



SECO/WARWICK
www.secowarwick.com

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD JANUARY 1ST–SEPTEMBER 30TH 2017

CONTENTS

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	3
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	8
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS	11
INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME	12
INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION	13
INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS	15
INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY	16
SUPPLEMENTARY INFORMATION TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ..	18
I. General information	19
II. Applied accounting policies, including methods of measurement of assets, equity and liabilities, income and expenses	22
III. Financial highlights	22
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	24



**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD
JANUARY 1ST–SEPTEMBER 30TH 2017**

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(PLN '000)

	Note	Jan 1–Sep 30 2017 (unaudited)	Jul 1–Sep 30 2017 (unaudited)	Jan 1–Sep 30 2016 (unaudited)	Jul 1–Sep 30 2016 (unaudited)
Revenue from sale of finished goods and services		370,205	120,438	417,700	137,298
Revenue from sale of merchandise and materials		7,594	3,425	10,434	5,347
Revenue	1	377,799	123,863	428,134	142,644
Cost of products sold and services rendered		-324,812	-103,320	-325,672	-105,229
Merchandise and materials sold		-6,026	-2,688	-8,488	-4,827
Cost of sales		-330,838	-106,008	-334,160	-110,056
Gross profit/(loss)		46,961	17,854	93,974	32,588
Other income	3	7,169	1,791	3,209	-446
Distribution costs		-28,731	-8,540	-24,772	-8,346
Administrative expenses		-40,499	-12,540	-42,493	-13,792
Other expenses	3	-1,102	4	-5,816	-4,144
Operating profit/(loss)		-16,201	-1,430	24,102	5,860
Finance income	4	8,861	632	2,482	2,054
Finance costs	4	-3,718	-396	-8,049	-542
Share of net profit/(loss) of associates		64	33	-78	-18
Profit/(loss) before tax		-10,995	-1,162	18,457	7,354
Income tax expense		-4,232	-1,118	-6,251	-2,119
Net profit/(loss) from continuing operations		-15,226	-2,280	12,206	5,235
Profit/(loss) from discontinued operations		-	-	-1,658	164
Net profit/(loss)		-15,226	-2,280	10,548	5,400
Net profit/(loss) attributable to					
Owners of the Parent		-15,295	-2,303	10,652	5,459
Non-controlling interests		68	23	-104	-59

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

EARNINGS PER SHARE:		5			
- basic earnings/(loss) per share attributable to owners of the parent		-1.49	-0.22	0.99	0.51
- diluted earnings/(loss) per share attributable to owners of the parent		-1.49	-0.22	0.99	0.51
- basic earnings/(loss) per share from continuing operations, attributable to owners of the parent		-1.49	-0.22	1.14	0.49
- diluted earnings/(loss) per share from continuing operations, attributable to owners of the parent		-1.49	-0.22	1.14	0.49
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified to profit or loss:					
Actuarial gains/(losses) on a defined benefit pension plan		-216	-	-	-
Income tax on other comprehensive income		76	-	-	-
Items that may be reclassified to profit or loss:					
Valuation of cash flow hedging derivatives	15	2,870	-1,686	2,608	3,046
Exchange differences on translating foreign operations, including income tax effect		-10,211	-1,352	-1,056	-1,897
Income tax on other comprehensive income		-545	320	-495	-579
Total other comprehensive income, net		-8,027	-2,718	1,056	571
Total comprehensive income		-23,253	-4,998	11,604	5,970
Total comprehensive income attributable to					
Owners of the Parent		-23,355	-5,017	11,233	6,015
Non-controlling interests		102	20	371	-45

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(PLN '000)

	Note	Sep 30 2017 (unaudited)	Dec 31 2016 (audited)
Non-current assets			
Property, plant and equipment	6	88,217	98,292
Investment property		373	381
Goodwill	11	37,757	43,004
Intangible assets	7	33,703	29,619
Long-term receivables		4,990	5,567
Other financial assets	14.15	3,098	8,369
Deferred tax assets		150	5,821
		168,287	191,053
Current assets			
Inventories	9	48,056	39,377
Trade receivables		76,318	97,827
Income tax assets		382	7,300
Other short-term receivables	16	21,484	29,116
Cash and cash equivalents		55,996	41,147
Other financial assets	14.15	2,809	266
Other non-financial assets		5,050	5,972
Contract settlement	12	115,219	106,554
		325,316	327,560
Assets held for sale		2,306	104
TOTAL ASSETS		495,908	518,717

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 (PLN '000)

	Note	Sep 30 2017 (unaudited)	Dec 31 2016 (audited)
Equity			
Share capital		3,616	3,616
Statutory reserve funds		176,142	182,429
Other components of equity		9,887	9,284
Hedging reserve		11	-2,313
Retained earnings / accumulated losses		-17,515	7,259
Equity attributable to owners of the Parent		172,142	200,275
Non-controlling interests		-7	-544
		172,134	199,731
Non-current liabilities			
Borrowings		12,987	27,462
Other financial liabilities		3,122	2,561
Trade payables		-	244
Other non-current liabilities		167	185
Deferred tax liabilities		8,673	10,834
Provision for retirement and similar benefits		3,544	5,113
Other provisions		775	176
Deferred income		13,047	13,574
		42,316	60,149
Current liabilities			
Borrowings		73,266	49,978
Other financial liabilities		1,784	7,014
Trade payables		85,183	67,712
Income tax payable		76	209
Taxes, customs duties and social security payable		6,141	6,839
Other current liabilities	17	7,392	6,256
Provision for retirement and similar benefits		9,176	11,584
Other provisions		3,953	6,214
Deferred income		1,015	1,015
Contract settlement	12	93,474	102,015
		281,458	258,836
TOTAL EQUITY AND LIABILITIES		495,908	518,717

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
 (PLN '000)

	Jan 1–Sep 30 2017 (unaudited)	Jan 1–Sep 30 2016 (unaudited)
OPERATING ACTIVITIES		
Profit/(loss) before tax from continuing operations	-10,995	18,457
Profit/(loss) before tax from discontinued operations	-	-1,658
Profit/(loss) before tax	-10,995	18,457
Total adjustments:	15,091	-27,754
Share of net profit of associates	-80	35
Depreciation and amortisation	8,226	7,385
Foreign exchange gains/(losses)	-3,895	214
Interest and profit distributions (dividends)	2,383	2,945
Gain/(loss) on investing activities	-2,539	-852
Balance-sheet valuation of derivative instruments	-6,619	-749
Change in provisions	-3,696	-3,814
Change in inventories	-10,320	-3,484
Change in receivables	14,457	-48,417
Change in current liabilities (other than financial liabilities)	25,874	-635
Change in accruals, deferrals and contracts	-6,537	18,810
Other adjustments	-2,161	808
Income tax paid/recovered	5,647	-3,481
Net cash from operating activities	9,743	-12,779
INVESTING ACTIVITIES		
Cash provided by investing activities	15,149	1,667
Proceeds from disposal of intangible assets and property, plant and equipment	8,525	255
Other inflows from financial assets	6,623	1,412
Cash used in investing activities	14,123	11,254
Investments in intangible assets, property, plant and equipment, and investment property	14,123	11,254
Net cash from investing activities	1,025	-9,587
FINANCING ACTIVITIES		
Cash provided by financing activities	23,476	18,751
Borrowings	23,476	18,680
Other inflow	-	71
Cash used in financing activities	19,835	20,980
Repayment of borrowings and other debt instruments	11,461	14,487
Dividends and other distributions to owners	4,947	3,007
Other financial liabilities	4	28
Payment of finance lease liabilities	755	604
Interest paid	2,669	2,854
Net cash from financing activities	3,641	-2,228
Total net cash	14,409	-24,594
Net change in cash, including:	32,642	-27,305
- effect of exchange rate fluctuations on cash held	0	-55
Cash at beginning of period	41,334	57,436
Cash at end of period	55,743	32,842

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(PLN '000)

	Share capital	Statutory reserve funds	Hedging reserve	Other components of equity	Exchange differences	Retained earnings / accumulated losses	Equity attributable to owners of the Parent	Equity attributable to non-controlling interests	Total equity
Equity as at Jan 1 2017	3,616	182,429	-2,313	9,284	27,029	-19,770	200,275	-544	199,731
Profit/(loss) for the period	-	-	-	-	-	-15,295	-15,295	68	-15,226
Other comprehensive income	-	-	2,325	-	-10,245	-140	-8,061	34	-8,027
Total comprehensive income for the year	-	-	2,325	-	-10,245	-15,435	-23,355	102	-23,253
Management stock options	-	-	-	603	-	-	603	-	603
Distribution of profit (dividend)	-	-	-	-	-	-4,947	-4,947	-	-4,947
Transfer of retained earnings/deficit to statutory reserve funds	-	-6,286	-	-	-	6,286	-	-	-
Accounting for increase of control at SWR	-	-	-	-	-	-434	-434	434	-
Equity as at Sep 30 2017 (unaudited)	3,616	176,143	12	9,887	16,784	-34,300	172,142	-8	172,134
Equity as at Jan 1 2016	3,704	190,271	-1,891	24,231	21,388	-62,093	175,610	450	176,059
Profit/(loss) for the period	-	-	-	-	-	10,652	10,652	-104	10,548
Other comprehensive income	-	-	2,112	-	-1,531	-	581	475	1,056
Total comprehensive income for the year	-	-	2,112	-	-1,531	10,652	11,233	371	11,604
Dividend	-	-	-	-	-	-3,007	-3,007	-	-3,007
Management stock options	-	-	-	436	-	-	436	-	436
Transfer of retained earnings/deficit to statutory reserve funds	-	-23,519	-	-	-	23,519	-	-	-
Transfer from capital reserve to statutory reserve funds	-	15,705	-	-15,705	-	-	-	-	-
Sale of shares	-	-29	-	100	-	-	71	-	71
Accounting for increase of control at SWA	-	-	-	-	-	1,314	1,314	-793	521
Equity as at Sep 30 2016 (unaudited)	3,704	182,429	222	9,061	19,857	-29,615	185,657	28	185,685
	Share capital	Statutory reserve funds	Hedging reserve	Other components of equity	Exchange differences	Retained earnings / accumulated losses	Equity attributable to owners of the Parent	Equity attributable to non-controlling interests	Total equity

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

Equity as at Jan 1 2016	3,704	190,271	-1,891	24,231	21,388	-62,093	175,610	450	176,059
Profit/(loss) for the period	-	-	-	-	-	19,787	19,787	-143	19,644
Other comprehensive income	-	-	-423	-	5,641	740	5,958	464	6,423
Total comprehensive income for the year	-	-	-423	-	5,641	20,527	25,745	321	26,067
Dividend	-	-	-	-	-	-3,007	-3,007	-	-3,007
Cancellation of treasury shares	-88	-	-	88	-	-	-	-	-
Disposal of own shares	-	-29	-	100	-	-	71	-	71
Management stock options	-	-	-	571	-	-	571	-	571
Coverage of loss brought forward	-	-23,519	-	-	-	23,519	-	-	-
Transfer from capital reserve to statutory reserve funds	-	15,705	-	-15,705	-	-	-	-	-
Accounting for increase of control at SWA	-	-	-	-	-	1,314	1,314	-1,314	-
Equity as at Dec 31 2016 (audited)	3,616	182,429	-2,313	9,284	27,029	-19,770	200,275	-544	199,731



**INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD
JANUARY 1ST–SEPTEMBER 30TH 2017**

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME
(PLN '000)

	Note	Jan 1–Sep 30 2017 (unaudited)	Jul 1–Sep 30 2017 (unaudited)	Jan 1–Sep 30 2016 (unaudited)	Jul 1–Sep 30 2016 (unaudited)
Revenue from sale of finished goods and services		191,060	61,985	7,887	2,333
Revenue from sale of merchandise and materials		30	15	5	3
Revenue		191,089	62,000	7,892	2,336
Cost of products sold and services rendered		-159,951	-50,469	-6,663	-1,975
Merchandise and materials sold		-26	-14	-4	-2
Cost of sales		-159,977	-50,483	-6,667	-1,977
Gross profit/(loss)		31,112	11,517	1,225	359
Other income	1	6,328	1,574	305	89
Distribution costs		-10,657	-3,522	-	-
Administrative expenses		-15,378	-4,696	-3,312	-1,565
Other expenses	1	-3,474	-556	-367	-21
Operating profit/(loss)		7,931	4,317	-2,148	-1,138
Finance income	2	12,412	4,257	21,454	4
Finance costs	2	-4,122	-3,198	-8,199	-583
Profit/(loss) before tax		16,221	5,376	11,107	-1,717
Actual tax expense		-3,975	-1,171	64	-94
Net profit/(loss) from continuing operations		12,246	4,205	11,043	-1,623
Profit/(loss) from discontinued operations		-	-	-	-
Net profit/(loss)		12,246	4,205	11,043	-1,623
OTHER COMPREHENSIVE INCOME:					
Cash flow hedges		2,870	-1,686	-	-
Income tax on other comprehensive income		-545	320	-	-
Total other comprehensive income, net		2,325	-1,366	-	-
Total comprehensive income		14,571	2,839	11,043	-1,623
Earnings/(loss) per share (PLN):					
- basic and diluted, from net profit/(loss)		1.19	0.39	1.03	-0.15

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION
(PLN '000)

	Note	Sep 30 2017 (unaudited)	Dec 31 2016 (audited)
Non-current assets			
Property, plant and equipment	3	56,467	1,504
Investment property		373	-
Intangible assets		33,471	9,759
Long-term receivables		4,741	4,388
Other financial assets		54,702	109,087
Deferred tax assets		612	6,021
		150,367	130,759
Current assets			
Inventories		24,302	100
Trade receivables		52,576	7,086
Income tax assets		-	-
Other short-term receivables		11,405	57
Cash and cash equivalents		26,871	1,368
Other financial assets		8,156	1,071
Other non-financial assets		1,925	156
Contract settlement		70,657	-
		195,891	9,838
Assets held for sale		-	-
TOTAL ASSETS		346,258	140,598

INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION
(PLN '000)

	Note	Sep 30 2017 (unaudited)	Dec 31 2016 (audited)
Equity			
Share capital		3,616	3,616
Statutory reserve funds		104,260	97,674
Other components of equity		10,962	188
Hedging reserve		11	9,096
Retained earnings / accumulated losses		43,794	-1,999
		162,644	108,576
Non-current liabilities			
Borrowings		9,465	15,517
Other financial liabilities		2,841	118
Provision for retirement and similar benefits		587	-
Deferred income		13,047	3,473
		25,940	19,108
Current liabilities			
Borrowings		51,963	8,961
Other financial liabilities		1,675	188
Trade payables		39,955	1,132
Taxes, customs duties and social security payable		3,772	-
Other current liabilities		3,317	945
Provision for retirement and similar benefits		4,512	1,344
Other provisions		1,165	-
Deferred income		1,015	344
Contract settlement		50,301	-
		157,675	12,914
TOTAL EQUITY AND LIABILITIES		346,258	140,598

INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS
(PLN '000)

	Jan 1–Sep 30 2017 (unaudited)	Jan 1–Sep 30 2016 (unaudited)
OPERATING ACTIVITIES		
Profit/(loss) before tax	16,221	11,107
Total adjustments:	-4,356	-10,295
Depreciation and amortisation	4,811	1,070
Foreign exchange gains/(losses)	-291	10
Interest and profit distributions (dividends)	1,304	-20,624
Gain/(loss) on investing activities	-871	10,745
Balance-sheet valuation of derivative instruments	-6,619	-224
Change in provisions	-4,193	-
Change in inventories	-2,480	-1,266
Change in receivables	7,841	-172
Change in current liabilities (other than financial liabilities)	3,984	-
Change in accruals, deferrals and contracts	-8,446	-271
Other adjustments	603	436
Income tax paid/recovered	1,568	-379
Net cash from operating activities	13,433	432
INVESTING ACTIVITIES		
Cash provided by investing activities	20,611	24,931
Proceeds from disposal of intangible assets and property, plant and equipment	211	125
Dividends and profit distributions received	-	22,413
Cash acquired from merger with SECO/WARWICK Europe	17,688	-
Decrease in loans advanced	2,712	2,393
Cash used in investing activities	24,201	14,951
Investments in intangible assets, property, plant and equipment, and investment property	10,652	207
Acquisition of shares in related entities	12,549	13,833
Other cash used in investing activities	1,000	912
Net cash from investing activities	-3,590	9,980
FINANCING ACTIVITIES		
Cash provided by financing activities	34,003	71
Borrowings	34,003	-
Net proceeds from issue of equity interests (shares) or other equity instruments and contributions to equity	-	71
Cash used in financing activities	18,596	10,520
Repayment of borrowings and other debt instruments	11,567	6,631
Dividend	4,947	3,007
Payment of finance lease liabilities	710	93
Interest paid	1,373	789
Net cash from financing activities	15,407	-10,448
Total net cash	25,250	-37
Net change in cash, including:	7,815	-47
- effect of exchange rate fluctuations on cash held	253	-10
Cash at beginning of period	1,368	7,565
Cash at end of period	26,618	7,528

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY
(PLN '000)

	Share capital	Statutory reserve funds	Hedging reserve	Capital reserves	Other components of equity	Retained earnings / accumulated losses	Total equity
Equity as at Jan 1 2017	3,616	97,674	-	188	9,096	-1,999	108,576
Profit/(loss) for the period	-	-	-	-	-	12,246	12,246
Other comprehensive income	-	-	2,325	-	-	-	2,325
Total comprehensive income for the year	-	-	2,325	0	0	12,246	14,571
Management stock options	-	-	-	-	603	-	603
Merger of SWSA and SWE	-	13,532	-2,313	1,075	-	31,548	43,841
Transfer of retained earnings/deficit to statutory reserve funds	-	-6,946	-	-	-	1,999	-4,947
Equity as at Sep 30 2017 (unaudited)	3,616	104,260	11	1,263	9,699	43,794	162,644

	Share capital	Statutory reserve funds	Hedging reserve	Capital reserves	Other components of equity	Retained earnings / accumulated losses	Total equity
Equity as at Jan 1 2016	3,704	126,900	-	15,705	8,525	-41,895	112,939
Profit/(loss) for the period	-	-	-	-	-	11,043	11,043
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	11,043	11,043
Dividend	-	-3,007	-	-	-	-	-3,007
Disposal of own shares	-	-29	-	100	-	-	71
Management stock options	-	-	-	-	436	-	436
Coverage of loss brought forward	-	-41,895	-	-	-	41,895	-
Transfer from capital reserve to statutory reserve funds	-	15,705	-	-15,705	-	-	-
Equity as at Sep 30 2016 (unaudited)	3,704	97,674	-	100	8,961	11,043	121,482

	Share capital	Statutory reserve funds	Hedging reserve	Capital reserves	Other component s of equity	Retained earnings / accumulated losses	Total equity
Equity as at Jan 1 2016	3,704	126,900	-	15,705	8,525	-41,895	112,939
Profit/(loss) for the period	-	-	-	-	-	-1,999	-1,999
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-1,999	-1,999
Dividend	-	-3,007	-	-	-	-	-3,007
Cancellation of treasury shares	-88	-	-	88	-	-	-
Disposal of own shares	-	-29	-	100	-	-	71
Management stock options	-	-	-	-	571	-	571
Coverage of loss brought forward	-	-41,895	-	-	-	41,895	-
Transfer from capital reserve to statutory reserve funds	-	15,705	-	-15,705	-	-	-
Equity as at Dec 31 2016 (audited)	3,616	97,674	-	188	9,096	-1,999	108,576



**SUPPLEMENTARY INFORMATION TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD
JANUARY 1ST–SEPTEMBER 30TH 2017**

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

I. General information

The SECO/WARWICK Group

SECO/WARWICK S.A. (the “Company” or the “Parent”) was entered in the Business Register of the National Court Register on January 2nd 2007, by virtue of a decision issued by the District Court of Zielona Góra, 8th Commercial Division of the National Court Register, on January 2nd 2007 under No. KRS 0000271014.

The operations of the SECO/WARWICK Group are divided into five main business segments:

- Vacuum Furnaces
- Aluminium Heat Treatment Systems (Aluminium Process),
- Atmosphere Furnaces (Thermal)
- Melting Furnaces
- Aftersales

In 2017, the CAB segment was combined with the Aluminium Process segment. Both segments’ data for the period January 1st – September 30th 2016 were combined for presentation purposes.

SECO/WARWICK S.A. is the parent of the following subsidiaries:

- SECO/WARWICK Corporation,
- SECO/WARWICK Rus,
- Retech Systems LLC,
- SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co. Ltd.,
- SECO/WARWICK GmbH,
- SECO/WARWICK Germany GmbH,
- SECO/WARWICK Allied Pvt. Ltd. Mumbai (India),
- ALLIED FURNACES PVT. LTD.,
- SECO/WARWICK France,
- SECO/WARWICK Services Sp. z o.o.
- SECO/WARWICK of Delaware Inc.*,
- Retech Tianjin Holdings LLC*,
- SECO/WARWICK USA HOLDING LLC,
- SECO VACUUM TECHNOLOGIES LLC,
- SECO/WARWICK Systems and Services India PVT. Ltd.

*SECO/WARWICK of Delaware Inc. and Retech Tianjin Holdings LLC are not consolidated because their contribution to the Group’s financial statements is immaterial.

The Group has one associate:

- OOO SCT (Solnechnogorsk) Russia, in which the Parent holds a 50% interest, conferring the right to 50% of the total vote at the General Meeting of the company.

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

Table: Structure of the SECO/WARWICK Group as at September 30th 2017 :

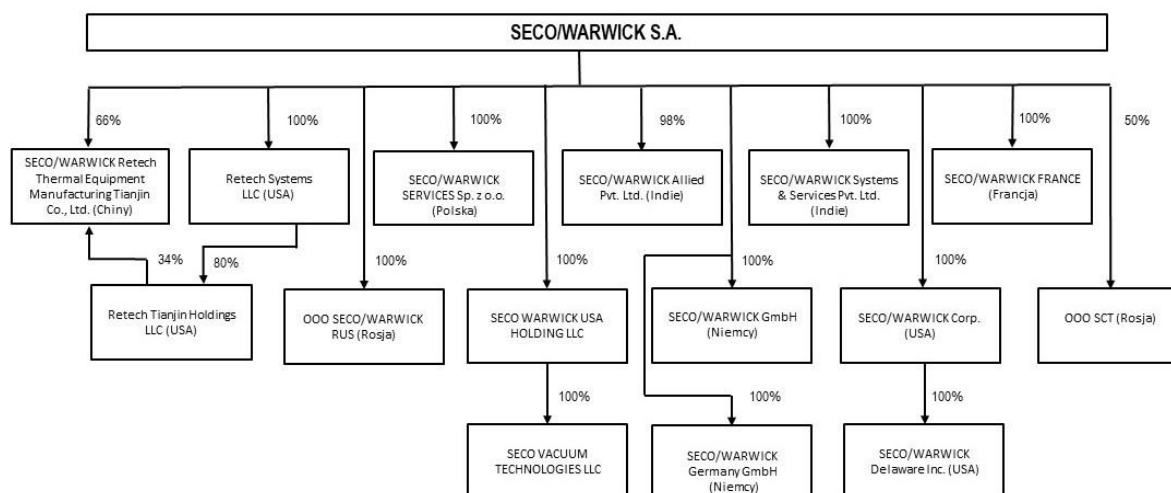
Company	Registered office	Principal business activity	Method of consolidation/ accounting for equity interest	Group's ownership interest
Parent				
SECO/WARWICK S.A.	Świebodzin	Holding company of the SECO/WARWICK Group. Holding equity interests and providing strategic management services Manufacture of metal heat treatment equipment	N.A.	N.A.
Direct and indirect subsidiaries				
SECO/WARWICK Corp.	Meadville (USA)	Manufacture of metal heat treatment equipment	Full	100%
SECO/WARWICK of Delaware, Inc	Wilmington (USA)	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	93%
Retech Tianjin Holdings LLC	(USA)	A holding company	Full	80%
SECO/WARWICK Allied Pvt. Ltd.	Mumbai (India)	Manufacture of metal heat treatment equipment	Full	98%
ALLIED FURNACES PVT. LTD.	Mumbai (India)	Manufacture of metal heat treatment equipment	Full	98%
SECO/WARWICK GmbH	Bedburg-Hau (Germany)	Intermediation in the sale of furnaces and spare parts manufactured by SECO/WARWICK S.A., 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 Germany GmbH	Bedburg-Hau (Germany)	Distribution of the SECO/WARWICK Group's products and technical services in Germany	Full	100%

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

SECO/WARWICK France	Roissy-en-Brie (France)	Commercial and technical representation of SECO/WARWICK S.A. in France, French-speaking countries and their neighbouring countries	Full	100%
SECO/WARWICK Services Sp. z o.o.	Świebodzin	Repair and maintenance services	Full	100%
SECO WARWICK USA HOLDING LLC	Wilmington (USA)	A holding company	Full	100%
SECO VACUUM TECHNOLOGIES LLC	Wilmington (USA)	Sale and distribution of vacuum furnaces	Full	100%
SECO/WARWICK Systems and Services India PVT. Ltd.	Mumbai (India)	Sale, repair and maintenance services	Full	100%

Organisation of the Group:



Composition of the SECO/WARWICK Group as at the date of issue of this Report

Between September 30th 2017 and the issue date of this Report, there were no changes in the composition of the SECO/WARWICK Group.

Composition of SECO/WARWICK S.A.'s governing bodies

As at the date of issue of these financial statements and as at September 30th 2017, the Management Board of SECO/WARWICK S.A. was composed of:

- Paweł Wyrzykowski – President of the Management Board
- Sławomir Woźniak – Member of the Management Board
- Bartosz Klinowski – Member of the Management Board

On August 31st 2017, Wojciech Peret resigned as Member of the Management Board, with effect from August 31st 2017.

As at the date of issue of these financial statements and as at September 30th 2017, the Supervisory Board of SECO/WARWICK S.A. was composed of:

- Andrzej Zawistowski – Chairman of the Supervisory Board
- Henryk Pilarski – Deputy Chairman of the Supervisory Board

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

- Jeffrey Boswell – Member of the Supervisory Board
- James A. Goltz – Member of the Supervisory Board
- Marcin Murawski – Member of the Supervisory Board
- Paweł Tamborski – Member of the Supervisory Board

II. Applied accounting policies, including methods of measurement of assets, equity and liabilities, income and expenses

These interim condensed consolidated 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.

These financial statements have been prepared in accordance with the same accounting policies and computation methods as those applied to prepare the most recent full-year financial statements.

Material judgements and estimates

Material judgements made by the Management Board in applying the Company’s accounting policies and key sources of estimation uncertainty are the same in these interim condensed consolidated financial statements as those presented in Section IX of the 2016 Consolidated Financial Statements.

Changes in accounting policies

The Group intends to adopt the amendments to IFRS that have been issued but are not yet effective as at the date of issue of these interim condensed consolidated financial statements, as of their effective date. The impacts of these amendments and new standards on the Group’s future consolidated financial statements were discussed in Section XI of the 2016 Consolidated Financial Statements.

III. Financial highlights

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	Sep 30 2017	Dec 31 2016	Sep 30 2016
Average exchange rate for the period*	4.2566	-	4.3688
Exchange rate effective for the last day of the period	4.3091	4.4240	4.3120

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

Items of assets, equity and liabilities in the interim condensed consolidated 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 interim condensed consolidated 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 market 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 interim condensed consolidated statement of financial position, statement of comprehensive income and statement of cash flows disclosed in the interim condensed consolidated financial statements and the comparative data, translated into the euro:

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

Consolidated financial highlights

Consolidated financial highlights	Q1-Q3 from Jan 1 to Sep 30			
	2017	2016	2017	2016
	(PLN '000)		(EUR '000)	
Revenue	377,799	428,134	88,755	97,999
Cost of sales	-330,838	-334,160	-77,723	-76,488
Operating profit/(loss)	-16,201	24,102	-3,806	5,517
Profit/(loss) before tax	-10,995	18,457	-2,583	4,225
Net profit/(loss) attributable to owners of the parent	-15,295	10,652	-3,593	2,438
Net cash flows from operating activities	9,743	-12,779	2,289	-2,925
Net cash flows from investing activities	1,025	-9,587	241	-2,194
Net cash flows from financing activities	3,641	-2,228	855	-510
	Sep 30 2017	Dec 31 2016	Sep 30 2017	Dec 31 2016
Total assets	495,908	518,717	115,084	117,251
Total liabilities	323,774	318,985	75,137	72,103
Including current liabilities	281,458	258,836	65,317	58,507
Equity	172,134	199,731	39,947	45,147
Share capital	3,616	3,616	839	817

The table below presents the key items of the interim condensed 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

Separate financial highlights	Q1-Q3 from Jan 1 to Sep 30			
	2017	2016	2017	2016
	(PLN '000)		(EUR '000)	
Revenue	191,089	7,892	44,892	1,806
Cost of sales	-159,977	-6,667	-37,583	-1,526
Operating profit/(loss)	7,931	-2,148	1,863	-492
Profit/(loss) before tax	16,221	11,107	3,811	2,542
Net profit/(loss)	12,246	11,043	2,877	2,528
Net cash flows from operating activities	13,433	432	3,156	99
Net cash flows from investing activities	-3,590	9,980	-843	2,284
Net cash flows from financing activities	15,407	-10,448	3,619	-2,392
	Sep 30 2017	Dec 31 2016	Sep 30 2017	Dec 31 2016
Total assets	346,258	140,598	80,355	31,781
Total liabilities	183,615	32,022	42,611	7,238
Including current liabilities	157,675	12,914	36,591	2,919
Equity	162,644	108,576	37,744	24,542
Share capital	3,616	3,616	839	817

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD
JANUARY 1ST–SEPTEMBER 30TH 2017**

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

Selected supplementary information

As provided for under IAS 18, revenue from sales of finished goods, 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.

To account for long-term contracts, the Group applies the provisions of IAS 11 *Construction Contracts*. When the outcome of a construction contract can be estimated reliably, the percentage of completion method is used. The percentage of completion is determined by reference to costs incurred to date in comparison with total contract costs determined in accordance with the Group's best estimate. The revenue as at the end of the reporting period is determined based on the percentage of completion of the contract, net of any revenue which affected the financial result in previous reporting periods. Estimated contract revenue attributable to the given reporting period is recognised as revenue from sale of finished goods for the period, and disclosed under assets in the statement of financial position as receivables under settlement of long-term contracts.

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

Item	Jan 1–Sep 30 2017	Jan 1–Sep 30 2016
Sale of finished goods	370,205	417,700
Sales of merchandise and materials	7,594	10,434
TOTAL sales revenue	377,799	428,134
Other income	7,169	3,209
Finance income	8,861	2,482
TOTAL revenue and income	393,828	433,826

OPERATING SEGMENTS

Jan 1–Sep 30 2017	Continuing operations						Discontin- ed operations	Unallocated items	Total
	<i>Vacuum Furnaces</i>	<i>Atmosphere Furnaces (Thermal)</i>	<i>Aluminium Process</i>	<i>Melting Furnaces</i>	<i>Aftersales</i>	<i>Total</i>			
Total segment revenue	99,068	41,012	106,590	72,219	56,966	375,855	-	1,944	377,799
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-	-
Total segment expenses	-77,310	-37,316	-94,219	-78,585	-38,890	-326,321	-	-4,517	-330,838
Gross profit/(loss)	21,757	3,696	12,371	-6,366	18,076	49,534	-	-2,573	46,961
Operating income								7,169	7,169
Distribution costs								-28,731	-28,731
Administrative expenses								-40,499	-40,499
Operating expenses								-1,102	-1,102
Segment operating profit/(loss)									-16,201
Finance income								8,861	8,861
Finance costs								-3,718	-3,718
Share in profit of associate								64	64
Profit before tax									-10,995
Actual tax expense								-4,232	-4,232
Profit/(loss) from continuing operations									-15,226
Profit/(loss) from discontinued operations								-	-
Profit/(loss) attributable to non- controlling interests								68	68
Net profit/(loss) attributable to owners of the parent									-15,295

Jan 1–Sep 30 2016	Continuing operations						Discontinued operations	Unallocated items	Total
	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total			
Total segment revenue	87,869	39,379	91,593	136,463	69,428	424,731	-	3,403	428,134
Sales to customers accounting for 10% or more of revenue	-	-	-	56,477	-	-	-	-	56,477
Total segment expenses	-64,609	-32,937	-71,822	-115,852	-45,212	-330,433	-	-3,728	-334,160
Gross profit/(loss)	23,260	6,441	19,771	20,610	24,216	94,299		-325	93,974
Operating income								3,209	3,209
Distribution costs								-24,772	-24,772
Administrative expenses								-42,493	-42,493
Operating expenses								-5,816	-5,816
Segment operating profit/(loss)									24,102
Finance income								2,482	2,482
Finance costs								-8,049	-8,049
Share in profit of associate								-78	-78
Profit before tax									18,457
Actual tax expense								-6,251	-6,251
Profit/(loss) from continuing operations									12,206
Profit/(loss) from discontinued operations								-1,658	-1,658
Profit/(loss) attributable to non-controlling interests								-104	-104
Net profit/(loss) attributable to owners of the parent									10,652

OTHER INCOME AND EXPENSES

OTHER INCOME	Jan 1–Sep 30 2017	Jan 1–Sep 30 2016
Reversal of impairment losses on receivables	638	-
Reversal of provisions	605	-
Gain on disposal of property, plant and equipment	1,107	34
Penalties and compensation/damages received	3,043	213
Inventory settlement	-	47
Income from lease of tangible assets and investment property	968	1,412
Grant for development work	726	790
Other	82	712
Total other income	7,169	3,209

OTHER EXPENSES	Jan 1–Sep 30 2017	Jan 1–Sep 30 2016
Impairment losses on receivables	-	1,557
Loss on disposal of property, plant and equipment	10	53
Court expenses, compensation/damages, penalties	2	104
Cost related to income from lease of tangible assets	175	997
Cost of discontinued production	-	-
Donations	45	332
Provision for damages	-	50
Decommissioning of an item of property, plant and equipment	-	384
Revaluation of an item of property, plant and equipment	-	628
Provisions recognised	-	482
Other	870	1,229
Total other expenses	1,102	5,816

FINANCE INCOME AND COSTS

FINANCE INCOME	Jan 1–Sep 30 2017	Jan 1–Sep 30 2016
Interest income	453	335
Gain on derivative instruments at maturity	2,419	2,147
Valuation of derivative instruments	5,915	-
Other	74	-
Total finance income	8,861	2,482

FINANCE COSTS	Jan 1–Sep 30 2017	Jan 1–Sep 30 2016
Interest on bank borrowings	3,295	3,440
Loss on derivative instruments at maturity	-	3,171
Net foreign exchange losses	41	1,304
Other	383	134
Total finance costs	3,718	8,049

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

PROPERTY, PLANT AND EQUIPMENT

In the period January 1st–September 30th 2017, the cost of acquired intangible assets and property, plant and equipment at the SECO/WARWICK Group amounted to PLN 14,123 thousand.

Item	Sep 30 2017	Dec 31 2016
Tangible assets	82,981	95,554
Tangible assets under construction	5,236	2,738
Property, plant and equipment	88,217	98,292

IMPAIRMENT LOSSES ON ASSETS

Impairment losses on	Sep 30 2017	Dec 31 2016	Sep 30 2016
Trade receivables	16,371	18,508	20,558
Goodwill	44,946	44,946	44,946
Inventories	2,568	2,906	2,414
Tangible assets	833	2,493	1,495
Total impairment losses	64,718	68,853	69,413

DIVIDENDS PROPOSED OR APPROVED BY THE DATE OF AUTHORISATION OF THESE FINANCIAL STATEMENTS

On May 26th 2017, the Annual General Meeting of SECO/WARWICK S.A. passed Resolution No. 20 to pay PLN 4,947,027.54 (four million, nine hundred and forty-seven thousand, twenty-seven złoty, fifty-four grosz) as dividend for 2016. Dividend per share was PLN 0.51. The dividend record date and the dividend payment date were July 4th 2017 and July 18th 2017, respectively.

CAPITAL COMMITMENTS

As at September 30th 2017, the SECO/WARWICK Group had capital commitments related to property, plant and equipment of PLN 301 thousand. The funds were allocated for the purchase of new plant and equipment.

CONSOLIDATED OFF-BALANCE-SHEET ITEMS

Contingent liabilities

As at September 30th 2017, contingent liabilities under guarantees and sureties issued amounted to PLN 49,235 thousand (end of 2016: PLN 68,429 thousand). The guarantees were issued in respect of:

- APG → advance payment guarantee
- BB → bid bond
- CRG → credit repayment guarantee
- PBG → performance bond guarantee
- SBLC → stand-by letter of credit
- WAD → bid bond guarantee
- CRB → credit repayment bond

SETTLEMENTS RELATED TO COURT CASES

For detailed information on court cases, see Note 37 to the consolidated financial statements for the period ended December 31st 2016. By the date of issue of these financial statements, the Company has not received any additional information.

Consistency of the accounting policies and computation methods applied in the preparation of the interim report for Q3 2017

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, as endorsed by the European Union, and 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 (consolidated text: Dz.U. of 2014, item 133) (the "Regulation").

Seasonality and cyclical nature of SECO/WARWICK S.A.'s and its Group's operations

The SECO/WARWICK Group's business is not exposed to any significant seasonal or cyclical fluctuations.

Types and amounts of items affecting the assets, equity and liabilities, capital, net profit/loss or cash flows, which are extraordinary due to their type, size or effect

In the business of SECO/WARWICK S.A. and its Group, there are no material types or amounts of items that would affect assets, equity and liabilities, share capital, net profit/(loss) or cash flows and that would be unusual due to their type, size or effect.

Types and amount of changes in estimates disclosed in previous interim periods of the financial year 2017 or changes in estimates disclosed in previous financial years if they have a material bearing on Q3 2017

In the business of SECO/WARWICK S.A. and the SECO/WARWICK Group, there were no changes in estimates disclosed in the preceding financial years that would, due to their type or amount, have a material bearing on the Company's or the Group's results for Q3 2017.

Issue, redemption and repayment of debt and equity securities

No such events occurred.

Earnings per share

Item	Sep 30 2017	Sep 30 2016
Net profit from continuing operations attributable to shareholders	-15,226	12,206
Profit(loss) from discontinued operations attributable to shareholders	-	-1,658
Net profit attributable to owners of the parent	-15,295	10,652
Interest on redeemable preference shares convertible into ordinary shares	-	-
Net profit attributable to holders of ordinary shares, used to calculate diluted earnings per share	-15,295	10,652
Weighted average number of outstanding ordinary shares, used to calculate basic earnings per share	10,298,554	10,737,837
Earnings per share	-1.49	0.99

Dilutive effect:

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

Number of potential subscription warrants	-	-
Number of potential shares issued at market price	-	-
Adjusted weighted average number of ordinary shares, used to calculate diluted earnings per share	-	-
Diluted earnings per share	-1.49	0.99

Material events subsequent to the end of Q3 2017, not disclosed in the financial statements for Q3 2017 but potentially having a material bearing on the future financial performance of the SECO/WARWICK Group

No such events occurred.

Other supplementary information

1. Material achievements and failures of SECO/WARWICK S.A. and the SECO/WARWICK Group in Q3 2017, including identification of key related events

Sales for the first three quarters of 2017 amounted to PLN 377.8m, down 11.8% year on year. The highest increases were reported in the Aluminium Process (up 16%, especially at SECO/WARWICK Corp. and SECO/WARWICK Retech), Atmosphere Furnaces (up 4%), and Vacuum Furnaces (up 13%) segments. In the Aftersales segment, sales fell 18%. A significant drop in sales was also recorded in the Melting Furnaces segment, down 47%.

In the period from January to September 2017, the Group companies secured orders for a total amount of PLN 381m, compared with PLN 432m a year earlier. More than 29% of all orders were placed in the Vacuum Furnaces segment, 23% – in the Melting Furnaces segment, 15% – in the Aluminium Process segment, and 16% in each of the Thermal and Aftersales segments. The value of the Group's order book was 449 at the end of September 2017, up by 7.9% year on year (end of September 2016: (416).

In the first three quarters of 2017, the Group's average gross margin fell to 12.4%, from 21.9% in the corresponding period of the previous year, due to lower margins generated in all the segments: Melting Furnaces (-8.8% vs 15.1% for Q1-Q3 2016), Aluminium Process (11.6% vs 21.6% for Q1-Q3 2016), Thermal (9% vs 16.4% for Q1-Q3 2016), and Vacuum Furnaces (22% vs 26.5% for Q1-Q3 2016).

On June 14th 2017, the Management Board of SECO/WARWICK S.A. issued Current Report No. 15/2017, announcing additional unplanned costs of contract performance at subsidiary Retech Systems LLC (USA). The contract performance costs rose by PLN 11.75m, significantly affecting the Group's consolidated financial statements.

Distribution costs and administrative expenses went up by 2.9% to PLN 69.2m in Q1-Q3 2017, relative to PLN 67.3m a year earlier. The Company's financial result was materially affected by the PLN 8.3m valuation of future/forward contracts hedging currency exposure.

2. Factors and events, especially of a non-recurring nature, having a material bearing on the financial performance in Q3 2017

In the SECO/WARWICK Group's business there were no factors or events, especially of a non-recurring nature, that could have had a material bearing on the Group's financial performance in Q3 2017.

3. Changes in the Group's structure, including changes resulting from merger, acquisition or loss of control of subsidiaries and long-term investments, demerger, restructuring or discontinued operations.

In Q3 2017, there were no changes in the SECO/WARWICK Group's structure which would result from mergers, acquisitions or disposals of Group entities, long-term investments, demergers, restructurings or discontinued operations.

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

4. Management Board's position on the feasibility of meeting any previously published forecasts for 2017 in light of the results presented in the Q3 2017 report

The Management Board of SECO/WARWICK S.A. did not publish any forecasts of the Company's or the Group's financial performance in 2017.

5. Shareholders holding, directly or indirectly, 5% or more of the total vote at the General Meeting as at this Report issue date, including information on any changes subsequent to the issue of the previous periodic report (report for H1 2017)

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total vote at the General Meeting as at the date of issue of the previous report (report for H1 2017), that is September 11th 2017

Shareholder	Number of shares	Ownership interest (%)	Number of votes	% of total vote at General Meeting
SW Holding	3,387,139	32.89%	3,387,139	34.92%
Spruce Holding Limited Liability Company (USA)	1,123,337	10.91%	1,123,337	11.58%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	1,046,573	10.16%	1,046,573	10.79%
Bleauhard Holdings LLC	637,028	6.19%	637,028	6.57%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	600,000	5.83%	600,000	6.19%
Metlife OFE	577,470	5.61%	577,470	5.95%

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

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total vote at the General Meeting as at the date of issue of the report for Q3 2017, that is November 17th 2017

Shareholder	Number of shares	Ownership interest (%)	Number of votes	% of total vote at General Meeting
SW Holding	3,387,139	32.89%	3,387,139	34.92%
Spruce Holding Limited Liability Company (USA)	1,123,337	10.91%	1,123,337	11.58%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	1,046,573	10.16%	1,046,573	10.79%
Bleauhard Holdings LLC	637,028	6.19%	637,028	6.57%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	600,000	5.83%	600,000	6.19%
Metlife OFE	577,470	5.61%	577,470	5.95%

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

SECO/WARWICK S.A. holds 598,500 treasury shares, representing 5.81% of the share capital. The Company does not exercise voting rights in respect of its treasury shares.

The SECO/WARWICK Group is not aware of any changes in major holdings of the Company shares in the period from the date of issue of the H1 2017 report, i.e. September 11th 2017, to the date of issue of the report for Q3 2017.

6. SECO/WARWICK S.A. shares held by its managing and supervisory personnel as at this Report issue date, including information on any changes in such holdings subsequent to the issue date of the previous periodic report (report for H1 2017)

Members of the managing and supervisory personnel of SECO/WARWICK S.A. do not hold any shares in related entities.

	Sep 11 2017				Nov 17 2017			
	Number of S/W shares held	Ownership interest	% of total vote	Decrease/increase	Number of S/W shares held	Ownership interest	% of total vote	Total par value of shares (PLN)
Management Board								
Paweł Wyrzykowski	254,558	2.47%	2.47%	-	254,558	2.47%	2.47%	50,912
Sławomir Woźniak	20,246	0.20%	0.20%	-	20,246	0.20%	0.20%	4,049
Bartosz Klinowski	50,335	0.49%	0.49%	-	50,335	0.49%	0.49%	10,067
Supervisory Board								
Andrzej Zawistowski	65,000	0.63%	0.63%	-	65,000	0.63%	0.63%	13,000
Jeffrey Boswell	9,776	0.09%	0.09%	-	9,776	0.09%	0.09%	1,955
Henryk Pilarski	10	0.0001%	0.0001%	-	10	0.0001%	0.0001%	2
Witold Klinowski	-	-	-	-	-	-	-	-
James A. Goltz	-	-	-	-	-	-	-	-
Marcin Murawski	-	-	-	-	-	-	-	-
Gutmann Habig	-	-	-	-	-	-	-	-
Paweł Tamborski	-	-	-	-	-	-	-	-
Commercial proxy								
Piotr Walasek	19,335	0.19%	0.19%	-	19,335	0.19%	0.19%	3,867
Total	378,237	4.07%	4.07%	-	419,260	4.07%	4.07%	83,852

In Current Report No. 16/2017, the Management Board of SECO WARWICK S.A. announced that on June 30th 2017 it received notifications, made pursuant to Art. 19.3 of the MAR, of the acceptance of SECO/WARWICK S.A. stock options by the following persons discharging managerial responsibilities:

- Paweł Wyrzykowski, President of the Management Board,
- Bartosz Klinowski, Member of the Management Board,
- Sławomir Woźniak, Member of the Management Board,
- Piotr Walasek, Chief Financial Officer / Commercial Proxy.

7. Material court, arbitration and administrative proceedings.

In Q3 2017, neither the Company nor any other SECO/WARWICK Group company was party to any proceedings whose value (whether jointly or individually) would exceed 10% of the Company's equity.

7a. Other material proceedings

For detailed information on material proceedings, see Note 37 to the consolidated financial statements for the period ended December 31st 2016. By the date of issue of these financial statements, the Company has not received any additional information.

8. Transaction or a series of transactions concluded by the Company or any of its subsidiaries with related parties where the value of such transaction or all such transactions jointly is material and the transactions were not concluded at arm's length

In Q3 2017, SECO/WARWICK S.A. and its subsidiaries did not enter into any non-routine and non arm's-length transactions with related parties which would be material to the Group.

9. Sureties for bank borrowings or guarantees issued by SECO/WARWICK S.A. or its subsidiaries, jointly to one entity or its subsidiary, where the total outstanding amount of such sureties or guarantees exceeds 10% of SECO/WARWICK S.A.'s equity

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

In Q3 2017, neither SECO/WARWICK S.A. nor any of its subsidiaries provided any sureties for loans or guarantees whose value would exceed 10% of the Company's equity.

10. Any other information which in the Company's opinion is material for the assessment of its personnel, assets, financial condition and financial performance or changes therein, or for the assessment of the Company's ability to meet its obligations

In Q3 2017, no events occurred in the SECO/WARWICK Group's business which in the Company's opinion would be material for the assessment of its personnel, assets, financial condition and financial result or changes therein, or for the assessment of the Company's ability to meet its obligations.

As at this Report issue date, the Company's and the Group's business was stable. The Group and the Company pay all their liabilities when due.

11. Factors which in the Group's opinion will affect its performance in the next quarter or in a longer term

SECO/WARWICK S.A. Incentive Scheme

With a view to providing additional incentives to the 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 April 23rd 2015 the Supervisory Board approved the key objectives of the 2016–2018 Incentive Scheme for members of the SECO/WARWICK Group's management staff (the "2016–2018 Incentive Scheme").

General objectives of the Incentive Scheme of SECO/WARWICK S.A.

- The Incentive Scheme is effective for 2016, 2017 and 2018.
- The Incentive Scheme covers 995,750 Company shares which may be distributed to Eligible Persons.
- Scheme Participants include key members of the Group's management staff who are identified as Scheme Participants in the relevant resolution of the Supervisory Board and who between February 1st 2015 and August 15th 2015 acquire with their own funds, in their own name and for their own account no less than 4,000 and no more than 11,500 Company shares. In the case of the President of the Management Board of SECO/WARWICK SA, the number of shares to be acquired is 100,000. In the case of the President of the Management Board of SECO/WARWICK Europe, the largest company of the Group, the number of shares to be acquired is 35,000. The price per share is PLN 25.
- The number of acquired shares and the 3.5 multiple defines the number of potential options which may be granted under the Scheme subject to fulfilment of the conditions specified below.
- Shares for a participant's own account must be acquired no later than on August 15th 2015.
- The acquired shares may not be sold before June 30th 2022.
- The persons specified in the Supervisory Board's resolution are to declare their intention to participate in the Incentive Scheme by August 31st 2015.
- Participants of the Scheme will be assigned individual objectives and a joint objective, the achievement of which is a precondition for a Scheme Participant to become eligible for benefits under the Scheme.
- Achievement of individual objectives is a pre-condition for acquiring rights to 15% of the options in each of the years 2016, 2017 and 2018.
- Achievement of the joint objective is a pre-condition for acquiring rights to 55% of the options in 2016, 2017 and 2018.
- Achievement of the Individual Objectives will be revised on the basis of the Company's audited financial information.
- Achievement of the Individual Objectives will be verified by the Audit Committee by April 30th of each consecutive financial year for the previous financial year.
- Achievement of the Joint Objective will be verified on the basis of the Company's audited financial information for all the financial years between 2016 and 2018.
- Achievement of the Joint Objective will be verified by the Audit Committee by April 30th 2019.
- If a Scheme Participant achieves the Individual Objectives or the Joint Objective, such participant will become eligible to acquire Company Shares in the number and on the terms and conditions specified in the Scheme Rules, and to obtain a Capital Bonus (the "Option").

The SECO/WARWICK Group

Interim condensed consolidated financial statements
for the period January 1st–September 30th 2017

- Options will vest in accordance with the provisions of agreements to be entered into between the Company and the individual Scheme Participants (the "Option Agreement").
- Rights under Options may not be transferred or encumbered. Such rights are attached to a Scheme Participant and expire upon his/her death.
- An Option entitles a Scheme Participant to purchase Shares at nominal price, in the number specified in the Option Agreement.
- An Option also entitles a Scheme Participant to receive from the Company annual payments whose amount will depend on the amount of dividend paid by the Company for a preceding financial year (the "Capital Bonus").
- The Capital Bonus for a given financial year will be calculated by July 31st of a given financial year, on the basis of a resolution on distribution of the Company's profit and the Company's audited financial information for the previous financial year, based on the following formula:

$$PK_t = \frac{Div_t}{LA} \times LAUP$$

where:

PKt	–	the Capital Bonus to be paid in a given financial year,
Divt	–	the amount of dividend to be paid in a given financial year,
LA	–	the total number of Company shares participating in dividend payment,
LAUP–		the number of Company shares that a Scheme Participant is entitled to acquire in the exercise of an Option; Shares already delivered to a Scheme Participant are not taken into account in this calculation.

- The right to obtain the Capital Bonus expires on or before the last Distribution Date.
- Date of settlement of the acquisition by a Scheme Participant of Company Shares in the exercise of an Option (Distribution Date)
 - in the case of Scheme Participants other than the President of the Management Board, the Distribution Date will be: June 30th 2020 – in respect of 33% of Shares receivable by a Scheme Participant, June 30th 2021 – in respect of another 33% of Shares receivable by a Scheme Participant, and June 30th 2022 – in respect of the remaining 33% of Shares receivable by a Scheme Participant;
 - in the case of the Management Board President, the Distribution Date will be August 31st 2019 in respect of all Shares receivable by him.

The Supervisory Board determined the Individual Objectives and the Joint Objective for the Incentive Scheme Participants, the achievement of which is a precondition for a Scheme Participant to become eligible for benefits under the Scheme. The objectives cover financial and operating ratios of the individual subsidiaries, the organisational units related to particular technologies, or the entire Group, depending on the position of a Scheme Participant. For the entire Group, the Individual Objective for the President of the Management Board, Chief Financial Officer and Chief Operating Officer at SECO/WARWICK S.A., the Parent, is the consolidated net profit of the Group. For 2017, the Objective is set at PLN 18m.

In Current Report No. 10/2017, the Management Board of SECO/WARWICK S.A. announced that on April 27th 2017 the Company's Supervisory Board, having examined the Company's and its Group's audited financial information, passed a resolution to review the Individual Objectives and the Joint Objective of the Company's Incentive Scheme, defined in the Rules of the Incentive Scheme (which was approved by a Supervisory Board resolution of April 23rd 2015), related to the achievement of specific operating and financial metrics for 2016.

Based on the review findings, the Supervisory Board granted to the eligible Scheme participants 81,657 share options, conferring rights to acquire 81,657 Company shares at a price of PLN 0.20 per share. Of that number, 73,393 share options were granted to the Management Board members and the commercial proxy.