

Subject: Conditional agreement – acquisition of shares in Engefor Engenharia Indústria e Comércio Ltda

Current Report No. 8/2013

The Management Board of SECO WARWICK S.A. (the “**Issuer**” or the “**Buyer**”) of Świebodzin, ul. Sobieskiego 8, reports that on April 23rd 2013 it executed a conditional agreement (the “**Agreement**”) to purchase 860,000 shares with a par value of BRL 1 per share (PLN 1.5739), held by Brazilian citizens Aparicio Vilademir de Freitas and Yassuhiro Sassaqui (the “**Sellers**”), representing 100% of the share capital of Engefor Engenharia Indústria e Comércio Ltda, a limited liability company of Jundiaí, established and existing under the Brazilian law (the “**Company**”), and conferring the right to 100% of the total vote at the Company's general meeting (the “**Purchase Shares**”). The Agreement was also executed by the Company and the spouses of the Sellers.

The Agreement is governed by and should be construed in accordance with the Brazilian law.

#### **Conditions precedent**

Pursuant to the Agreement, acquisition by the Buyer of the Purchase Shares on the closing date (the “**Closing Date**”) is subject to the following conditions precedent:

- (i) as at the date of the Agreement and the Closing Date, the warranties and representations made by the Sellers in the Agreement must be true and accurate, unless jointly agreed otherwise by the Buyer and the Sellers,
- (ii) the Sellers shall keep all arrangements, fulfil all obligations and perform all actions required under the Agreement,
- (iii) no act, decision, judgment or similar document is issued which would make the consummation of the transaction impossible, result in the occurrence of a material adverse effect specified in the Agreement, or prevent the acquisition of the Purchase Shares by the Issuer,
- (iv) no material adverse effect specified in the Agreement occurs,
- (v) the Sellers shall provide the Buyer with the required corporate documents, in particular corporate approvals for the transaction, and other documents which the Buyer may reasonably request,
- (vi) the Sellers shall provide the Buyer with a statement on their resignation from functions performed on the Company's management board, affective as of the Closing Date,
- (vii) the Sellers shall provide the Buyer with a fire safety inspection report and a permit to conduct business activities,
- (viii) the Sellers shall provide the Buyer with approvals from trading partners or other documents warranting that the acquisition of control over the Company by the Issuer or execution of the Agreement will not result in the termination of any agreements with the Company or make any of its liabilities immediately payable,
- (ix) the Sellers shall provide the Buyer with the Company's amended articles of association, following their registration by the Trade Council of São Paulo, including the new share capital amount, following its increase with capital reserves from profit,
- (x) the Sellers shall provide the Buyer with a certificate issued by the land and mortgage court, confirming the registration of the developed part of the real estate,
- (xi) as at the date of the Agreement and the Closing Date, the warranties and representations made by the Buyer in the Agreement must be true and accurate, unless jointly agreed otherwise by the Buyer and the Sellers,
- (xii) the Buyer shall keep all arrangements, fulfil all obligations and perform all actions required under the Agreement,
- (xiii) the Buyer shall provide the Sellers with the required corporate documents, in particular corporate approvals for the transaction,
- (xiv) the Buyer shall provide the Sellers with all other certificates and documents which the Sellers may reasonably request in connection with the transaction.

### **Financial conditions**

Pursuant to the Agreement, the total selling price of the Purchase Shares is BRL 12,000,000 (PLN 18,886,800) (the “**Selling Price**”), which will be paid to each of the Sellers in proportion to the number of Purchase Shares held by them. The Selling Price will be payable in three instalments:

- (i) the first instalment of BRL 6,000,000 (PLN 9,443,400) (the “**First Instalment of the Selling Price**”), payable within seven days of the Closing Date,
- (ii) the second instalment of BRL 3,000,000 (PLN 4,721,700) (the “**Second Instalment of the Selling Price**”), payable within one year of the Closing Date,
- (iii) the third instalment of BRL 3,000,000 (PLN 4,721,700) (the “**Third Instalment of the Selling Price**”), payable within two years of the Closing Date.

The amount of the Second and Third Instalments of the Selling Price will be adjusted by the consumer price growth index specified in the Agreement.

The amount of the Second and Third Instalments of the Selling Price may be reduced by compensations specified in the Agreement, payable to the Issuer or its related parties.

### **Contractual penalty**

The Agreement provides for a contractual penalty of BRL 4,000,000 (PLN 6,295,600) to be imposed on the Sellers in the event of breach of the non-compete clause.

Payment of the contractual penalty will not preclude the right to pursue other claims for damages from the Sellers.

### **Security for payment of the Second and Third Instalments of the Selling Price**

Pursuant to the Agreement, payment of the Second and Third Instalments of the Selling Price will be secured by a first-ranking mortgage of up to BRL 6,000,000 (PLN 9,443,400), being the only charge over the real estate located in Jundiaí, registered in the land and mortgage court of São Paulo under No. 90.214, to be created by the Company within 40 days of the Closing Date.

The Agreement is considered material on account of its value.

Legal basis:

Par. 5.1.3 of the Minister of Finance’s Regulation on current and periodic reports to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state.