SECO/WARWICK S.A.

SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1ST–DECEMBER 31ST 2014

CONTENTS

SEPARATE STATEMENT OF FINANCIAL POSITION
(PLN '000)

PLN '000	Note	Dec 31 2014	Dec 31 2013
ASSETS			
Non-current assets			
Property, plant and equipment	*9*	1,829	2,446
Intangible assets	*10*	11,006	11,404
Investments in subsidiary, jointly-controlled and associated entities	*12*	161,629	188,901
Deferred tax assets	*6*	8,533	2,330
		182,997	**205,081**
Current assets			
Trade receivables	*16*	9,941	8,725
Other current receivables	*16*	148	1,771
Accruals and deferred income	*18*	119	224
Other financial assets	*17*	3,901	4,220
Cash and cash equivalents	*19*	9,474	10,288
		23,583	**25,228**
ASSETS HELD FOR SALE	7	**-**	**361**
TOTAL ASSETS		**206,580**	**230,670**

PLN '000	Note	Dec 31 2014	Dec 31 2013
EQUITY AND LIABILITIES			
Equity			
Share capital	*20*	3,704	3,693
Statutory reserve funds	*20*	136,322	171,219
Capital reserves		41,750	-
Other components of equity	*20*	4,983	3,147
Retained earnings/(deficit)	*21*	-6,520	17,808
		180,239	**195,867**
Non-current liabilities			
Borrowings and other debt instruments	*22*	5,534	8,162
Financial liabilities	*17*	17	3,981
Deferred tax liabilities	*6*	1,632	2,510
Deferred income	*26*	2,746	4,143
		9,929	**18,796**
Current liabilities			
Borrowings and other debt instruments	*22*	3,970	3,410
Financial liabilities	*17*	4,303	3,952
Trade payables	*23*	4,251	2,800
Other current liabilities	*23*	743	3,210
Income tax payable		60	-
Provision for retirement and similar benefits	*24*	1,357	1,629
Other provisions	*24*	-	687
Deferred income	*26*	1,729	319
		16,412	**16,007**
TOTAL EQUITY AND LIABILITIES		**206,580**	**230,670**

Date: April 29th 2015

Person responsible for keeping accounting records: Ryszard Rej	Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
	President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

SEPARATE STATEMENT OF COMPREHENSIVE INCOME
(PLN '000)

CONTINUING OPERATIONS	PLN '000	Note	Year ended Dec 31 2014	Year ended Dec 31 2013
Revenue from sale of finished goods			19,511	14 188
Revenue from sale of merchandise and materials			-	365
Revenue		**1,2**	**19,511**	**14 553**
Finished goods sold			-18,119	-13 373
Merchandise and materials sold			-	-365
Cost of sales		**2,3**	**-18,119**	**-13 738**
Gross profit/(loss)			**1,392**	**815**
Other income		*4*	2,405	837
Distribution costs		*2,3*	-	-
Administrative expenses		*2,3*	-5,000	-10 615
Other expenses		*4*	-3,396	-347
Operating profit/(loss)			**-4,598**	**-9 310**
Finance income		*5*	22,611	24 917
Finance costs		*5*	-33,663	-677
Profit/(loss) before tax			**-15,650**	**14 930**
Actual tax expense		*6*	6,228	-24
Net profit/(loss) from continuing operations			**-9,422**	**14 906**
DISCONTINUED OPERATIONS			-	-
Loss from discontinued operations			-	-
Net profit/(loss) for financial year			**-9,422**	**14 906**
OTHER COMPREHENSIVE INCOME:				
Cash flow hedges			-	-
Income tax on other comprehensive income			-	-
Other comprehensive income, net of tax			**-**	**-**
Total comprehensive income			**-9 422**	**14,906**

Earnings/(loss) per share (PLN):		
- basic and diluted from net profit/(loss)	-0.88	1.40

Date: April 29th 2015

Person responsible for keeping accounting records: Ryszard Rej	Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
	President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

SEPARATE STATEMENT OF CASH FLOWS
(PLN '000)

	Note	For the period Jan 1–Dec 31 2014	For the period Jan 1–Dec 31 2013
OPERATING ACTIVITIES			
Profit/(loss) before tax	*27*	**-15,650**	**14,930**
Adjustments for:		**11,979**	**-15,099**
Depreciation and amortisation	*3*	1,346	1,321
Foreign exchange gains/(losses)		2,023	-716
Interest and profit distributions (dividends)		-21,212	-21,804
Gain/(loss) on investing activities		-2,295	-9
Change in provisions		-959	407
Change in inventories		-	2,112
Change in receivables		407	-582
Change in current liabilities (other than financial liabilities)		-1,016	256
Change in accruals and deferrals		118	769
Impairment loss on equity interests		31,733	-
Other adjustments		1,835	3,147
Cash from operating activities		**-3,671**	**-168**
Income tax (paid)/recovered		-794	-
Net cash flows from operating activities		**-4,464**	**-168**
INVESTING ACTIVITIES			
Cash provided by financing activities		**27,346**	**22,068**
Proceeds from disposal of intangible assets and property, plant and equipment		3,813	53
Dividends and profit distributions received		21,294	22,015
Decrease in loans advanced		1,509	-
Other inflows from financial assets		729	-
Cash used in financing activities		**11,646**	**43,043**
Investments in intangible assets, property, plant and equipment, and investment property		2,327	384
Acquisition of related entities		7,899	41,048
Increase in loans advanced		1,419	1,610
Net cash flows from investing activities		**15,700**	**-20,975**
FINANCING ACTIVITIES			
Cash provided by financing activities		**12**	**13,146**
Net proceeds from issue of shares or other equity instruments and additional contributions to equity		12	41
Borrowings and other debt instruments		-	13,105
Cash used in financing activities		**12,041**	**5,968**

Dividends and other distributions to owners	8,053	-
Repayment of borrowings and other debt instruments	3,597	5,481
Payment of finance lease liabilities	182	138
Interest paid	208	349
Net cash flows from financing activities	**-12,030**	**7,178**
Total net cash flows	**-794**	**-13,965**
Net change in cash, including:	**-815**	**-13,960**
- effect of exchange rate fluctuations on cash held	-21	5
Cash at beginning of the period	**10,309**	**24,274**
Cash at end of period, including:	**9,515**	**10,309**
- restricted cash	-	-

Date: April 29th 2015

Person responsible for keeping accounting records: Ryszard Rej	Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
	President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

SEPARATE STATEMENT OF CHANGES IN EQUITY (PLN '000)

	Share capital	Statutory reserve funds	Capital reserves	Hedging reserve	Other components of equity	Retained earnings/ (deficit)	Total equity
Twelve months ended Dec 31 2013							
As at Jan 1 2013	**3,652**	**165,531**	**-**	**1,333**	**-**	**8,591**	**179,106**
Profit/(loss) for the period	-	-	-	-	-	14,906	14,906
Comprehensive income for the period	-	-	-	-	-	14,906	**14,906**
Distribution of retained earnings	-	5,688	-	-	-	-5,688	**-**
Share capital increase	41	-	-	-	-	-	**41**
Management stock options	-	-		-	3,147	-	**3,147**
Disposal of organised part of business	-	-		-1,333	-	-	**-1,333**
As at Dec 31 2013	**3,693**	**171,219**	**-**	**-**	**3,147**	**17,809**	**195,867**
Twelve months ended Dec 31 2014							
As at Jan 1 2014	**3,693**	**171,219**	**-**	**-**	**3,147**	**17,809**	**195,867**
Profit/(loss) for the period	-	-	-	-	-	-9,422	-9,422
Comprehensive income for the period	-	-	-	-	-	-9,422	**-9,422**
Distribution of retained earnings	-	6,852	-	-	-	-,6,852	-
Dividend paid	-	-	-	-	-	-8,053	-8,053
Share capital increase	12	-	-	-	-	-	12
Share buyback	-	-41,750	41,750	-	-	-	-
Management stock options	-	-	-	-	1,836	-	1,836
As at Dec 31 2014	**3,704**	**136,322**	**41,750**	**-**	**4,983**	**-6,520**	**180,239**

Date: April 29th 2015

Person responsible for keeping accounting records: Ryszard Rej	Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
	President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

SECO/WARWICK S.A.

SUPPLEMENTARY INFORMATION TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31ST 2014

I. GENERAL INFORMATION

1. Company details

Name:	**SECO/WARWICK S.A.**
Legal form:	Joint-stock company (spółka akcyjna)
Registered offices:	ul. Sobieskiego 8, 66-200 Świebodzin, Poland
Principal business activity according to the Polish Classification of Business Activities (PKD):	
28,21,Z	Manufacture of ovens, furnaces and furnace burners,
33,20,Z	Installation of industrial machinery and equipment,
28,29,Z	Manufacture of other general-purpose machinery n.e.c.,
28,24,Z	Manufacture of power-driven hand tools,
28,99,Z	Manufacture of other special-purpose machinery n.e.c.,
28,94,Z	Manufacture of machinery for textile, apparel and leather production,
46,14,Z	Agents involved in the sale of machinery, industrial equipment, ships and aircraft,
46,19,Z	Agents involved in the sale of a variety of goods,
46,69,Z	Wholesale of other machinery and equipment,
71,12,Z	Engineering activities and related technical consultancy,
72,11,Z	Research and experimental development on biotechnology.
National Court Register (KRS) No.:	KRS 0000271014
Industry Identification Number (REGON)	970011679

The Company is the parent of the SECO/WARWICK Group.

2. Duration

The Company has been established for an indefinite period.

3. Presented periods

These separate financial statements contain data for the period January 1st–December 31st 2014. The comparative data is presented as at December 31st 2013 in the case of the statement of financial position, and for the period from January 1st to December 31st 2013 in the case of the statement of comprehensive income, statement of cash flows, and statement of changes in equity.

4. Management and Supervisory Boards of SECO/WARWICK S.A.

As at December 31st 2014 and December 31st 2013, the composition of the SECO/WARWICK Management Board was as follows:

- Paweł Wyrzykowski – President of the Management Board
- Wojciech Modrzyk – Vice-President of the Management Board
- Jarosław Talerzak – Vice-President of the Management Board.

As at December 31st 2014 and December 31st 2013, the composition of the SECO/WARWICK Supervisory Board was as follows:

- Andrzej Zawistowski – Chairman of the Supervisory Board
- Henryk Pilarski – Deputy Chairman of the Supervisory Board
- Jeffrey Boswell – Member of the Supervisory Board
- James A. Goltz – Member of the Supervisory Board
- Zbigniew Rogóż – Member of the Supervisory Board
- Gutmann Habig – Member of the Supervisory Board
- Witold Klinowski – Member of the Supervisory Board.

5. Auditors

PKF Consult Sp. z o.o.

ul. Orzycka 6, lok. 1B
02-695 Warsaw, Poland

6. Large shareholders

The table below lists the shareholders holding over 5% of the total vote at the General Meeting as at December 31st 2014:

	Number of shares	Ownership interest (%)	Number of votes at GM	% of total voting rights
SW Poland Holding B.V. (Netherlands)	3,387,139	31.54%	3,387,139	31.54%
Spruce Holding Limited Liability Company (USA)	1,419,294	13.22%	1,419,294	13.22%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	904,794	8.43%	904,794	8.43%
Funds represented by PKO BP BANKOWY PTE S.A.	849,698	7.91%	849,698	7.91%
Bleauhard Holdings LLC	743,456	6.92%	743,456	6.92%
ING NN OFE	600,000	5.59%	600,000	5.59%
AMPLICO	577,470	5.38%	577,470	5.38%

The data presented in the table is based on notifications received from the shareholders.

7. Subsidiaries and associates

Table: As at December 31st 2014, the structure of the SECO/WARWICK Group was as follows:

Company	Registered office	Business profile	Method of consolidation / accounting for equity interest	Group's ownership interest
Parent				
SECO/WARWICK S.A.	Świebodzin	Manufacture of vacuum furnaces, aluminium heat exchanger brazing systems and aluminium heat treatment systems	N.A.	N.A.
Direct and indirect subsidiaries				
SECO/WARWICK EUROPE Sp. z o.o.	Świebodzin	Manufacture of metal heat treatment equipment	Full	100%
SECO/WARWICK Corp.	Meadville (USA)	Manufacture of metal heat treatment equipment	Full	100%
SECO/WARWICK of Delaware, Inc.	Wilmington (USA)	A holding company; registration of trademarks and patents, and granting licences for use of the trademarks and patents by SECO/WARWICK Corp.	Full	100%
SECO/WARWICK Rus	Moscow (Russia)	Distribution of the SECO/WARWICK Group's products	Full	100%
Retech Systems LLC	Ukiah (USA)	Trade and services; manufacture of metallurgy equipment used for melting and vacuum casting of metals and specialty alloys	Full	100%
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd.	Tianjin (China)	Manufacture of metal heat treatment equipment	Full	90%
Retech Tianjin Holdings LLC	(USA)	A holding company.	Full	80%
SECO/WARWICK Allied Pvt. Ltd.	Mumbai (India)	Manufacture of metal heat treatment equipment	Full	75%
SECO/WARWICK GmbH	Bedburg-Hau (Germany)	Intermediation in the sale of furnaces and spare parts manufactured by SECO/WARWICK EUROPE Sp. z o.o., and provision of technical support to customers in Germany, Austria, the Netherlands, Switzerland, Liechtenstein and Slovenia	Full	100%
OOO SCT	Solnechnogorsk (Russia)	Provision of metal heat treatment services in Russia	Equity	50%
SECO/WARWICK Service GmbH	Bedburg-Hau (Germany)	Provision of metal heat treatment services in Germany	Full	100%
SECO/WARWICK do Brasil Ltda. (Engefor Engenharia Indústria e Comércio Ltda)	Jundiaí (Brazil)	Manufacture of metal heat treatment equipment	Full	100%

II. Key financial data translated into the euro

The table below presents average EUR/PLN exchange rates quoted by the National Bank of Poland for the periods covered by these financial statements and by the historical financial information:

Financial year	Year ended Dec 31 2014	Year ended Dec 31 2013
Average exchange rate for the period*	4.1893	4.2110
Exchange rate effective for the last day of the period	4.2623	4.1472

**) Average of the exchange rates effective for the last day of each month in the period.*

Items of assets, equity and liabilities in the statement of financial position have been translated using the EUR/PLN exchange rates quoted by the National Bank of Poland for the last day of the period.

Items of the statement of comprehensive income and statement of cash flows have been translated using the exchange rates calculated as the arithmetic means of the EUR/PLN mid-rates quoted by the National Bank of Poland as effective for the last day of each month in the reporting period.

The table below presents key items of the separate statement of financial position, statement of comprehensive income and statement of cash flows presented in these financial statements, together with the relevant comparative data, translated into the euro:

Separate financial highlights	2014	2013	2014	2013
	(PLN '000)		(EUR '000)	
Revenue	19,511	14,553	4,657	3,456
Cost of sales	-18,119	-13,738	-4,325	-3,262
Operating profit/(loss)	-4,598	-9,310	-1,098	-1,890
Profit/(loss) before tax	-15,650	14,930	-3,736	3,866
Net profit/(loss)	-9,422	14,906	-2,249	3,846
Net cash flows from operating activities	-4,464	-168	-1,066	-40
Net cash flows from investing activities	15,700	-20,975	3,748	-4,981
Net cash flows from financing activities	-12,030	7,178	-2,871	1,705
	Dec 31 2014	**Dec 31 2013**	**Dec 31 2014**	**Dec 31 2013**
Total assets	206,580	230,670	49,311	55,686
Total liabilities	26,341	34,803	6,288	8,392
including current liabilities	14,683	16,007	3,505	3,860
Equity	180,239	195,867	43,024	47,294
Share capital	3,704	3,693	884	890

III. Statement of compliance

In compliance with the requirements laid down in the Regulation of the Minister of Finance on current and periodic information 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, dated February 19th 2009, the Management Board of the Parent represents that to the best of its knowledge these financial statements and the relevant comparative data have been prepared in compliance with the accounting standards applicable to the Company and give an accurate, fair and clear view of the Company's assets, financial standing and financial performance, and the report on the Company's operations gives a true picture of the Company's development, achievements and standing; they also include a description of key risks and threats.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") endorsed by the EU, and their scope is compliant with the requirements set forth in the Regulation of the Minister of Finance on current and periodic information 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, dated February 19th 2009 (Dz.U. of 2009 No. 33, item 259, as amended).

These financial statements cover the period from January 1st to December 31st 2014 and a comparative period from January 1st to December 31st 2013.

The Management Board represents that the auditor of these financial statements was appointed in compliance with the applicable laws, and that both the auditing firm and the qualified auditors who performed the audit met the conditions required to issue an impartial and independent auditor's opinion, in accordance with the applicable provisions of Polish law. In line with the corporate governance principles adopted by the Management Board, the auditor was appointed by the Company's Supervisory Board (Resolution No. 9/2014 on appointment of the auditor). The Supervisory Board appointed the auditor with due regard for the impartiality and objectivity of the selection itself as well as of the performance of the auditor's tasks.

Date: April 29th 2015

Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

IV. Compliance with International Financial Reporting Standards

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). As at the date of approval of these financial statements for issue, given the ongoing process of implementation of IFRS in the European Union and the scope of the Company's business, as far as the accounting policies applied by the Company are concerned there are no differences between the IFRS which have come into force and the IFRS endorsed by the European Union.

IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These separate financial statements of the Company should be read in conjunction with the consolidated financial statements approved for issue by the Management Board and released on the date of issue of these separate financial statements, in order to obtain complete information on the SECO/WARWICK Group's assets and financial position as at December 31st 2014 and its financial performance in the period from January 1st to December 31st 2014, in accordance with the International Financial Reporting Standards endorsed by the European Union.

V. Going concern assumption and comparability of accounts

These financial statements have been prepared on the assumption that the Company would continue as a going concern for the 12 months after the most recent reporting date, that is December 31st 2014. As at the date of signing these financial statements, the Company's Management Board was aware of no facts or circumstances that would indicate a threat to the Company's continuing as a going concern in the 12 months after the reporting date, as a result of any planned or forced discontinuation or material downsizing of its existing operations.

By the date of these financial statements for 2014, no events occurred which have not but should have been disclosed in the accounting books for the reporting period. In these financial statements no material events related to prior years are disclosed.

VI. Description of applied accounting policies, including methods of measurement of assets, equity and liabilities, income and expenses

These financial statements have been prepared based on a historical cost approach, except with respect to financial derivatives, which are measured at fair value.

These financial statements are presented in the złoty ("PLN"), and unless specified otherwise, all amounts are given in thousands of PLN. Totals may not correspond with the sum of the separate figures due to rounding.

Presentation of financial statements

Presentation of the statement of financial position

In accordance with IAS 1 Presentation of Financial Statements, assets and liabilities are presented in the statement of financial position as current and non-current.

In accordance with IFRS 5, non-current assets held for sale are presented separately in the statement of financial position.

Presentation of the statement of comprehensive income

In accordance with IAS 1 Presentation of Financial Statements, in the statement of comprehensive income expenses are presented by function.

Earnings per share

Earnings per share for each period are determined by dividing net profit for the period by the weighted average number of shares outstanding in the period. The weighted average number of shares accounts for the dilutive effect of the issue of shares on the Warsaw Stock Exchange.

Intangible assets

As intangible assets the Company recognises such assets which are identifiable (they can be separated or sold), are controlled by the entity and are highly probable to bring future economic benefits to the entity.

Intangible assets include mainly software and development expense, and are initially recognised at cost, which includes purchase price, import duties and non-deductible taxes included in the price, decreased by discounts and rebates and increased by all expenditure directly connected with the preparation of the asset for its intended use.

In order to determine whether an internally generated intangible asset meets the recognition criteria, the entity distinguishes two phases in the asset origination process:

- research phase,
- development phase.

All expenditure incurred in the first phase is charged directly to expenses of the period.

Intangible assets created as a result of development work are capitalised by the Group only if the following criteria are met:

- it is certain that the intangible asset will be completed,
- it is possible to demonstrate that the asset can be used or sold,
- the expenditure incurred can be measured reliably.

Goodwill arises on acquisition of a business and corresponds to the excess of transferred consideration over the acquirer's share in the fair value of net identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is recognised at cost less any cumulative impairment losses. Goodwill is not amortised.

The table below summarises the Company's accounting policies with respect to intangible assets:

Item	Capitalised development costs	Patents and licences	Software
Useful life	5–20 years	5–10 years	5–15 years
Amortisation method	Amortised using straight-line method after completion of work	Amortised over agreement term using straight-line method	Amortised using straight-line method
Origin	Generated	Acquired	Acquired
Impairment testing/measuring recoverable amount	Annual usability testing	Annual impairment testing	Annual impairment testing

Property, plant and equipment

Property, plant and equipment are carried at cost less cumulative depreciation and impairment losses, if any.

Depreciation is charged using the straight-line method by estimating the useful lives of given assets, which are as follows:

Buildings and structures	from 10 to 40 years
Machinery and equipment	from 5 to 30 years
Vehicles	from 5 to 10 years
Other tangible assets	from 5 to 15 years

Non-current assets held under finance lease agreements are recognised in the statement of financial position and depreciated in accordance with the same policies as those applied to other non-current assets.

Non-current assets held under finance leases and liabilities corresponding to those assets were initially recognised at amounts equal to the discounted value of future lease payments. Lease payments made in the reporting period were charged to finance lease liabilities in an amount equal to the principal, and the excess (finance charge) was charged in full to finance costs of the period.

Any gains and losses arising on a sale or liquidation are determined as the difference between the income from the sale and the net value of the tangible assets, and are recognised in profit or loss.

The Company has adopted a policy that the residual value of tangible assets is nil.

Tangible assets under construction

Tangible assets under construction include expenditure on property, plant and equipment which is not yet fit for use but it is highly probable that it will be completed. Tangible assets under construction are presented in the statement of financial position at cost less any impairment losses. Tangible assets under construction are not depreciated or amortised.

Investment property

The Group classifies as investment property all property which is considered a source of income (earns rentals) and/or is held for capital appreciation.

Investment property is carried at cost less cumulative depreciation and impairment losses, if any.

Depreciation is charged over the estimated useful life of the investment property, using the straight-line method. Land is not depreciated.

Financial assets and liabilities

Financial assets include equity interests in related entities, loans and receivables and cash and cash equivalents.

Financial liabilities include borrowings and other debt instruments, other types of financing, overdraft facilities, trade payables, liabilities to suppliers of property, plant and equipment, and lease liabilities.

Except for investments in subsidiaries, jointly controlled entities and associates, which are carried at cost in accordance with IAS 27 and IAS 28, financial assets and liabilities are recognised and measured in line with IAS 39 Financial Instruments: Recognition and Measurement.

Recognition and measurement of financial assets

Upon initial recognition, financial assets are recognised at fair value, which in the case of investments not measured at fair value through profit or loss is increased by transaction costs directly attributable to such assets.

Receivables

Trade receivables are recognised and carried at amounts initially invoiced, less any impairment losses on doubtful receivables. Impairment losses on receivables are estimated when the collection of the full amount of a receivable is no longer probable.

If the effect of the time value of money is material, the value of a receivable is determined by discounting the projected future cash flows to their present value using a discount rate that reflects the current market estimates of the time value of money. If the discount method is applied, any increase in the receivable amount with the passage of time is recognised as finance income.

Other receivables include in particular prepayments made in connection with planned purchases of property, plant and equipment, intangible assets and inventories. As non-monetary assets, prepayments are not discounted.

Cash and cash equivalents

Cash and cash equivalents are held mainly in connection with the need to meet the Company's current demand for cash rather than for investment or any other purposes.

Cash and cash equivalents include cash in bank accounts, cash in hand, as well as all liquid instruments which may immediately be converted into cash of known amount and in the case of which the risk of value changes is insignificant.

Recognition and measurement of financial liabilities

Liabilities under borrowings

Liabilities under borrowings and other financial liabilities are initially recognised at fair value and then carried at amortised cost using the effective interest rate method.

Transaction costs directly attributable to the acquisition or issue of a financial liability increase the carrying amount of the liability, because upon initial recognition the liability is recognised at the fair value of amounts paid or received in exchange for the liability. Thereafter, such costs are amortised throughout the term of the liability, using the effective interest rate method.

Hedge accounting

The Company does not apply hedge accounting.

Inventories

Inventories are measured at cost, using the weighted average cost formula. Any downward adjustment of the value of inventories to the net selling price is made through recognition of write-downs. Furthermore, inventories that are slow-moving or which have become obsolete or whose usability has become in any way limited are revalued as at the end of each financial year. If the circumstances leading to a decrease in the value of inventories cease to apply, the write-down is reversed.

Write-downs of inventories and stocktaking discrepancies are charged to cost of sales.

Deferred income tax

Deferred income tax is recognised for all temporary differences between the carrying amounts of assets and liabilities disclosed in the separate financial statements and their tax values, as well as for any unused tax loss carry-forwards and unused tax credits.
Deferred tax liabilities are substantially recognised in relation to all taxable temporary differences. Deferred tax assets are recognised in relation to all deductible temporary differences to the extent it is probable that in the foreseeable future taxable income will be generated which will enable the deductible temporary differences to be offset. Deferred tax assets and liabilities are not recognised if the temporary differences arise in relation to goodwill or on the initial recognition of other assets and liabilities in a transaction which is not a business combination and affects neither tax nor accounting profit. In addition, no deferred tax is recognised if the temporary differences arise on initial recognition of goodwill.
A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except to the extent that the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets attributable to deductible temporary differences associated with such investments and interests are recognised only to the extent it is probable that taxable income will be generated which will enable the tax assets to be utilised and to the extent it is probable that the temporary differences will reverse in the foreseeable future.
The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or asset realised. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the expenditures required to settle a provision are expected to be reimbursed, for instance under an insurance policy, the reimbursement is recognised as a separate asset, but only if it is virtually certain that the reimbursement will be received.

The cost related to a given provision is disclosed in the statement of comprehensive income net of any recoveries. If the effect of the time value of money is material, the amount of a provision is determined by discounting the projected future cash flows to their present value, using a pre-tax discount rate reflecting the current market estimates of the time value of money, as well as any risk associated with a given obligation. If the discount method has been applied, any increase in the provision with the passage of time is charged to finance costs.

The estimates of outcome and financial effect are determined by the judgement of the management, supplemented by experience of similar transactions and, in some cases, reports from independent experts.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

The Company recognises the following provisions:

- provision for accrued holiday entitlements – in an amount equivalent to the number of days of accrued unused holidays multiplied by average gross daily pay;
- provision for employee benefits – bonus payments, salaries and wages;
- provision for probable costs related to the current financial year which will only be invoiced in the following year (accrued expenses). Depending on the type of accrued expenses, they are charged to cost of sales, distribution costs or administrative expenses;

Assumptions underlying the estimates and the provision amounts are reviewed as at the end of each reporting period.

Accruals and deferred income

In accordance with the matching principle, expenses relating to future periods and deferred income are posted under liabilities of a given reporting period.

Accrued expenses

The Company recognises accrued expenses at probable values of current-period liabilities arising in particular under:

- services provided to the Company by its trading partners, where the liability can be reliably estimated,
- up to the estimated contract revenue, advances received under construction contracts reduce the receivables under settlement of long-term contracts.

Deferred and accrued income

Deferred/accrued income includes primarily government grants intended to finance assets and revenue, as well as any excess of estimated revenue related to the stage of completion of a long-term contract, in accordance with IAS 11, over advances received.

Government grants are disclosed in the statement of financial position at the amount of funds received and then recognised as income over the periods necessary to match them with the related costs they are intended to compensate, on a systematic basis. Government grants are not credited directly to equity.

Accruals and deferrals settled over a period longer than 12 months as from the end of the reporting period are classified as non-current accruals and deferrals, whereas those settled over a period of 12 months or shorter are classified as current accruals and deferrals.

Functional currency and presentation currency

a) Functional currency and presentation currency

Items of the financial statements are measured in the currency of the primary economic environment in which the Company operates (“functional currency”). The financial statements are presented in the Polish złoty (PLN), which is the functional currency and the presentation currency of the Company.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions, as well as from changes in the carrying amounts of monetary assets and liabilities expressed in foreign currencies are recognised in the statement of profit or loss.

VII. Material judgements and estimates

In view of the fact that many items presented in the financial statements cannot be measured accurately, certain estimates need to be made in the preparation of the separate financial statements. The Management Board reviews such estimates taking into account the changes in the factors on which such estimates were based, new information and past experience. Therefore, the estimates made as at December 31st 2014 may change in the future.

Depreciation/amortisation charges

Depreciation/amortisation charges are determined based on the expected useful lives of property, plant and equipment and intangible assets. The Company reviews the useful lives of its assets annually, on the basis of current estimates.

Depreciation/amortisation charges for assets used under finance lease agreements

Depreciation/amortisation charges for items of property, plant and equipment and intangible assets used under finance lease agreements are determined based on their expected useful lives, which is consistent with depreciation policy for assets that are owned. Useful lives equal to agreement term are not applied. The Company assumes that assets used under lease agreements must be purchased.

Deferred tax assets

Deferred tax assets are recognised in respect of all unused tax losses to be deducted in the future to the extent it is probable that taxable profit will be available against which these losses can be utilised.

Provision for accrued holidays

Provision for accrued holidays is determined based on the number of days of accrued unused holidays as at the end of the reporting period.

Provision for old-age and disability retirement benefits

Disability severance payments and retirement bonuses are paid to employees of the Company's subsidiaries operating under the Polish law in accordance with the provisions of Art. 92 of the Polish Labour Code, whereas at foreign companies such payments or bonuses are paid in accordance with the local labour laws. Actuarial valuation of long- and short-term benefits is performed at the end of each financial year.

Derivative financial instruments

Derivative instruments are initially recognised at fair value as at the relevant contract date, and subsequently they are remeasured at fair value as at the end of each reporting period. Any resultant gains or losses are recognised directly in profit or loss, unless a given instrument is used as a hedge, in which case the time of recognition in profit or loss depends on the nature of the hedging relationship.

Subjective judgement

Where a given transaction does not fall within the scope of any standard or interpretation, the Management Board relies on its subjective judgement to determine and apply accounting policies which will ensure that the financial statements contain only relevant and reliable information.

In 2014, no events occurred at SECO/WARWICK S.A. which would require the Management Board to make subjective judgements, as defined above.

VIII. Changes in accounting policies

In the period covered by the consolidated financial statements, the Group adopted all the new and amended standards and interpretations issued by the International Accounting Standards Board and the Interpretations Committee and endorsed by the European Union (EU), which apply to the Group's business and are effective for annual reporting periods beginning on or after January 1st 2014.

- IFRS 10 Consolidated Financial Statements, endorsed by the European Commission (EC) on December 11th 2012,
- IFRS 11 Joint Arrangements, endorsed by the EC on December 11th 2012,
- IFRS 12 Disclosure of Interests in Other Entities, endorsed by the EC on December 11th 2012,
- IAS 27 (as amended in 2011) Separate Financial Statements, endorsed by the EC on December 11th 2012,
- IAS 28 (as amended in 2011) Investments in Associates and Joint Ventures, endorsed by the EC on December 11th 2012,
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities, endorsed by the EC on December 13th 2012,
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities, endorsed by the EC on November 20th 2013,
- Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets, endorsed by the EC on December 19th 2013,

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting, endorsed by the EC on December 19th 2013,
- IFRIC 21 Levies, endorsed by the EC on June 13th 2014.

The application of the above regulations has not caused any material changes in the accounting policies of the Company/Group or in the presentation of data in their financial statements.

The Group did not choose to apply early any new standards and interpretations which have already been issued and endorsed by the European Union but will be effective after the end of the reporting period.

Main consequences of applying new regulations:

- IFRS 10 Consolidated Financial Statements

The new standard was issued on May 12th 2011 to supersede SIC-12 Consolidation – Special Purpose Entities and, partially, IAS 27 Consolidated and Separate Financial Statements. The standard defines the principle of control and establishes control as the basis for consolidation, as well as sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee.

The application of the new standard has no material effect on the Company's financial statements.

- IFRS 11 Joint Arrangements

The new standard was issued on May 12th 2011 to supersede SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers and IAS 31 Interests in Joint Ventures. The standard focuses on the rights and obligations under joint arrangements irrespective of their legal form and eliminates a lack of consistency in reporting, as it defines a method of accounting for interests in jointly controlled entities.

The application of the new standard has no material effect on the Company's financial statements.

- IFRS 12 Disclosure of Interests in Other Entities

The new standard was issued on May 12th 2011 and stipulates disclosure requirements concerning an entity's interests in other entities or investments.

The application of the new standard has no material effect on the Company's financial statements.

- IAS 27 Separate Financial Statements

The new standard was issued on May 12th 2011 following the transfer of certain provisions of former IAS 27 to new IFRS 10 and IFRS 11. The standard stipulates requirements concerning the presentation and disclosure, in separate financial statements, of investments in associates, subsidiaries and jointly controlled entities. The standard will supersede former IAS 27 Consolidated and Separate Financial Statements.

The application of the new standard has no material effect on the Company's financial statements.

- IAS 28 Investments in Associates and Joint Ventures

The new standard was issued on May 12th 2011 and defines how to account for investments in associates. It also outlines how to apply the equity method to investments in associates and jointly controlled entities. The standard will supersede former IAS 28 Investments in Associates.

The application of the new standard has no effect on the Company's financial statements.

- Amendment to IAS 32 Offsetting Financial Assets and Financial Liabilities

Amendment to IAS 32 was issued on December 16th 2011 and applies to annual periods beginning on or after January 1st 2014. The amendment was introduced to remove inconsistencies in the application of offsetting criteria provided for in IAS 32.

The application of the new standard has no material effect on the Company's financial statements.

- Guidelines on transitory provisions (Amendments to IFRS 10, IFRS 11 and IFRS 12)

The guidelines were issued on June 28th 2012 and provide additional information on the application of IFRS 10, IFRS 11 and IFRS 12, including the presentation of comparative data in the event of the first application of those standards.

The application of these amendments has no material effect on the Company's financial statements.

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The guidelines were issued on October 31st 2012 and stipulate different rules governing the application of IFRS 10 and IFRS 12 by entities which are by nature investment funds.

The application of these amendments has no effect on the Company's financial statements.

- Amendment to IAS 36 Recoverable Amounts Disclosures for Non-Financial Assets

Amendment to IAS 36 was issued on May 29th 2013 and applies to annual periods beginning on or after January 1st 2014. The amendment modifies the scope of disclosures of impairment of non-financial assets by, for instance, requiring the disclosure of a recoverable amount of an asset (cash-generating unit) exclusively in periods in which an impairment loss was recognised or reversed with respect to such asset (or cash-generating unit). The amended standard also requires wider and more accurate disclosures if recoverable amount is carried at fair value less cost of disposal, and where recoverable amount is determined as fair value less cost of disposal using a discounted cash flow approach, the applied discount rate must be specified (in the case of impairment loss recognition or reversal). The amendment further provides uniform scope of disclosures concerning recoverable amount irrespective of whether it is determined as value in use or fair value less cost of disposal.

The application of these amendments has no material effect on the Company's financial statements.

- Amendment to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

Amendment to IAS 39 was issued on June 27th 2013 and applies to annual periods beginning on or after January 1st 2014. The amendment stipulates that there is no need to discontinue hedge accounting if a hedging derivative is novated as a consequence of laws or regulations or the introduction of laws or regulations which trigger a change of the settlement institution, provided certain criteria are met. Amendment to IAS 39 was introduced in response to legislative changes in numerous countries, giving rise to mandatory settlement of existing OTC derivatives and their novation under an agreement with a central counterparty.

The application of these amendments has no effect on the Company's financial statements.

- IFRIC 21 Levies, endorsed by the EC on June 13th 2014.

IFRIC 21 relates to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. One of the criteria for the recognition of a liability under IAS 37 is the requirement for a present obligation to have arisen as a result of a past event (obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a public levy is an activity that triggers the payment of the levy in accordance with applicable legislation.

The Management Board expects that the amendment will not have a material effect on the amounts disclosed in the Company's financial statements.

The application of the above regulations has not caused any material changes in the accounting policies of the Company or in the presentation of data in their financial statements.

IX. New standards to be applied by the Company

The Company did not elect to apply early any standards and amendments to standards endorsed by the European Union which are effective for reporting periods beginning on or after January 1st 2014:

Standard	Nature of impending change in accounting policy	Effective for periods beginning on or after:
IFRS 9 Financial Instruments	IFRS 9 Financial Instruments, published by the International Accounting Standards Board (IASB) on July 24th 2014, is effective for annual periods beginning on or after January 1st 2018. IFRS 9 introduces an approach to the classification and measurement of financial assets which is based on the business model used for managing the assets and on cash flow characteristics. IFRS 9 also introduces a new impairment model that will require more timely recognition of expected credit losses, and will result in a single impairment approach being applied to all financial instruments. IFRS 9 also introduces an improved hedge accounting model, to align the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements.	January 1st 2018
IFRS 14 Regulatory Deferral Accounts	IFRS 14 Regulatory Deferral Accounts, published by the IASB on January 30th 2014, is effective for annual periods beginning on or after January 1st 2016. IFRS 14 is an interim standard for first-time adopters of IFRS. The standard is a temporary measure pending the completion by the IASB of its comprehensive rate-regulated activities (RRA) project.	January 1st 2016
IFRS 15 Revenue from Contracts with Customers	IFRS 15 Revenue from Contracts with Customers, published by the IASB on May 28th 2014, is effective for annual periods beginning on or after January 1st 2017. IFRS 15 specifies how and when IFRS reporters should recognise revenue and requires them to provide more informative disclosures. IFRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts, and many interpretations on revenue recognition.	January 1st 2017
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, published by the IASB on September 11th 2014, are effective for annual periods beginning on or after January 1st 2016.	January 1st 2016
Amendments to IFRS 11 Joint Arrangements	Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations, published by the IASB on May 6th 2014, are effective for annual periods beginning on or after January 1st 2016. The amendments provide new guidance on accounting for acquisitions of interests in joint operations in which the activity constitutes a business.	January 1st 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets	Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation, published by the IASB on May 12th 2014, are effective for annual periods beginning on or after January 1st 2016.	January 1st 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture	Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants, published by the IASB on June 30th 2014, are effective for annual periods beginning on or after January 1st 2016.	January 1st 2016

Standard	Nature of impending change in accounting policy	Effective for periods beginning on or after:
Amendments to IAS 27 Separate Financial Statements	Amendments to IAS 27 Separate Financial Statements: Equity Method in Separate Financial Statements, published by the IASB on August 12th 2014, are effective for annual periods beginning on or after January 1st 2016.	January 1st 2016
Amendments to IAS 1 under the Disclosure Initiative	Amendments to IAS 1 under the Disclosure Initiative are effective for reporting periods beginning on or after January 1st 2016. The exposure draft includes a requirement that an entity should not aggregate or disaggregate information in a manner that obscures useful information, for example by aggregating items that have different characteristics or disclosing a large amount of immaterial detail. When management determines an item is material, the draft amendments require assessment of which specific disclosures set out in the relevant standard should be presented, and whether additional information is necessary to meet the needs of financial statement users and the disclosure objectives of a given standard. The proposals apply to disclosures made on the face of financial statements and in the notes.	January 1st 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	The proposed amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures clarify three issues about the application of the requirement for investment entities to measure subsidiaries at fair value instead of consolidating them.	January 1st 2016

Standards and interpretations issued and endorsed for use in the EU but not yet effective

As at the date of these financial statements, the Company had not applied the following standards, amendments to standards and interpretations which were issued and endorsed for use in the EU but not yet effective:

- Annual Improvements to IFRSs (2011–2013 Cycle), effective for reporting periods beginning on or after July 1st 2014.
- Annual Improvements to IFRSs (2010–2012 Cycle), effective for reporting periods beginning on or after July 1st 2014.
- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions, effective for reporting periods beginning on or after July 1st 2014.

The Management Board does not expect the above standards and interpretations to have any significant effect on the accounting policies applied by the Group, save for the need to make certain additional or new disclosures. The Management Board of the Parent is in the process of analysing the consequences and effects of applying these new standards and
interpretations on its financial statements.

Date: April 29th 2015

Person responsible for keeping accounting records: Ryszard Rej	Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
	President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*

SECO/WARWICK S.A.

NOTES
TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31ST 2014

Note 1. REVENUE

As provided for under IAS 18, revenue from sales of products, merchandise, materials and services, net of VAT, discounts and rebates, is recognised when the entity has transferred to the buyer the significant risks and rewards incidental to their ownership.

Revenue from sales and total revenue and income of the Company:

Item	2014	2013
Sales of products	19,511	14,188
Sales of merchandise and materials	-	365
TOTAL sales revenue	**19,511**	**14,553**
Other income	2,405	837
Finance income	22,611	24,917
TOTAL revenue and income	**44,527**	**40,307**

The Company did not generate any revenue from discontinued operations.

Note 2. OPERATING SEGMENTS

For detailed information on operating segments, see the consolidated financial statements of the SECO/WARWICK Group (Note 2 to the consolidated financial statements for the twelve months ended December 31st 2014).

Note 3. OPERATING EXPENSES

OPERATING EXPENSES, BY NATURE OF EXPENSE	Jan 1 2014– Dec 31 2014	Jan 1 2013 – Dec 31 2013
Depreciation and amortisation	1,346	1,321
Raw materials and consumables used	321	555
Services	10,545	5,877
Taxes and charges	31	43
Salaries and wages	6,862	8,484
Social security and other benefits	800	1,506
Management stock options	1,847	3,147
Other costs	1,666	2,751
Total operating expenses, including:	**23,419**	**23,684**
Distribution costs	-	-
Administrative expenses	-5,000	-10,615
Change in products	-300	304
Cost of products sold and services rendered	**18,119**	**13,373**

DEPRECIATION/AMORTISATION AND IMPAIRMENT LOSSES RECOGNISED IN PROFIT OR LOSS	Jan 1 2014– Dec 31 2014	Jan 1 2013 – Dec 31 2013
Items recognised in cost of sales:	**317**	**365**
Depreciation of property, plant and equipment	317	365
Amortisation of intangible assets	-	-
Items recognised in distribution costs	**-**	**-**

Depreciation of property, plant and equipment	-	-
Amortisation of intangible assets	-	-
Items recognised in administrative expenses:	**1,028**	**956**
Depreciation of property, plant and equipment	254	143
Amortisation of intangible assets	774	812
Items recognised in operating expenses:	**-**	**-**
Depreciation of investment property	-	-

EMPLOYEE BENEFITS EXPENSE

PERSONNEL COSTS	**Jan 1 2014– Dec 31 2014**	**Jan 1 2013 – Dec 31 2013**
Salaries and wages	6,862	8,484
Social security	620	850
Other employee benefits	180	656
Total employee benefits expense, including:	**7,662**	**9,990**
Items recognised in cost of sales	6,628	6,542
Items recognised in distribution costs	-	-
Items recognised in administrative expenses:	1,034	3,449

Note 4. OTHER INCOME AND EXPENSES

OTHER INCOME	**Jan 1 2014– Dec 31 2014**	**Jan 1 2013 – Dec 31 2013**
Reversal of impairment losses on receivables	238	33
Reversal of provision	33	-
Gain on disposal of non-current non-financial assets	-	7
Penalties and compensation/damages received	-	98
Income from re-invoicing	-	8
Sale of rights to technology	1,756	-
Grant for development work	248	248
Other	129	443
Total other income	**2,405**	**837**

OTHER EXPENSES	**Jan 1 2014– Dec 31 2014**	**Jan 1 2013 – Dec 31 2013**
Impairment losses on receivables	3,273	-
Court expenses, compensation/damages, penalties	106	-
Revaluation of inventories	-	334
Donations	5	-
Other	12	13
Total other expenses	**3,396**	**347**

Note 5. FINANCE INCOME AND COSTS

FINANCE INCOME	**Jan 1 2014– Dec 31 2014**	**Jan 1 2013 – Dec 31 2013**
Interest income	182	224
Gain on disposal of investments	411	-
Net foreign exchange gains	-	2,634
Dividend received	21,294	22,020
Other	724	40
Total finance income	**22,611**	**24,917**

FINANCE COSTS	Jan 1 2014– Dec 31 2014	Jan 1 2013 – Dec 31 2013
Interest paid	272	351
Net foreign exchange losses	1,657	-
Impairment losses on equity interests	31,733	-
Other	-	326
Total finance costs	**33,663**	**677**

Note 6. INCOME TAX AND DEFERRED INCOME TAX

The main items of the tax expense for the annual periods ended December 31st 2014 and December 31st 2013 were as follows:

INCOME TAX RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME	Jan 1 2014– Dec 31 2014	Jan 1 2013 – Dec 31 2013
Current income tax	**854**	**-**
Current income tax expense	854	-
Adjustments to current income tax for previous years	-	-
Deferred income tax	**-7,082**	**24**
Income tax recognised in profit or loss	**-6,228**	**24**
Income tax on other comprehensive income	**-**	**-**

INCOME TAX RECOGNISED IN EQUITY	Jan 1 2014– Dec 31 2014	Jan 1 2013 – Dec 31 2013
Current income tax	**-**	**-**
Current income tax expense	-	-
Deferred income tax	**-**	**-**
Tax on net gain/(loss) on revaluation of cash flow hedges	-	-
Tax benefit / (tax expense) recognised in equity	**-**	**-**

CURRENT INCOME TAX	2014	2013
Profit/loss before tax	**-15,650**	**14,930**
Non-taxable income and previous years' income increasing tax base	-11,534	-27,079
Non-tax-deductible costs and previous years' costs decreasing tax base	40,343	5,285
Taxable income	**13,160**	**-6,864**
Deductions from income – donation, loss	1,965	-
Tax base	**11,195**	**-**
Income tax at 19%	2,127	-
Tax credits	1,728	-
Income tax payable	399	-
Effective income tax rate **(share of income tax in profit before tax)**	**-**	**-**

The current portion of the income tax was calculated as 19% of the income tax base.

A tax of PLN 454,770 was paid in the USA.

Item	Dec 31 2014 carrying amount	Dec 31 2014 amount recognised in profit or loss	Dec 31 2013 carrying amount	Dec 31 2013 amount recognised in profit or loss
Deferred tax liabilities				
Accelerated tax depreciation/amortisation	1,540	-396	1,935	92
Lease (net)	37	-14	51	-14
Foreign exchange gains	-	-	496	489
Other	56	-469	28	28
Deferred tax liabilities	**1,632**	**-878**	**2,510**	**595**
Deferred tax assets				
Provision for length-of-service awards and bonuses	212	-57	270	-67
Provision for accrued holiday entitlements	46	6	40	20
Other provisions	861	310	557	551
Foreign exchange losses	378	343	35	-
Salaries, wages and social security contributions payable in subsequent periods	23	-8	31	-63
Settlement of grant	569	-47	616	-3
Lease liabilities	57	-47	105	70
Write-downs of inventories	-	-108	171	63
Impairment losses on receivables	132	126	-	-
Impairment losses on investment	6,255	5,686	505	-
Deferred tax assets	**8,533**	**6,203**	**2,330**	**571**

Note 7. ASSETS HELD FOR SALE

Held-for-sale assets are presented by the Company as a separate item of assets.

Item	Dec 31 2014	Dec 31 2013
Financial assets	-361	361
Assets held for sale	**-**	**361**

As at December 31st 2014, the Company no longer carried the assets held for sale of PLN 361 thousand as its interest in SECO/WARWICK Tianjin had been sold.

Note 8. DIVIDENDS PROPOSED OR APPROVED BY WAY OF RESOLUTION BY THE DATE OF APPROVAL OF THESE FINANCIAL STATEMENTS

On May 30th 2014, the Annual General Meeting of SECO/WARWICK S.A. passed Resolution No. 19 on allocation of profit for the period from January 1st to December 31st 2013. Under the resolution, PLN 8,053,377.75 was allocated for payment of dividend to shareholders. The dividend per share was PLN 0.75. The dividend record date and dividend payment date were set for June 16th 2014 and July 1st 2014, respectively.

On March 31st 2014, the Company received a dividend of PLN 9,095.4 thousand from its wholly-owned subsidiary Retech Systems LLC.

On May 27th 2014, the Annual General Meeting of SECO/WARWICK EUROPE Sp. z o.o. resolved to distribute the company’s net profit of PLN 22,198,843.38 as dividend. In 2013, the Company received an interim dividend of PLN 10,000,000. On June 26th 2014, a portion of the final dividend of PLN 8,000,000 was paid to the Company, and on July 18th 2014 the Company received the balance of PLN 4,198,843.38.

Note 9. PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment (by type) in the period Jan 1–Dec 31 2013

Item	Land	Buildings and structures	Machinery and equipment	Vehicles	Other	Total
Gross carrying amount as at Jan 1 2013	**840**	**12,401**	**13,030**	**4,160**	**1,479**	**31,910**
Increase, including:	**-**	**57**	**222**	**617**	**4**	**901**
assets acquired	-	-	222	110	4	**337**
assets generated internally	-	57	-	-	-	**57**
concluded lease agreements	-	-	-	507	-	**507**
Decrease, including:	**790**	**11,195**	**12,800**	**2,762**	**1,389**	**28,936**
Disposals	-	-	6	247	-	**253**
Contribution of organised part of business	790	11,195	12,794	2,515	1,389	**28,683**
Gross carrying amount as at Dec 31 2013	**50**	**1,264**	**450**	**2,015**	**94**	**3,874**
Cumulative depreciation as at Jan 1 2013	**-**	**3,226**	**6,133**	**2,029**	**917**	**12,306**
Increase, including:	**-**	**66**	**62**	**385**	**5**	**519**
Depreciation	-	66	62	385	5	**519**
Decrease, including:	-	**2,719**	**6,019**	**1,802**	**855**	**11,396**
sale	-	-	3	206	-	**209**
contribution of organised part of business	-	2,719	6,016	1,596	855	**11,187**
Cumulative amortisation as at Dec 31 2013	**-**	**574**	**175**	**611**	**68**	**1,428**
Impairment losses as at Jan 1 2013	-	-	**-**	-	-	**-**
Impairment losses as at Dec 31 2013	**-**	-	-	-	-	**-**
Net carrying amount as at Dec 31 2013	**50**	**689**	**276**	**1,404**	**26**	**2,446**

Changes in property, plant and equipment (by type) in the period Jan 1–Dec 31 2014

Item	Land	Buildings and structures	Machinery and equipment	Vehicles	Other	Total
Gross carrying amount as at Jan 1 2014	**50**	**1,264**	**450**	**2,015**	**94**	**3,874**
Increase, including:	**-**	**-**	**5**	**-**	**-**	**5**
assets acquired	-	-	5	-	-	**5**
Decrease, including:	**-**	**-**	**-**	**88**	**-**	**88**
Other	-	-	-	88	-	**88**
Gross carrying amount as at Dec 31 2014	**50**	**1,264**	**455**	**1,928**	**94**	**3,790**
Cumulative amortisation as at Jan 1 2014	**-**	**574**	**175**	**611**	**68**	**1,428**

Increase, including:	**-**	**68**	**82**	**416**	**5**	**572**
Depreciation	-	68	82	416	5	**572**
Decrease, including:	-	**-**	**-**	**38**	**-**	**38**
Other	-	-	-	38	-	**38**
Cumulative amortisation as at Dec 31 2014	**-**	**642**	**257**	**989**	**73**	**1,961**
Impairment losses as at Jan 1 2014	-	-	**-**	-	-	**-**
Impairment losses as at Dec 31 2014	**-**	-	-	-	-	**-**
Net carrying amount as at Dec 31 2014	**50**	**622**	**198**	**938**	**21**	**1,829**

OWNERSHIP STRUCTURE – net value	**Dec 31 2014**	**Dec 31 2013**
Owned	1,590	2,446
Used under lease, tenancy or similar contract	239	-
Total	**1,829**	**2,446**

As at December 31st 2014, the Company analysed information from external and internal sources for any indication of the need to test assets for impairment. As no indication of impairment of the Company's property, plant and equipment was found, no impairment testing was performed.

Gross value of items of property, plant and equipment which had a net value of zero but were still used as at December 31st 2014, was PLN 100 thousand (December 31st 2013: PLN 40 thousand).

Tangible assets under construction:

Tangible assets under construction as at Jan 1 2013	*Expenditure incurred in the financial year*	*Accounting for the expenditure*					*Dec 31 2013*
		Buildings, premises and civil engineering structures	*Machinery and equipment*	*Vehicles*	*Other*	*Intangible assets*	
4	**901**	57	222	617	4	4	**-**

Tangible assets under construction as at Jan 1 2014	*Expenditure incurred in the financial year*	*Accounting for the expenditure*					*Dec 31 2014*
		Buildings, premises and civil engineering structures	*Machinery and equipment*	*Vehicles*	*Other*	*Transferred with organised part of business*	
-	**-**	-	-	-	-	-	**-**

Value and area of land held in perpetual usufruct as at Dec 31 2013

Address	**Number of entry in the Land and Mortgage Register**	**Lot No.**	**Surface area [sq m] as at Dec 31 2013**	**Value as at Dec 31 2013**
ul. Sobieskiego 8, Świebodzin, Poland	KW 9507	951/1	712	40
ul. Sobieskiego 8, Świebodzin, Poland	KW 9507	94/6	1,121	10
		Total	**1,833**	**50**

On December 21st 2010, SECO/WARWICK S.A. signed a USD 2,500 thousand investment credit agreement with mBank Spółka Akcyjna (formerly BRE Bank Spółka Akcyjna). The facility was taken to finance 10% of the purchase cost of five shares in Retech Systems LLC.
The borrowing was secured with a blanket ordinary mortgage of USD 2,500 thousand and a blanket ceiling mortgage of up to USD 250 thousand created over a property owned by the State Treasury and comprising the following lots:

- Nos. 94/21, 94/8, 94/23, 94/6, with a total area of 0.3995ha, situated at ul. Sobieskiego 8, Świebodzin
- Nos. 94/16, 94/22, with a total area of 0.1700ha, situated at ul. Sobieskiego 8, Świebodzin
- No. 94/19, with an area of 0.0214ha, situated at ul. Sobieskiego 8, Świebodzin
- No. 94/4, with an area of 0.2467ha, situated at ul. Sobieskiego 8, Świebodzin
- No. 94/7, with an area of 0.5098ha, situated at ul. Sobieskiego 8, Świebodzin
- No. 94/25, with an area of 0.1279ha, situated at ul. Sobieskiego 8, Świebodzin
- No. 195/80, with an area of 1.1605ha, situated at ul. Świerczewskiego 76, Świebodzin
- No. 195/94, with an area of 0.0221ha, situated at ul. Świerczewskiego 76, Świebodzin
- as well as buildings and structures situated on the above lots, owned by the borrower, and on undeveloped lot No. 94/14, owned by the borrower, with an area of 0.1030ha, situated at ul. Sobieskiego 8, Świebodzin.

In 2012, the lots originally marked with numbers 94/8, 94/21 and 94/23 were combined to become lot No 951. Then lot No. 951 with an area of 0.2874ha was divided into two lots: No. 951/1 with an area of 0.0712ha and No. 951/2 with an area of 0.2162ha.

Value and area of land held in perpetual usufruct as at Dec 31 2014

Address	Number of entry in the Land and Mortgage Register	Lot No.	Surface area [sq m] as at Dec 31 2014	Value as at Dec 31 2014
ul. Sobieskiego 8, Świebodzin, Poland	KW 9507	951/1	712	40
ul. Sobieskiego 8, Świebodzin, Poland	KW 9507	94/6	1,121	10
		Total	**1,833**	**50**

Note 10. INTANGIBLE ASSETS

OWNERSHIP STRUCTURE – net value	Dec 31 2014	Dec 31 2013
Owned	11,006	11,404
Used under lease, tenancy or similar contract	-	-
Total	**11,006**	**11,404**

As at December 31st 2014 and December 31st 2013, the Company carried no intangible assets held for sale.

As at December 31st 2014 and December 31st 2013, the Company carried no fully amortised intangible assets that were still used and controlled by the Company.

Changes in intangible assets (by type) in the period January 1st–December 31st 2013

Item	*Development expense*	*Patents and licences, software*	*Other intangible assets*	*Total*
Gross carrying amount as at Jan 1 2013	**9,671**	**2,790**	**3,453**	**15,914**
Increase, including:	**624**	**-**	**-**	**624**
under development	624	-	-	**624**
Decrease, including:	**-**	**2,075**	**12**	**2,087**
contribution of organised part of business	-	2,075	12	**2,087**
Gross carrying amount as at Dec 31 2013	**10,295**	**715**	**3,441**	**14,451**
Cumulative amortisation as at Jan 1	**928**	**1,555**	**1,023**	**3,506**

The general information and notes included in pages 10–59 form an integral part of these financial statements.

2013				
Increase, including:	**611**	**126**	**75**	**812**
Depreciation	611	126	75	**812**
Decrease, including:	**-**	**1,264**	**7**	**1,271**
contribution of organised part of business	-	1,264	7	**1,271**
Cumulative amortisation as at Dec 31 2013	**1,539**	**417**	**1,091**	**3,047**
Impairment losses as at Jan 1 2013	-	-	-	**-**
Impairment losses as at Dec 31 2013	-	-	-	**-**
Net carrying amount as at Dec 31 2013	**8,756**	**298**	**2,350**	**11,404**

Changes in intangible assets (by type) in the period January 1st–December 31st 2014

Item	*Development expense*	*Patents and licences, software*	*Other intangible assets*	*Total*
Gross carrying amount as at Jan 1 2014	**10,295**	**703**	**3,453**	**14,451**
Increase, including:	**2,273**			**2,273**
acquisitions	2,273	-	-	**2,273**
Decrease, including:	**230**	**703**	**1,815**	**2,748**
Disposals	230	703	1,815	**2,748**
Gross carrying amount as at Dec 31 2014	**12,337**	**-**	**1,638**	**13,976**
Cumulative amortisation as at Jan 1 2014	**1,539**	**319**	**1,189**	**3,047**
Increase, including:	**604**	**26**	**143**	**774**
amortisation	604	26	143	**774**
Decrease, including:	**143**	**345**	**363**	**851**
sale	143	345	363	**851**
Cumulative amortisation as at Dec 31 2014	**2,001**	**-**	**969**	**2,970**
Impairment losses as at Jan 1 2014	-	-	-	**-**
Impairment losses as at Dec 31 2014	-	-	-	**-**
Net carrying amount as at Dec 31 2014	**10,337**	**-**	**669**	**11,006**

Intangible assets are not pledged as security for liabilities.

Note 11. INVESTMENT PROPERTY

Item	**Dec 31 2014**	**Dec 31 2013**
Opening balance	**-**	409
Increase (subsequent expenditure), including:	**-**	**-**
Decrease, including:	**-**	**-**
Contribution of organised part of business	**-**	409
Closing balance	**-**	-

Item	**Dec 31 2014**	**Dec 31 2013**
Gross carrying amount – opening balance	**-**	**527**
Increase, including:	**-**	**-**
Decrease, including:	**-**	**527**
Transfer of organised part of business	-	527
Carrying amount – closing balance	**-**	**-**
Cumulative depreciation – opening balance	**-**	**118**
Increase:	**-**	**-**
Decrease, including:	**-**	**118**
Contribution of organised part of business	-	118

Cumulative depreciation – closing balance	**-**	**-**
Impairment losses – opening balance	**-**	**-**
Impairment losses – closing balance	-	-
Net carrying amount – closing balance	**-**	**-**

In the annual periods ended December 31st 2014 and December 31st 2013, the Company did not generate lease income.

Note 12. INVESTMENTS IN SUBSIDIARIES, JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

Investments in subordinated entities carried at cost

Shares in subordinated entities	Dec 31 2014	Dec 31 2013
subsidiaries	157,039	184,680
jointly-controlled entities*	-	361
associates	4,228	4,228

*Discontinued operations

Change in investments in subsidiaries

Item	2014	2013
At beginning of the period	**184,680**	**83,867**
Increase during the period, including:		
- reclassification (acquisition of control over S/W Allied)	-	12,921
- acquisition of shares in S/W Allied	-	6,416
- acquisition of shares in SECO/WARWICK EUROPE in connection with transfer of organised part of business	-	62,757
- acquisition of shares in SECO/WARWICK Brasil	-	18,718
Decrease during the period, including:		
- impairment loss on investment in SECO/WARWICK Allied	8,286	-
- impairment loss on investment in SECO/WARWICK Retech	3,675	-
- impairment loss on investment in SECO/WARWICK do Brasil	19,772	-
As at end of the period	**157,039**	**184,680**

Change in investments in jointly-controlled and associated entities

Item	2014	2013
At beginning of the period	**4,590**	**13,926**
Increase during the period, including:		
- additional contribution to OOO SCT equity*	-	504
- in-kind contribution to OOO SCT*	-	3,081
Decrease during the period, including:		
- reclassification (acquisition of control over S/W Allied)	-	12,921
- impairment loss on investment in SECO/WARWICK Tianjin	361	-
As at end of the period	**4,228**	**4,590**
Including discontinued operations	-	361

* Change of status of OOO SCT from a subsidiary to an associate

Investments in subsidiary, jointly-controlled and associated entities

Dec 31 2014	Carrying amount of shares as at Dec 31 2014	Ownership interest (%)	% of the total vote	Method of consolidation	Assets	Liabilities	Revenue	Net profit/(loss)
OF SECO/WARWICK EUROPE	70,407	100%	100%	full	210,616	102,335	229,247	25,084
SECO/WARWICK Corporation	21,806	100%	100%	full	48,173	44,677	79,743	-1,899
SECO/WARWICK Rus	172	100%	100%	full	5,004	4,903	6,976	590
RETECH Systems LLC	50,863	100%	100%	full	70,821	18,849	93,060	1,161
SECO/WARWICK ALLIED	13,791	75%	75%	full	66,324	55,787	35,922	-7,311
SECO/WARWICK Retech	-	90%	90%	full	12,056	14,634	8,233	-4,270
OOO SCT Russia	4,228	50%	50%	equity method	4,726	950	267	-67
SECO/WARWICK GmbH	-	100%	100%	full	2,845	2,669	46	-145
SECO/WARWICK Service GmbH	-	100%	100%	full	6,574	7,234	17,092	6
SECO/WARWICK do Brasil	-	100%	100%	full	8,311	9,822	4,480	-3,517
Dec 31 2013								
OF SECO/WARWICK EUROPE	70,414	100%	100%	full	214,787	96,634	224,213	22,199
SECO/WARWICK Corporation	21,806	100%	100%	full	54,189	47,185	94,213	-3,552
SECO/WARWICK Rus	172	100%	100%	full	4,354	4,858	12,223	-686
RETECH Systems LLC	50,863	100%	100%	full	73,896	20,488	160,299	12,510
SECO/WARWICK ALLIED	19,337	67%	67%	full	55,114	39,161	19,208	-4,267
SECO/WARWICK Retech	3,370	90%	90%	full	9,238	7,988	11,611	-4,340
OOO SCT Russia	4,228	50%	50%	equity method	7,555	747	-	-1,080
SECO/WARWICK GmbH	-	100%	100%	full	3,950	3,634	981	798
SECO/WARWICK Service GmbH	-	100%	100%	full	6,561	7,208	8,824	-1,497
SECO/WARWICK do Brasil	18,718	100%	100%	full	6,087	4,237	5,015	-955

Note 13. TEST FOR IMPAIRMENT OF SHARES

Tests for impairment of shares

The Company carried out tests for impairment of shares held in subsidiaries: Seco/Warwick Allied Pvt. Ltd., Seco/Warwick do Brasil Ind. de Fornos Ltda., Seco/Warwick Corp., Retech Systems LLC, and Seco/Warwick Retech Thermal Equipment Manufacturing Tianjin Co. Ltd. In the course of the tests, impairment of shares were recognised in the companies listed below. The recoverable amounts attributable to individual cash-generating units were determined based on their calculated value in use.

Cash-generating unit

In each case, value in use was calculated based on the 2015 budget and projections for the following four years. The projections reflect the management's business experience and an analysis of third-party information. The table below presents the key assumptions concerning the discount rate and the estimated growth rate after the period of detailed projections:

Item	*Seco/Warwick Allied Pvt. Ltd.*	*Seco/Warwick do Brasil Ind. de Fornos Ltda.*	*Seco/Warwick Corp. (USA)*	*Retech Systems LLC (USA)*	*Seco/Warwick Retech Thermal Equipment Manufacturing Tianjin Co. Ltd.*
Average discount rate	13.2%	13.1%	9.4%	8.2%	11.1%
Growth rate	13.10%	31.2%	6.8%	7.6%	0.0%
Growth rate after the forecast period	3.5%	3.5%	1.0%	1.0%	1.0%
Loss of value	-8,286	-19,772	NO	NO	-3,675

Other important assumptions for the calculation of the value in use are as follows:

Estimates of the value in use of a cash-generating unit are sensitive to changes of the following variables:

- free cash flows;
- discount rates;
- market share in the projection period.

Free cash flows are estimated based on historical data concerning individual cash-generating units and forecast operating profit, depreciation and amortisation, capital expenditure, changes in non-cash current assets and non-financial liabilities.

The discount rate reflects the management's assessment of the risk inherent in the company's operations. It is used by the management to assess the operating efficiency (performance) and future investment proposals. The discount rate was determined taking into account the risk-free interest rate determined for each period covered by the projection as the arithmetic mean of the following: median of the forecast risk-free interest rates calculated by stock-exchange analysts and estimated future risk-free interest rates.

Growth rates are estimated based on the published findings of industry research.

Assumptions regarding the market are material because – in addition to using industry data to determine the growth rate – the management assesses how the assets and financial standing of individual cash-generating units may change over the budget period relative to their peers. The management expects the market share to remain stable over the projection period.

Sensitivity to changes of assumptions
In testing equity interests for impairment, a simulation of the recoverable amount was used, with the discount rates in 2015–2019 changed for each company:

Item	*Seco/Warwick Allied Pvt. Ltd.*	*Seco/Warwick do Brasil Ind. de Fornos Ltda.*	*Seco/Warwick Corp. (USA)*	*Retech Systems LLC (USA)*	*SECO/WARWICK Retech*
			Recoverable amount:		
Discount rates assumed in the test	13,791	-948	40,965	123,275	-702
Discount rates increased by 1%	11,460	-1,092	37,032	106,865	-891
Discount rates increased by 3%	7,884	-1,318	31,214	84,187	-1,158

Note 14. INVENTORIES
Inventories are measured at the lower of cost and net realisable value as at the reporting date. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories	**Dec 31 2014**	**Dec 31 2013**
Materials (at cost)	-	-
Semi-finished products and work in progress	-	-
Finished goods	-	-
Merchandise	-	-
Prepaid deliveries	-	-
Total inventories (carrying amount)	**-**	**-**
Write-downs of inventories	-	901
Gross inventories	**-**	**901**

CHANGE IN INVENTORY WRITE-DOWNS

Item	**Dec 31 2014**	**Dec 31 2013**
Impairment losses as at beginning of the period	**901**	**567**
Increase, including:	**-**	**334**
- write-downs recognised	-	334
Decrease, including:	**-**	**-**
- write-downs reversed	901	-
Write-downs of finished goods at end of the period	**-**	**901**

Note 15. LONG-TERM CONTRACTS

In the annual periods ended December 31st 2014 and December 31st 2013, the Company did not enter into any agreements accounted for as long-term contracts.

Note 16. TRADE AND OTHER RECEIVABLES

Item	Dec 31 2014	Dec 31 2013
a) from related entities	**7,219**	**7,854**
- trade receivables maturing in 12 months or less:	7,219	7,854
b) from other entities	**2,870**	**2,642**
- trade receivables maturing in 12 months or less:	2,722	871
- taxes, grants, customs duties, social security and other benefits receivable	41	40
- other	107	1,731
Total trade and other receivables, net	**10,089**	**10,496**
c) impairment losses on receivables	3,935	834
Total trade and other receivables, gross	**14,024**	**11,330**

As at December 31st 2014, trade receivables of PLN 3,935 thousand (2013: PLN 834 thousand) were classified as unrecoverable and, accordingly, a relevant impairment loss was recognised.

The changes in impairment losses on receivables were as follows:

CHANGE IN IMPAIRMENT LOSSES ON TRADE AND OTHER RECEIVABLES	Dec 31 2014	Dec 31 2013
Change in impairment losses on receivables from related entities		
Impairment losses as at beginning of the period	**-**	**-**
a) increase:	**3,249**	**-**
- trade receivables	3,249	-
b) decrease:	**-**	**-**
Impairment losses on trade receivables from related entities as at end of the period	**3,249**	**-**
Change in impairment losses on receivables from other entities		
Impairment losses as at beginning of the period	**834**	**1,258**
a) increase, including:	**-**	**-**
- trade receivables	24	-
b) decrease, including:	**-**	**424**
- reversal of impairment losses on trade receivables	172	424
Impairment losses on trade receivables from other entities as at end of the period	**686**	**834**
Impairment losses on trade receivables as at end of the period	**3,935**	**834**

Age structure of trade receivables (gross):

Item	Dec 31 2014	Dec 31 2013
Current	3,419	7,314
Over 1 month to 6 months past due	2,126	892
Over 6 months past due	4,396	519
Total trade receivables (net)	**9,941**	**8,725**
Impairment losses on trade receivables	3,935	834
Total trade receivables (gross)	**13,876**	**9,559**

Trade and other receivables (gross) by currency:

Item	Dec 31 2014		Dec 31 2013	
	in foreign currency	restated in PLN	in foreign currency	restated in PLN
PLN	-	1,317	-	3,024
EUR	22	92	102	423
USD	2,433	8,532	1,746	5,397
Total		**9,941**		**8,725**

In the years ended December 31st 2014 and December 31st 2013, the Company did not pursue payment of any of its trade receivables through court action.

Contingent receivables

As at December 31st 2014 and December 31st 2013, the Company had not received any guarantees.

Note 17. OTHER FINANCIAL ASSETS AND LIABILITIES

No loans were advanced by SECO/WARWICK S.A. to members of the Management Board or the Supervisory Board in 2014.

LOANS ADVANCED	Dec 31 2014	Dec 31 2013
Total gross loans advanced	5,083	5,041
Impairment loss	821	821
Total net loans advanced	**4,262**	**4,220**
- non-current	361	-
- current	3,901	4,220

On March 21st 2014, SECO/WARWICK S.A. advanced a RUB 6,000 thousand loan to its associate OOO SCT. The loan amount in the Polish currency is PLN 505.8 thousand. The loan is to be repaid by February 26th 2016.

On June 17th 2014, associate OOO SCT repaid a loan of RUB 6,000 thousand advanced to it on November 21st 2013. The loan amount in PLN was PLN 532 thousand.

On June 27th 2014, SECO/WARWICK S.A. advanced a EUR 220 thousand loan to its subsidiary, SECO/WARWICK Service GmbH. The loan amount in the Polish currency is PLN 914 thousand. The loan is to be repaid by December 31st 2015.

On July 18th 2014, subsidiary SECO/WARWICK GmbH repaid a portion of a EUR 220 thousand loan advanced to it on December 17th 2012. The loan amount in PLN was PLN 910 thousand.

LOANS RECEIVED

On June 23rd 2014, SECO/WARWICK EUROPE Sp. z o.o. advanced a EUR 220 thousand loan to its parent, SECO/WARWICK S.A. The loan was repaid on July 21st 2014.

OTHER FINANCIAL ASSETS AND LIABILITIES

	Dec 31 2014		Dec 31 2013	
	Assets	Liabilities	Assets	Liabilities
Liabilities arising from the purchase of shares in SECO/WARWICK do Brasil	-	4,020	-	7,383
Lease liabilities	-	300	-	550
Total financial assets and liabilities at fair value	**-**	**4,320**	**-**	**7,933**

through profit or loss

- non-current	-	17	-	3,981
- current	-	4,303	-	3,952
Total hedging instruments	**-**	**-**	**-**	**-**

Disclosures of derivative financial instruments which qualify for hedge accounting

As at December 31st 2014 and December 31st 2013, the Company did not enter into any derivative transactions. The Company did not apply hedge accounting.

Note 18. PREPAYMENTS AND ACCRUED INCOME

Item	Dec 31 2014	Dec 31 2013
Insurance policies	41	80
Subscriptions	2	2
VAT to be settled in the following period	43	47
Lease of software	16	18
Other	16	77
Total current prepayments and accrued income	**119**	**224**

Note 19. CASH AND CASH EQUIVALENTS

Item	Dec 31 2014	Dec 31 2013
Cash at banks and cash in hand	9,474	10,288
Short-term deposits	-	-
Other cash equivalents	-	-
Total cash and cash equivalents	**9,474**	**10,288**

CASH AND CASH EQUIVALENTS (BY CURRENCY):

Item	Dec 31 2014		Dec 31 2013	
	in foreign currency	restated in PLN	in foreign currency	restated in PLN
PLN	-	6,883	-	7,380
EUR	264	1,126	631	2,617
USD	417	1,462	96	290
GBP	0.7	4	0.2	1
Total		**9,474**		**10,288**

Note 20. SHARE CAPITAL AND STATUTORY RESERVE FUNDS/CAPITAL RESERVES

Share capital

Item	Dec 31 2014	Dec 31 2013
Number of shares	10,737,837	10,680,197
Par value of shares	0.2	0.2
Share capital	2,148	2,136
Share capital restated using hyperinflation index (IAS 29)	1,557	1,557

Share capital at end of the period	**3,704**	**3,693**

Share capital structure:

Shareholder	Type of preference attached to shares	Type of limitation on rights to shares	Number of shares
SW Poland Holding B.V. (Netherlands)	None	-	3,387,139
Spruce Holding Limited Liability Company (USA)	None	-	1,419,294
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	None	-	904,794
Funds represented by PKO BP BANKOWY PTE S.A.	None	-	849,698
Bleauhard Holdings LLC	None	-	743,456
ING NN OFE	None	-	600,000
AMPLICO	None	-	577,470
Other	None	-	2,255,986
TOTAL			**10,737,837**

Changes in share capital	Jan 1 2014–Dec 31 2014	Jan 1 2013–Dec 31 2013
Share capital at beginning of the period	**3,693**	**3,652**
Share capital increases during the period		
capital increase – management stock options	12	41
Share capital restated using hyperinflation index (IAS 29)	-	-
Share capital reductions during the period	**-**	**-**
Share capital at end of the period	**3,704**	**3,693**

Other components of equity

Item	Statutory reserve funds	Other components of equity
Balance as at Jan 1 2013	**165,531**	**-**
Increase:		
Profit distributions	5,689	-
Valuation of management stock options	-	3,147
Decrease:		
Balance as at Dec 31 2013	**171,219**	**3,147**
Increase:		
Profit distributions	6,852	-
Capital allocated for share buyback	-	41,750
Management stock options	-	1,836
Decrease:		
Dividend paid		-
Transfer to other components of equity	-41,750	-
Balance as at Dec 31 2014	**136,322**	**46,733**

Note 21. RETAINED EARNINGS/(DEFICIT)

Retained earnings/(deficit) include non-distributable amounts (amounts that are not available for distribution as dividends):

Item	Dec 31 2014	Dec 31 2013
Retained earnings/(deficit)	**-6,520**	**17,808**
Current net profit/(loss)	-9,422	14,906
Retained reserves	2,902	2,902

Note 22. FINANCIAL LIABILITIES

Item	Dec 31 2014	Dec 31 2015
Bank borrowings	9,505	11,572
Other financial liabilities:	4,320	7,933
- lease liabilities	*300*	*550*
- liabilities arising from the purchase of shares in SECO/WARWICK do Brasil	*4,020*	*7,383*
Total financial liabilities	**13,824**	**19,505**
- non-current	5,551	12,143
- current	8,273	7,362

Bank and other borrowings:

Item	Amount of liability		Interest rate
Investment overdraft facilities			
	Dec 31 2014	Dec 31 2013	
MBANK S.A.	1,754	3,012	LIBOR 1M +1.55%
BANK HANDLOWY	7,751	8,560	LIBOR 3M +1.80%
Total borrowings	**9,505**	**11,572**	

Non-current and current bank and other borrowings as at December 31st 2014 and December 31st 2013:

Name and registered office of lender	Borrowing amount		Repayment date	Security
	PLN	Currency (USD)		
MBANK S.A. investment facility	1,754	500	Dec 31 2015	Ordinary mortgage for USD 2,500 thousand Ceiling mortgage for USD 250 thousand Submission to enforcement for up to USD 2,750 thousand
BANK HANDLOWY investment facility	7,751	2,210	Apr 27 2018	mortgage of up to USD 3,750 thousand, SECO/WARWICK EUROPE Sp. z o.o.'s surety under civil law
Total as at Dec 31 2014	**9,505**	**X**	**x**	

Name and registered office of lender	Borrowing amount		Repayment date	Security
	PLN	Currency (USD)		
MBANK S.A. investment facility	3,012	1,000	Dec 31 2015	Ordinary mortgage for USD 2,500 thousand Ceiling mortgage for USD 250 thousand Submission to enforcement for up to USD 2,750 thousand
BANK HANDLOWY investment facility	8,560	2,842	Apr 27 2018	mortgage of up to USD 3,750 thousand, SECO/WARWICK EUROPE Sp. z o.o.'s surety under civil law
Total as at Dec 31 2013	**11,572**	**X**	**x**	

Borrowings by maturity:

Item	Dec 31 2014	Dec 31 2013
Current bank and other borrowings	3,970	3,410
Non-current bank and other borrowings	5,534	8,162
- repayable in more than 1 year, up to 3 years	*4,433*	*7,217*
- repayable in more than 3 years, up to 5 years	*1,101*	*945*
Total bank and other borrowings	**9,505**	**11,572**

Bank and other borrowings by currency:

Item	Dec 31 2014		Dec 31 2013	
	Value in foreign currency	Value in PLN	Value in foreign currency	Value in PLN
USD	2,710	9,505	3,842	11,572
Total bank and other borrowings	**x**	**9,505**	**x**	**11,572**

Credit lines and other facilities as at Dec 31 2014:

Lender	Overdraft facility	Bank loan	Borrowing amount as per agreement	Interest	Repayment date	Security
MBANK S.A.	-	1,754	Credit agreement No. 29/058/10/D/IN for a USD 2,500 thousand investment facility	USD 1M LIBOR + 1.55%	Dec 31 2015	Ordinary mortgage for USD 2,500 thousand Ceiling mortgage for USD 250 thousand Submission to enforcement for up to USD 2,750 thousand
BANK HANDLOWY	-	7,751	Credit agreement No. BDK/KR-D/000009908/0028/13 for a USD 3,000 thousand investment facility	LIBOR USD 3M + 1.80%	Apr 27 2018	mortgage of up to USD 3,750 thousand, SECO/WARWICK EUROPE Sp. z o.o.'s surety under civil law
Total	-	**9,505**				

As at December 31st 2014, SECO/WARWICK S.A. did not use any available overdraft facility.

Credit and other facilities as at Dec 31 2013:

Lender	Overdraft facility	Bank loan	Borrowing amount as per agreement	Interest	Repayment date	Security
MBANK S.A.	-	3,012	Credit agreement No. 29/058/10/D/IN for a USD 2,500 thousand investment facility	USD 1M LIBOR + 1.55%	Dec 31 2015	Ordinary mortgage for USD 2,500 thousand Ceiling mortgage for USD 250 thousand Submission to enforcement for up to USD 2,750 thousand
BANK HANDLOWY	-	8,560	Credit agreement No. BDK/KR-D/000009908/0028/13 for a USD 3,000 thousand investment facility	LIBOR USD 3M + 1.80%	Apr 27 2018	mortgage of up to USD 3,750 thousand, SECO/WARWICK EUROPE Sp. z o.o.'s surety under civil law
Total	-	**11,572**				

As at December 31st 2013, SECO/WARWICK S.A. did not use any available overdraft facility.

LEASES

As at December 31st 2014, the future minimum lease payments under these lease agreements and the net present value of the minimum lease payments were as follows:

Item	Dec 31 2014 Minimum lease payments	Dec 31 2014 Present value of the lease payments	Dec 31 2013 Minimum lease payments	Dec 31 2013 Present value of the lease payments
Up to 1 year	320	283	250	187
From 1 year to 5 years	23	17	479	363
Total minimum lease payments	**343**	**300**	**729**	**550**
Future interest expense	43		179	
Present value of minimum lease payments, including:	**343**	**300**	**550**	**550**
Current	320	283	187	187
Non-current	23	17	187	363

Note 23. TRADE PAYABLES AND OTHER LIABILITIES

TRADE PAYABLES AND OTHER LIABILITIES	**As at Dec 31 2014**	**Dec 31 2013**
a) trade payables maturing in 12 months or less	4,251	1,027
b) prepaid deliveries	-	1,773
c) taxes, customs duties, social security and other benefits payable (net of income tax)	360	966
d) salaries and wages payable	301	422
e) other	82	1,822
TOTAL	**4,994**	**6,010**

Trade payables and other current liabilities by currency:

Item	**Dec 31 2014** in foreign currency	**Dec 31 2014** restated in PLN	**Dec 31 2013** in foreign currency	**Dec 31 2013** restated in PLN
PLN	-	2,156	-	3,615
EUR	27	116	574	2,381
USD	776	2,722	4	13
Total	**x**	**4,994**	**x**	**6,010**

Trade payables by delinquency period:

Item	*Total*	*Not past due*	*Past due but recoverable* < 30 days	*30–60 days*	*60–90 days*	*90–180 days*	*>180 days*
Dec 31 2014	**4,251**	4,251					
Dec 31 2013	**2,800**	2,800					

Other current liabilities by delinquency period:

Item	*Total*	*Not past due*	*Past due but recoverable* < 30 days	*30–60 days*	*60–90 days*	*90–180 days*	*>180 days*
Dec 31 2014	**743**	743					

Dec 31 2013	**3,210**	3,210

Contingent liabilities

Contingent liabilities under guarantees and sureties issued amounted to PLN 25,804 thousand as at the end of 2014, and to PLN 18,358 thousand as at the end of 2013. The guarantees were issued in respect of:

APG → advance payment guarantee
CRG → credit repayment guarantee
PBG → performance bond
CRB → credit repayment bond

Social assets and liabilities of the Company Social Benefits Fund

The Act on Company Social Benefits Fund of March 4th 1994 (as amended) stipulates that an employer should set up a Company Social Benefits Fund if it has more than 20 full-time employees. The Company has set up such a Fund and makes periodic contributions to the Fund in the amount of the basic contribution / contribution agreed upon with the trade unions. Additionally, the Fund holds property, plant and equipment. The Fund is used to subsidise the Company's social activity, loans advanced to the employees and other social expenses.

The Company set off the Fund's assets against its liabilities towards the Fund, as the Fund's assets do not represent a separate asset category.

The table below presents analytic data on the Fund's assets, liabilities and expenses, as well as the net balance of the Fund.

Item	Dec 31 2014	Dec 31 2013
Total tangible assets contributed to the Fund		
Loans advanced to employees	7	-
Cash	8	15
Liabilities to the Fund	15	14
Net balance	-	1
Contributions to the Fund during financial period	26	26

Investment commitments

As at December 31st 2014, SECO/WARWICK S.A. had an investment commitment related to the purchase of shares in Engefor Engenharia Industria e Comerci Ltda 9 (current name: SECO/WARWICK do Brasil Ind. de Fornos Ltda.) in the amount PLN 4,020 thousand (December 31st 2013: PLN 7,383 thousand). This liability is to be settled in 2015.

Note 24. PROVISIONS

EMPLOYEE BENEFITS

Retirement benefits and other post-employment benefits

The Company does not recognise a provision for the present value of its obligation to pay retirement.

Provision for retirement bonuses and similar benefits

NON-CURRENT PROVISION FOR RETIREMENT BONUSES AND BENEFITS	Jan 1– Dec 31 2014	Jan 1– Dec 31 2013
as at beginning of the period	-	238
transfer of organised part of business	-	238
as at end of the period	**-**	**-**

CURRENT PROVISION FOR RETIREMENT AND SIMILAR BENEFITS (BY CATEGORY)	Jan 1– Dec 31 2014	Jan 1– Dec 31 2013
1. Provision for accrued holiday entitlements		
a) as at beginning of the period	**210**	**594**
b) increase	30	103
- provision recognised	30	103

c) transfer of organised part of business	-	487
d) as at end of the period	**240**	**210**
2. Provision for bonuses		
a) as at beginning of the period	**1,419**	**1,770**
b) increase	1,110	1,601
- provision recognised	1,110	1,601
c) use	-	1,741
d) reversal	1,412	210
e) as at end of the period	**1,118**	**1,419**
3. Provision for retirement bonuses		
a) as at beginning of the period	**-**	**68**
b) transfer of organised part of business	-	68
c) as at end of the period	**-**	**-**

Other provisions

CHANGE IN OTHER CURRENT PROVISIONS (BY CATEGORY)	**Jan 1– Dec 31 2014**	**Jan 1– Dec 31 2013**
Provision for projected losses/additional expenses		
- as at beginning of the period	**687**	**543**
- provision recognised	-	654
- transfer of organised part of business	-	510
- reversal	687	-
- as at end of the period	**-**	**687**
Provision for warranty repairs		
- as at beginning of the period	**-**	**1,330**
- transfer of organised part of business	-	1,330
- as at end of the period	**-**	**-**
Provision for penalties		
- as at beginning of the period	**-**	**-**
- as at end of the period	**-**	**-**

Note 25. LEASES

See Note 22 for more details.

Note 26. DEFERRED INCOME

Item	**Dec 31 2014**	**Dec 31 2013**
- grant for partial financing of tangible assets	-	-
- grant from the Polish Ministry of Science and Higher Education	4,474	4,143
- adjustment to revenue connected with settlement of long-term contracts (invoiced amount exceeding revenue recognised using the percentage of completion method)	-	319
Total deferred income, including:	**4,474**	**4,462**
Non-current	2,745	4,143
Current	1,729	319

Note 27. EXPLANATORY INFORMATION TO THE STATEMENT OF CASH FLOWS

Item	Dec 31 2014	Dec 31 2013
Cash in the statement of financial position	**9,474**	**10,288**
exchange differences on balance-sheet valuation	41	21
Total cash and cash equivalents disclosed in the statement of cash flows	**9,515**	**10,309**

Item	Dec 31 2014	Dec 31 2013
Depreciation and amortisation	**1,346**	**1,321**
amortisation of intangible assets	774	812
depreciation of property, plant and equipment	571	509
Change in provisions results from the following items:	**-960**	**407**
net change in provisions	-1,838	-6,543
elimination of change in deferred tax liabilities	878	-595
transfer of organised part of business	-	7,545
Change in inventories results from the following items:	**-**	**2,112**
net change in inventories	-	14,213
transfer of organised part of business	-	-12,101
Change in receivables results from the following items:	**407**	**-582**
balance-sheet change in current receivables	407	30,379
transfer of organised part of business	-	-30,961
Change in current liabilities (excluding financial liabilities) results from the following items:	**-1,017**	**256**
balance-sheet change in current liabilities	686	7,990
elimination of change in borrowings	2,068	-6,923
valuation of derivative instruments	-	-
Leases	249	-369
obligation to pay for shares in SECO/WARWICK do Brasil	-4,020	-9,000
transfer of organised part of business	-	8,557
Change in accruals and deferrals results from the following items:	**117**	**769**
net change in accruals and deferrals	-6,086	-7,702
elimination of change in deferred tax assets	6,203	508
reclassification of development expense	-	-624
transfer of organised part of business	-	8,587
Other:	**1,836**	**3,147**
Income tax payable (by a group for tax purposes)	-	-
Management stock options	1,836	3,147
Impairment loss on equity interests in subsidiaries	31,733	-

Note 28. RELATED PARTIES

Related party	*Year*	*Sales to related parties*	*Purchases from related parties*	*Receivables from related parties*	*Liabilities towards related parties*
OF SECO/WARWICK EUROPE					
	2014	9,122	9,419	1,317	3,706
	2013	5,713	4,051	2,904	289
SECO/WARWICK Corporation					
	2014	1,746	7	1,864	-
	2013	2,401	3	891	3
SECO/WARWICK GmbH					
	2014	-	-	-	-
	2013	-	56	-	56
SECO/WARWICK Rus					
	2014	-	-	-	-
	2013	-	-	-	-
RETECH					
	2014	1,071	-	257	-
	2013	1,640	-	751	-
SECO/WARWICK RETECH					
	2014	1,034	-	-	-
	2013	1,447	-	1,494	-
SECO/WARWICK Allied					
	2014	1,962	-	4,143	
	2013	1,691	-	1,704	-
SECO/WARWICK Service GmbH					
	2014	36	22	92	22
	2013	54	-	54	-
SECO/WARWICK do Brasil					
	2014	217	-	305	-
	2013	31	-	55	-

Note 29. KEY PERSONNEL REMUNERATION

Senior management of SECO\WARWICK S.A. comprises members of the Management and Supervisory Boards.

MANAGEMENT BOARD REMUNERATION:

Name and surname	**Remuneration for the period**	**Other benefits**	**Total remuneration for the period**
Dec 31 2014			
Paweł Wyrzykowski	1,344	40	1,384
Wojciech Modrzyk	529	25	553
Jarosław Talerzak	415	21	436
Total	**2,288**	**85**	**2,374**
Dec 31 2013			
Paweł Wyrzykowski	1,529	41	1,570
Wojciech Modrzyk	510	25	535
Jarosław Talerzak	443	18	461
Total	**2,482**	**84**	**2,566**

SUPERVISORY BOARD REMUNERATION:

Name and surname	Total remuneration	
	Dec 31 2014	**Dec 31 2013**
Andrzej Zawistowski, including:	132	268
- for his work as Chairman of the Supervisory Board	120	120
- under agreement for advisory services*	12	148
Jeffrey Boswell, including:	122	360
- for his service as Member of the Supervisory Board	-	-
- under employment contract**	122	360
James A. Goltz, including:	2,089	1,450
- for his service as Member of the Supervisory Board	-	-
- under employment contract**	2,089	1,450
Mr Zbigniew Rogóż	42	42
Dr Gutmann Habig	30	46
Henryk Pilarski	54	54
Witold Klinowski, including:	219	120
- for his service as Member of the Supervisory Board	42	42
- under agreement for advisory services****	177	78
Total	**2,688**	**2,340**

* Under a service agreement between SECO/WARWICK S.A. and Mr Andrzej Zawistowski, who conducts business activities under the name USŁUGI DORADCZE Andrzej Zawistowski. The agreement of July 2nd 2012 is for the provision of technical and product development advisory services.

** Under an employment contract between SECO/WARWICK Corp. and Mr Jeffrey Boswell.

*** Under an employment contract between Retech Systems LLC and Mr James A. Goltz.

**** Under an agreement for the provision of technical and product development advisory services of October 3rd 2013, executed between SECO/WARWICK EUROPE Sp. z o.o. and Witold Klinowski.

Note 30. FINANCIAL ASSETS

Item	*Category (IAS 39)*	*Carrying amount*		*Fair value*		*Maximum credit risk exposure in 2014*
		Dec 31 2014	**Dec 31 2013**	**Dec 31 2014**	**Dec 31 2013**	
Financial assets						
Investments in related entities	AFS	161,629	188,901	161,629	188,901	161,629
Loans advanced	L&R	4,262	4,220	4,262	4,220	4,262
Trade and other receivables	L&R	10,089	10,496	10,089	10,496	10,089
Cash and cash equivalents	L&R	9,474	10,288	9,474	10,288	9,474
Sureties advanced	-	-	-	-	-	135,321
Financial liabilities						
Current						
Interest-bearing bank and other borrowings, including:	OFL at AC					
- current borrowings	OFL at AC	3,970	3,410	3,970	3,410	-
- finance lease liabilities (current)	OFL at AC	283	188	283	188	-
Trade payables and other liabilities	OFL at AC	4,994	6,010	4,994	6,010	-
Non-current						
- non-current borrowings	OFL at AC	5,534	8,162	5,534	8,162	-
Trade payables and other liabilities	OFL at AC	4,474	4,143	4,474	4,143	-
- finance lease liabilities (non-current)	OFL at AC	17	362	17	362	-

The Company does not carry any financial instruments measured at fair value.

Note 31. WORKFORCE STRUCTURE

Item	Dec 31 2014	Dec 31 2013
Blue-collar employees	-	-
White-collar employees	20	25
Employees on parental leaves	-	-
Total	**20**	**25**

Note 32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

In 2014, SECO/WARWICK S.A.'s activities were limited to performing the functions of a holding company and providing management services and support to the Group companies. The relevant risk factors and the Group-wide financial risk management policy are described in detail in the consolidated report.

32.1 Currency risk

Its active international presence and a broad geographical reach require the Company to enter into transactions denominated in foreign currencies. Some of the Company's borrowings and other financial liabilities are also denominated in foreign currencies. This exposes the Group to the risk of exchange rate fluctuations.

Foreign-currency financial assets and liabilities translated into PLN using the closing exchange rate prevailing at the reporting date:

Liabilities	As at Dec 31 2014 in foreign currency	As at Dec 31 2014 in PLN	As at Dec 31 2013 in foreign currency	As at Dec 31 2013 in PLN
EUR	5	22	27	112
USD	3,486	12,227	3,904	11,760

Assets	As at Dec 31 2014 in foreign currency	As at Dec 31 2014 in PLN	As at Dec 31 2013 in foreign currency	As at Dec 31 2013 in PLN
EUR	1,136	4,841	1,583	6,566
USD	2,849	9,993	1,843	5,550

32.1.1 Foreign currency sensitivity analysis

The Company is mainly exposed to foreign currency risk related to EUR and USD.

Presented below is a sensitivity analysis for financial assets and liabilities, showing the effect of movements in the EUR/PLN exchange rate on the Company's profit or loss and other comprehensive income.

Exchange rate at Dec 31 2014	Exchange rate	+ 10% increase in exchange rate	- 10% decrease in exchange rate
USD	3.5072	0.351	-0.351
EUR	4.2620	0.426	-0.426

Exchange rate at Dec 31 2013	Exchange rate	+ 10% increase in exchange rate	- 10% decrease in exchange rate
USD	3.0120	0.301	-0.301
EUR	4.1472	0.415	-0.415

Assumptions:

- exchange rate at reporting date Dec 31 2014

+ 10% increase in exchange rate

- 10% decrease in exchange rate

Effect on equity

		Effect of USD	Effect of USD	Effect of EUR	Effect of EUR
		Period ended Dec 31 2014	Period ended Dec 31 2013	Period ended Dec 31 2014	Period ended Dec 31 2013
ASSETS					
Increase in exchange rate	10%	999	555	484	657
Decrease in exchange rate	-10%	(999)	(555)	(484)	(657)
LIABILITIES AND BORROWINGS					
Increase in exchange rate	10%	(1,223)	(1,176)	(2)	(11)
Decrease in exchange rate	-10%	1,223	1,176	2	11
TOTAL					
Increase in exchange rate	10%	(223)	(621)	482	645
Decrease in exchange rate	-10%	223	621	(482)	(645)

Effect on profit/loss

		Effect of USD	Effect of USD	Effect of EUR	Effect of EUR
		Period ended Dec 31 2014	Period ended Dec 31 2013	Period ended Dec 31 2014	Period ended Dec 31 2013
ASSETS					
Increase in exchange rate	10%	999	555	484	657
Decrease in exchange rate	-10%	(999)	(555)	(484)	(657)
LIABILITIES AND BORROWINGS					
Increase in exchange rate	10%	(1,223)	(1,176)	(2)	(11)
Decrease in exchange rate	-10%	1,223	1,176	2	11
TOTAL					
Increase in exchange rate	10%	(223)	(621)	482	645
Decrease in exchange rate	-10%	223	621	(482)	(645)

The currency risk exposure changes over the year, depending on the volume of transactions executed in foreign currencies. Nevertheless, the above sensitivity analysis is considered to be representative of the Group's exposure to foreign currency risk.

32.2 Interest rate risk

The Company holds interest-bearing liabilities. Therefore, it is exposed to interest rate risk. In the financial year 2014, the total amount of interest on the Company's liabilities was PLN 272 thousand. The risk assessment is presented based on a 1% increase/decrease in interest rates.

	Effect on profit/loss before tax	Effect on equity	Effect on profit/loss before	Effect on equity
	+ 1%/- 1%		+ 1%/- 1%	
	Year ended Dec 31 2014		Year ended Dec 31 2013	
Other financial liabilities at amortised cost	+/- 98	+/- 98	+/- 121	+/- 121

32.3 Risk related to product prices

Most of the Company's revenue is generated under agreements with other Group companies. The revenue sources include remuneration for services rendered and fees for the use of the Company's patents and licences.

The detailed rules for calculating the rates of prices and fees are defined in the relevant agreements between SECO/WARWICK S.A. and its subsidiaries and are based on a fixed mark-up. Accordingly, the Company's price risk is deemed immaterial.

32.4 Capital management

The primary objective behind the Company's capital management is to maintain good credit rating and safe capital ratios, in order to support the Company's operations and enhance its shareholder value.

The Company manages its capital structure and modifies it in response to changes in the economic environment. To maintain or adjust its capital structure, the Company may make changes regarding dividend distributions, return capital to the shareholders or issue new shares. During the year ended December 31st 2014, no changes were made to capital management objectives, policies and processes.

In monitoring its capital, the Company uses the leverage ratio calculated as net debt divided by total equity plus net debt. The Group's net debt includes interest-bearing borrowings and other debt instruments, trade payables and other liabilities, less cash and cash equivalents. Equity includes convertible preference shares and equity attributable to equity holders of the parent, less capital reserve from unrealised net gains.

The gearing ratio at end of the year was as follows:

	Dec 31 2014 PLN'000	Dec 31 2013 PLN'000
Debt	9,804	12,122
Cash and cash equivalents	(9,474)	(10,288)
Net debt	330	1,834
Equity	180,239	195,867
Net debt to equity	**0.18%**	**0.94%**

32.5 Liquidity risk

Liquidity risk is the risk that the Company may face problems with meeting its financial liabilities. Liquidity risk is managed by projecting future cash flows, analysing the relation of liquid assets to cash flows, monitoring liquidity ratios based on items of the statement of financial position and ensuring constant access to various sources of financing at the level of the individual members of the Company.

The Company also manages its liquidity risk by maintaining available unused credit facilities which serve as a liquidity reserve securing solvency and financial flexibility. The Company considers its bank borrowings as financial instruments that may potentially lead to a concentration of liquidity risk as the Company enters into cooperation with selected financial institutions only (see Note 22). As at December 31st 2014, current bank borrowings represented 30% of total current liabilities (December 31st 2013: 26%).

The table below presents the Company's financial liabilities by maturity as at December 31st 2014 and December 31st 2013, based on contractual undiscounted payments.

Dec 31 2014	Payable on demand	up to 1 year	1–5 years	Over 5 years	Total as at Dec 31 2014
Interest-bearing bank and other borrowings		3,970	5,534	-	**9,505**
Trade payables		4,251	-	-	**4,251**
Other liabilities		5,045	17	-	**5,062**
TOTAL		**13,266**	**5,551**	**-**	**18,818**

Dec 31 2013	Payable on demand	up to 1 year	1–5 years	Over 5 years	Total as at Dec 31 2013
Interest-bearing bank and other borrowings	-	3,410	8,162	-	**11,572**
Trade payables	-	2,800	-	-	**2,800**
Other liabilities	-	7,162	3,981	-	**11,143**
TOTAL	**-**	**13,372**	**12,143**	**-**	**25,515**

The maturity structure of liabilities is presented in Note 23.

32.6 Credit risk

SECO/WARWICK S.A. considers its trade receivables and loans advanced to be financial assets that may potentially lead to a concentration of credit risk.

However, the Company's credit risk exposure is limited because, being a holding company, its principal business relationships are with related entities. The Company defines its exposure to credit risk as the total amount of outstanding receivables and monitors the balances owed by each company on a regular basis. As at December 31st 2014, receivables from the Company's largest trading partner represented 34% of total net trade receivables.

The credit risk relating to the Company's other financial assets, including loans, arises from the potential failure by the other party to an agreement to pay amounts owed, and the maximum exposure to this risk equals the carrying amount of those assets. The age structure of receivables is presented in Note 16 and the value of loans advanced in Note 17 to these financial statements.

Note 33. MANAGEMENT STOCK OPTIONS

With a view to providing additional incentives to the Company's management staff to continue work on the development and consolidation of the SECO/WARWICK Group, and to further increase the value of SECO/WARWICK shares, on May 28th 2012 the Annual General Meeting approved the key objectives of the 2012–2016 Incentive Scheme for members of the SECO/WARWICK Group's management staff (the "2012–2016 Incentive Scheme").

Key terms of the 2012–2016 Incentive Scheme:

1. The person serving as President of the Management Board as at the date of the Resolution (**"President of the Management Board"**) and the key company employees indicated by the President of the Management Board in consultation with the Supervisory Board (jointly with the President of the Management Board - the **"Eligible Persons"**) will be eligible for participation in the 2012–2016 Incentive Scheme. With respect to each Eligible Person other than the President of the Management Board, an a_i ratio, referred to in Par. 2.11 below, will be determined along with the indication of the person. A list of Eligible Persons will be prepared by the Supervisory Board in consultation with the President of the Management Board within three months from the date of the Resolution.

2. The 2012–2016 Incentive Scheme will include up to 500,000 (five hundred thousand) of Company Series E Shares (**"Series E Shares"**). The President of the Management Board will be entitled to acquire up to 250,000 (two hundred and fifty thousand) Series E Shares, and the other Eligible Persons will have the right to acquire the maximum of the remaining 250,000 (two hundred and fifty thousand) Series E Shares.

3. Under the 2012–2016 Incentive Scheme, Eligible Persons will be entitled to acquire Series B subscription warrants (**"Series B Warrants"**) free of charge. Series B Warrants will confer the right to acquire Series E Shares at their par value of PLN 0.20 (twenty grosz) per share.

4. One Series B Warrant will confer the right to acquire one Series E Share.

5. The 2012–2016 Incentive Scheme will be implemented by way of resolutions passed by the General Meeting on conditional share capital increase by up to PLN 100,000 (one hundred thousand złoty), through an issue of up to 500,000 (five hundred thousand) Series E Shares and an issue of up to 500,000 (five hundred thousand) Series B Warrants, with full waiver of the existing shareholders' pre-emptive rights to all Series E Shares and Series B Warrants.

6. The 2012–2016 Incentive Scheme is planned to cover a period of four years starting from the date of its approval by the General Meeting. The duration of the 2012–2016 Incentive Scheme may be extended by the Supervisory Board making relevant changes in the Rules of the Incentive Scheme.

7. The number of Series B Warrants issued to Eligible Persons will depend on:

(i) the price of the Company shares on the Warsaw Stock Exchange ("**WSE**"), or

(ii) the selling price of shares, whether sold in one or more transactions (including as part of a tender offer), conferring the rights to at least 33% (thirty-thee per cent) of the total votes at the General Meeting, by a shareholder or shareholders acting jointly under a memorandum of understanding, agreement, arrangement, or as part of any other relationship in fact or in law, holding in aggregate, directly or indirectly, Company shares conferring the right to at least 33% (thirty-thee per cent) of the total votes at the General Meeting ("**Major Shareholder**"; the term may refer to one or more shareholders acting jointly), to a third party (other than a Major Shareholder or a related party of any of the Major Shareholders). If the shares are sold by a Major Shareholder in more than one transaction, then the number of Series B Warrants to be issued to Eligible Persons will be calculated on the basis of the arithmetic mean of the selling prices in all the transactions, weighted by the number of the Company shares sold in a given transaction.

8. An Eligible Person will be entitled to acquire Series B Warrants a number of times during the term of the Incentive Scheme, however, not more frequently than twice in a calendar year. The limited frequency with which the right to acquire Series B Warrants may be exercised does not apply when the exercise of the right by an Eligible Person is based on the sale of the Company shares by a Major Shareholder.

9. An Eligible Person will be entitled to acquire Series B Warrants if:

(i) the average price of the Company shares from the 6 (six) months immediately preceding the date of acquiring Series B Warrants by the Eligible Person is at least PLN 35 (thirty-five złoty) per share, or

(ii) a Major Shareholder decides to sell at least 33% (thirty-three per cent) of all Company shares to an entity other than a Major Shareholder or a related party of a Major Shareholder, at a price of at least PLN 35 (thirty-five złoty) per share. An Eligible Person may acquire Series B Warrants no sooner than 3 (three) months from the date of notifying the Company of his or her intention to acquire Series B Warrants. The Company will procure that Series B Warrants are issued to Eligible Persons no later than within 4 (four) months following the receipt of the notification. Series B Warrants may be issued through an investment firm, acting as a custodian.

10. The maximum number of Series B Warrants which may be acquired by the President of the Management Board will be calculated based on the following formula:

$$Q = 6.666\,P - 183.310$$

provided that:

$$for\ P < PLN\ 35 \rightarrow Q = 0$$

$$for\ P \geq PLN\ 65 \rightarrow Q = 250{,}000$$

where:

Q *stands for the number of Series B Warrants;*

P *stands for, as the case may be, (i) the average price of the Company shares in the 6 (six) months immediately preceding the date of acquiring Series B Warrants by the President of the Management Board, or (ii) the price of one Company share sold in a transaction between a Major Shareholder and a buyer.*

If the number of Series B Warrants which may be acquired by the President of the Management Board as determined based on the above formula is not an integer, such number will be rounded down to the nearest integer.

Each time the President of the Management Board exercises his or her right to acquire Series B Warrants, the number of Series B Warrants to which he or she is entitled will be reduced, in accordance with the above formula, by the number of Series B Warrants previously issued to the President of the Management Board under the 2012–2016 Incentive Scheme.

11. The maximum number of Series B Warrants which may be acquired by an Eligible Person other than the President of the Management Board will be calculated based on the following formula:

$$Q = a_i \times (6.666\,P - 183.310)$$

provided that:

$$for\ P < PLN\ 35 \rightarrow Q = 0$$

$$for\ P \geq PLN\ 65 \rightarrow Q = a_i \times 250{,}000$$

where:

Q *stands for the number of Series B Warrants;*

P *stands for, as the case may be, (i) the average price of the Company shares in the 6 (six) months immediately preceding the date of acquiring Series B Warrants by the given Eligible Person, or (ii) the price of one Company share sold in a transaction between a Major Shareholder and a buyer.*

a_i *is a ratio determined individually for each Eligible Person, provided that:*

$$a_i \in (0.1)\ and \sum_{i=1}^{n} a_i \leq 1$$

If the number of Series B Warrants which may be acquired by an Eligible Person as determined based on the above formula is not an integer, such number will be rounded down to the nearest integer.

Each time an Eligible Person exercises his or her right to acquire Series B Warrants, the number of Series B Warrants to which he or she is entitled will be reduced, in accordance with the above formula, by the number of Series B Warrants previously issued to the Eligible Person under the 2012–2016 Incentive Scheme.

12. The number of Series B Warrants acquired by each Eligible Person will in no event be higher than: (i) 250,000 (two hundred and fifty thousand) in the case of Series B Warrants acquired by the President of the Management Board; and (ii) $a_i \times 250{,}000$ (two hundred and fifty thousand) in the case of an Eligible Person other than the President of the Management Board.

13. The Eligible Person who has acquired Series B Warrants under the 2012–2016 Incentive Scheme will be entitled to acquire Series E Shares at any time, however, no later than by December 31st 2016.

As at December 31st 2014, 261,627 Series E Shares had been acquired under the 2012–2016 Incentive Scheme for management personnel of the SECO/WARWICK Group, approved by virtue of Resolution No. 21 of the Annual General Meeting of May 28th 2012, of which:

- 132,325 Series E Shares, with a fair value of PLN 2,997 thousand, were acquired by Paweł Wyrzykowski, President of the Management Board;
- 25,558 Series E Shares, with a fair value of PLN 575 thousand, were acquired by Wojciech Modrzyk, Vice-President of the Management Board;
- 25,558 Series E Shares, with a fair value of PLN 575 thousand were acquired by Jarosław Talerzak, Vice-President of the Management Board.

The remaining shares were acquired by the other members of the management team.

Presented below are the options granted under the Incentive Scheme during the reporting period:

Series	Number of exercised options	Exercise date
(1) Granted on May 17th 2013	149,239	Jul 17 2013
(1) Granted on July 15th 2013	13,527	Sep 19 2013
(1) Granted on August 13th 2013	13,703	Sep 19 2013
(2) Granted on October 21st 2013	27,518	Dec 3 2013
(2) Granted on October 25th 2013	5,248	Jan 20 2014
(3) Granted on December 20th 2013	52,392	Jan 20 2014
	261,627	

For the annual costs of the scheme, see Note 3 to these financial statements.

Note 34. CAPITALISED BORROWING COSTS

In the presented reporting periods, the Company did not capitalise any borrowing costs.

Note 35. REVENUE GENERATED SEASONALLY, CYCLICALLY OR OCCASIONALLY

In the presented reporting periods, there were no material items of seasonal, cyclical or occasional revenue at the Company.

Note 36. COURT PROCEEDINGS

There are no proceedings pending before central or local government administration bodies, court proceedings or arbitration proceedings which could have a material effect on the financial standing or profitability (exceeding 10% of equity) of the Company.

Note 37. TAX SETTLEMENTS

Tax settlements and other regulated areas of activity (e.g. customs or foreign exchange control) are subject to inspection by competent administration authorities, which are authorised to impose high penalties and sanctions. Lack of reference to well-established legal regulation in Poland has resulted in ambiguity and inconsistency of the applicable laws and regulations. Frequent differences of opinion on the legal interpretation of tax laws, both between different governmental authorities and between governmental authorities and companies, create areas of uncertainty and conflicts. Therefore, the tax risk in Poland is significantly higher than is usually the case in countries with more developed tax systems.
Tax settlements may be subject to tax inspection for a period of five years from the end of the calendar year in which the tax payment was made. As a result of such inspections, additional tax liabilities may be assessed with respect to the tax settlements made by the Group.
In the Management Board's opinion, as at December 31st 2014, there was no need to recognise provisions for any recognised and measurable tax risks. The Company pays its tax liabilities when due.

Note 38. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

In Current Report No. 10/2015, the Management Board of SECO/WARWICK S.A. announced that on February 3rd 2015 it executed a credit facility agreement with mBank S.A. of Warsaw. Under the agreement, the Bank granted a PLN 41,250,000 investment credit facility to the Borrower. The facility was contracted to finance the repurchase of up to 1,500,000 Company's own shares under the share buyback programme established pursuant to resolution No. 5 of the Company's Extraordinary General Meeting of October 30th 2014. The facility is available for drawing by the Borrower until December 31st 2015, and it must be repaid by January 31st 2020.

In Current Report No. 13/2015, the Management Board of SECO/WARWICK S.A. reported that on February 13th 2015 it acquired 1,073,783 Company shares. The share buyback commenced pursuant to Resolution No. 5 of the Company's Extraordinary General Meeting of October 30th 2014 concerning authorisation of the Management Board to buy back the Company's own shares and create a capital reserve of PLN 41,750 thousand for this purpose.

In order to further incentivise the Company's management team to work towards continued development of the SECO/WARWICK Group, its consolidation and growing the value of SECO/WARWICK S.A. shares, on April 23rd 2015 the Supervisory Board passed Resolution No. 9/2015, approving the key objectives of the 2016–2018 Incentive Scheme for members of the SECO/WARWICK Group's management personnel (the "2016–2018 Incentive Scheme").

The fair value of the scheme assessed by the actuary and spread over the years 2015–2022 is PLN 23,145,779.

For details on material events subsequent to the end of the reporting period, see current reports available on the corporate website at www.secowarwick.com HYPERLINK "http://www.secowarwick.com"

Note 39. FINANCIAL STATEMENTS ADJUSTED FOR INFLATION

In the presented reporting periods, the Company did not revalue its share capital and other capitals to account for hyperinflation.

Date: April 29th 2015

Paweł Wyrzykowski	Wojciech Modrzyk	Jarosław Talerzak
President of the Management Board	*Vice-President of the Management Board*	*Vice-President of the Management Board*