



THE SECO/WARWICK GROUP

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE PERIOD JANUARY 1ST–DECEMBER 31ST 2015
PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS**



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**INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD
JANUARY 1ST–DECEMBER 31ST 2015**



INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PLN '000)

	Dec 31 2015	Dec 31 2014
ASSETS		
Non-current assets		
Property, plant and equipment	102,018	92,051
Investment property	379	389
Goodwill	70,199	68,558
Intangible assets	22,078	22,609
Investments in associates	1,484	1,888
Non-current receivables	1,432	1,240
Loans and receivables	-	361
Other financial assets	8,051	6,906
Deferred tax assets	3,396	2,487
	209,037	196,489
Current assets		
Inventories	37,854	36,319
Trade receivables	85,118	71,224
Income tax assets	3,264	2,732
Other current receivables	24,796	15,005
Accruals and deferred income	3,969	2,742
Other financial assets	928	1,425
Contract settlement	103,739	104,553
Cash and cash equivalents	58,341	46,702
	318,008	280,702
ASSETS HELD FOR SALE	-	-
TOTAL ASSETS	527,045	477,191



	Dec 31 2015	Dec 31 2014
EQUITY AND LIABILITIES		
Equity		
Share capital	3,704	3,704
Statutory reserve funds	190,271	174,617
Other components of equity	21,540	49,611
Retained earnings/(deficit)	783	18,997
Non-controlling interests	642	2,376
	216,939	249,305
Non-current liabilities		
Borrowings and other debt instruments	36,099	15,659
Financial liabilities	1,111	984
Other non-current liabilities	473	464
Deferred tax liabilities	2,158	1,306
Provision for retirement and similar benefits	6,276	5,352
Other provisions	699	2,014
Accruals and deferred income	10,627	10,989
	57,443	36,768
Current liabilities		
Borrowings and other debt instruments	33,048	30,041
Financial liabilities	5,808	7,094
Trade payables	58,401	57,233
Income tax payable	417	98
Taxes, customs duties and social security payable	7,579	4,943
Other current liabilities	8,909	7,769
Provision for retirement and similar benefits	11,320	9,153
Other provisions	8,412	11,589
Accruals and deferred income	581	326
Contract settlement	118,189	62,871
	252,664	191,117
TOTAL EQUITY AND LIABILITIES	527,045	477,191



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INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(PLN '000)

	Jan 1–Dec 31 2015	Oct 1–Dec 31 2015	Jan 1–Dec 31 2014	Oct 1–Dec 31 2014
Revenue from sale of finished goods	469,973	108,136	426,378	119,313
Revenue from sale of merchandise and materials	17,727	6,197	10,135	2,738
Revenue	487,700	114,333	436,512	122,052
Finished goods sold	-364,943	-95,802	-326,076	-93,884
Merchandise and materials sold	-14,879	-5,604	-6,352	-2,783
Cost of sales	-379,822	-101,405	-332,427	-96,667
Gross profit/(loss)	107,878	12,927	104,085	25,385
Other income	5,374	1,793	6,002	1,105
Distribution costs	-34,715	-9,941	-30,673	-8,684
Administrative expenses	-59,401	-10,637	-57,059	-12,471
Other expenses	-21,565	-17,479	-38,101	-26,827
Operating profit/(loss)	-2,429	-23,336	-15,746	-21,493
Finance income	3,112	1,460	6,456	2,653
Finance costs	-9,307	-3,080	-6,839	-2,061
Share of net profit/(loss) of associates	-200	-15	-483	-3
Profit/(loss) before tax	-8,825	-24,970	-16,612	-20,903
Actual tax expense	-9,236	-2,879	-994	-530
Net profit/(loss) from continuing operations	-18,061	-27,849	-17,607	-21,433
Profit/(loss) from discontinued operations	-	-	-	-
Net profit/(loss) for financial year	-18,061	-27,849	-17,607	-21,433
Net profit/(loss) attributable to Owners of the Parent	-16,141	-25,814	-15,161	-20,996
Non-controlling interests	-1,920	-2,035	-2,446	-437
EARNINGS PER SHARE:				
Basic	-1.50		-1.41	
Diluted				



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OTHER COMPREHENSIVE INCOME:	Jan 1–Dec 31 2015	Oct 1–Dec 31 2015	Jan 1–Dec 31 2014	Oct 1–Dec 31 2014
Items that will not be reclassified to profit or loss:				
Actuarial gains/(losses) on a defined benefit retirement plan	1,992	793	-3,574	-2,852
Income tax on other comprehensive income	-697	-277	1,251	998
Items that may be reclassified to profit or loss:				
Valuation of cash flow hedging derivatives	-2,019	-351	-1,950	-510
Exchange differences on translating foreign operations	12,165	2,557	22,598	11,426
Reclassification adjustments (increase in control of a subsidiary)	-	-	-371	-371
Income tax on other comprehensive income	384	67	370	97
Total other comprehensive income, net	11,824	2,788	18,325	8,788
Total comprehensive income	-6,237	-25,061	718	-12,645
Total comprehensive income attributable to				
Owners of the Parent	-4,467	-23,098	2,697	-13,454
Non-controlling interests	-1,769	-1,963	-1,979	809



INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (PLN '000)

	Jan 1–Dec 31 2015	Jan 1–Dec 31 2014
OPERATING ACTIVITIES		
Profit/(loss) before tax	-8,825	-16,612
Total adjustments:	58,904	56,952
Share in net profit of subordinates accounted for using the equity method	244	483
Depreciation and amortisation	8,583	7,969
Foreign exchange gains/(losses)	1,336	3,480
Interest paid	2,977	2,484
Gain/(loss) on investing activities	-760	-1,913
Balance-sheet valuation of derivative instruments	1,262	3,068
Change in provisions	-2,722	-2,619
Change in inventories	-457	-2,006
Change in receivables	-5,403	20,730
Change in current liabilities (other than financial liabilities)	-15,991	1,673
Change in accruals and deferrals	63,679	2,330
Other adjustments	6,155	21,273
Cash from operating activities	50,078	40,339
Income tax (paid)/recovered	-9,332	-6,987
Net cash flows from operating activities	40,747	33,352
INVESTING ACTIVITIES		
Cash provided by financing activities	657	4,209
Proceeds from disposal of intangible assets and property, plant and equipment	458	652
Proceeds from disposals of financial assets in related entities	-	2,957
Proceeds from disposals of financial assets	-	-
Other inflows from financial assets	199	600
Cash received in connection with derivative instruments	-	-
Cash used in financing activities	20,527	28,701
Investments in intangible assets, property, plant and equipment, and investment property	15,279	17,018
Acquisition of related entities	5,248	8,100
Other cash used in investing activities	-	3,584
Net cash flows from investing activities	-19,870	-24,492



FINANCING ACTIVITIES		
Cash provided by financing activities	28,515	13,603
Net proceeds from issue of equity interests (shares) or other equity instruments and additional contributions to equity	-	74
Borrowings and other debt instruments	28,515	13,528
Other cash provided by financing activities	-	-
Cash used in financing activities	37,797	17,546
Dividends and other distributions to owners	-	8,053
Acquisition of own shares	26,845	-
Repayment of borrowings and other debt instruments	6,934	6,800
Payment of finance lease liabilities	1,104	384
Interest paid	2,915	2,309
Net cash flows from financing activities	-9,282	-3,943
Total net cash flows	11,594	4,917
Net change in cash, including:	11,608	2,433
- effect of exchange rate fluctuations on cash held	45	128
Cash at beginning of the period	46,679	41,763
Cash at end of the period	58,274	46,679



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

	Share capital	Statutory reserve funds	Hedging reserve	Other components of equity	Foreign exchange differences	Retained earnings/(deficit)	Equity attributable to owners of the Parent	Equity attributable to non-controlling interests	Total equity
Equity as at Jan 1 2014	3,693	199,708	1,324	3,147	-11,867	58,721	254,725	5,441	260,167
Correction of previous years' errors	-	-	-	3,801	-	-6,378	-2,577	-	-2,577
Equity as at Jan 1 2014	3,693	199,708	1,324	6,948	-11,867	52,343	252,149	5,441	257,589
Profit/(loss) for the period	-	-	-	-	-	-15,161	-15,161	-2,446	-17,607
Other comprehensive income	-	-	-1,579	-	21,760	-2,323	17,858	467	18,325
Total comprehensive income for the year	-	-	-1,579	-	21,760	-17,484	2,697	-1,979	718
Issue of shares	12	-	-	-	-	-	12	-	12
Management stock options	-	-	-	1,168	-	-	1,168	-	1,168
Dividend paid	-	-	-	-	-	-8,053	-8,053	-	-8,053
Transfer of 2013 earnings	-	16,659	-	-	-	-16,659	-	-	-
Share buyback	-	-41,750	-	41,750	-	-	-	-	-
Other adjustments	-	-	-	-	-	134	134	101	235
Accounting for increase in control of a subsidiary	-	-	-	-	-	-1,176	-1,176	-1,188	-2,364
Equity as at Dec 31 2014	3,704	174,617	-255	49,866	9,893	9,105	246,929	2,376	249,305
Equity as at Jan 1 2015	3,704	174,617	-255	49,866	9,893	9,105	246,929	2,376	249,305
Correction of previous years' errors	-	-	-	-	-	271	271	35	306
Equity as at Jan 1 2015	3,704	174,617	-255	49,866	9,893	9,376	247,200	2,411	249,611
Profit/(loss) for the period	-	-	-	-	-	-16,141	-16,141	-1,920	-18,061
Other comprehensive income	-	-	-1,635	-	12,015	1,295	11,674	150	11,824
Total comprehensive income for the year	-	-	-1,635	-	12,015	-14,846	-4,467	-1,770	-6,237
Issue of shares	-	-	-	-	-	-	-	-	-
Management stock options	-	-	-	409	-	-	409	-	409
Dividend paid	-	-	-	-	-	-	-	-	-
Transfer of 2014 earnings	-	15,654	-	-	-	-15,654	-	-	-
Share buyback	-	-	-	-26,845	-	-	-26,845	-	-26,845
Other adjustments	-	-	-	-	-	-	-	-	-
Accounting for increase in control of a subsidiary	-	-	-	-	-	-	-	-	-
Equity as at Dec 31 2015	3,704	190,271	-1,891	23,431	21,908	-21,125	216,297	642	216,939



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

	Dec 31 2015	Dec 31 2014
ASSETS		
Non-current assets		
Property, plant and equipment	1,789	1,829
Intangible assets	10,686	11,006
Investments in subsidiary, jointly-controlled and associated entities	126,158	161,629
Deferred tax assets	-	646
	138,634	175,110
Current assets		
Trade receivables	7,338	12,320
Other current receivables	11,113	148
Prepayments and accrued income	171	119
Other financial assets	6,183	3,901
Cash and cash equivalents	6,793	9,474
	31,598	25,961
ASSETS HELD FOR SALE	-	-
TOTAL ASSETS	170,232	201,072



	Dec 31 2015	Dec 31 2014
EQUITY AND LIABILITIES		
Equity		
Share capital	3,704	3,704
Statutory reserve funds	126,900	136,322
Capital reserves	14,905	41,750
Other components of equity	8,525	8,116
Retained earnings/(deficit)	-24,769	-13,924
	129,266	175,968
Non-current liabilities		
Borrowings and other debt instruments	24,215	5,534
Financial liabilities	204	17
Deferred income	3,818	4,226
	28,298	9,777
Current liabilities		
Borrowings and other debt instruments	8,785	3,970
Financial liabilities	270	4,303
Trade payables	583	4,251
Income tax payable	374	454
Other current liabilities	870	743
Provision for retirement and similar benefits	1,441	1,357
Deferred income	345	249
	12,668	15,326
TOTAL EQUITY AND LIABILITIES	170,232	201,072



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INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME (PLN '000)

	Jan 1–Dec 31 2015	Oct 1–Dec 31 2015	Jan 1–Dec 31 2014	Oct 1–Dec 31 2014
Revenue from sale of finished goods	12,110	3,419	19,906	3,367
Revenue from sale of merchandise and materials	18	17	-	-
Revenue	12,129	3,436	19,906	3,367
Finished goods sold	-9,997	-2,633	-18,119	-2,543
Merchandise and materials sold	-18	-17	-	-
Cost of sales	-10,015	-2,650	-18,119	-2,543
Gross profit/(loss)	2,113	786	1,787	823
Other income	334	104	2,405	357
Distribution costs	-	-	-	-
Administrative expenses	-4,813	-59	-4,332	-661
Other expenses	-5,747	-1,756	-3,396	-3,359
Operating profit/(loss)	-8,113	-925	-3,536	-2,839
Finance income	26,716	1,438	22,611	533
Finance costs	-38,162	-29,391	-33,663	-32,165
Profit/(loss) before tax	-19,560	-28,878	-14,588	-34,471
Actual tax expense	-707	-95	-27	869
Net profit/(loss) from continuing operations	-20,267	-28,973	-14,614	-33,601
Net profit/(loss) for financial year	-20,267	-28,973	-14,614	-33,601



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OTHER COMPREHENSIVE INCOME:	Jan 1–Dec 31 2015	Oct 1–Dec 31 2015	Jan 1–Dec 31 2014	Oct 1–Dec 31 2014
Items that will not be reclassified to profit or loss:				
Actuarial gains/(losses) on a defined benefit retirement plan	-	-	-	-
Income tax on other comprehensive income	-	-	-	-
Items that may be reclassified to profit or loss:				
Valuation of cash flow hedging derivatives	-	-	-	-
Exchange differences on translating foreign operations	-	-	-	-
Income tax on other comprehensive income	-	-	-	-
Total other comprehensive income, net	-	-	-	-
Total comprehensive income	-20,267	-28,973	-14,614	-33,601
Total comprehensive income attributable to				
Owners of the Parent	-20,267	-28,973	-14,614	-33,601
Non-controlling interests	-	-	-	-



INTERIM SEPARATE STATEMENT OF CASH FLOWS (PLN ‘000)

	Jan 1– Dec 31 2015	Jan 1– Dec 31 2014
OPERATING ACTIVITIES		
Profit/(loss) before tax	-19,560	-14,588
Total adjustments:	13,727	10,917
Depreciation and amortisation	1,284	1,346
Foreign exchange gains/(losses)	1,307	2,023
Interest and profit distributions (dividends)	-24,936	-21,212
Gain/(loss) on investing activities	35,741	29,438
Change in provisions	84	-959
Change in inventories	-	-
Change in receivables	3,480	-1,972
Change in current liabilities (other than financial liabilities)	-3,540	-622
Change in accruals and deferrals	-364	118
Other adjustments	671	2,758
Cash from operating activities	-5,832	-3,671
Income tax (paid)/recovered	-	-794
Net cash flows from operating activities	-5,832	-4,464
INVESTING ACTIVITIES		
Cash provided by investing activities	15,763	27,346
Proceeds from disposal of intangible assets and property, plant and equipment	123	3,813
Dividends and profit distributions received	15,640	21,294
Decrease in loans advanced	-	1,509
Other inflows from financial assets	-	729
Cash used in investing activities	7,956	11,646
Investments in intangible assets, property, plant and equipment, and investment property	1,054	2,327
Acquisition of related entities	5,102	7,899
Increase in loans advanced	1,800	1,419
Net cash flows from investing activities	7,807	15,700
FINANCING ACTIVITIES		
Cash provided by financing activities	26,845	12
Net proceeds from issue of equity interests (shares) or other equity instruments and additional contributions to equity	-	12
Borrowings and other debt instruments	26,845	-
Cash used in financing activities	31,545	12,041
Acquisition of own shares	26,845	-
Dividends and other distributions to owners	-	8,053
Repayment of borrowings and other debt instruments	4,279	3,597
Payment of finance lease liabilities	136	182
Interest paid	285	208
Net cash flows from financing activities	-4,700	-12,030
Total net cash flows	-2,726	-794
Net change in cash, including:	-2,681	-815
- effect of exchange rate fluctuations on cash held	45	-21
Cash at beginning of the period	9,515	10,309
Cash at end of the period	6,790	9,515



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SEPARATE STATEMENT OF CHANGES IN EQUITY (PLN '000)

	Share capital	Statutory reserve funds	Capital reserves	Hedging reserve	Other components of equity	Retained earnings/(deficit)	Total equity
Twelve months ended Dec 31 2014							
Equity as at Jan 1 2014	3,693	171,219	-	-	3,147	17,809	195,867
Correction of previous years' errors	-	-	-	-	3,801	-2,213	1,588
Equity as at Jan 1 2014	3,693	171,219	-	-	6,948	15,596	197,455
Profit/(loss) for the period	-	-	-	-	-	-14,614	-14,614
Comprehensive income for the period	-	-	-	-	-	-14,614	-14,614
Distribution of retained earnings	-	6,852	-	-	-	-6,852	-
Dividend paid	-	-	-	-	-	-8,053	-8,053
Share capital increase	12	-	-	-	-	-	12
Share buyback	-	-41,750	41,750	-	-	-	-
Management stock options	-	-	-	-	1,168	-	1,168
Equity as at Dec 31 2014	3,704	136,322	41,750	-	8,116	-13,924	175,968
Twelve months ended Dec 31 2015							
Equity as at Jan 1 2015	3,704	136,322	41,750	-	8,116	-13,924	175,968
Profit/(loss) for the period	-	-	-	-	-	-20,267	-20,267
Comprehensive income for the period	-	-	-	-	-	-20,267	-20,267
Distribution of retained earnings	-	-9,422	-	-	-	9,422	-
Acquisition of own shares	-	-	-26,845	-	-	-	-26,845
Management stock options	-	-	-	-	409	-	409
Equity as at Dec 31 2015	3,704	126,900	14,905	-	8,525	-24,769	129,266



**SUPPLEMENTARY INFORMATION
TO THE INTERIM CONDENSED
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I. General information

The SECO/WARWICK Group

The parent of the SECO/WARWICK Group (“the SECO/WARWICK Group”, “the Group”) is SECO/WARWICK Spółka Akcyjna of Świebodzin (“the Company”). The Company was incorporated on January 2nd 2007 by virtue of the decision issued by District Court for Zielona Góra, 8th Commercial Division of the National Court Register, and entered in the Register of Entrepreneurs of the National Court Register under No. KRS 0000271014.

The SECO/WARWICK Group’s operations are divided into five core business segments corresponding to the product groups:

- vacuum furnaces (Vacuum),
- aluminium heat exchanger brazing systems (Controlled Atmosphere Brazing),
- aluminium heat treatment systems (Aluminium Process),
- atmosphere furnaces (Thermal), and
- equipment used for melting and vacuum casting of metals and specialty alloys (Melting).

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

- SECO/WARWICK EUROPE Sp. z o.o.,
- SECO/WARWICK Corporation,
- SECO/WARWICK Rus,
- Retech Systems LLC,
- SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co. Ltd.,
- SECO/WARWICK GmbH,
- SECO/WARWICK Germany GmbH,
- SECO/WARWICK Allied Pvt. Ltd. (Mumbai) India,
- SECO/WARWICK do Brasil Ind. de Fornos Ltda.,
- SECO/WARWICK France,
- SECO/WARWICK Services Sp. z o.o.

The Group has one associate company:

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

Other Group companies are:

- SECO/WARWICK of Delaware Inc.,
- Retech Tianjin Holdings LLC.

Details of the companies listed above are provided in the table below.

Table: As at December 31st 2015, the structure of the SECO/WARWICK Group was as follows:

Company	Registered office	Business profile	Method of consolidation / accounting for equity interest	Group's ownership interest
Parent				
SECO/WARWICK S.A.	Świebodzin	Holding company of the SECO/WARWICK Group. Holding equity interests and providing strategic management services	N.A.	N.A.
Direct and indirect subsidiaries				
SECO/WARWICK EUROPE Sp. z o.o.	Świebodzin	Manufacture of metal heat treatment equipment	Full	100%
SECO/WARWICK Corp.	Meadville (USA)	Manufacture of metal heat treatment equipment	Full	100%
SECO/WARWICK of Delaware, Inc.	Wilmington (USA)	Holding company; registration of trademarks and patents, and granting licences for use of the trademarks and patents by SECO/WARWICK Corp.	Full	100%
SECO/WARWICK Rus	Moscow (Russia)	Distribution of the SECO/WARWICK Group's products	Full	100%
Retech Systems LLC	Ukiah (USA)	Trade and services; manufacture of metallurgy equipment used for melting and vacuum casting of metals and specialty alloys	Full	100%
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd.	Tianjin (China)	Manufacture of metal heat treatment equipment	Full	90%
Retech Tianjin Holdings LLC	(USA)	A holding company	Full	80%
SECO/WARWICK Allied Pvt. Ltd. (1)	Mumbai (India)	Manufacture of metal heat treatment equipment	Full	75%
SECO/WARWICK GmbH	Bedburg-Hau (Germany)	Intermediation in the sale of furnaces and spare parts manufactured by SECO/WARWICK EUROPE Sp. z o.o., and provision of technical support to customers in Germany, Austria, the Netherlands, Switzerland, Liechtenstein and Slovenia	Full	100%
OOO SCT	Solnechnogorsk (Russia)	Provision of metal heat treatment services in Russia	Equity	50%
SECO/WARWICK Germany GmbH	Bedburg-Hau (Germany)	Provision of metal heat treatment services in Germany	Full	100%
SECO/WARWICK do Brasil Ltda. (Engefor Engenharia Indústria e Comércio)	Jundiaí (Brazil)	Manufacture of metal heat treatment equipment	Full	100%

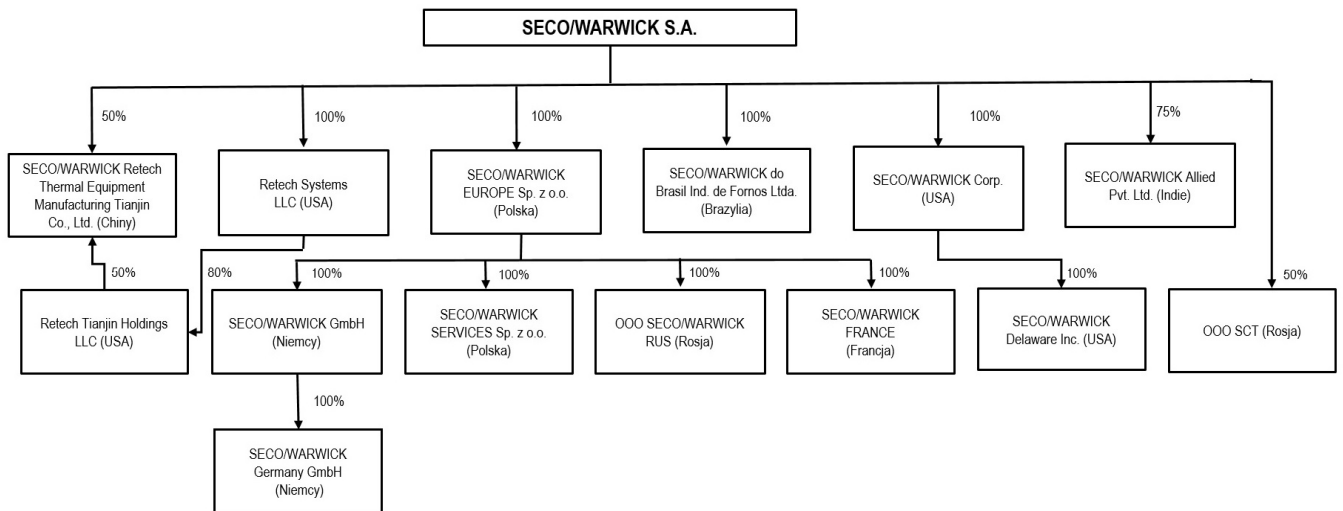
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SECO/WARWICK France	Roissy-en-Brie (France)	Commercial and technical representation of SECO/WARWICK Europe in France, French-speaking countries and their neighbouring countries	Full	100%
SECO/WARWICK Services Sp. z o.o.	Świebodzin	Repair and maintenance services	Full	100%

Composition of the SECO/WARWICK Group as at the date of issue of these financial statements

After December 31st 2015 and by the publication date of these financial statements, there were no changes in the composition of the SECO/WARWICK Group.

Organisation of the Group:



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

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

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

The accounting policies and calculation methods applied in the preparation of these financial statements are consistent with those applied in the most recent full-year financial statements.

Material judgements and estimates

Critical judgements made by the Management Board in applying the Company's accounting policies and key sources of estimation uncertainty are the same in these interim condensed consolidated financial statements as those presented in Section VII of the 2014 Consolidated Financial Statements.

Changes in accounting policies

The Group intends to adopt amendments to IFRS issued but not yet effective as at the date of issue of these interim condensed consolidated financial statements, as of their effective date. The impacts of these amendments and new

standards on the Group's future consolidated financial statements are discussed in Section IX of the 2014 Consolidated Financial Statements.

III. Financial highlights

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

Financial year	Dec 31 2015	Dec 31 2014
Average exchange rate for the period*	4.1848	4.1893
Exchange rate effective for the last day of the period	4.2615	4.2623

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

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

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

The table below presents key items of the consolidated statement of financial position, statement of comprehensive income and statement of cash flows disclosed in the consolidated financial statements and the comparative data, translated into the euro:

Key consolidated financial data

Item	Q1–Q4 cumulative Jan 1–Dec 31			
	2015	2014	2015	2014
	(PLN '000)		(EUR '000)	
Revenue	487,700	436,512	116,542	104,198
Cost of sales	-379,822	-332,427	-90,763	-79,352
Operating profit/(loss)	-2,429	-15,746	-580	-3,759
Profit/(loss) before tax	-8,825	-16,612	-2,109	-3,966
Net profit/(loss)	-16,141	-15,161	-3,857	-3,619
Net cash flows from operating activities	40,747	33,352	9,737	7,961
Net cash flows from investing activities	-19,870	-24,492	-4,748	-5,846
Net cash flows from financing activities	-9,282	-3,943	-2,218	-941
	Dec 31 2015	Dec 31 2014	Dec 31 2015	Dec 31 2014
Total assets	527,045	477,190	123,676	111,956
Total liabilities	310,106	227,885	72,769	53,465
including current liabilities	252,664	191,116	59,290	44,839
Equity	216,939	249,305	50,907	58,491
Share capital	3,704	3,704	869	869

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

Separate financial highlights

Item	Q1–Q4 cumulative Jan 1–Dec 31			
	2015	2014	2015	2014
	(PLN '000)		(EUR '000)	
Revenue	12,129	19,906	2,898	4,752
Cost of sales	-10,015	-18,119	-2,393	-4,325
Operating profit/(loss)	-8,113	-3,536	-1,939	-844
Profit/(loss) before tax	-19,560	-14,588	-4,674	-3,482
Net profit/(loss)	-20,267	-14,614	-4,843	-3,489
Net cash flows from operating activities	-5,832	-4,464	-1,394	-1,066
Net cash flows from investing activities	7,807	15,700	1,866	3,748
Net cash flows from financing activities	-4,700	-12,030	-1,123	-2,871
	Dec 31 2015	Dec 31 2014	Dec 31 2015	Dec 31 2014
Total assets	170,232	201,072	39,946	47,174
Total liabilities	40,965	25,103	9,613	5,890
including current liabilities	12,668	15,326	2,973	3,596
Equity	129,266	175,968	30,334	41,285
Share capital	3,704	3,704	869	869



**NOTES TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31ST 2015**

**Selected supplementary information**

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

Sales revenue and total revenue and income of the Group:

	2015	2014
Sale of finished goods	469,973	426,378
Sales of merchandise and materials	17,727	10,135
TOTAL sales revenue	487,700	436,512
Other income	5,374	6,002
Finance income	3,112	6,456
TOTAL revenue and income	496,186	448,970



THE SECO/WARWICK GROUP

Consolidated financial statements
for the period January 1st–December 31st 2015

OPERATING SEGMENTS for the period Jan 1–Dec 31 2014

Item	Continuing operations							Discontinued operations	Unallocated items	Total
	Vacuum Furnaces	Atmosphere Furnaces	Aluminium Process	CAB	Melting Furnaces	Aftersales	Total			
Total segment revenue	103,498	96,544	29,524	40,217	93,637	69,356	432,776	-	3,736	436,512
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-	-	-
Total segment expenses	-68,813	-77,123	-26,847	-27,248	-79,122	-49,295	-328,448	-	-3,979	-332,427
Gross profit/(loss)	34,685	19,422	2,677	12,968	14,515	20,060	104,328	-	-243	104,085
Administrative expenses	-	-	-	-	-	-	-	-	-57,059	-57,059
Distribution costs	-	-	-	-	-	-	-	-	-30,673	-30,673
Operating income	-	-	-	-	-	-	-	-	6,002	6,002
Operating expenses	-	-	-	-	-	-	-	-	-38,101	-38,101
Operating profit/(loss)	-	-	-	-	-	-	-	-	-	-15,746
Finance income	-	-	-	-	-	-	-	-	6,456	6,456
Finance costs	-	-	-	-	-	-	-	-	-6,839	-6,839
Share of net profit/(loss) of associates	-	-	-	-	-	-	-	-	-483	-483
Profit/(loss) before tax	-	-	-	-	-	-	-	-	-	-16,612
Actual tax expense	-	-	-	-	-	-	-	-	-994	-994
Net profit/(loss) from continuing operations	-	-	-	-	-	-	-	-	-	-17,607
Net profit/(loss) for financial year	-	-	-	-	-	-	-	-	-	-17,607
Net profit (loss) attributable to owners of the parent	-	-	-	-	-	-	-	-	-	-15,161
Non-controlling interests	-	-	-	-	-	-	-	-	-	-2,446



THE SECO/WARWICK GROUP

Consolidated financial statements
for the period January 1st–December 31st 2015

OPERATING SEGMENTS for the period Jan 1–Dec 31 2015

Item	Continuing operations							Discontinued operations	Unallocated items	Total
	Vacuum Furnaces	Atmosphere Furnaces	Aluminium Process	CAB	Melting Furnaces	Aftersales	Total			
Total segment revenue	104,012	66,819	40,892	42,233	137,792	88,015	479,763	-	7,938	487,700
Sales to customers accounting for 10% or more of revenue	-	-	-	-	-	-	-	-	-	-
Total segment expenses	-84,189	-55,414	-33,412	-31,040	-114,882	-56,058	-374,995	-	-4,827	-379,822
Gross profit/(loss)	19,823	11,405	7,480	11,193	22,910	31,957	104,768	-	3,111	107,878
Administrative expenses	-	-	-	-	-	-	-	-	-59,401	-59,401
Distribution costs	-	-	-	-	-	-	-	-	-34,715	-34,715
Operating income	-	-	-	-	-	-	-	-	5,374	5,374
Operating expenses	-	-	-	-	-	-	-	-	-21,565	-21,565
Operating profit/(loss)	-	-	-	-	-	-	-	-	-	-2,429
Finance income	-	-	-	-	-	-	-	-	3,112	3,112
Finance costs	-	-	-	-	-	-	-	-	-9,307	-9,307
Share of net profit/(loss) of associates	-	-	-	-	-	-	-	-	-200	-200
Profit/(loss) before tax	-	-	-	-	-	-	-	-	-	-8,825
Actual tax expense	-	-	-	-	-	-	-	-	-9,236	-9,236
Net profit/(loss) from continuing operations	-	-	-	-	-	-	-	-	-	-18,061
Net profit/(loss) for financial year	-	-	-	-	-	-	-	-	-	-18,061
Net profit (loss) attributable to owners of the parent	-	-	-	-	-	-	-	-	-	-16,141
Non-controlling interests	-	-	-	-	-	-	-	-	-	-1,920



OTHER INCOME AND EXPENSES

OTHER INCOME

	Jan 1–Dec 31 2015	Jan 1–Dec 31 2014
Reversal of impairment losses on receivables	778	553
Past due liabilities	-	420
Reversal of provisions	570	-
Gain on disposal of property, plant and equipment	45	727
Penalties and compensation/damages received	449	696
Income from lease of tangible assets and investment property	2,025	1,472
Grant for development work	279	391
Other	1,228	1,743
Total other income	5,374	6,002

OTHER EXPENSES

	Jan 1–Dec 31 2015	Jan 1–Dec 31 2014
Impairment losses on receivables	10,691	6,447
Revaluation of inventories	182	146
Loss on disposal of property, plant and equipment	147	15
Court expenses, compensation/damages, penalties	32	370
Revaluation of tangible asset	2,556	73
Cost of lease of tangible assets	1,078	680
Costs of legal representation	1,019	426
Services purchase cost for re-invoicing	294	372
Donations	303	170
Provision for compensation claims	-	2,195
Costs associated with acts of God	-	103
Stocktaking shortage	-	31
Impairment loss on goodwill	4,634	25,565
Other	629	1,508
Total other expenses	21,565	38,101

FINANCE INCOME AND COSTS

FINANCE INCOME

	Jan 1–Dec 31 2015	Jan 1–Dec 31 2014
Interest income	1,844	797
Gain on disposal of investments	4	635
Gain on derivative instruments at maturity	-	2,642
Net foreign exchange gains	269	1,247
Other	996	1,136
Total finance income	3,112	6,456

FINANCE COSTS

	Jan 1–Dec 31 2015	Jan 1–Dec 31 2014
Interest paid	5,137	3,447
Loss on derivative instruments at maturity	2,372	-
Valuation of derivative instruments	1,246	3,039
Other	552	353
Total finance costs	9,307	6,839

PROPERTY, PLANT AND EQUIPMENT

In the period January 1st–December 31st 2015, the cost of acquired intangible assets and property, plant and equipment at the SECO/WARWICK Group amounted to PLN 15,279 thousand.

Item	Dec 31 2015	Dec 31 2014
Tangible assets	95,248	83,387
Tangible assets under construction	6,770	8,664
Prepayments for tangible assets under construction	-	-
Property, plant and equipment	102,018	92,051

IMPAIRMENT LOSSES ON ASSETS

Impairment losses	Dec 31 2015	Dec 31 2014
Trade receivables	16,321	8,643
Non-current assets	2,556	-
Inventories	2,346	2,463
Equity interests	30,200	7,000
Total impairment losses	51,423	18,106

DIVIDENDS PROPOSED OR DECLARED BY WAY OF RESOLUTION BY THE DATE OF APPROVAL OF THESE FINANCIAL STATEMENTS

As at the date of approval of these financial statements, no dividends have been proposed or declared.

INVESTMENT COMMITMENTS

As at December 31st 2015, the SECO/WARWICK Group had investment commitments related to property, plant and equipment of PLN 2,543 thousand. The funds were allocated for the purchase of new plant and equipment.

PRESENTATION ADJUSTMENTS

1) Presentation of the items listed below changed in 2015, with the relevant comparative data adjusted accordingly. The reasons for the adjustments:

- deferred tax asset and deferred tax liability were incorrectly presented as separate items
- provisions of a grant award agreement were incorrectly interpreted, with no current/non-current distinction made
- the cost of the incentive scheme was incorrectly allocated to subsequent reporting periods.

The table below presents the comparative data after adjustments:

	As at Dec 31 2014	
	Before adjustment	After adjustment
ASSETS		
Non-current assets		
Deferred tax assets	22,817	2,487
	216,819	196,489
TOTAL ASSETS	497,519	477,191

As at Dec 31 2014

	before adjustment	after adjustment
EQUITY AND LIABILITIES		
Equity		
Other components of equity	46,733	49,866
Retained earnings/(deficit)	21,875	18,742
	249,305	249,305
Non-current liabilities		
Financial liabilities	863	984
Deferred tax liabilities	21,636	1,306
Accruals and deferred income	2,746	10,989
	48,734	36,768
Current liabilities		
Financial liabilities	7,215	7,094
Accruals and deferred income	8,569	326
	199,481	191,117
TOTAL EQUITY AND LIABILITIES	497,519	477,191

To ensure comparability of the data, the note on revenue of the operating segments for the period January 1st–December 31st 2014 was also adjusted to reflect a change in the presentation of the segments in the Company's management accounts, whereby the Aftersales segment was separated from the other operating segments in all Group companies.

Before adjustment
OPERATING SEGMENTS for the period Jan 1–Dec 31 2014

Item	Continuing operations							Unallocated items	Total
	Vacuum Furnaces	Atmosphere Furnaces	Aluminium Process	CAB	Melting Furnaces	Aftersales	Total		
Total segment revenue	103,394	110,696	29,524	40,217	93,637	55,204	432,972	3,840	436,512
Total segment expenses	-71,922	-88,563	-26,847	-27,248	-79,122	-34,672	-328,374	-4,054	-332,427

After adjustment
OPERATING SEGMENTS for the period Jan 1–Dec 31 2014

Item	Continuing operations							Unallocated items	Total
	Vacuum Furnaces	Atmosphere Furnaces	Aluminium Process	CAB	Melting Furnaces	Aftersales	Total		
Total segment revenue	103,498	96,544	29,524	40,217	93,637	69,356	432,776	3,736	436,512
Total segment expenses	-68,813	-77,123	-26,847	-27,248	-79,122	-49,295	-328,448	-3,979	-332,427

3) Presentation of the items listed below changed in 2015, with the relevant comparative data adjusted accordingly. The reasons for the adjustments:

- goodwill impairment loss was incorrectly presented
- the cost of the incentive scheme was incorrectly allocated to subsequent reporting periods
- items of revenue and cost of sales were incorrectly classified.

The table below presents the comparative data after adjustments:

For the period Jan 1–Dec 31 2014

	Before adjustment	After adjustment
Revenue from sale of finished goods	415,093	426,378
Revenue from sale of merchandise and materials	21,419	10,135
Revenue	436,512	436,512
Finished goods sold	-320,033	-326,076
Merchandise and materials sold	-12,394	-6,352
Cost of sales	-332,427	-332,427
Administrative expenses	-57,726	-57,059
Other expenses	-12,536	-38,101
Operating profit/(loss)	9,151	-15,746
Impairment loss on goodwill	-25,565	-
Profit/(loss) before tax	-17,280	-16,612
Net profit/(loss) from continuing operations	-18,274	-17,607
Net profit/(loss)	18,274	-17,607
Net profit/(loss) attributable to Owners of the Parent	-,15,828	-15,161

OFF-BALANCE SHEET CONSOLIDATED ITEMS

Contingent liabilities

Contingent liabilities under guarantees and sureties issued amounted to PLN 75,505 thousand as at December 31st 2015, and to PLN 67,050 thousand as at the end of 2014. The guarantees were issued in respect of:

- APG → advance payment guarantee of PLN 58,735 thousand
- BB → bid bond of PLN 1,340 thousand
- PBG → performance bond guarantee of PLN 7,079 thousand
- SBLC → stand-by letter of credit of PLN 8,351 thousand

RESTRUCTURING PROVISIONS

In the period from January 1st to December 31st 2015, the SECO/WARWICK Group did not recognise any provisions for restructuring costs.

SETTLEMENTS RELATED TO COURT CASES

Seco/Warwick Corporation (SWC), a subsidiary of the Issuer, with its registered office in Pennsylvania, USA, along with a third party not associated with the Issuer ("Third Party"), are parties to a court dispute with Liberty Mutual Insurance (LMI), in which they claim from LMI additional insurance limits for continued product liability insurance coverage under insurance policies issued to the Third Party in 1980-1986. SWC and the Third Party are seeking coverage for the claims being raised against SWC and the Third Party in connection with product liability personal injury lawsuits filed by individuals alleging injury from asbestos as a result of their exposure to the Third Party's products manufactured by legal predecessors of SWC and the Third Party in 1958-1984 (the Asbestos Claims). SWC was not established until 1984, and was not a part of the Issuer's Group until 2006.

SWC and the Third Party have alleged in court that the insurance policy contract entered into by LMI extends additional coverage to the Asbestos Claims, including the costs of settlements entered into with injured parties and the legal costs in connection with verifying the legitimacy of such claims and negotiating such settlements. LMI claims that the policy limits have been exhausted, citing certain special provisions of the insurance policy. SWC and the Third Party disagree with LMI's contract interpretation.

To the best of the Issuer's knowledge, by the date of this Report, 517 Asbestos Claims were filed against SWC, out of which 164 Claims were dismissed, 35 Claims ended in settlements entered into by LMI for the total amount of USD 3m, and 318 Claims are being verified or negotiations of the terms of settlements, if any, with injured parties are being conducted in respect thereof.

Should no agreement be reached with LMI on continued insurance coverage for SWC or should the lawsuit against LMI be dismissed in this respect, there arises the risk that SWC will be forced to bear the costs relating to the Asbestos Claims while SWC and the Third Party pursue the excess carriers to take over the asbestos product liability claims.

To the best of the Issuer's knowledge, the risk of SWC being forced to bear further costs relating to the Asbestos Claims is not significant, as the Third Party holds other excess insurance policies contracted with other insurance companies, which policies can, according to the information received from SWC, cover the Asbestos Claims.

As at the date of this Report, the Issuer is not able to reliably estimate the total amount of its contingent liability related to the claims discussed above. The Issuer will publish any important information regarding the matter.

Consistency of the accounting policies and computation methods applied in the preparation of the interim report for Q4 2015

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as endorsed by the European Union, and the Regulation of the Minister of Finance on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (consolidated text: Dz.U. of 2014, item 133) (the "Regulation").

Seasonality or cyclicity of business

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

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

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

Types and amounts of changes in estimates disclosed in previous interim periods of the financial year 2015 or changes in estimates disclosed in previous financial years if they have a material bearing on Q4 2015.

In the business of SECO/WARWICK S.A. and the SECO/WARWICK Group, there were no changes in estimates disclosed in the preceding interim periods of 2015 and the preceding financial years that would, due to their type or amount, have a material bearing on the Company's or the Group's results for Q4 2015.

Issue, redemption and repayment of debt and equity securities

On October 30th 2014, the Extraordinary General Meeting resolved to approve a buyback of up to 1.5m shares (up to 13.97% of the share capital) at a price of not less than PLN 10 and not more than PLN 27.50, for a total amount of not more than PLN 41.75m. The buyback was announced on February 3rd 2015. On February 13th 2015, the Company acquired 1,073,783 own shares, representing 10% of its share capital. The average price per share was PLN 25. The acquisition was financed from an investment credit facility granted by mBank S.A. of Warsaw. Under the facility agreement, the Bank granted a PLN 26,845 thousand investment credit to the Company, repayable by January 31st 2020.

Earnings per share

Item	Dec 31 2015	Dec 31 2014
Net profit from continuing operations attributable to shareholders	-16,141	-15,161
Loss from discontinued operations attributable to shareholders	-	-
Net profit attributable to owners of the parent	-16,141	-15,161
Interest on redeemable preference shares convertible into ordinary shares	-	-
Net profit attributable to holders of ordinary shares, used to calculate diluted earnings per share	-16,141	-15,161
Weighted average number of outstanding ordinary shares, used to calculate basic earnings per share	10,737,837	10,737,837
Earnings per share	-1.50	-1.41

Dilutive effect:	-	-
Number of potential subscription warrants	-	-
Number of potential shares issued at market price	-	-
Adjusted weighted average number of ordinary shares, used to calculate diluted earnings per share	10,737,837	10,737,837
Diluted earnings per share	-1.50	-1.41

Material events subsequent to the end of Q4 2015, not disclosed in the financial statements for Q4 2015 but potentially having a material bearing on future performance of the SECO/WARWICK Group

In Current Report No. 05/2016, the Management Board of SECO/WARWICK S.A. reported that it was performing an assessment for indications of goodwill impairment of Retech Systems LLC. A decision, if any, to recognise a goodwill impairment loss will be made while closing and auditing the Company's and the Group's full-year financial statement for 2015.

Other supplementary information

1. Changes in the Group's structure, including changes resulting from mergers, acquisitions or disposals of Group entities, long-term investments, demergers, restructuring or discontinuation of operations

SECO/WARWICK France of Roissy-en-Brie (France) was established in 2015. The company's business comprises commercial and technical representation of SECO/WARWICK Europe Sp. z o.o. in France, French-speaking countries and their neighbouring countries.

On November 2nd 2015, SECO/WARWICK Service GmbH changed its name to SECO/WARWICK Germany GmbH.

On December 9th 2015, SECO/WARWICK Services Sp.z o.o. of Świebodzin was established. The company's principal business is the provision of repair and maintenance services for equipment manufactured by SECO/WARWICK Europe Sp.z o.o.

On December 28th 2015, SECO/WARWICK S.A. sold a 100% interest in SECO/WARWICK GmbH of Bedburg-Hau (Germany) and a 99% interest in SECO/WARWICK RUS of Moscow (Russia) to SECO/WARWICK Europe sp. z o.o.

In Q4 2015, there were no other changes in the SECO/WARWICK Group's structure which would include mergers, acquisitions or disposals of Group entities, long-term investments, demergers, restructuring or discontinuation of operations.

2. Management Board's position on the feasibility of meeting any previously published forecasts for 2014 in light of the results presented in the Q4 report

The SECO/WARWICK Management Board did not publish any forecasts for 2015 concerning the Company's or the Group's financial performance.

3. Shareholders holding, directly or indirectly, 5% of the total vote at the General Meeting as at the date of issue of this report, including information on any changes subsequent to the issue of the previous interim report (Q3 2015 report).

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total votes at the General Meeting as at the issue date of the previous report, i.e. November 16th 2015.

Shareholder	Number of shares	Ownership interest %	Number of votes	% of total vote at General Meeting
SW Holding	3,387,139	31.54%	3,387,139	31.54%
Spruce Holding Limited Liability Company (USA)	1,123,337	10.46%	1,123,337	10.46%
SECO/WARWICK S.A.*	1,041,783	9.70%	1,041,783	9.70%
Aviva Otworthy Fundusz Emerytalny Aviva BZ WBK	904,794	8.43%	904,794	8.43%
Bleauhard Holdings LLC	637,028	5.93%	637,028	5.93%
Nationale-Nederlanden Otworthy Fundusz Emerytalny	600,000	5.59%	600,000	5.59%
Metlife OFE	577,470	5.38%	577,470	5.38%

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

* Treasury shares; the Company does not exercise voting rights in respect of its treasury shares.

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total votes at the General Meeting as at the date of issue of this report, i.e. February 29th 2016.

Shareholder	Number of shares	Ownership interest %	Number of votes	% of total vote at General Meeting
SW Holding	3,387,139	31.54%	3,387,139	31.54%
Spruce Holding Limited Liability Company (USA)	1,123,337	10.46%	1,123,337	10.46%
SECO/WARWICK S.A.*	1,041,783	9.70%	1,041,783	9.70%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	904,794	8.43%	904,794	8.43%
Bleauhard Holdings LLC	637,028	5.93%	637,028	5.93%
Nationale-Nederlanden Otwarty Fundusz Emerytalny	600,000	5.59%	600,000	5.59%
Metlife OFE	577,470	5.38%	577,470	5.38%

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

* Treasury shares; the Company does not exercise voting rights in respect of its treasury shares.

From the date of issue of the Q3 2015 report to the date of issue of the Q4 2015 report, there were no changes in large holdings of Company shares.

4. SECO/WARWICK S.A. shares held by members of the Management Board and Supervisory Board as at the date of issue of this report, including information on any changes subsequent to the issue date of the previous interim report (Q3 2015 report).

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

	Nov 16 2015			Decrease/increase	Feb 29 2016			Total par value of shares (PLN)
	Number of SECO/WARWICK shares held	Ownership interest (%)	% of total vote		Number of SECO/WARWICK shares held	Ownership interest (%)	% of total vote	
Management Board								
Paweł Wyrzykowski	254,558	2.37%	2.37%	-	254,558	2.37%	2.37%	50,912
Wojciech Modrzyk*	29,958	0.28%	0.28%	-	-	-	-	-
Jarosław Talerzak	29,558	0.28%	0.28%	-	29,558	0.28%	0.28%	5,912
Wojciech Peret**	-	-	-	-	-	-	-	-
Supervisory Board								
Mr Henryk Pilariski	10	0.0001%	0.0001%	-	10	0.0001%	0.0001%	2
Mr Andrzej Zawistowski	65,000	0.61%	0.61%	-	65,000	0.61%	0.61%	13,000
Mr Jeffrey Boswell	9,776	0.09%	0.09%	-	9,776	0.09%	0.09%	1,955
Commercial proxy								
Piotr Walasek	19,335	0.18%	0.18%	-	19,335	0.18%	0.18%	3,867
Total	408,195	3.80%	3.80%	-	408,195	3.80%	3.80%	81,639
Item								
Number of shares	10,737,837							
Par value of shares	0.20							
Share capital	2,147,567.40							

* Wojciech Modrzyk ceased to serve on the Management Board as of December 3rd 2015.

** Wojciech Peret was appointed Member of the Management Board of SECO/WARWICK S.A. as of December 3rd 2015.

In the reporting period and by February 29th 2016, members of SECO/WARWICK S.A.'s Management and Supervisory Boards did not enter into any other transactions that would involve their holdings of Company shares.

5. Court, arbitration and administrative proceedings

Seco/Warwick Corporation (SWC), a subsidiary of the Issuer, with its registered office in Pennsylvania, USA, along with a third party not associated with the Issuer ("Third Party"), are parties to a court dispute with Liberty Mutual Insurance (LMI), in which they claim from LMI additional insurance limits for continued product liability insurance coverage under insurance policies issued to the Third Party in 1980-1986. SWC and the Third Party are seeking coverage for the claims being raised against SWC and the Third Party in connection with product liability personal injury lawsuits filed by individuals alleging injury from asbestos as a result of their exposure to the Third Party's products manufactured by legal predecessors of SWC and the Third Party in 1958-1984 (the Asbestos Claims). SWC was not established until 1984, and was not a part of the Issuer's Group until 2006.

SWC and the Third Party have alleged in court that the insurance policy contract entered into by LMI extends additional coverage to the Asbestos Claims, including the costs of settlements entered into with injured parties and the legal costs in connection with verifying the legitimacy of such claims and negotiating such settlements. LMI claims that the policy limits have been exhausted, citing certain special provisions of the insurance policy. SWC and the Third Party disagree with LMI's contract interpretation.

To the best of the Issuer's knowledge, by the date of this Report, 517 Asbestos Claims were filed against SWC, out of which 164 Claims were dismissed, 35 Claims ended in settlements entered into by LMI for the total amount of USD 3m, and 318 Claims are being verified or negotiations of the terms of settlements, if any, with injured parties are being conducted in respect thereof.

Should no agreement be reached with LMI on continued insurance coverage for SWC or should the lawsuit against LMI be dismissed in this respect, there arises the risk that SWC will be forced to bear the costs relating to the Asbestos Claims while SWC and the Third Party pursue the excess carriers to take over the asbestos product liability claims.

To the best of the Issuer's knowledge, the risk of SWC being forced to bear further costs relating to the Asbestos Claims is not significant, as the Third Party holds other excess insurance policies contracted with other insurance companies, which policies can, according to the information received from SWC, cover the Asbestos Claims.

As at the date of this Report, the Issuer is not able to reliably estimate the total amount of its contingent liability related to the claims discussed above. The Issuer will publish any important information regarding the matter.

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

In the period from the beginning of the financial year to the date of issue of this report (February 29th 2016), SECO/WARWICK S.A. and its subsidiaries did not enter into any material related-party transactions other than routine transactions executed on an arms' length basis.

7. Material achievements and failures of SECO/WARWICK S.A. and the Group in Q4 2015.

The SECO/WARWICK Group companies secured orders worth PLN 634m in 2015, including PLN 152m in Q4 2015, a marked increase compared with the PLN 413m reported in the previous year.

A large proportion of the new orders contracted in 2015 were in the Melting Furnaces segment, which reported an order intake of PLN 233m (up by PLN 106m on 2014). In the Vacuum Furnaces segment, the Group secured orders worth PLN 132m (up PLN 54m compared with 2014), including PLN 41m in Q4 2015. The Company also recorded a significant growth of the Aluminium Process segment's order book, from PLN 9m at the end of 2014 to PLN 72m at the end of 2015, with new orders worth PLN 99m, including PLN 30m in Q4 2015. The aggregate value of the backlog went up 53% on 2014, with the order book value up 52% on the end of 2014, to PLN 420m as at the end of 2015.

The Group's sales grew by 11.7%. A significant year-on-year revenue growth was recorded in the Melting Furnaces segment, with Retech Systems LLC and SECO/WARWICK EUROPE delivering a 47% increase in sales.

A major increase in sales, of 38.5%, was also reported in the Aluminium Process segment, with SECO/WARWICK Corporation and SECO/WARWICK EUROPE as the main contributors. In 2015, SECO/WARWICK EUROPE signed contracts with OJSC RUSAL of Russia, providing for the manufacture and delivery of ten foil annealing furnaces, with the total value of EUR 6.2m. Also, profitability of the Aluminium Process business significantly increased, with gross margin having grown from 9% to 18% in 2015.

Sales also increased in the Aftersales segment (spare parts and services), by 27%, to PLN 88m in 2015, with gross margin up from 29% to 36%.

Sales in the CAB segment increased by 5%, while sales in the Vacuum Furnaces segment remained flat. These changes were partly offset by a 30.8% decline in the Atmosphere Furnaces segment.

There was a year-on-year rise in sales on the EU market (up 57% compared with 2014), achieved thanks to the active market presence of SECO/WARWICK Europe, supported by the distribution company SECO/WARWICK Germany GmbH. No marked increase in revenue was recorded on the US market in 2015 despite a 39% increase in sales delivered by Retech Systems LLC. The Company executes significant orders for customers in the EU market.

Sales on the Asian market grew 17%, delivered primarily by SECO/WARWICK EUROPE, but also driven by the improved performance of local companies. Sales of SECO/WARWICK Retech rose 77%.

The Group saw a marked 54% decrease in sales to Russia, Belarus and Ukraine. However, this decrease was fully offset by higher revenues from the EU and Asia.

It is important to note that despite unfavourable market conditions, sales in SECO/WARWICK do Brazil nearly tripled compared with the previous year.

The Company informed its shareholders of the factors which had an adverse impact on the consolidated Q4 2015 and full-year results.

Having received preliminary unaudited financial information for Q4 2015, based on its current knowledge, the Management Board of SECO/WARWICK S.A. resolved to recognise an impairment loss on goodwill and fixed assets in SECO/WARWICK Corporation in the amount of PLN 8.4m, and further to recognise a PLN 7.3m impairment loss on receivables in SECO/WARWICK Allied (effect on consolidated net profit/loss: 75%).

The impairment losses affected the Group's consolidated results for Q4 2015. The amounts of impairment losses are based on preliminary unaudited financial information for Q4 2015 and may change once the 2015 financial statements are audited. Also, the Management Board is currently assessing whether there are any indications of goodwill impairment of Retech Systems LLC. A decision, if any, to recognise a goodwill impairment loss are to be made while closing and auditing Retech Systems LLC's and SECO/WARWICK S.A.'s full-year financial statement for 2015.

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

The Management Board of SECO/WARWICK S.A. announced in Current Report No. 03/2016 that on January 27th 2016 the Company's subsidiary SECO/WARWICK Europe Sp. z o.o. signed an annex to a bank guarantee facility agreement with mBank Spółka Akcyjna of Warsaw.

Other than specified above, in Q4 2015 there were no events related to sureties for bank borrowings or guarantees exceeding 10% of the Company's equity, issued by SECO/WARWICK S.A. or any of its subsidiaries.

9. Other information which in the Company's opinion is material for the assessment of its personnel, assets, financial standing and financial result and changes therein, or for the assessment of its ability to fulfil obligations

No events occurred in the SECO/WARWICK Group's business which in the Company's opinion are material for the assessment of its personnel, assets, financial standing and financial result or changes therein, or for the assessment of the Group's ability to fulfil its obligations

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

After the reporting period, the Management Board of SECO/WARWICK S.A. issued Current Report No. 04/2016 to announce that Gildia sp. z o.o. of Lublin filed a bankruptcy petition against the Company's subsidiary SECO/WARWICK Europe sp. z o.o. In the Company's opinion, the petition is groundless as Gildia sp. z o.o. has no debt claims against SW Europe sp. z o.o. The Management Board of SECO/WARWICK S.A. published a relevant statement on the Company's website.

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

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

With a view to providing additional incentives to the Company's management staff to continue work on the development and consolidation of the SECO/WARWICK Group, and to further increase the value of SECO/WARWICK shares, on April 23rd 2015 the Supervisory Board approved the key objectives of the 2016–2018 Incentive Scheme for members of the SECO/WARWICK Group's management staff (the "2016–2018 Incentive Scheme").

- The Incentive Scheme is effective for 2016, 2017 and 2018,
- and covers 995,750 Company shares which may be distributed to Eligible Persons.
- Scheme Participants include key members of the Group's management staff who are identified as Scheme Participants in the relevant resolution of the Supervisory Board, and in the period between February 1st 2015 and August 15th 2015

acquire with their own funds, in their own name and for their own account no less than 4,000 and no more than 11,500 Company shares. In the case of the President of the Management Board of SECO/WARWICK SA, the number of shares to be acquired is 100,000. In the case of the President of the Management Board of SECOWARWICK Europe, the largest company of the Group, the number of shares to be acquired is 35,000. The price per share is PLN 25.

- The number of acquired shares and the 3.5 multiple defines the number of potential options which may be granted under the Scheme subject to fulfilment of the conditions specified below.
- Shares for a participant's own account must be acquired no later than on August 15th 2015,
- and may not be sold before June 30th 2022.
- The persons specified in the Supervisory Board's resolution are to declare their intention to participate in the Incentive Scheme by August 31st 2015.
- Participants of the scheme will be assigned individual objectives and a joint objective, the achievement of which is a precondition for a Scheme Participant to become eligible for benefits under the Scheme.
- Achievement of individual objectives is a pre-condition for acquiring rights to 15% of the options in each of the years 2016, 2017 and 2018.
- Achievement of the joint objective is a pre-condition for acquiring rights to 55% of the options in 2016, 2017 and 2018.
- Achievement of the Individual Objectives will be revised on the basis of the Company's audited financial information.
- Achievement of the Individual Objectives will be verified by the Audit Committee by April 30th of each consecutive financial year for the previous financial year.
- Achievement of the Joint Objective will be verified on the basis of the Company's audited financial information for all the financial years between 2016 and 2018.
- Achievement of the Joint Objective will be verified by the Audit Committee by April 30th 2019.
- If a Scheme Participant achieves the Individual Objectives or the Joint Objective, such participant will become eligible to acquire Company Shares in the number and on the terms and conditions specified in the Scheme Rules, and to obtain a Capital Bonus (the "Option").
- Options will vest in accordance with the provisions of agreements to be entered into between the Company and the individual Scheme Participants (the "Option Agreement").
- Rights under Options may not be transferred or encumbered. Such rights are attached to a Scheme Participant and expire upon his/her death.
- An Option entitles a Scheme Participant to purchase Shares at nominal price, in the number specified in the Option Agreement.
- An Option also entitles a Scheme Participant to receive from the Company annual payments whose amount will depend on the amount of dividend paid by the Company for a preceding financial year (the "Capital Bonus").
- The Capital Bonus for a given financial year will be calculated by July 31st of a given financial year, on the basis of a resolution on distribution of the Company's profit and the Company's audited financial information for the previous financial year, based on the following formula:

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

where:

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

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



11. Factors and events, especially of a non-recurring nature, with a material bearing on the financial performance in Q4 2015.

To ensure diligent communication with capital market participants, the Management Board of SECO/WARWICK S.A., in Current Report No. 05/2016, published information on factors which adversely affected the consolidated Q4 2015 and full-year 2015 results.

In the SECO/WARWICK Group's business there were no factors or events, especially of a non-recurring nature, that would have a material bearing on its financial performance in Q4 2015.