THE SECO/WARWICK GROUP

INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS FOR THE PERIOD

JANUARY 1ST - MARCH 31ST 2010

PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS

CONTENTS

1. General information

Information on the SECO/WARWICK Group

The parent undertaking of the SECO/WARWICK Group is SECO/WARWICK Spółka Akcyjna of Świebodzin. SECO/WARWICK S.A. was incorporated through the transformation of a limited liability company (spółka z ograniczoną odpowiedzialnością – Sp. z o.o.) into a joint-stock company (spółka akcyjna – S.A.) under the name of SECO/WARWICK S.A. with registered office in Świebodzin. The transformation was effected in accordance with the provisions of the Polish Commercial Companies Code. On December 14th 2006, the General Shareholders Meeting of SECO/WARWICK Sp. z o.o of Świebodzin adopted a resolution approving the transformation. In the same notarial deed all the shareholders of SECO/WARWICK Sp. z o.o. submitted a representation on joining the joint-stock company under the name of SECO/WARWICK S.A. of Świebodzin and on acquisition of Series A Shares.

On January 2nd 2007, SECO/WARWICK S.A. was entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000271014, by virtue of the decision issued by the District Court of Zielona Góra, VIII Commercial Division of the National Court Register, on January 2nd 2007.

The product range of the SECO/WARWICK Group comprises five main product categories:

- vacuum furnaces,
- aluminium heat exchanger brazing systems,
- aluminium heat treatment systems,
- atmosphere furnaces,
- metallurgy equipment used for melting and vacuum casting of metals and specialty alloys.

The SECO/WARWICK Group's operations are divided into five business segments based on product groups:

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

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

- Lubuskie Zakłady Termotechniczne „Elterma" S.A.
- SECO/WARWICK Corporation, and
- OOO SECO/WARWICK Group Moscow.

Other Group members are:

- Przedsiębiorstwo Handlowo-Usługowe „Eltus" Sp. z o.o w likwidacji

- SECO/WARWICK of Delaware Inc.
- SECO/WARWICK Industrial Furnace Co. Ltd. (Tianjin) China
- SECO/WARWICK Allied Pvt. Ltd. (Mumbai) India
- Retech Systems LLC

The aforementioned companies are described in detail in the table below.

Group Structure as at March 31st 2010

Table: As at March 31st 2010, the structure of the SECO/WARWICK Group was as follows:

Company	Registered office	Business profile	Method of consolidation / valuation of equity holding	% of share capital held by the Group
Parent undertaking				
SECO/WARWICK S.A.	Świebodzin	Manufacture of vacuum furnaces, aluminium heat exchanger brazing systems and aluminium heat treatment systems	N/A	N/A
Direct and indirect subsidiaries				
Lubuskie Zakłady Termotechniczne „Elterma" S.A.	Świebodzin	Manufacture of metal heat treatment equipment	Full method	100%
SECO/WARWICK Corp.	Meadville (USA)	Manufacture of metal heat treatment equipment	Full method	100%
SECO/WARWICK of Delaware, Inc (1)	Wilmington (USA)	Management of holding companies; registration of trademarks and patents, and granting licences for use of the trademarks and patents by SECO/WARWICK Corp.	Full method	100%
OOO SECO/WARWICK Group Moscow	Moscow (Russia)	Distribution of the SECO/WARWICK Group's products	Full method	100%
Przedsiębiorstwo Handlowo-Usługowe Eltus Sp. z o.o. w likwidacji (in liquidation) (2)	Świebodzin	Trade and services related to offering recreation in holiday cabins	Full method	100%
SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. (3)	Tianjin (China)	Manufacture of metal heat treatment equipment	Proportional method	50%
Retech Systems LLC (4)	Ukiah (USA)	Trade and services; manufacture of metallurgy equipment used for melting and vacuum casting of metals and specialty alloys	Equity method	50%
SECO/WARWICK Allied Pvt. Ltd. (5)	Mumbai (India)	Manufacture of metal heat treatment equipment	Equity method	50%

[(1)] SECO/WARWICK of Delaware, Inc is an indirect subsidiary owned through SECO/WARWICK Corp., which holds a 100% stake in SECO/WARWICK of Delaware, Inc.

[(2)] Przedsiębiorstwo Handlowo-Usługowe Eltus Sp. z o.o. w likwidacji (in liquidation) is an indirect subsidiary owned through Lubuskie Zakłady Termotechniczne „Elterma” S.A., which holds 100% of the share capital in Przedsiębiorstwo Handlowo-Usługowe Eltus Sp. z o.o.

[(3)] SECO/WARWICK S.A., SECO/WARWICK Corp. and Tianjin Kama Electric hold, respectively, 25%, 25% and 50% of the share capital in SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. SECO/WARWICK S.A and SECO/WARWICK Corp are entitled to appoint two thirds of the members of the Chinese company’s supervisory board.

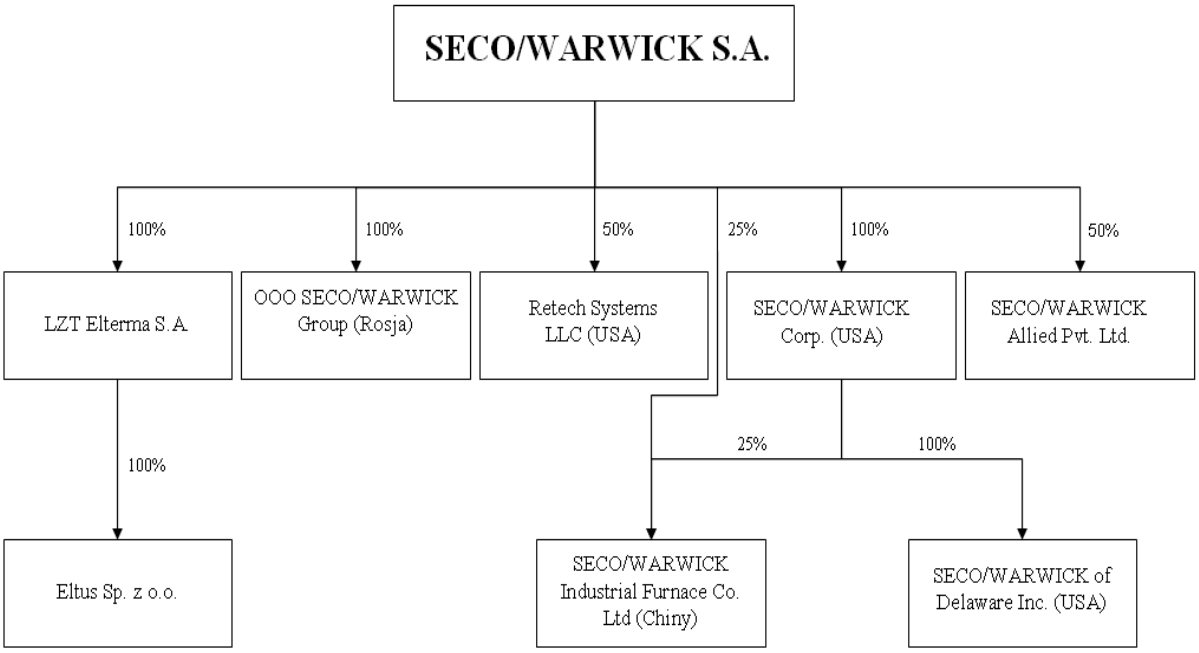
[(4)] 50% of the share capital in Retech Systems LLC is owned by SECO/WARWICK S.A., with the remainder held by Mr James A. Goltz, who is not party to any agreements or contracts with SECO/WARWICK S.A.

[(5)] The shares held by SECO/WARWICK S.A. represent 50% of SECO/WARWICK Allied Pvt. Ltd.’s share capital and confer the right to 50% of the total vote at the company’s general shareholders meeting.

The SECO/WARWICK Group’s structure as at this Report’s release date

The composition of the SECO/WARWICK changed subsequent to March 31st 2010, following the registration, on May 6th 2010, of a company whose full name is SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd., and which is based in China. The company is located in a special economic zone in Tianjin. SECO/WARWICK Retech is a 50/50 joint venture of SECO/WARWICK S.A. and Retech Systems LLC. Results of the new entity will be accounted for in the consolidated financial statements using the full consolidation method. SECO/WARWICK Retech will be involved in promotion of vacuum furnaces, CAB, atmosphere furnaces and equipment based on Retech’s technology.

The SECO/WARWICK Group’s structure as at March 31st 2010:



2. Description of the adopted accounting policies, including methods of measurement of assets, equity and liabilities, revenue and expenses

These consolidated financial statements have been prepared based on a historical cost approach, except with respect to financial derivatives, which are measured at fair value through the statement of comprehensive income (or in accordance with IAS 39 if hedge accounting is applied).
These consolidated financial statements are presented in the złoty ("PLN"), and unless specified otherwise, all the values are given in thousands of PLN.

Presentation of financial statements

Presentation of the statement of financial position
In accordance with IAS 1 "Presentation of financial statements", assets and liabilities are presented in the statement of financial position as current and non-current.
In accordance with IFRS 5, non-current assets held for sale are presented separately in the statement of financial position.
Presentation of the statement of comprehensive income
In accordance with IAS 1 "Presentation of financial statements", in the statement of comprehensive income expenses are presented by function.
Earnings per share
Net earnings per share for each period are determined by dividing net profit for the period by the weighted average number of shares outstanding in the period. The weighted average number of shares accounts for the dilutive effect related to the issue of shares at the Warsaw Stock Exchange.

Intangible assets

As intangible assets the Group recognises such assets which are identifiable (they can be separated or sold), are controlled by the entity and are highly probable to bring future economic benefits to the entity.
Intangible items include mainly software and development expense, and are initially recognised at cost, which includes purchase price, import duties and non-deductible taxes included in the price, decreased by discounts and rebates and increased by all expenditure directly connected with the preparation of the asset for its intended use.
In order to determine whether a self-created intangible item meets the recognition criteria for an intangible asset, the entity distinguishes two phases in the asset origination process:
- the research phase,
- the development phase.

All costs originating in the first phase are charged directly to expense of the period.
Components of intangible items created as a result of development work are capitalised by the Group only if the following criteria are met:
- it is certain that the intangible item will be completed,
- the feasibility of the asset for use or sale can be demonstrated,
- the expenditure incurred can be measured reliably.

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

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

Item	Patents and licences	Computer software
Useful life	5 - 10 years	5 - 15 years
Method used	Amortised throughout the agreement term using the straight-line method	Amortised using the straight-line method
Origin	Acquired	Acquired
Review for impairment / recoverable value testing	Annual assessment whether there are any indicators of impairment.	Annual assessment whether there are any indicators of impairment.

Property, plant and equipment

Property, plant and equipment is carried at cost less cumulative depreciation and impairment losses, if any.
Depreciation is charged using the straight-line method by estimating the useful life of a given asset, which is:

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

Non-current assets held under finance lease agreements have been disclosed in the statement of financial position equally with other non-current assets and are depreciated in the same way.
The initial values of non-current assets held under finance lease agreements and of the obligations corresponding with such assets have been determined at an amount equal to the discounted value of future lease payments. Lease payments made in the reporting period have been charged against finance lease liabilities in an amount equal to the principal instalment and the excess (the finance charge) has been charged in full to finance expenses of the period.
Any gains and losses arising on a sale or liquidation are determined as the difference between the income from the sale and the net value of the tangible assets, and are included in the income statement.
The Group has adopted the principle that the residual value of tangible assets is always equal to "zero".

Tangible assets under construction

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

Investment property

The Group classifies as investment property all property which is considered a source of income (earns rentals) and/or is held for capital appreciation.
Investment property is carried at cost less cumulative depreciation and impairment losses, if any.
Depreciation is charged over the estimated useful life of the investment property, using the straight line method. Land is not depreciated.

Financial assets and liabilities

Financial assets include interests in associates, assets at fair value through the statement of comprehensive income, hedging derivatives, loans and receivables and cash and cash equivalents.
Financial liabilities include loans and borrowings, other types of financing, overdraft facilities, financial liabilities at fair value through the statement of comprehensive income, hedging derivatives, trade payables, liabilities to suppliers of tangible assets, and lease liabilities.
Except for investments in subsidiaries, jointly controlled entities and associates, which are carried at cost in accordance with IAS 27 and IAS 28, financial assets and liabilities are recognised and measured in line with IAS 39 “Financial Instruments: Recognition and Measurement”.

Recognition and measurement of financial assets

Upon initial recognition, financial assets are recognised at fair value which in the case of investments not measured at fair value through the statement of comprehensive income is increased by transaction costs directly attributed to such assets.

Receivables

Trade receivables are recognised and carried at amounts initially invoiced, less any impairment losses on doubtful receivables. Impairment losses on receivables are estimated when the collection of the full amount of a receivable is no longer probable.
If the effect of the time value of money is significant, the value of a receivable is determined by discounting the projected future cash flows to their present value using a discount rate that reflects the current market estimates of the time value of money. If the discount method has been applied, any increase in the receivable with the passage of time is recognised as finance income.
Other receivables include in particular prepayments made in connection with planned purchases of property, plant and equipment, intangible assets and inventories. As non-monetary assets, prepayments are not discounted.

Cash and cash equivalents

Cash and cash equivalents are held mainly in connection with the need to meet the Group’s current demand for cash and not for investment or any other purposes.
Cash and cash equivalents include cash in bank accounts, cash in hand, as well as all liquid instruments which may immediately be converted into cash of known amount and in the case of which the risk of value changes is insignificant.

Recognition and measurement of financial liabilities

Liabilities under loans and other financial liabilities are initially recognised at fair value and then carried at amortised cost using the effective interest method.
Transaction costs directly connected with an acquisition or issue of a financial liability increase the carrying value of the liability, because upon initial recognition the liability is recognised at the fair value of amounts paid or received in exchange for the liability. Thereafter, such costs are amortised throughout the term of existence of the liability, using the effective interest method.

Hedge accounting

Hedge accounting recognises the offsetting effects on the statement of comprehensive income of changes in the fair value of hedging instruments and the hedged items.
There are three types of hedging relationships:

a) a fair value hedge: a hedge of the exposure to changes in the fair value of a recognised asset or liability or an identified portion of such an asset, liability or highly probable future liability that is attributable to a particular risk and could affect the statement of comprehensive income;
b) a cash flow hedge: a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability and (ii) could affect the statement of comprehensive income;
c) a hedge of a net investment in a foreign operation as defined in IAS 21.

A hedging relationship is subject to hedge accounting if, and only if, all of the following conditions are met:

a) The hedging relationship is formally designated and documented, including the entity's risk management objective and strategy for undertaking the hedge, at the time when the hedge is undertaken. The relevant documentation identifies the hedging instrument, the hedged item or transaction, the nature of the hedged risk, as well as how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.
b) The hedge is expected to be highly effective in offsetting changes in the fair value or cash flows attributable to the hedged risk, based on the originally documented risk management strategy pertaining to a given hedging relationship.
c) In the case of a cash flow hedge, the contemplated transaction to which the hedge relates is highly probable and exposed to variability in cash flows, which may ultimately affect the statement of comprehensive income.
d) The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item attributable to the hedged risk, as well as the fair value of the hedging instrument, can be reliably measured.
e) The hedge is assessed on an ongoing basis and determined to have been highly effective throughout the financial reporting periods for which the hedge was designated.

Inventories

Inventories are measured at cost, using a weighted average cost formula. Any downward adjustment of the value of inventories to the net selling price is made through recognition of impairment losses. Furthermore, inventories that are slow-moving or which have become obsolete or whose usability has become in any way limited, are revalued at the end of each financial year. If the circumstances leading to a decrease in the value of inventories cease to apply, a reverse adjustment is made, i.e. inventories are remeasured at their pre-impairment value.
Impairment losses on inventories and stock-taking discrepancies are charged to cost of products sold.

Deferred income tax

In line with IAS 12 "Income Taxes", deferred income tax is determined using the liability method and recognised in the financial statements for all temporary differences between the carrying amounts of assets and liabilities and their tax values, as well as for any unused tax loss carry-forwards. Deferred tax assets are recognised for temporary differences to the extent it is probable that the assets will be realised and that taxable profit will be available against which the differences can be utilised. Unrecognised deferred tax assets are reviewed at each balance-sheet date. Any previously unrecognised deferred tax assets are recognised to the extent it is probable that there will be future taxable income against which the assets can be realised.
Deferred tax assets are recognised for all deductible temporary differences arising from investments in subsidiaries and associates only to the extent it is probable that:
- the temporary differences will reverse in the foreseeable future, and
- taxable profit will be available against which the temporary differences can be utilised.

In line with IAS 12, deferred tax assets and liabilities are not discounted. Deferred income tax is determined based on the tax rates that have been enacted or substantively enacted at the balance-sheet date.

Provisions

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the Group anticipates that the costs for which provisions have been made will be recovered, e.g. under an insurance agreement, any such recovery is recognised as a separate item of assets, but only when it is practically certain to occur.
The cost related to a given provision is recognised in the statement of comprehensive income net of any recoveries. If the effect of the time value of money is significant, the value of a provision is determined by discounting the projected future cash flows to their present value, using a pre-tax discount rate reflecting the current market estimates of the time value of money, as well as any risk associated with a given obligation. If the discount method has been applied, any increase in the provision with the passage of time is charged to finance expenses.
The estimates of outcome and financial effect are determined by the judgement of the companies' management, based on past experience of similar transactions and, in some cases, reports from independent experts.
Provisions are reviewed at each balance-sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.
The Group creates the following provisions:

- provision for warranty repairs – on the basis of the historical cost of warranty repairs;
- provision for unused holidays – in an amount equivalent to the number of days of accrued unused holidays multiplied by average gross daily pay;
- provision for retirement benefits and length-of-service awards – calculated by actuaries;
- provision for employee benefits – bonus payments, salaries and wages;
- provision for probable costs related to the current financial year which will only be invoiced in the following year (accrued expenses). Depending on the type of accrued expenses, they are charged to costs of products sold, selling costs or general and administrative expenses;
- provision for a defined benefit plan. Fixed contributions are paid to a separate entity (a fund), as a consequence of which the actuarial risk (that benefits will be lower than expected) and investment risk (that assets invested will be insufficient to meet the expected benefits) fall on the Group.

Assumptions underlying the estimates and the provision amounts are reviewed at each balance-sheet date.

Accruals and deferrals

In order to ensure the matching of revenues with related expenses, expenses or revenues relating to future periods are posted under liabilities of a given reporting period.

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

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

Deferred and accrued income
Deferred/accrued income includes primarily government grants intended to finance assets and revenue, as well as any excess of estimated revenue related to the stage of completion of a long-term contract, in accordance with IAS 11, over advances received.
Government grants are disclosed in the statement of financial position at the amount of funds received and then recognised as income over the periods necessary to match them with the related costs they are intended to compensate, on a systematic basis. Government grants are not credited directly to equity.
Accruals and deferrals settled over a period longer than 12 months as from the balance-sheet date are classified as non-current accruals and deferrals, whereas those settled over a period of 12 months or shorter are classified as current accruals and deferrals.

Functional currency and presentation currency

a) Functional currency and presentation currency
Items of the financial statements are measured in the currency of the primary economic environment in which the Company operates ("functional currency"). The financial statements are presented in the Polish złoty (PLN), which is the functional currency and the presentation currency of the Group.
b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of these transactions, as well as from balance-sheet valuation of monetary assets and liabilities expressed in foreign currencies, are recognised in the income statement, unless they are taken to equity (when they qualify for recognition as cash flow hedges or hedges of net investments).

Material judgements and estimates

In view of the fact that many items presented in the consolidated financial statements cannot be measured accurately, certain estimates need to be made in the preparation of the consolidated financial statements. The Management Board reviews such estimates taking into account the changes in the factors on which such estimates were based, new information and past experience. Therefore, estimates made as at December 31st 2009 may change in the future.

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

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

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

Provision for unused holidays

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

Provision for old-age and disability retirement benefits

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

Provision for warranty repairs

Provision for warranty repairs is calculated on the basis of the historical costs of manufacturing the equipment sold and of the warranty repairs made in the previous years.

Long-term contracts

To account for long-term contracts, the Group applies the provisions of IAS 11 "Construction Contracts". When the outcome of a construction contract can be estimated reliably, the percentage of completion method is used. The stage of completion is determined by reference to the contract costs incurred to date and the total costs planned to be incurred.

At the end of each reporting period, the Group makes estimates regarding the outcome of each contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognised in the income statement.

The amount of such a loss is determined irrespective of: whether or not work has commenced on the contract, the stage of completion of contract activity, or the amount of profits expected to arise on other contracts which are not treated as single construction contracts in accordance with paragraph 9 of IAS 11.

The Group applies the above rules to account for commercial contracts related to the Group's core business whose performance term exceeds three months and whose total value is material from the point of view of reliability of the financial statements (the amount of revenue, expenses, and the financial result). The Group accrue only documented revenue, i.e. revenue which is guaranteed under the original contract, adjusted by any subsequent amendments to the original contract (annexes), or which constitutes any other revenue closely related to the project. Any changes of the contract revenue are taken into account if it is certain (i.e. a contract or annexes to a contract have been signed) or at least a highly probable (i.e. annexes to a contract or preliminary contracts have been initialled) that the client will accept the amendments and the revenue amounts provided for in the amendments, and provided further that such revenue can be reliably measured.

The stage of completion of a contract is determined by reference to the contract costs actually incurred in the reporting period and documented by appropriate accounting evidence, and the co-operator costs not yet invoiced, provided that all of the following conditions are met:

a) such costs can be measured reliably,

b) the value of the cooperation contract is PLN 250,000 - PLN 500,000.

c) the contract performance term is longer than three months.

The revenue as at the end of the reporting period is determined by reference to the stage of completion of the contract, net of any revenue which affected the financial result in previous reporting periods. Estimated contract revenue attributable to the given reporting period is recognised as sales revenue for the period, and disclosed under assets in the statement of financial position as receivables under settlement of long-term contracts.

Any excess of advances received under a contract over the estimated revenue attributable to a given reporting period is recognised under liabilities as prepaid deliveries. Up to the amount of the estimated contract revenue, advances reduce the receivables under settlement of long-term contracts.

Any excess of invoiced revenue is recognised as deferred income.

Derivative financial instruments

Derivative financial instruments are remeasured at the end of each reporting period at their fair value as determined by the bank.

Subjective judgement

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

- give an accurate, clear and fair view of the Group's assets, its financial standing, results of operations and cash flows,
- reflect the economic substance of transactions,
- are objective,
- conform with the principles of prudent valuation,
- are complete in all material respects.

Subjective judgements made as at December 31st 2009 relate to provisions for claims and contingent liabilities.

Changes in accounting policies

Below are presented new standards and IFRIC interpretations which have been published by the International Accounting Standards Board and are effective for reporting periods beginning on or after January 1st 2009.

➢ IFRS 8 *Operating Segments*
IFRS 8 was issued by the International Accounting Standards Board on November 30th 2006 and is effective for annual periods beginning on or after January 1st 2009. IFRS 8 replaced IAS 14 *Segment Reporting*. The standard defines new requirements regarding segment reporting and disclosure of information on products and services, geographical areas in which the entity operates, and its key customers. IFRS 8 requires a management approach to reporting on financial performance of operating segments.

➢ Revised IFRS 2 *Share-Based Payments*
The amendment to IFRS 2 was published by the International Accounting Standards Board on January 17th 2008 and is effective for annual periods beginning on or after January 1st 2009. The amendment: (1) clarifies that vesting conditions are service conditions and performance conditions only, while other features of a share-based payment are not vesting conditions, and (2) specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

➢ Revised IAS 23 *Borrowing Costs*
Revised IAS 23 was published by the International Accounting Standards Board on March 29th 2007 and is effective for annual periods beginning on or after January 1st 2009. The revised standard requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that takes a substantial period of time to get ready for its intended use or sale). Under the revised standard, it is no longer possible to recognise borrowing costs immediately as an expense in the period in which they are incurred.

➢ IFRIC 13 *Customer Loyalty Programmes*
IFRIC 13 was issued by the International Financial Reporting Interpretations Committee on June 28th 2007 and is effective for annual periods beginning on or after January 1st 2009. The Interpretation specifies the rules for accounting for transactions under loyalty schemes or card programmes by the entities which grant their customers credits or points under such schemes or programmes. In particular, IFRIC 13 specifies how to properly account for the obligation to provide free or discounted goods or services if and when the customers redeem their points.

➢ IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IFRIC 14 was issued by the International Financial Reporting Interpretations Committee on July 9th 2007 and is effective for annual periods beginning on or after January 1st 2009. The Interpretation specifies how entities should determine the limit placed by IAS 19 on the amount of a surplus of the fair value of assets in a defined benefit plan over the present value of the defined benefit obligations which they can recognise as an asset. Moreover, IFRIC 14 clarifies how the minimum statutory or contractual funding requirements may affect the amount of an asset or obligation under a defined benefit plan.

➢ Revised IAS 1 *Presentation of Financial Statements*
Revised IAS 1 was published by the International Accounting Standards Board on September 6th 2007 and is effective for annual periods beginning on or after January 1st 2009. The changes introduced by the Group relate mainly to the presentation of items of income and expenses, as the Group decided to present two separate income statements (a statement of comprehensive income and a statement of comprehensive income), and to the presentation of equity. These changes were introduced to help users of financial statements to analyse and compare the information.

➢ Revised IAS 32 *Financial Instruments: Disclosure and Presentation*, and Revised IAS 1 *Presentation of Financial Statements*
Revised IAS 32 and Revised IAS 1 were published by the International Accounting Standards Board on February 14th 2008 and are effective for annual periods beginning on or after January 1st 2009. The revised standards address the issue of accounting for particular types of financial instruments that have features similar to equity instruments but are classified as financial liabilities. Under the revised standard, financial instruments such as puttable financial instruments and instruments which place an entity under an obligation to deliver to another party a share of its net assets only upon liquidation should be classified as equity, provided they meet specific conditions.

➢ Improvements to IFRSs 2008
In May 2008, the International Accounting Standards Board issued Improvements to IFRSs – a collection of amendments to twenty standards. The amendments involve accounting changes for presentation, recognition or measurement purposes as well as terminology and editorial changes. Most of the amendments are effective for annual periods beginning on or after January 1st 2009.

➢ Revised IFRS 1 *First-Time Adoption of International Financial Reporting Standards*, and Revised IAS 27 *Consolidated and Separate Financial Statements*

Revised IFRS 1 and Revised IAS 27 were published by the International Accounting Standards Board on May 22nd 2008 and are effective for annual periods beginning on or after January 1st 2009. The revised standards allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements.

➢ Revised IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
Revised IAS 39 *Eligible Hedged Items* was published by the International Accounting Standards Board on July 31st 2008 and is effective for annual periods beginning on or after July 1st 2009. The revised standard clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations. The revised standard prohibits designating inflation as a hedgeable component of a fixed rate debt instrument. It also forbids including time value in the one-sided hedged risk when designating options as hedges.

- Revised IFRS 7 *Financial Instruments: Disclosures*

Revised IFRS 7 *Financial Instruments: Disclosures* was published by the International Accounting Standards Board on March 5th 2009 and is effective from January 1st 2009. The revised standard introduces a three-level fair value disclosure hierarchy and requires additional disclosures about the relative reliability of fair value measurements. Moreover, the revised standard clarifies and enhances existing disclosure requirements concerning liquidity risk.

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

New Standards to Be Applied by the Group

Below are presented new standards and IFRIC interpretations which have been published by the International Accounting Standards Board but are not effective for the current reporting period.

- Revised IFRS 3 "Business Combinations"

Revised IFRS 3 was published by the International Accounting Standards Board on January 10th 2008 and is effective prospectively for annual periods beginning on or after July 1st 2009. The revised standard continues to apply the acquisition method of accounting for business combinations, however with some significant changes. For instance, all payments to purchase a business should be recognised at their acquisition-date fair value, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. Additionally, the revised standard defines new rules of applying the acquisition method, including a requirement to recognise acquisition-related costs as expenses in the period in which they are incurred. Moreover, there is a choice to measure the minority interest (non-controlling interest) in an acquiree either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.
The Group will commence to apply the standard starting from the annual financial statements for periods that begin on January 1st 2010.

- Revised IAS 27 "Consolidated and Separate Financial Statements"

Revised IAS 27 was published by the International Accounting Standards Board on January 10th 2008 and is effective for annual periods beginning on or after July 1st 2009. The standard requires that the effects of transactions with minority shareholders be presented within equity as long as the entity remains under the control of the existing parent. The standard provides also a more detailed guidance on disclosure in the event of loss of control over a subsidiary, i.e. it requires that the residual holding be remeasured to fair value and the difference recognised in the income statement.
The Group will start to apply the revised IAS 27 prospectively to transactions with minority shareholders (holders of non-controlling interest) starting from the annual financial statements for the period that begins on January 1st 2010.

- Amendments to IFRIC 9 and IAS 39 "Embedded Derivatives"

The amendments to IFRIC 9 and IAS 39 "Embedded Derivatives" were published by the International Accounting Standards Board on March 12th 2009 and are effective for annual periods ended on or after June 30th 2009.
The amendments constitute an improvement on the amendments to IFRIC 9 and IAS 39 issued in October 2008 concerning embedded derivatives. The amendments clarify that on reclassification of a financial asset out of the "at fair value through the statement of comprehensive income" category all

embedded derivatives have to be assessed and, if necessary, separately accounted for in the financial statements.
The Group will commence to apply the amendments to IFRIC 9 and IAS 39 as of January 1st 2010.

- Improvements to IFRSs 2009

On April 16th 2009, the International Accounting Standards Board published "Improvements to IFRSs 2009"– a collection of amendments to 12 standards. The amendments involve accounting changes for presentation, recognition and measurement purposes as well as terminology and editorial changes. Most of the amendments are effective for annual periods beginning on or after January 1st 2010.

- Amendments to IFRS 1 "First-Time Adoption of IFRSs"

Amendments to IFRS 1 "First-Time Adoption of IFRSs" were published by the International Accounting Standards Board on July 23rd 2009 and are effective for annual periods beginning on or after January 1st 2010. The amendments introduce additional exemptions from asset valuation as at the date of first-time adoption of the IFRSs for entities operating in the oil and gas sectors.

- Amendments to IFRS 2 "Share-Based Payments"

Amendments to IFRS 2 "Share-Based Payments" were published by the International Accounting Standards Board on June 18th 2009 and are effective for annual periods beginning on or after January 1st 2010. The amendments clarify the accounting for group cash-settled share-based payment transactions. The amendments specify the scope of IFRS 2 and regulate the interaction of IFRS 2 and other standards. The amendments to IFRS 2 also incorporate guidance previously included in IFRIC 8 and IFRIC 11.

- IFRIC 12 "Service Concession Arrangements"

Interpretation IFRIC 12 was issued by the International Financial Reporting Interpretations Committee on November 30th 2006 and is effective for annual periods beginning on or after March 29th 2009. The interpretation provides guidance for application of the existing standards by entities participating in service concession arrangements between the private and the public sector. IFRIC 12 applies to contracts under which the grantor controls the kind of services that the operator provides using the infrastructure, as well as the recipient and price of these services.
The Group will commence to apply IFRIC 12 starting from the financial statements for annual periods that begin on January 1st 2010.

Alternative approaches under the IFRSs chosen by the Group

Some IFRSs allow application of alternative methods for the measurement or recognition of assets and liabilities. The table below provides information on the approaches chosen by the Group:

Standard	Alternative approach applied by the Group
IAS 2 "Inventories"	Inventories are measured at cost, using a weighted average cost formula.
IAS 16 "Property, Plant and Equipment"	Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.
IAS 38 "Intangible Assets"	Intangible assets are carried at cost less accumulated depreciation and accumulated impairment losses.

3. 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	Mar 31 2010	Dec 31 2009	Mar 31 2009
Average exchange rate for the period*	3.9669	4.3406	4.5994
Exchange rate effective for the last day of the period	3.8622	4.1082	4.7013

**) the average 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 these consolidated financial statements and the comparable data, translated into the euro:

Financial highlights - consolidated

Item	Q1 YTD Jan 1 - Mar 31		Q1 YTD Jan 1 - Mar 31	
	2010	2009	2010	2009
	(PLN ‘000)		(EUR ‘000)	
Net sales revenue	21,971	39,475	5,539	8,583
Cost of sales	-21,149	-24,985	-5,331	-5,432
Operating profit/(loss)	-8,550	5,749	-2,155	1,250
Pre-tax profit/(loss)	-6,156	3,503	-1,552	762
Net profit/(loss)	-4,375	3,940	-1,103	857
Net cash provided by/(used in) operating activities	-3,488	21,621	-879	4,701
Net cash provided by/(used in) investing activities	-1,348	-4,976	-340	-1,082
Net cash provided by/(used in) financing activities	2,503	-2,210	631	-480
	Mar 31 2010	**Dec 31 2009**	**Mar 31 2010**	**Dec 31 2009**
Total assets	216,098	211,440	55,952	51,468
Total liabilities	53,167	45,534	13,766	11,084
of which current liabilities	38,340	29,154	9,927	7,096
Equity	162,932	165,906	42,186	40,384
Share capital	3,471	3,471	899	845

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

Separate financial highlights

Item	**Q1 YTD Jan 1 - Mar 31**		**Q1 YTD Jan 1 - Mar 31**	
	2010	**2009**	**2010**	**2009**
	(PLN '000)		(EUR ‘000)	
Net sales revenue	10,875	22,184	2,742	4,823
Cost of sales	-9,363	-12,248	-2,360	-2,663
Operating profit/(loss)	-3,236	5,750	-816	1,250
Pre-tax profit/(loss)	-2,845	538	-717	117
Net profit/(loss)	-2,337	511	-589	111
Net cash provided by/(used in) operating activities	-931	16,513	-235	3,590
Net cash provided by/(used in) investing activities	-1,232	-4,876	-311	-1,060
Net cash provided by/(used in) financing activities	-20	563	-5	122
	Mar 31 2010	**Dec 31 2009**	**Mar 31 2010**	**Dec 31 2009**
Total assets	156,886	155,452	40,621	37,839
Total liabilities	24,488	21,066	6,340	5,128
of which current liabilities	19,245	14,520	4,983	3,534
Equity	132,398	134,386	34,280	32,712
Share capital	3,471	3,471	899	832

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

Assets	As at Mar 31 2010	As at Dec 31 2009
NON-CURRENT ASSETS	**115,078**	**112,305**
Property, plant and equipment	45,600	45,831
Investment property	445	448
Goodwill	4,317	4,284
Other intangible assets	10,276	9,838
Investments in associates	49,692	47,769
Financial assets available for sale	3	3
Non-current receivables		
Other assets		
Loans and receivables		
Prepayments and accrued income		
Deferred tax assets	4,746	4,133
CURRENT ASSETS	**101,020**	**99,135**
Inventories	19,189	16,091
Trade receivables	39,787	21,103
Other current receivables	4,723	5,843
Prepayments and accrued income	2,019	1,740
Financial assets at fair value through profit or loss	1,770	143
Loans and receivables	10	3
Cash and cash equivalents	22,936	25,254
Contract settlement	10,586	28,958
ASSETS HELD FOR SALE		
TOTAL ASSETS	**216,098**	**211,440**

Equity and liabilities	As at Mar 31 2010	As at Dec 31 2009
EQUITY	**162,932**	**165,906**
Share capital	3,471	3,471
Statutory reserve funds	143,833	143,833
Other reserves	2	2
Retained earnings/(deficit)	15,626	18,600
Minority interests		
NON-CURRENT LIABILITIES	**14,826**	**16,381**
Loans and borrowings		
Other liabilities	688	640
Deferred tax liabilities	9,001	10,767
Provision for retirement and similar benefits	2,761	2,792
Provisions for liabilities	0	0
Accruals and deferred income	2,376	2,181
CURRENT LIABILITIES	**38,340**	**29,154**
Loans and borrowings	2,993	365
Financial derivatives		1,772
Other financial liabilities	262	308
Trade payables	12,581	11,118
Taxes, customs duties and social security payable	3,094	2,348
Other current liabilities	3,532	3,140
Provision for retirement and similar benefits	1,045	973
Other provisions	2,936	3,070
Accruals and deferred income	11,897	6,060
LIABILITIES HELD FOR SALE		
TOTAL EQUITY AND LIABILITIES	**216,098**	**211,440**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (PLN '000)

	Jan 1 – Mar 31 2010	Jan 1 – Mar 31 2009
Net sales revenue, including:	**21,971**	**39,475**
Net revenue from sales of products	21,638	39,199
Net revenue from sales of goods for resale and materials	334	277
Cost of sales, including:	**-21,149**	**-24,985**
Cost of products sold	-20,936	-24,836
Cost of goods for resale and materials sold	-213	-149
Gross profit/(loss)	**822**	**14,490**
Other operating income	175	647
Selling costs	-2,800	-2,475
General and administrative expenses	-6,623	-6,759
Other operating expenses	-124	-153
Operating profit/(loss)	**-8,550**	**5,749**
Finance income	3,187	3,104
Finance expenses	-1,899	-8,673
Share in net profit/(loss) of associates	1,105	3,322
Pre-tax profit/(loss)	**-6,156**	**3,503**
Corporate income tax	1,781	437
Net profit/(loss) from continuing operations	**-4,375**	**3,940**
Profit/(loss) from discontinued operations		
Net profit/(loss) for financial year	**-4,375**	**3,940**
Earnings per share (PLN)	-0.46	0.41
Weighted average number of shares	9,572,003	9,572,003

OTHER COMPREHENSIVE INCOME:

Other comprehensive income:		
Valuation of cash flow hedging derivatives	431	747
Exchange differences on translating foreign operations	1,052	11,569
Actuarial gains/(losses) on defined benefit retirement plan		
Income tax relating to other comprehensive income	-82	-142
Other comprehensive income, net	**1,401**	**12,174**
Total comprehensive income	**-2,974**	**16,114**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (PLN '000)

	Jan 1 – Mar 31 2010	Jan 1 – Mar 31 2009
OPERATING ACTIVITIES		
Pre-tax profit/(loss)	**-6,156**	**3,503**
Total adjustments:	**2,982**	**18,752**
Share in net profit of subordinated undertakings accounted for using the equity method	-1,105	-3,322
Depreciation and amortisation	1,191	1,298
Foreign exchange gains/(losses)	32	722
Interest and profit distributions (dividends)	-788	72
Profit/(loss) on investing activities	-621	3,049
Change in provisions	-38	-200
Change in inventories	-3,079	-520
Change in receivables	-18,003	13,314
Change in current liabilities (other than financial liabilities)	2,747	-8,744
Change in accruals and deferrals	24,132	8,558
Derivatives	-1,375	4,559
Other adjustments	-111	-35
Cash from operating activities	**-3,175**	**22,256**
Income tax (paid)/refunded	-314	-635
Net cash provided by/(used in) operating activities	**-3,488**	**21,621**
INVESTING ACTIVITIES		
Cash provided by investing activities	**3**	**31**
Proceeds from disposal of intangible assets and property, plant and equipment		30
Proceeds from disposal of financial assets		
Dividends and profit distributions received		
Repayment of non-current loans advanced		
Interest received		
Other cash provided by financial assets	3	1
Cash used in investing activities	**1,351**	**5,007**
Investments in intangible assets, property, plant and equipment, and investment property	1,166	1,615
Acquisition of related undertakings		
Acquisition of financial assets		
Increase in long-term loans advanced		
Other cash used in investing activities	10	
Cash paid in connection with derivative instruments	175	3,392
Net cash provided by/(used in) investing activities	**-1,348**	**-4,976**

FINANCING ACTIVITIES		
Cash provided by financing activities	**2,647**	**600**
Net proceeds from issue of shares, other equity instruments and additional contributions to equity		
Loans and borrowings	2,647	600
Issue of debt securities		
Other cash provided by financing activities		
Cash used in financing activities	**144**	**2,810**
Acquisition of own shares		
Dividends and other distributions to owners		
Profit distributions other than to owners		
Repayment of loans and borrowings	21	2,642
Redemption of debt securities		
Other financial liabilities		
Decrease in finance lease liabilities	83	96
Interest paid	40	72
Other cash used in financing activities		
Net cash provided by/(used in) financing activities	**2,503**	**-2,210**
Total net cash flow	**-2,333**	**14,435**
Balance-sheet change in cash, including:	**-2,318**	**14,213**
- effect of exchange rate fluctuations on cash held	5	-222
Cash at beginning of period	**25,086**	**12,154**
Cash at end of period, including:	**22,753**	**26,589**
- restricted cash		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (PLN '000)

	Share capital	Statutory reserve funds	Capital reserve from revaluation of hedging instruments	Other reserves	Translation reserve	Retained earnings/ (deficit)	Minority interests	Total equity
Three months ended Mar 31 2009								
Equity as at Jan 1 2009	**3,471**	**135,792**	**-2,211**	**-2,286**	**3,007**	**27,746**	**0**	**165,521**
Total comprehensive income for three months ended Mar 31 2009			605		11,569	**3,940**		**16,114**
Equity as at Mar 31 2009	**3,471**	**135,792**	**-1,605**	**-2,286**	**14,576**	**31,687**	**0**	**181,635**
Three months ended Mar 31 2010								
Equity as at Jan 1 2010	**3,471**	**143,833**	**0**	**2**	**1,072**	**17,529**	**0**	**165,906**
Total comprehensive income for three months ended Mar 31 2010			349		1,052	-4,375		**-2,974**
Equity as at Mar 31 2010	**3,471**	**143,833**	**349**	**2**	**2,124**	**13,153**		**162,932**

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SEPARATE FINANCIAL STATEMENTS
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SEPARATE STATEMENT OF FINANCIAL POSITION

(PLN '000)

Assets	As at Mar 31 2010	As at Dec 31 2009
NON-CURRENT ASSETS	**92,598**	**91,746**
Property, plant and equipment	23,799	23,782
Investment property	445	448
Goodwill		
Intangible assets	8,029	7,619
Investments in subsidiary, jointly-owned and associated undertakings	58,707	58,707
Financial assets available for sale		
Other assets		
Loans advanced and receivables		
Prepayments and accrued income		
Deferred tax assets	1,618	1,190
CURRENT ASSETS	**64,288**	**63,706**
Inventories	10,584	8,361
Trade receivables	26,510	12,626
Other current receivables	6,423	3,262
Prepayments and accrued income	1,262	1,047
Financial assets at fair value through profit or loss	828	
Loans advanced and receivables		
Cash and cash equivalents	16,489	18,662
Contract settlements	2,191	19,748
ASSETS HELD FOR SALE		
TOTAL ASSETS	**156,886**	**155,452**

Equity and Liabilities	As at Mar 31 2010	As at Dec 31 2009
EQUITY	**132,398**	**134,386**
Share capital	**3,471**	**3,471**
Statutory reserve funds	128,530	128,531
Other reserves	2	2
Retained earnings/(deficit)	394	2,382
NON-CURRENT LIABILITIES	**5,242**	**6,545**
Loans and borrowings		
Other liabilities	454	450
Deferred tax liabilities	2,343	3,844
Provision for retirement and similar benefits	70	70
Provisions for liabilities		
Accruals and deferred income	2,376	2,181
CURRENT LIABILITIES	**19,245**	**14,520**
Loans and borrowings		
Derivative financial instruments		1,772
Other financial liabilities	56	54
Trade payables	7,308	5,440
Income tax payable	2,403	1,177
Other current liabilities	2,166	1,774
Provision for retirement and similar benefits	657	586
Other provisions	1,575	1,580
Accruals and deferred income	5,080	2,138
LIABILITIES HELD FOR SALE		
TOTAL EQUITY AND LIABILITIES	**156,886**	**155,452**

SEPARATE STATEMENT OF COMPREHENSIVE INCOME
(PLN '000)

	Jan 1–Mar 31 2010	Jan 1–Mar 31 2009
Net sales revenue, including	**10,875**	**22,184**
Net revenue from sales of products	10,784	22,124
Net revenue from sales of goods for resale and materials	91	60
Cost of sales, including:	**-9,363**	**-12,248**
Cost of products sold	-9,297	-12,211
Cost of goods for resale and materials sold	-66	-36
Gross profit/(loss)	**1,512**	**9,937**
Other operating income	268	231
Selling costs	-1,225	-838
General and administrative expenses	-3,573	-3,432
Other operating expenses	-219	-148
Operating profit/(loss)	**-3,236**	**5,750**
Finance income	2,217	2,761
Finance expenses	-1,826	-7,972
Pre-tax profit/(loss)	**-2,845**	**538**
Corporate income tax	508	-28
Net profit/(loss) from continuing operations	**-2,337**	**511**
Profit/(loss) from discontinued operations		
Net profit/(loss) for financial year	**-2,337**	**511**
Earnings per share (PLN)	-0.24	0.05
Weighted average number of shares	9,572,003	9,572,003
OTHER COMPREHENSIVE INCOME:		
Other comprehensive income:		
Valuation of cash flow hedging derivatives	431	747
Income tax relating to other comprehensive income	-82	-142
Other comprehensive income, net	**349**	**605**
Total comprehensive income	**-1,988**	**1,116**

SEPARATE STATEMENT OF CASH FLOWS
(PLN '000)

	Jan 1–Mar 31 2010	Jan 1–Mar 31 2009
OPERATING ACTIVITIES		
Pre-tax profit/(loss)	**-2,845**	**538**
Total adjustments:	**2,228**	**16,209**
Share in net profit of subordinated undertakings accounted for using the equity method		
Depreciation and amortisation	633	648
Foreign exchange gains/(losses)	-10	416
Interest and profit distributions (dividends)	-818	21
Profit/(loss) on investing activities	175	3,387
Change in provisions	148	232
Change in inventories	-2,224	-946
Change in receivables	-17,500	11,501
Change in current liabilities (other than financial liabilities)	2,733	-4,390
Change in accruals and deferrals	20,465	779
Derivatives	-1,375	4,559
Other adjustments		
Cash from operating activities	**-618**	**16,748**
Income tax (paid)/refunded	-314	-235
Net cash provided by/(used in) operating activities	**-931**	**16,513**
INVESTING ACTIVITIES		
Cash provided by investing activities		**4**
Proceeds from disposal of intangible assets and property, plant and equipment		4
Proceeds from disposal of financial assets		
Dividends and profit distributions received		
Repayment of non-current loans advanced		
Interest income		
Other cash provided by financial assets		
Cash used in investing activities	**1,232**	**4,880**
Investments in intangible assets, property, plant and equipment, and investment property	1,057	1,489
Acquisition of related undertakings		
Acquisition of securities		
Other cash used in investing activities		
Cash paid in connection with derivative instruments	175	3,392
Net cash provided by/(used in) investing activities	**-1,232**	**-4,876**

FINANCING ACTIVITIES		
Cash provided by financing activities		**600**
Net proceeds from issue of shares, other equity instruments and additional contributions to equity		
Loans and borrowings		600
Issue of debt securities		
Other cash provided by financing activities		
Cash used in financing activities	**20**	**37**
Acquisition of own shares		
Dividends and other distributions to owners		
Profit distributions other than to owners		
Repayment of loans and borrowings		
Redemption of debt securities		
Other financial liabilities		
Decrease in finance lease liabilities	10	16
Interest paid	10	21
Other cash used in financing activities		
Net cash provided by/(used in) financing activities	**-20**	**563**
Total net cash flow	**-2,184**	**12,200**
Balance-sheet change in cash, including:	**-2,174**	**11,977**
- effect of exchange rate fluctuations on cash held	10	-222
Cash at beginning of period	**18,495**	**9,048**
Cash at end of period, including:	**16,311**	**21,247**
- restricted cash		

SEPARATE STATEMENT OF CHANGES IN EQUITY (PLN '000)

	Share capital	Statutory reserve funds	Capital reserve from revaluation of hedging instruments	Other reserves	Retained earnings /(deficit)	Minority interests	Total equity
			Three months ended Mar 31 2009				
Equity as at Jan 1 2009	**3,471**	**125,631**	**-2,210**		**5,470**		**132,362**
Total comprehensive income for three months ended Mar 31 2009			605		511		**1,116**
Equity as at Mar 31 2009	**3,471**	**125,631**	**-1,605**		**5,982**		**133,478**
			Three months ended Mar 31 2010				
Equity as at Jan 1 2010	**3,471**	**128,530**	**0**	**2**	**2,382**	**0**	**134,386**
Total comprehensive income for three months ended Mar 31 2010			349		-,2,337		**-1,988**
Equity as at Mar 31 2010	**3,471**	**128,530**	**349**	**2**	**45**		**132,398**

SUPPLEMENTARY INFORMATION
TO THE INTERIM CONDENSED
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Selected supplementary information

As provided for under IAS 18, revenue from the sale of products, goods for resale, materials and services, net of any 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 are as follows:

Item	Q1 2010	Q1 2009
Sale of products	21,638	39,199
Sale of goods for resale and materials	334	277
TOTAL sales revenue	**21,972**	**39,476**
Other operating income	175	647
Finance income	3,187	3,104
TOTAL revenue and income	**25,334**	**43,227**

There was no revenue from discontinued operations.

OPERATING SEGMENTS

IFRS 8 "Operating Segments", which has superseded previously binding IAS 14 "Segment Reporting", is effective as of January 1st 2009. The new standard introduces the "management approach" to segment disclosures and requires that segment information be presented based on those components of the entity that management monitors in making decisions about operating matters. An operating segment is a component of an entity for which discrete financial information is available and whose operating results are reviewed regularly by the entity's chief decision maker to make decisions about resources to be allocated to the segment and assess its performance. This change in accounting standards has had no impact on the Group's segment reporting.
The SECO/WARWICK Group's business comprises the following segments:

Vacuum furnaces (Vacuum)

Vacuum furnaces have multiple applications in a number of industries, including machine tool, aviation, energy, electrical engineering, medical equipment, automotive and specialised industries. The vacuum furnace solutions may be used in a wide variety of processes such as heat treatment of steel and alloys, brazing, sintering, and degassing. Vacuum furnaces are not only economically efficient but also environmentally friendly.

Aluminium heat exchanger brazing systems (CAB)

The CAB systems are used primarily in the automotive industry for brazing heat exchangers mounted in passenger cars and trucks (charge air coolers, air conditioning evaporators and condensers, oil coolers, etc.). Outside the automotive sector, CAB processes are used in the manufacture of IC radiators, steam condensers for CHP plants, exhaust gas heat exchangers for power generators, etc.

Atmosphere furnaces (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 thermal and thermochemical treatment are employed in the gas carburising, gas nitriding and other processes. The furnaces are meant chiefly for the automotive and metal industries, including for the manufacturing of anti-friction bearings, as well as for use in commercial hardening plants and specialty industries.

Aluminium heat treatment systems (Aluminium Process)

The SECO/WARWICK Group specialises in a selected range of aluminium heat treat processes which generally offer a plethora of applications. The aluminium process solutions offered by the Group are used in the production of aluminium sheet for the automotive and aviation industries, as well as for the manufacturing of packaging foil for multiple applications. In addition, the aluminium process systems are used to heat treat aluminium castings.

Melting furnaces

The metallurgy applications of the vacuum melting furnaces include alloying, melting and purifying specialty metals, including reactive metals (e.g. titanium, zirconium) and heat-resistant metals (e.g. tantalum). Due to their physical properties, specialty metals may only be treated with the use of advanced technological solutions under high vacuum conditions.

The different types of melting furnaces include melting and holding furnaces used for the manufacture of precision castings (such as components of jet engines, power turbines, and medical implants).

Melting furnaces may also be used as an element of the globally-unique processes involving disposal of hazardous waste (such as nuclear by-products).

Revenue and profit/loss of operating segments as at March 31st 2010

Item	Continuing operations						Discontinued operations	Unallocated items	Total operations
	Vacuum	*CAB*	*Thermal*	*Aluminium Process*	*Melting Furnaces*	*Total*			
Segment profit/(loss)									
Total segment revenue	**6,821**	**1,97,2**	**8,643**	**473**	**733**	**18,642**		**329**	**21,971**
Total segment expenses	**(5,158)**	**(1,545)**	**(8,732)**	**(845)**	**(722)**	**(17,003)**		**(4,146)**	**(21,149)**
General and administrative expenses								(2,800)	(2,800)
Selling costs								(6,623)	(6,623)
Operating income								175	175
Operating expenses								(124)	(124)
Profit/(loss) from continuing operations before tax and finance expenses	1,663	427	(89)	(372)	11	1,638			**(8,549)**
Finance income								3,187	3,187
Net finance expenses								(1,899)	(1,899)
Share in profit of associate								1,105	1,105
Pre-tax profit/(loss)									**(6,156)**
Income tax								1,781	1,781
Net profit/(loss) for period									**(4,375)**

Revenue and profit/loss of operating segments as at March 31st 2009

Item	Continuing operations						Discontinued operations	Unallocated items	Total operations
	Vacuum	*CAB*	*Thermal*	*Aluminium Process*	*Melting Furnaces*	*Total*			
Segment profit/(loss)									
Total segment revenue	**5,115**	**11,710**	**10,048**	**4,934**	**1,005**	**32,813**		**6,662**	**39,475**
Total segment expenses	**(3,292)**	**(5,310)**	**(6,650)**	**(3,133)**	**(1,068)**	**(19,452)**		**(5,533)**	**(24,985)**
General and administrative expenses								(6,759)	(6,759)
Selling costs								(2,475)	(2,475)
Operating income								647	647
Operating expenses								(153)	(153)
Profit/(loss) from continuing operations before tax and finance expenses	1,824	6,400	3,398	1,802	(63)	13,361			**5,749**
Finance income								3,104	3,104
Net finance expenses								(8,673)	(8,673)
Share in profit of associate								3,322	3,322
Pre-tax profit/(loss)									**3,503**
Income tax								437	437
Net profit/(loss) for period									**3,940**

PROPERTY, PLANT AND EQUIPMENT

In the period January 1st – March 31st 2010, the cost of acquired intangible assets and property, plant and equipment at the SECO/WARWICK Group amounted to PLN 1,166 thousand.

Item	Mar 31 2010	Dec 31 2009
Tangible assets	41,515	46,247
Tangible assets under construction	4,085	829
Prepayments for tangible assets under construction		
Property, plant and equipment	**45,600**	**47,076**

IMPAIRMENT LOSSES ON ASSETS

In the periods under review, the SECO/WARWICK Group did not recognise or reverse any impairment losses on property, plant and equipment or intangible assets.

As at March 31st 2010, trade receivables of PLN 1,064 thousand had been classified as unrecoverable and an appropriate impairment loss had been recognised. The amount of impairment losses remained unchanged from the end of 2009.

As at March 31st 2010, the Group carried no tangible assets held for sale.

As at March 31st 2010, the SECO/WARWICK Group carried PLN 1,090 thousand (at the end of 2009: PLN 1,090 thousand) of impairment losses on inventories.

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

No dividends were paid in 2010 or 2009. By the date of publication of these financial statements, no resolutions concerning dividend were adopted.

INVESTMENT COMMITMENTS

As at March 31st 2010, the Group had capital commitments of PLN 24 thousand for expenditure related to acquisition of property, plant and equipment. These amounts were earmarked for purchases of new plant and equipment.

As at March 31st 2010, SECO/WARWICK S.A. had investment commitments of PLN 1,185 thousand towards SECO/WARWICK ALLIED Pvt. LTD.

OFF-BALANCE SHEET CONSOLIDATED ITEMS

Changes in contingent liabilities and contingent assets, which occurred after the end of the previous financial year

	As at Mar 31 2010	As at Dec 31 2009	As at Mar 31 2009
Contingent receivables	**72**	**402**	**4,662**
From related undertakings			
From other undertakings (including)	72	402	4,662
- guarantees and sureties	72	402	4,662
Contingent liabilities	**17,935**	**19,320**	**19,884**
From related undertakings	450	855	
From other undertakings (including)	17,485	18,465	19,884
- guarantees and sureties	17,485	18,465	19,884

On May 23rd 2008, at the request of SECO/WARWICK S.A. (parent undertaking), Citi Bank Handlowy of Warsaw issued an irrevocable and unconditional loan repayment guarantee (covering principal, interest and other charges) for up to USD 300,000 to CitiBank (China) Co., enforceable in the event of SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. failing to meet the terms and conditions of the loan agreement executed with CitiBank (China) Co. On January 8th 2010, the guarantee amount was reduced to USD 150,000. The guarantee expires on May 6th 2010.

Contingent liabilities as at March 31st 2010, December 31st 2009 and March 31st 2009 are presented in the tables below.

	Bank	**Type of guarantee**	**Currency**	**Mar 31 2010**	***AMOUNT (PLN)****	**Company**
Guarantee 1	BRE	PBG	PLN	35	35	SECO/WARWICK S.A.
Guarantee 2	BH	CRB	USD	150	450	
Guarantee 3	BRE	APG	EUR	409	1,634	
Guarantee 4	BRE	PBG	EUR	200	800	
Guarantee 5	BRE	PBG	EUR	184	737	
Guarantee 6	BRE	PBG	EUR	140	560	
Guarantee 7	BRE	APG	PLN	610	610	
Guarantee 8	BRE	PBG	EUR	174	694	
Guarantee 9	BRE	PBG	EUR	12	47	
Guarantee 10	BRE	PBG	EUR	159	634	
Guarantee 11	BRE	PBG	EUR	117	466	
Guarantee 12	BH	APG	GBP	29	125	
Guarantee 13	BH	PG	PLN	250	250	
Guarantee 14	HSBC	APG	GBP	121	534	
Guarantee 15	BRE	APG	EUR	135	538	
Guarantee 16	BRE	PBG	PLN	766	766	LZT Elterma
Guarantee 17	BRE	PBG	EUR	23	89	
Guarantee 18	BRE	APG	EUR	647	2,499	
Guarantee 19	BRE	APG	EUR	172	664	
Guarantee 20	BZ WBK	APG	EUR	640	2,472	
Guarantee 21	BZ WBK	APG	PLN	1,000	1,000	
Guarantee 22	HUNTINGTON	PBG	USD	313	899	SECO/ WARWICK Corp.
Guarantee 23	HUNTINGTON	PBG	USD	202	580	
Guarantee 24	HUNTINGTON	PBG	USD	297	852	
TOTAL					**17,935**	

* The guarantee amounts were translated at the mid-exchange rates quoted by the National Bank of Poland for March 31st 2010.

Dec 31 2009	**Bank**	**Type of guarantee**	**Currency**	**Dec 31 2009**	***AMOUNT (PLN)****	**Company**
Guarantee 1	BRE	PBG	PLN	35	35	SECO/WARWICK S.A.
Guarantee 2	BH	CRB	USD	300	855	
Guarantee 3	BRE	PBG	EUR	65	267	
Guarantee 4	BRE	APG	EUR	409	1,679	
Guarantee 5	BRE	PBG	EUR	200	822	

Guarantee 6	BRE	APG	EUR	809	3,322	
Guarantee 7	BRE	APG	PLN	268	268	
Guarantee 8	BRE	PBG	EUR	184	757	
Guarantee 9	BRE	PBG	EUR	140	575	
Guarantee 10	BRE	APG	PLN	610	610	
Guarantee 11	BRE	PBG	EUR	174	713	
Guarantee 12	BRE	APG	EUR	144	592	
Guarantee 13	BRE	PBG	EUR	12	48	
Guarantee 14	BRE	APG	EUR	409	1 679	
Guarantee 15	BRE	PBG	EUR	159	651	
Guarantee 16	BRE	PBG	EUR	117	479	
Guarantee 17	BRE	PBG	PLN	766	766	LZT Elterma
Guarantee 18	BRE	PBG	EUR	41	169	
Guarantee 19	BRE	PBG	EUR	23	94	
Guarantee 20	BRE	APG	EUR	647	2,658	
Guarantee 21	BRE	PBG	EUR	172	707	
Guarantee 22	HUNTINGTON	PBG	USD	313	892	SECO/ WARWICK Corp.
Guarantee 23	HUNTINGTON	PBG	USD	202	576	
Guarantee 24	HUNTINGTON	PBG	USD	38	108	
TOTAL					**19,320**	

* The guarantee amounts were translated at the mid-exchange rates quoted by the National Bank of Poland for December 31st 2009.

Mar 31 2009	Bank	Type of guarantee	Currency	Mar 31 2009	*AMOUNT (PLN)**	Company
Guarantee 1	BRE	PBG	PLN	35	35	SECO/WARWICK S.A.
Guarantee 2	BRE	PBG	EUR	62	290	
Guarantee 3	BH	CRB	USD	300	1,062	
Guarantee 4	RCB	PBG	EUR	65	306	
Guarantee 5	BRE	APG	EUR	260	1,224	
Guarantee 6	BRE	APG	EUR	260	1,224	
Guarantee 7	BRE	APG	EUR	409	1,921	
Guarantee 8	BRE	PBG	EUR	67	313	
Guarantee 9	BRE	APG	USD	762	2,697	
Guarantee 10	RCB	APG	EUR	316	1,485	
Guarantee 11	BRE	PBG	EUR	37	172	
Guarantee 12	RCB	APG	PLN	644	644	
Guarantee 13	BRE	PBG	EUR	200	940	
Guarantee 14	BRE	APG	EUR	521	2,394	
Guarantee 15	RCB	PBG	EUR	58	273	LZT Elterma
Guarantee 16	BH	PBG	PLN	830	830	
Guarantee 17	BRE	CRB	PLN	766	766	
Guarantee 18	TUEulerHermes	PBG	PLN	1,161	1,161	
Guarantee 19	BRE	APG	EUR	41	194	
Guarantee 20	RCB	APG	EUR	65	306	

Guarantee 21	BRE	APG	EUR	71	332	
Guarantee 22	HUNTINGTON	PBG	USD	313	1,109	SECO/WARWICK Corp
Guarantee 23	HUNTINGTON	PBG	USD	59	207	
TOTAL					**19,884**	

* The guarantee amounts were translated at the mid-exchange rates quoted by the National Bank of Poland for March 31st 2009.

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

Guarantees received are presented in the tables below:

Mar 31 2010	**Bank**	**Type of guarantee**	**Currency**	**Mar 31 2010**	***AMOUNT (PLN)***	**Company**
Guarantee 1	Millenium	WB	PLN	72	72	SECO/WARWICK S.A.
TOTAL					**72**	

Dec 31 2009	**Bank**	**Type of guarantee**	**Currency**	**Dec 31 2009**	***AMOUNT (PLN)***	**Company**
Guarantee 1	Millenium	WB	PLN	402	402	SECO/WARWICK S.A.
TOTAL					**402**	

Mar 31 2009	**Bank**	**Type of guarantee**	**Currency**	**Mar 31 2009**	***AMOUNT (PLN***	**Company**
Guarantee 1	Millenium	WB	PLN	100	100	SECO/WARWICK S.A.
Guarantee 2	Millenium	WB	PLN	200	200	
Guarantee 3	PZU S.A.	Insurance guarantee for payment of claims	EUR	451	2,122	LZT ELTERMA
Guarantee 4	KBC BANK NV	WB	EUR	476	2,240	
TOTAL					**4,662**	

WB→ warranty bond (guarantee of proper performance of obligations under warranty)

PROVISION FOR COST OF RESTRUCTURING

In the period from January 1st to March 31st 2010, the SECO/WARWICK Group did not release provisions for restructuring costs.

SETTLEMENTS RELATED TO COURT PROCEEDINGS

In the opinion of the Parent Undertaking's Management Board, there exist no material settlements related to court proceedings.

BUSINESS COMBINATIONS

No business combinations or acquisitions of non-controlling interests were effected in Q1 2010.

MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD NOT INCLUDED IN THE FINANCIAL STATEMENTS

The registration of SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd. of China on May 6th 2010 was a material event occurring after the end of the interim period, which was not included in the financial statements. The company is located in a special economic zone in Tianjin. SECO/WARWICK Retech is a 50/50 joint venture of SECO/WARWICK S.A. and Retech Systems LLC. Results of the new entity will be accounted for in the consolidated financial statements using the full consolidation method. SECO/WARWICK Retech will be involved in promotion of vacuum furnaces, CAB, atmosphere furnaces and equipment based on Retech's technology

Consistency of the accounting policies and computation methods applied in the preparation of the interim financial statements for Q1 2010

These interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and the IFRS endorsed by the European Union. The IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

These interim condensed separate consolidated financial statements have been prepared in accordance with International Accounting Standard 34.

Seasonality or cyclicality in the operations of SECO/WARWICK S.A. or its Group

The operations of SECO/WARWICK S.A. are not subject to any material seasonality or cyclicality factors.

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

In the business activities of SECO/WARWICK S.A. and its Group, there do not occur any 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 2009 or changes in estimates disclosed in previous financial years if they have a material bearing on Q1 2010

In the business activities of SECO/WARWICK S.A. and its Group, there occurred no changes in the disclosed estimates that would, due to their type or amount, have a material bearing on the results of Q1 2010.

Issues, redemptions and repayments of debt and equity securities

No debt or equity securities were issued, redeemed or repurchased in Q1 2010.

Implementation of issue objectives

According to the SECO/WARWICK Group companies, the successful implementation of their investment objectives is highly feasible. The funds allocated to investments, including equity investments, comprised net proceeds from securities issues of PLN 40.2m.

Use of proceeds in line with the issue objectives

1.	Financing acquisition of a 50% interest in Retech Systems LLC (USA)	PLN 16.5m
2.	Acquisition of a 50% interest and investments in the Allied Group (Indies)	PLN 6.9m
3.	Investments in property, plant and equipment, and intangible assets	PLN 9.7m
4.	Research and development	PLN 7.1m
	Total	**PLN 40.2m**

Investments in property, plant and equipment, and intangible assets

Expenditure on research and development projects incurred in the period January 1st–March 31st 2010 totalled PLN 550 thousand, whereas expenditure on property, plant and equipment was PLN 1,057 thousand.

Dividends paid and declared

The SECO/WARWICK Group did not pay or declare any dividends in Q1 2010.

Earnings per share

	Mar 31 2010	Mar 31 2009
Weighted average number of shares	9,572,003	9,572,003
Earnings attributable to owners of the parent	(4,375)	3,940
Earnings per share (EPS)	(0.46)	0.41
Diluted earnings per share	(0.46)	0.41

Material events subsequent to Q1 2010, not disclosed in the report for Q1 2010, but potentially having a material bearing on future performance of the SECO/WARWICK Group

The registration of SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd. of China on May 6th 2010 was a material event occurring after the end of Q1 2010, not disclosed in the financial statements but potentially having a material bearing on the future performance of the SECO/WARWICK Group. The company is located in a special economic zone in Tianjin. SECO/WARWICK Retech is a 50/50 joint venture of SECO/WARWICK S.A. and Retech Systems LLC. Results of the new entity will be accounted for in the consolidated financial statements using the full consolidation method. SECO/WARWICK Retech will be involved in promotion of vacuum furnaces, CAB, atmosphere furnaces and equipment based on Retech's technology.

Save as indicated above, no material events occurred which might have a material bearing on the future performance of SECO/WARWICK S.A. and its subsidiaries and which were not disclosed in the quarterly report.

Other supplementary information

1. Changes in the Group's structure resulting from business combinations, acquisitions or disposals of the Group undertakings, long-term investments, demergers, restructuring, or discontinuation of operations

No changes in the Group's structure occurred in Q1 2010, that would involve business combinations, acquisitions or disposals of the Group undertakings, long-term investments, demergers, restructuring, or discontinuation of operations.

2. Management Board's position on the probability of meeting the 2010 performance forecast based on the Q1 results

SECO/WARWICK S.A. did not publish any forecasts for 2010 concerning the financial performance of the Company or the SECO/WARWICK Group.

3. Shareholders holding, directly or indirectly, 5% or more of the total vote at the general shareholders meeting as at this Report publication date, including any changes occurring from the date of approval of the SECO/WARWICK Group's prospectus

The table below presents the number of shares covered by share deposit certificates submitted by shareholders participating in the Annual General Shareholders Meeting held on April 29th 2009. As at the date of release of the consolidated report for 2009, the Management Board of SECO/WARWICK S.A. had no knowledge of any reduction or increase in the number of shares held by the shareholders participating in the Annual General Shareholders Meeting of April 29th 2009.

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total vote at the General Shareholders Meeting as at December 31st 2009

	Number of shares	% of share capital held	Number of votes at GM	% of total vote
SW Poland Holding B.V. (Netherlands)	4,119,508	43.04%	4,119,508	43.04%
Spruce Holding Limited Liability Company (USA)	1,726,174	18.03%	1,726,174	18.03%
ING NN OFE	723,199	7.56%	723,199	7.56%
PKO TFI S.A.	577,716	6.04%	577,716	6.04%
PZU Asset Management S.A.	513,000	5.36%	513,000	5.36%

- share capital	1,914,400,60
- number of shares	9,572,003
- par value per share	0.2

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total vote at the General Shareholders Meeting as at May 14th 2010

	Number of shares	% of share capital held	Number of votes at GM	% of total vote
SW Poland Holding B.V. (the Netherlands)	4,119,508	43.04%	4,119,508	43.04%
Spruce Holding Limited Liability Company (the USA)	1,726,174	18.03%	1,726,174	18.03%
ING NN OFE	723,199	7.56%	723,199	7.56%
Otwarty Fundusz Emerytalny Polsat	485,974	5.08%	485,974	5.08%
PZU Asset Management S.A.	484,692	5.06%	484,692	5.06%
PKO TFI S.A.	478,601	5.00%	478,601	5.00%

- share capital	1,914,400,60
- number of shares	9,572,003
- par value per share	0.2

On April 14th 2010, Otwarty Fundusz Emerytalny Polsat ("OFE POLSAT S.A.") notified the Company that its shareholding exceeded 5% of the total vote at the General Shareholders Meeting of SECO/WARWICK S.A. and reached 485,974 shares representing 5.08% of the total vote.

The table above presents the number of shares declared on the record date by the shareholders present at the Annual General Shareholders Meeting held on April 29th 2010. As at the date of release of the report for Q1 2009, the Management Board of SECO/WARWICK S.A. had no knowledge of any reduction or increase in the number of shares held by the shareholders participating in the Annual General Shareholders Meeting of April 29th 2010.

In the period form the date of release of the previous quarterly report, the following changes occurred in the significant holdings of the Company shares:

- reduction in PKO TFI S.A.'s equity interest in the Company by 99,115 shares, from 577,716 to 478,601 shares
- reduction in PZU Asset Management S.A.'s equity interest in the Company by 28,308 shares, from 513,000 to 484,692 shares.

4. SECO/WARWICK shares held by members of the Management and Supervisory Boards as at this Report publication date, including any changes occurring subsequent to the date of publication of the Q1 2010 report

	Dec 31 2009				May 14 2010			
	Number of SECO/WARWICK S.A. shares held	% of share capital held	% of total vote at GM	Reduction -	Number of SECO/WARWICK S.A. shares held	% of share capital held	% of total vote	Total par value of shares (PLN)
Management Board								
Leszek Przybysz	-	-	-	-	-	-	-	-
Andrzej Zawistowski	307,100	3.21%	3.21%	0	307,100	3.21%	3.21%	61,420
Witold Klinowski	58,100	0.61%	0.61%	0	58,100	0.61%	0.61%	11,620
Józef Olejnik	58,100	0.61%	0.61%	0	58,100	0.61%	0.61%	11,620
Wojciech Modrzyk	1,000	0.01%	0.01%	600	400	0.004%	0.00%	80
Supervisory Board								
Jeffrey Boswell	311,250	3.25%	3.25%	0	311,250	3.25%	3.25%	62,250
Henryk Pilarski	-	-	-	-	-	-	-	-
Piotr Kowalewski	-	-	-	-	-	-	-	-
Artur Grygiel (1)	-	-	-	-	-	-	-	-
Piotr Kula	8,500	0.09%	0.09%	0	8,500	0.09%	0.09%	1,700
Mariusz Czaplicki (2)	-	-	-	-	-	-	-	-
Artur Rusiecki (3)	-	-	-	-	-	-	-	-
Commercial proxies								
Dorota Subsar	-	-	-	-	-	-	-	-
Total	744,050	7.78%	7.78%	600	744,050	7.78%	7.78%	148,690

(1) On April 29th 2010, Artur Grygiel ceased to be a member of the Supervisory Board.
(2) On April 29th 2010, Mariusz Czaplicki was appointed member of the Supervisory Board.
(3) On April 29th 2010, Artur Rusiecki was appointed member of the Supervisory Board.

	Mar 31 2010
Number of shares	9,572,003
Par value of shares	0.2
Share capital	1,914,400.60

Members of the Management Board and Supervisory Board of SECO/WARWICK S.A. hold no shares in any related undertakings.

In the period under review and after March 31st 2010, members of the Management Board and Supervisory Board of SECO/WARWICK S.A did not execute any transactions involving their shares in SECO/WARWICK S.A.

5. Court, arbitration or administrative proceedings

In Q1 2010, no court, arbitration or administrative proceedings were pending against SECO/WARWICK S.A or its subsidiaries with respect to any liabilities or claims towards any business partners or their subsidiaries, whose aggregate value would represent 10% or more of SECO/WARWICK S.A's equity.

6. Execution by the Company or its subsidiaries of one or more related party transactions of material value other than on an arm's length basis

In the period from the beginning of the financial year to the publication date of this report, SECO/WARWICK S.A. or its subsidiary undertakings did not enter into any related-party transactions of material value other than on an arm's length basis.

7. Material accomplishments and failures of SECO/WARWICK S.A. or its Group in Q1 2010, along with key related events

Major accomplishments of the SECO/WARWICK S.A.'s Group:

- Final stage of execution of contracts with a total value of PLN 49,000 thousand (including PLN 39,000 thousand for vacuum furnaces) at SECO/WARWICK S.A. in Q1 2010
- In Q1 2010, the value of SECO/WARIWCK Corp.'s contract wins totalled PLN 14,200 thousand,
- LZT ELTERMA S.A. won a contract for the sale of equipment for the nuclear power industry with the value of EUR 3,200 thousand. The company is in advanced negotiations concerning the prospective sale of further equipment in Q2 2010.
- LZT ELTERMA S.A. won a contract for the construction of a complete quenching line in a Polish machinery plant with a total value of PLN 7,200 thousand,
- In Q1 2010, SECO/WARWICK Allied India won contracts with a total value of USD 3,800 thousand,
- As at the end of March, the order book of the newly founded company, SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd., was worth approx. PLN 4,000 thousand,
- Strong performance of SECO/WARWICK Allied Indie in Q1 2010, with the share in the Q1 2010 net profit of PLN 1,015 thousand.

The Management Board is not aware of any major failures of the Parent Undertaking or its direct or indirect subsidiaries in the reporting period or after March 31st 2010.

8. Sureties for loans or guarantees issued by SECO/WARWICK S.A. or subsidiary undertakings jointly to a single entity or its subsidiary whose value exceeds 10% of SECO/WARWICK S.A.'s equity

In Q1 2010, no changes occurred with respect to the sureties for loans or guarantees issued by SECO/WARWICK S.A. or its subsidiary undertakings whose value would exceed 10% of the Company's equity.

9. Other information which the Company deems material for the assessment of its staffing levels, assets, financial standing, financial performance, and changes thereof, and information material for the assessment of the Company's ability to fulfil its obligations

SECO/WARWICK Group considers the improvement in the market conditions across the industry an important factor with a bearing on the assessment of the Group's staffing levels, assets, financial standing, financial performance, and changes thereof. Intense efforts to win new contracts produced first effects as early as in Q1 2010. During the period, the Group secured a large order book, whose value at the end of Q1 2010 totalled PLN 112,000 thousand. Therefore, the Group expects a marked improvement in its financial performance in 2010.

The information presented above may prove important for assessing the Company's ability to fulfil its obligations. As at the date of the Q1 2010 report, the Company's situation was stable. All liabilities incurred in the course of business are paid on a timely basis.

10. Factors which the Group deems as having material bearing on its performance in the period covering at least the next quarter

- On January 13th 2010, two contracts with a European business partner were signed, which jointly meet the materiality criterion. The first contract, dated January 13th 2010, was executed between LZT ELTERMA S.A. of Świebodzin (the Company's subsidiary) and its European business partner (the Customer) and provided for the manufacturing and delivery of a piece of heat treatment equipment. The other contract, dated February 24th 2010, was executed between SECO/WARWICK S.A. of Świebodzin and the European business partner (the Customer) and provided for the manufacturing and delivery of three pieces of heat treatment equipment. The first contract covers the period January 13th 2010–September 22nd 2011 and its value totals EUR 3,200 thousand. The other contract covers the period February 24th 2010–October 31st 2011 and its value totals EUR 8,483 thousand.
- In the period December 10th 2009–February 25th 2010, SECO/WARWICK S.A. and LTZ Elterma S.A., its subsidiary, executed with BRE Bank S.A. of Warsaw four forward contracts to sell a total of 836 thousand euros (PLN 3,382 thousand), two forward contracts to sell a total of 590 thousand US dollars (PLN 1,676 thousand), one forward contract to sell 200 thousand pounds (PLN 811 thousand), and a zero-cost collar comprising a long PUT option and short CALL option with a total value of EUR 2,000 thousand (PLN 8,184 thousand). The total value of these contracts amounts to PLN 14,053 thousand.

11. Factors and events, in particular of non-recurring nature, with a material bearing on the Q1 2010 financial performance

Material factors and events with a material bearing on the Q1 2010 financial performance:

- A 44% decline in sales and net loss consistent with the budget.
- Operating leverage related to low sales, combined with high fixed costs.
- Strong performance recorded by SECO/WARWICK Allied (India).
- Slowdown at Retech Systems LLC.
- Contracts won in Q1 2010 at the design stage.
- Manufacturing, sale and improved performance in the subsequent quarters.
- Stable financial situation.
- Backlog doubled in Q1 2010.

- Boom in the nuclear energy industry.
- Larger number of offers in the automotive industry.
- Increased sales at quenching plants – a large order from LTZ Elterma S.A.
- Recovery in the vacuum furnace and CAB segments.
- Large number of offers for the automotive industry in India and China.
- Q1 2010 performance does not reflect the Group's financial forecast for 2010.