



**SHORT CONSOLIDATED
FINANCIAL STATEMENT
FOR THE FOURTH QUARTER OF 2008**

ZETKAMA S.A. CAPITAL GROUP

Ścinawka Średnia, 2 March, 2009

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I. DESCRIPTION OF CAPITAL GROUP ORGANISATION

1. PRINCIPAL DATA OF THE ISSUER

Zetkama S.A.

ul. 3 Maja 12, 57-410 Ścinawka Średnia

NIP (Tax Identification Number): 883-000-04-82;

REGON (National Official Register of Business Entities): 890501767

Share capital: PLN 980 830 thousand

2. ORGANISATIONAL DESCRIPTION OF THE CAPITAL GROUP AND CHANGES IN ITS STRUCTURE

The Group consists of Zetkama S.A. and a subsidiary:

Name of the subsidiary	Registered office	Scope of operation	Court of proper jurisdiction or another body keeping a relevant register	Consolidation method	Percentage share of the Group in the capital	
					31.12.2008	31.12. 2007
Śrubena Unia S.A.	ul. Grunwaldzka 5 34-300 Żywiec	manufacturing	District Court in Bielsko-Biała, the 8 th Commercial Division of the National Court Register (KRS) no. 0000239466	full	87.58 %	0 %

The dominating company has an affiliate company, Varimex-Valves Sp. z o.o., shares of which are valued according to the ownership right method in the consolidated financial statement.

As for 31 December, 2008, the share of the general number of votes owned by the Group in the subsidiary was equal to the share of the Group in the capital of the subsidiary.

ZETKAMA S.A. Capital Group was established in the first quarter of 2008 in three stages:

- in accordance with stock take-up agreements regarding D series stocks of ZETKAMA S.A. concluded by the Company with investors that were stockholders of Śrubena Unia S.A., the stocks were completely taken up and paid in exchange for non-cash contributions provided by the investors in the form of 1.400.000 common registered stocks of Śrubena Unia S.A., each amounting to PLN 1.00. The date of commencement and termination of D series stock subscription: 7 January,

2008;

- in accordance with a E series stock take-up agreements concluded by the Company with AVALLON MBO S.A., with its registered office in Łódź (who was a stockholder of Śrubena Unia S.A.), the stocks were completely taken up and paid in exchange for a non-cash contribution provided by AVALLON MBO S.A. in the form of 1.100.000 common registered stocks of Śrubena Unia S.A., each amounting to PLN 1.00. The date of commencement and termination of E series stock subscription: 8 February, 2008;

- in accordance with an understanding of 17 October, 2007 regarding consolidation with Śrubena Unia S.A., with its registered office in Żywiec, on 17 March, 2008, ZETKAMA S.A. concluded sales agreements of Śrubena Unia S.A. stocks with 81 stockholders of Śrubena Unia S.A. (current or former employees of the company and its management board members), as a result of which the Company acquired the total of 433 000 stocks, each amounting to PLN 7, total value amounting to PLN 3 031 000.

As a result of the executed three-stage consolidation process, ZETKAMA S.A. became the holder of 2,933,000 stocks of Śrubena Unia S.A., which comprised 87.58 % of stocks and votes at the general meeting of stockholders.

Varimex-Valves Sp. z o.o., established in April 1992, is a joint undertaking of national industrial fittings producers that are its major shareholders. In accordance with an agreement concluded with Zetkama S.A., Varimex-Valves Sp. z o.o. deals with sales of Company's products on foreign markets. Zetkama S.A. holds 39 shares of Varimex-Valves Sp. z o.o., which comprises 24.07% of the share capital of the company. 2007 revenue of the company amounted to PLN 18 432 thousand, whereas 2008 revenue: PLN 15 582 thousand.

II. SHORT CONSOLIDATED FINANCIAL STATEMENT

1. BALANCE SHEET (according to IFRS)

in thousand PLN

ASSETS	Closing balance	
	31.12.2008	31.12.2007
A. Fixed assets	88 076	50 367
I. Tangible fixed assets	81 342	45 570
1. Fixed assets	80 611	45 480
1.1. Land	3 978	341
1.2. Buildings, premises and structures of land and water	37 618	21 698

ASSETS	Closing balance	
	31.12.2008	31.12.2007
engineering		
1.3. Machinery and technical equipment	32 782	17 799
1.4. Transportation means	1 455	1 143
1.5. Other fixed assets	4 778	4 499
2. Tangible fixed assets under construction	731	90
3. Payments on account of fixed assets under construction	-	-
II. Intangible fixed assets	789	1 014
1. Development costs	228	392
2. Other intangible fixed assets	561	622
III. Investment real property	4 155	3 708
IV. Long-term investments	336	75
1. Long-term financial assets	336	75
1.1. In related parties	332	71
1.2. In other entities	4	4
V. Long-term prepayments	1 454	-
1. Deferred tax asset	1 454	-
B. Current assets	76 625	31 304
I. Stock	32 577	11 549
1. Materials	9 438	3 116
2. Semi-finished products and work in progress	9 546	4 763
3. Finished products	12 089	2 677
4. Trade goods	1 493	945
5. Payments on account	11	48
II. Short-term investments	-	284
1. In related parties	-	51
2. In other entities	-	233
III. Short-term receivables	40 905	18 736
1. Receivables from related parties	702	531
1.1. Traders	702	531
2. Receivables from other entities	40 075	18 143
2.1. Traders	32 981	11 484
2.2. Income tax	-	90
2.3. Other	7 094	6 569
3. Other assets	129	62
IV. Cash and cash equivalents	2 808	735
V. Short-term prepayments	335	-
TOTAL ASSETS	164 701	81 671

in thousand PLN

LIABILITIES	Closing balance	
	31.12.2008	31.12.2007
A. Equity capital	70 067	35 298
I. Stock capital	981	781
II. Capital on stock issue above the nominal value	31 843	12 079
III. Revaluation reserve	51	1 572
IV. Other reserve capital	1 251	812
V. Retained profit	35 941	20 054
1. Net result of the current period	11 730	2 151
2. Retained net result	322	3 722
3. Profit carried to supplementary capital	19 745	14 181
4. Minor stockholders' equity	4 144	-
B. Liabilities and provisions for liabilities	94 634	46 373
I. Long-term liabilities	33 520	21 999
1. Amounts owed to other entities	23 459	19 953
1.1. Credits and loans	22 632	19 043
1.2. Other	827	910
2. Provisions for liabilities	10 061	2 046
2.1. Deferred tax liability	5 069	1 408
2.2. Provisions for pensions and similar obligations	4 992	638
II. Short-term liabilities	61 114	24 374
1. Amounts owed to related parties	29	58
1.1. Traders	29	58
2. Amounts owed to other entities	59 153	23 529
2.1. Credits and loans	17 517	8 656
2.2. Other financial liabilities	2 058	507
2.3. Traders	34 074	12 327
2.4. Taxes, customs, social security liabilities	2 191	1 195
2.5. Income tax liability	180	-
2.6. Salary payables	1 490	828
2.7. Other	1 640	16
2.8. Special funds	3	-
3. Provisions for liabilities	553	79
3.1. Provisions for pensions and similar obligations	553	79
4. Accruals and deferred income	1 379	708
TOTAL LIABILITIES	164 701	81 671

2. PROFIT AND LOSS ACCOUNT (according to IFRS)

in thousand PLN

	2008		2007	
	Q4 01.10.2008 31.12.2008	4 quarters 01.01.2008 31.12.2008	Q4 01.10.2007 31.12.2007	4 quarters 01.01.2007 31.12.2007
A. Net revenue from sales	52 638	215 788	20 007	86 061
I. Net revenue from sales of products	49 709	200 348	17 421	72 936
II. Net revenue from sales of trade goods and materials	2 929	15 440	2 586	13 125
B. Own costs of sales	46 644	181 628	15 965	67 179
I. Cost of products sold	44 326	169 600	14 010	57 588
II. Value of sales of trade goods and materials	2 318	12 028	1 955	9 591
C. Gross profit on sales (A-B)	5 994	34 160	4 042	18 882
D. Sales costs	1 532	9 343	1 314	4 776
E. Administrative costs	3 389	15 258	2 856	7 974
F. Result on sales (C-D-E)	1 073	9 559	(128)	6 132
G. Other operating revenue	639	960	94	974
H. Other operating costs	1 344	2 025	380	2 214
I. Share in profits of companies settled according to the ownership right method	23	105	-	-
J. Result on operating activity (F+G-H+I)	391	8 599	(414)	4 892
K. Financial income	430	1 610	13	16
L. Financial costs	(1 124)	2 774	588	1 794
M. Other investment profit (loss)	-	5 805	-	-
N. Gross result (J+K-L+M)	1 945	13 240	(989)	3 114
O. Income tax	374	1 409	(49)	963
P. Net result (N-O)	1 571	11 831	(940)	2 151
R. Result for stockholders of the dominating company	1 631	11 730	-	-
S. Result for minor stockholders	(60)	101	-	-

Net result of the dominating company	1 631	11 730	(940)	2 151
Weighted average number of stocks	4 904 150	4 821 308	3 904 150	3 904 150
Net profit per stock	0.33	2.43	(0.24)	0.55

3. STATEMENT OF CHANGES IN THE EQUITY CAPITAL (according to IFRS)

in thousand PLN

	01.01.2008 31.12.2008	01.01.2007 31.12.2007
I. Equity capital as for opening balance (OB)	42 060	30 782
1.1 Equity capital as for opening balance	4 130	781
1.2 Changes in the stock capital	(3 149)	-
a) Increases	200	-
b) Decreases	(3 349)	-
1.3 Equity capital as for closing balance	981	781
2.1 Capital on stock issue above the nominal value as for opening balance	12 079	12 079
2.2 Changes in the capital on stock issue above the nominal value	19 764	-
a) Increases	19 764	-
2.3 Capital on stock issue above the nominal value as for closing balance	31 843	12 079
3.1 Revaluation reserve capital as for opening balance	1 572	19
3.2 Changes in the revaluation reserve capital	(1 521)	1 553
a) increases – revaluation reserve of an investment real property	-	339
b) decreases – disclosure regarding a right of perpetual usufruct of lands in investment real properties – previously subject to off-balance disclosures	-	703
c) increases – disclosure regarding a right of perpetual usufruct of lands in tangible fixed assets, previously subject to off-balance disclosures	-	341
d) increases (valuation of security instruments taking into consideration the tax effect)	214	172
e) decreases (valuation of security instruments taking into consideration the tax effect)	(1 735)	(2)
3.3 Revaluation reserve capital as for closing balance	51	1 572
4.1 Other reserve capital as for opening balance	812	-
4.2 Changes in other w reserve capitals	439	812
a) Increases	439	812
4.3 Other reserve capital as for closing balance	1 251	812
5.1 Retained profit as for opening balance	23 467	17 903
5.2.1 Net result of the current period	11 730	2 151
a) net profit	11 730	2 151
5.2.2 Retained net result as for opening balance	7 288	9 361
5.3.4 Changes in retained result	(2 822)	(5 639)

	01.01.2008 31.12.2008	01.01.2007 31.12.2007
a) Increases	25 163	-
b) Decreases	(27 985)	(5 639)
5.2.4 Retained net result as for closing balance	4 466	3 722
5.2.5 Profit carried to supplementary capital as for opening balance	16 179	8 542
5.2.6 Changes in profit carried to supplementary capital	3 566	5 639
a) Increases	3 566	5 639
5.2.7 Profit carried to supplementary capital as for closing balance	19 745	14 181
5.3 Retained profit as for closing balance	35 941	20 054
II. Equity capital as for closing balance (CB)	70 067	35 298
III. Equity capital as for closing balance after taking into consideration the profit suggested for distribution	70 067	35 298

4. CASH FLOW STATEMENT (according to IFRS)

in thousand PLN

	01.01.2008	01.01.2007
	31.12.2008	31.12.2007
A. Operating cash flow		
I. Gross result	13 240	3 114
II. Adjustments	(563)	(2 256)
1. Depreciation	4 632	3 228
2. (Income) / Loss of sale of fixed assets	(24)	(33)
3. Interest	3 142	1 163
4. Other adjustments	40	(44)
	7 790	4 314
5. Change in accruals and prepayments	(2 053)	414
6. Change in other reserve capitals	(668)	812
7. Changes in receivables	(9 330)	(1 823)
8. Change in stock	(6 928)	(2 430)
9. Changes in short-term liabilities	15 163	(3 498)
10. Change of provisions and employee benefits	1 715	(45)
11. Valuation to fair value of an investment real property	(447)	-
12. Changes in capitals	(5 805)	-
Net cash from operating activities	12 677	858
13. Paid interest	3 054	1 021
14. Paid tax	1 300	1 028
	4 354	2 049
Net cash from operating activities	8 323	(1 191)
B. Cash flow from investment activity		
I. Cash inflow	45	36
1. Disposal of intangible and tangible fixed assets	43	33
2. Received interest	2	3
II. Expenses	9 533	18 092
1. Acquisition of intangible and tangible fixed assets	6 502	18 092
2. Acquisition of financial assets	3 031	-
Net cash from investment activities	(9 488)	(18 056)

	01.01.2008	01.01.2007
	31.12.2008	31.12.2007
C. Cash flow from financial activity		
I. Cash inflow	6 410	30 914
1. Credits and loans	6 410	30 914
II. Expenses	3 881	12 317
1. Expenses for repayment of credits and loans	3 303	11 750
2. Payment of liabilities from financial lease agreements	536	503
3. Other financial expenditure	42	64
Net cash from financial activities	2 529	18 597
D. Total net cash flow	1 364	(650)
E. Cash as for opening balance	1 444	1 385
F. Cash as for closing balance, including:	2 808	735

5. INFORMATION OF BUSINESS LINE SEGMENTS (according to IFRS)

in thousand PLN

	Fittings		Castings		Fasteners		Other operation		Exclusions		Total value	
	01.01.2008	01.01.2007	01.01.2008	01.01.2007	01.01.2008	01.01.2007	01.01.2008	01.01.2007	01.01.2008	01.01.2007	01.01.2008	01.01.2007
	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
REVENUE	55 355	49 844	81 379	39 011	87 241	-	13 112	15 155	(21 299)	(17 949)	215 788	86 061
Sales outside	55 355	49 844	60 080	21 062	87 241	-	13 112	15 155		-	215 788	86 061
Sales between segments	-	-	21 299	17 949	-	-	-	-	(21 299)	(17 949)	-	-
COSTS	42 371	37 633	71 413	36 024	77 834	-	11 309	11 471	(21 299)	(17 949)	181 628	67 179
GROSS PROFIT ON SALES	12 984	12 211	9 966	2 987	9 407	-	1 803	3 684	-	-	34 160	18 882
RESULT ON OPERATING ACTIVITY											8 599	4 892
NET RESULT											11 831	2 151
ASSETS OF SEGMENTS	52 746	47 458	39 461	24 666	59 070	-	8 491	8 453	-	-	159 768	80 577
Tangible fixed assets	29 974	29 346	17 966	15 769	33 187	-	215	455	-	-	81 342	45 570
Intangible fixed assets	429	570	360	444	-	-	-	-	-	-	789	1 014
Investment real property	-	-	-	-	-	-	4 155	3 708	-	-	4 155	3 708
Stock	10 241	6 691	8 000	3 867	13 082	-	1 254	991	-	-	32 577	11 549
Receivables	12 102	10 851	13 135	4 586	12 801	-	2 867	3 299	-	-	40 905	18 736
ASSETS NOT CLASSIFIED TO SEGMENTS											4 933	1 094
TOTAL ASSETS											164 701	81 671

	Fittings		Castings		Fasteners		Other operation		Exclusions		Total value	
	01.01.2008	01.01.2007	01.01.2008	01.01.2007	01.01.2008	01.01.2007	01.01.2008	01.01.2007	01.01.2008	01.01.2007	01.01.2008	01.01.2007
	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
LIABILITIES OF SEGMENTS	39 280	33 504	15 781	4 668	18 110	-	3 547	2 838	-	-	76 718	41 010
Long-term liabilities	19 494	19 756	64	197	3 900	-	-	-	-	-	23 458	19 953
Short-term liabilities	19 786	13 748	15 717	4 471	14 210	-	3 547	2 838	-	-	53 260	21 057
LIABILITIES NOT CLASSIFIED TO SEGMENTS											87 983	40 661
TOTAL LIABILITIES											164 701	81 671
Expenditure for tangible and intangible fixed assets	1 670	13 547	3 131	4 545	1 701	-	-	-	-	-	6 502	18 092
Depreciation	1 580	1 465	1 204	1 763	1 847	-	-	-	-	-	4 631	3 228

III. SELECTED EXPLANATORY DATA AND ADDITIONAL NOTES.

1. INFORMATION ON PRINCIPLES ACCEPTED IN PREPARATION OF THE CONSOLIDATED MID-YEAR FINANCIAL STATEMENT FOR THE FOURTH QUARTER OF 2008.

This is the first year when consolidated statements are used in ZETKAMA S.A. Capital Group, and 2007 data include only individual data of Zetkama S.A.

The consolidated mid-year financial statement presented in this quarterly report was prepared according to IFRS in the version approved by the European Union, as applicable on the date of the statement, and, in respect of the scope not regulated in the aforementioned standards, in accordance with regulations of the amended accounting act (29 September, 1994) and regulations of Ordinance of the Council of Ministers (19 October, 2005) on current and periodical information provided by issuers of securities; the financial statement comprises the period from 1 January, 2008 to 31 December, 2008 and from 1 January, 2007 to 31 December, 2007.

The statement for the fourth quarter of 2008 was drawn up in accordance with IFRS. The issuer included fundamental IFRS accounting principles in the 2007 financial statement.

To present selected financial data, individual assets and liabilities items of the balance sheet were converted to EUR according to the average exchange rate announced on the balance-sheet date (31 December, 2008) by the National Bank of Poland, i.e. PLN 4.1724. Individual items of the profit and loss account were converted into EUR according to the exchange rate equal to the arithmetic mean of average exchange rates determined by the National Bank of Poland for EUR as for each day of the period, i.e. from January to December 2008, and amounted to PLN 3.5129.

For the comparative period of 2007, EUR/PLN exchange rates amounted to 3.5820 and 3.7843, respectively.

In the first quarter of 2008, ZETKAMA took up 87.58% stock of Śrubena Unia S.A. in Żywiec. The fair value of transactions was initially settled based on estimate values of identifiable assets, liabilities and contingent liabilities. The fair value was determined in the second quarter of 2008, and the settlement result was included in the profit and loss account for the first half-year of 2008 in the item: Other investment profit.

2. INFORMATION ON ADJUSTMENTS FOR PROVISIONS; DEFERRED TAX PROVISION AND ASSETS; AND APPLIED WRITE-DOWNS FOR ASSETS.

2.1. Information on adjustments for provisions; deferred tax provision and assets; and applied write-downs for assets.

in thousand PLN

	Write-downs for assets	Deferred income tax asset	Provision for deferred income tax	Provision for future liabilities	Prepayments
As for 31.12.2007	1 583	1 229	2 876	4 915	75
Increases	649	225	2 482	630	865
Use	-	-	289	-	605
Termination	389	-	-	-	-
As for 31.12.2008	1 843	1 454	5 069	5 545	335

2.2. Write-downs for assets.

in thousand PLN

Write-down for stock	584
Write-down for receivables	1 259

In the fourth quarter of 2008, the Group acquired tangible and intangible fixed assets amounting to PLN 2032 thousand.

2.3. Provision for deferred income tax.

In the fourth quarter, the income tax provision was determined to amount to PLN 5 069 thousand.

2.4. Provision for future liabilities.

The value of the provision for retirement severance pay and service anniversary awards was increased as compared with the preceding quarter. The actuary determined that it amounted to PLN 5 545 thousand.

2.5. Prepayments.

Changes in prepayments.

in thousand PLN

Increases:

- annual allowance for the Company Fund of Welfare Benefits	487
- insurances	109
- refurbishments	269

487

Decreases:

- allowance for the Company Fund of Welfare Benefits	95
- insurances	23
- subscriptions	

3. SEASONALITY OF RECURRENCE OF OPERATION IN THE MID-YEAR PERIOD.

Operation of entities included in ZETKAMA S.A. Capital Group is neither of seasonal nor recurring nature.

4. SIGNIFICANT ACHIEVEMENTS OR FAILURES OF ZETKAMA S.A. CAPITAL GROUP IN THE FOURTH QUARTER OF 2008.

Zetkama S.A.:

- Completion of the investment regarding conversion of a coal-fired into a gas-fired 3.8 MW boiler house. The total investment value amounted to PLN 1 132 thousand.

Śrubena Unia S.A.:

- Commissioning of the investment regarding a line for heat treatment of long screws based on a chamber furnace. The total investment value amounted to PLN 2 947 thousand.

5. FACTORS AND EVENTS SIGNIFICANTLY AFFECTING FINANCIAL RESULTS OBTAINED IN THE FOURTH QUARTER OF 2008.

- Drop of sales volumes as compared with November and December budget assumptions resulting from the effect of global drop in demand in countries of Western Europe.
- Change in exchange rates of foreign currencies and credits interest rates.

6. STOCK ISSUE AND DIVIDEND PAID OUT.

The issuer did not pay out dividends in the period from the report issue date to the third quarter of 2008.

7. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

8. POSITION OF THE MANAGEMENT BOARD IN RESPECT OF REALISATION OF 2008 RESULTS FOR ZETKAMA S.A. CAPITAL GROUP

Position of the Management Board of Zetkama

The deviation of EBITDA realisation as compared with the forecast resulted from establishment of additional provisions for employee benefits as well as receivables and stock.

in thousand PLN

Selected items	Realisation after 4 quarters of 2008	Forecast for 2008
Revenue from sales	215 788	215 731
EBITDA	19 035	20 440
Net profit	11 831	12 281

EBITDA includes operating profit of PLN 8 598 thousand, other investment profit of PLN 5 805 thousand, and depreciation of PLN 4 632 thousand.

9. STOCKHOLDERS OF ZETKAMA S.A. HOLDING AT LEAST 5% STOCKS/VOTES AT THE GENERAL MEETING OF STOCKHOLDERS

Data as for the date of publication of the Q4 2008 report

Shareholder	Number of stocks	Share in the share capital	Number of votes	Share in the total number of votes
Avalon MBO S.A.	767,987	15.66%	767,987	15.66%
Maciej Jurczyk	506,770	10.33%	506,770	10.33%
Tomasz Jurczyk	506,770	10.33%	506,770	10.33%
Jan Jurczyk	447,876	9.13%	447,876	9.13%
Zygmunt Mrozek	391,000	7.97%	391,000	7.97%
Generali OFE	374,496	7.64%	374,496	7.64%
Jakub Jurczyk	31,252	6.49%	31,252	6.49%

10. STOCKS OF ZETKAMA S.A. HELD BY MANAGEMENT AND SUPERVISORY PERSONNEL OF THE ISSUER.

Data as for the date of publication of the Q4 2008 report

Name	Position	Number of stocks held on the date of provision of the previous quarterly report	Number of stocks held on the date of provision of the current quarterly report	Change
Leszek Jurasz	Management Board President	129 642	129 642	-
Andrzej Herma	Management Board Vice President	62 402	62 402	-
Jerzy Kozuch	Management Board Member	63 402	63 402	-
Leszek Gawlik	Management Board Member	11 600	11 600	-
Jan Jurczyk	Supervisory Board Deputy Chairman	419 762	447 876	28 114
Zygmunt Mrozek	Supervisory Board Secretary	391 000	391 000	-
Tomasz Jurczyk	Supervisory Board Member	478 657	506 770	28 113

Other Supervisory Board Members hold no stocks of the issuer.

11. PENDING PROCEEDINGS IN A COURT, A BODY OF PROPER JURISDICTION IN RESPECT OF ARBITRARY PROCEEDINGS, OR A PUBLIC ADMINISTRATION BODY AS FOR 31.12.2008.

None.

12. SEGMENTS OF OPERATION

Business line segments.

The product offer of ZETKAMA S.A. Capital Group includes industrial and water supply fittings, castings and fasteners. This classification is the criterion for separation of business line segments that are the basis of segment-related information. Separated segments include:

Industrial and water supply fittings

Castings

Fasteners

Other operation – mainly sale of goods and materials

Fittings are produced based on castings manufactured in company's own foundry in Ścinawka Średnia as well as in foundries leased from the Official Receiver in Węgierska Górka, and based on castings of other producers. Fittings produced by the Company consist of typical components that include a body, a cap, a mushroom head, a stem, seals and fasteners.

Foundries are separated manufacturing departments of Zetkama. They manufacture castings of grey cast iron and spheroidal graphite iron based on state-of-the-art technologies. Manufactured castings are the basis for fittings production in Zetkama and are sold as finished products in Poland and abroad.

Fasteners are manufactured in Śrubena Unia S.A. in Żywiec.

The company is a leading manufacturer of fasteners. It is the second largest manufacturer in Poland and one of the tenth biggest manufacturers in Europe. As one of a few, it uses both the cold and hot manufacturing technology, which enables the company to offer a very wide scope of manufacture in respect of sizes and range of goods.

Revenue and costs of the business line segment.

Actual revenue and costs are presented for individual business line segments.

Assets and liabilities of the business line segment.

Assets of the segment include:

Tangible fixed assets – according to their location (fittings and castings manufacturing plant),

Intangible fixed assets – according to their location,

Investment real properties – other operation,

Stock – according to warehouse location,

Receivables – receivables as for the balance-sheet date divided into individual segments in proportion to sales outside.

Liabilities of the segment include:

Long-term (lease) liabilities – according to the place of use of the lease subject, investment credit in the long-term part – as for the balance-sheet date divided into individual segments in proportion to costs, taking into consideration exclusions.

Short-term (lease) liabilities – according to the place of use of the lease subject, bank credits and trade liabilities – as for the balance-sheet date divided into individual segments in proportion to costs, taking into consideration exclusions.

Transfer between segments.

Revenue, costs and result of the segments take into consideration transfers between business line segments. This kind of transfers are settled according to production costs. They are excluded using consolidation of results of individual segments

Geographical directions of sales..

Geographical directions of sales are divided according to the criterion based on geographical location of customers. For the purposes of company management, the following segments have been separated:

Poland

Western Europe

Central and Eastern Europe

Extra-European countries

Sales according to the geographical criterion.

The following table presents the division of sales value according to the geographical criterion.

in thousand PLN

Period	Revenue from sales according to the criterion of geographical directions	
	01-01-2008 31-12-2008	01-01-2007 31-12-2007
Poland	90 253	24 823
Western Europe	101 937	42 264
Central and Eastern Europe	18 794	12 962
Extra-European countries	4 804	6 012
TOTAL	215 788	86 061

2007 data concern an individual statement of Zetkama S.A.

13. INFORMATION OF CONCLUSION OF ONE OR MORE TRANSACTIONS BETWEEN ZETKAMA S.A. CAPITAL GROUP AND AFFILIATED COMPANIES, THE TRANSACTIONS NOT BEING TYPICAL OR ROUTINE TRANSACTIONS.

None.

14. INFORMATION OF CREDITS OR LOANS GRANTED OR SECURITY PROVIDED BY ZETKAMA S.A. CAPITAL GROUP

None.

15. OTHER INFORMATION.

The following breakdown shows selected items of the balance sheet, and profit and loss account of ZETKAMA S.A. Capital Group including basic financial ratios of 2007 and 2008.

Selected financial information (in thousand PLN)	01.01-31.12.2008	01.01.-31.12.2007
Revenue from sales	215 788	86 061
Net profit on sales	9 559	6 132
Gross result	13 240	3 114
Net result	11 831	2 151
Value of assets	164 701	81 671
Fixed assets	88 076	50 367
Current assets	76 625	31 304
<i>Stock</i>	<i>32 577</i>	<i>11 549</i>
<i>Receivables</i>	<i>40 905</i>	<i>18 736</i>
Equity capital	70 067	35 298
Long-term liabilities	33 520	21 999
Short-term liabilities	61 114	24 374
Return on sales	4.4%	7.1%
Gross profitability ratio	6.1%	3.6%
Net profitability ratio	5.5%	2.5%
Current ratio	1.25	1.28
Quick ratio	0.72	0.81
Share of equity capital in financing of current assets	42.5%	43.2%

Net return on sales in 2008 as compared with 2007 was lower owing to higher prices of raw materials, materials and energy; exchange rates lower than planned in export sales; and return on sales lower than assumed in the subsidiary. Higher gross and net profitability ratios in 2008 resulted from inclusion of goodwill from in the profit and loss account. Liquidity ratios in 2008 and 2007 were on the appropriate level. The equity capital structure financing operation was on the similar

level in both compared years.

16. FACTORS THAT CAN AFFECT RESULTS WITHIN THE NEXT QUARTER.

Results of the issue can be affected by the following factors within the next quarter:

Economic situation in EU and in the world.

Exchange rate fluctuations.

Changes in prices of raw materials, materials and energy.