

A PROPOSAL TO THE WSA FOR THE 2014 WORLD CONGRESS:

THAT THE WSA APPROVE A POLICY DECISION TO MOVE THE OPERATIONS OF SUBUD ENTERPRISE SERVICES INTERNATIONAL (SESI) FROM THE WSA EXECUTIVE TO AN INDEPENDENT BODY UNDER THE SUPERVISION OF THE WSA, SUBJECT TO APPROVAL OF FINAL ARTICLES OF ASSOCIATION FOR ANY NEW BODY THAT MIGHT BE ESTABLISHED.

BACKGROUND PAPER

The Board of SESI -- Rashad Pollard, Coordinator -- 02/20/2014

SUMMARY

This paper proposes that the WSA, at the next World Congress, consider a policy decision to move the operations of SESI from the WSA Executive to an independent body or Affiliate under the supervision of the WSA.

The purpose of this proposal is that SESI has become increasingly more active in encouraging and supporting the development of Subud enterprises. Some concerns have been expressed by the WSC that these expanded SESI effort may well give our formal Association some element of legal liability and risk no matter how hard we make statements that the role of SESI, within the WSA, is to operate at arm's length from these enterprises, and does not formally endorse investments in any enterprise.

For this reason the WSC proposed that Congress should consider a policy decision in respect to this significant change to the Subud structure and change to SESI's status.

SESI will not incur any costs to the general WSA budget in respect to these proposals as it funds its activities from donations from the enterprises it has been supporting or investors. However SESI was unwilling to allocate the legal and other costs involved in undertaking such an activity without a clear approval, in principal, from the WSA.

SESI proposes that a Working Party be established at Congress to consider the details of this proposal.

In addition, for reference, SESI is also planning to bring together our Subud experts in banking and finance to form a working party at Congress to consider the establishment of a new Subud World Bank/ Financial Institution and seeks WSA support for this initiative (Notes at ANNEX E, page 8).

BACKGROUND

- a. SESI is the "enterprise wing" of the WSA. It is presently housed within the WSA Executive.
- b. At the last World Congress it was agreed that SESI should undertake a review of Bapak's advice and guidance concerning enterprise, and propose a plan of action. This was accomplished by end 2011 and approved by the WSC.
- c. The primary policy issues that evolved from this exhaustive study were:
 - To acknowledge that all Subud members were engaged in their own personal enterprises; that is, they were putting their talents into practice no matter what work they did; whether they

owned their own enterprise or worked for someone else. From this personal income the members contribute to Subud on an entirely voluntary basis.

- To understand that Bapak advised us it would not be possible to fund our Association's needs from donations in this way -- for good Subud houses; helper travel; care for our members and so on, as well as to fund the outer activities of our Affiliates in their work in the world. The way to do this was to appreciate that those of us who were experts at business need to get together and, on top of the work they usually do, to act in concert to plan the establishment of enterprises that are formed as limited liability companies of shareholders of the membership with elected Boards and paid management. In this way we are acting free of our own individual needs, wants and self interest. In this way, also, we will learn the true meaning of harmony in working collaboratively together. On top of that, before we start, we should establish a form of World Bank. Bapak, himself, initiated the formation of this bank and the first enterprise in the S.Widjojo Center office building in the 1970s as demonstration models for us to understand and follow.
- d. From these inputs, SESI established a strategy to rejuvenate Bapak's vision for the establishment of Subud enterprises with specific reference to the 1975 World Congress (when SESI was created and its purpose defined, Annex A, page 4) and the S.Widjojo Center project (where Bapak demonstrated the Subud enterprise model). This approach was approved by the WSC. A brief history of efforts to create support to Subud Enterprises is attached (Annex B, page 5).
 - e. SESI set out to demonstrated this rejuvenation strategy through initiating the formation of a business experts' group, headed by Ruslan Morris, to manage and finance the initial phases of several international enterprises in Kalimantan. See Annex C (Page 6) for the latest inputs on these enterprises.
 - f. SESI began work on a Phase 2 in 2013 that would expand the Kalimantan enterprise development model to other business expert groups to be formed in other countries.
 - g. To support this effort, SESI has been working to create data bases of business experts. This has been constrained by a withdrawal of promised funding to make an international data base of all expertise available within our Association (through national membership data). The present schedule is to have this established by Congress.
 - h. SESI has always appreciated that it will take time to rebuild confidence and a structure to be able to turn again to the Subud enterprise model that Bapak proposed. For this reason SESI has been working to support the enterprises of Subud members who own their own enterprises, although there are limits to how much can be done from a central, international level and without our Subud bank. The primary vehicle for such activities is seen as national SES Representatives with the support of the SESI web site -- subudenterprise.com. SESI is keen that Subud members with enterprises should form close relationships in support of each other, and in support of the formation of working groups to assist the establishment of the Subud enterprises proposed, and is planning, at Congress, to bring them together to consider establishing an appropriate form of Chamber of Commerce for this purpose.

CONCERNS ABOUT LEGAL LIABILITY

- i. Some concern has been expressed at WSC meetings that these expanded SESI effort may well give our formal Association some element of legal liability and risk no matter how hard we make statements that the role of SESI, within the WSA, is to operate at arm's length from these

enterprises and activities, and does not formally endorse investments in any enterprise. It is for this reason that Ruslan Morris resigned as the Coordinator of SESI when he began work on the Kalimantan enterprises, although he remained a Board member.

SESI WORKING PARTY AND PROPOSALS

- j. SESI established a working party to consider this issue. The seven members of the party that responded all endorsed the concept of establishing SESI as a separate entity from the WSA the primary concern being the liability issue of a non-profit being so actively engaged in for-profit activities. One member, Hadrian Fraval the Zone 1&2 Representative provided a written summary of opinion (Annex D, page 7) . In further discussion it was agreed that oversight would be an issue to be addressed and a suggestion was made that SESI, itself, might remain within the WSA but its operations be established as a separate entity. Others felt we should separate SESI from the WSA entirely although some form of oversight from the WSA would be required.
- k. Subsequently USAHA MULIA BV (a private limited company) in Holland, that was originally establish to act as a focus for enterprise developments (after the World Congress in Germany) but had no viable function after it had worked to distribute shareholders' returns from the S.Widjojo sale, suggested that as SESI was being re-activated it may be that Usaha Mulia could be a low-cost and useful instrument for the operations of SESI. (An unofficial English translation of its articles are attached in Annex F, page 10).

FUNDING ISSUES

- l. Any subsequent action to establish new, or adapted, legal entities for SESI's operations are not expected to be funded from the routine expenditures of the WSA nor are any expenditures of SESI other than a request for funds to attend WSA/ WSC meetings. All such funding will be obtained from the contributions of the enterprises that SESI supports as donations or investments.
- m. The WSC proposed that the above matter should be presented to the WSA at the World Congress for a policy decision. This document is in support of that resolution.

ANNEX A -- THE AIM AND PURPOSE OF SESI

**EXTRACT: Bapak's Talk, World Congress, Wolfsburg, Germany
June 21, 1975**

Code Number : 75 WOB 15

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Brothers and sisters, it seems necessary for Bapak to tell you about the plans and ideas we have for establishing an S.E.S. (Subud Enterprises Service) body. It is this that will serve all the national enterprises. This is indeed what Bapak intended before, but previously Bapak wanted to do it through the Bank, which is now called Bank Susila Bakti. It appears that the time is not yet ripe for doing it through the Bank, for it has not yet proved possible to get permission to set up an international bank in Indonesia. For this reason it is still established just as a national bank, and is only able to deal with local demands. So it must be made clear that it is not the intention to profit Indonesia alone, but this is the situation we are faced with, and we cannot as yet establish a bank able to include the whole world and to finance Subud members and Subud enterprises all over the world when they require capital. Because it is still difficult to do this, there is therefore this idea for setting up the S.E.S. body, which will not really be like a bank, but which will also help and foster the enterprises which will be established by members belonging to the various national centers.

This body will provide everything for the enterprises. That means it will provide capital and everything that is required, so that when it gives assistance to an enterprise in some national center it will supply all the requirements and personnel needed.

Thus besides providing money for the capital it will also select and appoint the personnel. These will be found and trained and directed by the S.E.S. body that is going to be established: S.E.S. International. This undertaking should acquire legal status and authorization from whatever country it may be in, so that it will be a body able to spread its wings all over the world. For this reason, brothers and sisters, it will be established in major cities, where it will really have influence and a wide scope when it comes to setting up an enterprise. Bapak feels that the main center for it should be in England. Yes, and then later on other places can be chosen and it can move to other places when it becomes more successful. These are the plans which Bapak hopes will, with God's blessing, be successfully accomplished.

Bapak also hopes that, besides listening to Bapak's explanations, you will all take part in the struggle. Now is the time for struggle and effort. We must not just be passive. We have to strive, strive towards the aim of worshipping the One Almighty God and of serving humanity in this world. For at present in this world we are always surrounded by unpleasant events which suddenly overtake us, so that help is needed from some organization or some country. It is this, among other things, that we hope that Subud may be able to carry out. In this way the name of Subud will be the name of a brotherhood that is not only able to receive grace and ilham (divine knowledge) from God, but one that is really able to help its fellow creatures.

It will really be able to make a contribution to the community in this world. Brothers and sisters, there are many countries that are really rich in natural resources. Their soil is rich, but they are poor in trained manpower and in money or capital, so that their natural riches remained undeveloped. That is why Subud is now making a start with this. May the Subud members, with guidance from the One Almighty God, be able to find the way.

Of course, we need not a little capital, perhaps tens of millions of dollars, perhaps hundreds of millions. May the One Almighty God show the way to realize the plans and ideas of Subud, so that we can obtain something beyond expectation, wherever it may come from, and really establish something which will be the main body to foster the enterprises of the various Subud centers, and so that there can really be an S.E.S. which is international, strong and successful. That is all, brothers and sisters.

ANNEX B -- A BRIEF HISTORY OF ENTERPRISE SUPPORT

Coombe Springs, UK Congress -- 1959: The concept of establishing enterprises through Subud Committees encouraging members with business skills to collaborate together and establish enterprises as a means to raise funds for Subud and its social work established. Agreement reached to start an investment fund to support that effort.

New York Congress -- 1963: Subud International Services (SIS) established to form a Subud "chamber of commerce" and strengthen linkages between the enterprises to be established.

Tokyo Congress -- 1967: Subud Technical Services (STS) set up to organize co-operation of those members with technical skills and to provide technical oversight of enterprise developments. SBIF established to administer funds (including funds from enterprises) on a professional basis and Bapak suggested that it may form the nucleus of a Subud World Bank in future.

Cilandak Congress -- 1971: Agreement reached to establish a bank to finance enterprises -- eventually Bank Susila Bakti in Jakarta.

Wolfsburg Congress -- 1975: SES/ SESI formed (note: Bapak's proposed form for this entity is attached). Significant efforts are put in place to implement these recommendations but are not, finally, sustained.

Toronto Congress -- 1979: Bapak presents a "model" for the enterprises he proposes we establish in the S.Widjojo project that is well under way. However SESI seems to have played no formal role in this project. ISC/WSA directly encourages investments from the membership (working with S.Widjojo) and the company does not seek any significant support from SESI for technical assistance.

Anugraha Congress -- 1983: Anugraha Conference Centre under construction. Subud International Trade Association established.

Sydney Congress -- 1989: The first Congress without Bapak. BSB had been sold. Anugraha was in financial difficulty. The Congress felt that SES(I) no longer had a real function and it was taken over by the International Subud Committee.

Congresses to New Zealand -- 2010: Little emphasis was formally placed on enterprise envelopments between 1989 and 2010 at World Congresses. The last Congress, in New Zealand, did however, resolve that a review of Bapak's advice & guidance concerning enterprise should be undertaken, and a new SESI was established with this as its first function.

Brief Notes and Observations: Efforts to create support services of various kinds to the enterprises that Bapak was proposing were often quite substantial but were usually not sustained between Congresses -- a lack of available funding, reliance on volunteer effort and a lack of "buy-in" by incoming WSA/WSC may have been causes. In reality the major international enterprises that became established made little or no use of such formal support services suggested by SIS, STS or SES(I). However this condition hides some very significant efforts by a number of members and groups of members to undertake support services as forums for Subud members with their own enterprises to come together and share experiences. Many useful workshops and mutual get-togethers of entrepreneurs and business owners are reported, notably in the USA, Australia and Europe. Good work was done to create data bases of enterprises and members with business skills notably in Australia and in other countries with SES national bodies. After the Spokane Congress an SES office was established in Kalimantan with a paid staff and undertook substantial workshops and events worldwide, including the establishment of YES QUEST, with SYA, that still exists. Some national SES activities continued after the Bali Congress but SESI itself largely ceased to function as the existing international enterprises failed or were sold.

ANNEX C -- REPORT ON SESI-SUPPORTED INTERNATIONAL ENTERPRISE DEVELOPMENTS

This report, dated end 2013, updates the activities of the "international enterprises" that were initiated by SESI in Kalimantan. These enterprises are now managed and operated independently of SESI by their founding investors and technical experts headed by Ruslan Morris who sent us this report:

KARYA MANCA WARNA -- SMOG!



We are preparing a proposal for a study to ameliorate the very topical problem of haze caused by burning related to land clearing. It is difficult to breathe in parts of Singapore, Malaysia, and Indonesia and this has caused an international issue. Mursalin New, who is well versed in bio mass, bio char, wood pellets, and the like is drafting the proposal. Our intention is to get funding from the public and private sectors in Singapore, Malaysia, and Indonesia. Pak Kuswanda has joined as an advisor, and he, Ruslan Morris, and Lukman Usman have made a preliminary presentation to the Assistant Minister for Environmental Destruction at the Environment Ministry in Jakarta.

KARYA MANCA USAHA -- TIMBER

In our first sawmill project there have been delays due to teething problems and non-performance of our partner. So we are taking over the logging as well as the marketing, and it should be back on track and in production by the beginning of next week.

We signed a second contract for legal timber production yesterday. It involves financing some heavy equipment and working capital support. We will do the marketing.

Both of these projects will run for 3-4 years and have estimated rates of return over 100% per year. We are committed to paying 20% of the profits to Subud (International and Indonesia).

PERKEBUNAN SINAR MULIA, PERKEBUNAN SINAR PRATAMA -- palm oil



We have not yet acquired a palm oil plantation area, in early August 2013 we were offered 40,000 hectares in Central Kalimantan. We have started the due diligence process and have conducted a preliminary field survey. It appears that 26,000 hectares is suitable. We have commissioned an interdepartmental government team of 13 to do a more detailed survey, which we expect that they will come back to the Bupati (District Officer) with a recommendation to issue a preliminary palm oil license to our companies. We expect that exclusion of areas along the rivers, fauna and flora preservation areas, etc will reduce the area to about 20,000 ha. We will then commission a detailed field study by a bank and investor approved consultant. If it is

feasible, we will acquire the land. The total cost of land acquisition will be \$6-8 million over 12 months or so. This requires a down payment of \$1/2 million to secure the land, and we have a pledge for that amount.

There are 2 possible avenues for raising the additional \$5-\$8 million: from wealthy Subud members, or from Wall Street private equity. Two very large USA based private equity companies are interested, as the estimated internal rate of return (IRR) is over 20%. If it is feasible we will pay the \$1/2 million down payment and control the 20,000 hectares or so. Payment of the additional \$6-8 million would bring the project to a bankable level, wherein it will be possible to raise an additional \$115 million over 6 years to fully fund the project with bank loans and additional equity coming from going public, Subud members, private equity, or selling shares to a major palm oil company.

ANNEX D -- INPUTS FROM WORKING PARTY CONCERNING THE MOVE FROM WSA EXECUTIVE

E-Mail Copy
Hadrian Fraval to Rashad Pollard and Team
Date: 04/29/2013.

Dear Rashad and All

Re: Comments on Rashad's Document

Over the years there have been various proposals from World Congresses (detailed in Rashad's summary) as to the form and scope of SES/SES/Enterprise support. They appear to fall into three categories

- A) SESI under the WSA Executive
- B) Panel of experts – implying a separate independent entity (Company)
- C) A World Bank

These three aspects are a package of functions which are inter-dependent. Take away one of the elements and the resultant effectiveness is dramatically reduced. To simply change the status of (A) from being under the executive, to being independent is in my opinion missing the point. There has to be a connection within the Subud organisation between the Country members of WSA and the International organisation (represented by WSC). Let's leave this alone and focus on (B) and (C).

The reason that (A) can never be, and has never been able to stimulate an enterprise surge in activity is that it has not got the wherewithal. The WSC budget constraints are such that SESI has been left to fend for itself. Establishing an Independent company, separate from, but with links to SESI would provide a conduit for funding. The Company would have a panel of experts and would facilitate evaluation and advice to projects arising from the Membership of Subud. This new company would have a direct link to a (Subud) Bank which would use this company as an adviser regarding investment. The name "Subud" would not be used in either (B) or (C). They would operate on commercial terms, charging for their services and making a commitment to provide 25% of their net profit to "Subud". Likewise, new endeavours which were funded by (B) or (C) would be required to commit 25% of their profit to "Subud".

In making the above suggestion I am not focusing on how we fund this implementation, but rather defining a direction which fits the guidance given to us in so many of Bapak's talks. I have experienced in my 30 years of being involved with "enterprise" that the key element is defining a direction; where we feel / want to go to achieve our objectives. What I have described above is only an outline of a direction going forward. Scraping SESI as it is today will not realise the holistic needs of Subud Enterprise development.

Above all else, we can only progress if self- interest is secondary.

All the Best, Hadrian

ANNEX E -- NOTES ON OUR WORLD BANK

A Subud World Bank

For Subud Voice publication -- 1/2013

Rashad Pollard (SESI Coordinator)

The most memorable thing that comes to my mind concerning our Subud world bank was something that Raymond Lee had reported. It seems that not long before Bapak passed away he had said that one thing he most regretted was that we were unable to sustain the operations of our world bank.

What then was this world bank?

The first personal reference I have for it was at the Third World Congress in Tokyo in 1967 when it was agreed to establish the Subud Brotherhood International Foundation (SBIF). The purpose mentioned for SBIF was to administer Subud funds on a professional basis and that Bapak had said that it could form a nucleus for a Subud World Bank.

Four years later, at the World Congress in Cilandak Bapak moved this idea to fruition through getting us all to line up and pledge funds to start this World Bank. Ultimately about \$1.4 million was raised. At the last talk given at the Congress Bapak stated: *"So our aim and purpose is to establish enterprises and a bank. For if we merely wait for contributions and donations from members, maybe there will be only ten rupiahs in the treasury ten years from now. Only that little. But it will be otherwise with enterprises. Perhaps contributions will be eliminated eventually, will not be needed, because the Subud treasury will have become strong as a result of running the enterprises and the bank. Who knows, brothers and sisters, if the Subud Bank will not eventually become like those in New York, a Wall Street Bank - but a Subud Wall Street Bank, a Wall Street Bank Kedjiwaan!"* **Library reference 71 TJD 18.**

The original team that worked to set up the bank expected to locate it in Germany but this proved difficult to accomplish owing to cost factors and regulations in that country so, eventually, it was agreed to establish it in Indonesia through purchasing the license of an existing bank there. In this way Bank Susila Bakti (BSB) was born.

BSB certainly assisted many enterprises in Indonesia -- even including a hand weaving enterprise that my wife and I started -- but its most important contribution was to help launch the second major enterprise that Bapak initiated -- the S.Widjojo Centre office building in Jakarta. BSB pre-purchased the mezzanine floor of the building and it was these funds that allowed S.Widjojo to acquire the land so that construction could start. BSB also provided short-term loans to support the development of the project. One wonderful day - certainly for me as the Marketing Manager of S.Widjojo -- was the day in 1977 when the bank moved into its space even though the building was still being constructed around them! It was from that day onwards that tenants became confident about our ability to complete the building and began to sign leases themselves! Bapak's interesting talk at the "selamatan" that day is at **77 JKT 1.**

The S.Widjojo Centre was eventually completed at the end of 1980 and the company started sending over \$800,000 back to its Subud investors every year of which \$200,000 was contributed to Subud (WSA and SBIF). In this way Bapak's hopes for establishing a world bank and enterprises had certainly been accomplished as a model for us to follow.

BSB did suffer from some constraints, however. It could not, legally, allow its non-Indonesian Executive Directors to act as such and so management conflicts developed between these two groups of "de facto" Directors that had been established, and it was not easy for the bank to support enterprises outside of Indonesia. These issues came to a head at an Extraordinary General Meeting of the bank held in 1984 when the shareholders voted to

expand the Board of BSB to help strengthen the bank's future development. I supported this motion as did Bapak -- his comments are at **84 JKT 5**. But this step was never taken, and was overtaken by other events at S.Widjojo.

S.Widjojo had committed itself to build a major hotel project in Jakarta and had borrowed about \$8 million to purchase the land for it. However this project was never realized and S.Widjojo became unable to service this loan. Efforts to sell the land resulted in an offer to purchase not only the hotel land but also our bank. My own understanding is that it was felt by the Board members of our bank and S.Widjojo that it would make sense to keep the S.Widjojo building, rather than liquidate it and keep the bank! So it was agreed and the funds obtained from these sales allowed S.Widjojo to repay the loan it had and remain in business. The shareholders of BSB received the funds from that sale.

In this way, in 1986, our world bank was sold and this became a first step in a range of events that eventually led to the demise of all our major enterprises, including S.Widjojo, excepting the mining exploration work in Kalimantan that still proceeded.

Not a few members have tried to rekindle the concept of our experts coming together to launch new, major enterprises supported by a new world bank or financial institution. But since Bapak's passing our Association has preferred to put such activities on hold and our World Congresses barely touched on the subject that had become such a core emphasis on all our Congresses while Bapak was with us.

At the New Zealand World Congress the first steps were taken to explore the prospects for starting again. SESI was resurrected and tasked with this mandate. SESI, itself, cannot start a new world bank or world financial institution or even an enterprise. Our task is to motivate our experts to undertake these tasks and to provide whatever support we can to help this happen. A new world bank or financial institution can only be initiated by a dedicated team of banking and financial experts. We can help to bring that team together however and so we can proceed if a truly competent group can be formed to explore this option and raise the initial funding needed to produce a comprehensive feasibility study. If there is real interest in this please let me know -- pollardrr@aol.com

January 2013

ANNEX F -- TRANSLATED ARTICLES OF ASSOCIATION OF USAHA MULIA, FOR REFERENCE

This day, the twentieth of December nineteen hundred and seventy-four, appeared before me, Peter Kroesen LL.M., candidate civil-law notary, residing in Dordrecht, hereinafter to be referred to as: civil-law notary, acting on an interim basis on behalf of Jan Alphons Mulder LL.M., civil-law notary with registered offices in Rotterdam (NL):

1. mister Willem Dirk van Willenswaard LL.M., government official, residing in Rotterdam, Slotlaan 51, born in Ellewoutsdijk (NL) on the twelfth of January nineteen hundred and forty-three;
2. mister Jan van Buitenen, statistics analyst, residing in Rotterdam, Oudedijk 115, born in Bilthoven (NL) on the twenty-second of November, nineteen hundred and thirty-nine;
3. mister Adam Haas, notary clerk, residing in Rotterdam, acting in this matter as the authorised representative, as is proved by the two private deeds that are recognised as originals and attached to the current deed, in concordance with the legal provisions applying thereto, of:
 - a. mister Drs. (a Dutch academic title) Theodorus Marie Matthee, economist, residing in Bosch en Duin (NL), Reelaan 5, born in Zevenbergen (NL) on the sixth of May, nineteen hundred and twenty-four,
 - and b. mister Herman Gerhard Kuit, dentist, residing in Arnhem (NL), Bosboomstraat 31, born in Deventer (NL) on the twenty-fifth of October nineteen hundred and eleven.

The appearers declared that the aforementioned mister Van Willenswaard, mister Van Buitenen, mister Matthee and mister Kuit are incorporating, by way of the current deed, to which the ministerial declaration of no objection, dated the twenty-fifth of November nineteen hundred and seventy four, pertains, a private company with limited liability with number B.V. 147.637, and adopting the following articles of association:

Name and Seat

Article 1

1. The company bears the name: Holding ('houdermaatschappij') 'Usaha Mulia' B.V. ('besloten vennootschap', private limited company)
2. It has its registered offices in Rotterdam (NL).

Purpose

Article 2

The purpose of the company is to participate in and control shares in or otherwise gain an interest in, including conducting the management of, other enterprises, regardless of their purpose or legal form, as well as otherwise investing, managing or transferring property or assets, all in the broadest sense of the word, and conducting all types of activities that may be conducive to the aforementioned purpose, in the broadest sense of the word.

Capital and shares

Article 3

1. The registered capital of the company comprises two hundred and fifty thousand guilders, divided into two thousand five hundred shares, each with a value of one hundred guilders.
2. Five hundred shares have been registered, with the obligation of payment in full.

Article 4

The general meeting of shareholders - also referred to in these articles of association as: the general meeting - will decide to further issue shares and will determine the conditions for such an issue: the issue price may not be below par value and the issue may only take place against payment in full.

Article 5

1. All shares will be issued in name and will be numbered continuously from 1 upwards.
2. No share certificates will be issued.
3. No bearer share certificates may be issued. If a violation of this provision occurs, the rights connected to the share cannot be exercised for as long as the bearer share certificates are outstanding. In case a share is the property of more than one person, these persons are obligated to appoint one person as their representative vis-à-vis the company.

Article 6

1. The board will maintain a register in which the names and addresses of all shareholders are entered, also stating the amount paid on every share.
2. The register will be updated regularly and every entry in the register will be undersigned by one of the board members.
3. At the request of a shareholder, the board will provide him with an extract from the register, insofar as it concerns his own shares.
4. The board will place the register on display for perusal by the shareholders at the offices of the company.
5. Every shareholder will be obligated to provide his address to the board.

Article 7

1. The company will be authorised to obtain fully paid shares in its own capital, with the permission of the general meeting, at its own expense and for a valuable consideration, at a maximum of half of its issued capital.
2. The rights attached to any shares that are owned by the company cannot be exercised, nor will those shares be taken into consideration during the calculation of a quorum.
3. Article 9 applies proportionally to the transfer of property of the own shares obtained by the company.

Article 8

1. The following will be required for the delivery of shares: a deed of delivery and the service of that deed to the company, or a written confirmation of that delivery by the company, based on the delivery of that deed to the company.
2. The provision in the first paragraph will apply proportionally to the allocation of shares in case of a separation in which any type of community of goods is involved.

Article 9

1. The transfer of shares will only be possible with due regard for the provisions in the current article.
2. The transfer of shares can only take place after the shares have been offered for sale, in the way that is described below, to the other shareholders and/or the company, the latter only with the permission of the offeror.
3. The shareholder - hereinafter to be referred to as the offeror will notify the board of the shares he wishes to transfer.
4. This notification will constitute an offer of sale of shares to the co-shareholders, at a price that will be determined (unless the shareholders unanimously decide otherwise) by one or more experts, to be appointed by the shareholders after communal consultation. If the shareholders do not reach an agreement regarding this matter within fourteen days after the receipt of the notification of the offer, as referred to in paragraph 6 of the current Article, the first party to take such action may petition for the appointment of three independent experts by a cantonal court (a Dutch civil court of first instance), whose district (or 'canton') the company is located in.
5. The experts referred to in the preceding paragraph are authorised to peruse all records and documents of the company, as well as to obtain all information of which the notification may be conducive to their appraisal.
6. The board will notify the offeror's co-shareholders of the offer within fourteen days after having received the notification referred to in paragraph 2, and will subsequently notify all shareholders of the price within fourteen days after the notification of that price, as determined by the experts or agreed upon by the shareholders.
7. Deviating from the provisions in paragraph 9, if the board has already received a notification from all co-shareholders before the term set in that respect has expired, stating that they will not or not fully accept the offer, the board will notify the offeror thereof immediately.
8. The shareholders who wish to purchase the offered shares will notify the board thereof within fourteen days after they were notified of the price, in concordance with paragraph 6.
9. In such cases, the board will allocate the offered shares to the interested parties and will notify all shareholders thereof within four weeks after it has notified the shareholders of the price in accordance with paragraph 6. If and insofar as no allocation has taken place, the board will also notify all shareholders thereof within the set term.
10. In cases in which two or more shareholders are interested in purchasing more shares than are offered, the allocation will be carried out by the board equally among all interested parties, regardless of the numbers of shares they have in their possession. If a shareholder is an interested party for fewer shares than the number that would be proportionally allocated to him, the shares that are freed up as a result will then be allocated to the other

interested parties proportionally. Insofar as no allocation is possible using that measure, a decision will be made by way of a lottery.

11. Within a month following the notification as referred to in paragraph 9:
 - a. the offeror has the right to retract his entire offer;
 - b. every interested party has the right to declare that he is no longer contemplating purchasing the shares, or fewer shares than he initially was an interested party for.

These notifications will be made to the board.

If one or more shares are freed up as a result of the application of the preceding provisions in the current paragraph, the shares that are thus freed up will be offered to the other interested parties at the price determined by the experts, with the application mutatis mutandis of the provisions in paragraphs 6, 8, 9 and 10, as well as the provisions in paragraph 11, sub 1 of this article.

12. The purchased shares must be delivered against simultaneous payment of the purchase price, within one month following the expiration of the term during which the offer may be retracted.

13. Any offeror who has not retracted his offer will be permitted to freely transfer the offered shares within three months following a notification to him, stating that the offer was not accepted in full, in concordance with paragraph 7 or paragraph 9.

14. All notifications mentioned in the current article must be sent via registered mail or with proof of receipt.

15. The costs of the appointment of the experts as referred to in paragraph 4, as well as their fees, are at the expense of:

- a. the offeror, in case he retracts his offer;
- b. the offeror for one half and the buyers for the other half, if the shares are purchased by shareholders, taking into account that every buyer must contribute in the payment of those costs, proportionally to the number of shares he has purchased;
- c. the company, if the shareholders have not used the offer, or have not used the offer in full.

16. Allocation in the event of a separation will be considered a transfer as described in the current article, except for cases of allocation in the event of a separation with a joint estate, as referred to in article 10 paragraph 1 under a and allocation to a person who was in possession of the share at the time of the creation of the joint estate, to a co-shareholder and/or to the company.

Article 10

1. In case of death, suspension of payments, bankruptcy or appointment of a guardian of a shareholder, his shares must be offered for sale to the other shareholders, with due respect to the provisions in the following paragraphs. In case of a death, this obligation does not apply:

- a. if the shares have become part of a joint estate, the rights of which cannot be attributed to any other persons than persons who already were shareholders;
- b. if the shares have been transferred due to a death from a shareholder to a person, who already was a shareholder;
- c. if all other shareholders declare in writing that they agree with the new owner of owners of the shares.

2. In case an obligation to offer for sale exists, the provisions in article 9 apply accordingly, taking into account that the offeror:

- a. does not have the right to retract his offer in accordance with paragraph 11 of that article;
- b. may retain his shares if the offer is not accepted or accepted in full.

3. The persons who are obligated to offer the shares for sale must notify the board of their offer within one month following the commencement of that obligation. In case they are in default regarding that obligation, the board will point out the provision in the preceding sentence to the persons who are under obligation to offer shares for sale; if they remain in default, failing to make an offer within two weeks, the board will offer the shares for sale on behalf of the shareholder(s) and, if the offer is accepted as a whole, transfer the title of the shares of the purchaser against simultaneous payment of the purchase price; in these cases, the company will be irrevocably authorised to do so.

4. In case of a transfer of shares while the provisions in the preceding paragraph are applied, the board will pay out the proceeds following deduction of all costs rendered in that matter to the person(s) on behalf of whom the offer was made.

5. The obligation to offer shares based on the provisions in the current article will not lead to the consequence as a result of which it is not possible to exercise the rights that are attached to the shares, during the existence of that obligation.

Management and supervision

Article 11

1. The company will be managed by a board, consisting of one or multiple directors, who will be supervised by a supervisory board, consisting of one or multiple supervisors.
2. The general meeting will determine the number of directors and supervisors.
3. The directors and the supervisors are appointed, suspended and dismissed by the general meeting. In order for any decision to suspend or dismiss a director to be valid, apart from decision the own request of the person involved, it must be made at the general meeting with a majority of at least two-thirds of the votes cast.
4. The remuneration for the directors and the supervisors, such including the award of pension rights and profit share schemes, will be determined by the general meeting.

Article 12

1. The board will be charged with managing the daily course of affairs of the company and the management of its assets, subject to the limitations in the current articles of association.
2. The board will require the approval of the supervisory board in board decisions regarding:
 - a. obtaining, transferring, encumbering, renting or letting or otherwise obtaining or awarding the user or usufructuary rights on immoveable property;
 - b. entering into agreements in which a bank credit is awarded to the company;
 - c. taking out or handing out monetary loans, not including the use of bank credit that was awarded to the company;
 - d. closing and amending labour contracts, awarding pension rights and appointing authorised signatories;
 - e. making investments exceeding amounts that have been set beforehand; and
 - f. in general: performing all activities involving or exceeding amounts that are to be set by the general meeting.

Article 13

1. In the event of absence or disqualification of one or more of the directors, the remaining directors are, or the sole remaining director will be charged temporarily with the entire management.
2. In the event of absence or disqualification of all directors or the sole director, the supervisory board will be provisionally charged with the management. In that event, the supervisory board will be authorised to appoint one or more persons - from its own ranks, if so desired - to perform the management duties on its behalf and under its own responsibility.

In the event of disqualification, the supervisory board will take the necessary measures in order to provide a permanent appointment as soon as possible.
3. Decisions by the board will be made by an absolute majority of votes. In the event of an equality of votes, the supervisory board will cast the deciding vote, if it is requested to do so.
4. The board will represent the company judicially and extrajudicially, taking into account that the general authority to represent may be exercised by any of the directors, without prejudice to the possibility for the company to be represented by an authorised signatory who is acting in concordance with the limitations to his authority and annotated in the trade register.

Article 14

1. It will be the task of the supervisory board to supervise the policy of the board and the general practice within the company and the enterprise connected to it.

It will fulfil an advisory role to the board. In carrying out its task, the supervisors will bear in mind the interest of the company and the enterprise connected to it.
 2. The supervisory board will convene as often as one of the supervisors deems necessary.
 3. The decisions by the supervisory board are made by an absolute majority of votes.

The supervisory board will only be able to make valid decisions if the majority of the supervisors in office are present or represented at the meeting.
 4. The supervisory board may also make decisions outside of meetings, provided that it does so in writing, via telegraph or via telex, and with unanimous assent.
- General meetings of shareholders

Article 15

1. The general meetings of shareholders will be held in Rotterdam or in Utrecht. The general meeting will provide its own chairman.

2. The convocation for a general meeting will take place via convocation letters sent to the addresses of the shareholders, as entered in the register referred to in article 6; the convocation will take place no later than fifteen days before the day of the general meeting.

3. The convocation letters will state the items that will be discussed.

No legal decisions can be made with regard to subjects that were not announced in the convocation letter or in an additional convocation letter with due regard for the term set for the convocation, unless the decision is made by a unanimous vote at a meeting at which the entire issued capital is represented.

Article 16

1. A general meeting will be held annually, no later than the month of June.

2. Extraordinary general meetings will be held as often as the board or the supervisory board deem necessary or shareholders (communally representing at least ten percent of the issued capital) request this in writing, along with a detailed listing of the items that will be discussed, to the board and the board of supervisors; in the event that none of the directors or supervisors respond to such a request to the effect that the meeting may be held within four weeks following the request, the requesting parties will be authorised themselves to convoke a general meeting, with due regard for the required formalities.

Article 17

1. Only shareholders will have voting rights. None of the shareholders will have the right to cast more than one vote.

2. Insofar as no other provisions are set in the current articles of association, all decisions will be made by an absolute majority of votes.

3. A valid vote may be cast by any shareholder, acting in another capacity than that of a shareholder in the company, in whom a right vis-à-vis the company would be vested or who would be relieved of an obligation vis-à-vis the company as a result of a decision by the company.

Article 18

All decisions by shareholders may also be made in writing, via telegraph or via telex, instead of at general meetings, provided that this is approved unanimously by all shareholders.

Financial year and annual report

Article 19

The company's financial year will be equal to the calendar year.

Article 20

1. Every year, an annual report will be drawn up by the board following the end of each financial year, consisting of a balance sheet, an income statement and an explanation.

2. The annual report will be signed by all directors and all supervisors.

If one person's signature is absent, this will be notified along with the reasons for that absence.

3. The annual report will be available for perusal by the persons legally authorised to do so from the day of the convocation of the general meeting, organised for the discussion of the annual report, until the end of that meeting.

4. The annual report will be adopted by the general meeting.

5. If an annual report is adopted unconditionally, the board will be discharged from all activities it has performed in the past financial year according to the records. The supervisors will be discharged from their supervision tasks, all without prejudice to sections 49a, 49b, 51c and 52 of the Dutch Commercial Code (Wetboek van Koophandel).

Distribution of Profits

Article 21

The general meeting will have the profit at its disposal.

Article 22

If authorised by the general meeting, the board may (if it deems it necessary and the size of the profits allows it) already carry out one or more payments of dividends, on account of that dividend, before the adoption of the annual report of any financial year.

Amendments to articles of associations and dissolution

Article 25

1. A decision to amend the articles of association or to dissolve the company may only be made during a general meeting of shareholders at which at least two-thirds of the issued capital is represented and by a majority of two-thirds of the votes cast.
2. If the required capital is not represented, a new meeting will be convoked and held within a month, at which a decision regarding the items in the preceding meeting may be made by a two-thirds majority of the votes cast, regardless of the extent to which the capital is represented.
3. If a proposal to amend the articles of association is made to the general meeting, a copy of that proposal, containing the literal proposed amendment, must be made available at the offices of the company for perusal by the persons who are legally authorised to do so, until the end of that meeting.

In closing, the appearers declared:

1. The founder Willem Dirk van Willenswaard LL.M. will be appointed as director of the company for the first term. Every founder will participate in the company's issued capital for one hundred and twenty-five shares each, which will be paid up in full and in cash. The appearers are known to me, the civil-law notary. A deed of which was executed in Rotterdam (NL) on the date stated in the opening of the current deed. Following a succinct communication of the contents of the current deed to the appearers, they unanimously indicated that they have learned the contents of the current deed and not to require a full reading thereof. Subsequently, the current deed was signed by the appearers and by me, the civil-law notary, after a limited reading.

(signed) :W.D. v. Willenswaard; J.v. Buitenen; A. Haas; P.Kroese.

CERTIFIED AS A TRUE COPY

[STAMP: J.A. Mulder LL.M.]