

**RESOLUTION No. 119/II/2011
of the Supervisory Board of ERGIS-EUROFILMS S.A.
with registered office in Warsaw
of 12 May 2011**

Article 1

The Supervisory Board of ERGIS-EUROFILMS S.A., acting pursuant to Code of Best Practice for WSE Listed Companies, attached as appendix to Resolution of the Supervisory Board of the Warsaw Stock Exchange No. 17/1249/2010 of 19 May 2010, having assessed, hereby adopts: “*The concise assessment of the situation of the Company in 2010, including the assessment of the internal control system and the system of management of risk significant for the Company*“ in the wording which is attached as Appendix to this Resolution and decides to submit the abovementioned document to the Annual General Shareholders Meeting of ERGIS-EUROFILMS S.A.

Article 2

The Resolution shall become effective on the day of its adoption.

The Resolution was adopted in an open vote:

Appendix:

The concise assessment of the situation of the Company in 2010, including the assessment of the internal control system and the system of management of risk significant for the Company.

Votes:

for: 7

against: 0

abstentions: 0

1. Marek Górski - Chairman[signature].....
2. Jacek Korpała - Deputy Chairman[signature].....
3. Stanisław Mazgaj - Deputy Chairman[signature].....
4. Paweł Kaczorowski - Secretary[signature].....
5. Maciej Grelowski[signature].....
6. Piotr Wieczorkiewicz[signature].....
7. Zenon Dąbrowski[signature].....

*Appendix to Resolution No. 119/II/2011
of the Supervisory Board of ERGIS-EUROFILMS S.A.
with registered office in Warsaw of 12 May 2011:*

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The concise assessment of the situation of ERGIS-EUROFILMS S.A. in 2010, including the assessment of the internal control system and the system of management of risk significant for the Company.

Based on: Rule III. 1.1) of the Code of Best Practice for the WSE Listed Companies

After four quarters of 2010, Ergis-Eurofilms S.A. recorded revenue on sales in the amount of PLN 372.3 million as compared to PLN 321.4 million in the same period of 2009, while operating profit in that period amounted to PLN 18.9 million as compared to PLN 19.6 million in the previous year.

In 2010, the major factor exerting an influence on the Company's results was an increase in the price of raw materials. New circumstances necessitated a change in the strategy. Therefore, the Company was focused on a defensive strategy and, in the case of strategic product lines, on increasing the existing sales levels. As a consequence, revenue on sales in 2010 increased by almost 16% in comparison with 2009. What is worth noting is high dynamics of sales of the stretch film (increase in the volume of 13.2%), PET tapes (quantitative increase of 32.9%) and rigid PVC film (increase in the volume of 41.9%).

Given unfavourable prices of raw materials and a decrease in the EUR exchange rate, the margins for 2010 were lower than those recorded in 2009, which – due to market conditions – were record-breaking in terms of profitability. Margin ratio thus decreased from 18.0% to 14.8%, and EBITDA – from 9.6% to 7.9%. One should also note the reduction of general expenses in 2010, which were lower by 13% as compared to those recorded in 2009, and a comparatively low dynamics of sales costs (an increase by 0.5%) combined with a considerably higher level of sales revenue.

In connection with the fact that in 2010 the volume of unrealised foreign exchange differences from valuation of the euro-denominated loans (PLN 2,983,000) was similar to the value recorded in 2009 (PLN 3,412,000), the Company's gross profit and net profit in 2009-2010 was to a great extent a result of an interplay between operating results.

As at 31 December 2010, total liabilities amounted to PLN 176.7 million, which represents an increase compared to PLN 166.4 million as at 31 December 2009. The general debt level results from investment decisions made in previous years and is considered as safe.

Collection of receivables is well managed at the Company. There are no problems with settling current liabilities, either.

The Supervisory Board finds the efforts taken both by the Company's Management Board and its employees with a view of the Company's further development as positive. The Supervisory Board also finds with satisfaction that Ergis-Eurofilms S.A. conducts its operations in compliance with the rules of business ethics and corporate governance, has sound basis for further development growth and increasing value for the shareholders.

Assessment of the internal control system and the system of management of risk significant for the Company

The internal control system at Ergis-Eurofilms S.A. is regulated by procedures and instructions which specify in detail the manner of conduct and the scope of responsibilities as well as powers of persons involved in the system. An internal control unit operates at the Company. This is the in-house auditor who directly reports to the Deputy Financial Director of the Company.

The Management Board of ERGIS-EUROFILMS S.A. is responsible for the internal control system and its effectiveness in reference to the process of preparation of financial statements.

Procedures and instructions for the preparation of the financial statements are applied in the Company. The Company uses the IT system of ERP class, with system controls built in, preventing unauthorised operations in the system. Additionally, analyses of deviations of individual financial items are carried out on a monthly basis. The accounting books of ERGIS-EUROFILMS S.A., as well as of majority of the subsidiaries, are kept by Numeratis Sp. z o.o., an accounting office, under the supervision of the Financial Director of ERGIS-EUROFILMS S.A. The consolidated financial statements are prepared based on uniform consolidation packages. Separate financial statements of the subsidiaries and the consolidated financial statements are prepared based on uniform accounting principles approved by the President of the Management Board of ERGIS-EUROFILMS S.A. and the Management Boards of the subsidiaries.

The prepared financial statements are subject to review and audit by an independent chartered auditor. The risk management system at Ergis-Eurofilms S.A. involves all risks significant for the Company, including:

1. risk connected with macroeconomic situation of Poland;
2. risk connected with macroeconomic situation of Germany;
3. risk connected with competition with other entities;
4. risk connected with exchange rates;
5. risk connected with amendments to legal regulations which includes amendments to tax law and application thereof;
6. interest rate risk.

Managing most important risks, i.e. the risk connected with a change in the interest rate and the risk connected with exchange rates consists in limiting the risk by entering into hedging transactions and establishing a fixed WIBOR rate for the lending period in respect of the largest loans as well as implementing natural hedging, i.e. equalling proceeds from sales in Euro with purchases in Euro.

The Supervisory Board would like to express admiration for the Management Board for its engagement in the issues pertaining to the management of risk and the internal control system. It also approves the Management Board's activities in terms of institutional control exercised by the in-house auditor and the supervision of the Audit Committee. In the assessment of the Supervisory Board, the Company undertakes all possible measures aimed at reducing its exposure to business risks connected both with the market environment and its operations.

The Supervisory Board assesses the situation of Ergis-Eurofilms S.A. in 2010 as positive, and is satisfied with the Company's achievements in that period.

1. Marek Górski - Chairman

.....[signature].....

2. Jacek Korpała - Deputy Chairman[signature].....
3. Stanisław Mazgaj - Deputy Chairman[signature].....
4. Paweł Kaczorowski – Secretary[signature].....
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