

Velká nad Veličkou
August 6th, 2009

Dear Sir/Madam,

As the board chairman of the KORD group key production company – Kordárna a.s., I would like to inform you about current events in both Kordárna a.s. and the whole group. On their last meeting at the Regional Court in Brno on August 4th, creditors of Kordárna a.s. agreed to allow this company to solve its insolvency with reorganization of the company. The mentioned court then confirmed this agreement. This course of action is one of two possible ways to solve the insolvency after the bankruptcy announcement.

The reorganization should enable Kordárna a.s. to go through the entire insolvency procedures without halting production and while maintaining employment. The reorganization offers the opportunity for creditors to receive the maximum possible value for their claim. The Insolvency Act allows a period of 120 days, within which to prepare the final reorganization plan. The board of directors and the management will do their best to shorten this time frame, and to offer this plan to the creditors for approval as soon as possible. Implementation steps and deadlines will be known after the plan's approval by the creditors. We will of course inform you of any further development.

However, Kordárna a.s. has already presented the reorganization proposal in its outline to the creditors. Its main aim is to sell the functioning company to a new investor. There are several options of launching the sale. The management of the company will propose such, which will be the best for the creditors, the investors and for the further development of the company. One positive aspect is that, even though the official selling process has just started, over 10 investors have showed their preliminary interests. In addition, PricewaterhouseCoopers ČR, which is in charge of the sale, is planning to address many more investors. And so the sale of Kordárna could be complete at the turn of 2009/10.

Furthermore, let me inform you about the situation in the whole KORD group. Slovak companies of KORD group that are in insolvency at this moment (Slovkord, a.s., Kordservice SK, a.s., and Slovensky Hodvab a.s.) will be solving their insolvency with reorganization as well. Similarly to our company, it was enabled by the creditors' agreement at the Regional Court in Brno and was confirmed by the mentioned court. There is also the 120 days period to prepare the final reorganization plan, and implementation steps and deadlines will be known after the plans' approval. This also applies to an unfinished investment in Slovokord company (Senica).

The agreed reorganization of all above mentioned companies of KORD group including Kordárna a.s. means that the insolvency procedures can be coordinated altogether, for the

moment excluding only Kordtrade, a.s. where, due to a later start of the insolvency procedures, the decision about its form still hasn't been made. To the creditors this course of action will bring the maximum possible value for their claims. Due to the coordination, properties of particular companies can be divided into logical units which enables the best assessment of their value and avoiding most of the risks.

Similarly as with Kordárna, a.s. in the Czech Republic, the Slovak companies count on the satisfaction of the creditors mainly from the sale of those companies to the new owners. However, this sale might be officially started slightly later than in Kordárna, since the Slovak companies have more complicated ownership structure (ownership of land and estate property), which requires longer preparation. Sale of Slovokord and Kordservice SK could be finished at the turn of 2009/10. With Slovensky Hodvab a.s. it may be more delayed, and will probably be complete within the first half of 2010. Its production grounds are in the centre of Senica and part of them is a typical "brownfield". For this reason its further usage has to be discussed with Senica city representatives.

Further development of the companies of KORD group, which are not currently in bankruptcy, will be clear after the approval of the reorganization plans of the companies in insolvency procedure. These are Kordservice, a.s. and Technické a úklidové služby s.r.o. in the Czech Republic, Texiplast, a.s. in the Slovak Republic, and Bonitex in Poland. These companies are still producing and they perform their obligations. No definite decision has been made regarding further steps with these companies.

Finally, I want to thank you for your past cooperation and believe that it will continue.

Sincerely,

Dr. Ing. Radim Valas

Chairman and CEO
Kordárna, a.s.