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**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE PERIOD JANUARY 1ST–MARCH 31ST 2019**

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**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD  
JANUARY 1ST–MARCH 31ST 2019**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(PLN '000)

Jan 1–Mar 31 2019    Jan 1–Mar 31 2018

	(unaudited)	(unaudited)
Revenue from sale of finished goods and services	107,553	115,872
Revenue from sale of merchandise and materials	3,467	4,508
<b>Revenue</b>	<b>111,020</b>	<b>120,379</b>
Cost of finished goods sold and services rendered	-83,750	-91,422
Cost of merchandise and materials sold	-3,118	-4,480
<b>Cost of sales</b>	<b>-86,868</b>	<b>-95,901</b>
<b>Gross profit/(loss)</b>	<b>24,152</b>	<b>24,478</b>
Other income	695	717
Distribution costs	-7,300	-8,905
Administrative expenses	-11,546	-11,078
Impairment of receivables and contract assets	95	15
Other expenses	-554	-531
<b>Operating profit/(loss)</b>	<b>5,543</b>	<b>4,696</b>
Finance income	1,145	1,785
Finance costs	-1,127	-786
Share of net profit/(loss) of associates	-64	25
<b>Profit/(loss) before tax</b>	<b>5,497</b>	<b>5,720</b>
Income tax	-1,102	-1,896
Net profit/(loss) from continuing operations	4,395	3,824
Profit/(loss) from discontinued operations	-	-
<b>Net profit/(loss)</b>	<b>4,395</b>	<b>3,824</b>
<b>Net profit/(loss) attributable to</b>		
Owners of the parent	4,132	3,841
Non-controlling interests	263	-16
<b>OTHER COMPREHENSIVE INCOME:</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
Actuarial gains/(losses) on a defined benefit pension plan	-	-
<b>Items that may be reclassified to profit or loss:</b>		
Valuation of cash flow hedging derivatives	-55	-1,319
Exchange differences on translating foreign operations	1,328	-1,052
Income tax on other comprehensive income	11	251
<b>Total other comprehensive income, net</b>	<b>1,283</b>	<b>-2,121</b>
<b>Total comprehensive income</b>	<b>5,678</b>	<b>1,703</b>
<b>Total comprehensive income attributable to</b>		
Owners of the parent	5,296	1,775
Non-controlling interests	382	-72

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**EARNINGS PER SHARE:**

- basic earnings/(loss) per share attributable to owners of the parent	0.40	0.37
- diluted earnings/(loss) per share attributable to owners of the parent	0.40	0.37
- basic earnings/(loss) per share from continuing operations, attributable to owners of the parent	0.40	0.37
- diluted earnings/(loss) per share from continuing operations, attributable to owners of the parent	0.40	0.37

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

	Mar 31 2019 (unaudited)	Dec 31 2018 (audited)
<b>Non-current assets</b>		
Property, plant and equipment	70,948	80,338
Right-of-use assets	12,288	-
Investment property	352	358
Goodwill	39,574	38,816
Intangible assets	51,035	50,201
Long-term receivables	3,357	5,313
Other financial assets	58	30
Deferred tax assets	93	87
	<b>177,705</b>	<b>175,143</b>
<b>Current assets</b>		
Inventories	69,032	67,259
Trade receivables	60,265	54,994
Income tax assets	325	323
Other short-term receivables	12,709	14,927
Cash and cash equivalents	29,406	53,602
Other financial assets	722	1,354
Other non-financial assets	4,901	3,316
Contract assets	112,845	102,523
	<b>290,206</b>	<b>298,298</b>
<b>Assets held for sale</b>	-	-
<b>TOTAL ASSETS</b>	<b>467,911</b>	<b>473,441</b>

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

	Mar 31 2019 (unaudited)	Dec 31 2018 (audited)
<b>Equity</b>		
Share capital	3,616	3,616
Statutory reserve funds	193,449	193,449
Other components of equity	12,673	12,067
Hedging reserve	-631	-586
Translation differences	22,392	21,182
Retained earnings / accumulated losses	-51,226	-55,357
<b>Equity attributable to owners of the parent</b>	<b>180,274</b>	<b>174,371</b>
<b>Non-controlling interests</b>	<b>328</b>	<b>-54</b>
	<b>180,601</b>	<b>174,317</b>
<b>Non-current liabilities</b>		
Borrowings	-	1,719
Other financial liabilities	7,072	5,133
Deferred tax liabilities	12,356	11,409
Provision for retirement and similar benefits	2,846	2,808
Deferred income	14,618	14,932
Contract liabilities	1,365	1,537
	<b>38,257</b>	<b>37,538</b>
<b>Current liabilities</b>		
Borrowings	53,492	67,794
Other financial liabilities	4,772	2,948
Trade payables	43,678	45,989
Other current liabilities	10,816	11,065
Provision for retirement and similar benefits	10,560	9,773
Other provisions	12,544	12,947
Deferred income	1,857	1,127
Contract liabilities	111,336	109,943
	<b>249,053</b>	<b>261,586</b>
<b>Liabilities directly related to discontinued operations</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>467,911</b>	<b>473,441</b>

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

Jan 1–Mar 31 2019    Jan 1–Mar 31 2018

	(unaudited)	(unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit/(loss) before tax from continuing operations	5,497	5,179
Profit/(loss) before tax from discontinued operations	-	-
<b>Profit/(loss) before tax</b>	<b>5,497</b>	<b>5,720</b>
<b>Total adjustments:</b>	<b>-10,745</b>	<b>-8,667</b>
Share of net profit of associates	57	-91
Depreciation and amortisation	2,285	2,328
Foreign exchange gains/(losses)	234	-422
Interest and profit distributions (dividends)	433	657
Gain/(loss) on investing activities	118	93
Balance-sheet valuation of derivative instruments	717	354
Change in provisions	138	10,518
Change in inventories	-837	-22,358
Change in receivables	-805	4,099
Change in liabilities (other than financial liabilities)	-3,306	2,762
Change in accruals, deferrals and contracts	-10,462	-6,016
Other adjustments	683	-590
<b>Income tax (paid)/refunded</b>	<b>-34</b>	<b>-336</b>
<b>Net cash from operating activities</b>	<b>-5,282</b>	<b>-3,283</b>
<b>INVESTING ACTIVITIES</b>		
<b>Cash provided by investing activities</b>	<b>412</b>	<b>498</b>
Proceeds from disposal of intangible assets and property, plant and equipment	321	71
Other inflows from financial assets	92	427
<b>Cash used in investing activities</b>	<b>2,321</b>	<b>6,396</b>
Investments in intangible assets, property, plant and equipment, and investment property	2,322	6,396
Other cash used in investing activities	-1	-
<b>Net cash from investing activities</b>	<b>-1,909</b>	<b>-5,898</b>
<b>FINANCING ACTIVITIES</b>		
<b>Cash provided by financing activities</b>	<b>5,038</b>	<b>10,724</b>
Borrowings	5,038	10,724
<b>Cash used in financing activities</b>	<b>22,439</b>	<b>9,821</b>
Repayment of borrowings	21,441	8,824
Other financial liabilities	3	-
Payment of finance lease liabilities	511	434
Interest paid	484	564
<b>Net cash from financing activities</b>	<b>-17,400</b>	<b>903</b>
<b>Total net cash</b>	<b>-24,591</b>	<b>-8,278</b>
<b>Net change in cash, including:</b>	<b>-17,985</b>	<b>-7,918</b>
- effect of exchange rate fluctuations on cash held	104	143
<b>Cash at beginning of period</b>	<b>53,894</b>	<b>52,369</b>
<b>Cash at end of period</b>	<b>29,406</b>	<b>44,234</b>

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**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
<b>Equity as at Jan 1 2019</b>	<b>3,616</b>	<b>193,449</b>	<b>-586</b>	<b>12,067</b>	<b>21,182</b>	<b>-55,358</b>	<b>174,372</b>	<b>-54</b>	<b>174,317</b>
Profit/(loss) for the period	-	-	-	-	-	4,132	4,132	263	4,395
Other comprehensive income	-	-	-45	-	1,210	-	1,165	119	1,283
Total comprehensive income for the year	-	-	-45	-	1,210	4,132	5,296	382	5,678
Management stock options	-	-	-	606	-	-	606	-	606
<b>Equity as at Mar 31 2019 (unaudited)</b>	<b>3,616</b>	<b>193,449</b>	<b>-631</b>	<b>12,673</b>	<b>22,392</b>	<b>-51,226</b>	<b>180,274</b>	<b>328</b>	<b>180,601</b>

	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
<b>Equity as at Jan 1 2018</b>	<b>3,616</b>	<b>176,143</b>	<b>2,106</b>	<b>10,088</b>	<b>17,439</b>	<b>-58,144</b>	<b>151,248</b>	<b>-58</b>	<b>151,190</b>
Profit/(loss) for the period	-	-	-	-	-	3,841	3,841	-16	3,824
Other comprehensive income	-	-	-1,068	-	-997	-	-2,065	-56	-2,121
Total comprehensive income for the year	-	-	-1,068	-	-997	3,841	1,775	-72	1,703
Opening balance adjustment due to IFRS 15	-	-	-	-	-	-971	-	-	-971
Management stock options	-	-	-	201	-	-	201	-	201
<b>Equity as at Mar 31 2018 (unaudited)</b>	<b>3,616</b>	<b>176,143</b>	<b>1,037</b>	<b>10,290</b>	<b>16,442</b>	<b>-55,275</b>	<b>152,253</b>	<b>-130</b>	<b>152,123</b>

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**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
<b>Equity as at Jan 1 2018</b>	<b>3,616</b>	<b>176,143</b>	<b>2,106</b>	<b>10,088</b>	<b>17,439</b>	<b>-58,144</b>	<b>151,248</b>	<b>-58</b>	<b>151,190</b>
Effect of IFRS 15	-	-	-	-	-	1,712	1,712	-	1,712
Effect of IFRS 9	-	-	-	-	-	-865	-865	-	-865
<b>Equity as at Jan 1 2018 following the adoption of IFRS 15 and IFRS 9</b>	<b>3,616</b>	<b>176,143</b>	<b>2,106</b>	<b>10,088</b>	<b>17,439</b>	<b>-57,297</b>	<b>152,095</b>	<b>-58</b>	<b>152,037</b>
Profit/(loss) for the period	-	-	-	-	-	19,054	19,054	172	19,226
Other comprehensive income	-	-	-2,692	-	3,743	192	1,244	-169	1,075
Total comprehensive income for the year	-	-	-2,692	-	3,743	19,246	20,297	4	20,301
Management stock options	-	-	-	1,979	-	-	1,979	-	1,979
Coverage of loss brought forward	-	17,307	-	-	-	-17,307	-	-	-
<b>Equity as at Dec 31 2018</b>	<b>3,616</b>	<b>193,449</b>	<b>-586</b>	<b>12,067</b>	<b>21,182</b>	<b>-55,358</b>	<b>174,372</b>	<b>-54</b>	<b>174,317</b>

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**INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS  
FOR THE PERIOD  
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**INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME**

(PLN '000)

	Jan 1–Mar 31 2019	Jan 1–Mar 31 2018
	(unaudited)	(unaudited)
Revenue from sale of finished goods and services	68,748	64,501
Revenue from sale of merchandise and materials	7	-
<b>Revenue</b>	<b>68,755</b>	<b>64,501</b>
Cost of finished goods sold and services rendered	-54,906	-50,958
Cost of merchandise and materials sold	-7	-3
<b>Cost of sales</b>	<b>-54,913</b>	<b>-50,962</b>
<b>Gross profit/(loss)</b>	<b>13,842</b>	<b>13,540</b>
Other income	563	1,059
Distribution costs	-2,991	-3,401
Administrative expenses	-5,248	-4,829
Impairment of receivables and contract assets	79	83
Other expenses	-497	-450
<b>Operating profit/(loss)</b>	<b>5,747</b>	<b>6,002</b>
Finance income	353	1,616
Finance costs	-736	-520
<b>Profit/(loss) before tax</b>	<b>5,365</b>	<b>7,098</b>
Income tax	-1,026	-1,411
Net profit/(loss) from continuing operations	4,339	5,687
Profit/(loss) from discontinued operations	-	-
<b>Net profit/(loss)</b>	<b>4,339</b>	<b>5,687</b>
<b>OTHER COMPREHENSIVE INCOME:</b>		
Valuation of cash flow hedging derivatives	-55	-1,319
Income tax on other comprehensive income	11	251
<b>Other comprehensive income, net</b>	<b>-45</b>	<b>-1,068</b>
<b>Total comprehensive income</b>	<b>4,294</b>	<b>4,619</b>
Earnings/(loss) per share (PLN):		
- basic and diluted, from net profit/(loss)	0.42	0.45

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

	Mar 31 2019 (unaudited)	Dec 31 2018 (audited)
<b>Non-current assets</b>		
Property, plant and equipment	52,711	61,186
Right-of-use assets	10,233	-
Investment property	352	358
Intangible assets	50,290	49,192
Long-term receivables	3,324	5,263
Investments in related parties	58,330	57,593
Other financial assets	58	30
Deferred tax assets	-	-
	<b>175,298</b>	<b>173,622</b>
<b>Current assets</b>		
Inventories	26,830	29,207
Trade receivables	45,046	43,646
Income tax assets	16	16
Other short-term receivables	10,346	8,906
Cash and cash equivalents	14,768	39,770
Other financial assets	722	1,354
Other non-financial assets	1,666	2,070
Contract assets	79,731	73,835
	<b>179,124</b>	<b>198,804</b>
<b>Assets held for sale</b>	-	-
<b>TOTAL ASSETS</b>	<b>354,423</b>	<b>372,426</b>

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

	Mar 31 2019 (unaudited)	Dec 31 2018 (audited)
<b>Equity</b>		
Share capital	3,616	3,616
Statutory reserve funds	130,960	130,960
Hedging reserve	-631	-586
Other components of equity	12,673	12,067
Retained earnings / accumulated losses	40,385	36,046
	<b>187,003</b>	<b>182,103</b>
<b>Non-current liabilities</b>		
Borrowings	-	1,565
Other financial liabilities	6,565	4,809
Deferred tax liabilities	4,460	3,556
Provision for retirement and similar benefits	838	838
Deferred income	14,618	14,932
Contract liabilities	1,365	1,537
	<b>27,845</b>	<b>27,237</b>
<b>Current liabilities</b>		
Borrowings	43,564	62,047
Other financial liabilities	3,151	2,404
Trade payables	25,582	37,985
Other current liabilities	7,549	7,306
Provision for retirement and similar benefits	7,590	6,068
Other provisions	7,057	7,106
Deferred income	1,719	1,037
Contract liabilities	43,361	39,133
	<b>139,574</b>	<b>163,086</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>354,423</b>	<b>372,426</b>

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

	Jan 1–Mar 31 2019	Jan 1–Mar 31 2018
	(unaudited)	(unaudited)
<b>OPERATING ACTIVITIES</b>		
<b>Profit/(loss) before tax</b>	<b>5,365</b>	<b>7,098</b>
<b>Total adjustments:</b>	<b>-6,859</b>	<b>-4,178</b>
Depreciation and amortisation	1,553	1,670
Foreign exchange gains/(losses)	-102	-292
Interest and profit distributions (dividends)	431	586
Gain/(loss) on investing activities	13	110
Balance-sheet valuation of derivative instruments	717	354
Change in provisions	1,473	1,303
Change in inventories	2,377	-66
Change in receivables	-900	2,659
Change in liabilities (other than financial liabilities)	-11,961	-3,065
Change in accruals, deferrals and contracts	-1,067	-7,639
Other adjustments	606	201
<b>Income tax (paid)/refunded</b>	<b>-</b>	<b>-</b>
<b>Net cash from operating activities</b>	<b>-1,495</b>	<b>2,920</b>
<b>INVESTING ACTIVITIES</b>		
<b>Cash provided by investing activities</b>	<b>8</b>	<b>78</b>
Proceeds from disposal of intangible assets and property, plant and equipment	8	69
Other inflows from financial assets	-	9
<b>Cash used in investing activities</b>	<b>2,671</b>	<b>5,699</b>
Investments in intangible assets, property, plant and equipment, and investment property	1,934	5,699
Acquisition of shares in related entities	737	-
<b>Net cash from investing activities</b>	<b>-2,663</b>	<b>-5,621</b>
<b>FINANCING ACTIVITIES</b>		
<b>Cash provided by financing activities</b>	<b>-</b>	<b>-</b>
Borrowings	-	-
<b>Cash used in financing activities</b>	<b>20,948</b>	<b>9,245</b>
Repayment of borrowings	20,050	8,331
Payment of finance lease liabilities	467	397
Interest paid	431	517
<b>Net cash from financing activities</b>	<b>-20,948</b>	<b>-9,245</b>
<b>Total net cash</b>	<b>-25,106</b>	<b>-11,945</b>
<b>Net change in cash, including:</b>	<b>-25,002</b>	<b>-11,803</b>
- effect of exchange rate fluctuations on cash held	104	143
<b>Cash at beginning of period</b>	<b>39,770</b>	<b>30,913</b>
<b>Cash at end of period</b>	<b>14,768</b>	<b>19,110</b>

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

	Share capital	Statutory reserve funds	Hedging reserve	Reserve capital and other components of equity	Retained earnings / accumulated losses	Total equity
<b>Equity as at Jan 1 2019</b>	<b>3,616</b>	<b>130,960</b>	<b>-586</b>	<b>12,067</b>	<b>36,046</b>	<b>182,103</b>
Profit/(loss) for the period	-	-	-	-	4,339	<b>4,339</b>
Other comprehensive income	-	-	-45	-	-	<b>-45</b>
Total comprehensive income for the year	-	-	-45	-	4,339	<b>4,294</b>
Management stock options	-	-	-	606	-	<b>606</b>
<b>Equity as at Mar 31 2019 (unaudited)</b>	<b>3,616</b>	<b>130,960</b>	<b>-631</b>	<b>12,673</b>	<b>40,385</b>	<b>187,003</b>

	Share capital	Statutory reserve funds	Hedging reserve	Reserve capital and other components of equity	Retained earnings / accumulated losses	Total equity
<b>Equity as at Jan 1 2018</b>	<b>3,616</b>	<b>114,460</b>	<b>2,106</b>	<b>10,088</b>	<b>37,359</b>	<b>167,629</b>
Profit/(loss) for the period	-	-	-	-	5,687	<b>5,687</b>
Other comprehensive income	-	-	-1,068	-	-	<b>-1,068</b>
Total comprehensive income for the year	-	-	-1,068	-	5,687	<b>4,619</b>
Adjustments relating to IFRSs	-	-	-	-	-611	<b>-611</b>
Management stock options	-	-	-	201	-	<b>201</b>
<b>Equity as at Mar 31 2018 (unaudited)</b>	<b>3,616</b>	<b>114,460</b>	<b>1,037</b>	<b>10,289</b>	<b>42,435</b>	<b>171,838</b>



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

	Share capital	Statutory reserve funds	Revaluation capital reserve	Other components of equity	Retained earnings / accumulated losses	Total equity
<b>As at Jan 1 2018</b>	<b>3,616</b>	<b>114,460</b>	<b>2,106</b>	<b>10,088</b>	<b>37,359</b>	<b>167,630</b>
Effect of IFRS 15	-	-	-	-	1,044	<b>1,044</b>
Effect of IFRS 9	-	-	-	-	-288	<b>-288</b>
<b>Equity as at Jan 1 2018 following the adoption of IFRS 15 and IFRS 9</b>	<b>3,616</b>	<b>114,460</b>	<b>2,106</b>	<b>10,088</b>	<b>38,115</b>	<b>168,386</b>
Profit/(loss) for the period	-	-	-	-	14,431	<b>14,431</b>
Other comprehensive income	-	-	-2,692	-	-	<b>-2,692</b>
Total comprehensive income for the year	-	-	-2,692	-	14,431	<b>11,739</b>
Transfer of retained earnings to statutory reserve funds	-	16,499	-	-	-16,499	-
Management stock options	-	-	-	1,979	-	<b>1,979</b>
<b>As at Dec 31 2018</b>	<b>3,616</b>	<b>130,960</b>	<b>-586</b>	<b>12,067</b>	<b>36,046</b>	<b>182,103</b>



**SUPPLEMENTARY INFORMATION TO THE INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE PERIOD  
JANUARY 1ST–MARCH 31ST 2019**

## I. General information

### The SECO/WARWICK Group

The Parent of the SECO/WARWICK Group (the “SECO/WARWICK Group”, the “Group”) is SECO/WARWICK Spółka Akcyjna of Świebodzin, Poland (the “Company”). The Company was incorporated on January 2nd 2007 and registered by District Court for Zielona Góra, 8th Commercial Division of the National Court Register in the Register of Businesses of the National Court Register 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.

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 Germany GmbH,
- 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.

The Group has one associate:

- OOO SCT (Solnechnogorsk) Russia, in which SECO/WARWICK S.A. holds a 50% interest, conferring the right to 50% of the total voting rights in the company.

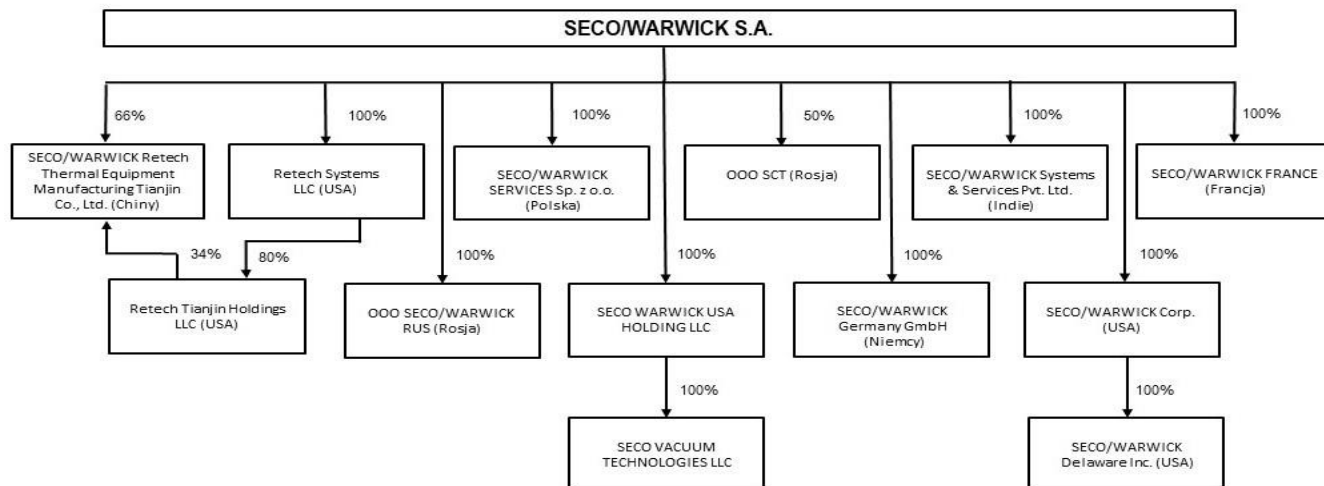
**Table: Composition of the SECO/WARWICK Group as at March 31st 2019**

Company	Registered office	Principal business activity	Method of consolidation/accounting for equity interest	Group's ownership interest
<b>Parent</b>				
SECO/WARWICK S.A.	Świebodzin (Poland)	Holding company of the SECO/WARWICK Group. Holding equity interests and providing strategic management services. Manufacture of equipment for metal heat treatment.	N.A.	N.A.
<b>Direct and indirect subsidiaries</b>				
SECO/WARWICK Corp.	Meadville (USA)	Manufacture of equipment for metal heat treatment.	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 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 equipment for metal heat treatment.	Full	93%
Retech Tianjin Holdings LLC	(USA)	Holding company.	Full	80%
OOO SCT	Solnechnogorsk (Russia)	Provision of metal heat treatment services in Russia.	Equity	50%
SECO/WARWICK Germany GmbH	Bedburg-Hau (Germany)	Provision of metal heat treatment services in Germany.	Full	100%
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 (Poland)	Repair and maintenance services.	Full	100%
SECO WARWICK USA HOLDING LLC	Wilmington (USA)	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%

**SECO/WARWICK Group**

Interim condensed consolidated financial statements  
for the period January 1st–March 31st 2019

**Organisation of the Group:**



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

Between March 31st 2019 and the issue date of these financial statements, there were no changes in the composition of the SECO/WARWICK Group.

**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.

**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 VIII of the 2018 Consolidated Financial Statements.

**Changes in accounting policies**

Save for the changes described below and resulting from the introduction of new standards effective for reporting periods beginning on or after January 1st 2019, the same accounting policies as described in the consolidated financial statements prepared as at and for the year ended December 31st 2018 were applied by the Group in the preparation of these interim condensed consolidated financial statements.

**IFRS 16 Leases**

IFRS 16 *Leases* was published on January 13th 2016 and was endorsed by the European Union on October 31st 2017. As a result of the analyses carried out by the Group, three main categories of lease contracts have been identified:

- perpetual usufruct of land;

**SECO/WARWICK Group**

Interim condensed consolidated financial statements for the period January 1st–March 31st 2019

- property: office and warehouse buildings,
- other leases: vehicles and technical equipment.

As of January 1st 2019, the Group, as a lessee, recognises all identified lease contracts under a single model in which the lease asset (the right-of-use asset) is recognised in the statement of financial position in correspondence with the liability under lease contracts. Lease liabilities comprise future discounted lease payments for identified contracts.

The accounting treatment of those items in the statement of financial position depends on:

- Duration of lease contracts adopted for each contract type: the period includes the non-cancellable lease term, periods covered by an option to extend the lease – if the lessee (customer) is reasonably certain to exercise that option, and periods covered by an option to terminate the lease – if the lessee (customer) is reasonably certain not to exercise that option. The lease term is also determined based on the legal and customary regulations effective in Poland, as well as the nature of the Group's contracts;
- The structure of fixed and variable payments in the contract;
- The determined incremental borrowing rate where the interest rate on the lease cannot be easily determined. The discount rates adopted by the Group for the purpose of measurement in accordance with IFRS 16 were based on the interest rate on Polish treasury bonds, adjusted for a margin applied to borrowings incurred by companies with a similar credit rating. The discount rates take into account the maturity of contracts and are not differentiated by asset type.

The Group decided to apply two exemptions provided for in the standard on leases and to recognise the following types of contracts under costs:

- All contracts except car leases where the lease term is less than 12 months;
- Contracts for which the underlying asset is worth less than PLN 18 thousand.

In addition to the changes in the statement of financial position, the adoption of IFRS 16 has an effect on:

- a) the statement of profit or loss, in the following way:
  - depreciation of the right-of-use asset and interest expense on the lease liability will be recognised instead of operating expenses;
- b) the statement of cash flows, in the following way:
  - net cash from investing activities will not change;
  - payment of lease liabilities will be recognised under financing activities.

As at January 1st 2019, the Group applied the "modified retrospective method" without restating the comparative data. The estimated effect of application of the standard on total assets and liabilities as at January 1st 2019 is approximately PLN 3,442 thousand (of which PLN 712 thousand are current liabilities and PLN 2,730 thousand are non-current liabilities), and results from the recognition of lease liabilities in correspondence with the right-of-use asset. Implementation of the standard will have no effect on equity at January 1st 2019, as the Group decided to measure the right-of-use asset in the amount equal to the lease liability (the effect of prepaid lease payments was negligible). Therefore, no deferred tax will be recognised.

### 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:

Financial year	Mar 31 2019	Dec 31 2018	Mar 31 2018
Average exchange rate for the period*	4.2978	-	4.1784
Exchange rate effective for the last day of the period	4.3013	4.3000	-

\*) 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:

Consolidated financial highlights:

Consolidated financial highlights	Q1 YTD from Jan 1 to Mar 31			
	2019	2018	2019	2018
	(PLN '000)		(EUR '000)	
Revenue	111,020	120,379	25,832	28,810
Cost of sales	-86,868	-95,901	-20,212	-22,952
Operating profit/(loss)	5,543	4,696	1,290	1,124
Profit/(loss) before tax	5,497	5,720	1,279	1,369
Net profit/(loss) attributable to owners of the parent	4,132	3,841	961	919
Net cash flows from operating activities	-5,282	-3,283	-1,229	-786
Net cash flows from investing activities	-1,909	-5,898	-444	-1,412
Net cash flows from financing activities	-17,400	903	-4,049	216
	<b>Mar 31 2019</b>	<b>Dec 31 2018</b>	<b>Mar 31 2019</b>	<b>Dec 31 2018</b>
Total assets	467,911	473,441	108,784	110,103
Total liabilities	287,310	299,124	66,796	69,564
Including current liabilities	249,053	261,586	57,902	60,834
Equity	180,601	174,317	41,988	40,539
Share capital	3,616	3,616	841	841

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

Financial highlights	Q1 YTD from Jan 1 to Mar 31			
	2019	2018	2019	2018
	(PLN '000)		(EUR '000)	
Revenue	68,755	64,501	15,998	15,437
Cost of sales	-54,913	-50,962	-12,777	-12,196
Operating profit/(loss)	5,747	6,002	1,337	1,436
Profit/(loss) before tax	5,365	7,098	1,248	1,699
Net profit/(loss)	4,339	5,687	1,010	1,361
Net cash flows from operating activities	-1,495	2,920	-348	699
Net cash flows from investing activities	-2,663	-5,621	-620	-1,345
Net cash flows from financing activities	-20,948	-9,245	-4,874	-2,212
	<b>Mar 31 2019</b>	<b>Dec 31 2018</b>	<b>Mar 31 2019</b>	<b>Dec 31 2018</b>
Total assets	354,423	372,426	82,399	86,611
Total liabilities	167,420	190,324	38,923	44,261
Including current liabilities	139,574	163,086	32,449	37,927
Equity	187,003	182,103	43,476	42,350
Share capital	3,616	3,616	841	841





**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
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**Selected supplementary information****Revenue from sales and total revenue and income of the Group:**

<b>Item</b>	<b>Jan 1–Mar 31 2019</b>	<b>Jan 1–Mar 31 2018</b>
Revenue from sale of finished goods and services	107,553	115,872
- <i>including revenue recognised over time</i>	95,446	109,756
Sales of merchandise and materials	3,467	4,508
<b>TOTAL sales revenue</b>	<b>111,020</b>	<b>120,379</b>
Other income	695	717
Finance income	1,145	1,785
<b>TOTAL revenue and income</b>	<b>112,860</b>	<b>122,881</b>

All revenue is recognised by the Group in accordance with IFRS 15.

OPERATING SEGMENTS

Jan 1–Mar 31 2019	Continuing operations						Unallocated items	Total
	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total		
<b>Total segment revenue</b>	31,864	14,699	20,779	24,073	19,554	110,969	50	111,020
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
<b>Total segment expenses</b>	-24,290	-12,977	-13,686	-21,503	-13,019	-85,475	-1,393	-86,868
<b>Gross profit/(loss)</b>	7,574	1,722	7,094	2,570	6,534	25,494	-1,342	24,152

Jan 1–Mar 31 2018	Continuing operations						Unallocated items	Total
	Vacuum Furnaces	Atmosphere Furnaces (Thermal)	Aluminium Process	Melting Furnaces	Aftersales	Total		
<b>Total segment revenue</b>	35,433	17,112	16,844	31,693	19,193	120,275	104	120,379
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
<b>Total segment expenses</b>	-26,482	-14,911	-13,042	-26,762	-13,879	-95,076	-825	-95,901
<b>Gross profit/(loss)</b>	8,952	2,201	3,802	4,931	5,314	25,199	-721	24,478

**OTHER INCOME AND EXPENSES**

<b>OTHER INCOME</b>	<b>Jan 1–Mar 31 2019</b>	<b>Jan 1–Mar 31 2018</b>
Reversal of provisions	150	15
Gain on disposal of property, plant and equipment	290	46
Penalties and compensation/damages received	-	57
Income from lease of tangible assets and investment property	244	309
Grant for development work	-	254
Other	12	36
<b>Total other income</b>	<b>695</b>	<b>717</b>

<b>OTHER EXPENSES</b>	<b>Jan 1–Mar 31 2019</b>	<b>Jan 1–Mar 31 2018</b>
Loss on disposal of property, plant and equipment	6	-
Court expenses, compensation/damages, penalties	233	10
Cost of lease of tangible assets	72	51
Retirement of an item of property, plant and equipment	-	148
Other	243	322
<b>Total other expenses</b>	<b>554</b>	<b>531</b>

**FINANCE INCOME AND COSTS**

<b>FINANCE INCOME</b>	<b>Jan 1–Mar 31 2019</b>	<b>Jan 1–Mar 31 2018</b>
Interest income	134	17
Net gain/(loss) on derivative instruments	-	1,295
Net foreign exchange gains	1,012	-
Other	-	473
<b>Total finance income</b>	<b>1,145</b>	<b>1,785</b>

<b>FINANCE COSTS</b>	<b>Jan 1–Mar 31 2019</b>	<b>Jan 1–Mar 31 2018</b>
Interest on bank borrowings	627	746
Net gain/(loss) on derivative instruments	221	-
Other	278	40
<b>Total finance costs</b>	<b>1,127</b>	<b>786</b>

## PROPERTY, PLANT AND EQUIPMENT

In the period from January 1st to March 31st 2019, the cost of acquired intangible assets and property, plant and equipment at the SECO/WARWICK Group amounted to PLN 2,322 thousand.

Item	Mar 31 2019	Dec 31 2018
Tangible assets	67,289	75,428
Tangible assets under construction	3,660	4,909
<b>Property, plant and equipment</b>	<b>70,948</b>	<b>80,338</b>

## IMPAIRMENT LOSSES ON ASSETS

Impairment losses on	Mar 31 2019	Dec 31 2018	Mar 31 2018
Trade receivables	12,281	12,376	4,369
Shares	44,946	44,946	44,946
Inventories	6,304	6,274	3,303
Contract assets	577	577	-
Tangible assets	2,026	2,026	779
<b>Total impairment losses</b>	<b>66,133</b>	<b>66,198</b>	<b>53,397</b>

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

On April 24th 2019, the Supervisory Board approved the Management Board's proposal to pay to shareholders a dividend for 2018, of PLN 4,018,910.20 (four million, eighteen thousand, nine hundred and ten zloty, 20/100), or PLN 0.41 per share. The proposed dividend record date was July 4th 2019 and the dividend payment date was set for July 18th 2019. The Supervisory Board requested the General Meeting to adopt a relevant resolution.

## CAPITAL COMMITMENTS

As at March 31st 2019, the SECO/WARWICK Group had capital commitments related to property, plant and equipment of PLN 68 thousand. The funds were allocated for purchase of new machinery and equipment.

## CONSOLIDATED OFF-BALANCE-SHEET ITEMS

### Contingent liabilities

Contingent liabilities under guarantees and sureties issued amounted to PLN 64,540 thousand as at March 31st 2019 and PLN 49,916 thousand at the end of 2018. The following guarantees were issued:

Item	Mar 31 2019	Dec 31 2018
advance payment guarantee	52,188	43,041
loan guarantee	-	-
performance bond	2,876	2,784
bid bond	-	4,091
warranty obligations guarantee	6,653	-
Payment guarantee	2,823	-
<b>Total</b>	<b>64,540</b>	<b>49,916</b>

#### SETTLEMENTS RELATED TO COURT CASES

For detailed information on court cases, see Note 35 to the consolidated financial statements for the period ended December 31st 2018. By the date of issue of these financial statements, the Company had not received any additional information.

#### Consistency of the accounting policies and computation methods applied in the preparation of the interim report for Q1 2019

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 March 29th 2018 (consolidated text: Dz.U. of 2018, item 757) (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 2019 or changes in estimates disclosed in previous financial years if they have a material bearing on Q1 2019

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 which would, due to their type or amount, have a material bearing on the Company's or the Group's results for Q1 2019.

#### Issue, redemption and repayment of debt and equity securities

No such events occurred.

#### Earnings per share

Item	Mar 31 2019	Mar 31 2018
Net profit from continuing operations attributable to shareholders	4,132	3,841
Profit(loss) from discontinued operations attributable to shareholders	-	-
Net profit attributable to owners of the parent	4,132	3,841

#### SECO/WARWICK Group

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Interest on redeemable preference shares convertible into ordinary shares	-	-
<b>Net profit attributable to holders of ordinary shares used to calculate diluted earnings per share</b>	<b>4,132</b>	<b>3,841</b>
Weighted average number of outstanding ordinary shares used to calculate basic earnings per share	10,298,554	10,298,554
<b>Earnings per share</b>	<b>0.40</b>	<b>0.37</b>
Dilutive effect:		
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	-	-
<b>Diluted earnings per share</b>	<b>0.40</b>	<b>0.37</b>

**Material events subsequent to the end of Q1 2019, not disclosed in the financial statements for Q1 2019 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 Q1 2019 and key related events**

Sales in Q1 2019 amounted to PLN 111.0m, down 7.8% year on year. Growth was recorded in the Aluminium Process and Aftersales segments, where sales were up 23.4% and 1.9%, respectively. The Melting Furnaces, Atmosphere Furnaces and Vacuum Furnaces segments reported lower sales, down 24.0%, 14.1% and 10.1%, respectively.

In Q1 2019, the Group companies secured orders for the total amount of PLN 106.7m. More than 31.4% of all orders were placed in the Aluminium Process segment, 24.6% – in the Aftersales segment, and 22.9% – in the Melting Furnaces segment. In the corresponding period of the previous year, the value of secured orders was PLN 116.4m. The value of the order book at the end of the first quarter fell 7% year on year, from PLN 365.7m in 2018 to PLN 342.2m in 2019.

In Q1 2019, the Group recorded an increase in the average gross margin to 21.8% (Q1 2018: 20.3%), the growth being mainly attributable to the higher margins posted by the Aluminium Process (34.1% vs 22.6% in Q1 2018) and Aftersales (33.4% vs 27.7% in Q1 2018) segments.

Distribution costs and administrative expenses went down by 5.7% to PLN 18.8m in Q1 2019, relative to PLN 20.0m a year earlier. The net foreign exchange gains of PLN 1.0m generated by the Company strongly contributed to its net finance income.

As at the end of Q1 2019, EBIT was 5.0%, up 1.1pp year on year. EBITDA margin also rose, to 7.1% from 5.8% in Q1 2018.

The current and cash ratios changed slightly relative to the end of 2018 (0.1 vs 0.2 and 1.2 vs 1.1, respectively). The quick ratio remained unchanged at 0.9. The ratios indicate that the Group is operationally stable and has the ability to pay its liabilities when due.

<b>LIQUIDITY RATIOS</b>	<b>Mar 31 2019</b>	<b>Dec 31 2018</b>
Current ratio	0.1	0.2
Quick ratio	0.9	0.9
Cash ratio	1.2	1.1

**SECO/WARWICK Group**

Interim condensed consolidated financial statements  
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The Company's Management Board is not aware of any material failures at the parent or any of its direct or indirect subsidiaries that would occur in the reporting period or by the issue date of these financial statements, i.e. May 15th 2019.

**2. Factors and events, especially of a non-recurring nature, having a material bearing on the financial performance in Q1 2019**

In the SECO/WARWICK Group's business there were no factors or events, especially of a non-recurring nature, that could have a material bearing on the Group's financial performance in Q1 2019.

**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 Q1 2019, 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.

**4. Management Board's position on the feasibility of meeting any previously published forecasts for 2019 in light of the results presented in the Q1 2019 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 2019.

**5. Shareholders holding, directly or indirectly, 5% or more of the total vote at the General Meeting as at the issue date of this report, including information on any changes subsequent to the issue of the previous periodic report (full-year report for 2018)**

**Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total vote at the General Meeting as at the issue date of this report**

Shareholder	Number of shares	Ownership interest (%)	Number of voting rights	% of total voting rights
SW Holding	3,387,139	32.89%	3,387,139	32.89%
Spruce Holding Limited Liability Company (USA)	1,123,337	10.91%	1,123,337	10.91%
Aviva Otworthy Fundusz Emerytalny Aviva Santander	1,046,573	10.16%	1,046,573	10.16%
Bleauhard Holdings LLC	637,028	6.19%	637,028	6.19%
Nationale-Nederlanden Otworthy Fundusz Emerytalny	600,000	5.83%	600,000	5.83%
Metlife OFE	577,470	5.61%	577,470	5.61%

The data is based on notifications received from the shareholders.

SECO/WARWICK S.A. holds 496,334 treasury shares, representing 4.82% of the share capital. The Company does not exercise voting rights in respect of its treasury shares.

The Company is not aware of any changes in major holdings of its shares in the period from the issue date of the 2018 full-year report (April 24th 2019) to this report date.



**6. SECO/WARWICK S.A. shares held by its management and supervisory personnel as at the issue date of this report, including information on any changes in such holdings subsequent to the issue date of the previous periodic report (full-year report for 2018)**

Members of the Management Board and Supervisory Board of SECO/WARWICK S.A. do not hold any shares in related entities.

	Apr 24 2019				May 15 2019			
	Number of S/W shares held	Ownership interest	% of total voting rights	Decrease/inc rease	Number of S/W shares held	Ownership interest	% of total voting rights	Total par value of shares (PLN)
<b>Management Board</b>								
Paweł Wyrzykowski	307,058	2.98%	2.98%	-	307,058	2.98%	2.98%	61,412
Sławomir Woźniak	21,506	0.21%	0.21%	-	21,506	0.21%	0.21%	4,301
Bartosz Klinowski	84,981	0.83%	0.83%	-	84,981	0.83%	0.83%	16,996
Earl Good	-	-	-	-	-	-	-	-
<b>Supervisory Board</b>								
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
Marcin Murawski	-	-	-	-	-	-	-	-
Jacek Tucharz	-	-	-	-	-	-	-	-
<b>Commercial proxy</b>								
Piotr Walasek	21,435	0.21%	0.21%	-	21,435	0.21%	0.21%	4,287
<b>Total</b>	<b>509,766</b>	<b>4.95%</b>	<b>4.95%</b>	<b>-</b>	<b>509,766</b>	<b>4.95%</b>	<b>4.95%</b>	<b>101,953</b>

Item	Apr 24 2019	May 15 2019
Number of shares	10,298,554	10,298,554
Par value per share	0.20	0.20
<b>Share capital</b>	<b>2,059,710.80</b>	<b>2,059,710.80</b>

In the reporting period, members of SECO/WARWICK S.A.'s Management and Supervisory Boards did not enter into any transactions involving their holdings of SECO/WARWICK S.A. shares.

**7. Material court, arbitration and administrative proceedings**

In Q1 2019, neither the Company nor any other SECO/WARWICK Group company was party (whether jointly or individually) to any material proceedings.

For detailed information on material proceedings, see Note 35 to the consolidated financial statements for the period ended December 31st 2018. By the date of issue of these financial statements, the Company had not received any additional information in this respect.

**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 Q1 2019, SECO/WARWICK S.A. and its subsidiaries did not enter into any non-routine or non arm's-length transactions with related parties which would be material to the Group.

**9. Material loan sureties or guarantees issued by SECO/WARWICK S.A. or its subsidiaries**

In Q1 2019, neither SECO/WARWICK S.A. nor any of its subsidiaries issued any material loan sureties or guarantees.

**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 Q1 2019, 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 the date of issue of this report, 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**

Adoption of the Incentive Scheme for members of the SECO/WARWICK Group's management staff for 2018–2020

On April 11th 2018, an Extraordinary General Meeting of SECO/WARWICK S.A. passed Resolution No. 20 to approve the 2018–2020 Incentive Scheme, approve the Rules of the Incentive Scheme, and allocate the Company's treasury shares for the purposes of the Incentive Scheme. The Meeting also passed Resolution No. 21 approving the list of participants of the 2018–2020 Incentive Scheme. The Incentive Scheme beneficiaries are the Group's senior management staff. The scheme covers a total of 494,000 shares. The annual equity volumes for the years 2018, 2019, 2020 and the assessment parameter, which is determined by the Company's Supervisory Board and approved by the General Meeting, have been established for each beneficiary of the scheme. The assessment parameter is closely linked to the Group's net profit, separate profit or operating profit of an operating segment. After the end of the financial year, the Company's Supervisory Board and General Meeting determine and approve the achievement of objectives by individual beneficiaries of the scheme.