**Resolution No. 6/2014**
**of the Supervisory Board of SECO/WARWICK S.A. of Świebodzin,**
**dated April 29th 2014**

concerning *assessment of the standing of SECO/WARWICK Spółka Akcyjna in the reporting period January 1st–December 31st 2013, 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 2013

2013 was the first year of SECO/WARWICK S.A. operating as a holding company. As the structure and volume of its sales changed, the 2013 figures are not comparable with data for the previous years. Currently, the Company's primary source of revenue is from the provision of services to the Group subsidiaries covered by a CSA agreement (the Management Services Agreement). In addition to that, the Company reported revenue from the sale of equipment it retained after the transfer of organised part of business to SECO/WARWICK Europe (with customers' consent, invoicing and performance of most of the contracts performed by SWSA in 2012 which were in progress as at the transfer date was taken over by SWE; however, some customers did not consent to such an arrangement). In 2013, revenue earned from sales to members of the Group totalled PLN 12.4m, with a margin of 7.1%. SWSA's other sales, of PLN 2.1m, were generated under its other contracts.

In 2013, the main contribution to the Company's net profit of PLN 14.9m was dividends received from its subsidiaries, totalling PLN 22.0m.

In 2013, the ROE ratio was 8%.

## II. Changes in equity and shareholder structure

### The Company

In 2013, there were the following changes in the Company's share capital:

On July 17th 2013, 149,239 (one hundred and forty-nine thousand, two hundred and thirty-nine) Series E ordinary bearer shares in the Company ("Series E Shares") were acquired, as a result of which the Company's share capital increased by PLN 29,847.80.

On September 19th 2013, 27,230 (twenty seven thousand, two hundred and thirty) Series E ordinary bearer shares in the Company ("Series E Shares") were acquired, as a result of which the Company's share capital increased by PLN 5,446.00.

On December 3rd 2013, 27,518 (twenty seven thousand, five hundred and eighteen) Series E ordinary bearer shares in the Company ("Series E Shares") were acquired, as a result of which the Company's share capital increased by PLN 5,503.60.

The Series E Shares were acquired under the Incentive Scheme for management staff of the SECO/WARWICK Group for the years 2012−2016, approved by virtue of Resolution No. 21 of the Annual General Meeting of May 28th 2012 ("2012–2016 Incentive Scheme"), on the basis of which the Company issued Series B subscription warrants ("Series B Warrants") entitling its holders to acquire Series E Shares.

**The Group**

On March 25th 2013, conditions precedent for the acquisition of 9,090 Sale Shares in SECO/WARWICK Allied were fulfilled. Following the acquisition, the Company held 63,765 shares, representing 58.3% of the company's share capital. On May 22nd 2013, conditions precedent for the purchase of 9,127 Sale Shares were fulfilled. Following the purchase, the Company holds 72,892 shares, representing 66.7% of the company's share capital.

A conditional agreement to purchase all shares in Engefor Engenharia Indústria e Comércio Ltda (a limited liability company of Jundiaí, established and existing under Brazilian law), conferring the right to 100% of votes at the company's general meeting, was executed on April 23rd 2013. On May 24th 2013, all conditions precedent for the purchase of 860,000 Sale Shares and payment of the first instalment of the Selling Price, in the amount of BRL 6,000,000 (PLN 9,506,400 at the mid exchange rate quoted by the National Bank of Poland on May 24th 2013), were fulfilled.

On September 27th 2013, resolutions approving the transformation of SECO/WARWICK EUROPE S.A. (joint-stock company) into a limited liability company (spółka z ograniczoną odpowiedzialnością) on the terms and conditions provided for in the transformation plan approved by the Company Management Board on August 12th 2013, were passed. Following registration of the change, as of October 24th 2013 the former SECO/WARWICK EUROPE S.A. has been operating as SECO/WARWICK EUROPE spółka z ograniczoną odpowiedzialnością.

The share capital of OOO SCT was increased on November 30th 2013. SECO/WARWICK S.A. made a non-cash contribution to the company in the form of a furnace worth PLN 3,081,242.87.

## III. Operating activities

On January 2nd 2013, an agreement was executed for the disposal of organised part of business 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, which was to be effected through contribution of the organised part of business to a SECO/WARWICK Group subsidiary, SECO/WARWICK EUROPE ("Subsidiary") of Świebodzin, in exchange for shares in the increased share capital of the Subsidiary.

The transfer of the organised part of business was a part of the Group's New Growth Strategy presented in Current Report No. 28/2012. The disposal allowed the Group to consolidate its Polish operations within a single entity, SECO/WARWICK EUROPE.

The Parent (SECO/WARWICK S.A.) focused on the strategic and financial management of the SECO/WARWICK Group. SECO/WARWICK S.A., acting as the holding company, exercised corporate governance and provided strategic management services to the subsidiaries of the SECO/WARWICK Group.

## IV. Internal control and risk management systems

The Company is exposed to market risk, comprising currency risk, interest rate risk, liquidity risk and credit risk. The objective behind the Company's financial risk management is to mitigate any adverse movements in foreign exchange and interest rates, stabilise cash flows and ensure an adequate level of liquidity and financial flexibility. The rules of financial risk management at the

Company are determined by the Management Board. As part of the risk management process, an expert management accounting system has been developed and implemented at the Company. Key risk parameters at the level of operating and financing activities are monitored based on monthly reports. The Company's Finance Department, as the organisational unit responsible for implementation of the Group's financial risk policy, identifies, measures, manages and monitors the risks on an ongoing basis. The Management Board receives regular update reports on the type and degree of exposure to a given risk.

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 Management Board of the Parent is responsible for the Group's internal control system and its effectiveness in the process of preparation of periodic reports and financial statements prepared and published in accordance with the Regulation on current and periodic information to be published by issuers of securities of February 19th 2009.

The main objective of the Group's internal control system applied to financial reporting is to ensure adequacy, reliability, and accuracy of financial information presented in periodic reports and financial statements. The Group's effective internal control and risk management system applied to financial reporting was developed based on:

- clear division of responsibilities and organisation of work in the financial reporting process
- precise definition of the scope of the Group's financial reporting
- regular reviews of the Group's performance, based on the financial reporting system used by the Group
- requirement to submit financial statements for approval prior to their publication
- audit/review of financial statements by an independent qualified auditor

**The Supervisory Board approves of the Management Board's activities in 2013. The Supervisory Board holds a positive view on the Company's and the Group's growth prospects.**

**In the Supervisory Board's opinion, there are currently no major threats to the Company's or the Group's performance.**

This Resolution shall become effective as of its date.

The resolution was adopted by an open ballot.

*Number of Supervisory Board members present:*________
*Votes in favour of the resolution:* ________
*Votes against the resolution:* ________
*Abstaining votes:* ________