shares,
 - 3.621.590 (in words: three million six hundred twenty one thousand five hundred ninety) D series ordinary bearer sharesof nominal value PLN 1,36 (in words: one 36/100 zlotys) each.

All the ordinary bearer shares are subject to sale in Warsaw Stock Exchange S.A. The B series prescribed shares are privileged as for voting so that each share of this kind entitles to 5 (five) votes at the General Meeting.

2. ELZAB share capital increase is to be carried out through contributions in kind, the subject whereof being 3.191 (in words: three thousand one hundred ninety one) shares in Exorigo and 1.281 (in words: one thousand two hundred eighty one) shares in Upos, representing, respectively:
 - a. 100% of all the shares in Exorigo and entitling to 100% of the total number of votes at the General Meeting of Exorigo, and
 - b. 100% of all the shares in Upos entitling to 100% of the total number of votes at the General Meeting of Upos.(hereinafter called “**Contributions in Kind**”)

IV. Entities making Contributions in Kind

The entities making the Contributions in Kind in exchange for the E series shares in ELZAB are:

- a) **Shareholders in Exorigo holding shares in Exorigo Sp. z o.o.** with registered office in Warsaw, ul. Krucza 50, entered in the National Court Register by Court of First Instance for the Capital City of Warsaw, XII Business Department KRS under No KRS 0000053959, with share capital in the amount PLN 1.595.500, divided into 3.191 shares of nominal value PLN 500,00 each.
- b) **Shareholders in UPOS holding shares in UPOS System Sp. z o.o.** with registered office in Knurów, ul. Sienkiewicza 13, entered in the National Court Register by Court of First Instance in Gliwice, X Business Department KRS under No KRS 0000032542, with share capital in the amount PLN 734.500, divided into 1.281 shares of nominal value PLN 500,00 each (cf. section I b).

V. Valuation of Contributions in Kind.

1. The Management Board of ELZAB, for the appropriate valuation of shares in Exorigo and UPOS based on the valuation report carried out by A&E Consult Grupa Konsultingowa Sp. z o.o. with registered office in Warsaw, ul. Elbląska 15/17, as of 30.09.2008, representing an Appendix hereto and on:
 - a. the financial statements of Exorigo for 2005, 2006, 2007 and 9 months of 2008;
 - b. the financial statements of Upos for 2005, 2006, 2007 and 9 months of 2008;
 - c. reports on the due diligence audits of Exorigo and Upos carried out by BDO Numerica Sp. z o.o. with registered office in Warsaw, ul. Postępu 12, Branch in Katowice, al. Korfantego 2 (financial due diligence) and Grynoff, Woźny I Maliński Legal Office, with registered office in Warsaw, ul. Piękna 18 (legal and fiscal audit),
 - d. macroeconomic data generally available;
 - e. generally available data on transactions on the Polish and European capital markets;
2. The valuation was made with the use of two methods:
 - the income method (discounted cash flows), made in virtue of financial forecasts presented by Exorigo and Upos not verified by A&E Consult Grupa Konsultingowa Sp. z o.o.
 - market multiplier method using the indexes: P/S, EV/EBIT, EV/EBITDA.

The goodwill of Exorigo Sp. z o.o. and Upos System Sp. z o.o., respectively, was determined as the arithmetic average from the results of valuations obtained by means of the income and market multiplier method.

3. Valuation results:

Goodwill of Exorigo: PLN 106.038.000

Goodwill of UPOS: PLN 77.079.000

VI. The nominal value of new E series issue shares

The Management Board's motion with the Company General Meeting provides that ELZAB share capital will be increased by the amount not exceeding PLN 67.812.578,40 (in words: sixty seven million eight hundred twelve thousand five hundred seventy eight 40/100 zlotys), through the issue of no more than 49.862.190 (in words: forty nine million eight hundred sixty two thousand one hundred ninety) shares of nominal value PLN 1,36 (one 36/100 zlotys) each.

ELZAB share capital upon increase will not exceed PLN 89.955.540,80 (in words: eighty nine million nine hundred fifty five thousand five hundred forty 80/100 zlotys) and will be divided into no more than 65.999.240 (in words: sixty five million nine hundred ninety nine thousand two hundred forty) shares of nominal value PLN 1,36 (one 36/100 zlotys) each, of which:

1. 11.015.460 (in words: eleven million fifteen thousand four hundred sixty A and C series ordinary bearer shares,
2. 392.540 (in words: three hundred ninety two thousand five hundred forty) B series prescribed privileged shares and 1.107.460 (in words: one million one hundred seven thousand four hundred sixty) B series ordinary bearer shares,
3. 3.621.590 (in words: three million six hundred twenty one thousand five hundred ninety) D series ordinary bearer shares,

4. No more than 49.862.190 (in words: forty nine million eight hundred sixty two thousand one hundred ninety) E series ordinary bearer shares.

VII. Fixing the value of contribution, exchange parity and issue price of the E series shares in the Private Offer

The value of the contribution in kind was fixed in virtue of valuation of Exorigo and Upos goodwill, as mentioned in Part V of this Report.

Upon analysis of the results of this valuation and upon fixing the estimate value of the two companies, the Management Board assumed that the amount of the contribution in kind corresponds to the issue price of new E series shares offered through private subscription to the shareholders in Exorigo and Upos, with application of the following exchange parity as the basis for calculation of the number of ELZAB shares in the private offer:

- a) 9.073.0928 (in words: nine thousand seventy three 928/1000) E series shares per one share in Exorigo;
- b) 16.323,1468 (in words: sixteen thousand three hundred twenty three 1468/1000) E series shares per 1 share in UPOS (with assumption that the capital increase of UPOS, mentioned in section I b hereof, shall be registered.

applying the following principles:

- a) fractional parts of shares shall not be issued,
- b) fractional parts of shares up to 0.4999 shall be rounded down to a full share,
- c) fractional parts of shares above 0.4999 shall be rounded up to a full share,

According to the above parity and valuation of the shares in Exorigo and Upos, as mentioned in Part V hereof, the issue price of one E series share in Private Offer shall amount to:

- a) in case of shares in Exorigo share capital – 28.952.239 (in words: twenty eight million nine hundred fifty two thousand thirty nine shares) – PLN 3,00 (in words: three zlotys) per one E series share,

the value of the shares according to the issue price: PLN 86.856.717 (in words: eighty six million eight hundred fifty six thousand seven hundred seventeen zlotys),

and

- b) in case of shares in Upos share capital 20.909.951 shares (in words: twenty million nine hundred nine thousand nine hundred fifty one shares) – PLN 3,00 (in words: three zlotys) per one E series share,

the value of the shares according to the issue price: PLN 62.729.853 (in words: sixty two million seven hundred twenty nine thousand eight hundred fifty three zlotys).

VIII. The Economic Implications of taking over contributions in kind by ELZAB

The contributions in kind in total entitle to execute 100% votes of the total number thereof at the General Meeting of Exorigo and 100% votes of the total number thereof at the General Meeting of UPOS. Their acquisition would lead to inclusion of Exorigo and UPOS to ELZAB Capital Group.

ELZAB Management Board feels that Exorigo and UPOS inclusion in ELZAB Capital Group will bring significant economic benefits to all the companies described in this report.

The companies joined in the Group would be able to target their offer to various store categories: mega-stores, self-service high street shops, hypermarkets, medium and small retail shops.

Sharing their experience at work with various customers, the companies will be able to inspire one another. Passing the know-how and proven practices elaborated on the grounds of work with the existing customers will result in more precise understanding of their needs. This will allow for the optimization of solutions – especially for stores that integrate with one another.

As a target, Exorigo, UPOS and ELZAB will make a Capital Group operating both on the domestic and overseas markets of suppliers of comprehensive computer/IT solutions for retail trade. The main customers for the services and products of the Group will be store networks developing dynamically in Central and Eastern Europe. The offer of Exorigo and UPOS is mainly targeted at the larger entities operating in networks, while the devices from ELZAB are also directed to medium and small retailers – therefore the companies' offers perfectly supplement one another.

The Capital Group's strategy, after inclusion of Exorigo and UPOS in the Capital Group ELZAB, shall assume a uniform and systematic development throughout Central and Eastern Europe (CEE) of computer/IT services for retail and gaining the leadership in the field of solutions in this region.

Moreover, the Group's revenue structure, upon capital merger, will bring a higher stability. Almost 65% of the revenues will be on high-margin and stable operations, such as system maintenance on customers' premises and production of fiscal equipment that needs to be replaced regularly. Significant cost-savings upon merger are also expected.

A long-term effect of the Capital Group's expansion will be the intensified efficiency of actions, which shall be reflected in faster profits of the newly established Group and simultaneous higher level of profit generated for the subsequent years of business activity. Another effect should be the higher level of customer service and improvement of the quality of the products offered.

Appendix:

- 1) Valuation report made by A&E Consult Grupa Konsultingowa Sp. z o.o. with registered office in Warsaw, ul. Elbląska 15/17, as of 30.09.2008.

Signatures under Elzab S.A. Management Board report made in virtue of art. 311 in relation to art. 431 § 1 KSH

/-/ - Paweł Dudziuk – Chairman

/-/ - Jerzy Biernat – Deputy Chairman

/-/ Jerzy Malok – Member

„ELZAB” Computer Works, Joint Stock Company, ul. Kruczkowskiego 39,
41-813 Zabrze, ID 270036336

ELZAB S.A. („Elzab”) Management Board Opinion justifying deprivation of the rights issue and including the issue price for E series shares.

According to the requirements of art. 433 § 2 of Commercial Companies Code, the Management Board of Elzab S.A. hereby submits its opinion on the proposed share capital increase with deprivation of the rights issue of the existing Company shareholders in relation to the E series share issue and the issue price of the E series shares.

The E series shares will be covered by contribution in kind in the form of 100% shares in Exorigo sp. z o.o. and UPOS SYSTEM sp. z o.o.

Exorigo Sp. z o.o. is a supplier of complete computer solutions for companies of retail and distribution sector. The Company specializes at the implementation and operation of retail and e-commerce network management.

UPOS System Sp. z o.o. specializes at designing, implementation and operation of computer systems for retail sector companies. UPOS also manufactures fiscal printers and is a distributor of computer equipment: points of sale (POS), PC's and servers and cash register peripherals (bar code readers and magnetic cards, label printers and invoices, commercial scales, etc.).

Taking into the consideration the basic scope of Elzab's business, i.e. design, manufacture and distribution of wide range of fiscal printers, cash register equipment and systems, peripherals and accessories to register and manage sales as well as complete deliveries and installation of cash registers, additional equipment, retail systems integration and guarantee and post-guarantee repair services, Elzab and entities with similar business profile: Exorigo sp. z o.o. with registered office in Warsaw and UPOS System sp. z o.o. with registered office in Knurów, took successful measures in order to establish a strong capital group, operating both on the domestic and overseas market of suppliers of complete computer solutions for retail networks.

The Management Board thinks that including the above companies in the ELZAB Group will allow for the business range expansion, in order to obtain a strong position on the market of solutions for retail, both for large retail networks and smaller retail organizations and improvement of financial results. Furthermore, the Management Board thinks that the Group established in this way will have a unique competence and know-how, management skills and trading links necessary for the Elzab Group to accomplish its business targets.

In order to establish such group, it is necessary to create close capital links between the three companies named above. This will be possible through contribution in kind to ELZAB w of 100 % shares in Exorigo sp. z o.o. and UPOS System sp. z o.o. in exchange for the new issue of ELZAB shares. Thus, the establishment of the Group will not cause high expenditures and incurring a loan by ELZAB. This is the most efficient way of creating a target Capital Group with the current situation on the capital markets. Such operation may only be carried out provided the existing shareholders are deprived of the rights issue in relation to the new issue shares.

The proposed issue price of the new shares is PLN 3,00 (three zlotys) per one Elzab share.

Considering the above, the Management Board acknowledges that deprivation of the rights issue is in the Company's interest and recommends the Company shareholders to vote for adopting of resolutions in the form presented by the Management Board and approve of the share capital increase through E series share issue with deprivation of the rights issue of the existing shareholders.

Opinion on justification for ELZAB share capital increase through private subscription and exclusion of the rights issue for the existing shareholders in relation to the new share issue

The Supervisory Board, upon processing of the written opinion of ELZAB Management Board justifying the reasons for exclusion of the rights issue for the existing shareholders, containing the issue price for E series shares suggested by the Management Board, fully agrees with the Management Board's opinion and acknowledges the reasons presented therein, both for ELZAB share capital increase through private subscription and for exclusion of the rights issue for the existing shareholders in relation to the new issue shares, finding them fully justified. The Supervisory Board also obliges the Management Board to present this opinion to the General Meeting.

In the Supervisory Board's opinion, this way of increasing ELZAB S.A. share capital will allow for including EXORIGO Sp. z o.o. and UPOS Sp. z o.o into ELZAB capital group and thus, due to the business profile of both companies to that of ELZAB, expansion of ELZAB scope of business, development of mutual cooperation and obtaining a strong position both on the market of ELZAB and ELZAB Capital Group.