

**Resolution No. 6/2013**  
**of the Supervisory Board of SECO/WARWICK S.A. of Świebodzin**  
**dated April 25th 2013**

concerning: *assessment of the standing of SECO/WARWICK Spółka Akcyjna*  
*in the reporting period January 1st–December 31st 2012,*  
*including assessment of the internal control*  
*and risk management systems*

In compliance with the provisions of Part III Section 1.1 of the Code of Best Practice for WSE-Listed Companies, the Supervisory Board of SECO/WARWICK Spółka Akcyjna hereby submits to the Annual General Meeting and presents to the public a brief assessment of the Company's standing prepared by the Supervisory Board, including an assessment of the internal control and risk management systems.

### **I. Business and financial performance in 2012**

2012 was another year of growth in sales and improved financial results for SECO/WARWICK S.A. The following segments were the "flagships" in 2012: Vacuum Furnaces, Melting Furnaces and CAB Furnaces. The value of contracts secured by the Company in 2012 was PLN 211m, compared with PLN 144m in 2011. The growth of business translated into a 23% increase in sales (PLN 155,992 thousand, relative to PLN 126,818 thousand in 2011).

In 2012, the EBIT margin was 5.7%.

Net profit earned in 2012 was PLN 5,689 thousand.

In 2012, the ROE ratio was 3.2% (2011: 2.5%).

### **II. Changes in equity and shareholder structure**

#### **The Company**

In 2012, there were no changes in the Company's share capital.

#### **The Group**

OOO SCT (Solnechnogorskiy Centr Termooobrabotky) of Russia was registered on August 17th 2012. The company's business consists in the provision of metal heat treatment services in Russia. SECO/WARWICK S.A holds 50% of the shares in the company, while a Russian partner holds the remaining shares.

As part of continued implementation of the Group's strategy, SECO/WARWICK Thermal S.A. was renamed as SECO/WARWICK EUROPE S.A. on October 19th 2012.

In December 2012, SECO/WARWICK S.A. acquired the remaining 49% of SECO/WARWICK GmbH shares held by the German partner. SECO/WARWICK S.A. holds 100% of shares in SECO/WARWICK GmbH.

In December 2012, SECO/WARWICK Service GmbH of Germany joined the SECO/WARWICK Group. SECO/WARWICK Service GmbH is an indirect subsidiary owned through SECO/WARWICK GmbH, which holds a 100% interest in SECO/WARWICK Service GmbH.

On January 2nd 2013, an agreement was executed for the disposal of an organised part of business ("OPB") of SECO/WARWICK S.A. comprising tangible and intangible assets used in manufacturing and distribution activities, liabilities related to the manufacturing and distribution activities, and the Company's employees involved in the manufacturing and distribution activities, to be effected through contribution of the organised part of business to a subsidiary of the SECO/WARWICK Group, i.e. SECO/WARWICK EUROPE S.A. ("Subsidiary") of Świebodzin, in exchange for shares in the increased share capital of the Subsidiary.

### **III. Operating activities**

In 2012, the Company's core business consisted in the manufacture of three key groups of products: vacuum furnaces, aluminium heat exchanger brazing systems and metallurgy equipment used for melting and vacuum casting of metals and speciality alloys. In 2012, the overall situation of the manufacturing sector in Poland and globally continued to gradually improve. Because of investment decisions made by the Company's customers, the aggregate value of contracts secured in 2012 was PLN 211m, compared with PLN 144m in 2011. The Supervisory Board believes that the Company is well-positioned to implement in practice its achievements in the area of new technologies, patents and solutions.

The transfer of the organised part of business was a part of the Group's New Growth Strategy. The disposal of the OPB will allow the Group to consolidate its Polish operations within a single entity, SECO/WARWICK EUROPE S.A.

The parent (SECO/WARWICK S.A.) will focus on the strategic and financial management of the SECO/WARWICK Group. SECO/WARWICK S.A., acting as the holding company, will exercise corporate supervision and provide strategic management services to the subsidiaries of the SECO/WARWICK Group.

### **IV. Internal control and risk management systems**

In its operations, the Company is exposed to market risks, including currency risk, interest rate risk, liquidity risk, and credit risk. The Company has in place effective rules (within defined procedures) for financial risk management, mitigating adverse effects of fluctuations in foreign exchange and interest rates. As part of the risk management system, the Company operates a management accounting control system.

The Company has developed a system of internal regulations (procedures, orders, rules and instructions) facilitating its proper functioning and mitigating the risks to which the Company is exposed.

The Company has in place an effective system for internal control and risk management, based on:

1. clear division of responsibilities and organisation of work in the financial reporting process,
2. precise definition of the scope of financial reporting applied by the Company,
3. regular reviews of Company's performance, based on the financial reporting system used by the Company,
4. requirement to submit financial statements for approval prior to their publication,
5. verification of financial statements by an independent qualified auditor,
6. inclusion of the internal audit function in the process of assessing the applied control mechanisms.

In the Supervisory Board's opinion, the Company's internal control system ensures adequacy, reliability and correctness of financial information disclosed in the Company's periodic reports and financial statements.

**The Supervisory Board approves of the Management Board's activities in 2012. The Supervisory Board holds a positive view on the Company's and the Group's growth prospects.**

**The Supervisory Board has identified no substantial threats which might have a bearing on the Company's or the Group's performance in the future.**

This resolution becomes effective as of its date.

The resolution was adopted by an open ballot.

*List of members of the Supervisory Board present:*

*Votes in favour of the resolution:* \_\_\_\_\_

*Votes against the resolution:* \_\_\_\_\_

*Abstaining votes:* \_\_\_\_\_