

**Subject:** Convening of the Extraordinary General Shareholders Meeting of SECO/WARWICK S.A. for November 18th 2010, Draft Resolutions, and Planned Amendments to the Company's Articles of Association  
Current Report No 24/2010 of October 22nd 2010

**Legal basis:** Art. 56.1.2 of the Public Offering Act – current and periodic information

**Contents of the Report:**

The Management Board of SECO/WARWICK S.A. hereby publishes, attached hereto, an announcement convening the Extraordinary General Shareholders Meeting for November 18th 2010, draft resolutions with enclosures, and the text of planned amendments to the Company's Articles of Association.

**Legal basis:**

Par. 38.1.1, 38.1.2, and 38.1.3 of the Minister of Finance's Regulation on current and periodic reports to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009

**Attachments:**

File

- 1) Ogłoszenie NWZA.pdf
- 2) Projekty uchwał na NWZA SECOWARWICK S.A. 18 listopada 2010.pdf
- 3) Opinię biegłego rewidenta.pdf
- 4) Sprawozdanie Zarządu.pdf
- 5) Opinia Zarządu.pdf

**Description:**

- 1) Announcement concerning the convening of the Extraordinary General Shareholders Meeting
- 2) Text of draft resolutions of the Extraordinary General Shareholders Meeting of SECOWARWICK S.A. to be held on November 18th 2010
- 3) Auditor's opinion regarding valuation of the in-kind contribution
- 4) Text of Management's Report regarding the in-kind contribution
- 5) Text of Management's opinion providing grounds for disapplication of pre-emptive rights and defining the manner of determining the issue price of Series D shares.

**Announcement by the Management Board of SECO/WARWICK S.A. of Świebodzin  
concerning convening of an Extraordinary General Shareholders Meeting**

Acting pursuant to Art. 399.1 and Art. 402<sup>1</sup> of the Commercial Companies Code as well as Par. 13.3 of the Company's Articles of Association, the Management Board of SECO/WARWICK S.A., registered office at ul. Sobieskiego 8, Świebodzin, entered into the Register of Entrepreneurs maintained by the District Court in Zielona Góra, VIII Commercial Division of the National Court Register, under entry No. KRS 0000271014 ("the Company"), hereby convenes the Extraordinary General Shareholders Meeting of the Company, to be held at 12 noon on November 18th 2010 at ul. Łużycka 50 in Świebodzin.

**Record Date for Participation in the General Shareholders Meeting**

The record date for participation in the Extraordinary General Shareholders Meeting to be held on November 18th 2010 shall be November 2nd 2010 ("Record Date").

**Shareholders' Right to Participate in the General Shareholders Meeting**

Only persons who are Company's shareholders sixteen days before the date of the Extraordinary General Shareholders Meeting, i.e. on November 2nd 2010, have the right to participate in the Company's Extraordinary General Shareholders Meeting.

The record date for participation in the General Shareholders Meeting is the same for shareholders holding bearer shares and shareholders holding registered shares (Art. 4061 of the Commercial Companies Code).

Shareholders holding registered shares or provisional certificates, as well as pledgees and usufructuaries who have the right to vote, may participate in the General Shareholders Meeting if they are entered in the share register on the record date (Art. 4062 of the Commercial Companies Code).

The Company prepares the list of persons holding rights attached to book-entry bearer shares on the basis of a record prepared by the Polish National Depository for Securities.

The Polish National Depository for Securities ("the Polish NDS") prepares a record which serves as a basis for the preparation of a list of holders of book-entry bearer shares as at the reference date. The record is prepared on the basis of records submitted by brokerage houses and other entities authorised to do so under the Polish Act on Trading in Financial Instruments.

These institutions are obliged to transfer their records to the Polish NDS not later than twelve days prior to the date of the General Shareholders Meeting. The Polish NDS transfers its record to the company not later than one week prior to the date of the General Shareholders Meeting using an electronic channel of communication.

In the event of a technical failure preventing the use of such electronic channel of communication, the Polish NDS, at its registered office, delivers the record to the Company in the form of a written document not later than six days prior to the date of the General Shareholders Meeting (Art. 40638 of the Commercial Companies Code).

Holders of rights attached to book-entry bearer shares in the Company are entitled to participate in the Company's General Shareholders Meeting by virtue of the very fact of their being Company shareholders on the reference date (the Record Date).

Upon request from a holder of rights attached to book-entry bearer shares in a public company, made not earlier than after publication of the announcement of convening the General Shareholders Meeting, i.e. not earlier than on October 22nd 2010, and not later than on the first business day after the Record Date, i.e. not later than on November 3rd 2010, the entity keeping the securities account will issue a certificate to such shareholder's name confirming the shareholder's right to participate in the General Shareholders Meeting (Art. 4063.2 of the Commercial Companies Code).

Upon request from a holder of rights attached to book-entry bearer shares, such certificate should specify all or a portion of the shares registered in the holder's securities account (Art. 4063.4 of the Commercial Companies Code).

The list of persons entitled to participate in the General Shareholders Meeting as holders of rights attached to bearer shares is prepared by the Company on the basis of a record prepared by the entity operating the securities deposit, in accordance with relevant regulations governing trade in financial instruments (Art. 4063.6 of the Commercial Companies Code).

The Polish NDS prepares the record on the basis of records submitted by authorised entities in accordance with the regulations governing trade in financial securities, not later than twelve days prior to the date of the General Shareholders Meeting, i.e. not later than on November 6th 2010.

The records submitted to the entity operating the securities deposit are prepared based on certificates confirming the right to participate in the General Shareholders Meeting of a public company.

The entity operating the securities deposit makes the record available to the Company, using electronic communication channels, not later than one week prior to the date of the General Shareholders Meeting, i.e. not later than on November 11th 2010. If the record cannot be made available in the manner described above due to technical reasons, the entity operating the securities deposit issues the record to the Company in the form of a written document not later than six days prior to the date of the General Shareholders Meeting, i.e. not later than on November 12th 2010. The record is issued at the office of the management body of the entity.

The list of shareholders entitled to participate in the General Shareholders Meeting, prepared in accordance with Art. 407.1 of the Commercial Companies Code, will be displayed for inspection at the Company's registered office, at the offices of the Company's Management Board, for three weekdays immediately preceding the General Shareholders Meeting, i.e. on November 15th, 16th and 17th 2010.

Shareholders may request to be sent the list of shareholders free of charge via e-mail, specifying the address to which the list should be delivered.

Within one week prior to the date of the General Shareholders Meeting, shareholders may demand to be issued copies of proposals pertaining to the matters included in the agenda.

If the person entitled to exercise the voting right attached to a share is a pledgee or usufructuary, this fact should be indicated in the list of shareholders at the entitled person's request.

### **Shareholders' Right to Request that Certain Matters Be Included in the Agenda of the General Shareholders Meeting**

Pursuant to Art. 401 of the Commercial Companies Code, a shareholder or shareholders representing at least one twentieth of the share capital may request that certain matters be included in the agenda of an upcoming General Shareholders Meeting.

The Company's Management Board should be notified of any such request not later than twenty-one days before the scheduled date of the General Shareholders Meeting, i.e. no later than on October 28th 2010.

The request should contain grounds or a draft resolution regarding the proposed agenda item.

The Company's Articles of Association do not provide for the possibility of submitting such a request in the electronic form.

Any changes to the agenda, introduced upon request of the shareholders, must be announced by the Management Board without delay, but in any case not later than eighteen days prior to the scheduled date of the General Shareholders Meeting, i.e. no later than on October 31st 2010.

Any such changes are announced in the same manner as the convening of the General Shareholders Meeting.

Pursuant to Par. 15.3 of the Company's Articles of Association, the Management Board is obliged to include in the agenda of an upcoming General Shareholders Meeting each proposal submitted in writing to the Management Board by a shareholder or shareholders representing at least one tenth of the share capital. Any General Shareholders Meeting convened at a request of a shareholder or shareholders should take place on the date indicated in the request, unless the requesting party failed to observe the time limits provided for by law.

The Company publishes draft resolutions on its website without delay (Art. 401.4 of the Commercial Companies Code).

### **Shareholders' Right to Propose Draft Resolutions**

Pursuant to Par. 14 of the Rules of Procedure for the General Shareholders Meeting of SECO/WARWICK S.A., issued on the basis of Par. 19 of the Articles of Association of SECO/WARWICK S.A. of Świebodzin:

- “1. A shareholder has the right to propose amendments and supplements to the draft resolutions included in the agenda of a General Shareholders Meeting.
2. Proposals referred to in Par. 14.1 shall be made in writing, separately for each draft resolution, and shall contain:
- 1) the shareholder's first name and surname or company name,
  - 2) brief grounds.
3. The proposals referred to in Par. 14.1 shall be submitted to the Chair of the General Shareholders Meeting.
4. Proposed amendments or supplements referred to in Par. 14.1 shall be presented to the General Shareholders Meeting by the Chair and then put to the vote.
5. If there is a number of draft resolutions concerning one matter and each such draft resolution has a different scope, the draft resolutions most extensive in scope shall be put to the vote first.”

### **Electronic Communication between Shareholders and the Company**

The Articles of Association of SECO/WARWICK S.A. of Świebodzin do not provide for the possibility of electronic communication between the shareholders and the Company.

## **Exercise of Voting Rights through a Proxy**

Shareholders may participate in the General Shareholders Meeting and exercise voting rights in person or through a proxy.

Unless otherwise stipulated in the power of proxy, the proxy shall exercise all the rights of the shareholder at the General Shareholders Meeting. The proxy may grant further powers of proxy, if the original power of proxy so permits.

A proxy may represent more than one shareholder and vote the shares of different shareholders in a different manner.

A shareholder holding shares registered in more than one securities account may appoint separate proxies to exercise the rights attached to shares registered in each of the accounts.

The provisions concerning exercise of voting rights through a proxy also apply to the exercise of voting rights through other representatives (Art. 412 of the Commercial Companies Code).

A power of proxy to participate in the General Shareholders Meeting and exercise voting rights must be granted in written or electronic form. The grant of the power of proxy in electronic form does not require a secure electronic signature verified with a valid qualified certificate (Art. 4121 of the Commercial Companies Code).

The notification of granting a power of proxy in the electronic form may be delivered to the Company using electronic communication channels to [info@secowarwick.com.pl](mailto:info@secowarwick.com.pl)

The notification should include a proxy document, signed by the shareholder or persons authorised to represent the the shareholder, in the PDF or other format commonly used to save graphics. The notification should also include, in the PDF or other format commonly used to save graphics, documents enabling the identification of the shareholder: a copy of an identity document (for shareholders who are natural persons) or a copy of registration documents (for shareholders other than natural persons).

At the moment of preparing the attendance list at the General Shareholders Meeting, the proxy shall present a document confirming his or her identity (for proxies who are natural persons) or an excerpt from the relevant register confirming the right of particular natural persons to represent the proxy, together with documents confirming the identity of these persons (for proxies who are not natural persons). In the event that further powers of proxy have been granted, the sub-proxy should also submit the proxy document certifying the powers granted to the person they are replacing, providing for the possibility of granting further powers of proxy.

Pursuant to Par. 4 of the Rules of Procedure for the General Shareholders Meeting of SECO/WARWICK S.A., issued on the basis of Par. 19 of the Articles of Association of SECO/WARWICK S.A. of Świebodzin:

- “1. Shareholders who are natural persons may participate in the General Shareholders Meeting and exercise their voting rights in person or through a proxy.
2. Shareholders who are not natural persons may participate in the General Shareholders Meeting and exercise their voting right through a person authorised to make declarations of will on their behalf or through a proxy.
3. The power of proxy shall be null and void unless made in writing and attached to the minutes of the General Shareholders Meeting.
4. The right to represent a shareholder who is not a natural person shall be evidenced by an excerpt from the relevant register (of which the original or a copy certified by a notary public as a true copy

of the original shall be submitted) or by a series of powers of proxy, presented at the moment of preparing the attendance list.

5. Details of the person or persons granting powers of proxy on behalf of a shareholder who is not a natural person should be included in a valid excerpt from the register relevant for a given shareholder.

6. Members of the Management Board or Company employees may not be proxies for shareholders at the General Shareholders Meeting.”

The Company’s Articles of Association do not prescribe a proxy form to be used for voting by proxy.

### **Exercise of Voting Rights**

Each share confers the right to one vote at the General Shareholders Meeting. Shareholders acquire the voting right as soon as they have paid for the shares in full (Art. 411 of the Commercial Companies Code).

A shareholder may vote each of its shares in a different manner (Art. 411 of the Commercial Companies Code).

The Rules of Procedure for the General Shareholders Meeting do not provide for the possibility to vote at the General Shareholders Meeting by postal ballot.

A Company shareholder may vote in the capacity of a proxy on any resolution concerning such shareholder’s person/responsibility towards the Company in any area, including approval of performance of duties, release from an obligation towards the Company, or a dispute between the shareholder and the Company (Art. 413.2 of the Commercial Companies Code).

Pursuant to Par. 17 of the Rules of Procedure for the General Shareholders Meeting of SECO/WARWICK S.A., issued on the basis of Par. 19 of the Articles of Association of SECO/WARWICK S.A. of Świebodzin:

"1. The Chair of the General Shareholders Meeting shall decide whether the votes shall be cast using the traditional method (by raising hand) or in writing, subject to the provisions of Par. 10.

2. A shareholder who intends to leave the venue of the General Shareholders Meeting while the Meeting is in progress shall check out and check in again upon return. If a shareholder does not check out and a voting is conducted during their absence, their votes shall be treated as abstentions.

3. The following votes shall be treated as invalid:

1) votes by participants of a General Shareholders Meeting who cast opposing votes regarding the same proposal or resolution,

2) votes by a participant of a General Shareholders Meeting cast during elections for more candidates than there are positions to fill."

Votings are carried out by open vote. Secret ballot is ordered in the case of voting on election or removal from office of members of the Company’s governing bodies or its liquidators, on bringing such persons to account, and on personnel matters. Furthermore, secret ballot should be ordered if at least one shareholder present or represented at the General Shareholders Meeting so demands.

The General Shareholders Meeting may adopt a resolution to abolish the secrecy of voting on matters related to the election of committees appointed by the General Shareholders Meeting (Art. 420 of the Commercial Companies Code).

## **Entitlement to Participate in the General Shareholders Meeting**

Pursuant to Par. 5 of the Rules of Procedure for the General Shareholders Meeting of SECO/WARWICK S.A., issued on the basis of Par. 19 of the Articles of Association of SECO/WARWICK S.A. of Świebodzin:

“1. The list of shareholders entitled to participate in the General Shareholders Meeting, referred to in Pars. 2.4–Par. 2.8 of the Rules of Procedure, shall serve as the basis for preparation of an attendance list in accordance with the following procedure:

- 1) checking whether a shareholder is included in the list of shareholders entitled to participate in the General Shareholders Meeting,
- 2) checking the identity of the shareholder, the person representing the shareholder, the shareholder’s proxy – on the basis of an identity card or passport,
- 3) checking the powers of proxy granted to persons representing shareholders and attaching the powers to the attendance list,
- 4) signing of the attendance list by the shareholder or the shareholder’s proxy,
- 5) issuing a voting card to the shareholder or the shareholder’s proxy.

2. The attendance list, signed by the Chair of the General Shareholders Meeting before being displayed for inspection in accordance with Par. 5.3, shall include the names of the participants in the General Shareholders Meeting, stating the number of shares each of them represents and the number of votes attached to those shares.

3. The attendance list shall be displayed for inspection throughout the duration of the General Shareholders Meeting, until its closing.

4. Persons preparing the attendance list shall update the list by adding the names of persons who arrived after the list has been prepared, making a note of the time of the shareholders’ arrival on the list.”

## **Possibility and Methods of Attending the General Shareholders Meeting Using Electronic Communication Channels**

The Company’s Articles of Associations do not provide for the possibility of participating in or taking the floor at the General Shareholders Meeting via electronic communication channels.

## **Taking the Floor during the General Shareholders Meeting Using Electronic Communication Channels**

The Company’s Articles of Association do not provide for the possibility of taking the floor during General Shareholders Meetings via electronic communication channels.

## **Exercise of Voting Rights by Postal Ballot or Using Electronic Communication Channels**

The Company’s Articles of Association do not provide for the possibility of exercising voting rights at General Shareholders Meetings by postal ballot or by using electronic communication channels.

## **Access to Documentation**

Persons entitled to participate in the General Shareholders Meeting may obtain the full text of the documentation to be submitted to the General Shareholders Meeting, along with draft resolutions, from the Company’s registered office at ul. Sobieskiego 8, Świebodzin, Poland.

The Company will be publishing information regarding the General Shareholders Meeting of SECO/WARWICK S.A. of Świebodzin at <http://www.secowarwick.com.pl>

Detailed Agenda of the General Shareholders Meeting of SECO/WARWICK S.A. of  
Świebodzin:

1. *Opening of the Extraordinary General Shareholders Meeting.*
2. *Election of the Chair of the Extraordinary General Shareholders Meeting.*
3. *Confirmation that the Extraordinary General Shareholders Meeting has been properly convened and has the capacity to adopt resolutions in accordance with the Company's Articles of Association and the Commercial Companies Code.*
4. *Appointment of the Ballot Counting Committee.*
5. *Adoption of the agenda.*
6. *Presentation by the Management Board of the Management Board's Report on an in-kind contribution and the auditor's opinion on the valuation of the in-kind contribution.*
7. *Adoption of a resolution on an increase of the Company's share capital through the issue of Series D shares with the pre-emptive rights of the existing shareholders waived and on amendments to the Company's Articles of Association.*
8. *Adoption of a resolution on amendments to the Company's Articles of Association.*
9. *Adoption of a resolution approving the consolidated text of the Company's Articles of Association.*
10. *Closing of the Meeting.*



**Detailed Agenda of the Extraordinary General Shareholders Meeting  
of SECO/WARWICK S.A. of Świebodzin:**

11. Opening of the Extraordinary General Shareholders Meeting.
12. Election of the Chair of the Extraordinary General Shareholders Meeting.
13. Confirmation that the Extraordinary General Shareholders Meeting has been properly convened and has the capacity to adopt resolutions in accordance with the Company's Articles of Association and the Commercial Companies Code.
14. Appointment of the Ballot Counting Committee.
15. Adoption of the agenda.
16. Presentation by the Management Board of the Management Board's Report on an in-kind contribution and the auditor's opinion on the valuation of the in-kind contribution.
17. Adoption of a resolution on an increase of the Company's share capital through the issue of series D shares with the pre-emptive rights of the existing shareholders waived and on amendments to the Company's Articles of Association.
18. Adoption of a resolution on amendments to the Company's Articles of Association.
19. Adoption of a resolution approving the consolidated text of the Company's Articles of Association.
20. Closing of the Meeting.

**Item**

**2:**

**The Extraordinary General Shareholders Meeting unanimously adopted the following resolution by secret ballot:-----**

**Resolution No. 1  
of the Extraordinary General Shareholders Meeting of SECO/WARWICK  
Spółka Akcyjna of Świebodzin  
on election of the Chair of the General Shareholders Meeting  
[•]. ----- has been elected Chair of the General Shareholders Meeting.**

**Item**

**3:**

Once the attendance list was signed, Chair [•] declared that the Extraordinary General Shareholders Meeting had been properly convened and had the capacity to adopt resolutions and that none of the proxies were persons referred to in Art. 412.3 of the Commercial Companies Code.-----  
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**At that point, the Extraordinary General Shareholders Meeting, unanimously and by open ballot, adopted Resolution No. 2  
on abolishing the secrecy of election of the Ballot Counting Committee.-----  
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**Item**

**4:**

**The Extraordinary General Shareholders Meeting unanimously adopted the following resolution by open ballot:-----**

**Resolution No. 3**  
**of the Extraordinary General Shareholders Meeting of SECO/WARWICK Spółka**  
**Akcyjna of Świebodzin**  
**on election of the Ballot Counting Committee**

The Extraordinary General Shareholders Meeting hereby appoints the Ballot Counting Committee composed of the following persons:

- [ • ],-----
- [ • ],-----
- [ • ].-----

**Item**

**5:**

The General Shareholders Meeting approved the agenda proposed for the Meeting.----

**Item**

**6:**

The Chair presented to the General Shareholders Meeting the Report of the Management Board on an in-kind contribution, along with the auditor's opinion on the valuation of the in-kind contribution and the Management Board's opinion providing the grounds for disapplication of the pre-emptive rights and proposing the method of determining the issue price of Series D shares.

The Chair puts forward a motion to approve the Report of the Management Board on an in-kind contribution along with the auditor's opinion on the valuation of the in-kind contribution and the Management Board's opinion providing the grounds for disapplication of the pre-emptive rights and proposing the method of determining the issue price of Series D shares.

**The Extraordinary General Shareholders Meeting unanimously adopted the following resolution by open ballot:-----**

**Resolution No. 4**  
**of the Extraordinary General Shareholders Meeting of SECO/WARWICK Spółka**  
**Akcyjna**  
**of Świebodzin**  
**on Approval of the Report of the Management Board on an In-kind Contribution, along**  
**with the Auditor's Opinion on the Valuation of the In-kind Contribution and the**  
**Management Board's Opinion Providing the Grounds for Disapplication of the Pre-**  
**emptive Rights and Proposing the Method of Determining the Issue Price of Series D**  
**Shares**

Par. 1

The Extraordinary General Shareholders Meeting of SECO/WARWICK Spółka Akcyjna ("the Company") hereby resolves to:

1. approve the Management Board's Report on the in-kind contribution;
2. approve the auditor's opinion on the valuation of the in-kind contribution;
3. approve the Management Board's opinion providing the grounds for disapplication of the pre-emptive rights and proposing the method of determining the issue price of Series D shares.

**Appendix 1 to Resolution No. 5 of the Extraordinary General Shareholders Meeting of SECO/WARWICK Spółka Akcyjna of Świebodzin: Report of the Management Board on In-kind Contribution.**

**Appendix 2 to Resolution No. 5 of the Extraordinary General Shareholders Meeting of SECO/WARWICK Spółka Akcyjna of Świebodzin: Auditor's Opinion on the Valuation of In-kind Contribution.**

**Appendix 3 to Resolution No. 5 of the Extraordinary General Shareholders Meeting of SECO/WARWICK Spółka Akcyjna of Świebodzin: Management Board's Opinion Providing the Grounds for Disapplication of the Pre-emptive Rights and Proposing the Method of Determining the Issue Price of Series D Shares**

**Item**

7:

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The Extraordinary General Shareholders Meeting unanimously adopted the following resolution by open ballot:-----

**Resolution No. 5  
of the Extraordinary General Shareholders Meeting of SECO/WARWICK  
Spółka Akcyjna of Świebodzin  
on an increase of the Company's share capital through the issue of series D shares with  
the pre-emptive rights of the existing shareholders waived  
and on amendments to the Company's Articles of Association.**

Acting pursuant to Art. 430.1, Art. 431.1, Art. 432, Art. 433.2 and Art. 310.2 in conjunction with Art. 431.7 of the Commercial Companies Code, the Extraordinary General Shareholders Meeting of SECO/WARWICK Spółka Akcyjna of Świebodzin ("the Company") hereby resolves as follows:

Par. 1.

1. The Company's share capital shall be increased by PLN 180,841.40 (one hundred and eighty thousand, eight hundred and forty-one złoty, and forty grosz), from PLN 1,914,400.60 (one million, nine hundred and fourteen thousand, four hundred złoty, and sixty grosz) to PLN 2,095,242.00 (two million, ninety-five thousand, two hundred and forty-two złoty), through the issue of 904,207 (nine hundred and four thousand, two hundred and seven) Series D ordinary bearer shares with a par value of PLN 0.20 (twenty grosz) per share ("**Series D shares**").
2. Series D shares shall be fully covered with an in-kind contribution in the form of 4 (four) shares in Retech Systems LLC of Ukiah, USA, representing 40% of Retech Systems LLC's share capital.
3. The issue price of Series D shares shall be PLN 32.71 (thirty-two złoty, seventy-one grosz) per share.
4. Series D shares shall be ordinary bearer shares.
5. Series D shares shall carry the right to dividend starting from the distribution of profit for the financial year 2010, i.e. since January 1st 2010.
6. Pursuant to Art. 433.2 of the Commercial Companies Code, having considered the Management Board's written opinion providing the grounds for disapplication of the

pre-emptive rights and proposing the method of determining the issue price of Series D shares, in the Company's interest the existing shareholders' pre-emptive rights shall be waived in full with respect to Series D shares. The Management Board's written opinion providing the grounds for disapplication of the pre-emptive rights and proposing the method of determining the issue price of Series D shares issued pursuant to Art. 433.2 of the Commercial Companies Code, has been attached hereto.

7. The Extraordinary General Shareholders Meeting agrees with the Management Board's view that disapplication of the pre-emptive rights is in the interest of the Company, as confirmed by the aforementioned written opinion. The Extraordinary General Shareholders Meeting resolves to approve the Management Board's written opinion referred to in Par. 6 above, as the grounds required under Art. 433.2 of the Commercial Companies Code.
8. Series D shares shall be offered to James A. Goltz by way of private placement in accordance with Art. 431.2.1 of the Commercial Companies Code, in exchange for the in-kind contribution referred to in Par. 2 above.
9. The Extraordinary General Shareholders Meeting authorises the Management Board to take all steps necessary to increase the Company's share capital and to have Series D shares dematerialised and admitted to trading on the regulated market of the Warsaw Stock Exchange, in particular:
  - (a) to execute an agreement with the Polish National Depository for Securities on the registration of Series D shares with the Polish National Depository for Securities,
  - (b) to take all steps necessary for the dematerialisation of Series D shares,
  - (c) to take all steps necessary for the admission of Series D Shares to trading on the regulated market of the Warsaw Stock Exchange.
10. By December 15th 2010, the Company shall execute an agreement with James A. Goltz for the acquisition of Series D Shares in accordance with Art. 431.2.1 of the Commercial Companies Code.

Par. 2

The Extraordinary General Shareholders Meeting hereby resolves to apply for the admission of Series D shares to trading on the regulated market of the Warsaw Stock Exchange

Par. 3

The Extraordinary General Shareholders Meeting hereby resolves to dematerialise Series D shares.

Par. 4

1. In connection with the increase of the Company's share capital through the issue of Series D shares, Par. 7.1 of the Company's Articles of Association shall be amended to read as follows:
  - "1. *The Company's share capital amounts to PLN 2,095,242.00 (two million, ninety-five thousand, two hundred and forty-two zloty) and is comprised of shares with a par value of PLN 0.20 (20 grosz) per share, including:*

- (1) 8,416,200 (eight million, four hundred and sixteen thousand, two hundred) Series A bearer shares,
- (2) 1,155,803 (one million, one hundred and fifty-five thousand, eight hundred and three) Series B bearer shares,
- (3) 904,207 (nine hundred and four thousand, two hundred and seven) Series D bearer shares."

2. The Supervisory Board is authorised to determine the new consolidated text of the Company's Articles of Association.

Par. 5

This resolution shall become effective as of its date, subject to Par. 4, which pursuant to Art. 430.1 of the Commercial Companies Code shall become effective as of the date of registration of the amendments to the Company's Articles of Association by the competent registry court.

**Item**

**8:** \_\_\_\_\_

**The Extraordinary General Shareholders Meeting unanimously adopted the following resolution by open ballot:-----**

**Resolution No. 6  
of the Extraordinary General Shareholders Meeting of SECO/WARWICK Spółka  
Akcyjna  
of Świebodzin  
on Amendment of the Company's Articles of Association**

Acting pursuant to Art. 430.1 of the Commercial Companies Code, the Extraordinary General Shareholders Meeting of SECO/WARWICK Spółka Akcyjna of Świebodzin ("the Company") hereby resolves as follows:

**Par. 1**

1. Par 7.2 of the Company's Articles of Association shall be amended to read as follows:

*"2. The conditional share capital of up to PLN 60,000 (sixty thousand) has been established to enable the holders of Series A subscription warrants to exercise their rights to acquire up to 300,000 (three hundred thousand) Series C shares."*

2. The Supervisory Board is hereby authorised to determine the new consolidated text of the Company's Articles of Association.

**Par. 2**

Pursuant to Art. 430.1 of the Commercial Companies Code, this resolution shall become effective as of the date of registration of the amendments to the Company's Articles of Association by the competent registry court.

Grounds for the amendment: the amendment to Art. 7.2 of the Company's Articles of Association is necessitated by the amendment to Art. 7.1 of the Company's Articles of

Association and by the need to ensure conformance of Art. 7.1 and 7.2 of the Company's Articles of Association with the Commercial Companies Code.

**Item**

**9:**

**The Extraordinary General Shareholders Meeting unanimously adopted the following resolution by secret ballot:-----**

**Resolution No. 7  
of the Extraordinary General Shareholders Meeting of SECO/WARWICK Spółka  
Akcyjna  
of Świebodzin  
on Determination of the New Consolidated Text of the Company's Articles of  
Association**

**CONSOLIDATED TEXT  
OF THE COMPANY'S ARTICLES OF ASSOCIATION  
SECO/WARWICK S.A. OF ŚWIEBODZIN**

**"ARTICLES OF ASSOCIATION OF THE JOINT-STOCK COMPANY**

**I. GENERAL PROVISIONS**

**Par. 1**

Andrzej Jan Zawistowski, Józef Olejnik, Witold Józef Klinowski, Janusz Henryk Gudaczewski, and Adam Wojciech Goliński representing SPRUCE HOLDING LLC of 2711 Centerville Road Suite 400 in the City of Wilmington, County of New Castle, 19808, Katarzyna Stańczyk representing Jeffrey William Boswell, and Bolesław Kazimierz Rostkowski representing SW Poland Holding BV , a limited liability company with registered office in Amsterdam Postbus 990, 1000 AZ Amsterdam, as the founders, resolve to establish a joint-stock company ("the Company") in performance of the Resolution of the shareholders of SECO/WARWICK Sp. z o.o. of December 14th 2006 on the transformation of the company.-----

**Par. 2**

1. The Company shall operate under the name of SECO/WARWICK Spółka Akcyjna.
2. The Company may use the abbreviated name of SECO/WARWICK S.A

**Par. 3**

The Company's registered office shall be situated in Świebodzin.

**Par. 4**

The Company is established for an indefinite period.

**Par. 5**

1. The Company shall operate in Poland and abroad.
2. The Company may establish branches and representative offices in Poland and abroad.
3. The Company may hold equity interests in companies based in Poland and abroad.

**II. BUSINESS PROFILE**

**Par. 6**

1. The Company's object is to operate a for-profit enterprise in Poland and abroad.
2. The Company's business shall consist in:
  - 1) Manufacture of wooden containers 16.24.Z,
  - 2) Manufacture of structural metal products 25.11.Z,
  - 3) Manufacture of central heating radiators and boilers 25.21.Z,
  - 4) Manufacture of other tanks, reservoirs and containers of metal 25.29.Z,

- 5) Forging, pressing, stamping and roll-forming of metal; powder metallurgy 25.50.Z
- 6) Treatment and coating of metals 25.61.Z
- 7) General mechanical engineering 25.62.Z
- 8) Manufacture of cutlery 25.71.Z,
- 9) Manufacture of tools 25.73.Z,
- 10) Manufacture of steel drums and similar containers 25.91.Z,
- 11) Manufacture of light metal packaging 25.92.Z,
- 12) Manufacture of other fabricated metal products n.e.c. 25.99.Z,
- 13) Manufacture of ovens, furnaces and furnace burners 28.21.Z,
- 14) Manufacture of office machinery and equipment (except computers and peripheral equipment) 28.23.Z,
- 15) Manufacture of power-driven hand tools 28.24.Z,
- 16) Manufacture of other general-purpose machinery n.e.c. 28.29.Z,
- 17) Manufacture of machinery for textile, apparel and leather production 28.94.Z,
- 18) Manufacture of plastic and rubber machinery and manufacture of rubber and plastic products 28.96.Z,
- 19) Manufacture of other special-purpose machinery n.e.c. 28.99.Z
- 20) Manufacture of medical and dental instruments and supplies 32.50.Z,
- 21) Repair of fabricated metal products 33.11.Z,
- 22) Installation of industrial machinery and equipment 33.20.Z,
- 23) Agents involved in the sale of machinery, industrial equipment, ships and aircraft 46.14.Z,
- 24) Agents specialised in the sale of other particular products 46.18.Z,
- 25) Agents involved in the sale of a variety of goods 46.19.Z,
- 26) Wholesale of other machinery and equipment 46.69.Z,
- 27) Non-specialised wholesale trade 46.90.Z,
- 28) Freight transport by road 49.41.Z,
- 29) Service activities incidental to land transportation 52.21.Z,
- 30) Computer programming activities 62.01.Z,
- 31) Computer consultancy activities 62.02.Z,
- 32) Other financial service activities, except insurance and pension funding n.e.c. 64.99.Z,
- 33) Buying and selling of own real estate 68.10.Z,
- 34) Renting and operating of own or leased real estate 68.20.Z,
- 35) Engineering activities and related technical consultancy 71.12.Z,
- 36) Technical testing and analysis of food quality 71.20.A,
- 37) Research and experimental development on biotechnology 72.11.Z,
- 38) Advertising agencies 73.11.Z,
- 39) Media representation - sale or re-sale of time and space for radio and TV soliciting advertising 73.12.A,
- 40) Media representation - sale or re-sale of time and space for press advertising 73.12.B,
- 41) Media representation - sale or re-sale of time and space for Internet advertising 73.12.C,
- 42) Media representation - sale or re-sale of time and space for other media advertising 73.12.D,
- 43) Renting and leasing of agricultural machinery and equipment 77.31.Z,
- 44) Renting and leasing of construction and civil engineering machinery and equipment 77.32.Z,
- 45) Renting and leasing of office machinery and equipment (including computers) 77.33.Z,
- 46) Activities of employment placement agencies 78.10.Z,
- 47) Other human resources provision 78.30.Z,
- 48) Combined facilities support activities 81.10.Z,
- 49) Activities of cash collection agencies and credit bureaus 82.91.Z,

3. The Company shall operate in Poland and abroad.

### **III. SHARE CAPITAL**

#### **Par. 7**

1. The Company's share capital shall amount to PLN 2,095,242.00 (two million, ninety-five thousand, two hundred and forty-two zloty) and shall be comprised of shares with a par value of PLN 0.20 (20 grosz) per share, including:

- (1) 8,416,200 (eight million, four hundred and sixteen thousand, two hundred) Series A bearer shares,
- (2) 1,155,803 (one million, one hundred and fifty-five thousand, eight hundred and three) Series B bearer shares,
- (3) 904,207 (nine hundred and four thousand, two hundred and seven) Series D bearer shares."

2. The conditional share capital amounting to not more than PLN 60,000 (sixty thousand zloty) has been established to enable the holders of Series A subscription warrants to exercise their rights to acquire up to 300,000 (three hundred thousand) Series C shares.

#### **Par. 8**

1. The Company shares may be retired upon the shareholder's consent through the acquisition of the shares by the Company ("voluntary retirement") or without the shareholder's consent ("compulsory retirement"), in compliance with the provisions of the Commercial Companies Code.
2. Shares may be retired without the shareholder's consent by resolution of the General Shareholders Meeting if:
  - a. the shareholder is declared bankrupt,
  - b. enforcement proceedings are instigated with respect to the shares,
  - c. the common court of law has declared, in civil proceedings, that the shareholder acted to the detriment of the Company, or a final ruling has been issued convicting the shareholder of a crime connected with acting to the detriment of the Company.
3. In the event of compulsory retirement of shares, the amount due to the Shareholder for the retired shares shall not be less than the value of the company's net assets per share, as disclosed in the financial statements for the preceding financial year, less the amount earmarked for distribution to the shareholders.
4. The General Shareholders Meeting may retire all or part of the Shareholder's shares at the Shareholder's written request. In such a case, the value of the retired shares shall be determined by a resolution of the Company's General Shareholders Meeting, with a proviso that the resolution is valid only if the shareholder requesting the retirement votes in favour of the resolution.
5. The Company may acquire its own shares to retire them or for the purposes set forth in Art. 362.1 of the Commercial Companies Code.
6. The General Shareholders Meeting may authorise the Management Board to acquire the Company shares from the shareholders with a view to retiring them.

#### **Par. 9**

1. The Company may issue registered shares and bearer shares.
2. The company may issue bonds, including bonds carrying the right profit distributions, convertible bonds, bonds with pre-emptive rights, and subscription warrants.

#### **Par. 10**

Bearer shares in book-entry form may not be converted into registered shares.

#### **Par. 11**

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### **IV. GOVERNING BODIES**



**Par. 12**

The governing bodies of the Company shall be as follows:

1. the General Shareholders Meeting,
2. the Supervisory Board,
3. the Management Board.

A) GENERAL SHAREHOLDERS MEETING

**Par. 13**

1. The General Shareholders Meeting may be convened as an Annual or Extraordinary General Shareholders Meeting.
2. The Annual General Shareholders Meeting shall be convened by the Management Board by June 30th of each year.
3. An Extraordinary General Shareholders Meeting shall be convened by the Management Board on its own initiative, at the written request of the Supervisory Board, or at the request of a shareholder(s) representing not less than 1/10 (one-tenth) of the Company's share capital.
4. General Shareholders Meetings may be held at the Company's registered office. General Shareholders Meetings may be held at another location in Poland, as indicated in the notice convening the Meeting.

**Par. 14**

The Supervisory Board shall convene a General Shareholders Meeting if:

- 1) the Management Board fails to convene the Meeting by the prescribed deadline,
- 2) the Management Board fails to convene an Extraordinary General Shareholders Meeting within 14 days of the submission of a relevant request by the Supervisory Board or by a shareholder(s) representing at least 1/10 of the share capital.

**Par. 15**

1. The agenda for a General Shareholders Meeting shall be determined by the Management Board.
2. The Management Board is obliged to convene a General Shareholders Meeting at the written request of at least one Supervisory Board member.
3. The Management Board shall include in the agenda for the next General Shareholders Meeting all motions submitted in writing by a shareholder(s) representing at least one-tenth of the share capital. A General Shareholders Meeting convened at the request of a shareholder or shareholders should take place on the date indicated in the request unless the requesting shareholder or shareholders fail to observe the time limits provided for in applicable laws.
4. A General Shareholders Meeting which has been convened at the request of the entitled parties or whose agenda includes matters requested by the entitled parties may be cancelled subject to the consent of such parties. The General Shareholders Meeting may be cancelled in the same manner as it has been convened, not later than three weeks prior to its originally scheduled date. The scheduled date of the General Shareholders Meeting may be changed in accordance with the same procedure in which the Meeting may be cancelled, even if the proposed agenda was to remain unchanged.

**Par. 16**

The General Meeting shall adopt resolutions by absolute majority, unless the applicable laws or these Articles of Association require a qualified majority for a given resolution.

**Par. 17**

In addition to the matters specified in the mandatory provisions of law (including Art. 393, Art. 394 and Art. 395 of the Commercial Companies Code), the following matters shall fall in the scope of powers of the General Shareholders Meeting:

- 1) determination of the dividend record date,
- 2) appointment and removal from office of members of the Supervisory Board and determining their remuneration,
- 3) adoption of the Rules of Procedure for the Supervisory Board,
- 4) issue of convertible bonds or bonds with pre-emptive rights,
- 5) issue of subscription warrants,

- 6) creation, use and liquidation of the Company's reserve capitals and funds.

**Par. 18**

The General Shareholders Meeting shall be opened by the Chair of the Supervisory Board, or another person indicated by the Chair. The Chair of the General Shareholders Meeting shall be elected from among the persons entitled to participate in the General Shareholders Meeting.

**Par. 19**

The General Shareholders Meeting shall adopt its Rules of Procedure defining the detailed rules for holding General Shareholders Meetings.

**B) SUPERVISORY BOARD**

**Par. 20**

1. The Supervisory Board shall be composed of five (5) to seven (7) members, appointed and removed from office by the General Shareholders Meeting. The number of the Supervisory Board members for a given term of office shall be determined by the General Shareholders Meeting. The Supervisory Board composed of at least five (5) members following the expiry of the terms of office of some of the Supervisory Board members shall retain the capacity to operate until the prescribed number of members is restored.

**Par. 21**

The Supervisory Board shall act in accordance with the rules of procedure adopted by the General Shareholders Meeting.

**Par. 22**

1. Members of the Supervisory Board shall be elected for a joint three-year term of office.
2. At least two members of the Supervisory Board shall be independent members.
3. An independent member of the Supervisory Board shall be a person who meets all of the following conditions:
  - a. the person is not, and in the last five years has not been, employed at the Company or its associate as a Management Board member (executive or managing director),
  - b. the person is not, and in the last three years has not been, employed at the Company or its associate; this condition does not apply if a member of the Supervisory Board is appointed by trade unions or other employee representatives,
  - c. the person is not receiving any additional remuneration (of a significant amount) from the Company or its associates, apart from the remuneration due for membership in the Supervisory Board (non-executive director). Such additional remuneration includes, in particular, participation in a stock option scheme or another performance-based scheme. However, it does not include fixed payments under a pension scheme (including deferred remuneration) for prior work at the Company (provided that continued employment is not required to receive such remuneration),
  - d. the person is not a shareholder holding, directly or indirectly, shares conferring the right to at least 1% (one per cent) of the total vote at the General Shareholders Meeting,
  - e. the person is not a representative of a shareholder holding, directly or indirectly, shares conferring the right to at least 1% (one per cent) of the total vote at the General Shareholders Meeting,
  - f. the person does not have, and has not had in the last year, any material economic relationship with the Company or its associates, directly or indirectly, as a partner, shareholder, director or a senior member of a governing body of an entity having such relationship, The term "economic relationship" shall also include a situation where the person is a significant supplier of goods or services (including financial, legal, advisory and consultancy services), a significant customer or organisation receiving substantial funds from the Company or its Group,
  - g. the person is not, and in the last three years has not been, a shareholder or employee of the present or former auditors of the Company or its associates,
  - h. the person has not been a member of the Management Board or Supervisory Board (executive or managing director) in any other company in which a member of the Company's Management Board is a Supervisory Board Member (non-executive director), and does not have any material relationship with the members of the Company's Management Board through participation in other companies or bodies,
  - i. the person has not been a member of the Company's Supervisory Board for more than three terms (or more than 12 (twelve) years,

- j. the person is not a close relative of any member of the Management Board (executive or managing director) or any of the persons referred to in points a)–i) hereof.
4. All Members of the Supervisory Board shall meet all of the following conditions:
- a) has the full capacity to enter into legal transactions,
  - b) has completed higher education,
  - c) has adequate knowledge of and professional experience in finance, management, law or economy sectors in which the Company operates,
  - d) is able to devote the time necessary to perform his or her duties as a Supervisory Board Member,
  - e) has not been sentenced for an intentional offence or fiscal offence, save for offences prosecuted by private accusation,
  - f) in the period of 10 (ten) years before the date of vote on appointing the candidate as a Supervisory Board Member, in all cases of holding positions in the governing bodies of legal persons and unincorporated organizations, has been granted a vote of acceptance for the discharge of their duties;
  - g) the candidate for the Supervisory Board Member has not been banned from conducting business activity for his/her own account or from acting as an agent or proxy of an enterprise, or as a member of the supervisory board or the audit committee of a joint-stock company, a limited liability company or a cooperative.

**Par. 23**

1. The Supervisory Board shall appoint the Chair and the Deputy Chair from among its members.
2. An absolute majority of votes cast at the Supervisory Board meeting shall be required for the appointment to be valid.

**Par. 24**

A resolution of the Supervisory Board shall be valid only if a written notice has been delivered to all Supervisory Board members at least seven days prior to a Supervisory Board meeting, unless all Supervisory Board members attend a given Board meeting and none of them objects to the adoption of the resolutions proposed in the agenda.

**Par. 25**

Resolutions of the Supervisory Board shall be adopted by a simple majority of votes of all Supervisory Board members present. In the event of a voting tie, the Chair of the Supervisory Board shall have the casting vote

**Par. 26**

Resolutions may be adopted by casting a vote in writing or using means of remote communication. Detailed regulations for adoption of resolutions with the use of means of remote communication are set forth in separate Rules adopted for this purpose by the Supervisory Board.

**Par. 27**

The Supervisory Board may delegate its members to individually perform specific supervisory tasks.

**Par. 28**

- 1) A meeting of the Supervisory Board shall be convened by the Chair or Deputy Chair of the Board.
- 2) The first meeting of the Supervisory Board including new members shall be convened by the Management Board within 1 (one) month from the appointment of the new members to the Supervisory Board.
- 3) A Supervisory Board meeting may also be convened upon request of a Supervisory Board member or upon request of the Management Board.
- 4) The Management Board members shall participate in the Supervisory Board meetings. The Management Board members shall be notified of Supervisory Board meetings in accordance with the procedure set forth in Par. 24.
- 5) –
- 6) In performing its duties, the Supervisory Board may use the services of external experts. The Company shall cover the costs of the experts' services.

**Par. 29**

1. In addition to the matters specified in Art. 382 of the Commercial Companies Code, the scope of powers of the Supervisory Board shall include:

- 1) determination of the number of the Management Board members, appointment and removal of the Management Board members, and determination of their remuneration,
- 2) approval of the Company's annual budget,
- 3) granting a right to vote to a pledgee or usufructuary of shares,
- 4) granting a right to incur a liability or dispose of a right for an amount exceeding PLN 15,000,000.00 (fifteen million),
- 5) adoption of the Rules of Procedure for the Management Board,
- 6) election of a qualified auditor,
- 7) approving agreements concluded with business entities in which Management Board members of the Company or of the Company's subsidiary undertakings are partners, shareholders (if their holdings confer the right to at least 3% (three per cent) of the total vote at the General Shareholders Meetings of such entities), members of the governing bodies of these entities, representatives or attorneys-in-fact, save for agreements concluded with entities in which the Company holds shares,
- 8) other matters falling within the powers of the Supervisory Board, connected with a managerial incentive scheme.

2. In the case referred to in Art. 379.1 of the Commercial Companies Code, declarations of will or statements of knowledge are given by the Chair of the Supervisory Board or by another Supervisory Board member authorised by the Supervisory Board's resolution.

C) MANAGEMENT BOARD

**Par. 30**

1. The Management Board shall be composed of 2 (two) to 7 (seven) members appointed by the Company's Supervisory Board, subject to Par. 30.3 hereof, holding the positions of President, Vice-President and Members of the Management Board. The Supervisory Board may appoint any number of Vice-Presidents.
2. The Management Board members shall be appointed by the Supervisory Board for a joint three-year term of office.
3. Each Management Board member may individually incur an obligation or dispose of a right on behalf of the Company with respect to amounts equivalent to not more than PLN 200,000.00 (two hundred thousand).
4. To incur a liability or dispose of a right in excess of PLN 200,000.00 (two hundred thousand), two Management Board members or a Management Board member and a commercial proxy must act jointly.
5. The Management Board shall act in accordance with the Rules of Procedure approved by the Supervisory Board at the request of the Management Board.

**Par. 31**

1. The powers of the Management Board shall include all matters not reserved exclusively for the General Shareholders Meeting or the Supervisory Board.
2. Acquisition or disposal of real estate, usufruct right, or an interest in real estate may be made by the Management Board without approval by the General Shareholders Meeting.

**V. MANAGEMENT OF THE COMPANY**

**Par. 32**

The General Shareholders Meeting may adopt a resolution to create a fund /reserve funds/ and determine the terms of creating and managing these funds.

**Par. 33**

1. The organisation of the Company shall be defined in the organisational rules of procedure adopted by the Management Board.

**Par. 34**

The financial year of the Company shall correspond with the calendar year.

**Par. 35**

1. The Company's net profit may be allocated in particular for:

- 1) reserve funds,
- 2) capital reserves,
- 3) payment of dividend to the shareholders,
- 4) other purposes specified in a resolution adopted by the General Shareholders Meeting.

2. The dividend record date and the dividend payment date shall be determined by the General Shareholders Meeting. The dividend payment date should fall within eight weeks from the date of the adoption of a resolution on distribution of profit.

3. The Management Board may distribute interim dividend to the shareholders if the Company holds sufficient funds for such a purpose. The payment of interim dividend shall require approval by the Supervisory Board.

**VI. FINAL PROVISIONS**

**Par. 36**

Any matters not provided for in these Articles of Association shall be governed by applicable provisions of the Commercial Companies Code."

**Item**

**9:** \_\_\_\_\_

Mr[ • ], Chair, asked the Shareholders to submit motions. -----

As no motions were submitted and all items on the agenda had been dealt with, Mr [ • ], Chair, closed the Extraordinary General Shareholders Meeting.-----

At that point the Extraordinary General Shareholders Meeting was closed.-----

The attendance list was attached to the Minutes.-----

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**Par. 2** Certified copies of this Deed may be issued to the Company in any number. ----

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**Par. 3** The cost of this Deed shall be borne by the Company.-----

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**Par. 4. Fees collected:**-----

-----

1) On the basis of the Regulation of the Minister of Justice on Notary Fees of June 28th 2004:-----

a) pursuant to Par. 9 – PLN

..... ,-

b) pursuant to Par. 12 – PLN ..... for four copies of this

Deed.

2) value added tax at the rate of 22% on the amounts specified in Par. 4.1, pursuant to the Act on Value Added Tax, dated March 11th 2004, in the total amount of PLN ..... ,-

Total fees and taxes charged: PLN..... z (two thousand and seventy four zloty).-----

This Deed was read, approved and signed.

## **OPINION**

### **to the Report of the Management Board of SECO/WARWICK Spółka Akcyjna of Świebodzin concerning the non-cash contribution**

#### **1. Basis of the Opinion**

The basis for issuing this opinion is the decision of the District Court of Zielona Góra, VIII Commercial Division of the National Court Register, dated October 13th 2010, whereby Marek Wojciechowski, chartered auditor entered in the register maintained by the National Chamber of Chartered Auditors under Reg. No. 10 984, was appointed to audit the Report of the Management Board of SECO/WARWICK Spółka Akcyjna of Świebodzin concerning the non-cash contribution.

#### **2. Objective of the Opinion**

**The objective of this opinion is to assess the Report of the Management Board of SECO/WARWICK Spółka Akcyjna of Świebodzin concerning the non-cash contribution in terms of its accuracy and fairness and to establish whether the value of the non-cash contribution corresponds to at least the value at issue price of the shares to be acquired in exchange for the non-cash contribution, and whether the value of the compensation or consideration is justified.**

#### **3. Scope of the Opinion**

The scope of this opinion includes:

1. Accuracy and fairness of the Report of the Management Board of SECO/WARWICK Spółka Akcyjna of Świebodzin concerning the non-cash contribution.
2. Fairness of the valuation of the non-cash contribution in the form of 4 (four) shares in Retech Systems LLC of Ukiah, USA, to be made by Mr James A. Goltz.

#### **4. Legal Basis for the Opinion**

- Commercial Companies Code of September 15th 2000 (Dz.U. No. 94, item 1037, as amended)
- Accountancy Act of September 29th 1994 (consolidated text: Dz.U. of 2009, No. 152, item 1223, as amended).

#### **5. Contents of the Opinion**

Following an audit of the Report of the Management Board of SECO/WARWICK Spółka Akcyjna of Świebodzin concerning the non-cash contribution, I have found that:

**1) The Report of the Management Board concerning the non-cash contribution is accurate, and all data contained in the Report has been derived from documents attached to the report**

The value statement of the non-cash contribution to be made to SECO/WARWICK Spółka Akcyjna of Świebodzin by Mr James A. Goltz includes 4 (four) shares in Retech Systems LLC of Ukiah, No. 95482-2116 Ca, 100 Henry Station Rd., USA, valued using the arithmetic mean of the valuation results yielded by an income-based method (the discounted cash flows (DCF) method) and a multiples method (using the P/E and EV/EBITDA ratios), with an additional application of an expert factor of (USD 1.6m), yielding a total final valuation of PLN 29,576,610.97 (twenty nine million, five hundred and seventy-six thousand, six hundred and ten złoty, ninety-seven grosz).

**2) Number and type of shares to be issued in exchange for the non-cash contribution**

904,207 Series D shares in SECO/WARWICK S.A. will be issued in exchange for the non-cash contribution. The number of new issue shares with the par value of PLN 0.20 per share and the issue price of PLN 32.71 per share was determined by comparing the value of the contribution with the estimated value of the company receiving the contribution, established on the basis of its share price at the Stock Exchange.

**3) Valuation of the non-cash contribution**

The value of the contribution in the form of 4 (four) shares in Retech Systems LLC of Ukiah, No. 95482-2116 Ca, 100 Henry Station Rd., USA, was established as the arithmetic mean of the valuation results yielded by an income-based method (the discounted cash flows (DCF) method) and a multiples method (using the P/E and EV/EBITDA ratios), with an additional application of an expert factor of (USD 1.6m).

The application of the above method is considered justified as the valuation pertained to a profitable and dynamically growing going concern. Accordingly, the valuation of the shares is inextricably linked to the future benefits from holding the shares (understood as flows of cash), which the investor can obtain over time in exchange for the contribution the investor makes. Thus, the valuation cannot be limited to determining the value of the Company's production assets only. On the other hand, cash flows should not greatly differ from the investors' expectations regarding the valuation of peer companies as that could indicate excessive optimism in projections used in the income-based method valuation.

Hence, choosing the arithmetic mean of valuation results obtained using the DCF method and the multiples method is a compromise between the expectations as to the company's future growth (the DCF method) and investors' expectations regarding the economic ratios achieved by peer companies (the multiples method), which adds to greater objectivity of the valuation.

**6. Conclusions**

The Report of the Management Board of SECO/WARWICK S.A. of Świebodzin is accurate and fair, and the value of the non-cash contribution was established based on validly chosen valuation methods. According to the Company's Management Board, the value of the non-cash contribution is PLN 29,576,610.97 and the auditor finds this value to be correct.

According to the auditor, this amount corresponds to at least the value at issue price of the shares to be acquired, being a product of 904,207 shares and their issue price of PLN 32.71 per share, which are planned to be acquired in exchange for the non-cash contribution.

In view of the above, the total value of the non-cash contribution to be made by Mr James A. Goltz to SECO/WARWICK S.A. of Świebodzin must be declared at least equal to value at issue price of SECO/WARWICK S.A. shares to be acquired in exchange for the non-cash contribution.

Therefore, the Management Board's Report meets the requirements set forth in Art. 311.1 of the Commercial Companies Code.

## **6. Final remarks**

This opinion consists of four pages consecutively numbered and initialled by the auditor. The opinion has been prepared in three counterparts, two of which have been delivered to the Court, and one has been kept for the record.

Marek Wojciechowski

.....

Chartered Auditor No. 10 984

Member of the Management Board of PKF Audyt Sp. z o.o.

Qualified Auditor No. 548

Poznań, October 15th 2010



**REPORT  
OF THE MANAGEMENT BOARD  
OF SECO/WARWICK S.A. of ŚWIEBODZIN, POLAND,  
CONCERNING NON-CASH CONTRIBUTION**

**Świebodzin, October 5th 2010**

## **1. INTRODUCTION**

This document is a report by the Management Board of Seco/Warwick S.A. of Świebodzin, Poland, (“**the Company**”) regarding the non-cash contribution, prepared in connection with an intended non-cash contribution to the Company in the form of 4 (four) shares in Retech Systems LLC of Ukiah, USA (“**Retech**”), to cover 904,207 Series D shares in the Company.

This Report has been prepared pursuant to Art. 311.1 in conjunction with Art. 431.7 of the Commercial Companies Code.

## **2. FORM OF THE NON-CASH CONTRIBUTION**

The non-cash contribution comprises 4 (four) shares in Retech Systems LLC of Ukiah, USA, representing 40% of the company’s share capital (“**Retech Shares**”), which will be contributed to the Company to cover new issue shares of the Company.

## **3. NUMBER AND FORM OF SHARES ISSUED IN RETURN FOR THE NON-CASH CONTRIBUTION**

In return for the non-cash contribution in the form of Retech Shares, the Company will issue 904,207 (nine hundred and four thousand, two hundred and seven) Series D ordinary bearer shares with a par value of PLN 0.20 (twenty grosz) per share (“**Contribution Shares**”).

Such a number of shares has been arrived at through dividing the value of the non-cash contribution, established at PLN 29,576,610.97 (twenty-nine million, five hundred and seventy-six thousand, six hundred and ten złotych, and ninety-seven grosz) by the issue price per one Company share specified in Section 4 of this Report.

The Company’s share capital will be increased from PLN 1,914,400.60 (one million, nine hundred and fourteen thousand, four hundred złotych, and sixty grosz) to PLN 2,095,242.00 (two million, ninety-five thousand, two hundred and forty-two złotych), that is by PLN 180,841.40 (one hundred and eighty thousand, eight hundred and forty-one złotych, and forty grosz), equal to the par value of the shares to be issued.

Following registration of the increase in the Company’s share capital through the issue of Series D shares, the share capital will amount to PLN 2,095,242.0 (two million, ninety-five thousand, two hundred and forty-two złotych), and will be divided into:

- (1) 8,416,200 (eight million, four hundred and sixteen thousand, two hundred) Series A bearer shares,
  - (2) 1,155,803 (one million, one hundred and fifty-five thousand, eight hundred and three) Series B bearer shares,
  - (3) 904,207 (nine hundred and four thousand, two hundred and seven) Series D bearer shares,
- (with a par value of PLN 0.20 (twenty grosz) per share).

In connection with the adoption of a resolution concerning a conditional share capital increase, following the exercise of rights by the holders of Series A subscription warrants, the share capital will be additionally divided into not more than 300,000 (three hundred thousand) Series C bearer shares with a par value of PLN 0.20 (twenty grosz) per share.

The Company does not intend to grant any other interests in the Company’s earnings or in the division of its assets.

## **4. ISSUE PRICE**

The issue price per one Contribution Share is PLN 32.71 (thirty-two złotych, and seventy-one grosz). Thus, the issue price for all the Contribution Shares is PLN 29,576,610.97 (twenty-nine million, five hundred and seventy-six thousand, six hundred and ten złotych, and ninety-seven grosz).

The issue price per one Series D Company share proposed by the Management Board is based on the average price of the Company shares and an average USD/PLN exchange rate quoted by the National Bank of Poland for a two-week period (from September 20th 2010 to October 1st 2010). Furthermore, the amount by which the share capital is to be increased corresponds to the value of the non-cash contribution, as established by the Management Board in a relevant valuation.

## **5. PERSON MAKING THE NON-CASH CONTRIBUTION**

The non-cash contribution will be made by Mr James A. Goltz.

## **6. VALUATION OF THE NON-CASH CONTRIBUTION**

(a) The Management Board of the Company has valued the non-cash contribution of Retech Shares to be made by Mr James A. Goltz at PLN 29,576,610.97 (twenty-nine million, five hundred and seventy-six thousand, six hundred and ten złotych, and ninety-seven grosz).

(b) The Management Board chose the DCF Method and the Multiples Method as the basic valuation methods. These valuation methods were considered the most appropriate given the kind of investors active in the regulated market. Valuations made using the DCF Method and the Multiples Method yield similar results. The valuation and additionally a recommendation concerning the value of the non-cash distribution were prepared by an independent financial adviser BRE Corporate Finance S.A. of Warsaw (“**BRE CF**”). The recommended Retech valuation represents the average of the valuations prepared using the above stated methods. Due to low liquidity of the shares and the high volatility of the investment goods market, the Company Management Board applied an additional correction factor to the recommended valuation, of USD 1.6m, thus lowering the valuation from USD 11.6m to approx. USD 10m. Application of the correction factor was proved to have been a reasonable

move in the course of subsequent negotiations with the contributing party. Accordingly, the valuation recommended by BRE CF is higher than the valuation adopted by the Management Board of Seco/Warwick S.A. (c)

#### **Valuation Using the DCF Method**

An income-based valuation using the discounted cash flow method allows to determine the value of assets and shareholders' equity based on projected financial performance of a company.

Under the DCF method, assets are valued by discounting (that is, calculating the present value of) the projected cash flows generated by these assets, at the risk-based cost of capital used to finance such assets.

The valuation in question has been prepared using the APV (Adjusted Present Value) approach. Its key features are that calculations are made sequentially and that the business value consists of two basic elements:

- value generated by operating activities, net of debt impact (Business Value without financial leverage), and
- value generated in connection with debt-financing of assets (taking into account the tax shield).

The key benefit of using the APV method is that the value may be divided into a number of components, resulting in high accuracy of the method, which is achieved despite significant volatility of particular components of the appraisal.

The value of 100% of the Company's equity has been calculated using the APV approach in the following steps:

1. Calculation of Business Value,
2. Calculation of 100% of Equity Value, net of market value of net debt.

#### **Valuation Using the Multiples Method**

Valuation using the multiples method consists in determining the value of a company by establishing relationships between selected financial parameters of that company and comparing these relationships with corresponding relationships formed at peer companies under influence from the capital market. The concept behind the use of the Multiples Method is that similar assets should have similar valuations and sell at similar prices. Market practice shows that investors are highly interested in financial ratios when making appraisals.

The multiples method uses two kinds of multiples:

- Multiples related to stock exchange capitalisation, with base amounts on which the valuation is based compared to the market value of shares (capitalisation),
- multiples related to the entire business value, with base amounts on which the valuation is based compared to the entire business value, that is the sum of market value of shares (capitalisation) and the market value of borrowed capital (market value of loans and borrowings).

### **7. GROUNDS AND RECOMMENDATION**

An increase in the Company's share capital through the issue of Series D shares covered by a non-cash contribution in the form of a 40% interest in Retech as described in this Report will result in a number of benefits for the Seco/Warwick Group's shareholders, including:

(a) Strategic benefits:

- acquisition of Retech's large order book,
- full use of Retech's experience and technology allowing the Seco/Warwick Group to develop technologically advanced products using plasma heat treatment technology,
- more effective use of the production capacities of Seco/Warwick Corporation, a US subsidiary of Seco/Warwick S.A.; achieving synergies through implementation of a common strategy at both companies,
- building a strong, competitive group operating in the metal heat treatment industry,
- better consolidation of procurement.

(b) financial benefits:

- full consolidation of Retech's financial results in the Seco/Warwick Group's financial statements, which will significantly boost consolidated profit and strengthen the Group's balance-sheet items.

(c) benefits relating to personnel:

- using Mr James A. Goltz's management expertise within the Seco/Warwick Group.

The Management Board believes that the value of the Retech shares purchase transaction is both attractive, as confirmed by the valuation prepared by BRE CF, and justified by the significant order book comprising contracts already signed or planned for the coming years.

Given the economic and the financial rationale for the planned non-cash contribution, and the consistency of the transaction with the Company's development plans, the Management Board believes that the non-cash contribution described in this Report is fully justified. Accordingly, the Management Board recommends that the Company Shareholders adopt a resolution to increase the Company's share capital through the issue of the Contribution Shares on the terms specified above.

[stamp:]  
Vice-President  
of the Management Board  
Andrzej Zawistowski  
[signature]

[stamp:] Managing Director  
Member of the Management Board  
of Seco/Warwick S.A.  
Witold Klinowski  
[signature]

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## Management Board's Opinion

Management Board's opinion providing grounds for disapplication of pre-emptive rights and specifying the manner of determination of the issue price of Series D Shares:

Series D Shares shall be issued for delivery to James A. Goltz in exchange for four shares in Retech Systems LLC of Ukiah, USA ("**Retech**"), as part of a transaction in which the Company will acquire the entire remaining 50% stake in Retech and consequently gain full control over the company.

Acquisition of the 50% stake in Retech will take place by way of a transfer of four shares as a non-cash contribution and sale of one share to the Company. The acquisition of 100% of Retech shares will result in a range of benefits for the Company's shareholders, including: (i) acquisition of a large contract portfolio currently held by Retech, (ii) full use of Retech's experience and technology allowing the SECO/WARWICK Group to develop technologically advanced products using plasma heat treatment technology, (iii) building a strong, competitive group operating in the metal heat treatment industry, (iv) full consolidation of Retech's financial results in the financial statements of the SECO/WARWICK Group, which will significantly boost consolidated profit and strengthen the Group's balance-sheet items.

The issue price of Series D Shares shall be PLN 32.71 (thirty-two zlotys, seventy-one grosz) per share. The issue price is based on a recommendation issued by an independent financial advisor, BRE Corporate Finance S.A. of Warsaw ("**BRE CF**"), concerning the valuation of Retech, based on which the Management Board established that the value of the non-cash contribution amounts to PLN 29,576,610.97 (twenty-nine million, five hundred and seventy-six thousand, six hundred and ten zloty, ninety-seven grosz). The market value of Retech was estimated using the discounted cash flows method and the multiples method. The valuation of Retech presented in the recommendation was calculated as the average of the valuations arrived at using the discounted cash flows method and the multiples method. Retech's valuation by BRE CF presented in its recommendation exceeds the valuation adopted by the Management Board.

In light of the foregoing, the Management Board believes that the disapplication of the existing shareholders' pre-emptive rights to subscribe for Series D Shares is in the Company's interest and is fully justified.