

MERGER PLAN

RADPOL SA

AND

RADPOL ELEKTROPORCELANA SA

Table of contents:

1. DEFINITIONS USED IN MERGER PLAN.	3
2. TYPE, COMPANY AND HEADQUARTERS OF MERGING COMPANIES.	3
2.1. THE ACQUIRING COMPANY.	3
2.2. THE ACQUIRED COMPANY.	3
3. MERGER METHOD AND LEGAL BASIS.	4
3.1. LEGAL BASIS AND MODE OF MERGER.	4
3.2. RESOLUTIONS ON MERGER.	4
3.3. LEGAL SUCCESSION.	4
3.4. LEGAL CONDITIONS OF MERGER.	4
4. SHARES OF ACQUIRING COMPANY.	5
5. RIGHTS GRANTED BY ACQUIRED COMPANY TO PERSONS, ESPECIALLY POSSESSING SPECIAL RIGHTS IN ACQUIRED COMPANY	5
6. SPECIAL BENEFITS FOR MEMBERS OR BODIES OF ACQUIRED COMPANY.	5
7. STATUTE OF RADPOL SA	5
8. VALUE OF PROPERTIES OF RADPOL ELEKTROPORCELANA SA	6
9. VALUE STATE OF RADPOL SA AND RADPOL ELEKTROPORCELANA SA	6
10. MERGER PLAN DRAWING UP.	6

1. DEFINITIONS USED IN MERGER PLAN

For the purposes of understanding, the following terms were used:

- 1) Merger Plan - this document.
- 2) CCC - The Act of 15 September 2000 of Code of Commercial Companies (Journal of Laws of 2000, No. 94, as amended, item 1037 amended).
- 3) RADPOL SA or the acquiring company - RADPOL SA based in Człuchów, 77-300, at Batorego 14 street, entered in the register of entrepreneurs maintained by the District Court Gdańsk-North in Gdansk VIII Economic Department under the KRS (National Court Register) number 0000057155, NIP (taxpayer identification number): 8430000202, REGON (State Statistical Number): 770,807,479, with capital of 718,548.30 (seven hundred and eighteen thousand five hundred forty-eight zloty thirty groszy).
- 4) RADPOL ELEKTROPORCELANA SA or the company being acquired - RADPOL ELEKTROPORCELANA SA based in Ciechów, 55-300, at Średzki 10 street, entered in the register of entrepreneurs maintained by the District Court of Wrocław, Wrocław Fabryczna VI Economic Department under the number KRS (National Court Register) 0000091338, NIP (taxpayer identification number): 9131358876, REGON (State Statistical Number): 931,037,809, with capital of 2,200,000 (two million two hundred thousand zloty).
- 5) Companies - including acquiring company and the company being acquired.

2. TYPE, COMPANY AND HEADQUARTERS OF MERGING COMPANIES

2.1. The acquiring company.

RADPOL SA based in Człuchów, 77-300, at Batorego 14 street, entered in the register of entrepreneurs maintained by the District Court Gdańsk-North in Gdansk VIII Economic Department under the KRS (National Court Register) number 0000057155, NIP (taxpayer identification number): 8430000202, REGON (State Statistical Number): 770,807,479, with capital of 718,548.30 (seven hundred and eighteen thousand five hundred forty-eight zloty thirty groszy). The acquiring company is a public company within the meaning of the Act of 29 July 2005 on public offerings and conditions for introducing financial instruments to organized trading system and on public companies (Journal of Laws No. 184, item. 1539, as amended).

2.2. The company being acquired.

RADPOL ELEKTROPORCELANA SA or the company being acquired - RADPOL ELEKTROPORCELANA SA based in Ciechów, 55-300, at Średzki 10 street, entered in the register of entrepreneurs maintained by the District Court of Wrocław, Wrocław Fabryczna VI Economic Department under the number KRS (National Court Register) 0000091338, NIP (taxpayer identification number): 9131358876, REGON (State Statistical Number): 931,037,809, with capital of 2,200,000 (two million two hundred thousand zloty). The company being acquired is a subsidiary of the acquiring company, the acquiring company owns 100% of shares in the company being acquired.

3. MERGER METHOD AND LEGAL BASIS

3.1. Legal basis and the mode of merger.

The merger follows according to:

- Art. 492 § 1 point 1 of CCC (merger through the acquisition) by transferring all the assets of the company being acquired to the acquiring company;
- Art. 515 § 1 of CCC, ie, without an increase in the share capital of the acquiring company, due to the fact that the acquiring company owns 100% of shares in the company being acquired;
- Art. 516 of CCC (simplified connection), ie, without making a written report justifying the merger and without subjecting the merger plan for expert examination.

3.2. Resolutions on merger.

Companies merger requires a resolution of shareholders of each of the merging companies adopted pursuant to and under the terms of Article. 506 of CCC. Draft resolutions of general meetings of Companies are Annex number 1 to the merger plan.

3.3. Legal succession.

From the date of merger, the acquiring company takes over all the rights and obligations of the company being acquired (art. 494 § 1 of CCC).

The acquiring company takes over, in particular, permits, licenses and concessions that were granted to the company being acquired, unless the law or the decision to grant a permit, license or concession provides otherwise (art. 494 § 2 of CCC).

3.4. Legal conditions of merger.

The acquiring company and the company being acquired meet the terms of the merger required by law, in particular:

- 1) The acquiring company is not currently in liquidation, and consequently has not launched the division of property (Article 491 § 3 of CCC);
- 2) The acquiring company is not in bankruptcy (Article 491 § 3 of CCC);
- 3) the acquiring company is not currently in liquidation, and consequently has not launched the division of property (Article 491 § 3 of CCC);
- 4) the company being acquired is not in bankruptcy (Article 491 § 3 of CCC).

4. SHARES OF ACQUIRING COMPANY

Due to the fact that all shares of the acquired company are owned by the acquiring company, the merger will be carried out in a simplified mode specified in the Article 516 of CCC without increasing the share capital of the acquiring company (Art. 515 of CCC). As a result of the merger, no shares of the acquiring company shall not be issued to the shareholder of the company being acquired, and in Merger Plan:

- No specified exchange ratio of shares of the acquired company for the shares of the acquiring company shall be set
- No set rules for the allotment of shares in the acquiring company shall be set
- The date from which the issued shares of the acquiring company granted to a shareholder of the acquired company entitle to participate in the profits of the acquiring company shall not be set.

5. RIGHTS GRANTED BY ACQUIRED COMPANY TO PERSONS, ESPECIALLY POSSESSING SPECIAL RIGHTS IN ACQUIRED COMPANY

In connection with the merger of Companies, no rights to shareholders of Companies, or individuals specifically authorized in the company being acquired, as referred to in Article. 499 § 1 point 5) of CCC shall not be granted by the acquiring company.

6. SPECIAL BENEFITS FOR MEMBERS OR BODIES OF ACQUIRED COMPANY

In connection with the merger to members of the Company and the other person involved in the merger, any special benefits referred to in Article. 499 § 1 point 6) of CCC cannot be granted.

7. STATUTE OF RADPOL SA

Because the merger is completed without an increase in the share capital of the acquiring company (Art. 515 § 1 of CCC) and that merger does not give rise to new circumstances requiring the disclosure of the statutes of the acquiring company, the statutes of the acquiring company is not amended in connection with the merger. Accordingly, Article. 499 § 2 pt 2) of CCC shall not be applied, so there is no obligation attached to the draft merger plan to amend the statutes of the acquiring

company.

8. VALUE OF PROPERTIES OF RADPOL ELEKTROPORCELANA SA

Out of the balance of the company being acquired, prepared as at 1 January 2010, the book value of assets (net assets) of the company being acquired on 1 January 2010 amounts to 6,715,429.67 pln.

Statement made by management of the company being acquired is attached as Annex 2 to the Merger Plan.

9. VALUE STATE OF RADPOL SA AND RADPOL ELEKTROPORCELANA SA

Balance of RADPOL SA, as at 1 January 2010, shows assets and liabilities in the sum of 72,705,000 pln and shows total net assets (equity) of 56,400,000 pln.

Statement of book value of the acquiring company prepared for the merger on 1 January 2010 is attached as Annex 3 to the Merger Plan.

Balance of RADPOL ELEKTROPORCELANA SA, as at 1 January 2010, shows assets and liabilities in the sum of 11,701,059.43 pln and shows total net assets (equity) of 6.715.429,67 pln.

Statement of book value of the company being acquired for the purpose of the merger made on 1 January 2010 is attached as Annex 4 to the Merger Plan.

10. MERGER PLAN DRAWING UP

Company Merger Plan was drawn up on __ February 2010 in ____, that has been confirmed by the following signatures:

On behalf of RADPOL SA

Andrzej Sielski - Chairman of the Board

Grzegorz Malczyk - Board Member

On behalf of RADPOL ELEKTROPORCELANA SA

Board

Board

Annexes to the merger plan:

1. Annex 1 - draft resolutions on the merger of Companies,
2. Annex 2 - statement of the value of the assets of acquired Company as at 1 January 2010,
3. Annex 3 - a statement of book value of the acquiring company made for the purposes of the merger on 1 January 2010,
4. Annex 4 - a statement of book value of the company being acquired for the purpose of the merger made on 1 January 2010