



Extension of BRE Bank Facilities

Late in the afternoon last Friday Złomrex S.A. (Złomrex, the Company) received a fax message from BRE Bank (the Bank) informing about the Bank's position towards further financing of Złomrex Group (the Group).

The Bank's Credit Committee has made a decision to extend validity of the Group's general credit limit (the Limit) until January 20, 2010. Within the Limit BRE Bank has agreed to finance:

1. Złomrex Metal at a total amount of PLN 37.1 million, including:
 - a) reverse factoring line, continuation of the existing facility on the following basic terms:
 - available amount: up to PLN 28.6 million,
 - financing period: 12 months,
 - repayment: stipulated in the relevant purchasing invoices not later than January 20, 2010,
 - b) overdraft, a new facility on the following basic terms:
 - available amount: up to 8.0 million,
 - financing period: 12 months,
 - repayment: by January 20, 2010,
 - c) PLN 0.5 FX hedging limit (continued).
2. Ferrostal Łabędy at a total amount of PLN 73.2 million, including:
 - a) overdraft, continuation of the existing facility on the following basic terms:
 - available amount: up to PLN 38.0 million,
 - financing period: 12 months,
 - repayment: installments reducing available amount by PLN 0.75 million monthly; final repayment of the indebtedness by January 20, 2010.
 - b) revolver, continuation of the existing facility on the following basic terms:
 - available amount: up to PLN 34.2 million,
 - financing period: 12 months,
 - repayment: by January 20, 2010,
 - c) PLN 1.0 million of a FX hedging limit (continued).
3. HSW-HSJ at a total amount of PLN 20.5 million, including:
 - a) overdraft, continuation of the existing facility on the following basic terms:
 - available amount: up to PLN 20.0 million,
 - financing period: 12 months,
 - repayment: by January 20, 2010,
 - b) PLN 0.5 million of a bank guarantee limit (continued).
4. Złomrex at an amount of PLN 6.4 million, continuation of the bank guarantee securing the Company's liabilities resulting from acquisition of HSW-HSJ.

Agreed security package includes:

1. Złomrex Metal:
 - a) pledge on inventories at PLN 8.5 million,
 - b) assignment of receivables at PLN 18.0 million,
 - c) corporate guarantee by Złomrex.
2. Ferrostal Łabędy:
 - a) pledge on inventories at PLN 90.0 million,
 - b) assignment of receivables at PLN 35.5 million,
 - c) corporate guarantee by Złomrex.
3. HSW-HSJ: none.
4. Złomrex: cash deposit at PLN 6,3 million.

BRE Bank has also agreed to change financial covenants' package according to the Company's request.

Złomrex views the Bank's decision positively. While BRE Bank has not agreed to extend its financing for Ferrostal Łabędy for the period of 24 months as requested in the initial credit application (it has been prolonged by another 12 months only) it has however decided to include other Group's facilities in the current extension. Together with softening of the covenants' compliance requirements the received BRE Bank offer brings more stability to the short term financing of the Group.