

Resolution No. 6/2015
of the Supervisory Board of SECO/WARWICK S.A. of Świebodzin
dated April 23rd 2015

concerning: *Assessment of the standing of SECO/WARWICK Spółka Akcyjna*
in the reporting period January 1st–December 31st 2014,
including assessment of the internal control
and risk management systems

In compliance with Section III.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 2014

Since 2013, SECO/WARWICK S.A. has operated as a holding company. Currently, the Company's primary source of revenue is from the provision of services to the Group companies covered by a CSA agreement (Management Services Agreement) and income from licensing fees (License Agreement). Additionally, the Company posted revenue from sale of equipment wholly produced by SECO/WARWICK Europe Sp. z o.o. (execution of a contract with SECO/WARWICK S.A. was one of the conditions precedent for the performance of the agreement). In 2014, revenue from sale to companies of the Group totalled PLN 11.2m (2013: PLN 12.4m), and revenue from sale of equipment amounted to PLN 8.3m, with an average margin of 7.1%.

In 2014, despite dividends received from the subsidiaries in the amount of PLN 21.3m, the Company posted a net loss of PLN 9.4m, which resulted primarily from impairment losses on investment in foreign companies, amounting to PLN 33.7m.

In 2014, the ROE ratio was -4.3% (2013: 8.0%).

II. Changes in ownership / share capital

The Company

In 2014, there were the following changes in the Company's share capital:

On January 20th 2014, 57,640 (fifty-seven thousand, six hundred and forty) Series E ordinary bearer shares in the Company ("Series E Shares") were subscribed for, as a result of which the Company's share capital increased by PLN 11,528.00.

The Series E Shares were subscribed for under the Incentive Scheme for the 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 January 24th 2014, a payment of USD 100 thousand was made by SECO/WARWICK S.A., increasing SECO/WARWICK Retech's share capital.

On June 4th 2014, conditions precedent were met for the acquisition of 9,122 shares in SECO/WARWICK Allied Pvt. Ltd. (Mumbai) of India and payment of the third instalment of the

selling price. Following acquisition of the 9,122 sale shares, the Company holds 82,014 shares, representing 75.0% of the company's share capital and carrying the right to 75.0% of the total vote at its General Meeting.

III. Operating activities

SECO/WARWICK S.A., acting as a holding company since 2013, continued to exercise corporate governance and provide strategic management services to the subsidiaries of the SECO/WARWICK Group.

IV. Internal control system and risk management system

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 2014. The Supervisory Board takes a positive view of the growth prospects of the Company and the Group.

This Resolution shall become effective as of its date.

The Resolution was passed by an open ballot.

Number of Supervisory Board members in attendance: _____

Votes in favour of the resolution: _____

Votes against the resolution: _____

Abstentions: _____