INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD **JANUARY 1ST–JUNE 30TH 2019**

CONTENTS

I. General information

1. Parent

The Parent of the SECO/WARWICK Group (the "Group" or the "SECO/WARWICK Group") is SECO/WARWICK Spółka Akcyjna of Świebodzin (the "Company"). The Company was incorporated on January 2nd 2007 and registered by the 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.

Name:	SECO/WARWICK S.A.
Legal form:	Joint-stock company (spółka akcyjna)
Registered offices:	ul. Sobieskiego 8, 66-200 Świebodzin, Poland

Principal business according to the Polish Classification of Business Activities (PKD):

28,21,Z	Manufacture of ovens, furnaces and furnace burners
25	Manufacture of fabricated metal products, except machinery and equipment
33	Repair, maintenance, and assembly of machinery and equipment
46	Wholesale trade, except motor vehicles and motorcycles
49	Land transport and transport via pipelines
52	Warehousing and support activities for transportation
62	Computer programming, consultancy and related activities
71	Architectural and engineering activities; technical testing and analysis
72	Scientific research and development
64,20,Z	Activities of financial holding companies

National Court Register No.	KRS 0000271014
Industry Identification Number (REGON)	970011679

2. Duration of the Group

SECO/WARWICK S.A. and other entities of the Group were incorporated to operate for an unlimited period of time, except SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co. Ltd. established on May 5th 2010 for a period of 27 years, and SECO/WARWICK France established on April 8th 2015 for a period of 15 years.

3. Presented periods

These interim condensed consolidated financial statements have been prepared for the period January 1st–June 30th 2019.

Comparative data is presented:

- as at December 31st 2018 – in the case of the consolidated statement of financial position,
- for the period from January 1st to June 30th 2018 and from April 1st to June 30th 2018 − in the case of the interim consolidated statement of comprehensive income,
- for the period from January 1st to June 30th 2018 − in the case of the interim consolidated statement of cash flows,
- for the period from January 1st to June 30th 2018 − in the case of the interim consolidated statement of changes in equity,

The statement of comprehensive income and notes to the statement of comprehensive income contain data for the three months ended June 30th 2019 and comparative data for the three months ended June 30th 2018 which have not been audited or reviewed by an auditor.

The interim profit/loss may not fully reflect the realisable profit/loss for the full financial year.

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

As at the date of issue of these financial statements and as at June 30th 2019, the Management Board of SECO/WARWICK S.A. was composed of:

- Sławomir Woźniak – President of the Management Board
- Jarosław Talerzak – Vice President of the Management Board
- Bartosz Klinowski – Member of the Management Board
- Earl Good – Member of the Management Board.
- Piotr Walasek – Member of the Management Board

As at December 31st 2018, the Management Board of SECO/WARWICK S.A. was composed of:

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

As at the date of issue of these financial statements and as at June 30th 2019 and December 31st 2018, 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
- Jeffrey Boswell – Member of the Supervisory Board
- Marcin Murawski – Member of the Supervisory Board
- Jacek Tucharz – Member of the Supervisory Board

Changes in the composition of the Management Board:

On December 13th 2018, Mr Earl Good was appointed Member of the Management Board, with effect from January 2nd 2019.

On May 24th 2019, the Company was notified that Paweł Wyrzykowski, President of the Management Board, decided not to stand for re-election to the Management Board.

On June 5th 2019, the following members of the Management Board were appointed for a new joint term of office:

- Sławomir Woźniak – President of the Management Board
- Jarosław Talerzak – Vice President of the Management Board
- Bartosz Klinowski – Member of the Management Board
- Earl Good – Member of the Management Board
- Piotr Walasek – Member of the Management Board

Changes in the composition of the Supervisory Board:

In the period from January 1st 2019 to the date of issue of these financial statements, there were no changes in the composition of the Supervisory Board.

5. Audit firm

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością spółka komandytowa
Rondo ONZ 1
00-124 Warsaw, Poland

6. Significant holdings of shares

Shareholders holding over 5% of the total voting rights as at June 30th 2019 are listed in the table below.

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 Otwarty 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 Otwarty 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.

7. Subsidiaries

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.

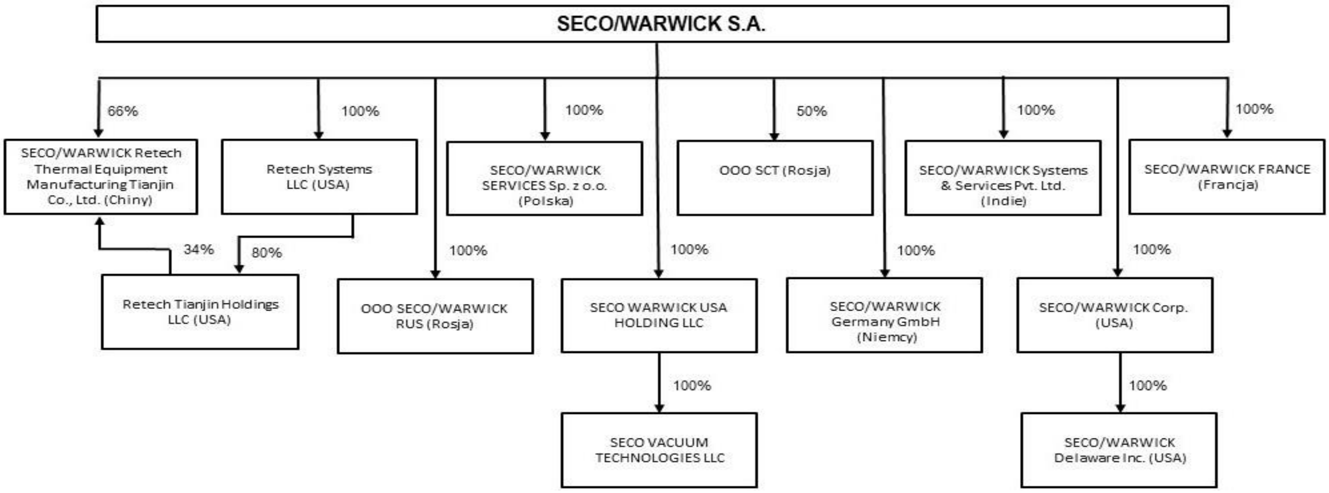
Changes in the composition of the Group:

In H1 2019, no other changes took place in the organisational structure of the Group's business, including changes resulting from merger, acquisition or loss of control of subsidiaries and long-term investments, demerger, restructuring or discontinued operations.

8. Associates

- 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.

9. Organisational chart of the Group and the associate



II. Authorisation of the financial statements

The Parent's Management Board authorised these interim condensed consolidated financial statements for issue on September 11th 2019.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD **JANUARY 1ST–JUNE 30TH 2019**

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

	Note	Jan 1–Jun 30 2019 (unaudited)	Jan 1–Jun 30 2018 (unaudited)	Apr 1–Jun 30 2019 (unaudited)	Apr 1–Jun 30 2018 (unaudited)
Revenue from sale of finished goods and services		225,886	261,296	118,333	145,425
Revenue from sale of merchandise and materials		5,499	6,723	2,032	2,215
Revenue	1.2	**231,385**	**268,019**	**120,365**	**147,640**
Cost of finished goods sold and services rendered		-172,547	-205,475	-88,797	-114,054
Cost of merchandise and materials sold		-4,826	-6,224	-1,708	-1,744
Cost of sales	2	**-177,373**	**-211,699**	**-90,505**	**-115,797**
Gross profit/(loss)		**54,011**	**56,320**	**29,860**	**31,842**
Other income	3	2,006	3,039	1,310	2,322
Distribution costs		-17,223	-18,210	-9,923	-9,305
Administrative expenses		-25,864	-25,101	-14,319	-14,024
Impairment of receivables and contract assets	3	-1,399	-239	-1,494	-254
Other expenses	3	-826	-843	-272	-312
Operating profit/(loss)		**10,705**	**14,966**	**5,163**	**10,269**
Finance income	4	396	2,655	-749	870
Finance costs	4	-1,771	-4,400	-644	-3,614
Share of net profit/(loss) of associates		-87	39	-24	14
Profit/(loss) before tax		**9,243**	**13,259**	**3,746**	**7,539**
Income tax		-1,529	-2,950	-427	-1,053
Net profit/(loss) from continuing operations		7,715	10,310	3,319	6,486
Profit/(loss) from discontinued operations		-	-	-	-
Net profit/(loss)		**7,715**	**10,310**	**3,319**	**6,486**
Net profit/(loss) attributable to					
Owners of the parent		**7,402**	**10,255**	**3,270**	**6,414**
Non-controlling interests		312	55	49	71
OTHER COMPREHENSIVE INCOME:					
Items that will not be reclassified to profit or loss:					
Actuarial gains/(losses) on a defined benefit pension plan		8	486	8	486
Items that may be reclassified to profit or loss:					
Valuation of cash flow hedging derivatives	15	720	-5,107	776	-3,788
Exchange differences on translating foreign operations		-296	3,418	-1,624	4,470
Income tax on other comprehensive income		-137	970	-147	720
Total other comprehensive income, net		**296**	**-233**	**-987**	**1,888**
Total comprehensive income		**8,011**	**10,077**	**2,332**	**8,374**
Total comprehensive income attributable to					
Owners of the parent		7,600	10,082	2,304	8,307
Non-controlling interests		410	-5	28	67
EARNINGS PER SHARE:	5				
- basic earnings/(loss) per share attributable to owners of the parent		0.76	1.06	0.33	0.66

- basic earnings/(loss) per share from continuing operations, attributable to owners of the parent	0.76	1.06	0.33	0.66

The effect of dilutive instruments on earnings per share is immaterial.

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

	Note	Jun 30 2019 (unaudited)	Dec 31 2018 (audited)
Non-current assets			
Property, plant and equipment	6	69,569	80,338
Right-of-use assets	6	13,779	-
Investment property		346	358
Goodwill	11	38,539	38,816
Intangible assets	7	53,431	50,201
Long-term receivables		3,537	5,313
Other financial assets	14.15	50	30
Deferred tax assets		70	87
		179,321	**175,143**
Current assets			
Inventories	9	57,836	67,259
Trade receivables		47,218	54,994
Income tax assets		363	323
Other short-term receivables	16	13,968	14,927
Cash and cash equivalents		32,384	53,602
Other financial assets	14.15	1,116	1,354
Other non-financial assets		2,314	3,316
Contract assets	12	113,870	102,523
		269,069	**298,298**
Assets held for sale		**-**	**-**
TOTAL ASSETS		**448,390**	**473,441**

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

	Note	Jun 30 2019 (unaudited)	Dec 31 2018 (audited)
Equity			
Share capital		3,616	3,616
Statutory reserve funds		205,773	193,449
Other components of equity		13,212	12,067
Hedging reserve		-2	-586
Translation differences		20,788	21,182
Retained earnings / accumulated losses		-64,289	-55,357
Equity attributable to owners of the parent		**179,098**	**174,371**
Non-controlling interests		**356**	**-54**
		179,454	**174,317**
Non-current liabilities			
Borrowings		37	1,719
Other financial liabilities	15	42	178
Lease liabilities	17	7,900	4,954
Deferred tax liabilities		12,942	11,409
Provision for retirement and similar benefits		2,565	2,808
Deferred income		15,586	14,932
Contract liabilities	12	619	1,537
		39,692	**37,538**
Current liabilities			
Borrowings		54,641	67,794
Other financial liabilities	15	646	1,019
Lease liabilities	17	3,910	1,929
Trade payables		32,910	45,989
Other current liabilities	18	14,976	11,065
Provision for retirement and similar benefits	24	7,462	9,773
Other provisions	23	11,081	12,947
Deferred income		831	1,127
Contract liabilities	12	102,789	109,943
		229,244	**261,586**
Liabilities directly related to discontinued operations		**-**	**-**
TOTAL EQUITY AND LIABILITIES		**448,390**	**473,441**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(PLN '000)

	Jan 1–Jun 30 2019 (unaudited)	Jan 1–Jun 30 2018 (unaudited)
OPERATING ACTIVITIES		
Profit/(loss) before tax from continuing operations	9,243	13,259
Profit/(loss) before tax	**9,243**	**13,259**
Total adjustments:	**-9,435**	**-27,619**
Share of net profit/loss of associates	83	-62
Depreciation and amortisation	4,544	5,048
Foreign exchange gains/(losses)	-81	604
Interest and profit distributions (dividends)	916	1,214
Gain/(loss) on investing activities	118	-482
Balance-sheet valuation of derivative instruments	276	4,511
Change in provisions	-4,429	7,166
Change in inventories	9,321	-19,808
Change in receivables	10,246	3,276
Change in current liabilities (other than financial liabilities)	-10,279	832
Net change in accruals and deferred income	-21,446	-31,164
Other adjustments*	1,294	1,245
Income tax (paid)/refunded	**-73**	**-269**
Net cash from operating activities	**-265**	**-14,628**
INVESTING ACTIVITIES		
Cash provided by investing activities	**452**	**1,257**
Proceeds from disposal of intangible assets and property, plant and equipment	369	1,182
Other inflows from financial assets	82	74
Cash used in investing activities	**4,886**	**12,050**
Investments in intangible assets, property, plant and equipment, and investment property	4,886	12,048
Other cash used in investing activities	-	2
Net cash from investing activities	**-4,435**	**-10,794**
FINANCING ACTIVITIES		
Cash provided by financing activities	**8,481**	**8,856**
Borrowings	7,818	8,341
Grants	663	515
Cash used in financing activities	**25,091**	**5,542**
Repayment of borrowings	22,772	3,340
Other cash used in financing activities	-	3
Payment of lease liabilities	1,433	1,019
Interest paid	886	1,180
Net cash from financing activities	**-16,611**	**3,314**

Total net cash	**-21,311**	**-22,107**
Net change in cash, including:	**-15,007**	**-21,626**
- effect of exchange rate fluctuations on cash held	93	264
Cash at beginning of period	**53,602**	**52,369**
Cash at end of period	**32,384**	**30,526**

*Other adjustments are mainly management stock options.

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 2019	**3,616**	**193,449**	**-586**	**12,067**	**21,182**	**-55,358**	**174,372**	**-54**	**174,317**
Profit/(loss) for the period	-	-	-	-	-	7,402	**7,402**	312	7,715
Other comprehensive income	-	-	583	-	-394	8	**198**	98	296
Total comprehensive income for the year	**-**	**-**	**583**	**-**	**-394**	**7,411**	**7,600**	**410**	**8,011**
Management stock options	-	-	-	1,145	-	-	1,145	-	1,145
Distribution of profit (dividend)	-	-	-	-	-	-4,019	-4,019	-	-4,019
Transfer of retained earnings to statutory reserve funds	-	12,323	-	-	-	-12,323	-	-	-
Equity as at Jun 30 2019 (unaudited)	**3,616**	**205,773**	**-2**	**13,212**	**20,788**	**-64,289**	**179,098**	**356**	**179,454**
Equity as at Jan 1 2018	**3,616**	**176,143**	**2,106**	**10,088**	**17,439**	**-58,144**	**151,248**	**-58**	**151,190**
Effect of IFRS 15	**-**	-	**-**	-	**-**	-924	**-924**	-	**- 924**
Equity as at Jan 1 2018 following application of IFRS 15	**3,616**	**176,143**	**2,106**	**10,088**	**17,439**	**-59,068**	**150,325**	**-58**	**150,266**
Profit/(loss) for the period	-	-	-	-	-	10,255	**10,255**	55	10,310
Other comprehensive income	-	-	-4,136	-	3,478	486	**-173**	-60	-233
Total comprehensive income for the year	**-**	**-**	**-4,136**	**-**	**3,478**	**10,741**	**10,082**	**-5**	**10,077**
Management stock options	-	-	-	1,295	-	-	1,295	-	1,295
Distribution of profit (dividend)	-	-	-	-	-	-	-	-	-
Transfer of retained earnings to statutory reserve funds	-	17,307	-	-	-	-17,307	-	-	-
Equity as at Jun 30 2018 (unaudited)	**3,616**	**193,449**	**-2,031**	**11,384**	**20,917**	**-65,634**	**161,702**	**-63**	**161,639**

SUPPLEMENTARY INFORMATION TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED

JUNE 30TH 2019

I. Compliance with International Financial Reporting Standards

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 (the "Regulation").

These interim condensed consolidated financial statements do not include all the information and disclosures required to be included in full-year financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31st 2018, authorised for issue on April 24th 2019.

II. Going concern assumption and comparability of accounts

The interim condensed consolidated financial statements have been prepared on the assumption that the Group companies will continue as a going concern for the 12 months after the end of the most recent reporting period, i.e. after June 30th 2019. As at the date of authorisation of these financial statements, the Parent's Management Board was aware of no facts or circumstances that would involve a threat to the Group's continuing as a going concern for the 12 months after the end of the reporting period, as a result of an intended or forced discontinuation or material limitation of the existing business.

III. Events which have not but should have been disclosed in the accounting books for the reporting period

By the date of preparation of these interim condensed consolidated financial statements for H1 2019, no events occurred which have not but should have been disclosed in the accounting records for the reporting period. In these financial statements no material events related to prior years have been disclosed.

IV. Basis of consolidation

In the six months ended June 30th 2019, there were no changes in the Group's composition relative to December 31st 2018 or in the basis of consolidation.

V. 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 interim condensed consolidated financial statements are presented in the złoty ("PLN"), and unless specified otherwise, all amounts are given in thousands of PLN. Exchange differences on translating items of the statement of financial position are calculated as differences between the exchange rates applicable to the opening and closing balance.

The accounting policies applied in the preparation of these interim condensed consolidated financial statements are consistent with the policies applied in the preparation of the Group's full-year consolidated financial statements for the year ended December 31st 2018, except for the application of new or amended standards and interpretations effective for annual periods beginning on or after January 1st 2019.

The Group applied IFRS 16 *Leases* ("IFRS 16") for the first time. In accordance with IAS 34 Interim Financial Reporting, in Section VII hereof the Group has disclosed the nature and effect of changes in its accounting policies.

Other new or amended standards and interpretations which have been applied for the first time in 2019 do not have a material effect on the Group's interim condensed consolidated financial statements..

VI. Material judgements and estimates

Material judgements made by the Management Board in applying the Group'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.

VII. 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;
- 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 assets (the right-of-use assets) are 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 had 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 were recognised instead of operating expenses;

b) the statement of cash flows, in the following way:
- net cash from investing activities did not change;
- payment of lease liabilities is recognised under financing activities.

As at January 1st 2019, the Group applied the "modified retrospective method" without restating the comparative data. The effect of application of the standard on total assets and liabilities as at January 1st 2019 was 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. To calculate the discount rate for the purposes of IFRS 16, the Group assumes that the discount rate should reflect the cost that it would have to pay to borrow the funds necessary to purchase the leased asset. The weighted average discount rate used at the initial application of the standard was 7%. Implementation of the standard had no effect on equity at January 1st 2019, as the Group decided to measure the right-of-use assets in the amount equal to the lease liability (the effect of prepaid lease payments was negligible). Therefore, no deferred tax was recognised.

	Dec 31 2018 (audited)	Effect of IFRS 16	Jan 1 2019 (restated)
Non-current assets			
Property, plant and equipment	80,338	-8,077	72,261
Right-of-use assets	-	11,520	11,520
Investment property	358	-	358
Goodwill	38,816	-	38,816
Intangible assets	50,201	-	50,201
Long-term receivables	5,313	-	5,313
Other financial assets	30	-	30
Deferred tax assets	87	-	87
	175,141	**3,443**	**178,584**
Current assets			
Inventories	67,259	-	67,259
Trade receivables	54,994	-	54,994
Income tax assets	323	-	323
Other short-term receivables	14,927	-	14,927
Cash and cash equivalents	53,602	-	53,602
Other financial assets	1,354	-	1,354
Other non-financial assets	3,316	-	3,316
Contract assets	102,524	-	102,524
	298,300	**-**	**298,300**
Assets held for sale	**-**		**-**
TOTAL ASSETS	**473,441**	**3,443**	**476,884**

	Dec 31 2018 (audited)	Effect of IFRS 16	Jan 1 2019 (restated)
Equity			
Share capital	3,616	-	3,616
Statutory reserve funds	193,449	-	193,449
Other components of equity	12,067	-	12,067
Hedging reserve	-586	-	-586
Translation differences	21,182	-	21,182
Retained earnings / accumulated losses	-55,357	-	-55,357
Equity attributable to owners of the parent	**174,371**		**174,371**
Non-controlling interests	**-54**	**-**	**-54**
	174,317	**-**	**174,317**
Non-current liabilities			
Borrowings	1,719	-	1,719

Other financial liabilities	178	-	178
Lease liabilities	4,954	2,731	7,685
Deferred tax liabilities	11,409	-	11,409
Provision for retirement and similar benefits	2,808	-	2,808
Deferred income	14,932	-	14,932
Contract liabilities	1,537	-	1,537
	37,538	**2,731**	**40,268**
Current liabilities			
Borrowings	67,794	-	67,794
Other financial liabilities	1,019	-	1,019
Lease liabilities	1,929	712	2,641
Trade payables	45,989	-	45,989
Other current liabilities	11,065	-	11,065
Provision for retirement and similar benefits	9,773	-	9,773
Other provisions	12,947	-	12,947
Deferred income	1,127	-	1,127
Contract liabilities	109,943	-	109,943
	261,586	**712**	**262,297**
Liabilities directly related to discontinued operations	**-**		**-**
TOTAL EQUITY AND LIABILITIES	**473,441**	**3,443**	**476,884**

The Group's new accounting policies applicable after the adoption of IFRS 16 are presented below:

Right-of-use assets

The Group recognises right-of-use assets at the lease commencement date (i.e. the date when the underlying asset is made available for use). Right-of-use assets are measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, the initial direct costs incurred and any lease payments made at or before the commencement date, less any lease incentives received. If there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, right-of-use assets are depreciated using the straight-line method over the shorter of the estimated life of the asset or the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the lease commencement date, the Group measures lease liabilities at the present value of lease payments then outstanding. Lease payments include fixed payments (including in-substance fixed lease payments) less any lease incentives due, variable payments that depend on an index or rate, and amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payment of financial penalties for terminating the lease if the lease terms grant a termination option to the Group. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition triggering the payment occurs.

When calculating the present value of lease payments, the Group uses the lessee's incremental borrowing rate on the lease commencement date if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the amount of lease liabilities is increased to reflect the interest, and reduced by lease payments made. Furthermore, the carrying amount of lease liabilities is remeasured if the lease term, in-substance fixed lease payments or judgement as to purchase of the underlying assets change.

Short-term leases and leases of low-value assets

The Group applies the short-term exemption to its short-term lease contracts (i.e. contracts with a lease term of 12 months or less from the commencement date, containing no purchase options). The Group also applies the low value lease exemption. Lease payments under short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Material judgements and estimates in determining the lease term of contracts with extension options

The Group determines the lease term as a non-cancellable lease term, including periods covered by an option to extend the lease, if it is reasonably certain that the option will be exercised, as well as periods covered by an option to terminate the lease if it is reasonably certain that the option will not be exercised.

The Group is able to extend the lease term of certain lease contracts. The Group applies judgment to assess whether there is reasonable certainty that the extension option will be exercised, which means that it takes into account all material facts and circumstances that represent an economic incentive to extend the option or an economic penalty for its non-extension. After the commencement date, the Group reviews the lease term if a significant event or change in circumstances under its control occur which affect its ability to exercise (or not to exercise) the extension option (e.g. a change in the business strategy).

Implementation and application of IFRS 16 required the Group to make various estimates and use professional judgement, in particular with respect to reviewing the lease term under contracts concluded for an indefinite period and under contracts which granted the Group an extension option. When determining the lease term, the Group had to consider all facts and circumstances, including the existence of economic incentives to use or not to use the option to extend or terminate the contract. In determining the lease term, the Group also took into account the costs incurred to adapt the leased asset to individual needs, and in the case of lease of property – the size of the local market and the features of the leased property.

Future lease payments under operating leases as at January 1st 2019	**2,122**
Discount	-149
Other*	1,469
Additional lease liability recognised as at January 1st 2019	**3,443**
Finance lease liabilities in accordance with IAS 17 as at December 31st 2018	6,883
Lease liability as at January 1st 2019	**10,326**

* Applicable mainly to perpetual usufruct of land not classified as non-cancellable operating lease as at December 31st 2018

Other

a) IFRIC 23 *Uncertainty over Income Tax Treatments*

The interpretation clarifies the methods for recognising and measuring income tax in accordance with IAS 12 if there is uncertainty as to its recognition. It does not apply to taxes or charges outside the scope of IAS 12, nor does it include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation applies in particular to:

• considering uncertain tax treatments separately;

• assumptions made by an entity as to the examination of tax treatment by taxation authorities;

• the manner in which an entity determines taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates;

• the manner in which an entity reassess its judgements and estimates if facts and circumstances change.

An entity must determine whether each uncertain tax treatment should be considered separately or together with one or more other uncertain tax treatments. This determination should be based on a judgement of which approach better predicts the resolution of the uncertainty.

The interpretation has no material effect on the Group’s interim condensed consolidated financial statements.

b) Amendments to IFRS 9: *Prepayment Features with Negative Compensation*

Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income provided that contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion) and the instrument is held within such business model as is appropriate for that classification. The amendments to IFRS 9 clarify that a financial asset meets the SPPI criterion irrespective of an event or circumstance that gives rise to early termination of the contract and regardless of which party pays or receives reasonable compensation for such early termination.

The amendments have no material effect on the Group's interim condensed consolidated financial statements.

c) Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*

The amendments to IAS 19 clarify that in the case of a plan amendment, curtailment or settlement during an annual reporting period, an entity is required to determine the current service cost for the remaining part of the period after the plan amendment, curtailment or settlement using actuarial assumptions used to remeasure the net defined benefit obligation (asset) reflecting the benefits offered as part of the plan and the plan assets after that event. An entity is also required to determine net interest for the remaining part of the period after the plan amendment, curtailment or settlement using the net defined benefit obligation (asset) reflecting the benefits offered as part of the plan and the plan assets after that event, and the discount rate used to remeasure the net defined benefit obligation (asset).

The amendments have no material effect on the Group's interim condensed consolidated financial statements.

d) Amendments to IAS 28: *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied and which, in substance, form part of the entity's net investment in the associate or joint venture (long-term interests). This explanation is relevant as it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

The amendments also clarify that when applying IFRS 9 an entity does not take into account either losses of an associate or joint venture or any impairment losses on the net investment in an associate or joint venture resulting from the application of IAS 28 *Investments in Associates*.

The amendments have no material effect on the Group's interim condensed consolidated financial statements.

e) Amendments to IFRS Standards 2015–2017 Cycle

• IFRS 3 *Business Combinations*

The amendments clarify that when an entity obtains control of an entity that is a joint operation, it applies requirements pertaining to business combinations achieved in stages, including remeasurement of its previously held interests in the joint operation at fair value. Thus, the acquirer remeasures all of its previously held interests in the joint operation.

The amendments have no material effect on the Group's interim condensed consolidated financial statements.

• IFRS 11 *Joint Arrangements*

The amendments clarify that a party that participates in, but does not have joint control of, a joint operation may obtain joint control of the joint operation in which the activity constitutes a business as defined in IFRS 3. In such cases, previously held interests in the joint operation are not remeasured.

The amendments have no material effect on the Group's interim condensed consolidated financial statements.

• IAS 12 *Income Taxes*

The amendments clarify that the income tax consequences of dividends are more directly linked to past transactions or events that led to distributable profits than to payments to owners. Therefore, an entity recognises the tax consequences of dividends in profit or loss, other comprehensive income or equity depending on where those past transactions or events were recognised.

The amendments have no material effect on the Group's interim condensed consolidated financial statements.

• IAS 23 *Borrowing Costs*

The amendments clarify that an entity treats all borrowings originally contracted to produce a qualifying asset as part of general borrowings when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

The amendments have no material effect on the Group's interim condensed consolidated financial statements.

The Group did not elect to early adopt any of the standards, interpretations or amendments that have been published but are not effective as not yet endorsed by the European Union.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED

JUNE 30TH 2019

Note 1. REVENUE

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

Item	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
Revenue from sale of finished goods and services	225,886	261,296	118,333	145,425
- including revenue recognised over time	*180,326*	*231,363*	*84,880*	*121,607*
Sales of merchandise and materials	5,499	6,723	2,032	2,215
TOTAL sales revenue	**231,385**	**268,019**	**120,365**	**147,640**

Revenue by geographical markets:

Item	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
European Union	79,380	84,698	41,174	42,290
Commonwealth of Independent States	3,215	9,393	1,583	5,246
USA	84,041	108,970	48,466	61,809
Asia	52,692	51,534	23,179	28,508
Other	12,057	13,424	5,962	9,787
TOTAL revenue	**231,385**	**268,019**	**120,365**	**147,640**

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

Note 2. OPERATING SEGMENTS

The SECO/WARWICK Group's principal business activity consists in manufacture of five key groups of products: vacuum furnaces, atmosphere furnaces, aluminium heat treatment systems and metallurgy equipment used for melting, and vacuum casting of metals and specialty alloys. In accordance with the Company's management accounts, a separate aftersales segment has also been established. The SECO/WARWICK Group's operations are divided into five core business segments corresponding to the product groups:

Vacuum furnaces

Vacuum furnaces have multiple applications in a number of industries, including machine tool, aviation, power, electrical engineering, medical equipment, automotive and specialised industries. Vacuum furnaces are used in a wide variety of processes, such as heat treatment of steel and alloys, brazing, sintering, and degassing.

Melting furnaces

Vacuum melting furnaces are used in the metallurgical industry for consolidation, smelting and refining of specialty metals, including reactive metals (e.g. titanium, zirconium) and heat-resistant metals (e.g. tantalum). Their physical properties require processing in technologically advanced equipment and in high vacuum conditions.

A separate group of melting furnaces are melting and holding furnaces used for the manufacture of precision castings (such as components of jet engines, power turbines and medical implants).

Thermal

Atmosphere furnaces are widely used in the process of thermal and thermochemical treatment of steel and metals in protective atmospheres for improved hardness. Atmosphere furnaces designed for thermochemical treatment are used for gas carburising, gas nitriding and in other processes. Such furnaces are used chiefly in the automotive and metal industries, including for the manufacturing of roller bearings, as well as in commercial hardening plants and specialty industries.

Aluminium heat treatment systems (Aluminium Process)

The Aluminium Process solutions offered by the Group are used in the manufacturing of aluminium sheet for the automotive and aviation industries, as well as for the manufacturing of packaging foil for multiple applications. Aluminium Process systems are also used to heat treat aluminium castings. CAB systems are used primarily in the automotive industry for brazing of heat exchangers mounted in passenger cars and heavy goods vehicles (charge air coolers, air conditioning evaporators and condensers, oil coolers, etc.). Outside the automotive industry, CAB processes are used in the manufacture of IC radiators, steam condensers for CHP plants, exhaust gas heat exchangers for power generators, etc.

Aftersales

The Aftersales Segment offers conversion, upgrades and modification of customer-owned equipment, including equipment manufactured by third parties. This segment also includes sale of spare parts and all aftersale services.

In the case of the business lines (vacuum furnaces, melting furnaces, atmosphere furnaces, aluminium heat treatment lines), contracts with customers provide for the design, manufacture and installation of metal heat treatment equipment, as well as sale of spare parts and maintenance services.

Equipment of this type is often dependent on the customer’s infrastructure, such as existing units and foundations. Furthermore, the design process of a unit is highly complex given the need to set up the equipment parameters in line with the customer’s expectations.

Therefore, the vast majority of the segments’ revenue is recognised throughout contract performance. In the case of aftersales, revenue is recognised upon service completion or product transfer.

Jan 1–Jun 30 2019	Continuing operations						**Other**	**Total**
	Vacuum Furnaces	*Atmosphere Furnaces (Thermal)*	*Aluminium Process*	*Melting Furnaces*	*Aftersales*	*Total*		
Total segment revenue	**65,258**	**28,925**	**37,574**	**60,582**	**38,957**	**231,296**	**89**	**231,385**
Sales to customers accounting for 10% or more of revenue	-	-	-		-	-	-	-
Total segment expenses	**-48,903**	**-25,677**	**-24,469**	**-52,358**	**-24,507**	**-175,913**	**-1,460**	**-177,373**
Gross profit/(loss)	16,355	3,248	13,104	8,225	14,450	55,383	-1,371	**54,011**

Apr 1–Jun 30 2019	Continuing operations						**Other**	**Total**
	Vacuum Furnaces	*Atmosphere Furnaces (Thermal)*	*Aluminium Process*	*Melting Furnaces*	*Aftersales*	*Total*		
Total segment revenue	**33,394**	**14,226**	**16,794**	**36,510**	**19,404**	**120,327**	**38**	**120,365**
Sales to customers accounting for 10% or more of revenue	-	-	-		-	-	-	-
Total segment expenses	**-24,612**	**-12,699**	**-10,784**	**-30,855**	**-11,488**	**-90,438**	**-67**	**-90,505**
Gross profit/(loss)	8,781	1,526	6,010	5,655	7,916	29,889	-29	**29,860**

Jan 1–Jun 30 2018	Continuing operations						Other	Total
	Vacuum Furnaces	*Atmosphere Furnaces (Thermal)*	*Aluminium Process*	*Melting Furnaces*	*Aftersales*	*Total*		
Total segment revenue	**71,428**	**34,981**	**38,948**	**81,275**	**41,181**	**267,812**	**207**	**268,019**
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
Total segment expenses	**-55,928**	**-27,332**	**-28,856**	**-70,566**	**-28,338**	**-211,020**	**-679**	**-211,699**
Gross profit/(loss)	15,499	7,650	10,092	10,709	12,842	56,792	-472	**56,320**

Apr 1–Jun 30 2018	Continuing operations						Other	Total
	Vacuum Furnaces	*Atmosphere Furnaces (Thermal)*	*Aluminium Process*	*Melting Furnaces*	*Aftersales*	*Total*		
Total segment revenue	**35,994**	**17,869**	**22,104**	**49,581**	**21,988**	**147,537**	**102**	**147,640**
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
Total segment expenses	**-29,447**	**-12,420**	**-15,813**	**-43,803**	**-14,460**	**-115,944**	**146**	**-115,797**
Gross profit/(loss)	6,548	5,449	6,291	5,778	7,528	31,594	249	**31,842**

Note 3. OTHER INCOME AND EXPENSES

OTHER INCOME	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
Reversal of provisions	552	766	402	751
Gain on disposal of property, plant and equipment	337	696	47	650
Licence income	206	-	206	-
Penalties and compensation/damages received	-	433	-	376
Income from lease of tangible assets and investment property	465	601	221	292
Grant for development work	341	508	341	254
Other	104	35	92	-1
Total other income	**2,006**	**3,039**	**1,310**	**2,322**

OTHER EXPENSES	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
Loss on disposal of property, plant and equipment	29	1	23	1
Court expenses, compensation/damages, penalties	426	69	193	59
Cost of lease of tangible assets	155	89	84	38
Donations	6	7	6	7
Liquidation of tangible assets	-	216	-	68
Other	209	460	-34	138
Total other expenses	**826**	**843**	**272**	**312**

Impairment of receivables and contract assets	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
Impairment of receivables	1,399	239	1,494	254
Impairment of contract assets	-	-	-	-
Impairment of receivables and contract assets	**1,399**	**239**	**1,494**	**254**

Note 4. FINANCE INCOME AND COSTS

FINANCE INCOME	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
Interest income	164	31	31	15
Net gain/(loss) on derivative instruments	232	-	232	-1,295
Net foreign exchange gains	-	2,592	-1,012	2,592
Other	-	32	-	-442
Total finance income	**396**	**2,655**	**-749**	**870**

FINANCE COSTS	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
Interest on bank borrowings	1,010	1,792	469	1,115
Lease interest	180	138	94	68

Impairment loss on shares in the associate OOO SCT	74	-	74	-
Net gain/(loss) on derivative instruments	-	2,334	-221	2,334
Net foreign exchange losses	397	-	397	-
Other	110	136	-168	97
Total finance costs	**1,771**	**4,400**	**644**	**3,614**

Note 5. EARNINGS PER SHARE

Item	Jan 1–Jun 30 2019	Apr 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2018
Net profit from continuing operations attributable to shareholders	7,402	3,270	10,255	6,414
Profit(loss) from discontinued operations attributable to shareholders	-	-	-	-
Net profit attributable to owners of the parent	7,402	3,270	10,255	6,414
Interest on redeemable preference shares convertible into ordinary shares	-	-	-	-
Net profit attributable to holders of ordinary shares used to calculate diluted earnings per share	**7,402**	**3,270**	**10,255**	**6,414**
Weighted average number of outstanding ordinary shares used to calculate basic earnings per share	9,802,620	9,802,620	9,700,454	9,700,454
Earnings per share	**0.76**	**0.33**	**1.06**	**0.66**

The effect of dilutive instruments on earnings per share is immaterial.

Note 6. PROPERTY, PLANT AND EQUIPMENT

As at June 30th 2019, net property, plant and equipment were PLN 69,569 thousand, down PLN 10,769 thousand on December 31st 2018.

In the six months ended June 30th 2019, gross property, plant and equipment increased by PLN 1,923 thousand, mainly on account of acquisitions (PLN 1,848 thousand). Gross property, plant and equipment decreased by PLN 11,761 thousand, mainly as a result of separation of right-of-use assets (PLN 9,781 thousand), sale (PLN 1,805 thousand) and liquidation (PLN 176 thousand). Depreciation for the six months ended June 30th 2019 was PLN 2,824 thousand. Accumulated depreciation of property, plant and equipment decreased by PLN 1,979 thousand as a result of separation of right-of-use assets and by PLN 1,203 thousand as a result of sale and liquidation. Exchange differences amounted to PLN -227 thousand in the six months ended June 30th 2019. Tangible assets under construction fell by PLN 1,060 thousand compared with December 31st 2018, to PLN 3,849 thousand as at June 30th 2019.

In the six months ended June 30th 2018, gross property, plant and equipment increased by PLN 4,647 thousand, mainly on account of acquisitions (PLN 3,646 thousand) and lease contracts (PLN 805 thousand). Gross property, plant and equipment decreased by PLN 1,632 thousand, mainly as a result of sale (PLN 1,199 thousand) and liquidation (PLN 433 thousand). Depreciation for the six months ended June 30th 2018 was PLN 3,616 thousand. Accumulated depreciation of property, plant and equipment decreased by PLN 937 thousand as a result of sale or liquidation. Exchange differences amounted to PLN 1,222 thousand in the six months ended June 30th 2018. Tangible assets under construction rose by PLN 286 thousand compared with December 31st 2017, to PLN 5,983 thousand as at June 30th 2018.

Tangible assets under construction

Tangible assets	*Expenditure*	*As at Jun 30*

under construction as at Jan 1 2019	incurred during the period	Accounting for the expenditure				2019
		Buildings, premises and civil engineering structures	Machinery and technical equipment	Vehicles	Other	
4,909	**1,890**	972	917	1,056	5	**3,849**

Tangible assets under construction as at Jan 1 2018	Expenditure incurred during the period	Accounting for the expenditure				As at Dec 31 2018
		Buildings, premises and civil engineering structures	Machinery and equipment	Vehicles	Other	
5,697	**9,398**	3,132	5,281	1,079	692	**4,909**

RIGHT-OF-USE ASSETS

As at June 30th 2019, right-of-use assets amounted to PLN 13,779 thousand, including:

- perpetual usufruct rights of PLN 2,525 thousand
- buildings and premises of PLN 3,608 thousand
- machinery and equipment of PLN 2,689 thousand
- technical equipment of PLN 380 thousand
- vehicles of 4,577 thousand.

Note 7. INTANGIBLE ASSETS

As at June 30th 2019, net intangible assets were PLN 53,431 thousand, up PLN 3,230 thousand on December 31st 2018.
In the six months ended June 30th 2019, gross intangible assets increased by PLN 5,018 thousand on account of acquisitions. Amortisation for the six months ended June 30th 2019 was PLN 1,707 thousand. In the six months ended June 30th 2019, no impairment losses on intangible assets were recognised. Exchange differences amounted to PLN -81 thousand.
In the six months ended June 30th 2018, gross intangible assets increased by PLN 5,883 thousand on account of acquisitions. Amortisation for the six months ended June 30th 2018 was PLN 1,432 thousand. Accumulated amortisation of intangible assets increased by PLN 14 thousand. In the six months ended June 30th 2018, no impairment losses on intangible assets were recognised. Exchange differences amounted to PLN 53 thousand.

Note 8. IMPAIRMENT LOSSES ON ASSETS

Impairment losses on	Jun 30 2019	Dec 31 2018
Trade receivables	13,721	12,376
Goodwill	44,946	44,946
Inventories	6,569	6,273
Contract assets	577	577
Tangible assets	1,972	2,095

IMPAIRMENT LOSSES ON TRADE RECEIVABLES	Jun 30 2019	Dec 31 2018
As at beginning of period	**12,376**	**4,502**
Increase	1,399	7,610
Effect of IFRS 9	-	288
Use (-)	-	-173
Net exchange differences on translating financial statements into presentation currency	-54	149
As at end of period	**13,721**	**12,376**

Note 9. INVENTORIES

Item	Jun 30 2019	Dec 31 2018
Materials	26,526	34,508
Semi-finished products and work in progress	27,892	29,133
Finished goods	2,820	2,928
Merchandise	597	690
Total inventories (carrying amount)	**57,836**	**67,259**
write-down to net realisable value	6,569	6,273
Gross inventories	**64,405**	**73,532**

WRITE-DOWNS	Materials	Semi-finished products and work in progress	Finished goods	Merchandise	Total
Jan 31 2019	**279**	**5,990**	**-**	**5**	**6,273**
Increase, including:	**216**	**-**	**90**	**-**	**306**
- write-downs recognised in correspondence with other expenses	216	-	90	-	306
Net exchange differences on translating financial statements into presentation currency	-	-	-	-	-
Decrease, including:	**-**	**11**	**-**	**-**	**11**
- use	-	-	-	-	-
Net exchange differences on translating financial statements into presentation currency	-	11	-	-	11
Jun 30 2019	**495**	**5,979**	**90**	**5**	**6,568**
Jan 1 2018	**-107**	**6,742**	**178**	**5**	**6,818**
Increase, including:	**216**	**-**	**-**	**-**	**216**
- write-downs recognised in correspondence with other expenses	216	-	-	-	216

Net exchange differences on translating financial statements into presentation currency	-	-	-	-	-
Decrease, including:	**-**	**1,411**	**-**	**-**	**1,411**
- use	-	1,425	-	-	1,425
Net exchange differences on translating financial statements into presentation currency	-	-14	-	-	-14
Jun 30 2018	**-**	**5,331**	**-**	**-**	**5,624**

Jan 1 2018	**-107**	**6,742**	**178**	**5**	**6,817**
Increase, including:	**386**	**424**	**-**	**-**	**810**
- write-downs recognised in correspondence with other expenses	386	424	-	-	810
Net exchange differences on translating financial statements into presentation currency	-	-	-	-	-
Decrease, including:	**-**	**1,176**	**178**	**-**	**1,354**
- use	-	1,070	178	-	1,248
Net exchange differences on translating financial statements into presentation currency	-	105	-	-	105
Dec 31 2018	**279**	**5,990**	**-**	**5**	**6,273**

Note 10. DIVIDENDS PROPOSED OR APPROVED BY THE DATE OF AUTHORISATION OF THESE FINANCIAL STATEMENTS

Pursuant to Resolution No. 19, the General Meeting resolved to distribute a portion of the net profit of PLN 4,018,910.20 (four million, eighteen thousand, nine hundred and ten złoty, twenty grosz) as dividend to the Company's shareholders, in an amount of PLN 0.41 per share. The dividend record date (D) was July 4th 2019, while the dividend payment date (W) was July 18th 2019.

Note 11. GOODWILL

Item	**Jun 30 2018**	**Dec 31 2018**
Consolidation goodwill at beginning of period	38,816	36,019
Exchange differences on translation of goodwill	-277	2,797
Total goodwill at end of period	**38,539**	**38,816**

Note 12. CONTRACT ASSETS/LIABILITIES

The Group recognised the following assets and liabilities under contracts with customers:

	Jun 30 2019	**Dec 31 2018**
Contract assets	113,870	102,523

Contract liabilities	-103,408	-111,480
	10,462	-8,957

Contract assets

Contract assets reflect the amounts payable by customers in connection with provision of services or delivery of equipment.

In the Group's opinion, there is no concentration of credit risk related to contract assets due to a large and diversified asset base. The Company's maximum exposure to credit risk at the end of the reporting period corresponds to the carrying amount of these assets.

Changes in contract assets in the six months ended June 30th 2019 were as follows:

	Jan 1–Jun 30 2019
Opening balance	**102,524**
Increase	149,998
Invoiced amounts transferred to trade receivables	-138,651
Change in impairment loss, net	-
Closing balance	**113,871**

As at June 30th 2019, the rate of expected credit losses for contract assets was 0.50%.As the amount of expected credit losses did not change materially, impairment loss as at June 30th 2019 remained unchanged.

Contract liabilities

Contract liabilities of approximately PLN 34,059 thousand as at January 1st 2019 were recognised as revenue generated in the six months ended June 30th 2019.

Performance obligations

As at June 30th 2019, the transaction price allocated to unsatisfied performance obligations under contracts with customers was PLN 103,408 thousand. The following table shows the time periods during which the Company expects to satisfy those performance obligations and recognise related revenue.

	Jun 30 2019
Up to 1 year	102,789
1–2 years	619
Over 2 years	-
Total unsatisfied performance obligations	**103,408**

Note 13. CAPITAL COMMITMENTS

As at June 30th 2019, the Group had capital commitments related to property, plant and equipment of PLN 140 thousand. The amount was allocated for purchase of new plant and equipment.

Note 14. LOANS AND OTHER FINANCIAL ASSETS

	Jun 30 2019	**Dec 31 2018**
Increase in loans advanced, including:	**-**	**41**

- non-current	-	-
- current	-	41
Other financial assets	**3**	**3**
- non-current	3	3
- current	**-**	-
	3	**44**

In 2018 and in H1 2019, no loans were granted to members of Management Boards or Supervisory Boards of the Group companies.

Note 15. DERIVATIVE FINANCIAL INSTRUMENTS

	Jun 30 2019		Dec 31 2018	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Derivative financial instruments	1,163	688	1,340	1,197
Total hedging instruments				
- non-current	47	42	27	178
- current	1,116	646	1,313	1,019

Disclosures of derivative financial instruments which qualify for hedge accounting

In H1 2019, SECO/WARWICK S.A. used currency forwards to hedge on average 61% of its export cash flows denominated in EUR and 62% of its cash flows denominated in USD. The purpose was to hedge the budgeted exchange rates for contracts. Any changes in the value of EUR- or USD-denominated cash flows are offset by changes in the fair value of the hedging instrument. Hedge accounting is applied if the criteria provided for in IAS 39:88 are met.

The table below presents total values of hedging relationships open as at June 30th 2019.

Jun 30 2019	Notional amount of contract (EUR '000)	Original notional amount of hedging instrument	Remaining notional amount of hedging instrument as at Jun 30 2019	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	42,132	26,228	15,663	461	388	73	from Jul 26 2019 to Dec 31 2020

Jun 30 2019	Notional amount of contract (USD '000)	Original notional amount of hedging instrument	Remaining notional amount of hedging instrument as at Jun 30 2019	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	44,983	27,359	8,513	14	-147	161	from Jul 10 2019 to Mar 15 2021

The table below presents total values of hedging relationships open as at December 31st 2018.

Dec 31 2018	Notional amount of contract (EUR '000)	Original notional amount of hedging instrument	Remaining notional amount of hedging instrument as at Dec 31 2018	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	49,781	29,282	20,612	439	364	75	from Jan 10 2019 to Mar 31 2020

Dec 31 2018	Notional amount of contract (USD '000)	Original notional amount of hedging instrument	Remaining notional amount of hedging instrument as at Dec 31 2018	Fair value of instrument (PLN '000)	Amount recognised in profit or loss (PLN '000)	Amount recognised in equity (PLN '000)	Date of final settlement of hedging instrument
TOTAL	46,109	28,309	6,582	-296	-323	27	from Jan 17 2019 to Feb 27 2020

Note 16. OTHER SHORT-TERM RECEIVABLES

Item	Jun 30 2019	Dec 31 2018
receivables under prepayments	4,239	5,545
tax, custom duties, social security, health insurance and other benefits receivables	5,045	7,500
sale of S/W Brasil shares	1,508	1,518
other receivables, including bid bond	3,175	687
Total other short-term receivables	**13,968**	**15,250**

Note 17. LEASE LIABILITIES

Item	Jun 30 2019	Dec 31 2018
Lease liabilities		
- non-current	7,900	4,954
- current	3,910	1,929
	11,810	**6,884**

Note 18. OTHER CURRENT LIABILITIES

Item	Jun 30 2019	Dec 31 2018
Taxes, customs duties, social security and other charges payable	4,982	4,903
Salaries, wages and other obligations towards employees	4,448	4,988
Income tax payable	48	49
Dividend payable to shareholders	4,019	-
Other liabilities	1,479	1,124
Total current liabilities	**14,976**	**11,065**

Note 19. CORRECTION OF ERRORS

No error corrections were made in H1 2019.

Note 20. OFF-BALANCE-SHEET ITEMS

Contingent liabilities

As at June 30th 2019, contingent liabilities under performance bonds (bank guarantees) issued amounted to PLN 59,531 thousand (end of 2018: PLN 51,508 thousand).

Note 21. 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.

Note 22. MATERIAL INFORMATION ON RELATED PARTIES

There were no material transactions with related parties.

Note 23. OTHER PROVISIONS

Item	Jun 30 2019	Dec 31 2018
Provision for warranty repairs	9,854	11,053
Provision for contracts delivered with a loss	449	337
Other provisions	778	1,557
Other provisions	**11,081**	**12,947**

Note 24. SHORT-TERM PROVISION FOR RETIREMENT AND SIMILAR BENEFITS

Item	Jun 30 2019	Dec 31 2018
Provision for accrued holiday entitlements	5,081	4,764
Provision for bonuses	2,357	4,984
Provision for retirement bonuses	24	25
Short-term provision for retirement and similar benefits	**7,462**	**9,773**

Note 25. FAIR VALUE HIERARCHY

All financial instruments (presented in Note 15) are classified by the Group at level 2 of the fair value hierarchy. The method and technique used to measure financial instruments at fair value are the same as those applied as at December 31st 2018. Both in the reporting period and the comparative period, there were no transfers between the levels of fair value hierarchy of financial instruments at the Group, nor was there any change in the classification of instruments as a result of a change in the purpose or use of these instruments.

There are no material differences between the carrying amount and the fair value of any of the financial assets and liabilities.

Note 26. SEASONALITY OR CYCLICALITY OF BUSINESS IN THE REPORTING PERIOD

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

Note 27. EVENTS NON-TYPICAL DUE TO THEIR NATURE, SCALE OR FREQUENCY

There were no non-typical events other than those described herein.

Note 28. MATERIAL EVENTS WHICH OCCURRED AFTER THE END OF THE REPORTING PERIOD AND ARE NOT DISCLOSED IN THESE FINANCIAL STATEMENTS

No such events occurred.

Note 29. REMUNERATION OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD

Remuneration of the Management Board:

	Jun 30 2019	Jun 30 2018
Paweł Wyrzykowski (1)	991	423
Sławomir Woźniak	370	329
Jarosław Talerzak (2)	34	-
Bartosz Klinowski	400	236
Piotr Walasek (3)	30	-
Earl Good	-	-
Total	**1,825**	**988**

(1) On May 24th 2019, the Company was notified that Paweł Wyrzykowski, President of the Management Board, decided not to stand for re-appointment to the Management Board.

(2) Mr Jarosław Talerzak was appointed Vice President of the Management Board on June 5th 2019.

(3) Mr Piotr Walasek was appointed Member of the Management Board on June 5th 2019.

Remuneration of the Supervisory Board:

	Total remuneration	
	Jun 30 2019	Jun 30 2018
Andrzej Zawistowski	115	118
- for his service as Chairman of the Supervisory Board	60	60
- under contract for advisory services[1]	55	58
Jeffrey Boswell	82	71
- for his service as Member of the Supervisory Board	-	-
- under employment contract[2]	82	71
Henryk Pilarski	27	27
Marcin Murawski	21	21
Paweł Tamborski[3]	-	11
Jacek Tucharz[4]	21	11
Total	**266**	**259**

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

(2) Under an employment contract between SECO/WARWICK Corp. and Mr Jeffrey Boswell.

(3) Mr Paweł Tamborski tendered his resignation as member of the Supervisory Board on February 16th 2018.

(4) Mr Jacek Tucharz was appointed as member of the Supervisory Board on April 11th 2018.

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

FOR THE PERIOD **JANUARY 1ST–JUNE 30TH 2019**

INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME

(PLN ‘000)

	Note	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from sale of finished goods and services		130,957	140,893	62,210	76,392
Revenue from sale of merchandise and materials		8	138	1	138
Revenue	1.2	**130,965**	**141,031**	**62,211**	**76,530**
Cost of finished goods sold and services rendered		-104,002	-110,682	-49,066	-59,723
Cost of merchandise and materials sold		-7	-136	0	-133
Cost of sales	**2**	**-104,009**	**-110,818**	**-49,066**	**-59,856**
Gross profit/(loss)		**26,956**	**30,213**	**13,145**	**16,673**
Other income	3	1,426	3,619	723	2,559
Distribution costs		-7,748	-7,089	-4,647	-3,688
Administrative expenses		-10,919	-11,306	-5,670	-6,478
Impairment of receivables and contract assets	3	-189	-581	-268	-664
Other expenses	3	-841	-672	-344	-222
Operating profit/(loss)		**8,685**	**14,184**	**2,939**	**8,181**
Finance income	4	412	1,948	59	332
Finance costs	4	-1,319	-4,299	-583	-3,778
Profit/(loss) before tax		**7,778**	**11,834**	**2,415**	**4,735**
Income tax		-1,525	-2,647	-499	-1,236
Net profit/(loss) from continuing operations		6,253	9,186	1,916	3,499
Profit/(loss) from discontinued operations		-	-	-	-
Net profit/(loss)		**6,253**	**9,186**	**1,916**	**3,499**
OTHER COMPREHENSIVE INCOME:					
Cash flow hedges		721	-5,107	777	-3,788
Income tax on other comprehensive income		-137	970	-147	720
Other comprehensive income, net		**584**	**-4,136**	**630**	**-3,068**
Total comprehensive income		**6,837**	**5,050**	**2,546**	**431**
Earnings/(loss) per share (PLN):					
- basic and diluted, from net profit/(loss)		0.61	0.89	0.19	0.89

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

	Note	Jun 30 2019	Dec 31 2018

		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment	5	52,452	61,186
Right-of-use assets	5	10,833	-
Investment property		346	358
Intangible assets		52,522	49,192
Long-term receivables		3,505	5,263
Investments in related parties	6	58,330	57,593
Other financial assets		50	30
Deferred tax assets		-	-
		178,038	**173,622**
Current assets			
Inventories		28,324	29,207
Trade receivables		35,883	43,646
Income tax assets		16	16
Other short-term receivables		10,601	8,906
Cash and cash equivalents		20,680	39,770
Other financial assets		1,115	1,354
Other non-financial assets		837	2,070
Contract assets		81,192	73,835
		178,648	**198,804**
TOTAL ASSETS		**356,686**	**372,426**

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

	Note	Jun 30 2019 (unaudited)	Dec 31 2018 (audited)
Equity			
Share capital		3,616	3,616
Statutory reserve funds		141,372	130,960
Hedging reserve		-2	-586
Other components of equity		13,212	12,067
Retained earnings / accumulated losses		27,869	36,046
		186,067	**182,103**
Non-current liabilities			
Borrowings		-	1,565
Other financial liabilities		42	178
Lease liabilities		6,532	4,631
Deferred tax liabilities		5,106	3,556
Provision for retirement and similar benefits		838	838
Deferred income		15,586	14,932
Contract liabilities		619	1,537
		28,723	**27,237**
Current liabilities			
Borrowings		45,539	62,047
Other financial liabilities		646	1,019
Lease liabilities		2,255	1,385
Trade payables		23,695	37,985
Other current liabilities	8	12,052	7,306
Provision for retirement and similar benefits	9	3,953	6,068
Other provisions		6,944	7,106
Deferred income		697	1,037
Contract liabilities		46,115	39,133
		141,896	**163,086**
TOTAL EQUITY AND LIABILITIES		**356,686**	**372,426**

INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS

(PLN ‘000)

	Jan 1–Jun 30 2019 (unaudited)	Jan 1–Jun 30 2018 (unaudited)
OPERATING ACTIVITIES		
Profit/(loss) before tax	**7,778**	**11,834**
Total adjustments:	**-2,184**	**-13,192**
Depreciation and amortisation	3,037	3,649
Foreign exchange gains/(losses)	-90	-175
Interest and profit distributions (dividends)	809	1,023
Gain/(loss) on investing activities	48	399
Balance-sheet valuation of derivative instruments	276	4,511
Change in provisions	-2,278	-2,130
Change in inventories	883	-2,001
Change in receivables	7,828	3,962
Change in current liabilities (other than financial liabilities)	-13,434	120
Change in accruals, deferrals and contracts	-408	-24,359
Other adjustments*	1,145	1,295
Income tax (paid)/refunded	**-**	**-**
Net cash from operating activities	**5,593**	**-1,873**
INVESTING ACTIVITIES		
Cash provided by investing activities	**96**	**1,194**
Proceeds from disposal of intangible assets and property, plant and equipment	56	1,162
Decrease in loans advanced	40	32
Cash used in investing activities	**5,541**	**10,647**
Investments in intangible assets, property, plant and equipment, and investment property	4,804	10,647
Acquisition of shares in related entities	737	-
Net cash from investing activities	**-5,445**	**-9,453**
FINANCING ACTIVITIES		
Cash provided by financing activities	**663**	**6,112**
Borrowings	-	5,597
Grants	663	515
Cash used in financing activities	**19,995**	**9,831**
Repayment of borrowings	18,074	7,803
Payment of lease liabilities	1,112	990
Interest paid	809	1,038
Net cash from financing activities	**-19,332**	**-3,718**
Total net cash	**-19,183**	**-15,044**
Net change in cash, including:	**-19,090**	**-14,780**
- effect of exchange rate fluctuations on cash held	93	264
Cash at beginning of period	**39,770**	**30,913**
Cash at end of period	**20,680**	**16,132**

*Other adjustments are mainly management stock options.

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**
Equity as at Jan 1 2019 (audited)	**3,616**	**130,960**	**-586**	**12,067**	**36,046**	**182,103**
Profit/(loss) for the period	-	-	-	-	6,253	**6,253**
Other comprehensive income	-	-	584	-	-	**584**
Total comprehensive income for the year	**-**	**-**	**584**	**-**	**6,253**	**6,836**
Allocation of profit to dividend payment	-	-	-	-	-4,018	**-4,018**
Transfer of retained earnings to statutory reserve funds	-	10,412	-	-	-10,412	**-**
Management stock options	-	-	-	1,145	-	**1,145**
Equity as at June 30th 2019 (unaudited)	**3,616**	**141,372**	**-2**	**13,212**	**27,869**	**186,067**

	Share capital	Statutory reserve funds	Hedging reserve	Reserve capital and other components of equity	Retained earnings / accumulated losses	**Total equity**
Equity as at January 1st 2018 (audited)	**3,616**	**114,460**	**2,106**	**10,088**	**37,359**	**167,629**
Effect of IFRS 15	-	-	-	-	-611	**-611**
Equity as at January 1st 2018 following the application of IFRS 15 (audited)	**3,616**	**114,460**	**2,106**	**10,088**	**36,748**	**167,018**
Profit/(loss) for the period	-	-	-	-	9,186	**9,186**
Other comprehensive income	**-**	**-**	-4,136	-	-	**-4,136**
Total comprehensive income for the year	**-**	**-**	**-4,136**	**-**	**9,186**	**5,050**
Transfer of retained earnings to statutory reserve funds	**-**	16,499	-	-	-16,499	**-**
Management stock options	-	-	-	1,295	-	**1,295**
Equity as at June 30th 2018 (unaudited)	**3,616**	**130,960**	**-2,031**	**11,383**	**29,435**	**173,363**

NOTES TO THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED

JUNE 30TH 2019

These interim condensed separate 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 (the "Regulation").

These interim condensed separate financial statements of the Company should be read in conjunction with the interim condensed consolidated financial statements authorised for issue by the Management Board and published on the same day as the interim condensed separate financial statements to obtain full information on the assets and financial position of the SECO/WARWICK Group as at June 30th 2019 and the financial result for the period from January 1st to June 30th 2019 in accordance with the International Financial Reporting Standards approved by the European Union. These interim condensed separate financial statements do not include all the information and disclosures required to be included in full-year financial statements, and should be read in conjunction with the separate financial statements for the year ended December 31st 2018, authorised for issue on April 24th 2019.

These interim condensed separate financial statements are presented in the złoty ("PLN"), and unless specified otherwise, all amounts are given in thousands of PLN.

The comparative data is sourced from the statement of financial position as at December 31st 2018 and from the statement of comprehensive income, statement of cash flows and statement of changes in equity for the six months ended June 30th 2018.

In the preparation of these condensed separate financial statements, none of the published but not yet effective standards or standard interpretations have been applied.

These interim condensed financial statements for the six months ended June 30th 2019 have been prepared on the going concern assumption.

These interim condensed 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.

In these interim condensed financial statements, there have been no significant changes in the estimated amounts which were presented in the previous interim periods of the current financial year or changes in the estimates presented in previous financial years that would have a material effect on the current interim period.

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 Company, three main categories of lease contracts have been identified:

- perpetual usufruct of land,
- property: office and warehouse buildings,
- other leases: vehicles and technical equipment.

As of January 1st 2019, the Company, as a lessee, recognise all identified lease contracts under a single model in which the lease assets (right-of-use assets) are 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 Company'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 Company for the purpose of measurement in accordance with IFRS 16 were based on the interest rate on Polish treasury bonds, adjusted by 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 Company 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 had an effect on:

c) the statement of profit or loss, in the following way:
- depreciation of the right-of-use asset and interest expense on the lease liability were recognised instead of operating expenses;

d) the statement of cash flows, in the following way:
- net cash from investing activities did not change;
- payment of lease liabilities is recognised under financing activities.

As at January 1st 2019, the Company applied the "modified retrospective method" without restating the comparative data. The effect of application of the standard on total assets and liabilities as at January 1st 2019 was PLN 1,917 thousand (of which PLN 283 thousand are current liabilities and PLN 1,634 thousand are non-current liabilities), and results from the recognition of lease liabilities in correspondence with the right-of-use asset. To calculate the discount rate for the purposes of IFRS 16, the Company assumes that the discount rate should reflect the cost that it would have to pay to borrow the funds necessary to purchase the leased asset. The weighted average discount rate used at the initial application of the standard was 7%. Implementation of the standard had no effect on equity at January 1st 2019, as the Company decided to measure the right-of-use assets in the amount equal to the lease liability (the effect of prepaid lease payments was negligible). Therefore, no deferred tax was recognised.

	Dec 31 2018	Effect of IFRS 16	Jan 1 2019
ASSETS			
Non-current assets			
Property, plant and equipment	61,186	-7,631	53,555
Right-of-use assets	-	9,548	9,548
Investment property	358		358
Intangible assets	49,192		49,192
Long-term receivables	5,263		5,263
Investments in related parties	57,593		57,593
Other financial assets	30		30
Deferred tax assets	-		
	173,622	**1,917**	**175,539**
Current assets			
Inventories	29,207		29,207
Trade receivables	43,646		43,646
Income tax assets	16		16
Other short-term receivables	8,906		8,906

Cash and cash equivalents	39,770		39,770
Other financial assets	1,354		1,354
Other non-financial assets	2,070		2,070
Contract assets	73,835		73,835
	198,804	**-**	**198,804**
Assets held for sale			**-**
TOTAL ASSETS	**372,426**	**1,917**	**374,343**

	Dec 31 2018	Effect of IFRS 16	Jan 1 2019
EQUITY AND LIABILITIES			
Equity			
Share capital	3,616		3,616
Statutory reserve funds	130,960		130,960
Hedging reserve	-586		-586
Other components of equity	12,067		12,067
Retained earnings / accumulated losses	36,046		36,046
	182,103	**-**	**182,103**
Non-current liabilities			
Borrowings	1,565		1,565
Other financial liabilities	178		178
Lease liabilities	4,631	1,634	6,265
Deferred tax liabilities	3,556		3,556
Provision for retirement and similar benefits	838		838
Deferred income	14,932		14,932
Contract liabilities	1,537		1,537
	27,237	**1,634**	**28,871**
Current liabilities			
Borrowings	62,047		62,047
Other financial liabilities	1,019		1,019
Lease liabilities	1,385	283	1,668
Trade payables	37,985		37,985
Other current liabilities	7,306		7,306
Provision for retirement and similar benefits	6,068		6,068
Other provisions	7,106		7,106
Deferred income	1,037		1,037
Contract liabilities	39,133		39,133
	163,086	**283**	**163,368**
TOTAL EQUITY AND LIABILITIES	**372,426**	**1,917**	**374,343**

Below are presented the Company's new accounting policies applied following the adoption of IFRS 16:

Right-of-use assets

The Company recognises right-of-use assets at the lease commencement date (i.e. the date when the underlying asset is made available for use). Right-of-use assets are measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, the initial direct costs incurred and any lease payments made at or before the commencement date, less any lease incentives received. If there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, right-of-use assets are depreciated using the straight-line method over the shorter of the estimated life of the asset or the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the lease commencement date, the Company measures lease liabilities at the present value of lease payments then outstanding. Lease payments include fixed payments (including in-substance fixed lease payments) less any lease incentives due, variable payments that depend on an index or rate, and amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payment of financial penalties for terminating the lease if the lease terms grant a termination option to the Company. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition triggering the payment occurs.

When calculating the present value of lease payments, the Company uses the lessee's incremental borrowing rate on the lease commencement date if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the amount of lease liabilities is increased to reflect the interest, and reduced by lease payments made. Furthermore, the carrying amount of lease liabilities is remeasured if the lease term, in-substance fixed lease payments or judgement as to purchase of the underlying assets change.

Short-term leases and leases of low-value assets

The Company applies the short-term exemption to its short-term lease contracts (i.e. contracts with a lease term of 12 months or less from the commencement date, containing no purchase options). The Company also applies the low value lease exemption. Lease payments under short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Material judgements and estimates in determining the lease term of contracts with extension options

The Company determines the lease term as a non-cancellable lease term, including periods covered by an option to extend the lease, if it is reasonably certain that the option will be exercised, as well as periods covered by an option to terminate the lease if it is reasonably certain that the option will not be exercised.

The Company is able to extend the lease term of certain lease contracts. The Company applies judgment to assess whether there is reasonable certainty that the extension option will be exercised, which means that it takes into account all material facts and circumstances that represent an economic incentive to extend the option or an economic penalty for its non-extension. After the commencement date, the Company reviews the lease term if a significant event or change in circumstances under its control occurs which affects its ability to exercise (or not to exercise) the extension option (e.g. a change in the business strategy).

Implementation and application of IFRS 16 required the Company to make various estimates and use professional judgement, in particular with respect to reviewing the lease term under contracts concluded for an indefinite period and under contracts which granted the Company an extension option. When determining the lease term, the Company had to consider all facts and circumstances, including the existence of economic incentives to use or not to use the option to extend or terminate the contract. In determining the lease term, the Company also took into account the costs incurred to adapt the leased asset to individual needs, and in the case of lease of property – the size of the local market and the features of the leased property.

Future lease payments under operating leases as at January 1st 2019	**134**
Discount	-9
Other*	1,792
Additional lease liability recognised as at January 1st 2019	**1,917**
Finance lease liabilities in accordance with IAS 17 as at December 31st 2018	6,016

Lease liability as at January 1st 2019	**7,933**

* Applicable mainly to perpetual usufruct of land not classified as non-cancellable operating lease as at December 31st 2018

Note 1. REVENUE

Revenue from sales and total income of the Company:

Item	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
Revenue from sale of finished goods and services	130,957	140,893	62,209	76,392
- including revenue recognised over time	*125,790*	*133,948*	*59,347*	*71,767*
Sales of merchandise and materials	8	138	1	138
TOTAL sales revenue	**130,965**	**141,031**	**62,210**	**76,530**

Revenue by geographical markets:

Item	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
European Union	69,154	73,364	35,808	37,710
Commonwealth of Independent States	566	8,293	-4	4,537
USA	26,777	27,458	10,455	14,360
Asia	30,863	30,126	14,030	18,981
Other	3,605	1,790	1,921	942
TOTAL revenue	**130,965**	**141,031**	**62,210**	**76,530**

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

Note 2. OPERATING SEGMENTS

The Company's principal business activity consists in manufacture of five key groups of products: vacuum furnaces, atmosphere furnaces, aluminium heat treatment systems and metallurgy equipment used for melting, and vacuum casting of metals and specialty alloys. In accordance with the Company's management accounts, a separate aftersales segment has also been established. The Company's operations are divided into five core business segments corresponding to the product groups:

Vacuum furnaces

Vacuum furnaces have multiple applications in a number of industries, including machine tool, aviation, power, electrical engineering, medical equipment, automotive and specialised industries. Vacuum furnaces are used in a wide variety of processes, such as heat treatment of steel and alloys, brazing, sintering, and degassing.

Melting furnaces

Vacuum melting furnaces are used in the metallurgical industry for consolidation, smelting and refining of specialty metals, including reactive metals (e.g. titanium, zirconium) and heat-resistant metals (e.g. tantalum). Their physical properties require processing in technologically advanced equipment and in high vacuum conditions.

A separate group of melting furnaces are melting and holding furnaces used for the manufacture of precision castings (such as components of jet engines, power turbines and medical implants).

Thermal

Atmosphere furnaces are widely used in the process of thermal and thermochemical treatment of steel and metals in protective atmospheres for improved hardness. Atmosphere furnaces designed for thermochemical treatment are used for gas carburising, gas nitriding and in other processes. Such furnaces are used chiefly in the automotive and metal industries, including for the manufacturing of roller bearings, as well as in commercial hardening plants and specialty industries.

Aluminium heat treatment systems (Aluminium Process)

The Aluminium Process solutions offered by the Company are used in the manufacturing of aluminium sheet for the automotive and aviation industries, as well as for the manufacturing of packaging foil for multiple applications. Aluminium Process systems are also used to heat treat aluminium castings. CAB systems are used primarily in the automotive industry for brazing of heat exchangers mounted in passenger cars and heavy goods vehicles (charge air coolers, air conditioning evaporators and condensers, oil coolers, etc.). Outside the automotive industry, CAB processes are used in the manufacture of IC radiators, steam condensers for CHP plants, exhaust gas heat exchangers for power generators, etc.

Aftersales

The Aftersales Segment offers conversion, upgrades and modification of customer-owned equipment, including equipment manufactured by third parties. This segment also includes sale of spare parts and all aftersale services.

In the case of the business lines (vacuum furnaces, melting furnaces, atmosphere furnaces, aluminium heat treatment lines), contracts with customers provide for the design, manufacture and installation of metal heat treatment equipment, as well as sale of spare parts and maintenance services.

Equipment of this type is often dependent on the customer's infrastructure, such as existing units and foundations. Furthermore, the design process of a unit is highly complex given the need to set up the equipment parameters in line with the customer's expectations.

Therefore, the vast majority of the segments' revenue is recognised throughout contract performance. In the case of aftersales, revenue is recognised upon service completion or product transfer.

Jan 1–Jun 30 2019	Continuing operations						Other	Total
	Vacuum Furnaces	*Atmosphere Furnaces (Thermal)*	*Aluminium Process*	*Melting Furnaces*	*Aftersales*	*Total*		
Total segment revenue	**60,877**	**26,607**	**7,664**	**28,418**	**6,986**	**130,551**	**413**	**130,965**
Sales to customers accounting for 10% or more of revenue	-	-	-		-	-	-	-
Total segment expenses	**-46,376**	**-23,995**	**-5,600**	**-22,743**	**-4,665**	**-103,379**	**-630**	**-104,009**
Gross profit/(loss)	14,501	2,612	2,064	5,675	2,321	27,172	-217	**26,956**

Apr 1–Jun 30 2019	Continuing operations						Other	Total
	Vacuum Furnaces	*Atmosphere Furnaces (Thermal)*	*Aluminium Process*	*Melting Furnaces*	*Aftersales*	*Total*		
Total segment revenue	**30,060**	**14,004**	**2,628**	**11,564**	**3,694**	**61,950**	**261**	**62,211**
Sales to customers accounting for 10% or more of revenue	-	-	-		-	-	-	-
Total segment expenses	**-22,564**	**-12,662**	**-2,051**	**-9,057**	**-2,296**	**-48,630**	**-435**	**-49,066**
Gross profit/(loss)	7,496	1,342	577	2,507	1,398	13,319	-174	**13,146**

Jan 1–Jun 30 2018	Continuing operations						Other	Total
	Vacuum Furnaces	*Atmosphere Furnaces (Thermal)*	*Aluminium Process*	*Melting Furnaces*	*Aftersales*	*Total*		
Total segment revenue	**64,663**	**31,915**	**10,747**	**25,282**	**7,401**	**140,008**	**1,023**	**141,031**
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
Total segment expenses	**-50,164**	**-24,831**	**-7,870**	**-21,994**	**-5,525**	**-110,385**	**-433**	**-110,818**
Gross profit/(loss)	14,499	7,084	2,877	3,288	1,876	29,624	589	**30,213**

Apr 1–Jun 30 2018	Continuing operations						Other	Total
	Vacuum Furnaces	*Atmosphere Furnaces (Thermal)*	*Aluminium Process*	*Melting Furnaces*	*Aftersales*	*Total*		
Total segment revenue	**33,172**	**17,147**	**6,120**	**15,411**	**4,139**	**75,990**	**539**	**76,530**
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-
Total segment expenses	**-26,036**	**-12,427**	**-4,480**	**-13,353**	**-3,285**	**-59,581**	**-275**	**-59,856**
Gross profit/(loss)	7,136	4,720	1,641	2,059	854	16,409	264	**16,673**

Note 3. OTHER INCOME AND EXPENSES

OTHER INCOME	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
Gain on disposal of non-financial non-current assets	19	660	19	640
Reversal of provisions for liquidated damages under construction contracts	-	750	-150	750
Licence income	206	-	206	-
Settlement of grant	341	508	201	254
Penalties and compensation/damages received	-	386	-	356
Income from lease of tangible assets and investment property	465	584	221	274
Revenue from rendering services to subsidiaries	215	419	112	117
Other	180	312	114	168
Total other income	**1,426**	**3,619**	**723**	**2,559**

OTHER EXPENSES	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
Court expenses, compensation/damages, penalties	312	69	105	59
Donations	6	7	6	1
Loss on disposal of non-financial non-current assets	-	-	-6	-
Impairment losses on materials	150	-	150	-
Costs related to leases	155	84	85	36
Other	218	512	4	126
Total other expenses	**841**	**672**	**344**	**222**

Impairment of receivables and contract assets	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
Impairment of receivables	189	581	268	664
- including impairment losses on receivables from SECO/WARWICK France	-	589	-	589
- including impairment losses on receivables from SECO/WARWICK Allied	-	-24	-	-24
Impairment of contract assets	-	-	-	-
Impairment of receivables and contract assets	**189**	**581**	**268**	**664**

Note 4. FINANCE INCOME AND COSTS

FINANCE INCOME	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
Interest income	180	54	36	27
Net gain/(loss) on derivative instruments	232	-	232	-1,295
Net foreign exchange gains	-	1,894	-209	1,600
Total finance income	**412**	**1,948**	**59**	**332**

FINANCE COSTS	Jan 1–Jun 30 2019	Jan 1–Jun 30 2018	Apr 1–Jun 30 2019	Apr 1–Jun 30 2018
Interest paid	770	916	351	459
Lease interest	155	126	78	62
Net gain/(loss) on derivative instruments	-	2,334	-221	2,334
Impairment losses on equity interests	-	886	-	886
Net foreign exchange losses	357	-	357	-
Impairment losses on loans	37	37	18	37
Total finance costs	**1,319**	**4,299**	**583**	**3,778**

Note 5. PROPERTY, PLANT AND EQUIPMENT

As at June 30th 2019, net property, plant and equipment were PLN 52,452 thousand, down PLN 8,734 thousand on December 31st 2018.

In the six months ended June 30th 2019, gross property, plant and equipment increased by PLN 1,753 thousand, mainly on account of acquisitions (PLN 1,682 thousand). Gross property, plant and equipment decreased by PLN 9,768 thousand, mainly as a result of sale (PLN 377 thousand), liquidation (PLN 175 thousand) and separation of right-of-use assets (PLN 9,216 thousand). Depreciation for the six months ended June 30th 2019 was PLN 1,582 thousand. Accumulated depreciation of property, plant and equipment decreased by PLN 2,103 thousand, mainly as a result of separation of right-of-use assets (PLN 1,860 thousand). Tangible assets under construction decreased by 1,234 thousand compared with December 31st 2018, to PLN 972 thousand as at June 30th 2019.

In the six months ended June 30th 2018, gross property, plant and equipment increased by PLN 3,206 thousand, mainly on account of acquisitions (PLN 2,289 thousand) and lease contracts (PLN 849 thousand). Gross property, plant and equipment decreased by PLN 1,467 thousand, mainly as a result of sale (PLN 1,045 thousand) and liquidation (PLN 422 thousand). Depreciation for the six months ended June 30th 2018 was PLN 2,335 thousand. Accumulated depreciation of property, plant and equipment decreased by PLN 792 thousand as a result of sale or liquidation. Tangible assets under construction rose by PLN 195 thousand compared with December 31st 2017. As at June 30th 2018, tangible assets under construction were PLN 3,000 thousand.

RIGHT-OF-USE ASSETS

As at June 30th 2019, right-of-use assets amounted to PLN 10,833 thousand, including:

- perpetual usufruct rights of PLN 2,525 thousand
- buildings and premises of PLN 1,320 thousand
- machinery and equipment of PLN 2,689 thousand
- technical equipment of PLN 380 thousand
- vehicles of 3,919 thousand.

Note 6. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

As at Jun 30 2019	Gross amount of equity interests	Impairment losses on equity interests	Carrying amount of equity interests	Ownership interest (%)	% of total voting rights
SECO/WARWICK Corporation	21,806	21,806	-	100%	100%
SECO/WARWICK Rus	172	-	172	100%	100%
Retech Systems LLC	50,863	12,399	38,464	100%	100%
SECO/WARWICK Retech	7,601	-	7,601	93%	93%
OOO SCT Russia (1)	4,228	4,228	-	50%	50%
SECO/WARWICK Germany GmbH (2)	6,035	5,297	738	100%	100%
SECO/WARWICK France (3)	877	877	-	100%	100%
SECO/WARWICK Systems and Services India PVT.	1,268	-	1,268	100%	100%
SECO/WARWICK Service Sp. z o.o.	2,411	26	2,385	100%	100%
SECO WARWICK USA Holding	7,703	-	7,703	100%	100%
Total	**102,963**	**44,633**	**58,330**		

As at Dec 31 2018	Gross amount of equity interests	Impairment losses on equity interests	Carrying amount of equity interests	Ownership interest (%)	% of total voting rights
SECO/WARWICK Corporation	21,806	21,806	-	100%	100%
SECO/WARWICK Rus	172	-	172	100%	100%
Retech Systems LLC	50,863	12,399	38,464	100%	100%
SECO/WARWICK Retech	7,601	-	7,601	93%	93%
OOO SCT Russia	4,228	4,228	-	50%	50%
SECO/WARWICK Germany GmbH	5,297	5,297	-	100%	100%
SECO/WARWICK France	877	877	-	100%	100%
SECO/WARWICK Systems and Services India PVT.	1,268	-	1,268	100%	100%
SECO/WARWICK Service Sp. z o.o.	2,411	26	2,385	100%	100%
SECO WARWICK USA Holding	7,703	-	7,703	100%	100%
Total	**102,226**	**44,633**	**57,593**		

(1) Associate

(2) In 2019, EUR 170 thousand (PLN 738 thousand) was contributed to SECO/WARWICK Germany GmbH's equity.

(3) As the business of SECO/WARWICK France was discontinued by a decision of the Management Board, an impairment loss was recognised on assets invested in that subsidiary.

Note 7. IMPAIRMENT LOSSES ON ASSETS

Impairment losses on	Jun 30 2019	Dec 31 2018
Trade receivables	5,292	5,103
Equity interests in subsidiaries	44,633	44,633
Inventories and tangible assets	4,724	4,574
Loans	3,600	3,563

IMPAIRMENT LOSSES ON TRADE RECEIVABLES	Jun 30 2019	Jun 30 2018
Opening balance	**5,103**	**8,856**
Increase, including:	**268**	**836**
- impairment losses recognised	268	836
Decrease, including:	**79**	**255**
- impairment losses reversed	79	255
Closing balance	**5,292**	**9,436**

IMPAIRMENT LOSSES ON EQUITY INTERESTS	Jun 30 2019	Jun 30 2018
Opening balance	**44,633**	**73,278**
Increase, including:	**-**	**886**
- impairment losses recognised	-	886
Decrease, including:	**-**	**-**
- impairment losses reversed	-	-
Closing balance	**44,633**	**74,164**

WRITE-DOWNS OF INVENTORIES AND IMPAIRMENT LOSSES ON TANGIBLE ASSETS	Jun 30 2019	Jun 30 2018
Opening balance	**4,574**	**5,624**
Increase, including:	**150**	**-**
- impairment losses recognised	150	-
Decrease, including:	**-**	**1,050**
- impairment losses reversed	-	1,050
Closing balance	**4,724**	**4,574**

IMPAIRMENT LOSSES ON LOANS	Jun 30 2019	Jun 30 2018
Opening balance	**3,563**	**3,488**
Increase, including:	**37**	**37**
- impairment losses recognised	37	37
Decrease, including:	**-**	**-**
- impairment losses reversed	-	-
Closing balance	**3,600**	**3,525**

Note 8. OTHER CURRENT LIABILITIES

Item	Jun 30 2019	Dec 31 2018
Taxes, customs duties, social security and other charges payable	4,047	3,910
Salaries, wages and other obligations towards employees	2,806	2,804
Dividend payable to shareholders	4,019	-
Other liabilities	1,180	592
Total current liabilities	**12,052**	**7,306**

Note 9. SHORT-TERM PROVISION FOR RETIREMENT AND SIMILAR BENEFITS

Item	Jun 30 2019	Dec 31 2018
Provision for accrued holiday entitlements	2,308	1,761
Provision for bonuses	1,622	4,283
Provision for retirement bonuses	24	24
Short-term provision for retirement and similar benefits	**3,953**	**6,068**

Note 10. DIVIDENDS PROPOSED OR APPROVED BY THE DATE OF AUTHORISATION OF THESE FINANCIAL STATEMENTS

Pursuant to Resolution No. 19, the General Meeting resolved to distribute a portion of the net profit of PLN 4,018,910.20 (four million, eighteen thousand, nine hundred and ten złoty, twenty grosz) as dividend to the Company's shareholders, in an amount of PLN 0.41 per share. The dividend record date (D) was July 4th 2019, while the dividend payment date (W) was July 18th 2019.

Note 11. CAPITAL COMMITMENTS

As at June 30th 2019, the Company had capital commitments related to property, plant and equipment of PLN 140 thousand. The amount was allocated for purchase of new plant and equipment.

Note 12. RELATED PARTY TRANSACTIONS

Related party	year	Sales to related parties	Purchase from related parties	Receivables from related parties	Liabilities due to related parties
SECO/WARWICK Corporation					
	Jun 30 2019	43	39	1,864	236
	Jun 30 2018	4,480	-	1,960	-
	Dec 31 2018	5,190	200	2,691	200
Retech Systems LLC					
	Jun 30 2019	955	2,135	780	544
	Jun 30 2018	5,872	30	1,259	36
	Dec 31 2018	20,209	2,347	3,576	555
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co. Ltd.					

Jun 30 2019	885	1,581	1,921	5,100
Jun 30 2018	304	646	987	3,242
Dec 31 2018	1,984	1,835	1,940	4,775
SECO VACUUM TECHNOLOGIES LLC				
Jun 30 2019	5,751	46	6,949	462
Jun 30 2018	8,415	89	5,788	96
Dec 31 2018	16,271	406	7,098	413
SECO/WARWICK Germany GmbH				
Jun 30 2019	3,272	943	7,096	910
Jun 30 2018	3,269	980	4,795	730
Dec 31 2018	4,717	1,831	4,766	1,571
SECO/WARWICK Services Sp. z o.o.				
Jun 30 2019	1,279	68	1,774	28
Jun 30 2018	1,220	105	236	11
Dec 31 2018	2,702	182	1,086	5
SECO/WARWICK France				
Jun 30 2019	-	-	-	-
Jun 30 2018	4	2	4	6
Dec 31 2018	6	10	-	-
SECO/WARWICK Rus				
Jun 30 2019	-	371	2,320	78
Jun 30 2018	1,577	1,387	2,431	-
Dec 31 2018	4,414	1,322	2,406	1,581
SECO/WARWICK Systems and Services India PVT. Ltd.				
Jun 30 2019	88	357	124	233
Jun 30 2018	4	546	47	352
Dec 31 2018	99	761	116	301

Note 13. CORRECTIONS OF ERRORS
No error corrections were made in H1 2019.

Note 14. SEASONALITY OR CYCLICALITY OF BUSINESS IN THE REPORTING PERIOD
SECO/WARWICK S.A.’s business is not exposed to any significant seasonal or cyclical fluctuations.

Note 15. EVENTS NON-TYPICAL DUE TO THEIR NATURE, SCALE OR FREQUENCY
No such events occurred.

Note 16. MATERIAL EVENTS WHICH OCCURRED AFTER THE END OF THE REPORTING PERIOD AND ARE NOT DISCLOSED IN THESE FINANCIAL STATEMENTS
No such events occurred.

Note 17. ISSUE, REDEMPTION AND REPAYMENT OF DEBT AND EQUITY SECURITIES
No such events occurred.

Note 18. REMUNERATION OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD

Remuneration of the Management Board:

	Jun 30 2019	Jun 30 2018
Paweł Wyrzykowski (1)	991	423
Sławomir Woźniak	370	329
Jarosław Talerzak (2)	34	-
Bartosz Klinowski	400	236
Piotr Walasek (3)	30	-
Earl Good	-	-
Total	**1,825**	**988**

(1) On May 24th 2019, the Company was notified that Paweł Wyrzykowski, President of the Management Board, decided not to stand for re-appointment to the Management Board.

(2) Mr Jarosław Talerzak was appointed Vice President of the Management Board on June 5th 2019.

(3) Mr Piotr Walasek was appointed Member of the Management Board on June 5th 2019.

Remuneration of the Supervisory Board:

	Total remuneration	
	Jun 30 2019	Jun 30 2018
Andrzej Zawistowski	115	118
- for his service as Chairman of the Supervisory Board	60	60
- under contract for advisory services[1]	55	58
Jeffrey Boswell	82	71
- for his service as Member of the Supervisory Board	-	-
- under employment contract[2]	82	71
Henryk Pilarski	27	27
Marcin Murawski	21	21
Paweł Tamborski[3]	-	11
Jacek Tucharz[4]	21	11
Total	**266**	**259**

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

(2) Under an employment contract between SECO/WARWICK Corp. and Mr Jeffrey Boswell.

(3) Mr Paweł Tamborski tendered his resignation as member of the Supervisory Board on February 16th 2018.

(4) Mr Jacek Tucharz was appointed as member of the Supervisory Board on April 11th 2018.

Date: September 11th 2019

President of the Management Board

Sławomir Woźniak

Vice President of the Management Board

Jarosław Talerzak

Member of the Management Board

Bartosz Klinowski

Member of the Management Board

Earl Good

Member of the Management Board

Piotr Walasek