

Subject: Execution of Investment Agreement Involving Acquisition of Shares in Retech Systems LLC

Current Report No. 27/2010 of November 17th 2010

Legal basis: Art. 56.1.2 of the Public Offering Act - execution of a material agreement

Text of the report:

Further to Current Report No. 23/2010 of September 14th 2010, the Management Board of SECO/WARWICK S.A. (the “Issuer”) hereby reports that on November 16th 2010 the Issuer entered into an investment agreement involving the acquisition by the Issuer of a 50% interest in Retech Systems LLC of Ukiah, US (“Retech”), whereunder the Issuer is to become the sole shareholder of Retech's share capital (the “Investment Agreement”).

The Investment Agreement provides as follows:

- (1) The Issuer is to acquire 50% of shares in Retech Systems LLC in the following manner:
 - (i) 40% of shares in Retech Systems LLC, with a value of USD 10m (PLN 28,937,000 translated at the mid-exchange rate quoted by the National Bank of Poland) is to be contributed to the Issuer in exchange for the new shares in SECO/WARWICK S.A., (ii) 10% of shares in Retech is to be purchased by the Issuer for USD 2.5m (PLN 7,234,250 translated at the mid-exchange rate quoted by the National Bank of Poland) pursuant to a share purchase agreement;
- (2) The contribution of 40% of shares in Retech Systems LLC to SECO/WARWICK S.A. will be followed by an increase in the Issuer's share capital;
- (3) Placement of shares will be carried out with the pre-emptive rights of the existing shareholders waived;
- (4) The parties to the Investment Agreement have undertaken to execute a lock-up agreement concerning the new issue of shares (in force and effect from the share acquisition date to December 31st 2014);
- (5) Retech has undertaken to pay USD 2.5m (PLN 7,234,250 translated at the mid-exchange rate quoted by the National Bank of Poland) following registration of the Issuer's share capital increase carried out in connection with the issue of shares to be exchanged for the in-kind contribution;
- (6) The date as of which President of Retech's Management Board will cease to hold office has been specified;
- (7) Indemnification is provided by the Issuer against any claims under guarantees in relation to a credit line extended to Retech by East West Bank.

The Investment Agreement contains the following conditions precedent:

- (1) A consent is to be obtained from East West Bank for the execution of the Investment Agreement;
- (2) No material adverse change or event may occur with respect to Retech's or the Issuer's business, and warranties or representations made by the parties;

- (3) To a material extent, all warranties and representations made by the parties in the Investment Agreement must be true and accurate, and must not be misleading;
- (4) No actions which might result in Retech shares being offered to parties other than the Issuer can be undertaken.

The parties to the Investment Agreement further agreed that if the competent registry court does not register the share capital increase by December 30th 2010, the transaction covered by the agreement will not be effected and the Issuer will withdraw its application for registration. The value of the transaction is USD 12.5m (PLN 36,171,250 translated at the mid-exchange rate quoted by the National Bank of Poland).

The Investment Agreement provides for contractual penalties of up to PLN 1m.

The Investment Agreement is deemed material as its value exceeds 10% of the Issuer's equity.

Legal basis:

Art. 56.1.2 of the Public Offering Act - execution of a material agreement