

THE PLAN OF MERGER

between LPP S.A., having its registered office in Gdańsk

and

ARTMAN S.A., having its registered office in Kraków

26th February 2009

THIS PLAN OF MERGER (hereinafter referred to as “the Plan of Merger”) was drawn up and agreed in accordance with the provisions of article 498, article 499 and article 516 (6) of the Code of Commercial Companies of 15th September 2000 - (Journal of Laws No. 94, item 1037 as amended) (hereinafter referred to as (“the Code”) between:

- (1)

LPP S.A. with its registered office in Gdańsk, ul. Łąkowa 39/44, 80-769, registered in the Register of Entrepreneurs kept at the Regional Court for Gdańsk-Północ, 7th Commercial Division of The National Court Register under KRS number 0000000778, REGON (National Official Register of Economic Entities No): 190852164, NIP (Tax Identification Number): 583-10-14-898, share capital in the amount of PLN 3, 492, 134. 00 (three million four hundred and ninety-two thousand one hundred and thirty four PLN) fully paid up, hereinafter referred to as ”LPP” or “the Acquirer”

and
- (2)

ARTMAN S.A. with its registered office in Kraków, ul. Bagarowa 7, 30-733 Kraków, registered in the Register of Entrepreneurs kept at the Regional Court for Kraków-Śródmieście, 11th Commercial Division of The National Court Register under KRS number 0000180735, REGON (National Official Register of Economic Entities No): 350783695, NIP (Tax Identification Number): 678-10-06-956, share capital in the amount of PLN 1, 068, 887. 00 (one million sixty-eight thousand eight hundred and eighty seven PLN) fully paid up, hereinafter referred to as ”Artman” or “the Acquiree”.

LPP and Artman hereinafter are jointly referred to as “the Companies” and individually as “the Company”.

- I.

TYPE, ORGANIZATION AND THE REGISTERED OFFICE OF THE MERGED COMPANIES
- 1.1.

The Acquirer

LPP S.A., a public company with its registered office in Gdańsk, ul. Łąkowa 39/44, 80-769, registered in the Register of Entrepreneurs kept at the Regional Court for Gdańsk-Północ, 7th Commercial Division of The National Court Register under KRS number 0000000778. The share capital of LPP totals PLN 3,492,134.00 (three million four hundred and ninety-two thousand one hundred and thirty-four PLN), is fully paid up and is divided into 1,746,067 (one million seven hundred forty-six thousand sixty seven) shares with a nominal value of PLN 2 (two PLN) each. LPP shares are divided into series marked by the consecutive letters of the alphabet in the following manner:

- (a)

100 (one hundred) series A ordinary bearer shares,
- (b)

350,000 (three hundred and fifty thousand) series B registered preferred shares with voting rights at the general shareholders’ meeting,
- (c)

400,000 (four hundred thousand) series C ordinary bearer shares,
- (d)

350,000 (three hundred and fifty thousand) series D ordinary bearer shares,
- (e)

56,700 (fifty six thousand seven hundred) series E ordinary bearer shares ,
- (f)

56,700 (fifty six thousand seven hundred) series F ordinary bearer shares ,
- (g)

300,000 (three hundred thousand) series G ordinary bearer shares ,
- (h)

190,000 (one hundred and ninety thousand) series H ordinary bearer shares,
- (i)

2,567 (two thousand five hundred and sixty-seven) series I ordinary bearer shares,
- (j)

40.000 (forty thousand) series J ordinary bearer shares.

350,000 (three hundred and fifty thousand) Series B shares are registered preferred shares with voting rights at LPP S.A. general shareholders' meeting, each share corresponding to five votes.

1.2. The Acquiree

ARTMAN S.A., a public company with its registered office in Kraków, ul. Bagarowa 7, 30-733, registered in the Register of Entrepreneurs kept at the Regional Court for Kraków- Śródmieście, 11th Commercial Division of The National Court Register under KRS number 0000180735. The share capital of the company totals PLN 1,068,887.00 (one million sixty-eight thousand eight hundred and eighty-seven PLN), is fully paid up and is divided into 4,275,548 (four million two hundred seventy-five thousand five hundred and forty-eight) shares with a nominal value of PLN 0.25 (twenty-five groszy) each. Artman shares are divided into series marked by the consecutive letters of the alphabet in the following manner:

- (a) 2,000,432 (two million four hundred and thirty-two) series A registered preferred shares with voting rights at the general shareholders' meeting,
- (b) 1,000,216 (one million two hundred and sixteen) series B ordinary bearer shares,
- (c) 1,250,000 (one million two hundred and fifty thousand) series C ordinary bearer shares,
- (d) 24,900 (twenty-four thousand nine hundred) series D ordinary bearer shares.

2,000,432 (two million four hundred and thirty-two) series A shares are registered preferred shares with voting rights at Artman S.A. general shareholders' meeting, each share corresponding to two votes.

2. MERGER PROCEDURE

- 2.1. The merger of the Companies shall be effected in compliance with the provisions of article 492 (1) point 1 of the Code, i.e. by means of transferring all assets of Artman to LPP. As a result of the merger Artman shall be dissolved without liquidation ("the Merger"). The merger shall be effected in compliance with Title IV, Section I of the Code on the basis of the following resolutions: The resolution adopted by the General Meeting of LPP Shareholders and the resolution adopted by the General Meeting of Artman Shareholders. Draft resolutions concerning the Merger are attached respectively as Schedule 1 and Schedule 2 to this Merger Plan.
- 2.2. Due to the fact that the Acquirer owns all shares in the share capital of the Acquiree, the merger shall be effected according to the provisions of Article 515 (1) of the Code without any increase whatsoever in the share capital of the Acquirer.
- 2.3. Due to the fact that (i) the merger shall not lead to any increase in the share capital of the Acquirer in compliance with the provisions of the Article 515 (1) of the Code and (ii) the merger shall not result in any other new circumstances which have to be reflected in the Articles of Association of the Acquirer, the Articles of Association of LPP shall not be amended following the merger. As a consequence the requirements of Article 499 (2) point 2 of the Code to attach the draft amendments to the Articles of Association of the Acquirer to the plan of the merger do not apply.

3. SHARE EXCHANGE RATIO

Due to the fact that all shares in the share capital of the Acquiree are kept by the Acquirer as a sole shareholder, the merger shall be effected:

- (a) without the transfer of shares of the Acquirer to the shareholder of the Acquiree,
- (b) without the need to specify the exchange ratio between the shares of the Acquiree and the shares of the Acquirer,

- (c) without the need to define the principles of share transfer in the plan of the merger,
- (d) without the need to specify the date on which the shareholder of the Acquiree to whom the shares of the Acquirer have been transferred shall be entitled to the share in the profit of the Acquirer.

4. THE RIGHTS GRANTED BY THE ACQUIRER TO THE SHAREHOLDERS OF THE ACQUIREE OR OTHER PERSONS WITH SPECIAL RIGHTS.

No special rights to any persons shall be granted by the Acquirer in relation to the acquisition of Artman. The requirements of Article 511 of the Code on granting special rights in the company referred to as the Acquirer to persons who have already enjoyed special rights in the company referred to as the Acquiree do not apply, since the Acquirer (LPP) is entitled to any rights and privileges in the Acquiree (Artman) due to the fact that LPP is the sole shareholder of Artman; at the same time the Acquirer does not issue any new shares in relation to the merger of both companies.

5. SPECIAL BENEFITS FOR THE MEMBERS OF THE BODIES OF THE MERGING COMPANIES AND OTHER PERSONS PARTICIPATING IN THE MERGER

No special benefits shall be granted to the members of the bodies of the merging companies nor to any other persons participating in the Merger.

6. THE APPROVAL OF THE CONCENTRATION BY THE PRESIDENT OF THE OFFICE FOR COMPETITION AND CONSUMER PROTECTION

It is not necessary for the merger to be approved by the President of the Office for Competition and Consumer Protection due to the fact that the planned merger concerns the companies which belong to the same capital group (Article 14 point 5 of the Competition and Consumer Protection Act of December 15th, 2000- a consolidated text: Polish Journal of Laws of 2005, no. 244, item 2080, as amended).

The Plan of Merger was adopted by the resolution of LPP Management Board dated February 26th, 2009 and by the resolution of Artman Management Board dated February 26th, 2009. The Plan of Merger shall be considered final on the date on which it has been signed; if the Parties shall sign the Plan on two different dates, it shall be considered final on the date on which the last Party has signed it.

For LPP S.A.

For Artman S.A.:

/-/ Marek Piechocki (signature illegible)
President of the Management Board

/-/ Stanisław Dreliszak (signature illegible)
Vice-President of the Management Board
Board

/-/ Dariusz Pachla
Vice-President of the Management

/-/Alicja Milińska
Vice-President of the
Management Board

THE LIST OF SCHEDULES

Draft resolution of the General Meeting of LPP S.A. Shareholders on the Merger

Draft resolution of the General Meeting of Artman S.A. Shareholders on the Merger

The statement by the Management Board of Artman on the value of assets of the Acquiree as of January 1st, 2009

The statement on the book value of LPP S.A. as of January 1st, 2009

The statement on the book value of Artman S.A. as of January 1st, 2009

DRAFT RESOLUTION OF THE GENERAL MEETING
OF LPP S.A. SHAREHOLDERS ON THE MERGER

RESOLUTION NO [•]
OF THE (EXTRAORDINARY) GENERAL MEETING OF LPP S.A. SHAREHOLDER
WITH ITS REGISTERED OFFICE IN GDAŃSK
of [•] 2009
on the merger with Artman S.A. with its registered office in Kraków

The (extraordinary) General Meeting of LPP S.A. Shareholders with its registered office in Gdańsk hereby resolves as follows:

§1

1. “Subject to the provisions of Article 506 of the Code of Commercial Companies the General Shareholders Meeting hereby decides to merge LPP S.A. with its registered office in Gdańsk (“**LPP S.A.**”) and Artman S.A. with its registered office in Kraków, registered in the Register of Entrepreneurs kept at the Regional Court for Kraków- Śródmieście, 11th Commercial Division of The National Court Register under KRS number 0000180735 (hereinafter referred to as “**Artman S.A.**”), LPP S.A. being the Acquirer and Artman S.A. being the Acquiree, by means of the transfer of all assets of Artman S.A. to LPP S.A. in compliance with the provisions of Article 492 (1) point 1 of the Code of Commercial Companies.
2. Subject to the provisions of Article 506 (4) of the Code of Commercial Companies the General Shareholders Meeting hereby approves the plan of merger of LPP S.A. and Artman S.A., agreed between the parties and signed on April 26th, 2009; the above Plan was published in the Court and Economic Journal no. [•] of [•] 2009, item [•] (**hereinafter referred to as “the Plan of Merger”**), attached as Schedule 1 to this Resolution.

§2

Due to the fact that LPP S.A. is the sole shareholder of Artman S.A. holding all of 4,275,548 (four million two hundred seventy-five thousand five hundred and forty-eight) shares with a nominal value of PLN 0.25 (twenty-five groszy) each, representing 100% (one hundred per cent) of share capital of Artman S.A., the merger shall not result in the increase of the share capital of LPP S.A. nor shall it require any exchange of shares of Artman S.A. (the Acquiree) into the shares of LPP S.A. (the Acquirer) or any amendment to the Articles of Association of LPP S.A., in compliance with the provisions of Article 515 (1) and 516 (6) of the Code of Commercial Companies.

§3

The Management Board is hereby authorised to take any action required to execute this Resolution.

SCHEDULE NO.2

Draft resolution by the General Meeting of Artman S.A. Shareholders on the Merger

**RESOLUTION NO [•]
OF THE (EXTRAORDINARY) GENERAL MEETING OF ARTMAN S.A. SHAREHOLDERS
WITH ITS REGISTERED OFFICE IN KRAKÓW
of [•] 2009
on the merger with LPP S.A. with its registered office in Gdańsk**

The (extraordinary) General Meeting of Artman S.A. with its registered office in Kraków hereby resolves as follows:

§1

1. Subject to the provisions of Article 506 of the Code of Commercial Companies the General Shareholders Meeting hereby decides to merge Artman S.A. with its registered office in Kraków (“**Artman** S.A.”) and LPP S.A. with its registered office in Gdańsk, registered in the Register of Entrepreneurs kept at the Regional Court for Gdańsk-Północ, 7th Commercial Division of The National Court Register under KRS number 0000000778, (hereinafter referred to as “**LPP S.A.**”), LPP S.A. being the Acquirer and Artman S.A. being the Acquiree, by means of the transfer of all assets of Artman S.A. to LPP S.A. in compliance with the provisions of Article 492 (1) point 1 of the Code of Commercial Companies.
2. Subject to the provisions of Article 506 (4) of the Code of Commercial Companies the General Shareholders Meeting hereby approves the plan of merger of LPP S.A. and Artman S.A. agreed between the parties and signed on April 26th, 2009; the above Plan was published in the Court and Economic Journal no. [•] of [•] 2009, item [•] (**hereinafter referred to as “the Plan of Merger”**), attached as Schedule 1 to this Resolution.

§2

Due to the fact that LPP S.A. is the sole shareholder of Artman S.A. holding all of 4,275,548 (four million two hundred seventy-five thousand five hundred and forty-eight) shares with a nominal value of PLN 0.25 (twenty-five groszy) each, representing 100% (one hundred per cent) of share capital of Artman S.A., the merger shall not result in the increase of the share capital of LPP S.A. nor shall it require any exchange of shares of Artman S.A. (the Acquiree) into the shares of LPP S.A. (the Acquirer) or any amendment to the Articles of Association of LPP S.A., in compliance with the provisions of Article 515 (1) and 516 (6) of the Code of Commercial Companies.

§3

The Management Board is hereby authorised to take any action required to execute this Resolution.

SCHEDULE NO.3

THE STATEMENT OF THE MANAGEMENT BOARD OF ARTMAN S.A.

ON THE VALUE OF THE COMPANY'S ASSETS AS OF JANUARY 1ST, 2009 PREPARED IN RELATION
TO

THE MERGER WITH LPP S.A.

Artman S.A., a public company with its registered office in Kraków, registered in the Register of Entrepreneurs kept at the Regional Court for Kraków- Śródmieście, 11th Commercial Division of The National Court Register under KRS number 0000180735 (hereinafter referred to as “the Company”) hereby declares that the value of Company’s assets as of January 1st, 2009 estimated in relation to the merger with LPP S.A. totals PLN 90,577,000 (ninety million five hundred seventy-seven thousand PLN).

The value of Company's assets given above was calculated on the basis of the net asset method and the Company’s balance sheet as of January 1st, 2009. The Company’s balance sheet as of January 1st, 2009 has been attached as a Schedule to this statement.

For Artman S.A.:

/-/ Marek Piechocki
(signature illegible)
President of the
Management Board

/-/ Dariusz Pachla
(signature illegible)
Vice-President of the
Management Board

2. Balance sheet of ARTMAN S.A. as of January 1st, 2009	
Balance Sheet	as of:
	01/01/2009
ASSETS	
<i>Fixed assets (long-term)</i>	55 547
1. Tangible fixed assets	53 025
2. Intangible assets	421
3. Investments	
4. Receivables	
5. Deferred income tax assets	2 101
6. Prepaid expenses	
<i>Current assets (short-term)</i>	111 049
1. Inventories	74 690
2. Receivables related to services and deliveries/other receivables	20 460
3. Prepaid expenses	1 139
3. Investments	2 974
5. Cash and cash equivalents	11 786
TOTAL assets	166 596
LIABILITIES	
<i>Shareholders' equity</i>	90 577
1. Share capital	1 069
2. Reserve capital	56 731
3. Retained profit/loss brought forward from previous years	6613
Net profit/loss of the reporting period	26 164
<i>Long-term payables</i>	4 102
1. Bank credits and loans	1 797
2. Other financial payables	330
3. Provisions	29
4. Provision for deferred income tax	1 946
<i>Short-term payables</i>	71 721
1. Payables related to services and deliveries/other payables	50 896
2. Bank credits and loans	14 122
3. Other financial payables	387
4. Payables related to current income tax	5 842
5. Provisions	474
6. Special funds	
<i>Accruals</i>	196
TOTAL liabilities	166 596
Book value	90 577
Number of shares	4 275 548
Book value per share (in PLN)	21.18
Diluted number of shares	4 375 548
Diluted book value per share (in PLN)	20.70

(signatures-
illegible)

SCHEDULE NO.4

THE STATEMENT OF THE MANAGEMENT BOARD

ON THE BOOK VALUE OF LPP S.A. AS OF JANUARY 1ST, 2009

LPP S.A. is a public company with its registered office in Gdańsk, ul. Łąkowa 39/44, 80-769, registered in the Register of Entrepreneurs kept at the Regional Court for Gdańsk-Północ, 7th Commercial Division of The National Court Register under the number 0000000778 **(hereinafter referred to as “the Company”)** hereby declares that the book value of the Company as of January 1st, 2009 is presented in the Company’s balance sheet attached as an Schedule to this statement which has been prepared in relation to the merger with Artman S.A. using the same methods and form as the last financial statement of the Company.

The figures on the balance sheet as of January 1st, 2009 correspond to the entries in the accounting books.

No circumstances which could require any disclosure in the balance sheet or which could result in any amendment to the balance sheet took place after January 1st, 2009.

For LPP S.A.:

/-/ Marek Piechocki
(signature illegible)
President of the
Management Board

/-/ Stanisław Dreliszak
(signature illegible)
Vice-President of the
Management Board

/-/ Alicja Milińska (signature illegible)
Vice-President of the
Management Board

/-/ Dariusz Pachla
(signature illegible)
Vice-President of the
Management Board

2. Balance sheet of LPP S.A. as of January 1st, 2009	
Balance Sheet	as of (in PLN -000):
	01/01/2009
ASSETS	
<i>Fixed assets (long-term)</i>	<i>744 878</i>
1. Tangible fixed assets	283 117
2. Intangible assets	13 198
3. Investments	432 227
4. Receivables	384
5. Deferred income tax assets	15 755
6. Prepaid expenses	197
<i>Current assets (short-term)</i>	<i>621 158</i>
1. Inventories	322 052
2. Receivables related to services and deliveries/other receivables	265 016
3. Prepaid expenses	2 031
3. Investments	409
5. Cash and cash equivalents	31650
<i>TOTAL assets</i>	<i>1 366 036</i>
LIABILITIES	
<i>Shareholders' equity</i>	<i>619 249</i>
1. Share capital	3 492
2. Treasury shares	-48 745
3. Reserve capital	492 809
4. Retained profit/accumulated loss brought forward from previous years	
5. Net profit/loss of the reporting period	371 693
<i>Long-term payables</i>	<i>317 379</i>
1. Bank credits and loans	304 300
2. Provisions	845
3. Provision for deferred income tax	12 234
<i>Short-term payables</i>	<i>426 785</i>
1. Payables related to services and deliveries/other payables	171 025
2. Bank credits and loans	227 001
3. Payables related to current income tax	25 265
4. Provisions	3 437
5. Special funds	57
<i>Accruals</i>	<i>2 623</i>
<i>TOTAL liabilities</i>	<i>1 366 036</i>
Book value	619 249
Weighted average number of ordinary shares	1 691 857
Book value per share (in PLN)	366.0

(signatures- illegible)

SCHEDULE NO.5

THE STATEMENT OF THE MANAGEMENT BOARD

ON THE BOOK VALUE OF ARTMAN S.A. AS OF JANUARY 1ST, 2009

Artman S.A., a public company with its registered office in Kraków, registered in the Register of Entrepreneurs kept at the Regional Court for Kraków-Śródmieście, 11th Commercial Division of The National Court Register under the number 0000180735 (**hereinafter referred to as “the Company”**) hereby declares that the book value of the Company as of January 1st, is presented in the Company’s balance sheet attached as a Schedule to this statement which has been prepared in relation to the merger with LPP S.A. using the same methods and form as the last financial statement of the Company.

The figures on the balance sheet as of January 1st, 2009 correspond to the entries in the accounting books.

No circumstances which could require any disclosure in the balance sheet or which could result in any amendment to the balance sheet took place after January 1st, 2009.

For Artman S.A.:

/-/ Marek Piechocki
(signature illegible)
President of the
Management Board

/-/ Dariusz Pachla
(signature illegible)
Vice-President of the
Management Board

2. Balance sheet of ARTMAN S.A. as of January 1st, 2009	
Balance Sheet	As of:
	01/01/2009
ASSETS	
<i>Fixed assets (long-term)</i>	<i>55 547</i>
1. Tangible fixed assets	53 025
2. Intangible assets	421
3. Investments	
4. Receivables	
5. Deferred income tax assets	2 101
6. Prepaid expenses	
<i>Current assets (short-term)</i>	<i>111 049</i>
1. Inventories	74 690
2. Receivables related to services and deliveries/other receivables	20 460
3. Prepaid expenses	1 139
3. Investments	2 974
5. Cash and cash equivalents	11 786
<i>TOTAL assets</i>	<i>166 596</i>
LIABILITIES	
<i>Shareholders' equity</i>	<i>90 577</i>
1. Share capital	1 069
2. Reserve capital	56 731
3. Retained profit/accumulated loss brought forward from previous years	6 613
4. Net profit/loss of the reporting period	26 164
<i>Long-term payables</i>	<i>4 102</i>
1. Bank credits and loans	1 797
2. Other financial payables	330
3. Provisions	29
4. Provision for deferred income tax	1 946
<i>Short-term payables</i>	<i>71 721</i>
1. Payables related to services and deliveries/other payables	50 896
2. Bank credits and loans	14 122
3. Other financial payables	387
4. Payables related to current income tax	5 842
5. Provisions	474
6. Special funds	
<i>Accruals</i>	<i>196</i>
<i>TOTAL liabilities</i>	<i>166 596</i>
Book value	90 577
Number of shares	4 275 548
Book value per share (in PLN)	21.18
Diluted number of shares	4 375 548
Diluted book value per share (in PLN)	20.70

(signatures- illegible)