

## **A LETTER OF THE PRESIDENT TO THE SHAREHOLDERS OF REMAK SA**

Dear Sir/Madam,

On behalf of the Management Board of Remak SA I present you the report summarizing the Company's activities in 2008. The financial position of the Company is a mirror reflection of the specific position (stage) of the investment program of the power engineering industry. The main profile of our activity is, first of all, the assembly of power boilers, ranging from the smallest ones to the largest boilers for 1,000 MW units requiring the highest qualifications and experience. Discontinuation or suspension of important power engineering projects in Neurath, Lingen and Bełchatów in the 1<sup>st</sup> half of the year resulted in a drastic decline of sales and caused negative net result. When these projects were restarted, the level of sales significantly increased and our financial results obtained in the 2<sup>nd</sup> half of the year were good enough to suffice to make up for the losses incurred in the 1<sup>st</sup> half with a good surplus.

Today, in the period of a deep economic crisis, power engineering industry, both Polish and European, is one of few areas having a realistic development program. It is a very positive signal for Remak SA, which is systematically gaining a leading position among potential implementers of this program.

We are one of a few companies in Europe which possesses complete qualifications and skills to assembly boilers for the largest power units – from 400 to 1,100 MW. Besides, in the aspect of a large investment program of the power engineering industry the problem of lack of appropriate companies for their implementation may occur, which can become another element enabling Remak SA to win new attractive contracts.

The competitive advantage of the Company over our competitors currently results from the quality of works and references gained within recent years on the Polish market and in many EU countries - these are the most important advantages of the Company towards its contracting parties interested in permanent cooperation with the Company over a long horizon of time.

2008 was a good year for the Company in terms of income and financial results. Even though the Company reported decrease in total income due to termination of construction projects (ISPA), it also reported increase of income in the main segment of our activity i.e. in power engineering. A positive financial result, including the operating results, confirms the increasing tendency in the Company development.

In 2009 we plan a significant increase which is supported by a full portfolio of orders mainly from foreign markets. We also plan to play a significant role in modernization programs of Polish power engineering this year and in the following years.

Out of concern for the quality of our services and delivering of products more and more corresponding to our Clients' needs we obtained ASME certificate in the scope of design, manufacture and assembly of boilers – A Stamp and PP Stamp.

Within the months to come we plan to complete activities aiming to obtain a certificate in work safety and hygiene according to the Polish standard – PN-N 18001. These activities should guarantee the Company access to a wider market of services.

Due to share of exports in our income at the level exceeding 60 % the exchange rate of currencies to PLN is also of importance to us.

Financial and economic crisis which the world markets have faced is favourable to exporters due to weakening of the Polish złoty.

We are convinced that the investment projects in power engineering prepared in a multi-years cycle with secured financing in view of the awareness of increasing lack of energy in the European Union within the coming years will not be ceased and will not be subject to pressure evoked by the economic crisis.

In our activities we will further strive for ensuring that Remak SA is an attractive and reliable company for its Shareholders. I would like to invite you to get familiar with the Company's report for 2008 and hope that you will obtain satisfying knowledge on our activities.

Sincerely Yours,

Opole, February 2009.