THE SECO/WARWICK GROUP

INTERIM CONDENSED CONSOLIDATED

FINANCIAL STATEMENTS FOR THE PERIOD

OCTOBER 1ST – DECEMBER 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 parent undertaking of the following six subsidiaries:

- SECO/WARWICK ThermAL S.A. (formerly Lubuskie Zakłady Termotechniczne „Elterma” S.A.)
- SECO/WARWICK Corporation
- SECO/WARWICK of Delaware Inc.
- OOO SECO/WARWICK Group Moscow

- Retech Systems LLC
- SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd.

Other Group members are:

- SECO/WARWICK Industrial Furnace Co. Ltd. (Tianjin) China
- SECO/WARWICK Allied Pvt. Ltd. (Mumbai) India

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

Group Structure as at December 31st 2010

Table: As at December 31st 2010 and as at the date of release of these financial statements, 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				
SECO/WARWICK ThermAL S.A. (1)	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 (2)	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%
Retech Systems LLC (3)	Ukiah (USA)	Trade and services; manufacture of metallurgy equipment used for melting and vacuum casting of metals and specialty alloys	Full method	100%
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd. (4)	Tianjin (China)	Manufacture of metal heat treatment equipment	Full method	100%
SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. (5)	Tianjin (China)	Manufacture of metal heat treatment equipment	Proportional method	50%

SECO/WARWICK Allied Pvt. Ltd. (6)	Mumbai (India)	Manufacture of metal heat treatment equipment	Equity method	50%

(1) On January 5th 2011, by virtue of Resolution No. 1 concerning amendments to the company's Articles of Association, the Extraordinary General Shareholders Meeting of Lubuskie Zakłady Termotechniczne „Elterma" S.A. renamed subsidiary Lubuskie Zakłady Termotechniczne „Elterma" S.A. as SECO/WARWICK ThermAL S.A.

(2) 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.

(3) On November 16th 2010, SECO/WARWICK S.A. and James A. Goltz, a co-owner of Retech Systems LLC (USA), made an arrangement concerning acquisition by SECO/WARWICK S.A. of a 50% equity interest in Retech Systems LLC. As a result of the transaction, Retech Systems LLC became a wholly-owned subsidiary of SECO/WARWICK S.A.

(4) SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd. of 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. SECO/WARWICK Retech promotes products from the following range: vacuum furnaces, CAB, atmosphere furnaces and other equipment manufactured on the basis of Retech's technology.

(5) 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.

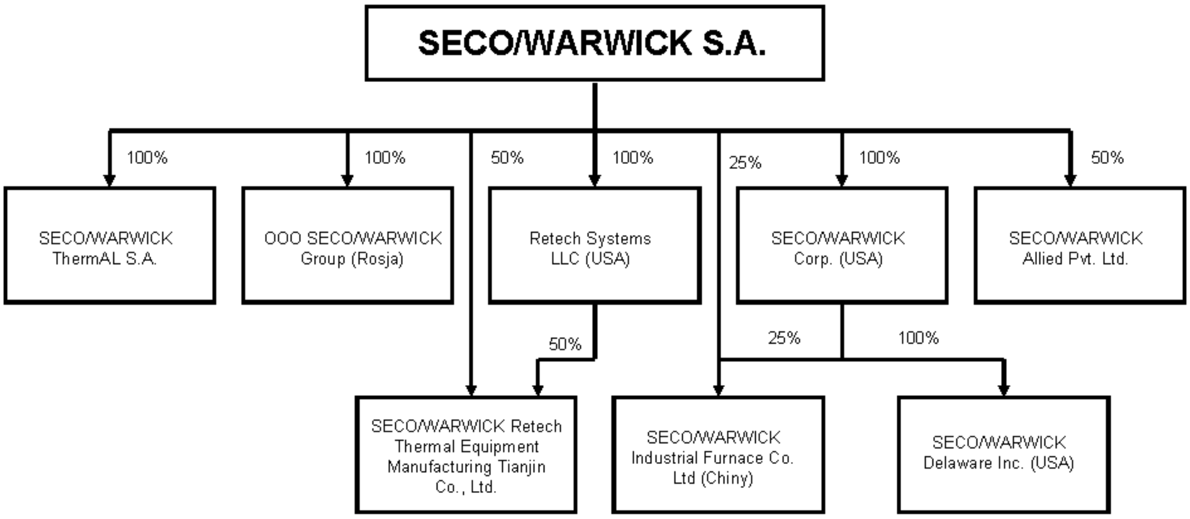
(6) The shares held by SECO/WARWICK S.A. represent 50% of SECO/WARWICK Allied Pvt. Ltd.'s share capital and confer the right to 50% of the total vote at the company's general shareholders meeting.

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

On January 5th 2011, by virtue of Resolution No. 1 concerning amendments to the Company's Articles of Association, the Extraordinary General Shareholders Meeting of Lubuskie Zakłady Termotechniczne „Elterma" S.A. renamed subsidiary Lubuskie Zakłady Termotechniczne „Elterma" S.A. as SECO/WARWICK ThermAL S.A.

After December 31st 2010 and until this report publication date, there were no changes in the composition of the SECO/WARWICK Group.

The SECO/WARWICK Group's structure as at December 31st 2010 and as at this report's release date:



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.

These financial statements have been drawn up in accordance with the same accounting policies and calculation methods as those applied in the most recent annual financial statements.

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 statement of comprehensive income.
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 is attributable to a particular risk associated with a recognised asset or liability and 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.

<u>Accrued expenses</u>
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.

<u>Deferred and accrued income</u>
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 statement of comprehensive income, 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.

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 statement of comprehensive income.

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.

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 2010.

Amendment to IFRS 2 *Share-Based Payment*

Amendment to IFRS 2 was published by the International Accounting Standards Board on March 23rd 2010. Companies are required to apply the amendments no later than on commencement of their first financial year beginning on or after December 31st 2009.
This IFRS is not applicable to transactions in which the entity acquires goods as part of the net assets acquired in a business combination as defined by IFRS 3 *Business Combinations* (as revised in 2008), in a combination of entities or businesses under common control as described in paragraphs B1–B4 of IFRS 3, or the contribution of a business on the formation of a joint venture as defined by IAS 31 *Interests in Joint Ventures*. Hence, equity instruments issued in a business combination in exchange for control of the acquiree are not within the scope of IFRS 2. However, equity instruments granted to employees of the acquiree in their capacity as employees are within the scope of IFRS 2.
IFRS 3 (as revised in 2008) and *Improvements to IFRSs* issued in April 2009 amended paragraph 5 of IFRS 2. Those amendments are effective for annual periods beginning on or after July 1st 2009. Early application is permitted. If an entity applies IFRS 3 (revised 2008) for an earlier period, it is required to apply the amendments for that earlier period.
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2010.

Amendments to IFRS 2 *Share-Based Payment*

Amendments to IFRS 2 *Share-Based Payment* 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.
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2010.

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 profit or loss. 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 applies the standard starting from the annual financial statements for period that begins on January 1st 2010.

IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*

Amendment to IFRS 5 was published by the International Accounting Standards Board on March 23rd 2010 and is effective prospectively for reporting periods beginning on or after January 1st 2010. Early application is permitted and is required to be disclosed.
The amendments specify the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or as discontinued operations.

Amendment to IFRS 8 *Operating Segments*
Amendment to IFRS 8 was published by the International Accounting Standards Board on March 23rd 2010 and is effective prospectively for reporting periods beginning on or after January 1st 2010. Early application is permitted and is required to be disclosed.
The amendments introduce changes in disclosures relating to profit or loss, assets and liabilities.
The Group will apply the standard starting from the annual financial statements for the period that begins 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 applies 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 profit or loss" category all embedded derivatives have to be assessed and, if necessary, separately accounted for in the financial statements.
The Group has applied the amendments to IFRIC 9 and IAS 39 starting from January 1st 2010.

Improvements to IFRSs 2009

On April 16th 2009, the International Accounting Standards Board published *Improvements to IFRSs 2010* – 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.

IAS 1 *Presentation of Financial Statements*

Amendment to IAS 1 was published by the International Accounting Standards Board on March 23rd 2010 and is effective prospectively for reporting periods beginning on or after January 1st 2010. Early application is permitted and is required to be disclosed.
The amendments refer to classification of liabilities as current.
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2010.

IAS 7 *Statement of Cash Flows*

Amendment to IAS 7 was published by the International Accounting Standards Board on March 23rd 2010 and is effective prospectively for reporting periods beginning on or after January 1st 2010. Early application is permitted and is required to be disclosed.
The amendments clarify that only those expenditures which result in assets recognised in the statement of financial position can be classified as investing activity.
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2010.

IAS 17 *Leases*

Amendment to IAS 17 was published by the International Accounting Standards Board on March 23rd 2010 and is effective prospectively for reporting periods beginning on or after January 1st 2010. Early application is permitted and is required to be disclosed.
The amendments refer to classification of leases when a lease includes both land and buildings elements.
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2010.

IAS 36 *Impairment of Assets*

Amendment to IAS 36 was published by the International Accounting Standards Board on March 23rd 2010 and is effective prospectively for reporting periods beginning on or after January 1st 2010. Early application is permitted and is required to be disclosed.
The amendments refer to assigning goodwill to cash generating units.
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2010.

Amendment to IAS 38 *Intangible Assets*

Amendment to IAS 38 was published by the International Accounting Standards Board on March 23rd 2010 and is effective prospectively for reporting periods beginning on or after January 1st 2010. Early application is permitted and is required to be disclosed.
The amendments introduce changes in recognition and measurement of fair value of intangible assets acquired in business combinations. Amounts recognised in connection with intangible assets and goodwill, arising on business combinations in previous periods, may not be adjusted. If an entity applies IFRS 3 (as revised in 2008) for an earlier period, it is required to apply the amendment for that earlier period and disclose that fact.
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2010.

IAS 39 *Financial Instruments: Recognition and Measurement*

Amendment to IAS 39 was published by the International Accounting Standards Board on March 23rd 2010 and is effective prospectively for reporting periods beginning on or after January 1st 2010. Early application is permitted and is required to be disclosed.
The amendments introduce changes in the scope of the standard, classification of items as hedged items and hedging of cash flows.
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2010.

IFRIC 9 *Reassessment of Embedded Derivatives*

Amendment to IFRIC 9 was published by the International Accounting Standards Board on March 23rd 2010 and is effective prospectively for reporting periods beginning on or after January 1st 2010. If an entity applies IFRS 3 (as revised in 2008) for an earlier period, it is required to apply the amendment for that earlier period and disclose that fact.
The amendments refer to the scope of the standard. This interpretation does not apply to embedded derivatives in contracts acquired in:
a) business combinations (as defined in IFRS 3 *Business Combinations* as revised in 2008);
b) a combination of entities or businesses under common control as described in paragraphs B1–B4 of IFRS 3 (revised 2008); or
c) the formation of a joint venture as defined in IAS 31 *Interests in Joint Ventures* or their possible reassessment at the date of acquisition.
The Group will apply IFRIC 9 starting from the annual financial statements for the period that begins on January 1st 2010.

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 applies IFRIC 12 starting from the annual financial statements for period that begins on January 1st 2010.

IFRIC 15 *Agreements for the Construction of Real Estate*

Interpretation IFRIC 15 was issued by the International Financial Reporting Interpretations Committee on July 3rd 2008 and is effective for annual periods beginning on or after January 1st 2010. The Interpretation provides guidance on how to determine whether an agreement for the construction of real estate should fall within the scope of IAS 11 *Construction Contracts* or IAS 18 *Revenue* for the purpose of presentation in financial statements. Moreover, IFRIC 15 clarifies when to recognise the revenue from provision of construction services.
The Group applies IFRIC 15 starting from the annual financial statements for period that begins on January 1st 2010.

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*

Interpretation IFRIC 16 was issued by the International Financial Reporting Interpretations Committee on July 3rd 2008 and is effective for annual periods beginning on or after July 1st 2009. The interpretation provides guidance on how to determine whether risk arises from the foreign currency exposure to the functional currency of the foreign operation and the presentation currency of the parent entity's consolidated financial statements. Moreover, IFRIC 16 clarifies which entity within a group can hold a hedging instrument in a hedge of a net investment in a foreign operation and in particular whether the parent entity holding the net investment in a foreign operation must also hold the hedging instrument. IFRIC 16 explains also how an entity should determine the amounts to be reclassified from equity to the income statement for both the hedging instrument and the hedged item when the entity disposes of the investment.
The Group applies IFRIC 16 starting from the annual financial statements for the period that begins on January 1st 2010.

Amendment to IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*

Amendment to IFRIC 16 was published by the International Accounting Standards Board on March 23rd 2010 and is effective prospectively for reporting periods beginning on or after January 1st 2010. Early application of the interpretation and the amendment is permitted. If an entity applies this Interpretation for a period beginning before October 1st 2008, or the amendment to paragraph 14 before 1 July 2009, it is required to disclose that fact.
The amendment relates to holding of a hedging instrument by an entity within a group. A derivative or a non-derivative instrument (or a combination of derivative and non-derivative instruments) may be designated as a hedging instrument in a hedge of a net investment in a foreign operation. The hedging instrument(s) may be held by any entity or entities within the group as long as the designation, documentation and effectiveness requirements of IAS 39 paragraph 88 that relate to a net investment hedge are satisfied. In particular, the hedging strategy of the group should be clearly documented because of the possibility of different designations at different levels of the group.
The Group will apply IFRIC 16 starting from the annual financial statements for the period that begins on January 1st 2010.

IFRIC 17 *Distributions of Non-Cash Assets to Owners*

Interpretation IFRIC 17 was issued by the International Financial Reporting Interpretations Committee on November 27th 2008 and is effective for annual periods beginning on or after July 1st 2009. The interpretation provides guidance on the moment of recognition of dividend, measurement of dividend and recognition of the difference between the value of dividend and the carrying amount of the distributed assets.
The Group applies IFRIC 17 starting from the annual financial statements for the period that begins on January 1st 2010.

IFRIC 18 *Transfer of Assets from Customers*

Interpretation IFRIC 18 was issued by the International Financial Reporting Interpretations Committee on January 29th 2009 and is effective for annual periods beginning on or after July 1st 2009. The interpretation provides guidance on the recognition of transfer of assets from customers, namely it clarifies the circumstances in which the definition of an asset is met, the identification of the separately identifiable services (services in exchange for the transferred asset), the recognition of revenue and the accounting for transfers of cash from customers.
The Group applies IFRIC 18 starting from the annual financial statements for the period that begins on January 1st 2010.

VII. New standards to be applied by the Group

Amendments to IFRS 1

On July 23rd 2009, the International Accounting Standards Board (IASB) published amendments to IFRS 1 *First-Time Adoption of International Financial Reporting Standards* ("Amendments to IFRS 1"). Pursuant to the Amendments to IFRS 1, entities operating in the oil and gas sector which adopt IFRS are allowed to use the carrying amounts of their oil and gas assets determined using previously applied accounting policies. Entities which opt for the exemption are required to measure their decommissioning, site restoration and similar obligations associated with oil and gas assets in line with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, and to account for a given obligation in retained earnings. Amendments to IFRS 1 also provide for a reassessment of whether an arrangement contains a lease.
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2011.

Amendments to IFRS 2 *Share-Based Payment*

On June 18th 2009, the International Accounting Standards Board (IASB) published amendments to IFRS 2 *Share-Based Payment*. Amendments to IFRS 2 clarify the accounting for share-based payment transactions where payment to the supplier of goods or services is settled in cash and the liability is contracted by another group member (group cash-settled share-based payment transactions).
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2011.

Amendments to IFRS 7

On January 28th 2010, the International Accounting Standards Board (IASB) issued a document entitled *Limited Exemption from Comparative IFRS 7 Disclosures for First-Time Adopters - Amendment to IFRS 1*. Given the fact that first-time adopters of IFRS so far had no possibility to use an exemption from providing comparative information concerning fair-value measurement and liquidity risk, available under IFRS 7 for comparative periods ending before December 31st 2009 r., the purpose of the Amendment to IFRS 1 is to make such optional exemption available also to first-time adopters of IFRS. Under the Amendments to IFRS 7, an entity does not have to disclose the information required under the amendments in the case of:
(a) annual or interim periods, including statements of financial position, presented in an annual comparative period ending before December 31st 2009, or
(b) statements of financial position presented at the beginning of the earliest comparative period before December 31st 2009.
Early application is permitted and is required to be disclosed.
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2011.

Amendments to IFRS 8 *Operating Segments*

Amendments to IFRS 8 *Operating Segments* were published by the International Accounting Standards Board (IASB) in 2009. Amendments to IFRS 8 refer to disclosure of information on the extent of an entity's dependence on its customers. If revenue from transactions with a single external customer account for 10% or more of an entity's total revenue, the entity is required to disclose that fact, and to provide information on the total revenue derived from each such customer and the identity of the segment or segments where such revenue is recognised. An entity is not required to disclose the identity of its major customer or the amount of revenue derived from the customer which is revealed in the individual segments. However, it is also necessary to make an assessment whether a government

(national, regional, provincial, territorial, local or foreign, including governmental agencies and other similar local, national or international authorities) and the entities which according to data available to the reporting entity are supervised by the government, are to be treated as a single customer. In making such an assessment, a reporting entity takes into account the degree of business integration between such entities. Changes regarding disclosure of information on related entities (amended in 2009) are introduced by paragraph 34 with respect to annual periods beginning on or after January 1st 2011.
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2011.

IAS 24 *Related Party Disclosures*

On November 4th 2009, the International Accounting Standards Board (IASB) published Revised IAS 24 *Related Party Disclosures*. The purpose of the amendments introduced in the Revised IAS 24 was to simplify the definition of a related party while at the same time removing certain internal inconsistencies, and to provide a partial exemption for government-related entities from the disclosure obligations regarding transactions with related parties. IAS 24 (2009) applies retrospectively for annual periods beginning on or after January 1st 2011. Early application of the entire standard or of the partial exemption for government-related entities is permitted. Early application of the entire standard or of the partial exemption for government-related entities with respect to a period that begins before January 1st 2011 must be disclosed.
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2011.

Amendment to IFRIC 14 *Prepayments of a Minimum Funding Requirement*

In November 2009, the International Accounting Standards Board amended IFRIC 14 in such a way as to remove unintended consequences of treatment of voluntary pension prepayments when there is a minimum funding requirement. The amendments apply for annual periods beginning on or after January 1st 2011. Early application of the interpretation is permitted and must be disclosed.
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2011.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*

On November 26th 2009, the International Financial Reporting Interpretations Committee (IFRIC) issued IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* ("IFRIC 19"). IFRIC 19 provides guidance regarding accounting by an issuer of equity instruments which were issued following renegotiation of the terms of a financial liability in order to extinguish all or part of the financial liability. IFRIC 19 addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of the financial liability. It does not address the accounting by the creditor. The interpretation is effective for annual periods beginning on or after July 1st 2010. Earlier application is permitted. Earlier application for a period that begins before July 1st 2010 must be disclosed. Changes in accounting policies apply – in line with IAS 8 – starting from the earliest comparative period presented.
The Group will apply the standard starting from the annual financial statements for the period that begins on January 1st 2011.

The Management Board of the parent undertaking does not expect the above standards and interpretations to have any significant effect on the accounting policies applied by the Group, save for the need to make certain additional or new disclosures. The Group is currently in the process of analysing the consequences and effects of applying these new standards and interpretations on the financial statements.

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	Dec 31 2010	Dec 31 2009
Average exchange rate for the period*	4.0044	4.3406
Exchange rate effective for the last day of the period	3.9603	4.1082

**) 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	Q4 YTD Jan 1 – Dec 31		Q4 YTD Jan 1 - Dec 31	
	2010	2009	2010	2009
	(PLN ‘000)		(EUR ‘000)	
Net sales revenue	191,822	122,795	47,903	28,290
Cost of sales	-146,073	-88,899	-36,478	-20,481
Operating profit/(loss)	4,814	613	1,202	141
Pre-tax profit/(loss)	20,041	756	5,005	174
Net profit/(loss)	18,248	-960	4,557	-221
Net cash provided by/(used in) operating activities	-12,282	40,422	-3,067	9,312
Net cash provided by/(used in) investing activities	-13,958	-21,633	-3,486	-4,984
Net cash provided by/(used in) financing activities	16,111	-5,857	4,023	-1,349
	Dec 31 2010	**Dec 31 2009**	**Dec 31 2010**	**Dec 31 2009**
Total assets	343,126	211,440	86,641	51,468
Total liabilities	132,080	45,534	33,351	11,084
of which current liabilities	100,864	29,154	25,469	7,096
Equity	211,045	165,906	53,290	40,384
Share capital	3,652	3,471	922	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	Q4 YTD Jan 1 - Dec 31		Q4 YTD Jan 1 - Dec 31	
	2010	2009	2010	2009
	(PLN '000)		(EUR '000)	
Net sales revenue	105,603	74,517	26,372	17,167
Cost of sales	-72,735	-50,265	-18,164	-11,580
Operating profit/(loss)	10,146	7,189	2,534	1,656
Pre-tax profit/(loss)	10,614	1,315	2,651	303
Net profit/(loss)	8,273	-520	2,066	-120
Net cash provided by/(used in) operating activities	-5,125	30,803	-1,280	7,096
Net cash provided by/(used in) investing activities	-23,895	-19,748	-5,967	-4,550
Net cash provided by/(used in) financing activities	13,267	-1,607	3,313	-370
	Dec 31 2010	**Dec 31 2009**	**Dec 31 2010**	**Dec 31 2009**
Total assets	216,541	155,452	54,678	37,839
Total liabilities	47,560	21,066	12,009	5,128
of which current liabilities	33,220	14,520	8,388	3,534
Equity	168,981	134,386	42,669	32,712
Share capital	3,652	3,471	922	832

INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD
OCTOBER 1ST - DECEMBER 31ST 2010

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PLN '000)

Assets	As at Dec 31 2010	As at Sep 30 2010	As at Dec 31 2009
NON-CURRENT ASSETS	**148,892**	**117,677**	**112,305**
Property, plant and equipment	52,878	46,450	45,831
Investment property	435	438	448
Goodwill	58,130	4,397	4,284
Other intangible assets	13,946	10,480	9,838
Investments in associates	17,857	50,353	47,769
Financial assets available for sale	3	3	3
Non-current receivables			
Other assets			
Loans and receivables		1	
Prepayments and accrued income			
Deferred tax assets	5,643	5,556	4,133
CURRENT ASSETS	**188,605**	**110,737**	**99,135**
Inventories	23,680	18,353	16,091
Trade receivables	64,045	28,151	21,103
Other current receivables	8,391	9,489	5,843
Prepayments and accrued income	2,399	2,851	1,740
Financial assets at fair value through profit or loss	366	237	143
Loans and receivables	5	5	3
Cash and cash equivalents	14,500	12,809	25,254
Contract settlement	75,219	38,842	28,958
ASSETS HELD FOR SALE	**5,629**	**5,600**	
TOTAL ASSETS	**343,126**	**234,015**	**211,440**

Equity and liabilities	As at Dec 31 2010	As at Sep 30 2010	As at Dec 31 2009
Equity	**211,045**	**169,066**	**165,906**
Equity attributable to owners of the parent	**211,045**	**168,376**	**165,906**
Share capital	3,652	3,471	3,471
Statutory reserve funds	172,843	140,914	143,833
Other reserves	36	36	2
Retained earnings/(deficit)	34,515	23,955	18,600
Non-controlling interests	**0**	**690**	**0**
NON-CURRENT LIABILITIES	**27,801**	**16,041**	**16,381**
Loans and borrowings	5,928		
Financial liabilities	167	361	234
Other liabilities	2,964	0	406
Deferred tax liabilities	11,627	10,600	10,767
Provision for retirement and similar benefits	2,985	2,705	2,792
Provisions for liabilities			
Accruals and deferred income	4,130	2,376	2,181
CURRENT LIABILITIES	**100,864**	**45,867**	**29,154**
Loans and borrowings	27,457	2,370	365
Financial liabilities	353	562	2,080
Trade payables	26,457	17,479	11,118
Taxes, customs duties and social security payable	2,824	2,193	2,348
Other current liabilities	4,599	2,837	3,140
Provision for retirement and similar benefits	3,433	970	973
Other provisions	4,162	2,634	3,070
Accruals and deferred income	31,580	16,823	6,060
LIABILITIES HELD FOR SALE	**3,416**	**3,041**	
,			
TOTAL EQUITY AND LIABILITIES	**343,126**	**234,015**	**211,440**

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (PLN '000)

	Jan 1 - Dec 31 2010 (Q4 2010 YTD)	Oct 1 - Dec 31 2010 (Q4 2010)	Jan 1 - Dec 31 2009 (Q4 2009 YTD)	Oct 1 - Dec 31 2009 (Q4 2009)
Net sales revenue, including:	**191,822**	**73,028**	**122,795**	**34,057**
Net revenue from sales of products	190,541	72,699	121,632	33,672
Net revenue from sales of goods for resale and materials	1,281	329	1,163	384
Cost of sales, including:	**-146,073**	**-52,300**	**-88,899**	**-23,765**
Cost of products sold	-145,265	-52,094	-87,833	-23,140
Cost of goods for resale and materials sold	-808	-206	-1,066	-625
Gross profit/(loss)	**45,749**	**20,728**	**33,896**	**10,291**
Other operating income	1,647	694	2,214	312
Selling costs	-10,882	-2,981	-9,397	-2,319
General and administrative expenses	-29,089	-8,199	-24,445	-5,650
Other operating expenses	-2,611	-2,026	-1,655	55
Operating profit/(loss)	**4,814**	**8,216**	**613**	**2,690**
Gain/(loss) on acquisition of control	11,309	11,309		
Finance income	3,149	782	1,438	-7,354
Finance expenses	-1,794	-805	-8,301	7,759
Share in net profit/(loss) of associates	2,563	1,128	7,006	-244
Pre-tax profit/(loss)	**20,041**	**20,630**	**756**	**2,852**
Corporate income tax	-914	-2,120	**-1,003**	**-1,517**
Net profit/(loss) from continuing operations	**19,128**	18,511	-247	1,334
Profit/(loss) from discontinued operations	-906	-349	-712	-139
Profit/(loss) attributable to non-controlling interests	-27	33		
Net profit/(loss) for financial year	**18,248**	**18,129**	**-960**	**1,195,**

OTHER COMPREHENSIVE INCOME:	Jan 1 - Dec 31 2010	Oct 1 - Dec 31 2010	Jan 1 - Dec 31 2009	Oct 1 - Dec 31 2009
	(Q4 2010 YTD)	(Q4 2010)	(Q4 2009 YTD)	(Q4 2009)
Valuation of cash flow hedging derivatives	-21	141	2,729	0
Exchange differences on translating foreign operations	790	-11,288	-1,936	-1,045
Actuarial gains/(losses) on defined benefit retirement plan	-619	-619	675	675
Income tax relating to other comprehensive income	4	-27	-789	-271
Other comprehensive income, net	**153**	**-11,793**	**679**	**-640**
Total comprehensive income	**18,401**	**6,336**	**-281**	**-555**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (PLN '000)

	Jan 1 - Dec 31 2010 (Q4 2010 YTD)	Jan 1 - Dec 31 2009 (Q4 2009 YTD)
OPERATING ACTIVITIES		
Pre-tax profit/(loss)	**20,041**	**44**
Total adjustments:	**-29,982**	**39,801**
Share in net profit of subordinated undertakings accounted for using the equity method	-13,872	-7,006
Depreciation and amortisation	4,911	4,950
Foreign exchange gains/(losses)	396	-25
Interest and profit distributions (dividends)	586	201
Profit/(loss) on investing activities	-1,263	13,691
Change in provisions	2,378	-11,613
Change in inventories	-5,235	-2,883
Change in receivables	-28,299	3,950
Change in current liabilities (other than financial liabilities)	16,975	44,322
Change in accruals and deferrals	-4,435	-10,385
Derivatives	-1,994	4,324
Other adjustments	-129	273
Cash from operating activities	**-9,940**	**39,845**
Income tax (paid)/refunded	-2,342	577
Net cash provided by/(used in) operating activities	**-12,282**	**40,422**
INVESTING ACTIVITIES		
Cash provided by investing activities	**698**	**582**
Proceeds from disposal of intangible assets and property, plant and equipment	71	570
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	8	12
Cash received in connection with derivative instruments	620	
Cash used in investing activities	**14,656**	**22,215**
Investments in intangible assets, property, plant and equipment, and investment property	10,965	7,500
Acquisition of related undertakings	2,395	
Acquisition of financial assets		
Increase in long-term loans advanced		
Other cash used in investing activities	1,296	1,146
Cash paid in connection with derivative instruments	0	13,569
Net cash provided by/(used in) investing activities	**-13,958**	**-21,633**

FINANCING ACTIVITIES		
Cash provided by financing activities	**16,937**	
Net proceeds from issue of shares, other equity instruments and additional contributions to equity	1,320	
Loans and borrowings	15,618	
Issue of debt securities		
Other cash provided by financing activities		
Cash used in financing activities	**827**	**5,857**
Acquisition of own shares		
Dividends and other distributions to owners		
Profit distributions other than to owners		
Repayment of loans and borrowings	225	5,336
Redemption of debt securities		
Other financial liabilities		
Decrease in finance lease liabilities	357	319
Interest paid	245	202
Other cash used in financing activities		
Net cash provided by/(used in) financing activities	**16,111**	**-5,857**
Total net cash flow	**-10,129**	**12,932**
Balance-sheet change in cash, including:	**-9,718**	**12,836**
- effect of exchange rate fluctuations on cash held	-144	-53
Cash at beginning of period	**25,086**	**12,154**
Cash at end of period, including:	**14,957**	**25,086**
- restricted cash		
- cash relating to discontinued operations	525	

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

	Share capital	Statutory reserve funds	Capital reserve from revaluation of derivatives	Other reserves	Translation reserve	Retained earnings/(deficit)	Non-controlling interests	Total equity
Twelve months ended Dec 31 2009								
Equity as at Jan 1 2009	**3,471**	**135,792**	**(2,211)**	**0**	**3,007**	**25,461**	**0**	**165,521**
Total comprehensive income for twelve months ended Dec 31 2009			2,211		(1,936)	(555)		**(281)**
Distribution of profit		8,040				(8,040)		
Share-based payments				2				**2**
Changes in equity of SECO/WARWICK Allied (India) not related to net profit/loss						339		**339**
Changes in equity of RETECH not related to net profit/loss						324		**324**
Equity as at Dec 31 2009	**3,471**	**143,833**	**0**	**2**	**1,072**	**17,529**	**0,**	**165,906**
Twelve months ended Dec 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 twelve months ended Dec 31 2010			(17)	0	790	17,629		**18,401**
Distribution of profit/ (coverage of loss)		(2,918)				2,918		
Share capital increase (share premium)	181	26,125						**26,306**
transfer of retained profit to statutory reserve funds		5,804				(5,804)		
Share-based payments				34				**34**
Changes in equity of SECO/WARWICK Allied (India) not related to net profit/loss						399		**399**
Equity as at Dec 31 2010	**3,652**	**172,843**	**(17)**	**36**	**1,862**	**32,671**	**0,**	**211,045**

INTERIM CONDENSED
SEPARATE FINANCIAL STATEMENTS
FOR THE PERIOD
OCTOBER 1ST - DECEMBER 31ST 2010

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION
(PLN '000)

Assets	As at Dec 31 2010	As at Sep 30 2010	As at Dec 31 2009
NON-CURRENT ASSETS	**133,018**	**97,605**	**91,746**
Property, plant and equipment	24,887	25,435	23,782
Investment property	435	438	448
Goodwill			
Other intangible assets	12,534	10,369	7,619
Investments in subsidiary, jointly-controlled and associated undertakings	93,244	58,977	58,707
Financial assets available for sale			
Other assets			
Loans and receivables			
Prepayments and accrued income			
Deferred tax assets	1,919	2,386	1,190
CURRENT ASSETS	**82,634**	**68,241**	**63,706**
Inventories	10,058	10,398	8,361
Trade receivables	36,737	16,672	12,626
Other current receivables	4,100	4,634	3,262
Prepayments and accrued income	729	985	1,047
Financial assets at fair value through profit or loss	47		
Loans and receivables	4,741	4,731	
Cash and cash equivalents	2,779	7,803	18,662
Contract settlement	23,444	23,017	19,748
ASSETS HELD FOR SALE	**889**	**1,018**	
TOTAL ASSETS	**216,541**	**166,864**	**155,452**

Equity and liabilities	As at Dec 31 2010	As at Sep 30 2010	As at Dec 31 2009
EQUITY	**168,981**	**138,363**	**134,386**
Equity attributable to owners of the parent	**168,981**	**138,363**	**134,386**
Share capital	**3,652**	**3,471**	**3,471**
Statutory reserve funds	154,136	128,011	128,531
Other reserves	36	36	2
Retained earnings/(deficit)	11,158	6,845	2,382
Non-controlling interests			
NON-CURRENT LIABILITIES	**14,340**	**7,047**	**6,545**
Loans and borrowings	5,928		
Financial liabilities	4	8	44
Other liabilities			406
Deferred tax liabilities	4,168	4,593	3,844
Provision for retirement and similar benefits	110	70	70
Provisions for liabilities			
Accruals and deferred income	4,130	2,376	2,181
CURRENT LIABILITIES	**33,220**	**21,455**	**14,520**
Loans and borrowings	7,323		
Financial liabilities	72	379	1,826
Trade payables	12,956	9,825	5,440
Taxes, customs duties and social security payable	1,422	1,440	1,177
Other current liabilities	1,820	1,760	1,774
Provision for retirement and similar benefits	1,977	489	586
Other provisions	1,604	1,123	1,580
Accruals and deferred income	6,046	6,439	2,138
LIABILITIES HELD FOR SALE			
TOTAL EQUITY AND LIABILITIES	**216,541**	**166,865**	**155,452**

INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME (PLN '000)

	Jan 1 - Dec 31 2010	Oct 1 - Dec 31 2010	Jan 1 - Dec 31 2009	Oct 1 - Dec 31 2009
	(Q4 2010 YTD)	(Q4 2010)	(Q4 2009 YTD)	(Q4 2009)
Net sales revenue, including:	**105,603**	**40,475**	**74,517**	**21,832**
Net revenue from sales of products	105,265	40,382	74,029	21,619
Net revenue from sales of goods for resale and materials	338	93	488	213
Cost of sales, including:	**-72,735**	**-27,389**	**-50,265**	**-15,402**
Cost of products sold	-72,510	-27,326	-49,908	-15,230
Cost of goods for resale and materials sold	-225	-63	-357	-172
Gross profit/(loss)	**32,868**	**13,085**	**24,252**	**6,430**
Other operating income	1,472	484	1,804	321
Selling costs	-5,066	-1,497	-3,837	-984
General and administrative expenses	-16,737	-5,101	-13,415	-3,269
Other operating expenses	-2,391	-1,606	-1,615	-246
Operating profit/(loss)	**10,146**	**5,365**	**7,189**	**2,252**
Gain/(loss) on sale of all or a portion of shares in subordinated undertakings				
Finance income	1,724	-191	1,210	-6,209
Finance expenses	-1,256	278	-7,084	6,484
Share in net profit/(loss) of associates				
Pre-tax profit/(loss)	**10,614**	**5,452**	**1,315**	**2,527**
Corporate income tax	-2,341	-1,254	-1,835	-638
Net profit/(loss) from continuing operations	**8,273**	**4,198**	**-520**	**1,890**
Profit/(loss) from discontinued operations				
Net profit/(loss) for financial year	**8,273**	**4,198**	**-520**	**1,890**

OTHER COMPREHENSIVE INCOME:	Jan 1 - Dec 31 2010	Oct 1 - Dec 31 2010	Jan 1 - Dec 31 2009	Oct 1 - Dec 31 2009
	(Q4 2010 YTD)	(Q4 2010)	(Q4 2009 YTD)	(Q4 2009)
Valuation of cash flow hedging derivatives	-21	141	2,729	148
Income tax relating to other comprehensive income	4	-27	-518	-28
Other comprehensive income, net	**-17**	**115**	**2,211**	**120**
Total comprehensive income	**8,256**	**4,312**	**1,691**	**2,010**

INTERIM SEPARATE STATEMENT OF CASH FLOWS

(PLN '000)

	Jan 1 - Dec 31 2010	Jan 1 - Dec 31 2009
	(Q4 2010 YTD)	(Q4 2009 YTD)
OPERATING ACTIVITIES		
Pre-tax profit/(loss)	**10,614**	**1,315**
Total adjustments:	**-13,502**	**28,911**
Share in net profit of subordinated undertakings accounted for using the equity method		
Depreciation and amortisation	2,585	2,598
Foreign exchange gains/(losses)	179	399
Interest and profit distributions (dividends)	-91	58
Profit/(loss) on investing activities	367	11,364
Change in provisions	1,455	569
Change in inventories	-1,697	3,176
Change in receivables	-25,453	31,743
Change in current liabilities (other than financial liabilities)	7,975	-5,889
Change in accruals and deferrals	2,477	-5,409
Derivatives	519	2
Other adjustments	-1,818	-9,702
Cash from operating activities	**-2,888**	**30,226**
Income tax (paid)/refunded	-2,237	577
Net cash provided by/(used in) operating activities	**-5,125**	**30,803**
INVESTING ACTIVITIES		
Cash provided by investing activities	**448**	**8**
Proceeds from disposal of intangible assets and property, plant and equipment	18	8
Proceeds from disposal of financial assets		
Dividends and profit distributions received		
Interest received	205	
Repayment of non-current loans advanced		
Cash received in connection with derivative instruments	225	
Other cash provided by financial assets		
Cash used in investing activities	**24,343**	**19,757**
Investments in intangible assets, property, plant and equipment, and investment property	9,016	7,244
Acquisition of related undertakings	9,261	
Loans advanced	4,779	
Other cash used in investing activities	1,286	1,146
Cash paid in connection with derivative instruments		11,367
Net cash provided by/(used in) investing activities	**-23,895**	**-19,748**
FINANCING ACTIVITIES		
Cash provided by financing activities	**13,424**	
Net proceeds from issue of shares, other equity instruments and additional contributions to equity		
Loans and borrowings	13,424	
Issue of debt securities		
Other cash provided by financing activities		
Cash used in financing activities	**158**	**1,607**
Acquisition of own shares		

Dividends and other distributions to owners		
Profit distributions other than to owners		
Repayment of loans and borrowings		1,507
Redemption of debt securities		
Other financial liabilities		
Decrease in finance lease liabilities	44	42
Interest paid	114	58
Other cash used in financing activities		
Net cash provided by/(used in) financing activities	**13,267**	**-1,607**
Total net cash flow	**-15,753**	**9,448**
Balance-sheet change in cash, including:	**-15,884**	**9,393**
- effect of exchange rate fluctuations on cash held	-131	-55
Cash at beginning of period	**18,495**	**9,048**
Cash at end of period, including:	**2,742**	**18,495**
- restricted cash		

INTERIM 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)	Non-controlling interests	Total equity
Twelve months ended Dec 31 2009							
Equity as at Jan 1 2009	**3,471**	**125,631**	**(2,211)**	**0**	**5,801**	**0**	**132,693**
Total comprehensive income for twelve months ended Dec 31 2009			2,211		(520)		**1,691**
Liquidation of tangible assets		0			0		
Share-based payments				2			**2**
Distribution of profit		2,899			(2,899)		
Equity as at Dec 31 2009	**3,471**	**128,530**	**0**	**2**	**2,382**	**0**	**134,386**
Twelve months ended Dec 31 2010							
Equity as at Jan 1 2010	**3,471**	**128,530**	**0**	**2**	**2,382**	**0**	**134,386**
Total comprehensive income for twelve months ended Dec 31 2010			(17)		8,273		**8,256**
Share capital increase (share premium)	181	26,125					**26,306**
Share-based payments				34			**34**
Distribution of profit		(520)			520		
Equity as at Dec 31 2010	**3,652**	**154,136**	**(17)**	**36**	**11,175**	**0**	**168,981**

SUPPLEMENTARY INFORMATION
TO THE INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31ST 2010

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	2010	2009
Sale of products	190,541	121,632
Sale of goods for resale and materials	1,281	1,163
TOTAL sales revenue	**191,822**	**122,795**
Other operating income	1,647	2,214
Finance income	3,149	1,438
TOTAL revenue and income	**196,617**	**126,447**

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).

Financial data for the segments includes only segment revenue, expenses and segment profit or loss. It is impracticable for the Group to allocate assets to the particular segments as its plant and equipment (including buildings and structures) is common to all the segments.

Revenue and profit/loss of operating segments as at Dec 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	**70,487**	**21,649**	**64,479**	**6,397**	**11,261**	**174,273**		**17,549**	**191,822**
Total segment expenses	**(44,072)**	**(14,882)**	**(54,003)**	**(4,776)**	**(9,450)**	**(127,183)**		**(18,890)**	**(146,073)**
General and administrative expenses								(29,089)	**(29,089)**
Selling costs								(10,882)	**(10,882)**
Operating income								1,647	**1,647**
Operating expenses								(2,611)	**(2,611)**
Profit/(loss) from continuing operations before tax and finance expenses	**26,415**	**6,767**	**10,476**	**1,620**	**1,811**	**47,090**			**4,814**
Gain/(loss) on acquisition of control								11,309	**11,309**
Finance income								3,149	**3,149**
Net finance expenses								(1,794)	**(1,794)**
Share in profit of associate								2,563	**2,563**
Pre-tax profit/(loss)									**20,041**
Income tax								(914)	**(914)**
Net profit/(loss) from continuing operations							(906)		**19,128**
Profit/(loss) from discontinued operations									**(906)**
Profit/(loss) attributable to non-controlling interests								27	**27**
Net profit/(loss) for period									**18,248**

Revenue and profit/loss of operating segments as at Dec 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	**30,316**	**28,689**	**25,176**	**8,950**	**5,311**	**98,443**		**24,353**	**122,795**
Total segment expenses	**(23,295)**	**(14,871)**	**(19,979)**	**(8,018)**	**(3,368)**	**(69,531)**		**(19,368**	**(88,899)**
General and administrative expenses								(24,445)	**(24,445)**
Selling costs								(9,397)	**(9,397)**
Operating income								2,214	**2,214**
Operating expenses								(1,655)	**(1,655)**
Profit/(loss) from continuing operations before tax and finance expenses	**7,022**	**13,818**	**5,197**	**932**	**1,943**	**28,912**			**613**
Finance income								1,438	**1,438**
Net finance expenses								(8,301)	**(8,301)**
Share in profit of associate								7,006	**7,006**
Pre-tax profit/(loss)									**756)**
Income tax								(1,003)	**(1,003)**
Net profit/(loss) from continuing operations									**(247)**
Profit/(loss) from discontinued operations								(712)	**(712)**
Profit/(loss) attributable to non-controlling interests									
Net profit/(loss) for period									**(960)**

PROPERTY, PLANT AND EQUIPMENT

In the period January 1st – December 31st 2010, the cost of acquired intangible assets and property, plant and equipment at the SECO/WARWICK Group amounted to PLN 10,965 thousand.

Item	Dec 31 2010	Sep 30 2009	Dec 31 2009
Tangible assets	49,546	40,097	42,303
Tangible assets under construction	3,331	6,353	3,528
Prepayments for tangible assets under construction			
Property, plant and equipment	**52,878**	**46,450**	**45,831**

IMPAIRMENT LOSSES ON ASSETS

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

SECO/WARWICK S.A. recognised an impairment loss of PLN 486 thousand on an item of property, plant and equipment. No impairment losses on property, plant and equipment were recognised in 2009.

As at December 31st 2010, trade receivables of PLN 1,752 thousand were classified as unrecoverable and an appropriate impairment loss was recognised. As at December 31st 2009, impairment losses amounted to PLN 1,063 thousand.

As at December 31st 2010, the SECO/WARWICK Group carried PLN 1,648 thousand (at the end of 2009: PLN 1,092 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 December 31st 2010, the Group had capital commitments of PLN 211 thousand for expenditure related to acquisition of property, plant and equipment. As at the end of 2009, investment commitments stood at PLN 52 thousand. These amounts were earmarked for purchases of new plant and equipment.

As at December 31st 2010, SECO/WARWICK S.A. had investment commitments of PLN 490 thousand (PLN 1,142 thousand as at December 31st 2009) towards SECO/WARWICK ALLIED Pvt. LTD. The commitments arose under the share purchase agreement concerning shares in the company.

OFF-BALANCE SHEET CONSOLIDATED ITEMS

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

	As at Dec 31 2010	As at Dec 31 2009	As at Sep 30 2009
Contingent receivables	**72**	**402**	**200**
From related undertakings			
From other undertakings (under guarantees and sureties)	72	402	200

Contingent liabilities	**33,006**	**19,320**	**17,231**
From related undertakings		855	866
From other undertakings (under guarantees and sureties)	33,006	18,465	16,388

SURETIES ISSUED BY SECO/WARWICK S.A.

Company name	Bank name	Surety in respect of	Currency	Dec 31 2010	*AMOUNT (PLN)*
LZT ELTERMA	BZ WBK	Guarantee facility	PLN	2,500	2,500
S/W ALLIED Pvt. Ltd.		Guarantee and credit facility	INR	147,500	9,949
RETECH Systems		Guarantee and credit facility	USD	15,000	44,462
TOTAL					**56,911**

On June 17th 2010, the Management Board of SECO/WARWICK S.A. held a meeting to decide whether to issue a credit facility surety to SECO/WARWICK Allied Pvt. Ltd. of Mumbai. SECO/WARWICK Pvt. Ltd. is an associated undertaking in which SECO/WARWICK S.A. holds a 50% interest. Under Indian law, shareholders must stand surety in respect of credit facilities contracted by companies in which they hold shares.
The Company's Management Board decided to issue a surety of INR 147,500 thousand.
The surety has the form of a guarantee letter issued for the benefit of the Union Bank of India.

On March 18th 2010, SECO/WARWICK S.A. issued a surety of up to PLN 2,500 thousand with respect to amounts due from LZT ELTERMA to Bank BZ WBK S.A. under loans.

On November 17th 2010, SECO/WARWICK.S.A. provided indemnification against any claims under the guarantees issued to James A. Goltz in relation to a credit line provided to RETECH Systems by East West Bank.

RESTRUCTURING PROVISION

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

SETTLEMENTS RELATED TO COURT CASES

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

BUSINESS COMBINATIONS

On October 8th 2010, the Board of Directors of SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. executed an agreement providing for resale to the Chinese shareholder Tianjin Kama Electric Thermal Equipment Manufacturing Co., Ltd. of a 25% equity interest in SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. held by SECO/WARWICK Corp. for USD 300 thousand and a 25% equity interest held by SECO/WARWICK S.A. also for USD 300 thousand.

On November 16th 2010, SECO/WARWICK S.A. signed an investment agreement with James A. Goltz concerning acquisition by SECO/WARWICK S.A. of a 50% equity interest in Retech Systems LLC of Ukiah (USA) ("Retech"), as a result of which the Issuer came to hold a 100% stake in Retech.

In Q4 2010, there were no other business combinations or acquisitions of non-controlling interests.

Consistency of the accounting policies and computation methods applied in the preparation of the interim report for Q4 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 2010 or changes in estimates disclosed in previous financial years if they have a material bearing on Q4 2010

In the business activities of SECO/WARWICK S.A. and the SECO/WARWICK 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 Q4 2010.

Issues, redemptions and repayments of debt and equity securities

On December 9th 2010, the District Court of Zielona Góra, VIII Commercial Division of the National Court Register, registered changes in the share capital of the Company. Under the court's decision, the Company's share capital was increased from PLN 1,914,400.60 to PLN 2,095,242. The share capital increase was effected by way of an issue of 904,207 Series D ordinary bearer shares in the Company with a par value of PLN 0.20 per share. Following registration of the changes, the structure of the Company's share capital is as follows:

- 8,416,200 Series A ordinary bearer shares, conferring the right to 8,416,200 votes at the General Shareholders Meeting;
- 1,155,803 Series B ordinary bearer shares, conferring the right to 1,155,803 votes at the General Shareholders Meeting;
- 904,207 Series D ordinary bearer shares, conferring the right to 904,207 votes at the General Shareholders Meeting;

No debt or equity securities were bought back or redeemed in Q4 2010.

SECO/WARWICK S.A. fully used the net proceeds of PLN 40.2m from the issue carried out on December 5th 2007.

Earnings per share

	Dec 31 2010	Dec 31 2009
Weighted average number of shares	10,476,210	9,572,003
Earnings attributable to owners of the parent	18,248	(960)
Earnings per share	1.74	(0.10)

Material events after Q4 2010, not disclosed in the financial statements for Q4 2010, but potentially with a material bearing on future performance of the SECO/WARWICK Group

On February 21st 2011 there was a failure in a furnace operated by VIMETCO in Romania. One of the four furnaces used for annealing of rolled aluminium sheet, which had been modernised by SECO/WARWICK S.A., failed. Investigation is currently under way to determine the cause and the costs of the failure.

Between November 26th 2010 and February 25th 2011, SECO/WARWICK S.A. concluded with BRE Bank S.A. of Warsaw seven forward contracts for the sale of euro in a total amount of EUR 3,654 thousand. The total value of the forward contracts is PLN 14,527 thousand. The contracts provide for no contractual penalties and their terms and conditions do not differ from the terms and conditions commonly applied in transactions of such type. The forward contracts (sale of EUR/PLN) have been concluded to hedge export cash flows denominated in EUR by ensuring that the budgeted exchange rates for contracts are met.

Other supplementary information

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

On October 8th 2010, the Board of Directors of SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. executed an agreement providing for resale to the Chinese shareholder Tianjin Kama Electric Thermal Equipment Manufacturing Co., Ltd. of a 25% equity interest in SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. held by SECO/WARWICK Corp. for USD 300 thousand and a 25% equity interest held by SECO/WARWICK S.A. also for USD 300 thousand. Initially, it was arranged that the transaction would be finalised by December 31st 2010. By the balance-sheet date, this arrangement has not been met by the Chinese partner. Therefore, a new payment schedule has been agreed. Also, an annex was signed to the original agreement, which provides that SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. may be dissolved if payments are not made in the agreed timeframe. The President of SECO/WARWICK (Tianjin) Industrial Furnace Co. has completed the first stage concerning change of the company's name. As at the balance-sheet date, the impairment loss on net assets was PLN -599 thousand. The impairment loss amount may change, depending on how the sale of shares in SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. proceeds.

On November 16th 2010, SECO/WARWICK S.A. signed an investment agreement with James A. Goltz concerning acquisition by SECO/WARWICK S.A. of a 50% equity interest in Retech Systems LLC of Ukiah (USA) ("Retech"), as a result of which the Issuer came to hold a 100% stake in Retech. The transaction was carried out in the following manner: (i) 40% of shares in Retech Systems LLC, with a value of USD 10,000 thousand (PLN 30,745 thousand, translated at the applicable mid-exchange rate quoted by the National Bank of Poland) were contributed by James A. Goltz to SECO/WARWICK S.A. as a non-cash contribution in exchange for the new shares in SECO/WARWICK S.A., (ii) 10% of shares in Retech Systems LLC were purchased by SECO/WARWICK S.A. under a share purchase agreement for USD 2,500 thousand (PLN 7,686 thousand, translated at the applicable mid-exchange rate quoted by the National Bank of Poland). In connection with the non-cash contribution made by Mr James A. Goltz to SECO/WARWICK S.A., in the form of 40% of shares in Retech Systems LLC, the Company's share capital was increased on December 9th 2010 (issue of Series D shares). The issue of SECO/WARWICK S.A. shares addressed to Mr James A. Goltz was effected with disapplication of the existing shareholders' pre-emptive rights. The new issue shares acquired by Mr James A. Goltz are also subject to a lock-up and cannot be sold for 18 months from the date they were acquired. Pursuant to the investment agreement concluded between James A. Goltz and the Company, an additional payment of USD 2,500 thousand (PLN 7,686, translated at the applicable mid-exchange rate quoted by the National Bank of Poland) was made by Retech Systems LLC to Mr James A. Goltz.

In Q4 2010, there were no other changes in the business of the SECO/WARWICK Group consisting in mergers, acquisitions of Group undertakings, long-term investments, demergers, or restructurings.

2. Management Board's position on the feasibility of meeting any previously published forecasts for 2010 in the context of results presented in the Q4 2010 report

SECO/WARWICK S.A. has not published any financial forecasts for 2010 concerning the Company or the SECO/WARWICK Group.

3. Shareholders holding, directly or indirectly, 5% of the total vote at the General Shareholders Meeting as at the release date of this report, including information on any changes that occurred subsequent to the release of the previous periodic report

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total vote at the General Shareholders Meeting as at November 15th 2010

	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%
OFE POLSAT S.A.	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

Changes in the structure of major shareholdings which occurred subsequent to the release of the previous quarterly report are as follows:

On December 6th 2010, PZU Asset Management S.A. ("PZU S.A.") notified the Company that following settlement on November 29th 2010 of transactions involving the disposal of 11,150 SECO/WARWICK S.A. shares on the regulated market to the investment portfolios of PZU S.A.'s clients, PZU S.A. held less than 5% of the total vote at the Company's General Shareholders Meeting.

On December 10th 2010, the Management Board of SECO/WARWICK S.A. of Świebodzin reported that a decision had been issued on December 9th 2010 by the District Court of Zielona Góra, VIII Commercial Division of the National Court Register, concerning registration of amendments to the Company's Articles of Association and changes to the amount and structure of the Company's share capital. Under the court's decision, the share capital of SECO/WARWICK S.A. was increased from PLN 1,914,400.60 to PLN 2,095,242. The share capital increase was effected by way of an issue of 904,207 Series D ordinary bearer shares in the Company with a par value of PLN 0.20 per share.

On December 20th 2010, PKO Towarzystwo Funduszy Inwestycyjnych S.A. ("PKO TFI S.A.") notified the Company that that - following the change in the amount and structure of SECO/WARWICK S.A.'s share capital, which was increased from PLN 1,914,400.60 to PLN 2,095,242 - PKO TFI S.A. held less than 5% of the total vote at the Company's General Shareholders Meeting.

On February 4th 2011, Mr James A. Goltz gave notification to the effect that his share of total vote in the Company had exceeded 5%. This change came following the acquisition by Mr James A. Goltz on November 19th 2010 of 904,207 Company shares in a private placement. Prior to the change in shareholding, Mr James A. Goltz had not held (either directly or indirectly) any Company shares or any votes at the Company's GM. Currently, Mr James A. Goltz holds 904,207 Company shares, which represent 8,63% of the Company's share capital and confer the right to 904,207 votes (or 8.63% of the total vote) at the Company's GM. There are no subsidiaries of the notifying shareholder which would hold any Company shares and there are no third parties bound by an agreement with Mr James A. Goltz transferring the entitlement to exercise voting rights.

On February 28th 2011, SW Poland Holding B.V. of Amsterdam notified the Company that it had reduced its share of the total vote in the Company by 3.72%. The reduction came as a result of the change in the amount and structure of the share capital of SECO/WARWICK S.A., which was increased from PLN 1,914,400.60 to PLN 2,095,242. Prior to the change, SW Poland Holding B.V. held 43.04% of the total vote in SECO/WARWICK S.A. After the change, it holds 39.32% of the total vote in SECO/WARWICK S.A.

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total vote at the General Shareholders Meeting as at March 1st 2010

	Number of shares	% of share capital held	Number of votes at GM	% of total vote
SW Poland Holding B.V. (Netherlands)	4,119,508	39.32%	4,119,508	39.32%
Spruce Holding Limited Liability Company (USA)	1,726,174 (1)	16.48%*	1,726,174	16.48%*
James A. Goltz	904,207	8.63%	904,207	8.63%
ING NN OFE	600,000(2)	5.73%*	600,000	5.73%*
OFE POLSAT S.A.	485,974 (3)	4.64%*	485,974	4.64%*
- share capital	2,095,242			
- number of shares	10,476,210			
- par value per share	0.2			

* Percentages based on in-house calculations by SECO/WARWICK S.A. following the share capital amount and structure change of December 9th 2010.

(1) From November 30th 2007 (the date of admission of Series A and Series B shares and the Series B Allotment Certificates to trading on the prime market of the WSE (current report 09/2007 of November 30th 2007) SECO/WARWICK S.A. has not received any notification concerning any change in the shareholding of Spruce Holding Limited Liability Company, which holds 1,726,174 shares.

(2) The most recent notification, of December 6th 2007 (current report No. 16/2007 of December 7th 2007) stated that ING Nationale–Nederlanden Polska Otwarty Fundusz Emerytalny held 612,000 shares. No other notification of change in shareholding has been received since then.

(3) The most recent notification, of April 13th 2010 (current report No. 09/2010 of April 14th 2010) stated that Otwarty Fundusz Emerytalny Polsat held 485,974 shares. No other notification of change in shareholding has been received since then.

4. Shares of SECO/WARWICK held by the members of the Management Board and Supervisory Board as at the release date of this report, including information on any changes since the publication of the Q3 2010 report

	Nov 15 2010				Mar 1 2011			
	Number of SECO/WARWICK S.A. shares held	% of share capital held	% of total vote	Decrease/increase	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%	-	307,100	2.93%	2.93%	61,420
Witold Klinowski	58,100	0.61%	0.61%	-	58,100	0.55%	0.55%	11,620
Józef Olejnik	58,100	0.61%	0.61%	-	58,100	0.55%	0.55%	11,620
Wojciech Modrzyk	400	0.004%	0.00%	-	400	0.004%	0.004%	80
Supervisory Board								
Jeffrey Boswell	283,415	2.96%	2.96%	-53,782	229,633	2.19%	2.19%	45,927
Henryk Pilarski	1,000	0.01%	0.01%	-	1,000	0.01%	0.01%	200
Piotr Kowalewski	-	-	-	-	-	-	-	-
Piotr Kula	8,500	0.09%	0.09%	-	8,500	0.08%	0.08%	1,700
Mariusz Czaplicki (1)	-	-	-	-	-	-	-	-
Artur Rusiecki (2)	-	-	-	-	-	-	-	-
Commercial proxies								
Dorota Subsar	-	-	-	-	-	-	-	-
Total	716,615	7.49%	7.49%	-53,782	662,833	6.31%	6.31%	132,567

(1) Mr Mariusz Czaplicki has been a member of the Supervisory Board since April 29th 2010.
(2) Mr Artur Rusiecki has been a member of the Supervisory Board since April 29th 2010.

Item	**Nov 15 2010**
Number of shares	9,572,003
Par value of shares	0.2
Share capital	1,914,400.60

Item	**Mar 1 2011**
Number of shares	10,476,210
Par value of shares	0.2
Share capital	2,095,242.00

In the analysed period, the members of the Management Board and Supervisory Board of SECO/WARWICK S.A executed the following transactions involving their shares in SECO/WARWICK S.A.

On November 24th 2010, SECO/WARWICK S.A. received a notification required under Art. 160 of the Act on Trading in Financial Instruments from Jeffrey Boswell, Chairman of the Supervisory Board. According to the notification, between November 18th and November 22nd 2010 the Chairman of the Supervisory Board sold a total of 4,923 Company shares at an average price of PLN 35.79 per share. The shares were sold on the regulated market (the WSE) at regular trading sessions.

On November 30th 2010, SECO/WARWICK S.A. received a notification required under Art. 160 of the Act on Trading in Financial Instruments from Jeffrey Boswell, Chairman of the Supervisory Board. According to the notification, between November 24th and November 29th 2010 the

Chairman of the Supervisory Board sold a total of 6,763 Company shares at an average price of PLN 33.50 per share. The shares were sold on the regulated market (the WSE) at regular trading sessions.

On December 7th 2010, SECO/WARWICK S.A. received a notification required under Art. 160 of the Act on Trading in Financial Instruments from Jeffrey Boswell, Chairman of the Supervisory Board. According to the notification, between November 30th and December 3rd 2010 the Chairman of the Supervisory Board sold a total of 6,489 Company shares at an average price of PLN 32.88 per share. The shares were sold on the regulated market (the WSE) at regular trading sessions.

On December 10th 2010, SECO/WARWICK S.A. received a notification required under Art. 160 of the Act on Trading in Financial Instruments from Jeffrey Boswell, Chairman of the Supervisory Board. According to the notification, between December 6th and December 8th 2010 the Chairman of the Supervisory Board sold a total of 24,221 Company shares at an average price of PLN 29.80 per share. The shares were sold on the regulated market (the WSE) at regular trading sessions.

On December 17th 2010, SECO/WARWICK S.A. received a notification required under Art. 160 of the Act on Trading in Financial Instruments from Jeffrey Boswell, Chairman of the Supervisory Board. According to the notification, between December 10th and December 16th 2010 the Chairman of the Supervisory Board sold a total of 3,456 Company shares at an average price of PLN 29.37 per share. The shares were sold on the regulated market (the WSE) at regular trading sessions.

On December 23rd 2010, SECO/WARWICK S.A. received a notification required under Art. 160 of the Act on Trading in Financial Instruments from Jeffrey Boswell, Chairman of the Supervisory Board. According to the notification, between December 17th and December 21st 2010 the Chairman of the Supervisory Board sold a total of 1,204 Company shares at an average price of PLN 29.34 per share. The shares were sold on the regulated market (the WSE) at regular trading sessions.

On December 29th 2010, SECO/WARWICK S.A. received a notification required under Art. 160 of the Act on Trading in Financial Instruments from Jeffrey Boswell, Chairman of the Supervisory Board. According to the notification, between December 22nd and December 27th 2010 the Chairman of the Supervisory Board sold a total of 1,154 Company shares at an average price of PLN 29.20 per share. The shares were sold on the regulated market (the WSE) at regular trading sessions.

On January 5th 2011, SECO/WARWICK S.A. received a notification required under Art. 160 of the Act on Trading in Financial Instruments from Jeffrey Boswell, Chairman of the Supervisory Board. According to the notification, between December 28th and December 31st 2010 the Chairman of the Supervisory Board sold a total of 5,572 Company shares at an average price of PLN 29.28 per share. The shares were sold on the regulated market (the WSE) at regular trading sessions.

The members of the Management Board and Supervisory Board of SECO/WARWICK S.A. do not hold any shares in related undertakings.

5. Court, arbitration or administrative proceedings

In Q4 2010, the individual or aggregate value of liabilities or receivables of SECO/WARWICK S.A or the Group's undertakings toward any business partner or its group, which were disputed in court, arbitration or administrative proceedings did not represent 10% or more of SECO/WARWICK S.A's equity.

6. Information on the conclusion by the Company or its subsidiary undertaking of a single transaction or a series of transactions with related parties where the value of any such transaction or all such transactions jointly is material and the transactions have not been concluded at arm's length

In the period from the beginning of the financial year until this report publication date, SECO/WARWICK S.A. and its subsidiary undertakings did not enter into any transactions with related parties whose terms would differ from arm's length terms and where the value of a single transaction or all transactions would be material.

7. Material achievements and failures of SECO/WARWICK S.A. and its Group in Q4 2010, including a list of the pertinent events

Significant achievements of the SECO/WARWICK Group included finalising the take-over of Retech Systems LLC and record high backlog at the end of December 2010.

The Management Board has no knowledge of any material failures by the parent or by any direct or indirect subsidiary, occurring in the analysed period or after December 31st 2010.

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

On November 17th 2010, SECO/WARWICK.S.A. provided indemnification for an amount of USD 15,000 thousand (PLN 44,462 thousand) against any claims under the guarantees issued to James A. Goltz in relation to a credit line provided to RETECH Systems by East West Bank.

In Q4 2010, there were no other events concerning sureties for loans or guarantees exceeding 10% of the Company's equity, issued by SECO/WARWICK S.A. or any of its subsidiary undertakings.

9. Other information which is, according to the Company, material for the assessment of its staffing levels, assets, financial standing and financial performance, as well as their changes, and information material for assessment of the Company's ability to fulfil its obligations

On October 8th 2010, the Board of Directors of SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. executed an agreement providing for resale to the Chinese shareholder Tianjin Kama Electric Thermal Equipment Manufacturing Co., Ltd. a 25% equity interest in SECO/WARWICK (Tianjin) Industrial Furnace Co. Ltd. held by SECO/WARWICK Corp. for USD 300 thousand and a 25% equity interest held by SECO/WARWICK S.A. also for USD 300 thousand. For more information on this transaction, see Section 1 of this report.

On November 16th 2010, the SECO/WARWICK Group and James A. Goltz, a co-owner of Retech Systems LLC (USA), made an arrangement concerning acquisition by SECO/WARWICK S.A. of a 50% equity interest in Retech Systems LLC. As a result of the transaction, the Company came to hold 100% of shares in Retech Systems LLC, which is one of the world leaders in the production of equipment for heat treatment of titanium and high-quality metal alloys, equipment for vacuum casting of small parts made of specialty alloys, and systems for plasma treatment used in melting and destructing of hazardous waste. SECO/WARWICK SA had held a 50% interest in Retech Systems LCC since July 2007. By acquiring full control over the company, the SECO/WARWICK Group will be able to fully exploit Retech's experience and technology to develop technologically advanced products using plasma heat treatment. The acquisition will also enable the Group to better utilize the production capacities of SECO/WARWICK Corporation, which is SECO/WARWICK S.A.'s US subsidiary. Retech Systems LLC is one of the top three global producers of equipment for vacuum thermal processing of titanium and high-quality metals (e.g. zirconium, niobium, tantalum, nickel and cobalt), with a globally recognized brand. The company was founded in 1963 in California, USA, through a spin-off from Lockheed Martin. Currently, the company operates in the United States, the European Union and Japan, and employs 102 staff, including 36 high-class engineers. At the end of December 2010, Retech Systems LCC's order book value was PLN 121,448 thousand, and was considerably higher than a year earlier. Retech Systems LCC's presence in the SECO/WARWICK Group since 2007 has considerably strengthened the Group's position on the global markets. Retech has also positively contributed to the consolidated performance of SECO/WARWICK. Having acquired full control over Retech, the SECO/WARWICK Group will be able to fully exploit Retech's know-how in the vacuum technology and plasma heat treatment in further development of its products.

On December 31st 2010, the supervisory board of LTZ ELTERMA S.A. (as from January 5th - SECO/WARWICK ThermAL S.A.) adopted a resolution to dismiss the previous company President and Vice-President, and appointed Messrs Jarosław Talerzak and Bartosz Klinowski to serve respectively as the President and Vice-President of the company's management board as of January 1st 2011. The new representatives of SECO/WARWICK ThermAL S.A. are long-standing employees of SECO/WARWICK S.A. The purpose of the changes in the management board of SECO/WARWICK ThermAL S.A. is to ensure more effective management of the company, enhance its efficiency and improve its operating standards, as well as to guarantee a closer integration with the procedures in effect at the parent undertaking.

The information presented above may be important for assessing the Company’s staffing levels, assets, financial standing and financial performance, as well as their changes, and for assessing the Company's ability to fulfil its obligations.

All liabilities related to the business are paid on a timely basis.

10. Factors which in the Group’s opinion will affect its results in a period covering at least the next quarter

- In the opinion of SECO/WARWICK S.A., factors which will affect the Group's performance for at least the following quarter include acquisition by SECO/WARWICK S.A. of a 50% equity interest in Retech Systems LLC., as a result of which Retech Systems LLC became a wholly-owned subsidiary of SECO/WARWICK S.A. For more information on this transaction, see Sections 1 and 9 of this report.
- Between September 22nd and November 19th 2010, SECO/WARWICK S.A. concluded with BRE Bank S.A. of Warsaw nine forward contracts to sell a total of EUR 2,531 thousand (PLN 9,969 thousand) and five forward contracts to sell a total of USD 1,470 thousand (PLN 4,360 thousand). The total value of the contracts is PLN 14,329 thousand.
- On December 23rd 2010, a significant agreement was signed between Retech Systems LLC of the USA and LLP POSUK Titanium of Kazakhstan concerning production and supply of equipment for melting and refining of titanium. The agreement was concluded for the period from December 23rd 2010 to May 22nd 2013 and its value is USD 21,562 thousand (PLN

65,382 thousand). The equipment will be delivered successively over the duration of the agreement, in accordance with the contractually agreed schedule. Under the agreement, any disputes are to be resolved by arbitration conducted in accordance with the procedures of the Arbitration Institute of the Stockholm Chamber of Commerce, under the Swedish law and UNCITRAL arbitration rules.

11. Description of factors and events, especially of non-recurring nature, with a material bearing on the financial performance in Q4 2010

Closing of the acquisition of a 100% stake in RETECH Systems LLC was a material factor affecting the financial performance in Q4 2010. The gain on acquisition of control over RETECH Systems LLC was PLN 11,309 thousand.