

Subject: Increasing the interest in Seco Warwick Allied Private Limited

The Management Board of Seco/Warwick S.A., with registered office in Świebodzin, at ul. Sobieskiego 8, (the "**Company**") reports that on March 22nd 2013 the Company and shareholders (hereinafter jointly referred to as the "**Selling Shareholders**") of Seco/Warwick Allied Private Limited of Maharashtra, India ("**SWAPL**"), in which the Company holds a 50% interest, representing 50% of SWAPL's equity and carrying the right to 50% of the total vote at the General Meeting of SWAPL, entered into a conditional agreement on purchase by the Company of [27,339] SWAPL shares, representing 25% of SWAPL's equity and carrying the right to 25% of the total vote at its General Meeting (the "**Sale Shares**") (the "**Agreement**").

Pursuant to the Agreement, the acquisition of Sale Shares by the Company depends on fulfilment - to the Company's satisfaction - of certain conditions precedent, including in particular:

- (i) the Selling Shareholders waive their right of first refusal to purchase the shares if the shares are sold, as defined in the SWAPL Articles of Association,
- (ii) the Selling Shareholders procure that all the administrative approvals and authorisations necessary to carry out the transaction are obtained,
- (iii) the Selling Shareholders procure that all the third party approvals and authorisations necessary to carry out the transaction are obtained,
- (iv) legal, tax and financial due diligence of SWAPL is carried out with results satisfactory to the Company,
- (v) a warranty is given that all debt of the Selling Shareholders or their related entities owed to SWAPL and its subsidiaries will be repaid,
- (vi) an approval is obtained from Union Bank of India and Standard Chartered Bank for changes in the composition of SWAPL shareholder structure and in the composition of its board of directors as a result of the transaction,
- (vii) a warranty is given that the audited financial statements of SWAPL prepared as at December 31st 2012 will not substantially differ from the unaudited financial statements prepared as at that date,

which conditions have been reserved in the Agreement for the benefit of the Company, and the Company is free to waive any of them.

Under the Agreement, the total selling price for the Sale Shares is 161,000,000 Indian rupees (PLN 9,590,609, translated at the mid-exchange rate quoted by the National Bank of Poland for March 22nd 2013) (the "**Selling Price**"), and the total Selling Price is to be paid by the Company in three instalments, upon fulfilment of conditions precedent to each payment, namely:

- (i) INR 53,529,280 (PLN 3,188,686, translated at the mid-exchange rate quoted by the National Bank of Poland for March 22nd 2013) for 9,090 Sale Shares will be paid upon fulfilment of the conditions precedent specified in the Agreement (the "**First Closing**"),
- (ii) INR 53,748,240 (PLN 3,201,729, translated at the mid-exchange rate quoted by the National Bank of Poland for March 22nd 2013) for 9,127 Sale Shares will be paid on a date falling no later than within 50 days from the First Closing date (the "**Second Closing**"),
- (iii) INR 53,722,480 (PLN 3,200,194, translated at the mid-exchange rate quoted by the National Bank of Poland for March 22nd 2013) for 9,122 Sale Shares will be paid on a Third Closing date falling no earlier than within 9 months and no later than within 10 months of the Second Closing date.

Furthermore, the Company has the right to reduce the Selling Price, to the extent specified in the Agreement, by the amount of any damage or losses incurred by the Company as a result of damage or losses incurred by SWAPL due, for instance, to any claims by tax authorities or third parties raised against SWAPL, unless the Selling Shareholders compensate the Company for such damage or losses in the manner and on the terms provided for in the Agreement.

The Agreement is governed by Indian law.

Along with the Agreement, the Company entered into a shareholders agreement with the Selling Shareholders (the **"Shareholders Agreement"**), in which the Company agreed to purchase from the Selling Shareholders the rest of the SWAPL shares held by them [27,336 shares], which on the date of execution of the Shareholders Agreement represented approximately 25% of the Company's equity and carried the right to 25% of the total vote at its General Meeting (the **"Residual Shares"**) (the **"Put Option"**).

The Selling Shareholders are entitled to notify the Company of their intention to exercise the Put Option no earlier than on January 2nd 2015 and no later than on December 31st 2017. Upon receiving a notice to that effect, the Company is obliged to purchase the Residual Shares within three months of its receipt, or – if the purchase of the shares requires any relevant authorisations or approvals – within six months of its receipt.

In line with the Shareholders Agreement, the price for the Residual Shares is to be determined based on SWAPL's average EBITDA ratio for two financial years immediately preceding the financial year in which the Selling Shareholders notified the Company of their intention to exercise the Put Option.

Under the Shareholders Agreement, the Company is entitled to purchase the Residual Shares from the Selling Shareholders on the same terms as those applicable to the Selling Shareholders' Put Option (the **"Call Option"**).

The Shareholders Agreement is governed by Indian law.

SWAPL's results will be consolidated in the Company's financial statements. Based on preliminary financial data, in 2012 SWAPL generated revenue of PLN 59.7m and net profit of PLN 2.4m. As at December 31st 2012, its total assets were PLN 54.5m, and net debt amounted to PLN 1.1m.

The Company expects that, after its acquisition of SWAPL shares, SWAPL's annual revenue will represent 10% of the annual revenue currently generated by the Company's Group.

The basis for the publication of this report is Par. 56.1.1 of the Public Offering Act.