

**Current Report No. 5/2016**

**Date: February 19th 2016**

**Subject:** Events with a bearing on consolidated performance in 2015 and adjustment of opening balance for 2015

**Legal basis:** Art. 56.1.1 of the Public Offering Act – inside information

**Text of the report:**

To ensure diligent communication with capital market participants, the Management Board of SECO/WARWICK S.A. (the “Company”) publishes information on factors which adversely affect the consolidated Q4 and full-year results for 2015.

Having received preliminary unaudited financial information for Q4 2015, based on current knowledge, the Management Board of SECO/WARWICK S.A. resolved to:

- recognise a PLN 8.4m impairment loss on goodwill and fixed assets of the subsidiary SECO/WARWICK Corporation (based in the US),
- recognise a PLN 7.3m impairment loss on receivables of SECO/WARWICK Allied (effect on consolidated net profit/loss: 75%).

The impairment losses will affect the Group’s consolidated results for Q4 2015. The Management Board would like to note that the amounts of impairment losses are based on preliminary unaudited financial information for Q4 2015 and may change once the 2015 financial statements are audited.

Notwithstanding the above, the Management Board is currently assessing whether there are any indications of goodwill impairment of Retech Systems LLC. A decision, if any, to recognise a goodwill impairment loss will be made while closing and auditing the Company’s and the Group’s full-year financial statement for 2015.

Furthermore, the Management Board announces that upon consultation with the auditor it decided to adjust the period of accounting for the costs of the incentive scheme for the SECO/WARWICK Group’s employees and management staff. The change has no effect on the total cost of the incentive scheme – it only serves to ensure its correct allocation to subsequent reporting periods. As a result of the adjustment, PLN 3.1m will be disclosed in the financial statements as a fundamental error under “previous years’ profit or loss to be settled”. The previously disclosed cost of the incentive scheme charged to the results for 2015 was PLN 2.1m. After the adjustment, it is PLN 0.4m.

Unaudited consolidated financial report for Q4 2015 will be published on February 29th 2016. Audited separate and consolidated financial report for 2015 will be published on May 2nd 2016.