THE SECO/WARWICK GROUP

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1ST – SEPTEMBER 30TH 2013 PREPARED IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS

CONTENTS

1. General information

Information on the SECO/WARWICK Group

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

The Group's five main product categories are:

- 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 corresponding to the product groups:

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

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

- SECO/WARWICK EUROPE S.A. (before October 19th 2012: SECO/WARWICK ThermAL S.A.),
- SECO/WARWICK Corporation,
- OOO SECO/WARWICK Group Moscow,
- Retech Systems LLC,
- SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd.,
- SECO/WARWICK GmbH,
- OOO SCT (Solnechnogorsk) Russia,
- SECO/WARWICK Service GmbH,
- SECO/WARWICK Allied Pvt., Ltd. (Mumbai) India,
- SECO/WARWICK do Brasil Ind. de Fornos Ltda.

Other Group companies are:

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

The companies are described in the table below.

Structure of the Group as at September 30th 2013

Table: As at September 30th 2013, the structure of the SECO/WARWICK Group was as follows:

Company	Registered office	Business profile	Method of consolidation / accounting for equity interest	Group's ownership interest
Parent				
SECO/WARWICK S.A.	Świebodzin	Activities of a holding company. Strategic and financial management of the Group. Corporate supervision and provision of strategic management services to the Group subsidiaries.	N.A.	N.A.
Direct and indirect subsidiaries				
SECO/WARWICK EUROPE S.A.	Świebodzin	Manufacture of metal heat treatment equipment	Full	100%
SECO/WARWICK Corp.	Meadville (USA)	Manufacture of metal heat treatment equipment	Full	100%
SECO/WARWICK of Delaware, Inc	Wilmington (USA)	A holding company; registration of trademarks and patents, and granting licences for use of the trademarks and patents by SECO/WARWICK Corp.	Full	100%
OOO SECO/WARWICK Group Moscow	Moscow (Russia)	Distribution of the SECO/WARWICK Group's products	Full	100%
Retech Systems LLC	Ukiah (USA)	Trade and services; manufacture of metallurgy equipment used for melting and vacuum casting of metals and specialty alloys	Full	100%
SECO/WARWICK Retech Thermal Equipment Manufacturing Tianjin Co., Ltd.	Tianjin (China)	Manufacture of metal heat treatment equipment	Full	90%
Retech Tianjin Holdings LLC	(USA)	Activities of a holding company.	Full	80%
SECO/WARWICK Allied Pvt., Ltd. (1)	Mumbai (India)	Manufacture of metal heat treatment equipment	Full	66.7%
SECO/WARWICK GmbH	Stuttgart (Germany)	Intermediation in the sale of furnaces manufactured by SECO/WARWICK S.A. and SECO/WARWICK EUROPE S.A., and provision of technical support to customers in Germany, Austria, the Netherlands, Switzerland, Liechtenstein and Slovenia	Full	100%

OOO SCT	Solnechnogorsk (Russia)	Provision of metal heat treatment services in Russia	Full	50%
SECO/WARWICK Service GmbH	Bedburg-Hau (Germany)	Provision of metal heat treatment services in Germany	Full	100%
SECO/WARWICK do Brasil Ltda. (Engefor Engenharia Indústria e Comércio Ltda) (2)	Jundiai (Brazil)	Manufacture of metal heat treatment equipment	Full	100%

(1) On March 25th 2013, conditions precedent for the purchase of 9,090 Sale Shares were fulfilled. Following the acquisition, the Company held 63,765 shares, representing 58.3% of the company's share capital. On May 22nd 2013, conditions precedent for the purchase of 9,127 Sale Shares were fulfilled. Following the acquisition, the Company holds 72,892 shares, representing 66.7% of the company's share capital.

2 A conditional agreement to purchase all shares in Engefor Engenharia Indústria e Comércio Ltda (a limited liability company of Jundiaí, established and existing under Brazilian law), conferring the right to 100% of votes at the company's General Meeting, was executed on April 23rd 2013. On May 24th 2013, all conditions precedent for the purchase of 860,000 Sale Shares and payment of the first instalment of the Selling Price, in the amount of BRL 6,000,000 (PLN 9,506,400 at the mid exchange rate quoted by the National Bank of Poland on May 24th 2013), were fulfilled.

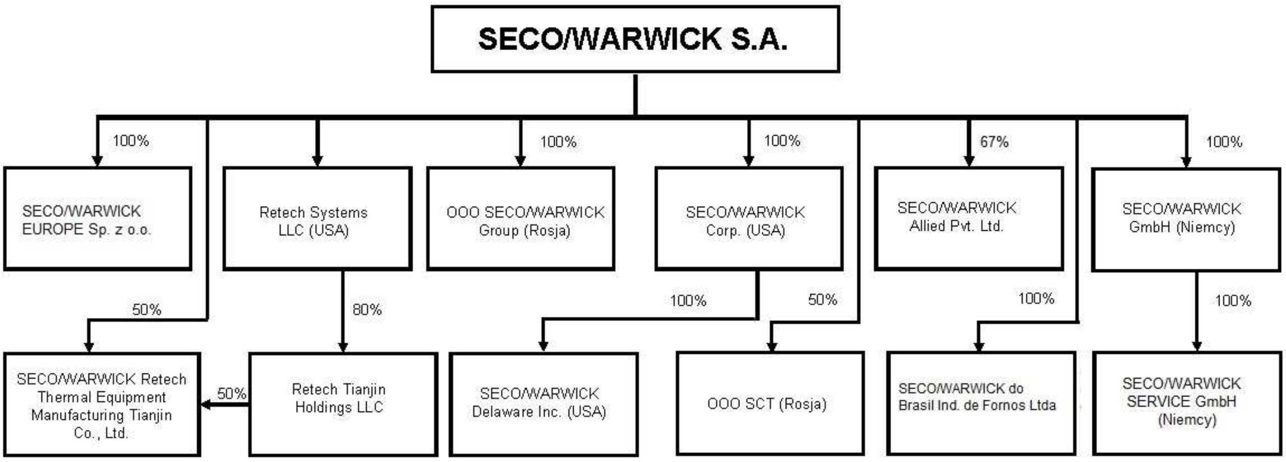
Composition of the SECO/WARWICK Group as at the date of release of these financial statements

After September 30th 2013 and until the release of these financial statements there were no changes in the composition of the SECO/WARWICK Group.

On September 27th 2013, resolutions approving the transformation of SECO/WARWICK EUROPE S.A. (joint-stock company) into a limited liability company (spółka z ograniczoną odpowiedzialnością) on the terms and conditions provided for in the transformation plan approved by the Company Management Board on August 12th 2013, were adopted.

Following registration of the change, as of October 24th 2013 the former SECO/WARWICK EUROPE S.A. has been operating as SECO/WARWICK EUROPE spółka z ograniczoną odpowiedzialnością.

Organisation of the Group:



2. Description of applied accounting policies, including methods of measurement of assets, equity and liabilities, income 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.

The accounting policies and calculation methods applied in the preparation of these financial statements are consistent with 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

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 of the issue of shares on 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 assets 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 asset meets the recognition criteria for an 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 expenses 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 asset will be completed,
- it is possible to demonstrate that the asset can be used or sold,
- the expenditure incurred can be measured reliably.

Goodwill arises on acquisition of a business and corresponds to the excess of the cost of 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 indications of impairment	Annual assessment whether there are any indications of impairment

Property, plant and equipment

Property, plant and equipment are 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 amounts 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 cost 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 rule 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 equity interests in related entities, assets at fair value through the statement of comprehensive income, hedging derivatives, loans and receivables, and cash and cash equivalents.
Financial liabilities include borrowings and other debt instruments, 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 material, 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 amount 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 rather than 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 bank borrowings and other financial liabilities are initially recognised at fair value and then carried at amortised cost using the effective interest rate method.
Transaction costs directly connected with acquisition or issue of a financial liability increase the carrying amount 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 the liability, using the effective interest rate 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 qualifies for 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 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 the 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 as 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 stocktaking 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 as 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 as 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 material, the amount 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 costs.
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 recognises the following provisions:

- provision for warranty repairs – on the basis of the historical cost of warranty repairs;
- provision for accrued holiday entitlements – 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) are borne by the Group.

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

Accruals and deferred income

In order to ensure the matching of revenues with related expenses, expenses relating to future periods and deferred income 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 trading 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/amortisation charges for assets used under finance lease agreements

Depreciation/amortisation 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 accrued holidays

Provision for accrued 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

Disability severance payments and retirement bonuses are paid to employees of the Group's subsidiaries operating under Polish law in accordance with the provisions of Art. 92 of the Polish Labour Code, whereas at foreign companies such payments or bonuses are paid in accordance with the local labour laws. Actuarial valuation of long- and short-term benefits is performed as 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 of 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 IAS 11:9.

The Group applies the above rules to account for commercial contracts related to the Group's core business whose performance terms exceed three months and whose total value is material from the point of view of reliability of the financial statements (revenue, expenses, and the financial result). The Group accrues only documented revenue, i.e. revenue which is guaranteed under the original contract, adjusted to account for 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 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 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 costs of trading partners not yet invoiced.

The revenue as at the end of the reporting period is determined based on the percentage 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 revenue from sales of products 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

The accounting policies applied when preparing annual consolidated financial statements are consistent with the accounting policies used to draw up the annual consolidated financial statements for the year ended December 31st 2012, save for the following amendments to standards and interpretations effective for periods beginning on January 1st 2013.
The Group did not choose to apply early any new standards and interpretations which have already been issued and endorsed by the European Union but will be effective after the balance-sheet date.

Standard	**Nature of impending change in accounting policy**	**Effective for periods beginning on or after:**
IFRS 13 Fair Value Measurement (May 12th 2011)	The standard provides guidelines on fair value measurement for the purposes of all other standards. The standard applies to both financial and non-financial items. Rather than introducing any new or revised requirements with respect to items to be recognised or measured at fair value, IFRS 13: – defines fair value, - sets out in a single IFRS a framework for measuring fair value, - requires disclosures about fair value measurements. Application of the new standard may necessitate change of the valuation method for individual items and disclosure of additional information relating to the valuation.	January 1st 2013
Disclosures – Offsetting Financial Assets and Financial Liabilities (amendment to IFRS 7 of December 16th 2011)	Under this amendment to IFRS 7, entities are required to disclose information on all the recognised financial instruments which are presented on a net basis in accordance with paragraph 42 of IAS 23.	January 1st 2013
Government loans (amendment to IFRS 1 of March 13th 2012)	This project seeks to amend the requirements for first-time adoption to mirror the requirements for existing IFRS preparers in relation to the application of amendments made to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, in relation to accounting for government loans. The amendments to IAS 20 were made in 2008, requiring an entity to measure government loans with a below-market rate of interest in the same manner as government grants, i.e. at fair value on initial recognition. The proposed amendment would require that first-time adopters apply this requirement in IAS 20 prospectively to loans entered into on or after the date of transition to IFRSs. However, if an entity obtained the information necessary to apply the requirements to a government loan as a result of a past transaction, then it may choose to apply IAS 20 retrospectively to that loan.	January 1st 2013
Improvements to IFRS (2009-2011 cycle) (May 17th 2012)	Amendments were introduced to the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards - Repeated application of IFRS 1, - Exemption for borrowing costs - with respect to assets subject to improvement which were placed in service before the adoption of IFRS. IAS 1 Presentation of Financial Statements – Clarification of requirements concerning comparative information IAS 16 Property, Plant and Equipment – Classification of servicing equipment IAS 32 Financial Instruments: Presentation – Clarification that the tax effect of distribution to holders of equity instruments should be accounted for under IAS 12 Income Taxes IAS 34 Interim Financial Reporting – Clarification of interim reporting on total assets for reportable segments with a view to improving consistency with IFRS 8 Operating Segments	January 1st 2013
Transition Guidance (amendments to IFRS 10, IFRS 11 and IFRS 12) of June 28th 2012	The purpose of this guidance is to clarify the requirements applicable in the period of transition to IFRS 10, IFRS 11 and IFRS 12. In the case of entities that provide comparatives for only one period, the amendments: - simplify the process of adopting IFRS 10 by introducing a requirement to check whether consolidation of an entity is required only at the beginning of the year in which IFRS 10 is applied for the first time; - remove the disclosure requirement in respect of the impact of a change in accounting policy for the year in which the standards are adopted; the disclosure of such impact is still required for the immediately preceding year; - require disclosures in respect of unconsolidated structured entities to be made only prospectively.	January 1st 2013

	In the case of entities that voluntarily provide additional comparative information, the restatement of comparatives is limited only to the period immediately preceding the year of first-time adoption of the standards.	
IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine	The interpretation requires the costs of stripping activity to be accounted for in accordance with the principles of IAS 2 Inventories to the extent that the benefit from the stripping activity is realised in the form of inventory produced. The costs of stripping activity which provides a benefit in the form of improved access to ore is recognised as a non-current stripping activity asset where the following criteria are met: - it is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the entity, - the entity can identify the component of the ore body for which access has been improved, - the costs relating to the stripping activity associated with that component can be measured reliably. When the costs of the stripping activity asset and the inventory produced are not separately identifiable, production stripping costs are allocated between the inventory produced and the non-current stripping activity asset by using an allocation basis that is based on a relevant production measure. A stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part. A stripping activity asset is initially measured at cost and subsequently carried at cost or its revalued amount less depreciation or amortisation and impairment losses. A stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method is used unless another method is more appropriate.	January 1st 2013

New standards to be applied by the Group

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

Standard	Nature of impending change in accounting policy	Effective for periods beginning on or after:
IFRS 9 "Financial Instruments" (November 12th 2009)	The new standard replaces the guidance contained in IAS 39 Financial Instruments: Recognition and Measurement, regarding classification and measurement of financial assets. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables. Financial assets will be classified into one of two categories on initial recognition: - financial assets measured at amortised cost; or - financial assets measured at fair value. A financial asset that meets the following two conditions can be measured at amortised cost: the objective of the entity's business model is to hold the financial asset to collect the contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Gains and losses on remeasurement of financial assets measured at fair value are recognised in profit or loss, except for an investment in an equity instrument which is not held for trading. IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). Such election is irrevocable. The election is available on an individual instrument-by-instrument basis. No amount recognised in OCI may be ever reclassified to profit or loss at a later date.	January 1st 2015

Standard	Nature of impending change in accounting policy	Effective for periods beginning on or after:
IFRS 10 "Consolidated Financial Statements" (May 12th 2011)	IFRS 10 "Consolidated Financial Statements" will replace IAS 27 "Consolidated and Separate Financial Statements" and supersede interpretation SIC 12 "Consolidation – Special Purpose Entities". Under IFRS 10, an entity may be consolidated only if it is controlled, irrespective of the nature of the investee, which eliminates the risk and rewards method presented in SIC 12. According to IFRS 10, an investor controls an investee if and only if the investor has all of the following elements: - power over the investee, - exposure, or rights, to variable returns from involvement with the investee, - the ability to use its power over the investee to affect the amount of the investor's returns. An investor considers all relevant facts and circumstances when assessing whether it controls an investee. Such assessment is revised if there are any reasons to conclude that at least one of the above control conditions has changed. IFRS 10 stipulates detailed guidelines on determining control in various situations, including with respect to agency relations and potential voting rights. If facts or circumstances change, an investor must re-assess its ability to control an investee. IFRS 10 replaces the IAS 27 provisions concerning time and manner of preparation of consolidated financial statements by an investor and disapplies interpretation SIC 12 in full.	January 1st 2014
IFRS 11 Joint Arrangements (May 12th 2011)	The standard replaces IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". IFRS 11 classifies joint arrangements as a joint operation (combination of the existing concepts of jointly controlled assets and jointly controlled operations) or as a joint venture (corresponding to the existing concept of jointly controlled entities). - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. - A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires that a joint venturer account for its interest in a joint venture using the equity method, thus disapplying the proportional consolidation method. A party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations. Existence of a separate legal entity is no longer the basic condition of classification.	January 1st 2014
IFRS 12 "Disclosure of Interests in Other Entities"	An entity should disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial statements. IFRS 12 determines the disclosure objectives and the minimum scope of disclosure required to satisfy those objectives. An entity should disclose information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial statements. Disclosure requirements are extensive.	January 1st 2014
IFRS 13 Fair Value Measurement (May 12th 2011)	The standard provides guidelines on fair value measurement for the purposes of all other standards. The standard applies to both financial and non-financial items. Rather than introducing any new or revised requirements with respect to items to be recognised or measured at fair value, IFRS 13: - defines fair value, - sets out in a single IFRS a framework for measuring fair value, - requires disclosures about fair value measurements. Application of the new standard may necessitate change of the valuation method for individual items and disclosure of additional information relating to the valuation.	January 1st 2013
IAS 27 "Separate Financial Statements" (May 12th 2011)	The requirements concerning accounting and disclosure of information on investments in subsidiaries, associates and joint venture are unchanged with respect to separate financial statements and are incorporated in the modified IAS 27. Other requirements contained in IAS 27 have been replaced with the requirements laid down in IFRS 10.	January 1st 2014
IAS 28 "Investments in Associates and Joint Ventures" (May 12th 2012)	The standard has been modified so as to ensure consistency with IFRS 10 and IFRS 11. The rules for accounting for investments in associates using the equity method have not been changed. In line with IFRS 11, the guidelines for equity method accounting apply also to joint ventures (the proportional consolidation method has been disapplied).	January 1st 2014

Standard	Nature of impending change in accounting policy	Effective for periods beginning on or after:
Offsetting Financial Assets and Financial Liabilities (amendment to IAS 32 of December 16th 2011)	The amendment clarifies the rules for offsetting financial assets and liabilities. IAS 32 prescribes rules for the offsetting of financial assets and financial liabilities. It specifies that a financial asset and a financial liability should be offset and the net amount reported when, and only when, an entity has a legally enforceable right to set off the amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.	January 1st 2014

The Management Board 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 Management Board of the parent is in the process of analysing the consequences and effects of applying these new standards and interpretations on its financial statements.

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	Sep 30 2013	Dec 31 2012	Sep 30 2012
Average exchange rate for the period*	4.2231	4.1736	4.1948
Exchange rate effective for the last day of the period	4.2163	4.0882	4.1138

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

Key consolidated financial data

Item	Q1–Q3 Jan 1–Sep 30		Q1–Q3 Jan 1–Sep 30	
	2013	2012	2013	2012
	(PLN '000)		(EUR '000)	
Revenue	369,413	350,561	87,474	83,569
Cost of sales	-280,874	-263,230	-66,509	-62,751
Operating profit/(loss)	25,837	33,575	6,118	8,004
Profit (loss) before tax	25,750	33,710	6,097	8,036
Profit (loss), net of tax	18,286	22,732	4,330	5,419
Net cash flows from operating activities	-13,576	39,520	-3,215	9,421
Net cash flows from investing activities	-8,915	-7,599	-2,111	-1,811
Net cash flows from financing activities	16,532	-5,699	3,915	-1,359
	Sep 30 2013	**Dec 31 2012**	**Sep 30 2013**	**Dec 31 2012**
Total assets	514,260	426,613	121,970	104,352
Total liabilities	244,512	175,972	57,992	43,044
including current liabilities	185,904	142,645	44,092	34,892
Equity	269,748	250,642	63,977	61,309
Share capital	3,682	3,652	873	893

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

Separate financial highlights

Item	**Q1–Q3 Jan 1–Sep 30**		**Q1–Q3 Jan 1–Sep 30**	
	2013	**2012**	**2013**	**2012**
	(PLN '000)		(EUR '000)	
Revenue	7,805	109,589	1,848	26,125
Cost of sales	-7,550	-81,517	-1,788	-19,433
Operating profit/(loss)	-8,640	8,391	-2,046	2,000
Profit (loss) before tax	4,975	7,168	1,178	1,709
Profit (loss), net of tax	5,523	5,523	1,308	1,317
Net cash flows from operating activities	-4,093	29,659	-969	7,070
Net cash flows from investing activities	-27,275	-4,037	-6,459	-962
Net cash flows from financing activities	11,958	-9,199	2,832	-2,193
	Sep 30 2013	**Dec 31 2012**	**Sep 30 2013**	**Dec 31 2012**
Total assets	222,894	236,174	52,865	57,770
Total liabilities	37,971	57,068	9,006	13,959
including current liabilities	18,612	42,388	4,414	10,368
Equity	184,923	179,106	43,859	43,810
Share capital	3,682	3,652	873	893

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY 1ST – SEPTEMBER 30TH 2013

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (PLN '000)

Assets	Sep 30 2013	Jun 30 2013	Dec 31 2012	Sep 30 2012
NON-CURRENT ASSETS	**197,091**	**199,807**	**159,131**	**153,980**
Property, plant and equipment	78,187	81,361	49,769	49,852
Investment property	401	404	409	412
Goodwill	82,779	88,440	60,720	60,555
Intangible assets	16,991	14,682	16,462	13,479
Investments in associates			19,077	20,104
Financial assets available for sale	3	3	3	3
Other financial assets	250	284		17
Non-current receivables	1,169	1,215	2,113	
Loans and receivables			13	
Deferred tax assets	17,311	13,417	10,565	9,558
CURRENT ASSETS	**313,568**	**320,715**	**263,775**	**259,837**
Inventories	35,517	36,693	28,349	33,318
Trade receivables	89,808	93,057	72,235	63,908
Income tax assets	1,668	1,585	634	
Other current receivables	17,412	19,460	16,762	17,606
Accruals and deferred income	2,857	4,189	2,840	11,343
Financial assets at fair value through profit or loss	2,243	748	4,028	2,740
Loans and receivables			8	5
Cash and cash equivalents	49,467	69,256	55,556	46,395
Contract settlement	114,595	95,727	83,362	84,521
ASSETS HELD FOR SALE	**3,601**	**3,637**	**3,708**	**4,164**
TOTAL ASSETS	**514,260**	**524,159**	**426,613**	**417,980**

Equity and liabilities	Sep 30 2013	Jun 30 2013	Dec 31 2012	Sep 30 2012
EQUITY	**269,748**	**274,655**	**250,642**	**247,823**
Equity attributable to owners of the parent	**262,336**	**265,366**	**249,489**	**247,293**
Share capital	3,682	3,652	3,652	3,652
Statutory reserve funds	199,708	199,708	189,136	189,136
Other components of equity	1,597	1,065		
Retained earnings/(deficit)	57,350	60,941	56,701	54,505
Non-controlling interests	**7,412**	**9,289**	**1,153**	**529**
NON-CURRENT LIABILITIES	**58,609**	**61,068**	**33,326**	**31,979**
Borrowings and other debt instruments	13,579	15,139	3,100	3,987
Financial liabilities	8,996	9,577	267	256
Other non-current liabilities			26	
Deferred tax liabilities	26,631	25,651	19,010	18,677
Provision for retirement and similar benefits	5,114	6,109	6,408	4,468
Other provisions	740	982		
Accruals and deferred income	3,549	3,611	4,515	4,592
CURRENT LIABILITIES	**185,904**	**188,435**	**142,645**	**138,178**
Borrowings and other debt instruments	34,579	30,958	17,620	18,686
Financial liabilities	5,330	8,784	867	360
Trade payables	51,577	62,309	32,459	32,477
Income tax payable	813	3,190	5,431	3,988
Taxes, customs duties and social security payable	5,699	4,942	1,550	3,802
Other current liabilities	7,455	7,003	5,234	6,745
Provision for retirement and similar benefits	7,874	4,246	6,446	5,102
Other provisions	18,589	15,802	5,569	5,377
Accruals and deferred income	53,988	51,202	67,469	61,641
LIABILITIES HELD FOR SALE				
TOTAL EQUITY AND LIABILITIES	**514,260**	**524,159**	**426,613**	**417,980**

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (PLN '000)

	for the period Jan 1 – Sep 30 2013	for the period Jul 1 – Sep 30 2013	for the period Jan 1 – Sep 30 2012	for the period Jul 1 – Sep 30 2012
	(Q3 2013 cumulatively)	(Q3 2013)	(Q3 2012 cumulatively)	(Q3 2012)
Revenue, including:	**369,413**	**115,996**	**350,561**	**119,993**
Revenue from sale of finished goods	355,354	111,342	339,545	120,187
Revenue from sale of merchandise and materials	14,059	4,654	11,016	-194
Cost of sales, including:	**-280,874**	**-92,396**	**-263,230**	-87,995
Finished goods sold	-271,169	-88,261	-252,676	-88,383
Merchandise and materials sold	-9,705	-4,134	-10,554	388
Gross profit/(loss)	**88,539**	**23,601**	**87,331**	**31,997**
Other income	4,148	1,394	2,291	857
Distribution costs	-18,942	-6,521	-17,299	-5,910
Administrative expenses	-44,243	-13,760	-37,094	-12,078
Other expenses	-3,665	38	-1,654	-898
Operating profit/(loss)	**25,837**	**4,751**	**33,575**	13,967
Gain (loss) on disposal / result related to loss of control				
Finance income	5,206	1,281	7,386	1,987
Finance costs	-5,266	-1,259	-8,324	-1,702
Share of net profit (loss) of associates	-27		1,073	278
Profit (loss) before tax	**25,750**	**4,774**	**33,710**	**14,529**
Actual tax expense	-8,668	-606	-11,387	- 4,673
Net profit (loss) from continuing operations	**17,082**	**4,168**	**22,323**	**9,857**
Profit/(loss) on discontinued operations				
Profit (loss) attributable to non-controlling interests	**-1,204**	**-1,101**	**-409**	**-115**
Net profit/(loss) for financial year	**18,286**	**5,269**	**22,732**	**9,972**

OTHER COMPREHENSIVE INCOME:	for the period Jan 1 – Sep 30 2013	for the period Jul 1 – Sep 30 2013	for the period Jan 1 – Sep 30 2012	for the period Jul 1 – Sep 30 2012
	(Q3 2013 cumulatively)	(Q3 2013)	(Q3 2012 cumulatively)	(Q3 2012)
Valuation of derivative instruments:	-651	1,644	2,251	1,608
- Valuation of cash flow hedging derivatives	-804	2,030	2,778	1,985
- Income tax relating to derivative instruments	153	-386	-528	-377
Exchange differences on translating foreign operations	-6,023	-10,460	-9,210	-7 346
Actuarial gains/(losses) on a defined benefit retirement plan	319	-2		
Other comprehensive income, net	**-6,355**	**-8,817**	**-6,959**	**-5,738**
Total comprehensive income	**11,931**	**-3,547**	**15,773**	**4,234**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (PLN '000)

OPERATING ACTIVITIES	**for the period Jan 1 – Sep 30 2013 (Q3 2013 cumulatively)**	**for the period Jan 1 – Sep 30 2012 (Q3 2012 cumulatively)**
Pre-tax profit/(loss)	**25,750**	**33,710**
Total adjustments:	**-23,962**	**4,590**
Share in net profit of subordinates accounted for using the equity method	27	-1,073
Depreciation and amortisation	5,588	5,436
Foreign exchange gains/(losses)	-2,307	-966
Interest and profit distributions (dividends)	650	1,090
Profit/(loss) on investing activities	-2,053	2,066
Change in provisions	10,709	1,117
Change in inventories	-2,543	-7,231
Change in receivables	565	33,989
Change in current liabilities (other than financial liabilities)	5,743	6,858
Change in accruals and deferrals	-43,045	-29,048
Derivatives	1,133	-7,646
Other adjustments	1,571	-3
Cash from operating activities	**1,788**	**38,299**
Income tax (paid)/refunded	-15,364	1,221
Net cash flows from operating activities	**-13,576**	**39,520**
INVESTING ACTIVITIES		
Cash provided by financing activities	**2,762**	**1,194**
Proceeds from disposal of intangible assets and property, plant and equipment	732	466
Other inflows from financial assets		512
Cash received in connection with derivative instruments	2,030	216
Cash used in financing activities	**11,677**	**8,793**
Investments in intangible assets, property, plant and equipment, and investment property	5,915	3,823
Acquisition of related entities	5,762	2,713
Other cash used in investing activities		25
Cash attributable to entities the Group no longer controls		2,232
Net cash flows from investing activities	**-8,915**	**-7,599**
FINANCING ACTIVITIES		
Cash provided by financing activities	**27,892**	**16,249**
Net proceeds from issue of shares or other equity instruments and equity contributions	484	1,261
Borrowings and other debt instruments	27,408	14,988
Cash used in financing activities	**11,360**	**21,948**
Repayment of loans and borrowings	10,335	20,439
Decrease in finance lease liabilities	249	365

Interest paid	776	1,144
Net cash flows from financing activities	**16,532**	**-5,699**
Total net cash flow	**-5,959**	**26,222**
Balance-sheet change in cash, including:	-11,707	25,957
- exchange differences on cash and cash equivalents	-130	111
Cash at beginning of the period	**55,586**	**20,239**
Cash at end of the period, including:	**49,627**	**46,461**
- restricted cash	15,045	17,933

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

	Share capital	Statutory reserve funds	Capital reserve from revaluation of derivatives	Other reserves	Foreign exchange differences	Retained earnings/(deficit)	Non-controlling interests	Total equity
Equity as at Jan 1 2012	**3,652**	**177,662**	**-942**	**0**	**12,289**	**38,879**	**-208**	**231,332**
Total comprehensive income for the nine months ended Sep 30 2012			2,251		-9,210			**-6,959**
Errors from previous years						-132		**-132**
Transfer of previous years’ profit/loss to statutory reserve funds		11,475				-11,475		**0**
Net profit						22,732		**22,732**
Equity attributable to non-controlling interests						113	737	**850**
Equity as at Sep 30 2012	**3,652**	**189,136**	**1,308**	**0**	**3,080**	**50,117**	**529**	**247,823**
Equity as at Jan 1 2012	**3,652**	**177,662**	**-942**	**0**	**12,289**	**38,879**	**-208**	**231,332**
Total comprehensive income for the twelve months ended Dec 31 2012			2,522		-12,121	305		**-9,294**
Correction of previous years' errors						-132		**-132**
Transfer of 2011 earnings to statutory reserve funds		11,475				-11,475		**0**
Net profit						28,170		**28,170**
Equity attributable to non-controlling interests in SECO/WARWICK Retech						113	543	**656**
Equity attributable to non-controlling interests in SECO/WARWICK GmbH						-908	208	**-700**
Equity attributable to non-controlling interests in OOO SCT							610	**610**
Equity as at Dec 31 2012	**3,652**	**189,136**	**1,580**	**0**	**168**	**54,953**	**1,153**	**250,642**
Equity as at Jan 1 2013	**3,652**	**189,136**	**1,580**	**0**	**168**	**54,953**	**1,153**	**250,642**
Total comprehensive income for the nine months ended Sep 30 2013			-651		-6 023	319		**-6,355**
Transfer of previous years’ profit/loss to statutory reserve funds		10,571				-10,571		**0**
Share capital increase	30							**30**
Management stock options				1,597				**1,597**
Net profit						18,286		**18,286**
Equity attributable to non-controlling interests in OOO SCT							422	**422**
Equity attributable to non-controlling interests in SECO/WARWICK Retech							-88	**-88**

Equity attributable to non-controlling interests in SECO/WARWICK Allied							-711		5,925	**5,214**
Equity as at Sep 30 2013	**3,682**	**199,708**		**928**	**1,597**	**-5,855**	**62,276**		**7,412**	**269,748**

INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1ST – SEPTEMBER 30TH 2013

INTERIM SEPARATE STATEMENT OF FINANCIAL POSITION

(PLN '000)

Assets	Sep 30 2013	Jun 30 2013	Dec 31 2012	Sep 30 2012
NON-CURRENT ASSETS	**202,544**	**201,326**	**134,063**	**133,168**
Property, plant and equipment	2,490	2,532	19,607	19,951
Investment property			409	412
Intangible assets	11,422	11,186	12,409	12,423
Investments in subsidiary, jointly-controlled and associated entities	185,861	185,861	97,432	97,432
Deferred tax assets	2,771	1,748	4,207	2,950
CURRENT ASSETS	**19,989**	**21,587**	**98,764**	**99,853**
Inventories	2,112	2,112	14,213	17,414
Trade receivables	4,481	4,105	33,430	32,625
Income tax assets			634	
Other current receivables	4,489	3,524	6,811	8,262
Accruals and deferred income	416	245	847	909
Financial assets at fair value through profit or loss			2,671	1,830
Loans and receivables	3,658	3,731	2,463	161
Cash and cash equivalents	4,830	7,868	24,249	17,773
Contract settlement	2	2	13,447	20,879
ASSETS HELD FOR SALE	**361**	**361**	**3,347**	**3,770**
TOTAL ASSETS	**222,894**	**223,274**	**236,174**	**236,791**

Equity and liabilities	Sep 30 2013	Jun 30 2013	Dec 31 2012	Sep 30 2012
EQUITY	**184,923**	**184,775**	**179,106**	**178,611**
Share capital	3,682	3,652	3,652	3,652
Statutory reserve funds	171,219	171,219	165,531	165,531
Other components of equity	1,597	1,065		
Retained earnings/(deficit)	8,425	8,839	9,923	9 428
NON-CURRENT LIABILITIES	**19,358**	**20,648**	**14,681**	**14,427**
Borrowings and other debt instruments	9,346	10,344	3,100	3,575
Financial liabilities	4,084	4,459		
Deferred tax liabilities	2,380	2,234	6,828	6,094
Provision for retirement and similar benefits			238	165
Accruals and deferred income	3,549	3,611	4,515	4,592
CURRENT LIABILITIES	**18,612**	**17,852**	**42,388**	**43,753**
Borrowings and other debt instruments	7,332	7,187	1,550	1,589
Financial liabilities	4,172	4,581	186	200
Trade payables	3,920	1,368	9,569	12,262
Income tax payable		46		155
Other current liabilities	1,101	2,933	3,120	3,558
Provision for retirement and similar benefits	1,736	1,202	2,432	2,015
Other provisions	33	33	1,873	1,930
Contract settlement	319	501	23,658	22,043
LIABILITIES HELD FOR SALE				
TOTAL EQUITY AND LIABILITIES	**222,894**	**223,274**	**236,174**	**236,791**

INTERIM SEPARATE STATEMENT OF COMPREHENSIVE INCOME (PLN ‘000)

	for the period Jan 1 – Sep 30 2013 (unaudited)	for the period Jul 1 – Sep 30 2013 (unaudited)	for the period Jan 1 – Sep 30 2012 (unaudited)	for the period Jul 1 – Sep 30 2012 (unaudited)
	(Q3 2013 cumulatively)	(Q3 2013)	(Q3 2012 cumulatively)	(Q3 2012)
Revenue, including:	**7,805**	**2,798**	**109,589**	**43,950**
Revenue from sale of finished goods	7,440	2,798	109,158	43,743
Revenue from sale of merchandise and materials	365		431	207
Cost of sales, including:	**-7,550**	**-2,620**	**-81,517**	**-32,204**
Finished goods sold	-7,185	-2,620	-81,106	-31,985
Merchandise and materials sold	-365		-410	-219
Gross profit/(loss)	**255**	**178**	**28,072**	**11,746**
Other income	1,164	62	1,706	533
Distribution costs			-3,135	-1,089
Administrative expenses	-9,658	-2,725	-17,135	-5,501
Other expenses	-401	-1	-1,117	-807
Operating profit/(loss)	**-8,640**	**-2,486**	**8,391**	**4,882**
Finance income	13,861	1,318	3,283	488
Finance costs	-246	-123	-4,507	-1,287
Profit (loss) before tax	**4,975**	**-1,291**	**7,168**	**4,084**
Actual tax expense	548	878	-1,644	-976
Net profit (loss) from continuing operations	**5,523**	**-414**	**5,523**	**3,108**
Net profit/(loss) for financial year	**5,523**	**-414**	**5,523**	**3,108**

OTHER COMPREHENSIVE INCOME:	for the period Jan 1 – Sep 30 2013	for the period Jul 1– Sep 30 2013	for the period Jan 1 – Sep 30 2012	for the period Jul 1 – Sep 30 2012
	(Q3 2012 cumulatively)	(Q3 2013)	(Q3 2012 cumulatively)	(Q3 2012)
Valuation of cash flow hedging derivatives			2,168	1,675
Income tax relating to other comprehensive income			-412	-319
Other comprehensive income, net			**1,756**	**1,356**
Total comprehensive income	**5,523**	**-414**	**7,279**	**4,464**

INTERIM SEPARATE STATEMENT OF CASH FLOWS (PLN '000)

	for the period Jan 1 – Sep 30 2013 (Q3 2013 cumulatively)	for the period Jan 1 – Sep 30 2012 (Q3 2012 cumulatively)
OPERATING ACTIVITIES		
Pre-tax profit/(loss)	**4,975**	**7,168**
Total adjustments:	**-9,068**	**21,351**
Depreciation and amortisation	983	2,375
Foreign exchange gains/(losses)	-325	675
Interest and profit distributions (dividends)	-11,835	205
Profit/(loss) on investing activities	-9	2,510
Change in provisions	-141	-307
Change in inventories		-2,240
Change in receivables	903	5,811
Change in current liabilities (other than financial liabilities)	-413	2,267
Change in accruals and deferrals	171	14,039
Derivatives		-3,984
Other adjustments	1,597	
Cash from operating activities	**-4,093**	**28,518**
Income tax (paid)/refunded		1,141
Net cash flows from operating activities	**-4,093**	**29,659**
INVESTING ACTIVITIES		
Cash provided by financing activities	**12,068**	**2,504**
Proceeds from disposal of intangible assets and property, plant and equipment	53	441
Repayment of non-current loans advanced		2,006
Dividends and profit distributions received	12,015	
Interest income		56
Cash used in financing activities	**39,343**	**6,540**
Investments in intangible assets, property, plant and equipment, and investment property	388	1,639
Acquisition of related entities	37,912	3,365
Increase in loans advanced	1,043	160
Cash paid in connection with derivative instruments		1,377
Net cash flows from investing activities	**-27,275**	**-4,037**
FINANCING ACTIVITIES		
Cash provided by financing activities	**13,135**	
Net proceeds from issue of shares or other equity instruments and equity contributions	30	
Borrowings and other debt instruments	13,105	
Cash used in financing activities	**1,177**	**9,199**
Repayment of loans and borrowings	831	8,762
Decrease in finance lease liabilities	102	168
Interest paid	245	268
Net cash flows from financing activities	**11,958**	**-9,199**
Total net cash flow	**-19,410**	**16,424**
Balance-sheet change in cash, including:	-19,419	16,321
- exchange differences on cash and cash equivalents	8	103
Cash at beginning of the period	**24,274**	**1,411**
Cash at end of the period	**4,864**	**17,835**

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

	Share capital	Statutory reserve funds	Capital reserve from revaluation of hedging instruments	Other components of equity	Retained earnings/deficit	Non-controlling interests	Total equity
Nine months ended Sep 30 2012							
Equity as at Jan 1 2011	**3,652**	**161,361**	**- 753**	**0**	**7,071**	**0**	**171,331**
Total comprehensive income for the nine months ended Sep 30 2012			1,756		5,523		**7,279**
Distribution of profit		4,169			-4,169		**0**
Equity as at Sep 30 2012	**3,652**	**165,531**	**1,003**	**0**	**8,425**	**0**	**178,611**
Twelve months ended Dec 31 2012							
Equity as at Jan 1 2012	**3,652**	**161,361**	**- 753**	**0**	**7,071**	**0**	**171,331**
Total comprehensive income for the twelve months ended Dec 31 2012			2,086		5,689		**7,775**
Distribution of profit		4,169			-4,169		**0**
Equity as at Dec 31 2012	**3,652**	**165,531**	**1,333**	**0**	**8,591**	**0**	**179,106**
Nine months ended Sep 30 2013							
Equity as at Jan 1 2013	**3,652**	**165,531**	**1,333**	**0**	**8,591**	**0**	**179,106**
Total comprehensive income for the nine months ended Jun 30 2013					5,523		**5,523**
Share capital increase	30						**30**
Management stock options				1,597			**1,597**
Disposal of organised part of business			-1,333				**-1,333**
Distribution of profit		5,689			-5,689		**0**
Equity as at Sep 30 2013	**3,682**	**171,219**	**0**	**1,597**	**8,425**	**0**	**184,923**

SUPPLEMENTARY INFORMATION TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30TH 2013

Selected supplementary information

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

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

Item	Q3 2013	Q3 2012
Sale of finished goods	355,354	339,545
Sales of merchandise and materials	14,059	11,016
TOTAL revenue from sales	**369,413**	**350,561**
Other income	4,148	2,291
Finance income	5,206	7,386
TOTAL revenue and income	**378,767**	**360,238**

OPERATING SEGMENTS

IFRS 8 "Operating Segments", which has superseded previously binding IAS 14 "Segment Reporting", has been effective since 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 the 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 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, power, electrical engineering, medical equipment, automotive and specialised industries. Vacuum furnaces may be used in a wide variety of processes, such as heat treatment of steel and alloys, brazing, sintering, and degassing. Use of vacuum furnaces brings economic benefits. They are 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 industry, 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 thermochemical treatment are employed in the gas carburising, gas nitriding and other processes. Such furnaces are used chiefly by 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 treatment 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 technologically advanced 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's 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 shared by all the segments.

Revenue and net profit/loss of operating segments as at Sep 30 2013

Item	Continuing operations						Discontinued operations	Unallocated items	Total
	Vacuum Furnaces	*CAB*	*Thermal*	*Aluminium Process*	*Melting Furnaces*	*Total*			
Profit/loss of business segments									
Total segment revenue	**83,846**	**40,820**	**70,882**	**25,917**	**138,560**	**360,024**		**9,389**	**369,413**
Total segment expenses	**-55,275**	**-28,993**	**-55,389**	**-21,900**	**-104,174**	**-265,730**		**-15,144**	**-280,874**
Administrative expenses								-44,243	**-44,243**
Distribution costs								-18,942	**-18,942**
Operating income								4,148	**4,148**
Operating expenses								-3,665	**-3,665**
Segment profit/(loss) on operating activities	**28,571**	**11,826**	**15,493**	**4,017**	**34,386**	**94,293**			**25,837**
Finance income								5,206	**5,206**
Finance costs								-5,266	**-5,266**
Profit (loss) before tax									**25,777**
Actual tax expense								-8,668	**-8,668**
Net profit (loss) from continuing operations									**17,109**
Loss of control									**0**
Share in profit of associate								-27	**-27**
Profit (loss) attributable to non-controlling interests								1,204	**1,204**
Net profit/(loss) for period									**18,286**

Revenue and net profit/loss of operating segments as at Sep 30 2012

Item	Continuing operations						Discontinued operations	Unallocated items	Total
	Vacuum Furnaces	*CAB*	*Thermal*	*Aluminium Process*	*Melting Furnaces*	*Total*			
Profit/loss of business segments									
Total segment revenue	**79,194**	**29,548**	**43,734**	**27,887**	**150,186**	**330,548**		**20,013**	**350,561**
Total segment expenses	**-57,522**	**-20,695**	**-33,054**	**-21,151**	**-115,171**	**-247,593**		**-15,638**	**-263,230**
Administrative expenses								-37,094	**-37,094**
Distribution costs								-17,299	**-17,299**
Operating income								2,291	**2,291**
Operating expenses								-1,654	**-1,654**
Segment profit/(loss) on operating activities	**21,672**	**8,853**	**10,680**	**6,736**	**35,016**	**82,956**			**33,575**
Finance income								7,386	**7,386**
Finance costs								-8,324	**-8,324**
Profit (loss) before tax									**32,637**
Actual tax expense								-11,387	**-11,387**
Net profit (loss) from continuing operations									**21,250**
Loss of control									**0**
Share in profit of associate								1,073	**1,073**
Profit (loss) attributable to non-controlling interests								409	**409**
Net profit/(loss) for period									**22,732**

PROPERTY, PLANT AND EQUIPMENT

In the period January 1st – September 30th 2013, the cost of acquired intangible assets and property, plant and equipment at the SECO/WARWICK Group amounted to PLN 5,915 thousand.

Item	Sep 30 2013	Dec 31 2012	Sep 30 2012
tangible assets	76,634	48,533	48,416
tangible assets under construction	1,553	1,235	1,436
prepayments for tangible assets under construction			
Property, plant and equipment	**78,187**	**49,769**	**49,852**

IMPAIRMENT LOSSES ON ASSETS

Impairment losses	Sep 30 2013	Dec 31 2012	Sep 30 2012
Trade receivables	3,685	2,101	2,609
Equity interests	2,318	2,308	1,937
Loans	821	821	407
Inventories	2,180	2,096	2,586

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

In Q3 2013, the SECO/WARWICK Group did not pay or declare any dividend.

On May 24th 2013, the Annual General Meeting of SECO/WARWICK S.A. adopted Resolution No. 24 on distribution of profit for the period from January 1st to December 31st 2012. The entire net profit earned by SECO/WARWICK S.A. of Świebodzin in the financial year 2012, that is PLN 5,688,592.75 (five million, six hundred and eighty-eight thousand, five hundred and ninety-two złoty, 75/100), was transferred to statutory reserve funds.
On February 19th 2013, the Company received a dividend of PLN 7,000 thousand from its wholly-owned subsidiary, SECO/WARWICK EUROPE S.A.

On May 29th 2013, the Company received a dividend of PLN 5,015 thousand from the same subsidiary.

INVESTMENT COMMITMENTS

As at September 30th 2013, SECO/WARWICK S.A. had an investment commitment related to the purchase of shares in Engefor Engenharia Industria e Comerci Ltda 9 (current name: SECO/WARWICK do Brasil Ind. de Fornos Ltda.) in the amount of BRL 6,000 thousand. This commitment will be paid in two instalments of BRL 3,000 thousand each, on the first and second anniversary of the transaction closing date.

As at September 30th 2013, SECO/WARWICK EUROPE S.A. had investment commitments of PLN 163 thousand.

OFF-BALANCE SHEET CONSOLIDATED ITEMS

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

	Sep 30 2013	Dec 31 2012	Sep 30 2012
Contingent receivables	**174**		**421**
from related entities			
from other entities (including)	174		421
- guarantees and sureties	174		421
Contingent liabilities	**54,097**	**49,278**	**74,963**
from related entities	19,214	10,814	12,259
from other entities (including)	34,884	38,463	62,703
- guarantees and sureties	34,884	38,463	62,703

SURETIES ADVANCED BY SECO/WARWICK S.A.

Company	Bank	Surety in respect of	Currency	Sep 30 2013	*AMOUNT (PLN)*
S/W ALLIED Pvt. Ltd.	Union Bank of India	Guarantee and credit facility	INR	258,200	12,862
RETECH Systems	HSBC BANK USA	Guarantee and credit facility	USD	25,000*	78,068
RETECH Systems	HSBC BANK USA	Guarantee and credit facility	USD	3,500*	10,929
S/W Corp.	HSBC BANK USA	Guarantee and credit facility	USD	1,800	5,621
TOTAL					**107,480**

* As at September 30th 2013, Retech Systems drew USD 6,500 thousand under the available credit facilities.

On March 25th 2013, the Company's Supervisory Board approved increasing the amount of surety provided to SECO/WARWICK Allied Pvt. Ltd. (India) from INR 225,000 thousand to INR 258,200 thousand. The total value of the surety, translated at the INR/PLN mid-exchange rate quoted by the National Bank of Poland for the date of the resolution, is PLN 15,228 thousand.

Company	Bank	Surety in respect of	Currency	Dec 31 2012	*AMOUNT (PLN)*
S/W ALLIED Pvt. Ltd.	Union Bank of India	Guarantee and credit facility	INR	225,000	12,753
RETECH Systems	East West Bank	Credit guarantee	USD	1,000	3,100
RETECH Systems	HSBC BANK USA	Guarantee and credit facility	USD	25,000*	77,490
RETECH Systems	HSBC BANK USA	Guarantee and credit facility	USD	3,500*	10,849
S/W Corp.	HSBC BANK USA	Guarantee and credit facility	USD	1,800	5,579
S/W EUROPE S.A.	Bank Handlowy	Guarantee and credit facility	PLN	6,000	6,000
TOTAL					**115,771**

* As at December 31st 2012, Retech Systems drew USD 2,450 thousand under the available credit facilities.

RESTRUCTURING PROVISIONS

In the period from January 1st to September 30th 2013, the SECO/WARWICK Group did not recognise any provisions for restructuring costs.

SETTLEMENTS RELATED TO COURT CASES

The list of court proceedings instigated by SECO/WARWICK EUROPE S.A. as at September 30th 2013 is presented below.

Suit against DMI VAUX S.A.S. of Les Trillers (France) concerning a claim filed in the course of the company's restructuring proceedings supervised by the Trade Court in Mountlucon (France) SECO/WARWICK Europe S.A.'s claim is due under a contract with DMI VAUX S.A.S. for supply of furnaces. Since the customer paid a deposit of 20% of the contract value, the SECO/WARWICK Europe Management Board does not foresee any risks of revenue from the project declining over the long term. Intensive work is currently under way with a view to selling the equipment to another counterparty.

Consistency of the accounting policies and computation methods applied in the preparation of the interim report for Q3 2013

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 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 the SECO/WARWICK Group. are not subject to any significant seasonal or cyclical changes.

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 are no material types or amounts of items that would affect assets, equity and liabilities, share capital, net profit/(loss) or cash flows and that would be unusual due to their type, size or effect.

Types and amounts of changes in estimates disclosed in previous interim periods of the financial year 2013 or changes in estimates disclosed in previous financial years if they have a material bearing on Q3 2013

In the business activities of SECO/WARWICK S.A. and the SECO/WARWICK Group, there were no changes in the estimates which were disclosed in previous interim periods of 2013 or previous financial years and which would, due to their type or amount, have a material bearing on the results of Q3 2013.

Issue, redemption and repayment of debt and equity securities

On July 17th 2013, 149,239 (in words: one hundred and forty-nine thousand, two hundred and thirty-nine) Series E ordinary bearer shares in the Company ("Series E Shares") were acquired, as the Company reported in Current Reports Nos. 23/2013, 30/2013, 31/2013 and 39/2013.

On September 19th 2013, 27,230 (in words: twenty-seven thousand two hundred and thirty) Series E ordinary bearer shares in the Company ("Series E Shares") were acquired , as the Company reported in Current Reports Nos. 32/2013, 37/2013 and 38/2013.

The Series E Shares were acquired under the Incentive Scheme for the management staff of the SECO/WARWICK Group for the years 2012-2016, adopted by virtue of Resolution No. 21 of the Annual General Meeting of May 28th 2012 ("2012–2016 Incentive Scheme"), on the basis of which the Company issued Series B subscription warrants ("Series B Warrants") entitling its holders to acquire Series E Shares.

Earnings per share

Item	Sep 30 2013	Sep 30 2012
Net profit on continuing operations attributable to shareholders	18,286	22,732
Loss on discontinued operations attributable to shareholders		
Net profit attributable to owners of the parent	18,286	22,732
Interest on redeemable preference shares convertible into ordinary shares		
Net profit attributable to holders of ordinary shares, used to calculate diluted earnings per share	**18,286**	**22,732**
Weighted average number of outstanding ordinary shares, used to calculate basic earnings per share	10,487,143	10,476,210
Earnings per share	**1.74**	**2.17**
Dilutive effect:		
Number of potential subscription warrants	350,761	
Number of potential shares issued at market price	2,234	
Adjusted weighted average number of ordinary shares, used to calculate diluted earnings per share	10,835,671	
Diluted earnings per share	**1.69**	**2.17**

Material events subsequent to the end of Q3 2013, not disclosed in the financial statements for Q3 2013 but potentially having a material bearing on future performance of the SECO/WARWICK Group

In the operations of SECO/WARWICK S.A. and its subsidiaries, no material events occurred which might have a material bearing on the future performance of SECO/WARWICK S.A. or the SECO/WARWICK Group.

Other supplementary information

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

On September 27th 2013, resolutions approving the transformation of SECO/WARWICK EUROPE S.A. (joint-stock company) into a limited liability company (spółka z ograniczoną odpowiedzialnością) on the terms and conditions provided for in the transformation plan approved by the Company Management Board on August 12th 2013, were adopted.

Following registration of the change, as of October 24th 2013 the former SECO/WARWICK EUROPE S.A. has been operating as SECO/WARWICK EUROPE spółka z ograniczoną odpowiedzialnością.

In Q3 2013, there were no other changes in the SECO/WARWICK Group's structure which would include mergers, acquisitions or disposals of the Group companies, long-term investments, demergers, restructuring or discontinuation of operations.

2. Management Board's position on the feasibility of meeting any previously published forecasts for 2013 in light of the results presented in the Q3 2013 report

The SECO/WARWICK Management Board did not publish any forecasts for 2013 concerning the Company's or the Group's financial performance.

3. Shareholders holding, directly or indirectly, 5% of the total vote at the General Meeting as at the date of release of this report, including information on any changes subsequent to the release of the previous periodic report (H1 2013 report)

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total votes at the General Meeting as at the date of release of the previous report, i.e. August 30th 2013.

Shareholder	Number of shares	Ownership interest (%)	Number of votes	% of total vote at General Meeting
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	16.48%	1,726,174	16.48%
Funds represented by PKO BP BANKOWY PTE S.A.	849,698	8.11%	849,698	8.11%
Bleauhard Holdings LLC	904,207	8.63%	904,207	8.63%
ING NN OFE	600,000	5.73%	600,000	5.73%
AMPLICO	577,470	5.51%	577,470	5.51%

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

In Current Reports Nos. 33/2013 and 34/2013, the Management Board of SECO/WARWICK S.A. ("the Company") reported that on September 25th 2013 it was notified by SW Poland Holding B.V. of Amsterdam ("SW Poland Holding B.V.") and Spruce Holding LLC of Wilmington ("Spruce Holding

LLC”) that the number of votes and the percentage shares of total votes held by them at the Company’s General Meeting had changed. The change in the share of total votes at the General Meeting resulted from the increase of the Company's share capital on September 10th 2013, and the subsequent disposal, on September 20th 2013, of 732,369 Company shares by SW Poland Holding B.V. and disposal of 306,880 Company shares by Spruce Holding LLC.
Also on September 20th 2013, Bleauhard Holdings LLC disposed of 160,751 Company shares.

On September 10th 2013, the Company's share capital was increased to PLN 2,125,089.80 by a total of 149,239 Series E ordinary bearer shares. Following the share capital increase, the Company's share capital was divided into 10,625,449 shares, and the total number of votes at its General Meeting was 10,625,449 votes.

In Current Report No. 35/2013, the Management Board of SECO/WARWICK S.A. ("the Company") reported that on September 27th 2013 it had received a notification from Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK (“Aviva OFE”) to the effect that following the acquisition of Company shares on September 20th 2013, Aviva OFE's share of total votes at the Company's General Meeting exceeded 5%. On the same day, Aviva OFE made a correction to the information contained in the notification regarding the percentage share held by it in the Company's share capital.

On October 4th 2013, the Company's share capital was increased to PLN 2,130,535.80 by a total of 27,230 Series E ordinary bearer shares. Following the share capital increase, the Company's share capital is divided into 10,652,679 shares, and the total number of votes at its General Meeting is 10,652,679 votes.

Table: Shareholders holding – directly or indirectly through subsidiaries – 5% or more of the total vote at the General Meeting as at the date of release of this report, i.e. November 6th 2013.

Shareholder	Number of shares	Ownership interest (%)	Number of votes	% of total vote at General Meeting
SW Poland Holding B.V. (Netherlands)	3,387,139	31.80%	3,387,139	31.80%
Spruce Holding Limited Liability Company (USA)	1,419,294	13.32%	1,419,294	13.32%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	904,794	8.49%	904,794	8.49%
Funds represented by PKO BP BANKOWY PTE S.A.	849,698	7.98%	849,698	7.98%
Bleauhard Holdings LLC	743,456	6.98%	743,456	6.98%
ING NN OFE	600,000	5.63%	600,000	5.63%
AMPLICO	577,470	5.42%	577,470	5.42%

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

4. SECO/WARWICK shares held by members of the Management Board and Supervisory Board as at the date of release of this report, including information on any changes subsequent to the publication of the previous periodic report (H1 2013 report).

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

	Aug 30 2013				Nov 6 2013			
	Number of SECO/WARWICK shares held	Ownership interest (%)	% of total vote	Decrease/increase	Number of SECO/WARWICK shares held	Ownership interest (%)	% of total vote	Total par value of shares (PLN)
Management Board								
Paweł Wyrzykowski	98,337	0.94%	0.94%	-	98,337	0.92%	0.92%	19,667
Wojciech Modrzyk	17,359	0.17%	0.17%	-	17,359	0.16%	0.16%	3,472
Jarosław Talerzak	16,959	0.16%	0.16%	-	16,959	0.16%	0.16%	3,392
Supervisory Board								
Henryk Pilarski	100	0.001%	0.001%	-	100	0.0009%	0.0009%	20
Jeffrey Boswell	9,776	0.09%	0.09%	-	9,776	0.09%	0.09%	1,955
Commercial proxies								
Piotr Walasek	10,175	0.1%	0.1%	-	10,175	0.1%	0.1%	2,035
Katarzyna Kowalska	-	-	-	-	-	-	-	-
Total	152,706	1.46%	1.46%		152,706	1.43%	1.43%	30,541

Item	
Number of shares	10,652,679
Par value of shares	0.2
Share capital	PLN 2,130,535.80

In the period under review and until the date of release of this report, that is November 6th 2013, members of the Management and Supervisory Boards of SECO/WARWICK S.A did not execute any transactions involving Company shares.

5. Court, arbitration or administrative proceedings

In Q3 2013, the value of liabilities or receivables of SECO/WARWICK S.A or the Group companies disputed in any single or all pending court, arbitration or administrative proceedings did not exceed 10% of SECO/WARWICK S.A.'s equity.

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

In the period from the beginning of the financial year until the date of release of this report, that is November 6th 2013, SECO/WARWICK S.A. and its subsidiaries did not enter into any material transactions with related parties other than routine transactions or transactions executed on an arm's length basis.

7. Material achievements and failures of SECO/WARWICK S.A. and its Group in Q3 2013, including a list of pertinent events

In the first nine months of 2013, sales were 5.4% higher year on year. Even so, this result is lower than expected. In Q3 2013, sales fell short of expectation mainly because of adverse market conditions and macroeconomic developments in the Chinese, Indian and Brazilian economies.

The Atmosphere Furnaces and CAB segments recorded the largest increases. In the same period, slight drops were recorded in the Melting Furnaces and Aluminium Process segments. At the level of variable cost, the margin fell from 25% to 24%.

At PLN 323m, the value of the order book remains at the level recorded in previous months.

The Management Board is not aware of any material failures at the parent or any of its direct or indirect subsidiaries occurring in the reporting period or until the date of release of this report, that is, November 6th 2013.

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

In Q3 2013, there were no events related to sureties for bank borrowings or guarantees exceeding 10% of the Company's equity, issued by SECO/WARWICK S.A. or any of its subsidiaries.

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

Work on full integration of the companies operating in India and Brazil is under way. As part of the integration, the implementation of an ERP system has commenced at the India-based company. Implementation of the system at the Brazil-based company is currently being prepared.

The subsidiaries are undergoing reorganisation – new CEOs have been appointed at seven out of the Group's eight operating companies, and their organisational structures are being adapted to the Group's target product structure.

Work on the launch of a large-scale, centrally managed cost reduction programme is well advanced.

As at the date of release of the Q3 2013 report, the Company and the Group's operations were stable. All liabilities related to the Company's operations are settled on a timely basis.

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

10.1. Material events in the period January 1st-September 30th 2013

In the opinion of the Company's Management Board, the following events which occurred between January 1st 2013 and September 30th 2013 will affect the Group's performance in the next quarter, or in the longer term.

Disposal of an organised part of SECO/WARWICK S.A's business:

In Current Report No. 01/2013 of January 3rd 2013, the SECO/WARWICK Management Board reported on the acquisition of shares in a subsidiary: on December 18th 2012, the Extraordinary General Meeting of SECO/WARWICK EUROPE S.A. of Świebodzin, a wholly-owned subsidiary of SECO/WARWICK S.A., adopted Resolution No. 1/2012 on a share capital increase at SECO/WARWICK EUROPE S.A. through the issue of new Series B ordinary registered shares, which were offered to SECO/WARWICK S.A. in a private placement in exchange for a non-cash contribution (the "Contribution"). The share capital of SECO/WARWICK EUROPE S.A. was increased pursuant to the Resolution. On January 2nd 2013, SECO/WARWICK EUROPE S.A. submitted to SECO/WARWICK S.A. an invitation to acquire the New Shares. The Company accepted the invitation and executed with SECO/WARWICK EUROPE S.A. a share purchase agreement concerning the New Shares. Under the Share Purchase Agreement, SECO/WARWICK S.A. acquired the New Shares for a total issue price of PLN 82,218,000 in exchange for the Contribution.

On January 3rd 2013, in Current Report No. 02/2013 the Management Board of SECO/WARWICK S.A. reported the disposal of an organised part of the Company's business to a subsidiary as a contribution to cover the subsidiary's new issue shares. An agreement was executed for the disposal of an organised part of the business of SECO/WARWICK S.A. comprising tangible and intangible assets used in manufacturing and distribution activities, liabilities related to manufacturing and distribution activities, and Company employees involved in manufacturing and distribution activities, to be effected through contribution of the organised part of the business to a subsidiary of the SECO/WARWICK Group, being SECO/WARWICK EUROPE S.A. (“Subsidiary”) of Świebodzin, in exchange for shares in the increased share capital of the Subsidiary. The transfer of the organised part of the business was a part of the Group’s New Growth Strategy presented in Current Report No. 28/2012. The disposal will allow the Group to consolidate its Polish operations within a single entity, SECO/WARWICK EUROPE S.A. The Parent (SECO/WARWICK S.A.) will focus on the strategic and financial management of the SECO/WARWICK Group. SECO/WARWICK S.A., acting as the holding company, will exercise corporate supervision and provide strategic management services to the subsidiaries of the SECO/WARWICK Group.

Indian market – increased equity interest in SECO/WARWICK Allied:

In Current Report No. 04/2013 of March 22nd 2013, the Management Board of SECO/WARWICK S.A. reported that the Company and shareholders (the “Selling Shareholders”) of Seco/Warwick Allied Private Limited of Maharashtra, India (“SWAPL”), in which the Company holds a 50% interest, representing 50% of SWAPL’s equity and carrying the right to 50% of the total votes at the General Meeting of SWAPL, entered into a conditional agreement on purchase by the Company of 27,339 SWAPL shares, representing 25% of SWAPL’s equity and carrying the right to 25% of the total votes at its General Meeting (the “Sale Shares”) (the “Agreement”). Pursuant to the Agreement, the acquisition of Sale Shares by the Company depends on fulfilment – to the Company’s satisfaction – of certain conditions precedent, listed in the Current Report. Under the Agreement, the total selling price for the Sale Shares is 161,000,000 Indian rupees (PLN 9,590,609, translated at the mid-exchange rate quoted by the National Bank of Poland for March 22nd 2013) (the “Selling Price”), with the total Selling Price is to be paid by the Company in three instalments, upon fulfilment of conditions precedent to each payment.

In Current Report No. 05/2013 of March 25th 2013, the Management Board of SECO/WARWICK S.A. reported that on March 25th 2013 the conditions precedent had been fulfilled for the purchase of 9,090 Sale Shares and payment of the first instalment of the Selling Price of 53,529,280 Indian rupees (PLN 3,156,996, translated at the mid-exchange rate quoted by the National Bank of Poland for March 25th 2013), as defined in the agreement for purchase of shares in Seco/Warwick Allied Private Limited of Maharashtra, India (“SWAPL”), made between the Company and SWAPL’s shareholders. Following acquisition of the 9,090 Sale Shares, the Company will hold 63,765 shares, representing 58.3% of SWAPL's equity and carrying the right to 58.3% of the total votes at its General Meeting.

In Current Report No. 16, which made reference to Current Report No. 4/2013 of March 22nd 2013, the SECO/WARWICK Management Board reported that on May 22nd 2013 the conditions precedent had been fulfilled for the purchase of 9,127 Sale Shares and payment of the second instalment of the Selling Price of 53,748,240 Indian rupees (PLN 3,130,620, translated at the mid-exchange rate quoted by the National Bank of Poland for May 22nd 2013), as defined in the agreement for purchase of shares in SECO/WARWICK Allied Private Limited of Maharashtra, India ("SWAPL"), made between the Company and SWAPL's shareholders.
Following the acquisition of 9,127 Sale Shares, the Company will hold 72,892 shares, representing 66.7% of the SWAPL's share capital and carrying the right to 66.7% of the total votes at the General Meeting of SWAPL.

Brazilian market – acquisition of a 100% equity interest in SECO/WARWICK do Brasil Ind. de Fornos Ltda.

In Current Report No. 08/2013, the SECO WARWICK S.A. Management Board reported that on April 23rd 2013 it had executed a conditional agreement (the "Agreement") to purchase 860,000 shares with a par value of BRL 1 per share (PLN 1.5739), held by Brazilian citizens Aparicio Vilademir de Freitas and Yassuhiro Sassaqui (the "Sellers"), representing 100% of the share capital of Engefor Engenharia Indústria e Comércio Ltda, a limited liability company of Jundiaí, established and existing under Brazilian law, and conferring the right to 100% of the total votes at the company's general meeting (the "Purchase Shares"). The Agreement was also executed by the Company and the spouses of the Sellers.

In Current Report No. 17/2013, which made reference to Current Report No. 8/2013, the SECO/WARWICK Management Board reported that on May 24th 2013 all conditions precedent had been fulfilled for the purchase of 860,000 Sale Shares and payment of the first instalment of the Selling Price of 6,000,000 Brazilian real (PLN 9,506,400, translated at the mid-exchange rate quoted by the National Bank of Poland for May 24th 2013), as defined in the agreement for purchase of shares in Engefor Engenharia Indústria e Comércio Ltda of Jundiaí, Brazil, made between SECO/WARWICK S.A. and the company's shareholders.

10.2. General objectives of the Incentive Scheme of SECO/WARWICK SA

Key terms of the 2012–2016 Incentive Scheme:

1. The person serving as President of the Management Board as at the date of the Resolution (**"President of the Management Board"**) and the key company employees indicated by the President of the Management Board in consultation with the Supervisory Board (jointly with the President of the Management Board - the **"Eligible Persons"**) shall be eligible for participation in the 2012–2016 Incentive Scheme. With respect to each Eligible Person other than the President of the Management Board, an a_i ratio, referred to in Par. 2.11 below, shall be determined along with the indication of the person. The list of Eligible Persons shall be prepared by the Supervisory Board in consultation with the President of the Management Board within three months from the date of the Resolution.

2. The 2012–2016 Incentive Scheme shall include up to 500,000 (five hundred thousand) of Company Series E shares (**"Series E Shares"**). The President of the Management Board shall be entitled to acquire up to 250,000 (two hundred and fifty thousand) Series E Shares, and the other Eligible Persons shall have the right to acquire the maximum of the remaining 250,000 (two hundred and fifty thousand) Series E Shares.

3. Under the 2012–2016 Incentive Scheme, Eligible Persons shall be entitled to acquire Series B subscription warrants (**"Series B Warrants"**) free of charge. Series B Warrants shall confer the right to acquire Series E Shares at their par value of PLN 0.20 (twenty grosz) per share.

4. One Series B Warrant shall confer the right to acquire one Series E Share.

5. The 2012–2016 Incentive Scheme shall be implemented by way of resolutions adopted by the General Meeting on conditional share capital increase by up to PLN 100,000 (one hundred thousand złoty), through an issue of up to 500,000 (five hundred thousand) Series E Shares and an issue of up to 500,000 (five hundred thousand) Series B Warrants, with full waiver of the existing shareholders' pre-emptive rights to all Series E Shares and Series B Warrants.

6. The 2012–2016 Incentive Scheme is planned to cover a period of four years starting from the date of its approval by the General Meeting. The duration of the 2012–2016 Incentive Scheme may be extended by the Supervisory Board making relevant changes in the Rules of the Incentive Scheme.

7. The number of Series B Warrants issued to Eligible Persons will depend on:
(i) the price of the Company shares on the Warsaw Stock Exchange ("**WSE**"), or
(ii) the selling price of shares, whether sold in one or more transactions (including as part of a tender offer), conferring the rights to at least 33% (thirty-thee per cent) of the total votes at the General Meeting, by a shareholder or shareholders acting jointly under a memorandum of understanding, agreement, arrangement, or as part of any other relationship in fact or in law, holding in aggregate, directly or indirectly, Company shares conferring the right to at least 33% (thirty-thee per cent) of the total votes at the General Meeting ("**Major Shareholder"**; the term may refer to one or more shareholders acting jointly), to a third party (other than a Major Shareholder or a related party of any of the Major Shareholders). If the shares are sold by a Major Shareholder in more than one transaction, then the number of Series B Warrants to be issued to Eligible Persons shall be calculated on the basis of the arithmetic mean of the selling prices in all the transactions, weighted by the number of the Company shares sold in a given transaction.

8. An Eligible Person shall be entitled to acquire Series B Warrants a number of times during the term of the Incentive Scheme, however, not more frequently than twice in a calendar year. The limited frequency with which the right to acquire Series B Warrants may be exercised does not apply when the exercise of the right by an Eligible Person is based on the sale of the Company shares by a Major Shareholder.

9. An Eligible Person shall be entitled to acquire Series B Warrants if:
(i) the average price of the Company shares from the 6 (six) months immediately preceding the date of acquiring Series B Warrants by the Eligible Person is at least PLN 35 (thirty-five złoty) per share, or
(ii) a Major Shareholder decides to sell at least 33% (thirty-three per cent) of all Company shares to an entity other than a Major Shareholder or a related party of a Major Shareholder, at a price of at least PLN 35 (thirty-five złoty) per share. An Eligible Person may acquire Series B Warrants no sooner than 3 (three) months from the date of notifying the Company of his or her intention to acquire Series B Warrants. The Company shall procure that Series B Warrants are issued to Eligible Persons no later than within 4 (four) months following the receipt of the notification. Series B Warrants may be issued through an investment firm, acting as a custodian.

10. The maximum number of Series B Warrants which may be acquired by the President of the Management Board shall be calculated based on the following formula:

$$Q = 6.666\,P - 183.310$$

provided that:

$$dla\ P < 35 PLN \Rightarrow Q = 0$$
$$dla\ P \geq 65\ PLN \Rightarrow Q = 250.000$$

where:
Q shall mean the number of Series B Warrants;

P shall mean, as the case may be (i) the average price of the Company shares in the 6 (six) months immediately preceding the date of acquiring Series B Warrants by the President of the Management Board, or (ii) the price of one Company share sold in a transaction between a Major Shareholder and a buyer.

If the number of Series B Warrants which may be acquired by the President of the Management Board as determined based on the above formula is not an integer, such number shall be rounded down to the nearest integer.

Each time the President of the Management Board exercises his or her right to acquire Series B Warrants, the number of Series B Warrants to which he or she is entitled shall be reduced, in accordance with the above formula, by the number of Series B Warrants previously issued to the President of the Management Board under the 2012–2016 Incentive Scheme.

11. The maximum number of Series B Warrants which may be acquired by an Eligible Person other than the President of the Management Board shall be calculated based on the following formula:

$$Q = a_i \times (6.666\,P - 183.310)$$

provided that:

$$dla\ P < 35PLN \Rightarrow Q = 0$$
$$dla\ P \geq 65\ PLN \Rightarrow Q = a_i \times 250.000$$

where:
Q shall mean the number of Series B Warrants;

P shall mean, as the case may be (i) the average price of the Company shares in the 6 (six) months immediately preceding the date of acquiring Series B Warrants by the given Eligible Person, or (ii) the price of one Company share sold in a transaction between a Major Shareholder and a buyer.

a_i shall mean a ratio determined individually for each Eligible Person, provided that:

$$a_i \in (0,1)\ oraz\ \sum_{i=1}^{n} a_i \leq 1$$

If the number of Series B Warrants which may be acquired by an Eligible Person as determined based on the above formula is not an integer, such number shall be rounded down to the nearest integer.

Each time an Eligible Person exercises his or her right to acquire Series B Warrants, the number of Series B Warrants to which he or she is entitled shall be reduced, in accordance with the above formula, by the number of Series B Warrants previously issued to the Eligible Person under the 2012–2016 Incentive Scheme.

12. The number of Series B Warrants acquired by each Eligible Person shall in no event be higher than: (i) 250,000 (two hundred and fifty thousand) in the case of Series B Warrants acquired by the President of the Management Board; and (ii) a_i × 250,000 (two hundred and fifty thousand) in the case of an Eligible Person other than the President of the Management Board.

13. The Eligible Person who has acquired Series B Warrants under the 2012–2016 Incentive Scheme shall be entitled to acquire Series E Shares at any time, however, no later than by December 31st 2016.

As at the date of release of this report, that is November 6th 2013, 176,469 Series E Company shares were acquired under the 2012–2016 Incentive Scheme for the management personnel of the SECO/WARWICK Group, approved by virtue of Resolution No. 21 of the Annual General Meeting held on May 28th 2012.

11. Description of factors and events, especially of non-recurring nature, with a material bearing on the financial performance in Q3 2013

In the SECO/WARWICK Group' s operations, there were no factors or events, especially of non-recurring nature, that would have a material bearing on its financial performance in Q3 2013.