

Current report no. 29/2016

Date: 01.07.2016 r.

Subject: Conclusion of the agreement for the transfer of an organized part of the enterprise to its subsidiary and the acquisition of shares in the increased share capital of the subsidiary.

Legal Basis: Art. 56 sec. 1 point 2 of the Act on Public Offerings - current and periodic

Contents of the report:

On the basis of § 5 sec. 1 point 3 of the Ordinance of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by laws of a non-member state Management of ZETKAMA S.A. based in Ścinawka Średnia announces that on 1 July 2016 on the basis of the consent given by the Ordinary General Meeting ZETKAMA SA in Resolution No. 18/2016 from 21 June 2016., of which the Issuer informed in current report No. 26/2016 from 21 June 2016., The Issuer has entered into with its wholly owned subsidiary - ZETKAMA Sp. z o. o. based in Ścinawka Średnia (the "Buyer") concerning transfer of an organized part of the enterprise ("an organized part of the enterprise") within the meaning of art. 55¹ of the Civil Code, which is organizationally, financially and functionally separated in the existing enterprise ZETKAMA SA based in Ścinawka Średnia set of tangible and intangible assets related to operating activities, it is the productive activity of valves and castings, including payables and receivables, held to implement the above described economic tasks, which also could be a separate entity performing these tasks, with value established on 1 July 2016. using the balance sheet for the amount of 83,930,398.40 PLN.

Conclusion of the agreement for the transfer of an organized part of the enterprise occurred in connection with the adoption on 1 July 2016 by the Extraordinary General Meeting of Shareholders buyers of Resolution No. 2 on the share capital increase with the amount of 5,000.00 PLN the amount of 59,995,000.00 PLN, up to 60,000. 000.00 PLN, through the establishment of 1,199,900 new, equal and indivisible shares with a nominal value of 50.00 PLN each and placing on 1 July 2016 Issuer's statement on acquisition of newly issued shares and to compensate for their contribution in kind in the form of organized part of the company. The excess of the value of in-kind contribution imparted to the increased share capital of the Purchaser in relation to the total nominal value of the newly issued shares, it is above the value of 59,995,000.00 zł, will be transferred to capital.

The organized part of the enterprise in particular include:

- a) the right of perpetual usufruct together with ownership of buildings and facilities which are separate from the land situated on properties cast in perpetual usufruct used by the Company to conduct the above mentioned activities

- b) ownership, rights under the lease or tenancy and the rights to use resulting from other legal relations of any movable property, including machinery, equipment, inventory, equipment and other fixed assets related functionally and organizationally to the conduct of the above-described business
- c) the rights and obligations arising from any contracts entered into by the Company in connection with the above-described business
- d) debts and liabilities of the Company functionally and organizationally linked to the conduct of the above-described activity, at the date of disposal of an organized part of the enterprise
- e) decisions, permits, approvals, licenses and other administrative rulings related to the conduct of the above described activities
- f) copyrights and related rights used as part of an organized part of the enterprise
- g) business secrets used within or on an organized part of the enterprise
- h) all books and other documents and data related to the conduct of the above-described business
- i) other property rights, the rights of lease of immovable property and the right to use such property resulting from other legal relations, used by the Company to conduct the above-described business

The organized part of the enterprise is also a workplace and the employer to employees performing work in the production of valves and castings, who after the transfer of an organized part of the enterprise to the buyer became employees of the purchaser pursuant to art. 23¹ Labour Code.

As a result of the transfer of an organized part of the company, with effect from 1 July 2016. The buyer became the sole entity entitled to an organized part of the enterprise and its component ingredients.

Bearing in mind that the value of the organized part of the company exceeded the threshold of 10% of the Issuer's equity, transfer of an organized part of the company meets the criteria to recognize it as a significant agreement within the meaning of § 2 para. 1 point 44 of the mentioned Ordinance.